



## 2019 Non-financial Report of Bank Millennium and the Bank Millennium Group



## TABLE OF CONTENTS

<b>LETTER FROM THE CHAIRMAN OF THE BANK'S MANAGEMENT BOARD</b> .....	<b>3</b>
<b>I. BANK MILLENNIUM AND THE BANK MILLENNIUM GROUP</b> .....	<b>5</b>
1. PROFILE OF THE ORGANIZATION .....	5
2. BUSINESS MODEL AND THE VALUE CREATION MODEL .....	8
3. EXECUTION OF THE 2018-2020 STRATEGY .....	13
4. MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT .....	14
5. MISSION, VALUES AND ETHICS .....	17
<b>II. BUSINESS</b> .....	<b>20</b>
1. BANKING WITHOUT BARRIERS .....	20
2. QUALITY OF CUSTOMER SERVICE .....	25
3. RESPONSIBLE ADVERTISING AND SALES .....	28
4. SAFETY OF CLIENT FUNDS .....	33
5. THE BANK IN THE MARKET ENVIRONMENT .....	37
6. BUSINESS PARTNERS .....	39
<b>III. EMPLOYEES</b> .....	<b>41</b>
1. HEADCOUNT .....	41
2. WORKING CONDITIONS .....	44
3. EMPLOYEE HEALTH AND SAFETY .....	56
<b>IV. SOCIETY</b> .....	<b>57</b>
1. SOCIAL ENVIRONMENT .....	57
2. DIALOGUE WITH STAKEHOLDERS .....	58
3. SOCIAL ACTIVITY .....	60
<b>V. ENVIRONMENT</b> .....	<b>66</b>
1. ENVIRONMENTAL IMPACT MANAGEMENT .....	66
2. LIMITING THE CONSUMPTION OF RESOURCES .....	66
3. ENVIRONMENTAL MEASURES .....	71
4. RESPONSIBLE FINANCING .....	74
5. ENVIRONMENTAL EDUCATION CAMPAIGNS .....	75
<b>VI. ABOUT THIS REPORT</b> .....	<b>76</b>
1. APPROACH TO REPORTING .....	76
2. ACCOUNTING ACT COMPLIANCE TABLE .....	78
3. GRI STANDARDS CONTENT INDEX .....	78
4. CONTACT DATA .....	85

## LETTER FROM THE CHAIRMAN OF THE BANK'S MANAGEMENT BOARD

[GRI 102-14]

Dear Stakeholders,

2019 was a year of intense work for Bank Millennium. The greatest challenge that we faced was, without any doubt, the merger with Euro Bank, which was a resounding success. The Bank's dynamic growth was driven not only by the merger, but also by organic growth. Clients selected our offer because we make their daily operations easier by offering unique, innovative banking and non-banking services. At the same time we make sure that the growth of our business is sustainable - take into account the needs of our surroundings, have a positive effect on the natural environment and supports the solution of important social issues. Corporate Social and environmental responsibility has been embedded in the Bank's business strategy for years. **Our goal is to eradicate digital and physical barriers to accessing financial and non-financial services.** In addition to introducing facilities for people with disabilities to access branches, ATMs, our website and designing our service process accordingly, we also increase access to mobile solutions. This way, clients are able to use, at any time and place, not only banking but also non-banking services, such as: e-administration, purchase of urban transport tickets, payment of parking fees or highway tolls.

Bank Millennium expands the idea of a barrier-free world also to other areas of its activity, including cultural patronage initiatives. By providing audio description for movies during Millennium Docs Against Gravity, the largest Polish festival of documentary films, it facilitated access of vision impaired people to culture. In 2019, **Bank Millennium was ranked first in the "Accessibility" category** in the Ranking of Banks published by Miesięcznik Finansowy Bank, which confirms that our efforts to increase accessibility have been recognized.

We are implementing our civic mission also by sharing our competence in finance in order to solve key social problems. One of them is the low level of general financial knowledge in the Polish society. We believe that financial education should begin at the earliest age, because that is when behaviors and attitudes develop. **This is why we have initiated an educational project targeting pre-school children under the name of "Financial ABCs".** The objective of this program executed through the Bank Millennium Foundation under the honorary patronage of the Minister of Education and the Commissioner for Children's Rights is to explain basic financial concepts to these young children through fun and games. So far six editions of the program have been organized. Overall, nearly 53,000 children from approximately 630 preschools across Poland have received instruction during nearly 2,200 workshops. **In 2019, the "Financial ABCs" received the first prize in the "Golden Banker" competition in the "Socially Sensitive Bank" category.**

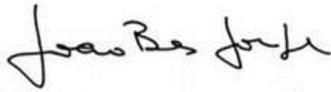
With the support of the Bank Millennium Foundation, **the Bank's employees are also able to implement their own social activism ideas.** So far, more than 500 volunteers took part in the initiatives financed with the grants awarded by the Foundation. They carried out programs that they themselves defined, for nearly 14,000 beneficiaries. Volunteers renovated school rooms and a playground next to an orphanage, renovated a common room in the children's hospital, prepared a play area in an animal shelter or even built a school sports pitch.

[GRI 102-12] As a signatory of two important international initiatives, we are working towards the promotion of diversity and contribute to the execution of Sustainable Development Goals (SDG). By signing the Diversity Charter, we accepted an obligation to eliminate discrimination from the workplace and to act towards the creation and promotion of diversity. When joining the partnership between business and the government administration to achieve these UN Sustainable Development Goals, we declared that it would conduct activities in particular for the financial education of children and youth.

We are not indifferent to the important issue of climate change. We have always taken it into account in our operations, even though the Bank's exposure to financing high-carbon sectors, such as coal mines and coal-based power sector, was historically low compared to the banking sector average. In 2019, we formalized our approach to the climate protection issue by developing the "Bank Millennium Group Environmental Policy", in which we defined the direction for our activities aimed at the mitigation of negative changes occurring in the natural environment.

In our business activities, we focus on creating common value: for the company and for its environment. Objective external reviews prove that sustainable development practices have become an integral element of our activity. In 2019, Bank Millennium was included in the WIG-ESG index of the Warsaw Stock Exchange. In 2010-2019 it was part of the Respect Index. In the Ranking of Socially Responsible Companies published by the Responsible Business Forum, we are in the top ten that espouse CSR to the greatest extent. Also, every year we are awarded the Silver CSR Leaf in the Polityka weekly's ranking.

Please read our non-financial report, which contains a detailed description of our approach and activities that allow us to run a sustainable business.



Joao Bras Jorge  
Chairman of the Management Board of Bank Millennium

# I. BANK MILLENNIUM AND THE BANK MILLENNIUM GROUP

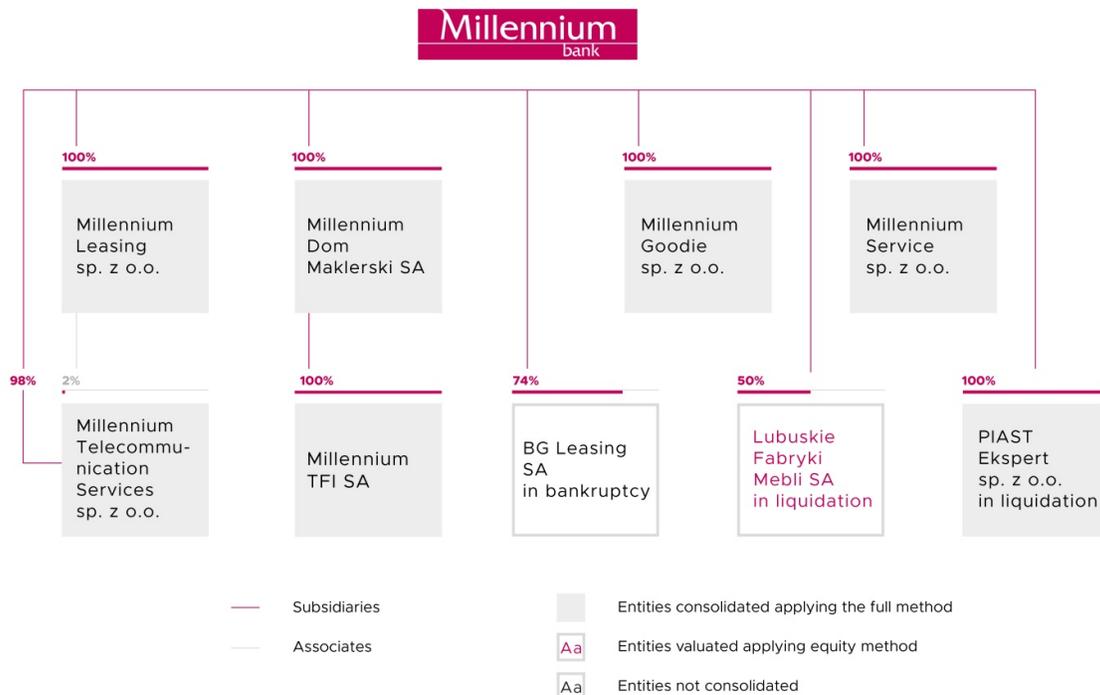
## 1. PROFILE OF THE ORGANIZATION

[GRI 102-1] Bank Millennium was established in 1989 as one of the first commercial banks in Poland. Presently, it is the 7th largest commercial bank in Poland in terms of assets. [GRI 102-2] The Bank 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.

From its operational launch the Bank has been a trendsetter in the Polish banking industry. For instance, it was the first bank listed on the Warsaw Stock Exchange and the issuer of the first payment card on the Polish market. Today, it is a market leader in innovation defined as new technology solutions and process improvements. Innovation in Bank Millennium is an integral part of its business strategy. The Bank meets the highest corporate governance standards and pursues social programs to support children’s financial education and employee volunteerism. **Signing of the agreement to acquire Euro Bank was a landmark decision that has contributed to growing its business magnitude and its overall development.**

Bank Millennium and its subsidiaries constitute the Bank Millennium Group - one of the most modern and most comprehensively developing financial groups in Poland. The most important companies are as follows: Millennium Leasing (leasing activity), Millennium Dom Maklerski (brokerage activity) and Millennium TFI (mutual funds). Since 2016 Millennium Goodie Spółka z o.o. has been operating an innovative smart shopping platform based on sophisticated technology in collaboration with the Bank. [GRI 102-4] The Bank and its subsidiaries operate in the Republic of Poland. [GRI 102-3] The Bank’s Head Office is located in Warsaw while some of its head office functions are also performed in Gdańsk and Wrocław.

Organizational chart of the Bank Millennium Group (as at 31 December 2019)



## 1.1. SCALE OF OPERATIONS

[GRI 102-6] Total assets amount to PLN 98.1 billion. After the merger, the Bank Millennium Group serves nearly 2,6 million active retail clients. At the end of 2019, the Bank had 830 branches, including 602 own branches and 228 franchise branches. The Euro Bank network expanded the Group's presence to many new locations, especially the smaller ones, where the bank operated based on the franchising model. The combined bank has nearly 700 ATMs and modern mobile and electronic banking tools. As a result of the merger, the Bank moved up to the 5th place in the consumer credit sector.

[GRI 102-7] Scale of the Bank Millennium Group's business activity*	2019	2018	2017	2016	2015
Number of active retail clients (thous.)	2,682	1,838	1,635	1,492	1,369
Number of active corporate clients (thous.)	7.7	7.4	6.9	6.6	6.7
Number of branches*	830	361	355	369	413
Number of ATMs	498	487	483	490	519
Number of employees (people)	8,615	6,270	5,945	5,964	5,992
Number of Bank's suppliers	6,352	5,012	5,153	5,378	5,623
Sponsoring and grants - Bank (m PLN)	1.7	2.79	1.58	1.54	0.88

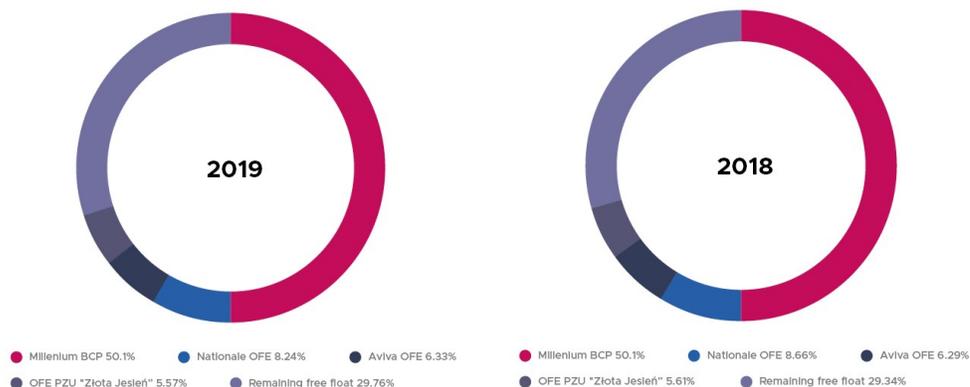
\*own and franchise branches

## 1.2. SHAREHOLDERS

[GRI 102-5] Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. **Presently, the Bank is a member of the WIG Index, WIG 30, mWIG 40, WIG Banks and WIG-ESG.** The Bank is also on the list of Polish companies belonging to the developed markets indices created by FTSE Russell (supplier of indices, benchmarks and research owned by the London Stock Exchange). The Bank belongs to the small cap index.

Bank Millennium's strategic shareholder is Banco Comercial Portugues, the largest private bank in Portugal, which holds a 50.1% stake in Bank Millennium. Polish pension funds are significant shareholders, including Nationale-Nederlanden OFE, PTE PZU „Złota Jesień” and Aviva OFE that have equity stakes exceeding 5%.

[GRI 102-10] Bank Millennium shareholders\*



\* as at 31 December 2019

\* as at 31 December 2018

### 1.3. BUSINESS PERFORMANCE

[GRI 103-1, GRI 103-2, GRI 103-3] The Bank Millennium Group achieves its economic goals striving to balance the needs of the key Stakeholders, in accordance with its growth strategy while taking into account the principles declared in the Code of Ethics.

[GRI 201-1] Selected business performance (m PLN)	Group		Bank	
	2019	2018	2019	2018
Total income	3,471.5	2,727.6	3,084.1	2,568.3
Total costs	(1,726.1)	(1,268.0)	(1,520.9)	(1,205.3)
including staff-related	(836.1)	(638.1)	(715.3)	(592.2)
Cost/income ratio	49.7%	46.5%	49.3%	46.9%
Provisions for risk	(439.0)	(236.6)	(235.1)	(205.6)
Bank levy	(248.0)	(198.5)	(236.9)	(198.5)
Corporate income tax (CIT)	(274.6)	(264.0)	(267.3)	(236.6)
Loans and borrowings to clients (net)	69,754.9	52,711.7	68,828.8	51,786.8
Client deposits	81,454.8	66,243.8	81,637.5	66,399.8
Share in the loan market	5.7%	4.6%	The stated data pertain only to the Group	The stated data pertain only to the Group
Share in the deposits market	6.0%	5.3%	The stated data pertain only to the Group	The stated data pertain only to the Group

Ratio: credits/deposits	86%	79.6%	The stated data pertain only to the Group	The stated data pertain only to the Group
Non-performing loan ratio	4.56%	4.52%	The stated data pertain only to the Group	The stated data pertain only to the Group
Loan loss coverage ratio	62.4%	74.4%	The stated data pertain only to the Group	The stated data pertain only to the Group
CET1 ratio	16.9%	19.8%	16.8%	19.5%
Total capital ratio (TCR)	20.1%	21.7%	20.0%	21.5%
Equity	8,941.5	8,384.4	8,690.1	8,136.0
Net profit	560.7	760.7	600.7	722.3
ROE	6.4%	9.6%	The stated data pertain only to the Group	The stated data pertain only to the Group
<b>Distribution of profit</b>				
Dividend	0*	0*	0	0
Capital	100%	100%	100%	100%

\* Bank's Management Board's proposal prior to the General Meeting

## 2. BUSINESS MODEL AND THE VALUE CREATION MODEL

### Business model

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



- 1. CUSTOMER FOCUS:** We are the most customer-focused bank that is constantly developing. We want to be the most personalized bank operating on a mass scale.
- 2. DIGITALITY AND NEW TECHNOLOGIES:** We are the leader in digital banking by offering high quality services blended with an extensive reach.

3. **ORGANIC GROWTH CAPACITY:** We are one of the fastest growing banks in acquiring clients with whom we hold the main relationship.
4. **COST EFFECTIVENESS:** We have the leading cost effective business model built by harnessing the most sophisticated technology that is flexible when it comes to changes and the Bank’s growing size.
5. **FLEXIBILITY IN RESPONDING TO CHANGE:** We have a flexible operating model, an organizational culture that facilitates rapid response and digital and data analysis competences.

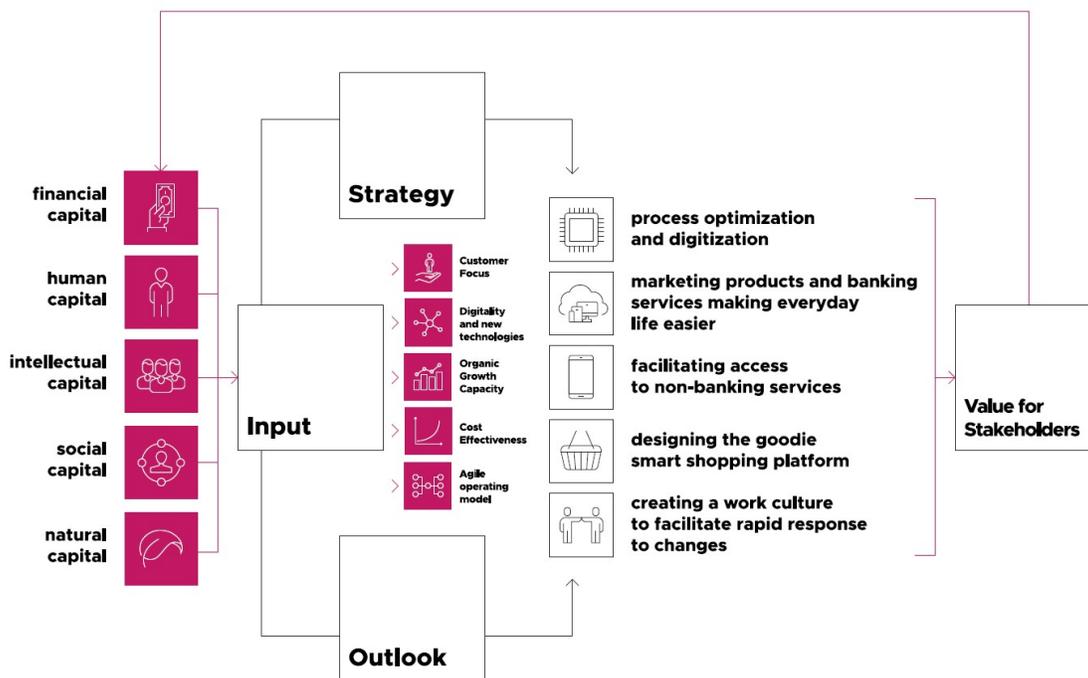
The firm’s values form the foundation of our business model: building relations based on trust, a passion for quality and innovation, employee development and promoting collaboration and the ever constant ambition to aim higher.



**Value creation model**

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

**Mission and Vision**



## THE BANK MILLENNIUM GROUP'S CAPITAL...



### FINANCIAL CAPITAL

**PLN 8,942 million**

own funds (including net profit)

Equity

**PLN 89,114 million**

total liabilities

Assets, loans and liabilities

**PLN 69,755 million**

net loans

**PLN 98,056 million**

total assets / liabilities



### HUMAN CAPITAL

**8,615**

headcount in the Group

Employees, their knowledge, values and attitudes that make it possible to grow the company.

**100%**

of the employees have been trained on our Code of Ethics

**45**

average number of training hours per employee



### ORGANIZATIONAL CAPITAL

**+44% y/y**

users of the mobile banking application

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.

**+50% y/y**

sales of urban transport tickets through the mobile application

**52**

NPS for retail clients

**49.7%**

cost/income ratio



## INTELLECTUAL CAPITAL

Nearly **66%** of capital expenditures are for IT development

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

**502**  
number of IT employees

**76%**  
employees holding a university education



## SOCIAL CAPITAL

**NPS 52**  
for retail clients (according to the research done by ARC Rynek i Opinia)

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

**76%**  
of our clients maintain their main relationship with the Bank

**49%**  
of our clients recommend the Bank to others

**53,000**  
children trained in the fundamentals of finance

over **13,000**  
beneficiaries of our volunteerism programs



## NATURAL CAPITAL

**-0.02%**  
reduction of CO<sub>2</sub>e y/y

Direct and indirect environmental impact and its minimization.

... SUPPORT BUSINESS DEVELOPMENT THROUGH:

	Process optimization and digitization		Marketing products and banking services making everyday life easier
	Facilitating access to non-banking services		Designing the goodie smart shopping platform
	Creating a work culture to facilitate rapid response to changes		Organic growth and acquisition (Euro Bank)

... AND CREATE VALUE FOR STAKEHOLDERS:

	<b>CLIENTS</b>	Banking for all - no physical, infrastructural and digital obstacles	<ul style="list-style-type: none"> <li>34% are mobile app users</li> <li>63% of the branches are accessible to disabled persons</li> <li>100% of the ATMs are accessible to disabled persons</li> <li><b>Ranked first in the "Accessibility" category</b> in the Ranking of Banks published by Miesięcznik Finansowy Bank.</li> </ul>
		Non-banking digital functionalities, e.g. e-administration	<ul style="list-style-type: none"> <li>34% are mobile banking users</li> <li>76% are internet banking users</li> </ul>
		High quality of service	<ul style="list-style-type: none"> <li>52 - NPS for retail clients (according to ARC Rynek i Opinia)</li> <li>93% - retail clients satisfied with their cooperation with the Bank</li> <li><b>Highest NPS</b> among Polish banks in the Bain &amp; Company study</li> <li><b>Ranked first</b> in the financial sector and in the TOP 10 of Polish companies according to the Customer Experience KPMG study</li> </ul>
		Ethical sales	<ul style="list-style-type: none"> <li>100% of the employees have been trained on our Code of Ethics</li> </ul>
	<b>EMPLOYEES</b>	HR awards, employee turnover ratio	<ul style="list-style-type: none"> <li>Distinction as the Sound Employer of the Year 2019</li> <li>4% - employee turnover ratio</li> </ul>
		Education and development	<ul style="list-style-type: none"> <li>45 - average number of training hours per employee</li> <li>11% - employees who were promoted</li> </ul>
		Respect for diversity	<ul style="list-style-type: none"> <li>83% - returns to work following maternity leave</li> <li>57% of women in managerial positions</li> </ul>

 <b>INVESTORS</b>	Profitability	<ul style="list-style-type: none"> <li>6.4% - Return on Equity (ROE)</li> </ul>
	Earnings for shareholders	<ul style="list-style-type: none"> <li>-34% - share price decline in 2019 (due to influence of legal risk related to foreign currency mortgages)</li> </ul>
	Low risk	<ul style="list-style-type: none"> <li>20.1%-TCR (total capital ratio)</li> </ul>
	High standards of ESG management	<ul style="list-style-type: none"> <li>Member of the WIG-ESG index on the Warsaw Stock Exchange, adherence to the Best Practices for WSE Listed Companies and Corporate Governance Principles</li> </ul>

 <b>SUPPLIERS</b>	Ethical cooperation	<ul style="list-style-type: none"> <li>81% 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> </ul>

 <b>SOCIETY</b>	Employee volunteerism	<ul style="list-style-type: none"> <li>567 volunteers engaged in social campaigns</li> <li>13,624 beneficiaries in volunteer campaigns</li> </ul>
	Financial education	<ul style="list-style-type: none"> <li>53,000 children received instruction</li> </ul>
	Promotion of Culture	<ul style="list-style-type: none"> <li>PLN 752,667 - sponsoring of culture</li> </ul>
	Expenditures for social purposes	<ul style="list-style-type: none"> <li>PLN 690,689 - Bank Millennium Foundation's expenditures on social goals</li> <li>48% - effective tax rate on the operating profit*</li> </ul>

 <b>ENVIRONMENT</b>	Minimizing the environmental impact	<ul style="list-style-type: none"> <li>-0.02% - reduction in CO<sub>2</sub>e emissions y/y</li> </ul>
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\*the effective tax rate is the quotient of income tax (CIT) and banking tax by the operating profit of the Bank Millennium Group

### 3. EXECUTION OF THE 2018-2020 STRATEGY

In 2019, the Bank successfully implemented the adopted organic growth strategy. One of the key goals of this strategy was to **speed up the new client acquisition process** to achieve 600 thousand new active clients within 3 years of the strategy period, i.e. until 2020. At the end of September, i.e. one day before its merger with Euro Bank, the Bank reached the landmark of 2 million active retail clients. This meant an increase by 421,000 during the first two years of the strategy, i.e. significantly ahead of the strategic objectives. At the end of 2019, the Bank had 2.6 million active retail customers.

The past year also brought about an equally successful completion of the **Euro Bank acquisition project**. It was one of the fastest executions of mergers on the market. On 11 November 2019, one year after its announced, the Euro Bank acquisition process was effectively finalized. The Euro Bank acquisition transaction was carried out without increasing the Bank's share capital. This means that the Bank Millennium Group's capital and liquidity were efficiently used, which should result in an increased efficiency and return on equity through economies of scale and synergies.

The Bank’s position in the consumer loan segment, which is another very important element of the Group’s strategy, has increased significantly. Faster sales of cash loans by Bank Millennium and the effect of the merger effectively doubled the portfolio up to PLN 15.1 billion. This improved the Group’s position on the domestic market for consumer loans. It passed three of its competitors and is currently ranked fifth on the market.

Improvement of quality and implementation of cutting-edge digital and mobile solutions remains an important element of the Bank Millennium Group’s strategy. In 2019, the Bank again received the highest marks among financial institutions in the customer satisfaction category, including NPS of 61, which is the highest score among banks (according to ARC Rynek i Opinia). The successful implementation of mobile applications is exemplified by an almost 50% increase in downloads of the Goodie app (which is a 100% subsidiary of the Group) up to 1.5 million downloads at the end of 2019.

Specific information regarding the execution of the strategy can be found in “Management Board Activity Report of Bank Millennium and Bank Millennium Group for 2019”.

**The Bank Millennium Group’s growth outlook**

The goal of the Bank Millennium Group for 2020 will be a successful restructuring following the Euro Bank merger and quick return to one of the fastest business growth rates on the market.

The successful migration of all the Euro Bank’s branches, clients and products to the Bank Millennium logo and platform paved the way to the realization of benefits from the merger. The enlarged branch network (830 at the end of 2019) and a 2.6-million active client database facilitates the process of accelerating sales of Bank Millennium’s products in new locations and to new clients. In 2020 the Bank will also continue the work to capture the opportunities arising after the implementation of the new payment services directive PSD2. **Retaining a leading position in the quality of services and their digitization** continues to be an unwavering goal of the Bank Millennium Group and will still have the necessary backing in 2020 and subsequent years in the form of the indispensable investments focused on innovation. In 2020, we should be able to notice the first effects of the strengthening of the micro-business support segment implemented in 2019. The Bank Millennium Group is also planning to **launch a mortgage bank**, which will be able to issue covered bonds.

## 4. MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

The principal aspects of managing issues related to sustainable development have been incorporated in the **Bank Millennium Group’s 2018-2020 Strategy** and are being implemented in the various areas of the operations conducted by the Bank and its Companies.



[GRI 103-1, 103-2, 103-3] Actions to benefit the society form integral part of the business strategy at Bank Millennium. **Our 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 rolling out facilities for disabled persons and innovative services. The employees are also the addressees of CSR-related activities. **The Bank promotes diversity in the organization in addition to ensuring stable and attractive working conditions and offering opportunities to get involved in social activities.** Social programs are run through the Bank Millennium Foundation and pertain to financial education and cultivating employee volunteerism. The President of the Bank's Management Board is responsible for overseeing the pursuit of the CSR goals at the highest level.

[GRI 102-30,102-31,102-26] Strategy execution is subject to regular reviews and assessments. They are administered by the Bank's Management Board on the basis of information prepared by the units responsible for their performance and by the Bank's Supervisory Board on the basis of the information presented by the Management Board. **Global assessment of the Bank's activities, including the management of economic, environmental and social issues, is performed by the Supervisory Board based on the Bank's published statements.** They are analyzed and presented to the Shareholders at the Shareholder Meeting and form the basis for granting a discharge to the Bank's Management Board on the performance of its duties in a given financial year.

All its CSR activities have been summarized once a year for 13 years in the Bank Millennium Group's Corporate Social Responsibility reports. [GRI 102-12] The Bank is also a signator of two important international initiatives. It joined the **Diversity Charter**, which is a commitment signed by organizations that decide to introduce a ban on discrimination at work and acting to create and promote diversity. **The company also supports the achievement of the UN's Sustainable Development Goals (SDGs).** When joining the partnership between business and the government administration to achieve these sustainable development goals, Bank Millennium declared that it would conduct activities in particular for the financial education of children and youth (goal 6 - education quality).

The CSR activities pursued by the company are highly rated by the market. **In 2019, Bank Millennium was included in the WIG-ESG index of the Warsaw Stock Exchange.** In 2010-2019 it was part of the Respect Index. In the **Ranking of Socially Responsible Companies** published by the Responsible Business Forum, we are in the top ten that espouse CSR to the greatest extent. Also, every year we are awarded the **Silver CSR Leaf** in the Polityka weekly's ranking.

#### **4.1. DESCRIPTION OF THE SIGNIFICANT RISKS RELATED TO THE ENTITY'S ACTIVITY THAT MAY EXERT AN UNFAVORABLE IMPACT ON SOCIAL, EMPLOYEE, NATURAL ENVIRONMENTAL ISSUES AND RESPECTING HUMAN RIGHTS AND COMBATING CORRUPTION**

[GRI 102-11, 102-15, 102-30] In the Bank Millennium Group, risks exerting an unfavorable impact on social issues may stem from relations with clients and business partners. In reference to the risk related to client relations (ensuring safety fo client funds, legal aspects of product and service designs, selection of products to match client needs and possibilities, conveying the appropriate information to clients, timely handling of complaints, etc.), the Bank uses diverse and advanced methods to protect client funds, monitors all the regulations and opinions expressed by UOKiK (Office of Competition and Consumer Protection) and other authorities and it is focused on delivering the best products and services to its clients, as the Bank's top positions in various rankings amply attest. Minimizing the **risks related to business partners** entails devising objective criteria for selecting suppliers and fair payment and contractual terms accompanied by ethics in collaboration, as reflected by our internal regulations. In terms of **employee-related risks** the Bank minimizes the risk of high employee turnover by embracing the pertinent policies (including HR, compensation and diversity) and offering high working standards, as confirmed by receipt of the status of *Sound Employer of the Year 2019*. The risk related to the issue of failing to **respect human rights and combat corruption** refers to the possibility of human rights violations and cases of corruption occurring in the organization. This entails risk of criminal, administrative and financial liability and loss of reputation. The Bank's Group prevents this risk by observing 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 pertaining to the natural **environmental impact** chiefly involves the negative impact of the Group on the natural environment, both through its own operating activity and also by financing projects. 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.

A detailed description of the management of the foregoing risks 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.

## 4.2. METHOD OF RISK MANAGEMENT

[GRI 102-11, 102-30, 103-2 103-3] Bank Millennium manages financial, operational and social risk chiefly by taking into account the safety of client funds. Every year it evaluates the significance of the types of risk identified, it drafts the relevant management procedures and it sets up capital buffers if required. The risk management process in the Bank and the Bank’s Group is uniform to a high degree and it may be treated as a common system applicable to the overall Group.

The operational risk management structure defines individual management levels and the scopes of their duties and responsibilities. The owners of business and supporting processes play a crucial role in the Group’s daily activity. Process 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: 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.

## 5. MISSION, VALUES AND ETHICS

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

### 5.1. THE BANK MILLENNIUM GROUP'S VALUES



#### **We are building the relationships based on trust**

We can rely on ourselves, and, when developing and implementing ambitious goals, we remember about ethics and our collaborators. Responsibility, respect, support and understanding are cementing our community and help us strengthen our leading position among the best banks in Poland. We are building 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 best solutions and breaking the barriers are embedded in our thinking, actions, products, services and processes as well as relations with the outside world and within the organization.

#### **We develop employees and we promote cooperation**

In our organizational culture, goals and successes are achieved through mutual inspiration, exchange of competence and experience. We discover and reward the people who through their actions motivate others to show their best self.

#### **We always aim higher**

When others are achieving the peak of their capabilities, we always want more. We develop and raise employee and team competences through training and certification programs. We carefully observe the environment, perfecting and changing ourselves, and we actively respond to challenges of the future.

The Bank Millennium Group has in place the **Code of the Leader** developed by a group of managers. It translates the company's values into the expected behaviors of the leaders in their day-to-day work. It defines how exactly a value may be expressed, which behaviors support it and which constitute its violation.

## 5.2. ETHICAL STANDARDS

[GRI 102-16,103-1,103-2,103-3] 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 of Ethics, communicating and promoting ethical values and evaluating the adherence to the principles of ethics;
- **institution of the Ombudsman on Ethics** - the manager of the Compliance Department discharges this function. The tasks of the Ombudsman on Ethics include watching over adherence to the Code of Ethics, promoting and advising on ethical standards, ordering the inspection of compliance with the rules of ethics and looking to cases of their violation;
- **system for training on ethics** and notifying of changes to the rules of ethics;
- **procedures, policies and rules** containing the guidelines on proper conduct;
- **system for reporting breaches** of ethical standards, also anonymously;
- **system of inspection of compliance with the rules of ethics** - encompasses periodical inspections and one-off inspections carried out upon the initiative of the Ombudsman on Ethics. As part of periodic inspections carried out at least once every two years, the compliance unit assesses the risks related to breaching the rules of ethics.



### The Bank Millennium Group's Code of Ethics

The Bank Millennium Group has a Code of Ethics whose policies define the values by which its employees should be guided in the performance of their duties and in their relations with other associates and the Bank as their employer. This Code also outlines guidelines regarding relationships with clients, the market and suppliers, and applies to areas such as service quality, ethical sales, fair competition and communication, rules for conducting trade relations and counteracting money laundering. The Code also contains anti-corruptions policies, including the rules for accepting and giving gifts, and participating in and organizing tenders. The Code of Ethics is also binding on franchisees and managers of franchise outlets.

The Bank also has in place a separate Code of Ethics for the employees providing services to the Prestige and Private Banking segment clients.

That Code outlines in particular the rules for ethically performing the financial operations, collaboration with third parties, performance of operations on own accounts, and the 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 staff responsible for the execution of transactions with Clients and for interbank operations are also bound by their own codes.

Every employee is obligated, by completing a mandatory e-learning course, to become familiar with the Code, confirm its knowledge and apply the rules included in the Code in their daily work. [GRI 102-17] The employees may report breaches of ethical standards by electronic or traditional mail (also anonymously). No breaches of the provisions of the Codes of Ethics were reported in 2019.

[GRI 205-2, 412-2] Employees undergoing a Code of Ethics training*	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
Management staff	22 (2%)	27 (3%)	31 (3%)	36 (4%)	54 (6%)	57 (6%)
Other employees	1,217 (24%)	1,265 (23%)	1,203 (25%)	1,259 (24%)	1,153 (21%)	1,202 (20%)

\*number and % of undergoing a Code of Ethics training. The training is designed for new employees and those who participated in such a training more than 3 years prior. The data does not include the former Euro Bank employees.

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

### 5.3. RESPECTING HUMAN RIGHTS

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.

**The Bank Millennium Group operates while respecting human dignity, it objects to discriminatory practices and complies with the principles 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. This information does not constitute the criteria for selection of employees, termination of their employment, setting their terms of employment, promotion and access to benefits and training to raise their professional qualifications.

In the Bank Group, the employees exercise, among other things, the right to information and consultations, collective bargaining agreements and collective actions, social and housing aid, good working conditions, social assistance and healthcare access. The policies prevailing in the Bank Group and the outcomes of their application are described in chapter "Employees".

**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**. The clause containing an obligation to comply with the Code of Ethics is also included in agreements concluded with suppliers.

Additionally, Bank Millennium has inserted clauses in its rules and regulations for lending to Corporate Banking clients **on all clients having to meet the requirements of environmental protection and respecting employment rules**. The rules and regulations contain certain restrictions regarding the financing of socially harmful activity featured on the EBRD (European Bank for Reconstruction and Development) 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.**

## II. BUSINESS

### 1. BANKING WITHOUT BARRIERS

[GRI 103-1,103-2,103-3] The key to all the changes orchestrated by the Bank is client centricity and the concern it shows to offering the best quality user experience - attentively listening to clients, observing their preferences and testing services with them in the bank User Experience Lab. The solutions that have been rolled out are based on the latest technologies and offer an even more convenient method of taking advantage of banking and non-banking services.

#### 1.1. INNOVATIVE SERVICES

[GRI 103-1] Innovation and continued digitization are assets that provide the Bank with a significant competitive advantage. Digital transformation is not only about providing new systems or modernizing existing solutions. It actually covers a variety of other areas as well. It has a major impact on organizational culture by modifying processes, products, work methods and people's mentality. This year, the Bank continued to reach for modern tools of technological development, including artificial intelligence, machine learning, conversation systems and virtual and augmented reality. Moreover, the Bank successfully developed remote access channels. To meet the expectations of clients who now wish to have everything at their fingertips, preferably in one application, the Bank has enriched its offering with several services from outside the banking area.

The following are most important digital facilities rolled out by the Bank for its retail and corporate clients:

- **New Digital Experience** - roll-out of a new Millenet online system and mobile application. For their development, technologies, solutions and design unique on the Polish market have been applied, thereby providing a completely new digital experience. In the new application and Millenet, clients may find offers at their fingertips that are tailored precisely to their specific needs and individual approach to financial management.
- **Autopay** - automatic payment of toll fees to Blue Media in the mobile application. As the first financial institution in Poland, the Bank has rolled out the Autopay service enabling drivers to use Polish motorways without the need to stop at the toll gates. The toll is automatically charged to the user's account or credit card after exiting the motorway.
- **Purchase of urban transport tickets and paying for parking.** Urban transport passengers can buy a ticket, validate it and produce it for inspection in their handset. Vehicle drivers may use the application to pay for the actual parking time without having to pay in advance as is the case with a parking meter.
- **Purchase of travel insurance with an option of quick contact with an insurer.** Bank Millennium is the first and only bank in Poland to offer the "Travel Assistance" service. It is a special button available in the mobile application, which may be set in such way so that it is visible before logging in. It works even without Internet access and makes it possible to place a direct phone call to the insurer or send a text message to it with a callback request. The content of the message is generated automatically - it contains the policy number and the client's location. The insurer immediately obtains information on where a given person is located, and is able to arrange the necessary help quickly.
- **Purchase of car insurance** fully online with an innovative function of entering the car details by scanning the Aztec code from the vehicle registration document.
- **Access to e-administration.** Bank Millennium supports development of e-administration in Poland by allowing for handling official matters with the use of its internet banking system. In the Millenet internet banking system, one may create a Trusted Profile (free-of-charge electronic signature) providing access to public administration services online 24 hours a day. As the client's identity is confirmed by the Bank, it is not necessary to visit an office to set up a profile. In the Millenet system, clients may also apply for the 500+ and Good Start benefits.
- **Chatbot Milla** - by leveraging elements of artificial intelligence and technology to recognize voice and intention, the Milla Chatbot may conduct a voice or text-based conversation with a client. It will field questions, and if necessary, it will pose follow up questions about particulars and perform the task in question. Milla is presently capable of executing wire transfers, topping up prepaid cards and mobile phones, showing the transaction history and

upcoming payments, specifying when the wire will reach its recipient and stating the bank's contact data. In the future, it will enable clients to search for other information and navigate the mobile application.

- **Token with a reader of Cronto graphic codes** - innovative device for corporate clients to log into the system and authorize instructions. It is the first solution of its kind in Poland based on the Cronto technology developed by OneSpan. The device provides the highest level of security and unique convenience for solutions of this kind.
- **Millenet Link** - this service gives Corporate Banking clients the ability to share information rapidly, effectively and safely with their internal finance and accounting systems and the Bank's internet banking system Millenet.
- **Millennium Leasing eBok module** - integrated platform in the Millenet internet banking system for Corporates providing for online handling of lease agreements, monitoring liabilities, formal services and remittance of payments for leasing service.
- **Goodie smart shopping platform.** Goodie is an intuitively operated buying platform accessible as an application for smartphones and as a website at [www.goodie.pl](http://www.goodie.pl). It was created as an internal startup at Bank Millennium. Through goodie, it is possible to view offers from promotional newsletters and information on discounts available at online and brick and mortar shops. The platform makes it easy to plan shopping and find inspirations and promotional offers aligned to the user's personal preferences and location. Data processing is one of goodie's significant attributes. The user does not have to adjust the application himself. The application adjusts the whole content and processes based on past and real-time data.
- **Friendly migration Wizard** applied during the operational merger with Euro Bank. It enabled a fully online-based client migration process and activation of access to the merged bank's channels. Its features are simplicity, one-step process and focus on the best client experience possible (for instance, clients may log in to the system using their existing Euro Bank credentials). The Wizard enabled the activation of approx. 200,000 clients over a timespan of several days with a 90% conversion rate.

## 1.2. SOCIALLY RESPONSIBLE PRODUCTS

Bank Millennium and the Bank's Companies have in their offers products and services making it possible to improve clients' living conditions, facilitating finance management and savings, supporting the development of innovation and environment protection.

### INDIVIDUAL CLIENTS



#### 360° Account

The 360° account offer is universal and prepared so as to respond to the needs of various groups of clients regardless of their age and income.

**Accounts for younger clients are always free of charge, while the structure of the 360° Account supports fee exemptions even if low monthly income is credited to the account.** The Bank does not set a requirement regarding the minimum amount of a single incoming amount or source of income. It

suffices for the total proceeds to be at least PLN 1,000 regardless of whether those proceeds are for a job salary, social benefits, scholarships or cash deposits.

What's more, if the condition is met for the account to be free of charge, namely if a minimum amount is credited and at least one payment by a card issued to the account or one BLIK payment per month is made, then the **client also does not pay for any ATM withdrawals**. This means that clients who have mobility-related problems (elderly and disabled persons) may use ATMs in locations that are convenient for them without taking any additional fees for withdrawals from third party ATMs.

Clients whose finances do not allow them to order house calls by a physician can use this service in the event of a sudden illness affecting themselves or a child within the framework of the **Very Helpful Package** offered in conjunction with the 360° Account. Users of the Package are also provided with assistance by a plumber or electrician as well as with a repair service of household appliances, electronics, computers, smartphones and tablets. By selecting the Account with the Very Helpful Package a client can utilize 7 interventions during as many as 12 free-of-charge months from the time of opening the account.

Having regard for younger clients the Bank's offer includes the **Student 360° Account** for people aged 18 to 26 and the **Junior 360° Account** for clients who have not yet turned 18. Lending them a helping hand to take their first steps in the world of finance, the Bank does not charge fees for account handling, while the debit card and ATM withdrawals are free of charge if only one transaction per month is executed using the card or only one BLIK payment is made.

#### WWF Millennium MasterCard Credit Card



WWF Millennium MasterCard is a credit card **supporting protection of the natural environment**. Bank Millennium transfers to WWF Polska, the national branch of the largest international foundation dealing with nature protection, half of the monthly fee for handling the card and a certain percentage of the transactions made using the card. Additionally, the card is made using an environmentally-friendly PETG polyester which may be recycled.

	2019	2018	2017	2016	2015
Number of WWF cards in the portfolio	1,537	1,466	1,306	1,515	1,396

#### Individual Pension Security Accounts

Millennium Dom Maklerski makes brokerage accounts available to its clients - IKZE (Individual Pension Security Accounts). IKZE are a type of personal pension program involving the accumulation of savings by investing through a brokerage account, thereby making it possible to increase one's pension in the future.

#### PRESTIGE AND PRIVATE BANKING CLIENTS

Bank Millennium's offering includes investment funds pursuing socially responsible and environmental goals.

Fund	Description	Number of clients in the portfolio in 2019
BGF Sustainable Energy Fund	Invests in shares of companies operating in the new energy sector.	4
BlackRock GF World Healthscience Fund	Invests in equities of companies with substantial interests in healthcare, pharmaceuticals and medical technology and equipment as well as biotechnology development.	38
UniAkcje Biopharma	Invests mainly in shares of biotech, pharmaceutical and medical companies.	172
PZU Energia Medycyna Ekologia	Focuses on companies in the health care business - pharmaceutical and biotech companies - as well as companies involved in environmental protection initiatives - generating energy from renewable sources or operating in the recycling sector.	166

#### CORPORATE CLIENTS

The Bank actively seeks for opportunities to create products and procedures that have the capacity to exert a favorable impact on the environment and social relations. Within the framework of its offering, the Bank creates incentives for clients undertaking environmental initiatives or minimizing their unfavorable impact on the environment. The Bank participates in support programs, for instance with Bank Gospodarstwa Krajowego (BGK), which reward investment in energy saving solutions. The Bank also supports innovation, including in socially responsible and environmentally friendly areas, by participating in the distribution of public funds allocated to these ends.

## Environmentally and socially responsible lending

Bank's exposure to financing high-carbon sectors, such as coal mines and coal-based power sector, was historically low compared to the banking sector average. The Bank's Group adheres to the provisions of the "Environmental Policy of the Bank Millennium Group", which lay down, among other issues, the principles governing the provision of funding for investments, taking into account their impact on the environment. Moreover, within the industry policy that is in force, the Bank distinguishes high risk industries. One of the criteria for a branch to be classified in this category is a negative outlook related, among others, to environmental threats. The Bank has default exposure limits for clients in respective categories, where the caps are the most restrictive for high risk industries.

Based on its industry policies and the provisions of the "Environmental Policy of the Bank Millennium Group", the Group supports investments related to the substitution of coal-derived energy with low-emission energy sources and modern power generation and distribution infrastructure. The Bank is interested in funding projects related to renewable energy sources, focused on reducing emissions and supporting energy efficiency, especially in energy-intensive and high-emission industries. Within the framework of its cooperation with Bank Gospodarstwa Krajowego (BGK), the Bank offers its clients loans for environmentally friendly initiatives. Based on loan agreements entered into with the EBRD (European Bank for Reconstruction and Development), for over 10 years now the Bank Millennium Group has been strongly involved in the provision of support to clients purchasing or leasing production lines and equipment that is characterized by high energy-efficiency and energy-saving parameters (Polish Sustainable Energy Financing Facility for Leasing - PolSEFF Leasing). In turn, the contract entered into with Millennium Leasing regarding the Polish Green Economy Financing Facility (PolGEFF) supports initiatives aimed at improving energy efficiency, reducing CO<sub>2</sub> emissions and providing funding for the acquisition of equipment for generation of electricity from renewable energy sources (MilleSun program - financing of investments in photovoltaic solutions), water management and waste management.



[GRI 203-1] The Bank also offers the **Biznesmax Guarantee Program** provided in collaboration with Bank Gospodarstwa Krajowego (BGK). Guarantee under the Program are intended to secure loans granted to provide funding for innovative ventures in the SME sector, with a particular focus on eco-efficient companies. A client taking advantage of the "ecological path"

of the Biznesmax Guarantee Program may pursue an investment project that involves at least one environmental category, e.g. electromobility, renewable energy sources, including photovoltaic installations, technologies for reducing energy consumption, technologies for producing alternative fuels, circular economy, installations for the recovery of raw materials from production processes, etc.

The **Loan for Technological Innovations** is dedicated to companies that meet the criteria of being micro, small and medium-sized businesses and is **designated for the implementation of a new technology** facilitating the manufacture of goods, processes or services that are new or much better than previously produced in Poland. The project's positive effect on the natural environment is an important element considered in the loan application evaluation process. The project is provided in cooperation with Bank Gospodarstwa Krajowego (BGK) within the framework of EU funds. It enables beneficiaries to obtain a non-returnable grant in the form of a technological bonus, which is used by BGK for partial repayment of the loan granted by the Bank.



The Bank supports the sustainable development of companies by participating in the De Minimis Guarantees program executed in cooperation with BGK. A business from the SME sector may use a de minimis guarantee to secure repayment of a loan. High amount of the guarantee (up to 60% of the loan amount and up to PLN 3.5 million) and the financing term of up to 24 months in the case of working capital loans or up to 96 months for investment loans. As a result, the program has enjoyed great interest among clients.

[GRI FS7, FS8] Value of socially responsible products	Product portfolio value (m PLN)	Number of products in the portfolio
Loan for Technological Innovations	141.7	24
Leasing Eko Energia	40.6	584
PolSEFF	1.34	5

For more information on the principles of responsible financing of investments, see the “Environment” section.

### 1.3. ACCESSIBILITY OF SERVICES

[GRI 103-1,103-2,103-3, FS13, FS14] The Bank’s goal is to eradicate digital and physical barriers to accessing financial and non-financial services. Bank Millennium is not just a financial services center for its clients, but also their first access channel to other services, e.g. in its mobile application clients can buy urban transport tickets, pay for a parking spot or buy vehicle insurance by merely scanning a code from the vehicle registration document. Remote contact with Polish government offices is also possible through internet banking. The Bank endeavors to ensure that all its clients, including disabled persons have convenient access to financial services. For that reason many conveniences have been made for persons who are blind, visually impaired or use a wheelchair.

- **Both Bank Millennium’s website and the Millenet online banking system** are constantly improved to meet the needs of blind and visually impaired clients. The services are written in a simple and understandable language for the users and can be read aloud by text readers. A visually impaired user can use the website with a keyboard - the mouse is not needed to navigate the portal. In addition, the site has a text magnification feature.
- **ATMs and deposit machines** - disabled people with impaired mobility can use the number 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 which enhances contrast and legibility of displayed messages. 100% of our ATMs are customized to meet the needs of disabled persons.
- **Access to outlets** with architectural barriers - more than 60% of the Bank’s branches are accessible to disabled persons. When it adapts and modernizes its branches the Bank pays attention to eradicating architectural barriers.
- **Customer service desks with seating** offering wheelchair access - they are in place in 355 branches.
- **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 branch employees and - at the client’s express request - in the presence of a witness trusted by the client. 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 obtain the general terms and conditions of agreements and rules and regulations in forms that make it easier for such clients to familiarize themselves with the contents of these documents**, for instance by using large-size fonts, audio recordings or Braille script.
- **Service standards of the disabled** - detailed guidelines binding on employees of all of the Bank’s outlets.

Bank representatives also participate in the work done by the Polish Bank Association to enhance the accessibility of sites and services to disabled persons.

Accessibility of Bank`s services*	2019	2018	2017	2016	2015
Number of outlets	602**	361	355	369	413
% of outlets accessible to disabled persons	63%**	72%	91%	90%	89%
Number of ATMs	498	487	483	490	519
% ATMs accessible to disabled persons	100%	100%	100%	100%	100%

\* Data for outlets of Bank Millennium and former Euro Bank (excluding franchise branches).

\*\* The decrease in the number of accessible branches is a consequence of the merger with Euro Bank.

Bank Millennium expands the idea of a barrier-free world also to other areas of its activity, including cultural patronage initiatives. By providing audio description for movies during Millennium Docs Against Gravity, the largest Polish festival of documentary films, **the Bank facilitated access of vision impaired people to culture.**

In 2019, Bank Millennium was ranked first in the “Accessibility” category in the Ranking of Banks published by Miesięcznik Finansowy Bank.

## 2. QUALITY OF CUSTOMER SERVICE

[GRI 103-1, 103-2, 103-3] The quality of customer service is one of the fundamental values espoused by Bank Millennium and an important part of its competitive advantage. The work done on quality, meaning our efforts to deliver the best customer experience is a continuous activity. The following stages may be distinguished in this subject matter: identification and understanding of client expectations, design of experience and implementation in contact channels and monitoring the key processes and contact points (e.g. branch, information line, internet) and then streamlining them.

Clients notice and appreciate these initiatives. **In a survey of client behaviors and preferences carried out by the consulting firm Bain & Company, Bank Millennium obtained the highest NPS (indicator describing the propensity of clients to recommend the services of various entities to their friends) among Polish banks. Compared to the previous year, the indicator increased 10 points to 43. In the Banking Stars 2019 contest, the Bank was on the podium three times, having won, among others, the “Customer Relationship” category and received the “Customer Relationship Star” title. In the TOP 100 Brands list compiled by KPMG, the Bank was ranked at the top of the “Customer Experience” category among Polish financial institutions and was also in the top 10 of the best rated brands in Poland.** According to the results of an internal satisfaction survey, 93% of retail clients were satisfied with their cooperation with the Bank. **Bank Millennium was also the most frequently recommended bank in Poland with loyalty measured by the highest NPS of 52 among all financial institutions on the market (“Bank Client Satisfaction Monitor 2019”, ARC Rynek i Opinia).**

After its merger with Euro Bank, Bank Millennium has been focusing its activities on standardizing customer service standards, implementing a unified customer service model into its branch network, constantly monitoring the level of customer service quality and developing solutions that improve customer satisfaction - in all contact channels.

### 2.1. HIGH CLIENT SERVICE STANDARDS

After the Bank’s merger with Euro Bank, units responsible for customer service have adopted unified standards for the whole organization. They are adjusted to the type of unit, the tasks entrusted to it and the adopted business model. The Bank has adopted standards for outlet staff, teams providing services to Prestige clients, Corporate Banking clients, teams dedicated to the Hotline, electronic communication personnel, the unit handling clients’ complaints and employees of the Bank’s Head Office. The Client Service Standards that have been adopted for the Bank’s

outlets and Hotline serve as the basis for models of conversations with clients about the Bank’s various product groups:

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

**Client Service Standards** are intended for all the direct customer service employees, and they contain, among other things, specific guidelines on how to greet/say goodbye to the client, talk to the client, present the Bank’s products, clarify doubts or handle the client’s complaints. They are discussed in detail during preliminary training and exercised in practice.

**Client Call Scripts** augment the Client Service Standards used in the Bank’s outlets and its information line; they refer to various products: personal accounts and accompanying products as well as loan, savings and investment products. They define the framework of conversation with the client on the subject of the Bank’s products. Client Call Scripts refer to specific elements of client service, procedural and regulatory duties. Therefore, they provide the client with comprehensive and understandable information. Failure to comply with the standards of services involves the risk of unethical sales and misleading the client, which may entail legal consequences and cause harm to reputation.

## 2.2. IDENTIFYING CUSTOMER NEEDS

The Bank finds out the expectations of its clients by listening to what they have to say - through comprehensive client opinion research conducted regularly in the Bank’s main contact points, including the branches, the Hotline and the electronic banking channel. **Discovering client needs is the constant starting point for each and every project aimed at changing a process, product, communication or the client service model in Bank Millennium.** Before implementation the solutions we design are tested in research and conversations with clients.

**Bank Millennium reaches for traditional quantitative and qualitative research methods**, including specific ones, which were particularly useful in the surveys of remote channels - **UX research**. The research also supported the projects carried out under the **Service Design** methodology, where the full understanding of client needs is of crucial importance. These projects served both to improve the quality of service and to develop the product offering.

As was the case in previous years, research was carried out on both retail and corporate clients as well as high-net-worth (Prestige) clients and microbusiness (Small Business) clients. Analyses of this kind are performed predominantly for the Bank, although certain research projects are carried out in cooperation with other members of the Group, including Millennium TFI and Millennium Leasing in 2019.

In order to find out the expectations associated with the merger, the needs and concerns of clients migrated from Euro Bank were also surveyed. This allowed the Bank to alleviate their doubts and carry out the migration process efficiently.

Quality and Satisfaction Survey Bank Millennium	2019	2018	2017	2016	2015
Surveys conducted	25	27	21	24	24
Number of customers surveyed	147,373	104,822	31,493	39,551	65,207
Number of Mystery Shopping visits	2,768	3,500	4,065	3,900	4,000

To understand client expectations even better, the **StuchaMY** program has been launched in Bank Millennium’s Contact Center. The assumption of the program is to collect suggestions submitted by clients, forward them to the Bank’s appropriate units for analysis and, if possible, make the expected improvements in products, services or processes. Each client receives feedback on how the case reported by him or her has been handled. Approx. 2,500 clients have participated in the project.

The **satisfaction and level of recommendations** among retail clients in internal research **stayed at a very high level** in 2019, with a Net Promoter Score (NPS) of 53 and 93% satisfied clients. Similarly to previous years, clients point to competitive offer (chiefly the 360 Account), high quality of service and modern solutions (mobile banking) as the bank’s strengths. **Clients who use the mobile application are particularly appreciative of the Bank** - for these clients, the NPS ratio is 61 (versus an average NPS of 53). Amongst all the contact channels, the electronic channels that get the highest scores - 96% of clients are satisfied with internet banking and 97% with the mobile application.

Bank Millennium	2019	2018	2017	2016	2015
NPS ratio*	53	51	51	39	31

\* indicates clients’ willingness to recommend products and services. These data refer to the Bank’s internal research and pertain to retail clients.

### 2.3. COMPLAINTS MANAGEMENT

The Bank’s purpose is to build a positive client experience and enhance 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 adopting this policy are manifested by the improved complaints handling process, shorter complaints examination and delegating more powers to employees who have been trained on the principles of straightforward client communication.** The risks associated with the failure to adhere to the policy include the loss of reputation, legal and financial risks stemming from the “Act on complaint examination by financial market entities and on the Financial Ombudsman” and the “Act on payment services”.

Clients can submit a complaint through several channels: in the branch, by phone, through electronic banking and by mail. Clients who are especially active are invited to participate in tests and give opinions on new products and system solutions. **All problems reported by clients are subject to analysis.** The conclusions from analyzing complaints and client suggestions are taken into consideration when streamlining products and services. 239 initiatives were collected in 2019 in the Voice of Customer (VOC) program to eliminate the causes of complaints; 123 of them were implemented or partially implemented.

**Many actions were undertaken to streamline the complaints process** for the purpose of shortening the complaints examination period and enhancing the level of client satisfaction:

- Complaints about selected fees and card transactions are resolved at the level of the customer’s first contact with a Bank employee.
- The “Embrace the Problem” project has been introduced, which aims to support branch personnel in dealing with complaints by informing them about the most frequently reported complaints and the need to accept reasonable and complete notifications.
- Client responses use simple language with clear text layout.
- Thanks to the development of the principles of cooperation between the Bank’s distinct units, information from client complaints is used to improve products and processes and prevent the occurrence of similar complaints in the future.

**[GRI 102-11, 102-15, 102-30]** Complaint reports are forwarded to the people responsible for individual products and processes allowing the Bank to analyze the quality of services it offers on an ongoing basis and take optimization measures. A broad range of ratios related to complaints is reported on a monthly basis, while the effects of the overall complaints handling process are presented regularly at the Process and Operational Risk Committee meetings and also at the meetings of the Supervisory Board’s Audit Committee.

Client satisfaction with the complaint process in the Bank	2019	2018	2017	2016	2015
Clients satisfied and very satisfied with the complaint process		85%	76%	77%	76%
% of clients that recommend the Bank	The study was not conducted*	52%	55%	52%	44%
NPS ratio** on the complaints process		35	37	36	21

\* Due to the operational merger with Euro Bank.

\*\* Indicates the willingness to recommend the Bank's products and services.

**Group companies manage complaints on their own.** Millennium Leasing has in place the procedure for submitting and reviewing complaints submitted by the clients. Millennium Towarzystwo Funduszy Inwestycyjnych (TFI) offers its products through distributors of participation units and does not have direct contact with clients. Client complaints are submitted to Millennium TFI as well as to distributors. The Bank reviews complaints related to the customer service provided by its employees. To the extent involving the quality of products offered by Millennium TFI, complaints are handled, at TFI's request, by the transfer agent who keeps the registers of participants and conducts transactions regarding the participation units. In the Brokerage House, complaints are handled jointly by the Bank when they pertain to the services provided by Bank Millennium as the Agent of Millennium DM.

Complaints filed*	2019	2018	2017	2016	2015
Number of complaints filed	91,682**	70,707	44,493	41,750	39,536
Number and % of complaints handled in favor of customers	65,488 (71%)	52,507 (74%)	30,315 (68%)	26,755 (64%)	23,787 (60%)
[GRI 418-1] Number and % of complaints submitted concerning privacy breaches or loss of client data	272 (0.3%***)	275 (0.4%)	160 (0.4%)	175 (0.4%)	300 (0.8%)

\* Complaints reviewed by Bank Millennium (except for investment products).

\*\* The increase in the number of complaints resulted from, among other factors, the merger of Bank Millennium and Euro Bank's complaint portfolios, migration of client data and a rapid increase in the number of clients.

\*\*\* Of which 93 complaints were accepted.

### 3. RESPONSIBLE ADVERTISING AND SALES

#### 3.1. RELIABLE MARKETING COMMUNICATION

[GRI 103-1,103-2, 103-3, 417-1] In accordance with the principles of advertising banking services drafted by the Polish Financial Supervision Authority, **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 focuses on a promotional offer, its conditions and term of its validity are specified. Clients also receive information where they can receive detailed information regarding a given promotion.

[GRI 102-11, 102-15, 102-30] 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 clear and reliable, legally-required advice 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.

**[GRI 417-1]** Marketing materials prepared by the Bank Millennium Group are compliant with the laws and regulations applicable to this area, including in particular with:

- the recommendations laid down by the Code of Ethics in Advertising devised by the Marketing Communication Association SAR,
- the Principles for Advertising of Banking Services of 2008 laid down by the Polish Financial Supervision Authority,
- new Best Practices on consumer loans advertising standards of the Polish Bank Association of 2015,
- provisions of the amended Consumer Loan Act of 22 October 2017,
- Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents Act,
- internal instructions applicable to the rules for devising informational and advertising materials for banking products and services in Bank Millennium and the rules for preparing commercial publications regarding financial products and instruments in Bank Millennium.

**[GRI 417-3]** In 2019, there were no cases of the Bank Millennium Group failing to comply with regulations relating to marketing communication.

## 3.2. TRANSPARENT INFORMATION ABOUT PRODUCTS AND SERVICES

The Bank provides clients clear and understandable product information through its employees in sales and client service channels such as branches and its phone information line, and in the form of texts in electronic channels. All the **employees** who provide the 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 through the Bank's various internal communication channels. The product sales process is executed on the basis of standardized models to make it possible to **present an offer customized to a client's needs and expectations** with options that may be of interest to him/her, along with the scope of information necessary to make an informed decision about the purchase of a given product. How sales standards are followed 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 method of sales and client service is also checked and streamlined through inquiries and client complaints.

### Advising of mortgage products

**[GRI 102-11, 102-15, 102-30]** A client filing a mortgage loan application with Bank Millennium receives, at each stage of the process, thorough information from a Bank employee about the product and the associated risks. In 2019, the Bank conducted a large-scale training campaign in product design and the lending process, reminding its employees how to convey the details of the offering made available to the clients in a comprehensible, reliable and transparent manner. The training was attended by over 1,000 participants - both employees of the Bank's sales network (approx. 500 participants) and the Bank's sales partners (approx. 500 employees of all mortgage loan intermediaries cooperating with the Bank).

### Security of investments

The Bank observes the requirements of the MiFID2 directive (Markets in Financial Instruments Directive). In accordance with them, when offering investment services the Bank is obligated to do the following before a client purchases a product:

- classify the client to one of three investor groups,
- conduct a test to identify target markets and ensure that the offered investment products and services are suitable to a given client,
- provide reliable information that is not misleading about products and risks associated with investments in those products,
- develop a policy of acting in accordance with the best interests of its clients and a policy to prevent the conflict of interest and inform the client about these policies.

To ensure the best possible protection level to its customers, the Bank applies some MiFID2 guidelines also to insurance and investment products, even though this is not required. **All the marketing publications prepared by the Bank describe, among others, the risks associated with investments and sample scenarios related to the financial instrument or product.** Clients are

presented with complete and reliable information on the Bank's products and financial instruments distributed by the Bank, including their issuers and the terms of the complaint process. Information on services, bank agreements and documents, letters sent to clients are drafted in a precise, comprehensible and transparent manner.

**[GRI 103-2, 417-1]** All information documents concerning investment products offered by Bank Millennium provides relevant information on the following: the investment risk, legal disclaimers and the sites where information on the funds, including financial data, is published.

**Before starting to sell investment products on their own, employees must have at least six months' experience in offering them and must pass a products knowledge test.** Employees also go through mandatory training on MiFID2 and product training in the form of e-learning. Product training describes detailed characteristics of a given product and defines the risks associated with investing in a given product or financial instrument.

If the law or internal regulations governing any financial products change, **e-learning refresher training is made available** to employees. In addition, employees regularly take advantage of periodic market and product-related conference calls and have constant access to current product presentations.

### 3.3. ETHICAL STANDARDS IN CLIENT SERVICE

**[GRI 103-1, 103-2, 103-3, FS15]** Ethical sales activities place a strong emphasis on the compliance of service with the applicable regulatory requirements and meet the following assumptions:

- the tools and guidelines in client call scripts are aimed at ensuring the best quality of client service by providing full and precise information on the individual products and processes;
- client call scripts address the need to examine client needs and propose products adequate to client's expectations and situation;
- assumptions and tools pertaining to product models are reviewed by the Compliance Department.

The guidelines of the Book of Client Service Standards obligate employees to do the follow in particular: analyze client needs, clearly present the Bank's offer, discuss the rules on how the product operates, present cost-related information, diagnose client doubts, provide explanatory information and finally - confirm that the rules on the product's operation are intelligible 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 legal regulations**. Attaching great importance to the quality and a high level of ethical sales, the Bank also drafted **Client Call Scripts** about daily banking products, credit products and saving and investment solutions. These scripts have been in operation for several years and are gradually being updated and optimized. Each implementation of a new script involves mass implementation of the solution among direct customer service employees and training. All modifications to call scripts focus on providing clients with thoroughly transparent information and education to ensure that they are fully aware of the Bank services they utilize.

**Observance of Client Call Scripts and Client Service Standards is monitored continuously** and the results are delivered to the Bank's management board and the direct superiors of the assessed employees, and are also used to take remedial actions at the level of the Bank as a whole. The monitoring of compliance with sales standards and ethics is also conducted independently of the Bank by various types of service quality rankings, to which the Bank attaches great importance and takes into account all the conclusions resulting from them.

**Separate ethical sales regulations are in force in the companies.** Millennium Dom Maklerski has implemented a number of documents governing the rules for showing due diligence in client contacts. The most important ones are the rules and regulations for providing brokerage services, contracts executed with clients and the "Policy of executing orders and acting in accordance with the best interest of the Client at Millennium Dom Maklerski SA".

### Minimizing the risk of over-indebtedness

[GRI 102-11, 102-15, 102-30] Before offering a product, the Bank checks client needs to ascertain his/her knowledge about credit products and financial standing, whereby it is possible to tweak the manner of communication and align the product to his/her circumstances. **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.** These methods make it possible to identify situations in which a client should not take out any more debt. The Bank offers its clients the opportunity to consolidate unsecured debt being repaid to other lenders, which often allows them to reduce their monthly credit charges in their household budgets and improve their financial security. Clients using online transaction banking may take advantage of advanced tools for managing expenses enabling them to deepen their knowledge on how to manage their budget effectively.

### Assistance in repayment of debt

Bank Millennium offers a consolidation loan to clients who have difficulty servicing their debt with the option to amortize their debt in other banks. In addition, **clients may take advantage of a deferred payment of one installment of a cash or consolidation loan**, which is very helpful for those who must use the funds for an installment payment in a given month for other purposes.

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

Debt restructuring applied by the Bank in the process of pursuing receivables involves the execution of an annex to the original agreement or a separate restructuring agreement whose content modifies the binding debt repayment terms binding for the client, as appropriate to the client's standing and financial capabilities. Such modifications may include: **reduction of the monthly repayment amount (temporary or for the entire repayment term), suspension of the payment of an installment in whole or in part, extension of the loan term, reduction of the interest rate, change of the installment payment date, change in the settlement sequence of the amounts to be repaid, change of the collateral or change of the installment amount.** In 2019, approximately 2.6% of the clients in the process of recovery of retail receivables benefited from these solutions.

### Solutions for clients with a mortgage loan

Mortgage loans indexed to or denominated in foreign currencies, in majority in Swiss francs, were offered to clients in years 2000, most of them were granted in 2005-2008. At the time of their granting, the loan agreements were in accordance with Polish law and applicable regulations, in particular with recommendations from KNF (in particular, Recommendation S). At the time of taking the loans in foreign currencies, clients had first to expressly reject the loan in Polish zloty. Polish Banking Association (ZBP), at proper moment in time, suggested abandoning currency mortgages, but supervision and the public sphere encouraged them, which was described and documented in the ZBP study entitled "White book of franc loans in Poland". The reasons for this were significant. In Poland there was a lack of capital and significant demand for mortgage loans and the relatively high interest rate of the zloty was an obstacle to support finance the housing expansion carried out at that time. Foreign currency mortgages, supported by lower interest rates in Swiss francs and in euros, had a positive impact on Poland's economic growth and contributed to the creation of approx. 775,000 flats and houses.

Credit agreements were not questioned in the period when the Swiss franc to PLN exchange rate was favorable for borrowers. The borrower's questioning of contract provisions began when the exchange rate began to change to the detriment of customers. Clauses referring to exchange rate tables of some banks have been included in the list of abusive clauses as a consequence of abstract abusiveness control procedure. It is worth emphasizing that said inclusion does not necessarily mean unlawfulness in particular case. It should also be stressed that in economic terms there was not any difference between a loan indexed to a foreign currency and a loan denominated in a foreign currency. In fact, loans indexed to foreign currencies (which was in fact Bank Millennium main offer) were offered for the convenience of borrowers that wanted to be sure that at the moment of taking the loan they would have the exact amount in zlotys that they required.

The turn in dissatisfaction of borrowers was caused by the Swiss central bank, which unexpectedly removed the floor on its currency on 15 January 2015, as a result of which the Swiss franc appreciated significantly against other currencies including the Polish zloty. In this way, the decision taken had impact far beyond the borders of Poland and also hit Polish citizens who took out housing loans in this currency.

Since January 2015, when the rapid increase of the Swiss franc exchange rate was recorded, the Bank has been offering special measures known in banking sector as the “six-pack”. According to the ZBP, the average annual cost of the program for the banking sector is estimated at about PLN 1 billion. The package includes the following solutions:

1. Accepting a negative LIBOR rate for calculating the interest rate for mortgage loans.
2. A significant reduction in the FX spread leading to a perceptible decrease in the loan instalments paid by clients.
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 just slightly higher than before freeing the exchange rate. These requests may be made only by borrowers residing in the property for which the loan was taken.
4. Desisting from the demand for borrowers to furnish new collateral and loan insurance if they pay their loan instalments on a timely basis.
5. Providing the borrowers with the opportunity to replace the loan currency from CHF to PLN at the exchange rate equal to the average exchange rate published by the NBP.
6. Making the rules for mortgage loan restructuring more flexible for clients residing in properties subject to loans.

Bank Millennium customers, both Swiss franc and Polish zloty borrowers, who are in difficult life situations can apply for support from PLN 600 million Fund created by banks, including Bank Millennium, in 2015. Under the Act on Supporting Distressed Borrowers Who Have Taken Out a Mortgage Loan, adopted in 2019 and coming into life on 1.1.2020 application criteria has been amended what is expected to increase the availability of the Fund. Since its creation the Fund has been used only in a few percent and is still awaiting full allocation to borrowers in need.

The support is temporary aid granted to the borrowers who are in a difficult life situation, such as loss of a job or reduced income. Supported borrowers receive a monthly amount designated for the repayment of a loan installment. The funds are paid out for no more than 36 months, in the amount equal to the loan installment, but no more than PLN 2,000. The repayment of funds begins two years after the last support payment is disbursed and is distributed into 144 interest-free installments. Part of the funds may be written off subject to regular repayment.

The Bank undertakes number of actions at different levels towards different stakeholders in order to mitigate legal and litigation risk of FX mortgage loans portfolio:

- Mitigation of future court claims - the Bank is open to negotiate case by case favourable conditions for early repayment (partial or total) or conversion of loans to Polish zloty.
- Defence of cases in court - the Bank will continue to take all possible actions to protect its interests in courts while at the same time being open to find settlement with customers in the court under reasonable conditions.
- Constructive approach and cooperation with authorities e.g. UOKiK (Consumer Protection), Financial Ombudsman and KNF (Financial Supervision)

The Bank is in constant contact with clients with foreign currency loans and has prepared many solutions to support borrowers in repayment of the mortgage.

The Bank proposes special terms and conditions allowing clients to convert the loan currency or repay the loan partially or in full. Negotiations of exchange rate terms and loan parameters after currency conversion or partial repayment were continued and the client’s situation and expectations were taken into account on a case-by-case basis. In 2019 ca. 900 customers accepted Bank’s offer.

Aggressive marketing campaigns conducted by law firms result in an increase in the number of court cases. Based on ZBP data gathered from 11 banks having FX mortgage loans, over 70% of disputes were finally resolved in favor of banks during whole 2019 year. However, after the Court of Justice of the European Union (CJEU) judgment issued on 3 October 2019 (Case C-260/18) there is a risk, that so far mostly positive for banks line of verdict in courts may change. More information can be found in 2019 Bank Millennium Group Annual Report.

As at the end of 2019, the Bank had 2,010 loan agreements under individual litigations concerning indexation clauses of FX mortgage loans submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 203 million. Until 31.12.2019 only 19 cases were finally resolved and the vast majority of such judgment were in accordance with the Bank’s interest.

[GRI 206-1] In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,281. The case is still before its first hearing, which is scheduled for March 2020. Second class action suits related to the insurance for the low down payment is pending against Bank Millennium. This case is undergoing examination and no judgment related thereto has been pronounced.

## 4. SAFETY OF CLIENT FUNDS

[GRI 103-1] Ensuring the safety of the cash entrusted by clients is a priority in the Bank Millennium Group's activity. Efficient management of this area is governed by the policies of information security, prevention of abuse and risk management, code of ethics and best market practices., which are in force both at the Bank and in the Group's Companies. 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.

### 4.1. COMPLIANCE - ENSURING COMPLIANCE WITH THE REGULATIONS

[GRI 102-17, 103-2, 103-3] The rules and standards to ensure compliance with internal and external regulations are described in the document entitled "**Compliance Policy - Principles and Guidelines**" which applies throughout the Bank Millennium Group. Within the compliance risk management process, Bank Millennium considers the following areas to be especially significant:

- preventing money laundering and financing of terrorism,
- ensuring compliance of Bank Millennium's internal regulations with generally applicable provisions of law and with recommendations formulated by regulatory authorities,
- preventing and managing conflicts of interest,
- observing ethical principles,
- personal transactions,
- protecting confidential information and information subject to professional secrecy,
- monitoring and ensuring compliance with respect to the financial products and services covered by the EU MiFID2 directive.

A report on the functioning of the compliance supervision system is presented quarterly to the Bank's Management Board and the Supervisory Board's Audit Committee and annually to the Supervisory Board.

[GRI 419-1] No fines for non-compliance with the law or regulations were imposed on the basis of a legally binding judgment on the Bank in 2019.

## 4.2. FRAUD PREVENTION

Based on the **Fraud Risk Management Program**, elements of a system for counteracting frauds are built and adjusted to the company's needs. This system enables coordination of actions taken by the Bank's various units involved in fraud detection, investigation and prevention, while simultaneously providing professional tools and solutions to ensure effective protection of the Bank and client funds.

One of the most important elements of the overall system for combating fraud in Bank Millennium are **Bank employees** - especially employees who have direct contact with clients, whether in a branch or through the Hotline. The success of subsequent steps aiming, for instance, to recover funds lost by a client depends most frequently on that employee's attitude, knowledge and rapid response. That is why the Bank attaches the greatest attention to training branch employees. In addition to training for new sales network employees (791 people trained in 2019), a site is run on the Bank's intranet containing all the necessary information and materials; new information is also sent out to employees about new procedures and methods used by fraudsters. Another important constituent element of the program is the dedicated **electronic mail account and the emergency 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 directed to the Fraud Risk Management Team. It plays a support role, it makes decisions and it directs the next actions to minimize the risk of fraud.

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

The Bank's **Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) Program** is a comprehensive system to identify risk areas related to the crime of money laundering.

The Bank Group's Companies have separate fraud prevention policies; however, the actions taken in the application of these policies are similar. They involve, among others, the use of financial security measures depending on the evaluation of money laundering risk, registration and reporting of transactions, selection of suspicious transactions, cooperation with the Inspectorate General of Financial Information.

Bank Millennium and the Bank Group Companies adjust their reports on an ongoing basis to the analysis of suspicious transactions, by adding the schemes operating in a given period (sectors, money flow directions, client behavior). These activities aim to identify effectively and report transactions that may be related to the illicit activity of money laundering.

Efficient operation of the fraud prevention policies is procured through the implemented internal procedures, organizational solutions and employee training programs.

<b>AML Program - preventing money laundering</b>	<b>Group 2019</b>	<b>Bank 2019</b>	<b>Group 2018</b>	<b>Bank 2018</b>	<b>Group 2017</b>	<b>Bank 2017</b>
Number and % of trained employees*	7,782 (90%)	7,492 (92%)	1,511 (24%)	1,381 (24%)	1,572 (26%)	1,247 (23%)
Number of Suspicious Activity Reports (SARs) sent to GILF**	284	279	224	221	177	176
Number of clients covered by the SAR reports	951	946	842	839	558	557

\* In 2019, in compliance with the requirements of the Act on Counteracting Money Laundering and Financing of Terrorism, training was conducted for all employees of the Bank Millennium Group. Previously, new employees of selected units underwent this training.

\*\* General Inspector of Financial Information.

## 4.4. PREVENTING CONFLICTS OF INTERESTS

[GRI 102-25] The Bank implemented a „Policy for the prevention of conflicts of interest in Bank Millennium S.A.“. According to its wording, the **Bank has implemented effective procedures and means to prevent the emergence of conflicts of interests**, such as principles governing the execution of personal transactions, protection of the flow of confidential information and limitations concerning the execution of personal transactions during closed periods, compensation policy (ensuring that the compensation of Group employees does not constitute an incentive to place their own interests above the interests of a client), transactions with members of the Bank’s Group as well as additional and competitive business undertaken by employees.

The Bank’s Management Board is responsible for the proper management of conflicts of interests and supervising them. The Compliance Department conveys a report on managing conflicts of interest in intervals that are at least annual, including information concerning all the identified conflicts of interests.

Some Companies adhere to specific regulations on top of the regulations that span the Bank’s Group, e.g. Millennium Dom Maklerski has in place the “Policy for the prevention of conflicts of interest at Millennium Dom Maklerski S.A.” and Millennium Towarzystwo Funduszy Inwestycyjnych adheres to the “Regulations for managing conflicts of interest at Millennium TFI S.A.”.

## 4.5. COMBATING CORRUPTION

[GRI 103-1, 103-2, 103-3] The Bank’s approach calls for zero tolerance to any and all manifestations of corruption, which may be succinctly defined as the acceptance or giving of (financial or non-financial) benefits with a view to generating a specific behavior or omission by the other party.

Construed in this manner, corruption is associated with the area of ethical behaviors of employees and is governed by the Code of Ethics of the Bank Millennium Group. **As regards the prevention of counteracting corruption, the Code of Ethics focuses on:**

- **principles governing the relationships with the suppliers of goods and services** - the Bank applies fair and uniform rules for the selection of its suppliers where such selection is based on objective criteria such as the quality, price, reliability and compliance with the principles of ethical business conduct. Tenders are conducted in a transparent manner, in compliance with the applicable internal regulations. The Bank also keeps trade secrets confidential, adheres to confidentiality clauses and protects all information it obtains in the process of negotiating and performing contracts with its suppliers. Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank Millennium Group’s Code of Ethics by signing a representation to that effect.
- **contacts with public institutions, including political parties** - the Bank comply with the law and ethical standards in their contacts with individuals holding a public office and get in touch with such individuals only when and to the extent such contacts are indeed necessary for the performance of their official duties. Moreover, the Bank has adopted an approach that requires political neutrality, which is manifested, among others, in the absence of support, funding or enabling any political activity within the space administered by the Bank.

[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. They may also pose questions and report observed irregularities via a **dedicated telephone line or e-mail inbox** or they may contact their immediate supervisor or the person running the Compliance Department.

Risk of corruption	2019	2018	2017	2016	2015	2014
[GRI 205-1] Number and % of organizational units analyzed for corruption risk.	During internal audits, the vulnerability of bank processes to various types of threats and fraud, including corruption, is examined. Such examination covers all business processes implemented within the Bank Millennium Group, as appropriate for assessment of the degree of the risk of exposure to the specific type of threat.					
[GRI 205-3] Actions taken after cases of corruption are found.	No corruption cases have been found.					1

[GRI 103-1, 103-2, 103-3] Some Companies have their own anti-corruption regulations. Millennium Dom Maklerski has implemented, among other things: *Rules and regulations for persons affiliated with Millennium Dom Maklerski S.A. to invest in financial instruments*, and the *Procedure for identifying, classifying and assessing the cash and non-cash benefits accepted and given by Millennium Dom Maklerski S.A. in connection with the rendering of brokerage services*. Millennium Towarzystwo Funduszy Inwestycyjnych applies the regulations stemming from the legal requirements applicable to that category of entities set forth in the Rules and regulations for accepting and giving performance incentives.

## 4.6. SAFETY OF INFORMATION AND TRANSACTIONS

[GRI 102-15, 103-1, 103-2, 103-3] The Bank makes its best efforts to ensure the protection of its clients’ funds and privacy. To this end, a risk analysis is conducted both before and after the development of a new product or service, also globally, taking into consideration the Bank’s entire ICT environment. Key risks associated with insufficient protection of clients’ funds and privacy include: leakage, loss or unauthorized modification of sensitive data that may affect the financial stability of clients. The consequences of materialization of such risks include regulatory and legal non-compliance (penalties and litigation), financial losses suffered by the Bank (compensations and return of funds lost by clients) and a decrease in the level of clients’ trust in the Bank (reputational risk).

The information security system in place in the Bank Millennium Group is **modeled 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 construed 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.

**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 current employees of the Bank Millennium Group and former employees of Euro Bank as well as staff of cooperating companies who may obtain access to the Bank’s network.

Security training Bank Millennium Group	2019	2018	2017
% of trained employees	91%	92%	85%

## 4.7. INTERNAL AUDIT

[GRI 103-1, 103-2, 103-3, 102-17, FS9] The activity of internal audit is regulated by the document entitled “Audit charter - the principles pertaining to internal audit activity in Bank Millennium S.A.”. **Audit planning is based on the evaluation of risks in individual areas and processes of the Bank and of the Subsidiaries** to identify the elevated risk. The annual audit plan is approved by the Bank’s Supervisory Board and is implemented on a quarterly basis.

In 2019, 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 Millennium BCP Group. **The Department’s planned activity covered, among other things, the performance of audits of key business processes and support processes, as well as financial audits of branches and compliance with external regulatory requirements.** Tasks performed by the Internal Audit Department also included explanatory proceedings and preventive inspections.

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.

Internal audit activities	Number of audits	Including audits in the companies
Process/IRF audits	52	3
Process audits (as planned by the former Euro Bank)	2	0
Provision (Process/IRF audits)	14	1
Audit of outlets	160	0
Prevention (process) audits	7	1
Prevention audits (Retail)	31	0
TOTAL:	266	5
Other activity	7	1
Explanatory proceedings (ad hoc)	108	0

## 5. THE BANK IN THE MARKET ENVIRONMENT

At end of 2019 Bank Millennium Group was 7th among top commercial banks in Poland by total assets and deposits. The Bank’s market share in deposits was 6,0% (5,3% at end of 2018) and 5,7% (4,6% in 2018) in loans. Bank Millennium Group kept a relatively stronger position in the segment of household deposits (7,2% vs 6,2% at end of 2018), mortgages (8,3% vs 6,8% at end of the previous year) and transactions made with credit cards (8,6% vs 8,0% in 2018). In the companies’ segment, where the Group has a lower share than in the retail segment (4,0% in deposits and in loans), the Group maintains a traditionally above-average position in lease and factoring products. The Group continues to distribute its products and services via a network of 830 branches, as well as through electronic channels, including cash machines, the Internet, phone and mobile apps.

### 5.1. COOPERATION WITH TRADE ORGANIZATIONS

[GRI 102-13] The Bank is a member of more than ten industry organizations operating on a regional, national and international level. The most important ones are as follows: Lewiatan Confederation (representing interests of employers in Poland), Stock Exchange Issuers Association, ACI Polish 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, Employers of Pomerania.

The Bank is also a member of the **Polish Bank Association**, an organization associating and representing the interests of all banks operating in Poland. Specialists from the Bank take part in the work of the Committee on the Quality of Financial Service and the Banking Cybersecurity Center.

## 5.2. RELATIONS WITH THE CAPITAL MARKET

Bank Millennium is the first Polish bank listed on the Warsaw Stock Exchange (since 1992). Presently, the Bank is a member of the WIG Index, WIG 30, mWIG 40, WIG Banks and WIG-ESG.

### Fast and accurate information for investors

The priority in investor relations is to provide fair and timely information concerning the strategy, business and financial performance of the overall Bank Millennium Group. The list of communications published by the Bank Group, including their frequency and place of publication, is available on the Bank’s website in the Investor Relations section.

The Bank uses various communication channels in order to reach present and prospective shareholders, mainly such as:

- **regular conferences** with the participation of the Bank’s Management Board on the quarterly performance of the Bank Group (4 in 2019),
- **participation in conferences and road shows** organized for investors in Poland and abroad (12),
- **individual and group meetings** with capital market players (360),
- **current stock exchange reports** (30) and press releases,
- **dedicated website** in the Bank’s portal on investor relations,
- encouraging participation in the **Annual Shareholder Meeting**,
- **ongoing contacts** with market participants (by e-mail or telephone).

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

Meetings with capital market players	2019	2018	2017	2016
Number of meetings	168	155	183	192
Number of participants	360	355	373	391

### ESG Best Practices

The Bank operates based on good ESG (Environmental, Social, Governance) practices and observes corporate governance principles. The Company is **included in the WIG-ESG** - the index of socially responsible companies listed on the Warsaw Stock Exchange - and reports on corporate social responsibility issues.

#### Best corporate governance practices

The Bank satisfies all the corporate governance principles described in the document “**Best Practices for WSE Listed Companies**”. In accordance with the “comply or explain” principle, a breach of any of the principles described in the Best Practices should be publicly announced by the Company in the form of a relevant report. In 2019, the Bank complied with the corporate governance principles described in the document entitled “Best Practices for WSE Listed Companies”. The only exception to this rule was the absence of two-way communication in real time during the Bank’s Shareholder Meeting. In the Bank’s opinion, the implementation of this principle entailed technological and legal risks to the proper and efficient conduct of the Shareholder Meeting. The Bank was convinced that avoiding these risks would provide the shareholders with a greater benefit.



### Bank Millennium in the WIG-ESG

In September 2019, Bank Millennium was included in the WIG-ESG index of the Warsaw Stock Exchange. In 2010-2019, the Bank was part of the Respect Index.

The WIG-ESG index is published on the basis of the value of the portfolio of companies considered to be socially responsible. The index includes 60 companies included in the WIG20 and mWIG40 indices. The weights of individual companies in the WIG-ESG index depend on the number of shares in free float adjusted for the results of the ESG ranking prepared by Sustainalytics and an assessment of their application of corporate governance principles. The index will be the underlying instrument for a passive fund managed by NN Investment Partners TFI.

Bank Millennium has been selected as one of the top 4 best-rated companies. It has achieved the highest result both in terms of the application of environmental, social and corporate governance factors (ESG coefficient of 1.0) and in terms of the application of the Code of Best Practice (KDP coefficient of 1.0).

## 6. BUSINESS PARTNERS

### Procurement policy

[GRI 103-1, 103-2, 103-3] The principles of cooperation with Bank Millennium's suppliers are described in the Instructions for selecting suppliers and making purchases. These instructions define, among other things, how the procurement process is organized, the role played by the various process participants and the supplier selection criteria. **Suppliers are selected in tenders, which allows the Bank to use objective selection criteria.** To ensure transparency of the procurement process, the substantive and commercial evaluations of bids are done by independent Bank units. The chief risk ensuing from inappropriate cooperation with suppliers involves a limitation on the ability to render banking services.

[GRI 102-9] The Bank cooperates with many business partners as the buyer of products and services from various market segments. The key business partners render services associated with the lease of and support for branches and office space, services and purchase of IT equipment and security and marketing services.

**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 branches of the Bank are operated under franchise agreements entered into with commercial undertakings running them.

The Bank's Companies collaborate with business partners on the basis of agency cooperation agreements. They 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.**

Purchases of goods used by the whole Group are governed by the Bank's supplier selection policy. Specific supplier selection criteria are employed by Companies if separate regulations require that, e.g. the ones governing the operations of funds and mutual fund management companies at Millennium TFI.

### Ethical and environmental standards

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 construction contracts or environmental services in waste disposal agreements).

[GRI F55] **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.** Additionally, any supplier agreements currently executed contain a clause confirming the supplier's compliance with the provisions of the Code of Ethics. In 2019, all suppliers of Bank Millennium participating in tenders were provided with the anti-corruption policies included in the Code of Ethics of the Bank Millennium Group.

**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 2019, the quantity and quality of goods and services supplied was monitored for roughly 2,170 agreements by the Bank. In the case of 38 agreements, the suppliers' financial standing and their contingency plans were monitored. The quantity and quality of goods and services supplied was monitored for roughly 2,280 agreements by the Bank's Group.

Products and services purchased	Group 2019	Bank 2019	Group 2018	Bank 2018	Group 2017	Bank 2017
[GRI 102-10] Number of suppliers	13,948	6,352	11,538	5,012	11,173	5,153
[GRI 204-1] % of amounts paid to local suppliers*	92%	91%	89%	90%	92%	88%

\* with registered offices in Poland

Invoice payment term*	Group 2019	Bank 2019	Group 2018	Bank 2018	Group 2017	Bank 2017
Up to 30 days	81%	60%	82%	67%	87%	75%
31-60 days	16%	33%	15%	28%	11%	21%
Over 60 days	3%	7%	3%	5%	2%	4%

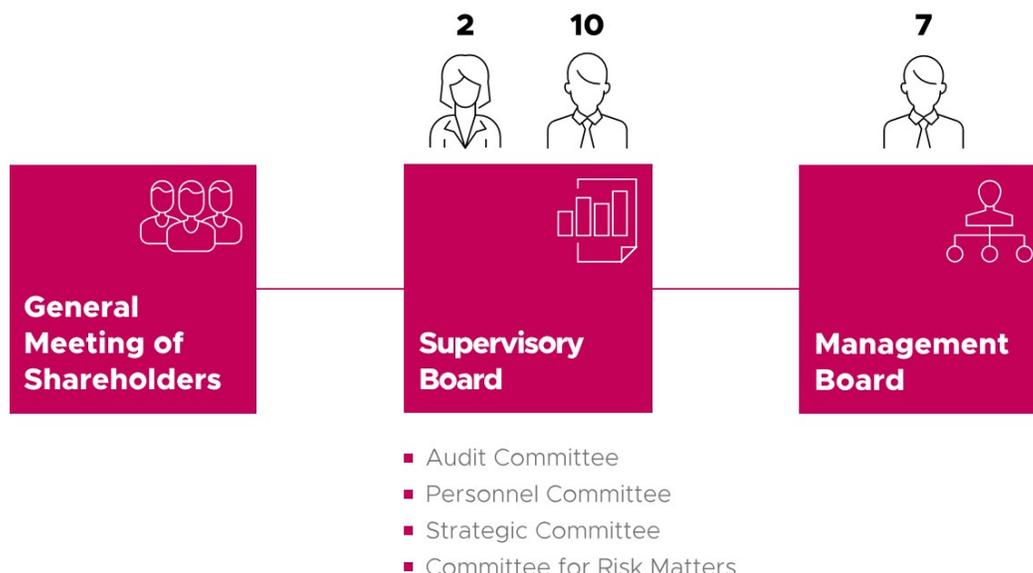
\* Percentage of suppliers paid within the respective period; the extension of the terms of payment was associated with the merger with Euro Bank and the change in the organization of the payment acceptance process.

## III. EMPLOYEES

### 1. HEADCOUNT

#### 1.1. GOVERNANCE STRUCTURE

[GRI 102-18] According to the Articles of Association of Bank Millennium, the Bank's governing bodies include: Shareholder Meeting, Supervisory Board and Management Board.



The **Shareholder Meeting** - among other things it examines and approves the financial statements and the activity report for the financial year, it adopts a resolution on distribution of profit or coverage of loss, it grants a discharge to members of the Bank's governing bodies on the performance of their duties, it selects and dismisses Supervisory Board members and sets their compensation.

The **Supervisory Board** supervises the Bank's operations, including the operation of risk management and internal control systems. It also defines the number of the Bank's Management Board members, appoints and dismisses the Chairman, Deputy Chairmen and the Bank's Management Board members and sets their compensation.

The Supervisory Board may establish **standing or ad hoc committees** to perform specific activities. **The Supervisory Board's standing committees are the Audit Committee, the Personnel Committee, the Strategic Committee and the Risk Committee.** Most Audit Committee members, including its Chairman are independent within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight. The Supervisory Board has **12 members (10 men and 2 women)**. **Seven** members of the Supervisory Board, including its Chairman, are **Polish citizens**. Six of the **Supervisory Board members** are not related to any shareholder with at least 5% of the Bank's shares. The Supervisory Board's term of office is three years.

The **Bank's Management Board** manages all of the Bank's operations and represents it externally. It defines the Bank's organizational structure, the principles pertaining to its operation, work organization and its human resource policy rules. Additionally, the powers of the Management Board include, among others, the following: developing and submitting reports and other documents describing the Bank's operations to the Supervisory Board and the Shareholder Meeting, convening a Shareholder Meeting, establishing the Bank's internal regulations, appointing committees authorized to monitor specified matters in a continuous manner. The Bank's Management Board has **7 members**. **Four Management Board members are Polish citizens**. Management Board members are appointed for three years.

Within the management structure, the President of the Bank's Management Board is responsible for the key environmental, economic and social issues.

[GRI 405-1] Bank Millennium's Management Board by age group	Men	Women	Total
[30-50]	1 (14%)	0 (0%)	1 (14%)
≥50	6 (86%)	0 (0%)	6 (86%)
Total	7 (100%)	0 (0%)	7 (100%)

### Governance structure in the Bank's companies

The entire Bank Millennium Management Board sits in the Supervisory Boards of Millennium Dom Maklerski SA, Millennium Leasing sp. z o.o. and Millennium Goodie sp. z o.o. Millennium Dom Maklerski is the owner of Millennium TFI. Representatives of Millennium Dom Maklerski and independent members, in accordance with the legal regulations, sit on the Supervisory Board of Millennium TFI. As the Bank's Management Board sits on the Supervisory Board of Millennium Dom Maklerski, it also indirectly supervises Millennium TFI (the mutual fund management company).

## 1.2. HEADCOUNT STRUCTURE

In 2019, the headcount at the Bank Millennium Group increased by 27% compared to 2018, which was associated with the merger with Euro Bank and amounted to 8 615 people. Most of the employees have signed an employment agreement (98%). The employee turnover ratio remained at the 4% level in comparison to 2018. Women constitute the majority of employees (66%) and the average employee is 37 years old.

After merger with Euro Bank, the process of closing redundant branches will begin (at least 60 in 2020) and reducing the headcount of merged bank by 260 people in the first quarter of 2020. The principles of group layoffs, criteria and the amount of severance payments have been developed and agreed with trade unions operating at the Bank. Mandatory and additional severance pay proposed by the Bank, as well as additional benefits, e.g. six-month medical care for employees, were very positively received by trade union organizations.

### [GRI 102-8] 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		
Grupa Banku Millennium*	770	1,794	269	2,833	1,388	3,878	516	5,782	8,615
Bank Millennium*	757	1,672	215	2,644	1,342	3,694	473	5,509	8,153

### [GRI 102-8] Employees by type of employment

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Full time	2,762	5,587	8,349	2,178	4,710	6,888
Part time	71	195	266	466	799	1,265
Mandate agreement	151	604	755	139	584	723
Employment agreement	2,833	5,782	8,615	2,644	5,509	8,153
For an indefinite term	2,308	4,900	7,208	2,131	4,652	6,783
For a definite term	525	882	1,407	513	857	1,370

**[GRI 401-1] New 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*	370 (64%)	219 (16%)	12 (5%)	601 (28%)	524 (54%)	312 (11%)	26 (5%)	862 (20%)	1,463 (23%)
Bank Millennium*	363 (65%)	204 (17%)	9 (5%)	576 (30%)	509 (55%)	290 (11%)	24 (5%)	823 (21%)	1,399 (24%)
Euro Bank**	66 (34%)	26 (6%)	0	92 (13%)	105 (26%)	59 (5%)	1 (5%)	165 (11%)	257 (11%)

\*without data from Euro Bank

\*\*data for the period of 1 June 2019 - 31 December 2019 (from the date of signing the Euro Bank acquisition agreement)

**[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*	229 (40%)	239 (18%)	22 (9%)	490 (23%)	308 (31%)	500 (18%)	90 (18%)	898 (21%)	1,388 (22%)
Bank Millennium*	223 (40%)	217 (18%)	19 (10%)	459 (24%)	300 (32%)	473 (19%)	86 (19%)	859 (22%)	1,318 (22%)
Euro Bank**	73 (37%)	73 (16%)	2 (6%)	148 (21%)	105 (26%)	161 (14%)	1 (5%)	267 (17%)	415 (18%)

\*without data from Euro Bank

\*\*data for the period of 1 June 2019 - 31 December 2019 (from the date of signing the Euro Bank acquisition agreement)

**[GRI 401-1] Employee turnover ratio\***

	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Bank Millennium Group	9%	3%	1%	4%	7%	2%	2%	3%	4%
Bank Millennium	9%	3%	1%	4%	7%	2%	2%	4%	4%
Euro Bank*	6%	2%	1%	3%	4%	2%	1%	2%	2%

\*without data from Euro Bank

\*\*data for the period of 1 June 2019 - 31 December 2019 (from the date of signing the Euro Bank acquisition agreement)

**[GRI 202-2] Employees hired locally\***

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Number of employees	2,770	5,723	8,493	2,581	5,453	8,034
Number of Management Board members and senior managers	98	49	147	84	44	128

[GRI 405-1] Employees by position and gender

2019 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		1	6	7					7
Upper management		26	30	56		10	13	23	79
Management	22	266	55	343	16	433	73	522	865
Sales personnel	402	502	33	937	829	1,510	201	2,540	3,477
Technicians	65	449	99	613	55	630	185	870	1,483
Other employees	85	84	15	184	78	157	23	258	442
<b>Total</b>	<b>574</b>	<b>1,328</b>	<b>238</b>	<b>2,140</b>	<b>978</b>	<b>2,740</b>	<b>495</b>	<b>4,213</b>	<b>6,353</b>

2019 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		1	6	7					7
Upper management		21	21	42		8	10	18	60
Management	21	243	43	307	16	411	64	491	798
Sales personnel	400	487	23	910	821	1,478	199	2,498	3,408
Technicians	61	396	79	536	44	554	161	759	1,295
Other employees	79	58	12	149	51	105	18	174	323
<b>Total</b>	<b>561</b>	<b>1,206</b>	<b>184</b>	<b>1,951</b>	<b>932</b>	<b>2,556</b>	<b>452</b>	<b>3,940</b>	<b>5,891</b>

\*without data from Euro Bank

## 2. WORKING CONDITIONS

### 2.1. HR POLICY

The Bank Millennium Group has in place the **Bank Millennium Group Human Resource Policy**, which regulates employee recruitment, management, development and retention as well as the headcount planning and monitoring. On the other hand, the **Policy on the compensation of persons having material impact on the risk profile** articulates the assumptions used to shape the fixed and variable components of compensation of such employees.

Bank Millennium has also implemented a **Policy for the selection and assessment of qualifications of members of the management body and persons discharging the most important functions**. It ensures that the persons discharging the most important functions in the Bank Millennium Group, including functions in 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 operational risk management in the long-term perspective.

The implemented **Diversity Policy** shows that Bank Millennium operates while respecting human dignity and 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.

**[GRI 103-1, 103-2, 103-3]** 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 from time to time, including basic 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 welfare 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 through the extensive promoting of organizational values and implementing the Code of the Leader.

## 2.2. COMPENSATION POLICIES

The Bank Millennium Group has in place a uniform **Compensation Policy for employees in the Bank Millennium Group**, which articulates the assumptions used to shape the fixed and variable components of compensation. For employees identified as having material impact on the risk profile ("Risk Takers"), the **Compensation Policy for risk takers in the Bank Millennium Group**, which define the rules for awarding bonuses and other conditions affecting the decisions to pay out bonuses.

Separate Policies for persons having material impact on the risk profile are in place within the framework of the Group's Compensation Policy in the subsidiaries Millennium Dom Maklerski SA and Millennium Towarzystwo Funduszy Inwestycyjnych S.A.

**[GRI 102-30]** The Bank does its best for the compensation-related solutions not to create stimuli inclining 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 and for them not to incline people to undertake actions at odds with the best interests of the Group's clients and investors.

**This policy aims to provide a framework for shaping 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, operating magnitude and growth potential.**

**Salary and position reviews** are conducted in the Bank **regularly**. 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.

### Policy of variable compensation components

In pursuit of the Compensation Policy, the Bank Millennium Group has in place the “**Regulations for awarding variable compensation elements**” setting out the rules for awarding bonuses on a comprehensive basis for all of the Bank’s units. The main source of income for employees is their base salary resulting from their employment contract. Variable compensation is an additional motivational part of the overall compensation. **[GRI 102-25] The incentive mechanisms for the employees of sales units and other units involved in client service processes are devised in such a way that they do not lead to a conflict of interest or performance 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. [GRI 102-11, 102-30]** An important part of this approach is a separate assessment for those in management positions, which encourages managers to pay special attention to the long-term welfare of the Bank and avoid excessive risk exposure.

The bonus pool amount depends 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.

**Bonus for risk takers** in the Bank Millennium Group who are not members of the Bank Millennium S.A. Management Board - according to the policy 50% is paid in cash and the remaining 50% is paid out in the form of a financial instrument. At least 40% of the awarded variable remuneration is deferred in equal installments for 3 years.

In 2019, in connection with the merger of Bank Millennium and Euro Bank, the process of harmonizing jobs and salaries of the former Euro Bank employees began. The purpose of the harmonization process is to have all employees of the Bank Millennium Group subject to uniform principles set forth in compensation policies, regulations and instructions.

## 2.3. SIGNIFICANT RISKS RELATED TO THE EMPLOYEE AREA

**[GRI 102-11, 102-15, 102-30]** A significant risk factor in the employee area is the **employee turnover ratio and the prospective loss of competences of importance to the Bank’s development**. To prevent this from transpiring the Bank regularly monitors the level of the employee turnover ratio and it analyzes the reasons for employees to leave. The level of base salaries is also analyzed from time to time. The composition of compensation and its level compared to market benchmarks are subject to assessment.

The key risk in the employee compensation and appraisal area is the **possibility of using incentive mechanisms that may have negative effects for the Group in the long term** or which may generate conflicts of interests and actions to the detriment of our clients.

**[GRI 102-11, 102-30]** Consistent implementation of the adopted Compensation Policy has allowed us to minimize these risks, among others by keeping the appropriate ratio of fixed to variable compensation, by using a formal appraisal system featuring criteria matching the character and the specific nature of the job and by taking a long-term perspective when evaluating business performance.

The Bank has also consistently been raising the quality of management and **strengthening an organizational culture based on values**. This goal is achieved through management training. Its purpose is to support the actions of leaders not just to generate performance but also to build trust and relations with employees.

Another group of employee-related issues pertains to the **risks related to potential mobbing or discrimination**. The Bank bans all activities exhibiting the attributes of mobbing and discrimination and it treats such activities as a severe violation of employee obligations. Any employee who believes he or she is a victim of discriminatory practices or mobbing may notify any manager about this fact. Managers go through mandatory training on mobbing and discrimination.

## 2.4. SUPPORTING DIVERSITY AND COUNTERACTING DISCRIMINATION

According to the Human Resource Policy in force in the Bank Millennium Group, the application of all discriminatory practices exhibiting the attributes of mobbing or sexual molestation toward employees is forbidden. 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 joined the **Diversity Charter**, which is a commitment signed by organizations that decide to introduce a ban on discrimination at work and acting to create and promote diversity.

The issue of respecting diversity in the Bank’s Group is governed by the Diversity Policy, the Code of Ethics, the Work Rules and Regulations and regulations pertaining to recruitment. Many measures are the result of implementing these policies:

- All employees go through mandatory training on ethical issues. In addition, the entire management obligatorily attends training 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 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
<b>[GRI 412-2]</b>						
Number and % of managers trained on discrimination and mobbing*	83 (10%)	92 (10%)	81 (9%)	85 (9%)	159 (17%)	168 (7%)

\* new managers and directors are trained; does not include ex Euro Bank employees

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

<b>[GRI 405-1]</b>	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
<b>Employees with disabilities*</b>						
Number and % of employees	40 (0.68%)	43 (0.68%)	36 (0.62%)	39 (0.62%)	41 (0.74%)	44 (0.74%)

\*excluding Euro Bank employees

- The Bank conducts regular **management training** aimed at strengthening the appropriate attitudes - also to overcome stereotypes and promote openness to employees' various convictions and mold their own responsibility and that of their reports.
- Employees may freely **express their views** on an internal internet forums.
- **3xM(ille)** is a grassroots initiative to create a female community in Bank Millennium. The concept of this project is to have regular, informal meetings with inspirational women from the organization and special guests. The meetings are followed by networking talks, during which women may exchange contacts, share experiences, start valuable personal relations at work and discover their resources and possibilities. In 2019 three meetings were held, devoted to the strength of women in business, women's image in business and DNA of a business woman, which were attended by 180 ladies from Bank Millennium.



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]** Three notifications pertaining to actions involving mobbing were recorded in 2019. In two instances, mobbing was not confirmed. In the third case, after a feedback from employees was analyzed, the agreement with the employee was terminated. E-learning courses have been introduced in the Bank for team and unit leaders. If mobbing is detected, anti-mobbing questionnaires are completed and discussion is conducted with team leaders.

#### **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 and job performance assessments and employee career stages. The Bank strives to devise bonus systems 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>2019</b>	<b>2018</b>	<b>2017</b>
Upper management	0.8	0.8	0.9
Management	0.8	0.8	0.8
Sales personnel	0.9	0.9	0.9
Technicians	0.7	0.7	0.7
Other employees	0.8	0.8	0.8
<b>All employees</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
<b>Bank Millennium**</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Upper management	0.8	0.8	0.8
Management	0.8	0.8	0.8
Sales personnel	0.9	0.9	0.9
Technical staff	0.7	0.7	0.7
Other employees	0.8	0.8	0.8
<b>All employees</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
<b>Euro Bank</b>	<b>2019</b>		
Upper management	1.0		
Management	0.7		
Sales personnel	0.9		
Technical staff	0.8		
Other employees	1.0		
<b>All employees</b>	<b>0.7</b>		

\* Weighted average, taking into account the group size and the percentage of women in a given group. The difference in compensation levels arises from the calculation method: a category contains positions with different responsibilities and different pay.

\*\*Excluding data from Euro Bank.

## 2.5. FREEDOM OF ASSOCIATION

**[GRI 102-41] There are two trade union organizations functioning in Bank Millennium.** The Bank has been cooperating with the organization to the extent required by the labor law and the act on trade unions; in particular, it has been consulting its normative acts and activities using the accepted procedure and with mutual consent.

Dialog with employees is also conducted on an internal **social forum and in the Intranet**. These tools are used to inform employees of the most important issues relating to the Bank while making it possible to present remarks and exchange views on various topics. Additionally, the HR Department runs a **HR Zone** intranet site on which it regularly posts all the information of interest to employees about employee matters. Every employee has access to his/her own HR information through the **Milliludzie Intranet system**. If this information is not sufficient, an employee may also file a direct inquiry to the HR Department using the **HR Service** employee service system or talk to the dedicated HR Department employee responsible for serving him/her - the HR relationship manager.

## 2.6. EMPLOYEE APPRAISAL

**[GRI 404-3] All Bank Group's employees (including ex Euro Bank employees), except for those who are on long-term holiday and other leave, are subject to regular appraisals.** According to the Instructions for employee appraisal in Bank Millennium S.A., **this appraisal is conducted on the basis of previously communicated, objective criteria.** The period and the employee appraisal

criteria are aligned to the nature of his or her work and refer to important attitudes in everyday work. This appraisal covers cooperation, engagement, quality, efficiency and management skills. In addition to efficiency and quality criteria, the assessors consider the employee's attitude to risk mitigation, in particular his/her reliable reporting of risks. The appraisal system allows the Bank to compare work results of different employees and their success rate in achieving the set goals. The evaluation process consists of several stages, which promotes transparency and guarantees a balanced employee appraisal. In the case of sales personnel, more attention is directed towards building long-lasting and stable relations with customers and care for the quality of the credit portfolio.

Periodic employee appraisal may form grounds for an opinion about an employee, promotion, transfers between organizational units, change of tasks and responsibilities, preparation of individual professional growth and training plans, decision to change terms of employment and continuation of employment. Evaluation of work quality is also one of the key factors considered in setting the amount of the bonus awarded periodically to employees.

#### Job promotions\*

Bank Millennium Group	Men	Women	Total
Upper management	3%	2%	3%
Management	7%	5%	6%
Sales personnel	14%	13%	13%
Technicians	7%	10%	9%
Others	9%	10%	10%
<b>Total</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>

Bank Millennium	Men	Women	Total
Upper management	4%	2%	3%
Management	8%	6%	6%
Sales personnel	14%	13%	13%
Technicians	7%	10%	9%
Others	10%	13%	12%
<b>Total</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>

\*% of employees in a group who were promoted; excluding data from Euro Bank.

## 2.7. 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 may report his or her desire to participate in an internal rotation.

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

Internal recruitment	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
Number of employees recruited internally	87	87	95	95	141	141

### Rewards for employee

Bank Millennium conducts programs in which employees who stand out through their above average commitment receive rewards:



- **IMPAKT Employee Reward Program** in which employees reward their work colleagues. In 2019, 40 employees were recognized for their commitment, improvement of quality, innovative solutions and accepting challenges that inspire others.
- Once a year, the best employees and managers are rewarded with the **President's Prize** for their above average professional achievements.

### Training

The Bank organizes training programs and training workshops that cover all the employees, e.g. of the sales function. Some training activities are organized for the entire Bank Group. These arise out of internal and external regulations and include: occupational health and safety, data protection, data security training as well as management training programs and conferences. Specialist training is most frequently organized by the Bank internally.

Number of e-learning training topics	Group 2019	Bank 2019	Group 2018	Bank 2018
	483*	478*	245	212

\* the increase results from the training of ex Euro Bank employees

### Key training performed in 2019:

#### Training for retail branch employees:

- orientation training for new employees,
- certification training for new employees on sales of investment products,
- management competence development training cycle for retail branch managers,
- customer service quality improvement training,
- workshops on identifying client needs, sales standards and models,
- numerous e-learning training courses concerning new products, changes to products, procedures and bank applications,
- training courses and professional exams stemming from the implementation of new regulatory regulations,
- a round of training courses for employees of Euro Bank's own network to prepare them for work in Bank Millennium,
- initial and orientation training for employees of the franchise branch network took over from Euro Bank.

#### Prestige relationship manager training

The Bank continued the Certification Program for newly-employed Prestige relationship managers. It included courses on financial markets and investing, products offered by Bank Millennium in the Prestige segment, techniques for handling doubts and objections based on the personality types of customers and effective sales closing methods. The program ends with a theoretical and practical examination to confirm the skillful ability to utilize this knowledge in daily work.

The training program to enhance the skills of **corporate banking relationship managers** in building a professional image was continued. It was based on excellent product knowledge, client needs analysis skills and deal structuring, negotiating skills and skills for effectively closing deals. This program consists of a series of e-learning product-related courses, training workshops run by external firms and knowledge-related tests. All the Consultants of the Corporate Banking Service Department took part in training aimed at improving business relations through effective communication with corporate clients and application of top customer service standards.

### Management programs

**[GRI 404-2]** In 2019, a two-year management competence development training cycle for all retail branch managers was continued. It consists of a round of training and post-training sessions, during which the participants gain knowledge on effective management of the sales team.

Bank Millennium managers also attend various training courses in team management skills, building a growth culture in the organization and cooperation in various teams. 893 managers in total were trained in 2019.

### Coaching programs

- **Coach Academy** - a training program for coaches in regional sales networks, aimed mainly at learning the skills to develop and conduct short trainings/workshops for small groups.
- **Coach School** - a cycle of workshops for Bank Millennium’s internal coaches. The main objective of the program is for the participants to achieve competence in developing training programs and running various types of development activities.

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

Bank Millennium	Women	Men	Total
Upper management	17	11	13
Management	44	36	41
Sales personnel	63	80	68
Other employees	7	12	9
<b>Total</b>	<b>47</b>	<b>47</b>	<b>47</b>

Bank Millennium Group	Women	Men	Total
Upper management	13	9	10
Management	41	33	38
Sales personnel	63	78	67
Other employees	5	10	7
<b>Total</b>	<b>45</b>	<b>43</b>	<b>44</b>

**[GRI 404-2]** Because of a small number of employees in retirement age, there are no current programs that would support continuity of employment and make the retirement process easier for the employees. Nevertheless, training is available on individual requests.

## 2.8. FRIENDLY WORKPLACE

**[GRI 103-1]** In addition to providing attractive working conditions, development and social support, Bank Millennium offers programs for working parents, opportunities to take part in charitable activities, employee volunteerism and Millennium Active Zone events promoting a healthy lifestyle. The Bank also supports the cultivation of employees’ passions by co-funding MilleClub sporting, cultural and recreational projects.

### Facilities for working parents

YES to Parenting is a program addressed to parents and their children. Its objective is to advance the cause of maintaining balance between employees’ work lives and private lives, disseminate information about parental rights and guarantee their widespread observance. **Under this program employees and their families are invited to participate in contests, excursions co-funded by the Bank and cultural and sporting events promoting spending time together as families.** In 2019, Bank employees along with their families took part in domestic trips and also longer trips to Paris

and Disneyland, Barcelona and London, where children were able to, in addition to seeing the city, also visit the Harry Potter Film Studio.

As part of another campaign - **Millewidziani**, a meeting was organized at the Bank's Head Office for the employees' children. During the visit, the children were able to, among others, find out what the work in the bank involves, see it in practice, see a test branch and find out how to safely use an ATM. The children also met with one of the Bank's Management Board members, who told them about his work.

The internal social platform and Intranet are actively used for ongoing communication within the project, sharing opinions and listening to ideas from the parent-employees.

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

<b>Bank Millennium Group</b>	<b>Men</b>	<b>Women</b>	<b>Total 2019</b>	<b>Total 2018</b>
Employees who took leave	2	270	272	259
Returned to work after leave	2	233	235	226
Employed 12 months after returning from the leave	4	218	222	208
Percentage returning after leave	100%	86%	86%	87%
Percentage of employees retained by the Group who returned from the leave	80%	83%	83%	79%

<b>Bank Millennium</b>	<b>Men</b>	<b>Women</b>	<b>Total 2019</b>	<b>Total 2018</b>
Employees who took leave	2	263	265	252
Returned to work after leave	2	229	231	222
Employed 12 months after returning from the leave	2	177	179	202
Percentage returning after leave	100%	87%	87%	88%
Percentage of employees retained by the Group who returned from the leave	67%	81%	81%	79%

\*data for Euro Bank not available

### Individual approach to the form and time of work

The employees of the Bank Millennium Group 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, organization and place of work and the business requirements in a specific area.

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

### Charitable campaigns

Every year Bank Group employees participate in **charitable races** in which the Bank co-funds participation. A **Charitable Auction** has also been held every year for the last 7 years. During this auction employees may purchase the handiwork created by their colleagues from work. The amount collected during the auction is matched by the bank and transferred for treatment of disabled children of the Bank's employees.

### Employee volunteerism

Employees have the opportunity to pursue their own volunteer campaigns under the **Millantrop** program. This program is run by the Bank Millennium Foundation, which awards grants through a contest to Bank employees to conduct social campaigns. Bank volunteers also conduct financial education classes within two programs: "Bakcyl" (basic finance and finance management classes in schools) and "Financial ABCs" (financial education program for preschoolers).

## 2.9. SOCIAL BENEFITS

[GRI 401-2] Bank Millennium Group employees are offered the same social and financial benefits regardless of the type of employment agreement (for a fixed/unspecified term) and working time (part-time/full-time). The amount and scope of benefits depend on the employee's life and financial situation. A private medical care plan is offered to employees employed for at least one half of a full time equivalent. The range of the plan varies for different positions.

The Bylaws of the Company Social Benefit Fund regulate the Bank's social activity. According to these Bylaws, the Bank pursues the following initiatives:

- providing repayable assistance for housing purposes in the form of home loans,
- conducting cultural, sporting, recreational and tourist activity,
- organizing events and group meetings, etc.,
- 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).

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

### Medical Care

The private medical care plan allows all the Group employees equally to have access to basic and specialist medical consultations, detailed diagnostic tests and prevention programs. Additionally, there is a medical practice operating at the Bank Millennium Head Office in Warsaw, offering basic medical care and outpatient assistance.

## Medical prevention

Every autumn, a nationwide campaign of **vaccination against influenza** is conducted with the participation of the Bank's medical partners. Vaccines are organized at the Bank's Head Office and in medical centers in Poland's other cities.

## Promoting a healthy lifestyle



Bank Millennium is implementing the **Millennium Active Zone** program aimed at promoting physical activity among employees and developing knowledge about healthy lifestyle. A number of initiatives were undertaken in 2019 as part of this program. Teams composed of Bank employees took part in the Corporate Run (Wroclaw, Warsaw) and in the Color Run sponsored by the Bank (Poznań, Warsaw, Gdynia, Wroclaw, Krakow). Employees, their families and friends also

took part in two editions of the Bicycle Invasion (Potop Rowerowy), i.e. bicycle trips to Sweden, and bike competitions during Kaszebe Runda.

## MilleClub



MilleClub is to promote among the employees various types of initiatives carried out in the form of sports, travel, cultural or art projects. The Club allows them to develop their passion; they may receive co-funding up to 50% of the cost of the project. Additionally, under **Kids projects** employees may submit cultural and sports projects that promote spending family time.

Bank Millennium Group	2019*	2018	2017	2016	2015
Number and % of employees who used the MilleClub co-financing	1,924 (33%)	1,500 (24%)	1,893 (32%)	2,113 (35%)	1,535 (26%)
Amount of co-financing (PLN)	289,828	177,545	242,000	282,101	260,000

\*data for Bank Millennium only.

## Cash Benefits and Loans for Housing Purposes

Under their social assistance the Bank and Companies offer assistance to employees who are in a particularly difficult material, family or life situation as well as home loans bearing low interest rates.

Benefits awarded to Bank`s employees	2019	2018	2017
Financial assistance (PLN)	316,800	452,200	502,000
Number of employees who received financial assistance	100	133	144
Home loans (PLN)	579,288	711,093	937,503
Number of employees who received loans	39	63	73

## Life Insurance

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

Life insurance	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
Number and % of employees who used the offer	2,915 (49%)	3,067 (48%)	2,940 (50%)	3,100 (49%)	3,034 (55%)	3,207 (54%)

### 3. EMPLOYEE HEALTH AND SAFETY

**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, labor law basics and training in these areas. The Companies are subject to the same instructions.

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 then used by the Bank's relevant organizational units for improvement of safety.

**[GRI 102-15]** The key risks related to failing to observe OHS rules pertain to the possibility of employees sustaining unfavorable health consequences (chiefly falling, getting hit and mental and physical burdens), the ensuing absence from work and the requirement to disburse damages.

**[GRI 103-1, 103-2, 103-3, 102-11]** 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.

<b>[GRI 403-2] Occupational Health and Safety*</b>	Group 2019	Bank 2019	Group 2018	Bank 2018	Group 2017	Bank 2017
Accidents at work**	12	10	8	7	13	11
Fatal accidents at work**	0	0	0	0	0	0
Lost days ratio***	0.10%	0.10%	0.04%	0.04%	0.09%	0.10%
<b>[GRI 102-30]</b> Absence ratio****	7.28%	7.4%	7.18%	7.4%	7.64%	8.00%
OHS training**** - number and % of participants	1,465 (23%)	1,408 (24%)	1,340 (21%)	1,254 (21%)	1,978 (33%)	1,889 (34%)
Branch audits	185	185	184	184	191	191

\*Without Euro Bank data

\*\*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.

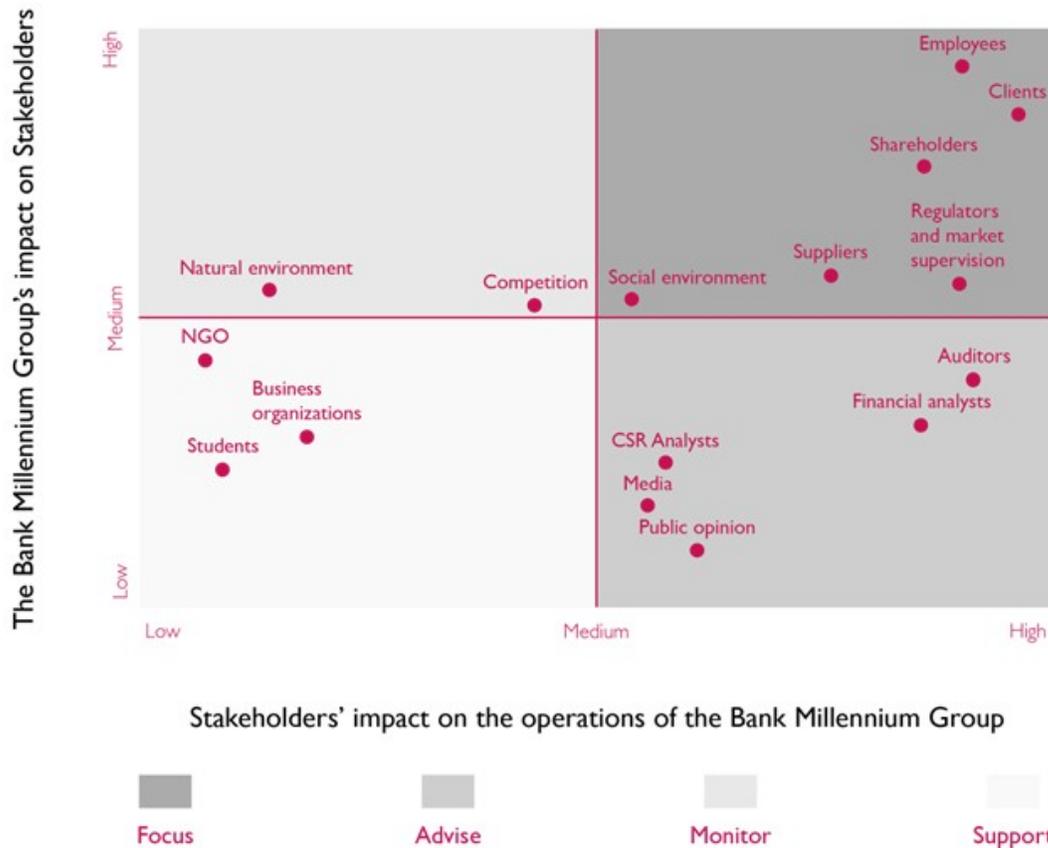
\*\*\*\*\*Introductory and periodic training (conducted once every 5 years)

# IV. SOCIETY

## 1. SOCIAL ENVIRONMENT

[GRI 102-42] The stakeholders of the Bank Millennium Group were selected during the mapping process. It was conducted based on the results of the internal survey to determine the influence of respective Stakeholder groups in the Bank and the Bank’s influence on those Stakeholders. The people running the company’s units with highest involvement in the implementation of the Bank’s CSR policy were asked to fill out the survey.

### Stakeholder mapping



This way, key Stakeholders of the Bank Millennium Group were selected. They include Clients, Employees, Investors, Business Partners, Social environment, Regulators and Market Supervision and the Natural Environment (organizations active in this area).

[GRI 102-40] Bank Millennium Group's Stakeholders



## 2. DIALOGUE WITH STAKEHOLDERS

[GRI 103-1, GRI 102-43] The expectations and opinions of Stakeholders are taken into account when innovations and improvements are made to the Bank's products, services and operations. The feedback from stakeholders is received from the following sources:

[GRI 102-44] Dialogue with Stakeholders

Stakeholder	Channels of communication	Topics raised	Bank's actions
 <b>INVESTORS AND MARKET ANALYSTS</b>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Roadshows and conferences</li> <li>Meetings</li> <li>Stock exchange communication and press releases</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>Observance of corporate governance principles, ensuring transparency, security and ethical character of operations, quick exchange of information through multiple communication channels with Shareholders.</li> </ul>
 <b>CLIENTS</b>	<ul style="list-style-type: none"> <li>Branches, mobile and internet banking,</li> <li>Internet, social media</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>
 <b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Intranet, Internet, social media</li> <li>Whistleblowing system</li> <li>Market analyses</li> <li>Employee appraisal</li> </ul>	<ul style="list-style-type: none"> <li>Stability of employment and professional development opportunities, fair salary, friendly working conditions, ability 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 programs, programs for parents, co-funding of activities outside the workplace, employee volunteerism offering.</li> </ul>
 <b>SUPPLIERS</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 taking the ethical and environmental criteria into account.</li> </ul>

 <p><b>SOCIAL ENVIRONMENT</b></p>	<ul style="list-style-type: none"> <li>Offers of cooperation</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> </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> </ul>
 <p><b>ENVIRONMENT (ENVIRONMENTAL PROTECTION ORGANIZATIONS)</b></p>	<ul style="list-style-type: none"> <li>Environmental rankings</li> <li>Monitoring of changes in market trends and laws.</li> </ul>	<ul style="list-style-type: none"> <li>Reducing the Bank's negative environmental impact, responsible project financing, environmental education.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and lowering impact on the environment, rules for financing projects affecting the environment, environmental education programs.</li> </ul>
 <p><b>REGULATORS (KNF, BFG, UOKIK, NBP, KSF)</b></p>	<ul style="list-style-type: none"> <li>Reports</li> <li>Correspondence</li> <li>Regulatory audits</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations for communication with clients activity, reports on the Bank's activity, evaluation of risk associated with the Bank's activity.</li> </ul>	<ul style="list-style-type: none"> <li>Reporting on and implementation of regulatory recommendations.</li> </ul>

### 3. SOCIAL ACTIVITY

[GRI 203-1] Social programs are chiefly run through the Bank Millennium Foundation and pertain to two areas: **financial education, and volunteerism**. The Bank also supports cultural events and university education as well as programs promoting innovation.

Donations (D) and sponsoring (S) granted by the Bank (PLN)	2019		2018		2017		2016	
	D	S	D	S	D	S	D	S
Culture	752,667		797,983		558,848		573,515	
Education	278,256	18,560	776,500	394,215	21,500	219,836	557,000	311,919
Charitable causes							88,294	
Other	508,655	145,678	487,005	332,191	566,059	211,812		
Total	786,911	916,904	1,263,505	1,524,389	587,559	990,495	645,294	885,434

### 3.1. BANK MILLENNIUM FOUNDATION PROGRAMS

The social programs run by the Bank Millennium Foundation focus on two areas:

#### 1. Financial education



[GRI FS16] Since 2016, the Bank Millennium Foundation has carried out the “Financial ABCs” project. It is a proprietary financial education program for kindergarten-age children run under the honorary patronage of the Minister of Education and the Ombudsman for Children’s Rights. It has been developed by Bank Millennium employees in collaboration with a non-governmental organization. Its objective is to explain to these young children some basic

financial concepts through fun and games. During the workshops organized in kindergartens, children learn the basic financial terms: what money is and how its value is measured, what an ATM and a credit card is, what is the difference between a need and a desire and why it pays to save. The classes are done by volunteers, Bank Millennium employees.

So far six editions of the program have been organized. Overall, nearly **53,000 children** from **approximately 630 preschools** across Poland have received instruction during nearly **2200 workshops**. Special educational materials in the form of books were put together for the program whose main character is Sebastian. There are also booklets for coloring and stickers. Parents - Bank Millennium employees helped create these materials. These books are also available in children’s corners in the Bank’s branches.



In 2019, the “Financial ABCs” received the first prize in the “Golden Banker” competition in the “Socially Sensitive Bank” category, which is a confirmation of its importance for education and for the society.

## 2. Employee volunteerism

For more than 10 years, the Bank’s employees have been executing and getting involved in various charitable and educational campaigns across Poland, often in cooperation with non-governmental organizations.



The most important volunteerism program is “**Millantrop**” run by the Bank Millennium Foundation. It is a grant contest for Bank Millennium employees, which rewards the best social campaigns. So far, more than 500 volunteers took part in the initiatives financed by the grant program and they carried out programs for several thousand beneficiaries. Bank employees have been involved in diverse projects, from repair work to education to environmental projects. The volunteers renovated school rooms and a playground next to an orphanage, renovated a common room in a children’s hospital, made a play area in an animal shelter or even built a school sports pitch. The volunteers also conducted financial education workshops for seniors, promoted reading and encouraged young people to participate in sports activities and adopt a healthy lifestyle. They carried out a campaign for an animal shelter and planted a forest.

### Projects in the Bank Millennium Foundation’s grant contest in 2016-2019

Number of volunteers	567
Number of beneficiaries	13,624
Hours spent on project execution	2,004



In 2019, employees of Bank Millennium and of the former Euro Bank became involved in the charitable campaign entitled “**Our People 3: Together to the Moon**”. It consisted in engaging in sporting activities, adding up the kilometers traveled, and together “walking” the distance between the Earth and the Moon. For each kilometer traveled by an employee, Bank Millennium donated PLN 1 for social goals - for the beneficiaries of the I Have a Dream Foundation and the DKMS Foundation and for grants awarded in the “Millantrop” contest for the best volunteer projects. The “Our People 3” campaign was attended by more than 1,250 people and over PLN 380 thousand was donated for public causes. The campaign was accompanied by numerous competitions that supported the integration of teams from both banks.



[GRI FS16] Bank volunteers also participate in **BAKCYL, the youth financial education program**. Bank employees visit schools and conduct a cycle of lessons, which is a compendium of knowledge on finance for young people who are embarking on their journey into adulthood. The project was attended by **71 Bank Millennium volunteers, who conducted 352 lessons** from several voivodships in Poland.

## 3.2. CHARITABLE CAMPAIGNS

### Charitable runs

Every year Bank employees participate in charitable runs in which the Bank co-funds participation. In 2019, bank teams competed among others in the Corporate Run in Warsaw and Wrocław.

### Charitable Craft Auction

The Charitable Auction has taken place annually for 7 years. **The money collected from it is matched by the Bank and then given for the purpose of treating the disabled children of Bank**

**employees.** Employees contribute their handicrafts for an intranet auction (holiday ornaments, photos, paintings, jewelry, decorations and others). More than PLN 80 thousand was collected for the beneficiaries in 2019.

### 3.3. PROMOTION OF CULTURE

For more than 30 years cultural activity has been an important part of Bank Millennium's social activities. They are planned based on the following assumptions:

- cooperation in long-term programs with clearly defined goals is preferred,
- supported programs should have a broad public audience and be available through the media too,
- major partners in pursuing cultural programs should be first of all cultural institutions, non-governmental institutions and the media.

Bank Millennium has been supporting national and local cultural undertakings for over 30 years now. It is a 360° patron of culture: it promotes art in nearly all its manifestations, including music, painting, sculpture, film, theater, photography, literature and performance. For 17 years, the Bank has been funding the "Golden Scepter" award for eminent cultural personalities, for 11 years "Millennium Pearls" ("Perty Millennium"), a joint program of Bank Millennium and Polish TV (TVP), whose purpose is to produce, promote and present artistic events in the high art realm on Polish TV. For 17 years it has sponsored the Złota Tarka [Golden Grater] Old Jazz Meeting, an International Traditional Jazz Festival. For 8 years it has been associated with the Sacrum Profanum contemporary music festival for the same period with the Bella Skyway Festival - a multimedia spectacle staged by an international group of artists. For 7 years it has been associated with the Two Theaters Festival, for 5 years - with the Gdańsk Music Festival. It also supported the Mozart Festival in the Warsaw Chamber Opera and many others.

In 2019, Bank Millennium supported a unique exhibition of manuscripts of Wisława Szymborska's poems entitled "The Joy of Writing" in the Jagiellonian Library. The exhibition preceded the preparation of digitization of the Nobel prize winner's manuscripts by the Jagiellonian Library and their publication in the Jagiellonian Digital Library and the pages of Polona, the largest digital library in Poland.



The most important cultural project in which the Bank is a patron is the **Millennium Docs Against Gravity Film Festival**. This is the largest, global documentary film festival in Poland with accompanying events (workshops, discussions and concerts). In 2019, the showings and festival events were held in 6 cities in Poland and were attended by an audience of more than 92 thousand (compared to 4.5 thousand in 2004). Bank Millennium has partnered with Millennium Docs Against Gravity for 14 years and in 2016 it assumed the role of titular patron over this festival. **In 2019, special attention was paid to the accessibility of culture to people with vision and hearing**

**impairments.** Selected movies were available with audio description and a voice-over version made available in the AudioMovie application during the screening in Warsaw and Wrocław.

### 3.4. SUPPORT FOR INNOVATION



As part of social activity Bank Millennium analyzes the trends in innovation in the market environment. The Bank's experts prepare an annual report entitled "Millennium Index Report - Regions' Innovation Potential" which describes disproportions in development of innovations in Polish voivodships. The "Millennium Index Report" is a report prepared by Bank Millennium S.A. experts and was our contribution to the public debate concerning the drivers of regional development in Poland and to level the inequalities that exist between them. In 2019 the fourth edition of the report was published. It contains an analysis of the factors fostering and inhibiting the development of innovation in each one of Poland's regions. The report has been enriched to include commentaries from

an extensive group of experts: economists, academics and practitioners, heads of the most innovative companies and governmental institutions. This makes it a valuable publication and a source of knowledge for local government authorities on how to level the playing field for regions in Poland.



weekend workshops on the topic of design thinking start-up. One of the workshops was conducted by Bank Millennium employees.

Bank Millennium also supported the “Young Innovators” project carried out by the Lestaw A. Paga Foundation. It was an educational project concerning innovation and new technologies implemented in organizations. It included

### 3.5. SUPPORTING EDUCATION

#### Undergraduates

For years the Bank has been involved in the life of the academic community by giving students and graduates an opportunity to hone their competences and interests and gain their initial professional experience. The Millennium Bankers paid internship program, the Ambassador programs and free of charge training sessions and workshops are permanent elements of this offering. The Bank also takes an active part in job fairs organized throughout Poland. In 2019, it took part in 23 events, which served the purpose of demonstrating the unique character of banking jobs to interested individuals.

**Millennium Bankers** is a summer internship program, allowing students to acquire practical knowledge of banking through participation in complex projects. In 2019, the Bank hired 24 interns who had acquired experience in the Bank’s various head office departments and 7 regional corporate centers across Poland. During the program, participants took part in a training on effective team communication tailored specifically to their needs.. Every year, Millennium Bankers is certified by the Polish Association of Human Resources Management.

The 17th edition of the **Ambassador** program was completed in 2019. During the program, 5 ambassadors in the main academic centers across Poland supported Bank Millennium in building relations between the academic community and the company as an employer. In the course of their one-year-long cooperation, the ambassadors focus mainly on the provision of direct information on the growth opportunities offered by the Bank, having at their disposal an offering of internship, employment and workshop programs.

#### Cooperation with institutions of higher education

Since 2017 Bank Millennium has been a member of the **SGH Partner Club** and works closely with the university, taking active part in its life not only as its sponsor but also in terms of educational substance and developing its brand as an employer. Bank representatives 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. As part of a cooperation agreement between the institution, the first **coworking center at SGH** was created. It is a place for meetings, networking, consultations with business theorists and practitioners from SGH and the bank. The coworking center allows students and graduates who have established or plan to establish a start-up business to work freely and marry their concepts with business practice.

The Bank also continues its collaboration with the **SGH Student Scholars Club of Statistics**, with which it implements projects such as the BIG DATA Conference or substantive workshops for Club members. In 2019, the Bank extended its substantive support for the research project entitled “Study of the savings market among students” executed by the Student Scholars Club of Statistics and the Student Scholars Club of Marketing at SGH. The goal of the study was to learn about the students’ attitudes towards different forms of savings and their experience with savings products available on the market.

Collaboration was also launched with the **Student Scholars Club of Finance at the Management Faculty of the University of Warsaw**; the Bank’s representatives presented the different facets of working in the banking sector and professional development opportunities offered by Bank Millennium.

In 2019, Bank Millennium, the University of Warsaw and the Camões Institute extended their existing cooperation for three more years. Under this project, Bank Millennium will fund **scholarships for the best bachelor degree students of Portuguese studies at the University of Warsaw**. The purpose of the signed memorandum is to support the development and extend intercultural experience of Polish students, popularize the teaching of Portuguese language and culture in Poland. Bank Millennium has funded scholarships for the best students since 2013.

## V. ENVIRONMENT

### 1. ENVIRONMENTAL IMPACT MANAGEMENT

Bank Millennium has long been involved in reducing emissions in the organization and in commercial projects. It is worth emphasizing that historically the involvement in financing the coal mining and coal energy sectors was significantly lower than the average for the banking sector. In 2019, the Bank formalized its approach to the climate issue and developed the Bank Millennium Group Environmental Policy. The document defines three main areas of ecological activity:

- own environmentally friendly measures aimed at reducing the consumption of materials, energy, water and fuels;
- funding of investments and
- environmental education targeted at clients, business partners and employees.

Since 2011, the Group has been reporting information on its environmental impact, including data on greenhouse gas emissions in Scope 1 and Scope 2. In Scope 3, the Group is working on the analysis of existing methodologies and the possibility of defining a methodology that allows reliable reporting of data on indirect emissions. The Group extends knowledge on this subject by participating in consultations, conferences and workshops with expert (organized e.g. by WWF, the Association of Stock Exchange Issuers, WISE Europa or the Confederation of Lewiatan) and participates in the work of the Polish Bank Association.

The Bank Group also observes environmental protection regulations (Act on Waste) that impose an obligation of properly managing waste by collecting the requisite documentation (including the Waste Transfer Card), preparing and submitting reports to the pertinent Marshal's Offices on the type and quantity of waste created. A company energy audit is conducted once every 5 years.

[GRI 102-15] The key risks associated with the absence of environmental issues management pertain to the Group's adverse impact on the natural environment either through its own operating activity or through its funding of various projects. [GRI 102-11] The Group prevents this risk by submitting to legal regulations, monitoring its own environmental impact and implementing environmentally-friendly actions and observing the "Environmental Policy of the Bank Millennium Group" and the project financing rules.

[GRI 103-1, 103-2, 103-3] The indicators of the Group's environmental impact are measured regularly. Environmental campaigns are conducted based on analyses of changes in these indicators. Environmental objectives relating to the consumption limits for materials, energy, fuels and water are included in the objectives imposed on managers of individual departments at the Bank. Fulfillment of these objectives is monitored on a regular basis and reported to the Management Board.

In the Carbon Disclosure Project (CDP) report for 2019, Millennium bcp (Bank Millennium's parent company) received a rating of B (on an 8-point scale from A to D-). This result was better than the regional average for Europe (C) and better than the average for the financial services sector (C). The Bank was evaluated also by taking into consideration various data about the Bank Millennium Group in Poland in the following categories: leadership (implementation of best practices), climate management, awareness of the impact of climate change and transparency of environmental data reporting.

[GRI 102-30, 307-1] In 2019 the Bank Millennium Group did not receive information on any case of it infringing the environmental protection regulations.

### 2. LIMITING THE CONSUMPTION OF RESOURCES

#### Reduced consumption of materials

In the Bank Millennium Group, the methods of ordering office supplies and equipment is governed by internal instructions and verified in terms of the reasonability of purchase. Reusing existing resources (such as shredders, bill counters, refrigerators, microwaves, furniture) enables the Group to reduce the quantity of purchased office equipment and supplies. Transition to digital documentation and increasing the volume of sales through remote channels significantly reduces the consumption of paper.

[GRI 301-1] Consumption of materials (kg)*	Group 2019	Group 2018	Group 2018	Group 2019/2018	Reasons for change
Paper and paper rolls for operational needs	343,277	322,953	294,393	6%	The increase in consumption results from the greater number of clients, a 15% increase in the number of executed mortgage loans and the merger with Euro Bank.
Envelopes	79,031	62,834	61,070	26%	The increase in consumption results from the greater number of clients, the merger with Euro Bank and the obligation to disclose information required by the market regulator.
Plastic articles	14,252	14,285	13,920	-0.2%	The decrease results from the requirement to verify each item to be purchased for reasonability of its acquisition and the gradual shift towards environmentally friendly products.
Consumable materials for printing devices	418	n/a	n/a	-	The decrease results from the effective management of own resources and the outsourcing of printing services.
Batteries	610	588	449	4%	Greater number of key boxes in the Head Office with battery-operated code locks.

[GRI 301-1] Consumption of materials (kg)*	Bank 2019	Bank 2018	Bank 2017	Bank 2016	Bank 2019/2018
Paper and paper rolls for operational needs	327,930	307,433	278,998	292,255	7%
Envelopes	77,665	61,381	59,422	56,140	26%
Plastic articles	13,139	13,304	13,493	12,822	-1%
Consumable materials for printing devices	418	703	827	970	-41%
Batteries	556	540	408	364	3%

\* without Euro Bank data

### Waste management

In 2019, the Bank recorded a 76% increase in the volume of waste it generated. This increase was caused predominantly by the acquisition and optimization of SKOK Piast and the optimization of the Bank's network of field branches.

Paper, metal, wood, plastic, glass and electronic waste produced in the course of the operating activity of the Bank and some of the companies is recycled or utilized by a specialized company with which the Bank has signed a contract. 84% of the waste is recycled.

Municipal waste from the Bank's Head Office in Warsaw is collected by a specialized company. 75% of waste is segregated. Plastic, multi-material packaging and paper are processed. The Bank's Head Office has introduced a waste segregation system into 5 fractions: plastic, multi-material packaging and paper, glass, bio and other). Containers to collect batteries and small electrical waste have been put in place. A campaign to collect large size electronic waste takes place once a year.

<b>[GRI 306-2] Recycling and disposal of materials (kg)*</b>	<b>Bank 2019</b>	<b>Bank 2018</b>	<b>Bank 2017</b>	<b>Bank 2016</b>	<b>Bank 2019/2018</b>	<b>Reasons for change</b>
ICT equipment and devices	23,185	17,654	17,210	9,052	31%	Regular replacement of the slowest ICT equipment in the head office and branch network no longer fit for use.
Paper	243,782	298,428	289,815	224,581	-18%	Shredding a lower quantity of documents whose storage period in the external archive has expired in a given calendar year.
Metal waste and cable	21,986	13,217	7,020	6,388	66%	
Plastic articles	1,667	936	1,253	209	78%	Waste generated as a result of the optimization of the branch network (relocation, reconstruction, closure).
Glass	637	3,176	1,581	16	-80%	
Furniture	49,028	22,711	14,177	8,656	116%	The disposal of the Bank's equipment withdrawn from use that is not suitable for continued use since it has been fully exhausted or damaged.
Lead batteries	14	0	380	102	-	
Waste printing toner	295	438	406	154	-33%	
Mixed concrete and brick rubble waste, waste from construction sites and renovations	3,520	5,310	7,556	3,500	-34%	Waste created as a result of branch network optimization efforts - investments/reconstruction/relocation, etc.
Recycled waste (%)**	84%	82%	80%	88%	2%	

\* no data for the Bank Millennium Group; without Euro Bank data

\*\* the waste listed in the table has been recycled to a minimum of 84%

### Monitoring energy, water and fuel consumption

After an analysis of the consumption of water, energy and fuels, measures are taken to reduce consumption of these resources, including:

- use of energy-saving lighting in the Head Office and field branches as well as automatic systems for reducing energy and water consumption in the Head Office building, which has obtained an environmental BREEAM certificate (at a Very Good level), thereby reducing energy and water consumption;
- in order to reduce the consumption of fuels, the Bank Millennium Group has replaced almost all cars in its fleet with hybrid models. For business travel, low-emission means of transport (such as trains) are preferred. The use of air transport is kept below the set limit.

<b>[GRI 302-1] Energy and water consumption*</b>	<b>Group 2019</b>	<b>Bank 2019</b>	<b>Group 2018</b>	<b>Bank 2018</b>	<b>Group 2019/ 2018</b>	<b>Bank 2019/ 2018</b>	<b>Reasons for change</b>
Electricity purchased (GJ)	100,147	88,192	108,216	93,545	-7.46%	-5.72%	Reduction measures
Heating energy purchased (GJ)	83,637	75,553	77,741	68,557	7.58%	10.21%	Work on weekends due to the merger
Natural gas (GJ)	5,260	4,532	7,302	6,067	-27.98%	-25.29%	Warmer winter
Heating oil (GJ)	396	353	164	164	141.30%	115.11%	Full tank loading in 2019
<b>Total energy consumption (GJ)</b>	<b>189,440</b>	<b>168,630</b>	<b>193,424</b>	<b>168,333</b>	<b>-2.06%</b>	<b>0.18%</b>	
<b>[GRI 303-1] Water (m<sup>3</sup>)</b>	<b>100,963</b>	<b>94,078</b>	<b>87,654</b>	<b>80,549</b>	<b>15.18%</b>	<b>16.80%</b>	<b>Work on weekends due to the merger</b>

\*excluding data from Euro Bank

<b>Fuel consumption</b>	<b>Bank 2019</b>		<b>Bank 2018</b>		<b>Bank 2019/2018</b>	
Fuel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	463,117	258,242	408,925	169,800	13%	52%

<b>Fuel consumption</b>	<b>Group 2019</b>		<b>Group 2018</b>		<b>Group 2019/2018</b>	
Fuel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	553,441	289,578	528,548	183,519	5%	58%

\* with Euro Bank data (for 1 October - 31 December 2019)

**[GRI 302-1] Business travel**

Business travel - Bank (km)*	2019	2018	2017	2016	2019/2018
Air	624,505	566,782	212,425	185,227	10%
Taxis	8,784	3,562	3,155	1,716	146%
Railway	3,183,766	2,739,829	2,227,450	1,923,347	16%
Bus	561,841	483,499	247,495	211,568	16%

\*data for Bank Millennium; the Companies do not keep a register of km traveled

The growth in the costs of transport by rail, bus and taxi stemmed from the organization of training sessions/conferences addressed to sales departments and an increased number of business trips. In 2019, Bank Millennium merged with Euro Bank, which contributed to an increase in costs of business trips associated with integration and operational activities. After the legal merger (1 October 2019), Bank Millennium took over the per diem liabilities ex-Euro Bank employees.

Companies handle their business travel on their own.

**[GRI 305-1] Greenhouse gas emissions**

In 2019, the total CO<sub>2</sub> emissions in the **Bank Millennium Group fell slightly - by about 0.1-0.2%** compared to 2018:

- nearly 89% of the Millennium Group's entire carbon footprint came from indirect emissions related to the consumption of electricity and heat in the Bank's facilities (about 38% and 51%, respectively),
- some 10% came from the combustion of fuel in their own power installations and vehicles,
- approximately 1% came from indirect emissions associated with the use of public means of transportation.

On the other hand, total CO<sub>2</sub> emissions in **Bank Millennium increased slightly by about 2%** (vs. the 2018 levels). In 2019:

- nearly 89% of the Bank's entire carbon footprint came from indirect emissions related to the consumption of electricity and heat in the Bank's facilities (about 37.5% and 51.5%, respectively),
- approx. 9.8% came from the combustion of fuel in their own power installations and vehicles,
- approx. 1.2% came from indirect emissions associated with the use of public means of transportation.

Total emissions (tons)	2019 Group***	2019 Bank****	2018 Group	2018 Bank	2017 Bank	2016 Bank	2015 Bank	2014 Bank	2013 Bank	2012 Bank	2011 Bank
CO <sub>2</sub> *	22,400	19,963	22,435	19,516	33,295	35,971	32,127	41,819	42,787	43,305	39,117
CO <sub>2</sub> e**	22,596	19,989	22,629	19,685	33,462	36,151	32,636	42,388	43,346	43,879	39,659

\* concerns carbon dioxide emissions

\*\* CO<sub>2</sub>e - concerns the total emission of greenhouse gases: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O calculated as the CO<sub>2</sub> emission equivalent

\*\*\* data pertaining to the Millennium Group include the consumption of electricity, heat and fuels in the Bank and the Millennium Group; at the same time, the calculated emission takes into account only data on emissions generated as a result of business trips by Bank Millennium employees.

\*\*\*\* data pertaining to Bank Millennium emissions resulting from the consumption of electricity and heat, combustion of fuels in own heat sources and emissions associated with business trips.

The foregoing data pertaining to what is known as the Carbon were calculated on the basis of the methodology entitled Green House Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition WBCSD (World Business Council for Sustainable Development) - see: [www.ghgprotocol.org](http://www.ghgprotocol.org)

The reporting scope of CO<sub>2</sub> emissions pertains to direct emissions from burning fuel in its own sources of energy and cars (according to Scope 1 GHG Protocol), indirect emissions from burning fuel to generate the electricity and heat purchased by the organization (according to Scope 2 GHG Protocol) and other indirect emissions resulting from burning fuel in means of transportations, which are not in possession of the organization, i.e. taxis, aircraft, trains and buses (according to Scope 3 GHG Protocol); The data pertaining to emission ratios come from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Guidelines to DEFRA's/ DECC's Greenhouse Gas Conversion Factors/UK Government Conversion Factors for company reporting, domestic environmental agencies, i.e. [kobize.pl](http://kobize.pl) and [kape.gov.pl](http://kape.gov.pl) and electricity suppliers.

Data on greenhouse gas emissions may be stated as CO<sub>2</sub> or CO<sub>2</sub>e emissions (where CO<sub>2</sub>e is the CO<sub>2</sub> equivalent when we include carbon dioxide emissions resulting from direct emissions from the combustion of fuel and indirect emissions - from the consumption of electricity and heat consumption and business travel, plus the emission of other greenhouse gases, i.e. methane (CH<sub>4</sub>) and dinitrogen monoxide (N<sub>2</sub>O) emitted in trace amounts in the above combustion processes).

Although greenhouse gases are emitted in small quantities compared to CO<sub>2</sub> in these combustion processes, their impact on global warming (GWP, or the Global Warming Potential) is relatively greater per unit than that of CO<sub>2</sub>.

### 3. ENVIRONMENTAL MEASURES

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

#### Plastic

Action	Description
Limiting plastic consumption	<ul style="list-style-type: none"> <li>▪ popularity of payments using a virtual card in a mobile application reduces the need to issue plastic cards;</li> <li>▪ new option of a temporary card freeze eliminating the need to generate a new card immediately;</li> <li>▪ water treatment purifiers have been installed in the Bank's Head Office - there is no need to buy 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. A 7% decrease in consumption was recorded as compared to 2018.</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>▪ Equipment and appliances from shut-down or reconstructed branches are forwarded for continued use in other outlets.</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.

## Paper

Action	Description
Restrictions on printing of documents	<ul style="list-style-type: none"> <li>▪ in the branches, internal transactions are accounted for in the system - there is no need to print them out.</li> <li>▪ the quantity of paper ordered to print cash and treasury transactions is controlled on an ongoing basis, based on monthly cash transaction reports;</li> <li>▪ through automation of the ATM settlement process, the related documents no longer have to be printed;</li> <li>▪ monitoring of the number of printouts - reports are sent to the units generating the largest numbers of printouts, which allows them to take reduction measures;</li> <li>▪ printouts can be made on company printers only after an employee logs into a specific device, which prevents accidental printouts.</li> </ul>
Electronic workflow 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>
Less printouts for clients	<ul style="list-style-type: none"> <li>▪ some documents are posted on the Bank's website and on the internet banking site. Through internet banking, the client is e.g. informed on changes in the terms and conditions of services (on durable media).</li> <li>▪ consolidation of documents (several instructions in one document, several agreements in one form);</li> <li>▪ shortening of documents (tables and equivalents of sentences instead of descriptions) to reduces the quantity of printed pages;</li> <li>▪ access to e-administration - option to submit official applications through the electronic banking channel, which reduces the consumption of paper;</li> <li>▪ option to pay highway tolls, purchase public transport tickets and parking tickets through the mobile application;</li> <li>▪ electronic statements - electronic statements are the default option for every new client concluding an agreement for bank products and services. It is possible to opt out of this option at a client's request. <b>79%</b> of our clients use on-line statements.</li> <li>▪ electronic application process for products: opening of another bank account, cash withdrawals, loan applications, establishment of a term deposit, etc.;</li> <li>▪ when applying for a mortgage loan, it is possible to directly upload scanned documents to the Bank's system. They are collected from public registers and clients' current account statements generated on-line.</li> <li>▪ the goodie procurement platform launched by Bank Millennium makes it possible to browse stores' online offers and electronic newspapers instead of their hard copy counterparts;</li> <li>▪ On-line trade finance module - solution for corporate clients facilitating electronic orders and remote correspondence with the Bank;</li> <li>▪ e-guarantee for business clients - it is a bank guarantee issued in electronic form (as PDF file) using qualified electronic signatures of two of the Bank's legal representatives. The advantage of the product is that the guarantee is delivered speedily (to a specified e-mail address or to be downloaded from the Millenet system), nothing is printed out and no messenger costs are incurred;</li> <li>▪ Millennium TFI allows its distributors to purchase fund units over the Internet. Transaction confirmations may be sent to the client by e-mail.</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 where paper documentation does not exist at all. In this process, an agreement is approved by the SMS P@ssword and its wording is available in the system, so it does not need to be printed out.</li> <li>▪ corporate clients are encouraged to apply for loans and payment cards and for opening of new accounts through the internet banking system, in which the entire documentation is uploaded remotely.</li> </ul>

In 2019, intensive growth of product and service sales in electronic banking channels was visible both in the major product categories (see table below) and in the group of non-banking products and services. Sales of city transport tickets rose by 50% yoy, phone top-ups by 21% yoy, and the number of HCE cards (proximity cards enabling card payments using a smartphone) by 362% over the year.

#### Share of electronic channels in the sales volume of major products yoy

Personal accounts*	Cash loans	Term deposits
38%	53%	90%

\*process commenced in the electronic channel

#### Electricity and water

Action	Description
Energy-efficient building of the Bank's Head Office	<ul style="list-style-type: none"> <li>the savings in energy and water consumption are affected, among others, by the use of LED lights in corridors and parts of the garage, heat recovery in ventilation units, fancoils switched to an economic mode at night, silent operation of the central heating unit at night; light turned off on a temporary basis after 6:00 p.m., rainwater collection and use system. The office building has a BREEAM certificate for environmentally-friendly buildings.</li> </ul>
Energy savings in branches	<ul style="list-style-type: none"> <li>in all branches, replacement of light sources in external advertising panels from traditional fluorescent lamps to energy-saving LED light sources;</li> <li>time control of the lighting of advertising panels using astronomical clocks;</li> <li>energy-efficient light sources in new or upgraded branches;</li> <li>in all branches, the operation of the air conditioning system has been limited by installing operation control clocks.</li> </ul>
Rational management of energy consumption	<ul style="list-style-type: none"> <li>in the Bank's Head Office, air conditioning is set at 21 degrees Celsius and ceases to operate after working hours;</li> <li>in all branches of the Bank, clocks controlling the air conditioning operation time have been installed;</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>the implementation of virtual desktop infrastructure (VDI) has reduced the power consumption of each desktop from 200W to less than 5W. Rather than working on a desktop personal computer (PC), users work on virtual machines.</li> <li>regular replacement of computer hardware with newer hardware offering lower power consumption;</li> <li>human presence detectors in meeting rooms, employee amenity areas and kitchens that turn off lighting when not in use.</li> </ul>
Water and energy consumption is monitored on an ongoing basis.	Based on the financial data, a ranking of energy recipient by its consumption 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.
Design of services	The processes in the mobile and internet banking system are designed to take as little time as possible and involve the least amount of formalities. The agreements are signed with an SMS password signature, which saves paper and energy (by reducing the time of work with the computer or the phone).
Optimization of water consumption	<ul style="list-style-type: none"> <li>installation of water perators in toilets and kitchens (saving approx. 15% of water);</li> <li>setting the optimal water usage level in toilet flush tanks.</li> </ul>

[GRI 302-4] Energy savings in branches**	2019	2018	2017	2016	2015
Branches with LED lighting	357 (100%)	361 (100%)	355 (100%)	369 (100%)	410 (99%)
Branches with panels turned off at midnight	310 (86%)*	305 (84%)*	307 (86%)*	312 (84%)*	363 (87%)*
Energy-saving sources of light in branches	113 (32%)	100 (28%)	80 (22%)	72 (19%)	49 (12%)

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

\*\* without Euro Bank data

## Fuels

Action	Description
Hybrid vehicles	Nearly all the cars in the Bank's fleet have been replaced with hybrid models. That signifies a considerable reduction in exhaust emissions into the environment. The fleet will emit more than 500 tons of CO <sub>2</sub> less per annum (a 20.6% reduction in emissions) in comparison with the level prior to replacing the cars.
Reduced number of business trips	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. In 2019, over 1,000 video conferences were held.

## 4. RESPONSIBLE FINANCING

[103-1, 103-2, 103-3] In line with the provisions of the "Environmental Policy of the Bank Millennium Group", the Group supports the pursuit of environmental objectives by offering profiled products in all its business lines:

### INDIVIDUAL CLIENTS

- The Bank offers its clients a credit card supporting environmental protection causes - **WWF Millennium MasterCard**. Bank Millennium transfers to the environmental foundation WWF Polska half of the monthly fee for handling the card and a certain percentage of the amount of transactions made with the card. Additionally, the card is made using an environmentally-friendly PETG polyester which may be recycled.
- **Mortgage loans** granted by the Bank are verified in terms of the investor's/borrower's holding appropriate environmental decisions that enable the performance of the loan-backed investment. The Bank's offering also includes mortgage loans for renovation or modernization of buildings which clients often use to obtain funds for modernization of, for instance, roofs covered with asbestos, replacement of central heating furnaces, etc.

### PRESTIGE AND PRIVATE BANKING CLIENTS

Bank Millennium also offers units in **responsible funds** investing in environmentally friendly initiatives, including green technologies, e.g. BGF Sustainable Energy Fund and PZU Energia Medycyna Ekologia.

### CORPORATE CLIENTS - FUNDING OF INVESTMENT PROJECTS

- based on loan agreements entered into with the EBRD (European Bank for Reconstruction and Development), for over 10 years now the Bank Millennium Group has been strongly involved in the provision of support to **clients purchasing or leasing production lines and equipment that is characterized by high energy-efficiency and energy-saving parameters** (Polish Sustainable Energy Financing Facility for Leasing - PolSEFF Leasing). In turn, the contract entered into with Millennium

Leasing regarding the Polish Green Economy Financing Facility (PolGEFF) supports initiatives aimed at improving energy efficiency, reducing CO<sub>2</sub> emissions and providing funding for the acquisition of equipment for generation of electricity from renewable energy sources (MilleSun program), water management and waste management.

- The Bank offers the Biznesmax Guarantee Program provided in collaboration with Bank Gospodarstwa Krajowego (BGK). Guarantees under the Program are intended to secure loans granted to provide funding for innovative ventures in the SME sector, with a particular focus on eco-efficient companies. **A client taking advantage of the “ecological path” of the Biznesmax Guarantee Program may pursue an investment project that involves at least one environmental category**, e.g. electromobility, renewable energy sources, including photovoltaic installations, technologies for reducing energy consumption, technologies for producing alternative fuels, circular economy, installations for the recovery of raw materials from production processes, etc.

- The Bank has adopted a **lending policy for financing renewable energy sources for photovoltaic plants** below 1 MW and for wind farms above 1 MW. Within the framework of this lending policy, renewable energy policy for Poland and the European Union’s 2020 target are supported.

- The Bank has adopted a **sectoral policy to support the funding of environmentally friendly and energy-saving investments**, containing exclusions for the provision of funding for new coal mines and new investments in generation of energy from coal sources, except for initiatives aimed at reducing pollution levels.

- [103-1, 103-2, 103-3, F55] Bank Millennium has introduced to its corporate lending regulations certain restrictions regarding the financing of socially harmful activities included in the EBRD (European Bank for Reconstruction and Development) Environmental and Social Exclusion List. **The limitations commit all Borrowers not to use the funding received from a loan for projects associated with forced labor and all forms of discrimination in employment and production and trade in various substances recognized as dangerous and harmful to the environment.** Moreover, Borrowers are obliged to run their businesses in compliance with environmental protection regulations and other health and safety regulations and the rules of social conduct.

## 5. ENVIRONMENTAL EDUCATION CAMPAIGNS



The Bank Millennium Group builds environmental awareness among its employees, clients and business partners:

- in 2019, a number of educational campaigns were conducted: posters in employee amenity areas, guidebooks and videos in the Bank’s internal and external communication channels, anti-smog campaign supporting the information campaign on how to live an environmentally friendly life;
- an ‘Eco event’ was held in the Bank’s Head Office in Warsaw, during which participants had the opportunity to solve an environmental knowledge quiz, learn how to pack presents in an environmentally friendly manner as well as create cosmetics from natural ingredients and Christmas decorations from recycled materials.
- plastic straws, paper packaging for sugar, plastic packaging for sandwiches have been removed from the cafeteria located in the Bank’s Head Office in Warsaw; clients are encouraged to use their own cups and dishes.
- in almost 100 branches, smog sensors have been installed;
- bicycle transport is encouraged and infrastructure for cyclists is developed (additional bicycle stands and showers);
- in contracts with product suppliers, environmental clauses are used wherever reasonable.

## VI. ABOUT THIS REPORT

### 1. APPROACH TO REPORTING

#### About this report

[GRI 102-50] The Bank Millennium Group's non-financial report depicts the operations of the Bank Millennium Group (Bank Millennium and its main subsidiaries: Millennium Dom Maklerski S.A., Millennium Leasing sp. z o.o. and Millennium TFI S.A.) during the period from 1 January 2019 to 31 December 2019 unless stated otherwise. The report has been prepared in accordance with the "Core" option of GRI Standards and in compliance with the non-financial reporting requirements imposed by the amended Accounting Act. It contains a recap of the Bank Group's activity in the sustainable development context, i.e. in the economic, social and environmental areas. [GRI 102-52] The Bank Group publishes its reports annually. [GRI 102-51] The most recent report was published for 2018.

[GRI 102-45] The report describes the operations of the Bank and the Bank Millennium Group's major companies: Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. [GRI 102-10] A significant change occurred in the organization during the reporting period: Bank Millennium's merger with Euro Bank. The merger resulted in changes in both the organizational structure and the structure of branches (Bank Millennium acquired Euro Bank's own and franchise branches).

[GRI 102-49] This report has undergone certain changes in its reporting scope and reporting boundaries compared to the most recent publication in 2018. Unless indicated otherwise in the report, data obtained from Bank Millennium and Euro Bank have been consolidated as at 31 December 2019. [GRI 102-48] This report does not contain any corrections of information presented in the previous report.

#### Methodology

[GRI 102-46] Employees and managers responsible for various reporting areas were involved in the reporting process. The process of defining the report's contents was carried out with the assistance of a consulting firm and entailed a review of the hitherto reporting issues in accordance with the three steps required by the GRI Standards, i.e. identification, prioritization and validation. On this basis, an analysis was first conducted of the research conducted among the key Stakeholders (clients and employees), internal documents, sustainable development practices and trends in the industry as a result of which a list of the reporting aspects aligned to the Bank Group's operations was created. The aspects selected were subject to prioritization by the managers of the Bank and Companies from the vantage point of two criteria: reputation impact and the Bank's business strategy. As a result, the list of aspects pertaining to the Bank Millennium Group's sustainable development was prepared.

[GRI 103-1] Presented below is a list of reported aspects selected during the reporting process along with the bounds of their impact. The aspects have been divided into three groups to reflect the findings of the analysis according to the two criteria mentioned above. The first group consists of the key aspects for the Bank Group's operations that have been captured in detail in the report. Their description entails the management approach used and the specific resultant outcomes. The second group of topics are the ones that reference the Bank Group's operations to a significant degree. Their description in the report is limited to the resultant outcomes or a qualitative description. The third group of aspects consists of issues of medium importance. Concise information or reference to other documents may be found in the report. The analysis of all these aspects gives consideration to their nature and impact. The boundaries of the internal aspects have been labeled with the letter (w), while external ones have been labeled with the letter (z). The nature of the impact has in turn been divided into a direct impact (b) and an indirect impact (p) - related to the firm's business relations.

**[GRI 103-1, 102-47] Aspects of the Bank Millennium Group’s sustainable development reporting**

**impact**  
**int.** internal    **ext.** external    **nature**  
**d** direct    **in** indirect

**Group 1:  
KEY  
ASPECTS**

	int.	ext.	d	in
■ Corporate values	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Legal compliance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Quality of Customer Service	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Free competition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Ensuring the safety of the deposited funds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Technologies and innovations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Accessibility of financial services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

**Group 2:  
IMPORTANT  
ASPECTS**

	int.	ext.	d	in
■ Business performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Marketing communication, ethical marketing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Employee satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Transparency and dialogue with the environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ OSH in the workplace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Relationships with Stakeholders	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Protection of client privacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

This report contains resultant data and descriptions.

**Group 3:  
ASPECTS  
OF MEDIUM  
SIGNIFICANCE**

	int.	ext.	d	in
■ Respecting human rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Relationship manager’s powers, customer service	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Recruitment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Employee development and training	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Customer service for disabled people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Combating corruption	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Employment terms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Procurement practices	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Financing environmentally-friendly investments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Financial education	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Employee volunteerism	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Counteract mobbing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Charitable and sponsoring activity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Non-financial risk management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Employee benefits	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Environmental impact related to electricity consumption	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Issues related to the climate and the associated emissions into the air	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Sewage and waste, including hazardous waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
■ Environmental impact related to water consumption	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Concise information in the report or reference to other documents.

**[GRI 102-56] This report has been verified by Deloitte as an external entity.**

## 2. ACCOUNTING ACT COMPLIANCE TABLE

Mandatory items from the Accounting Act	Group (page)	Bank (page)
Description of the business model	8-9	8-9
Description of the policy concerning combating corruption	35	35
Significant risks adversely affecting the issue of combating corruption.	15-16	15-16
Description of the policy on human rights.	19	19
Significant risks adversely affecting the issue of human rights.	15-16	15-16
Description of the policy on social issues.	15, 18-19, 23-26, 29-33, 59	15, 18-19, 23-26, 29-33, 59
Significant risks adversely affecting social issues.	15-16	15-16
Description of the policy on employee issues.	44-48	44-48
Significant risks adversely affecting employee issues.	15-16, 46	15-16, 46
Description of the policy on environmental issues.	66	66
Significant risks adversely affecting environmental issues.	16	16

## 3. GRI STANDARDS CONTENT INDEX



[GRI 102-55] Within the framework of the Materiality Disclosures Service, GRI Services verified whether the GRI Content Index is clearly presented and references to disclosures 102-40 through 102-49 match the relevant sections in the report.

[GRI 102-54] THIS REPORT HAS BEEN PREPARED ACCORDING TO GRI STANDARDS: CORE OPTION. THE SECTOR ADDITION FOR FINANCIAL SERVICES HAS ALSO BEEN USED.

GRI Standard		Disclosure		Page number
GRI 101	Basis 2016	[GRI 101 does contains no disclosures]		
General standard disclosures				
GRI 102	General standard disclosures 2016	102-1	Name of the organization	5
GRI 102	General standard disclosures 2016	102-2	Operations, brands, products and services	5
GRI 102	General standard disclosures 2016	102-3	Location of organization's headquarters	5
GRI 102	General standard disclosures	102-4	Location of the Organization's offices	5
GRI 102	General standard disclosures 2016	102-5	Nature of ownership and legal form	6
GRI 102	General standard disclosures 2016	102-6	Markets served	6
GRI 102	General standard disclosures 2016	102-7	Scale of the reporting organization	6
GRI 102	General standard disclosures 2016	102-8***	Information on employees	42
GRI 102	General standard disclosures 2016	102-9	Supply chain	39
GRI 102	General standard disclosures 2016	102-10	Significant changes in the organization and its supply chain	7,40,76
GRI 102	General standard disclosures 2016	102-11	Rule or approach relating to prudence	15,16,27,28,29,31,46,56,66
GRI 102	General standard disclosures 2016	102-12***	External initiatives supported by the organization	3,15
GRI 102	General standard disclosures 2016	102-13***	Membership in Organizations	37

GRI 102	General standard disclosures 2016	102-14***	Statement of the senior management	3
GRI 102	General standard disclosures 2016	102-15***	Description of key impacts, risks and opportunities	15,27,28,29,31,36,46,56,66
GRI 102	General standard disclosures 2016	102-16***	Values, principles, standards and norms of behavior	17,18
GRI 102	General standard disclosures 2016	102-17***	Mechanisms for requesting advice and explicating doubts related to ethics	18,33,37
GRI 102	General standard disclosures 2016	102-18***	Governance structure	41
GRI 102	General standard disclosures 2016	102-25	Conflict of Interests	35,46
GRI 102	General standard disclosures 2016	102-26	Senior management's role in setting goals, values and strategy	15
GRI 102	General standard disclosures 2016	102-30	Effectiveness of risk management processes	15,16,27,28,29,31,45,46,56,66
GRI 102	General standard disclosures 2016	102-31	Overview of environmental and social topics	15
GRI 102	General standard disclosures 2016	102-40	List of the Stakeholder groups	58
GRI 102	General standard disclosures 2016	102-41	Collective bargaining agreements	49
GRI 102	General standard disclosures 2016	102-42	Identification and selection of Stakeholders	57
GRI 102	General standard disclosures 2016	102-43	Approach to engaging Stakeholders	58
GRI 102	General standard disclosures 2016	102-44***	Key points and problems reported by Stakeholders	59
GRI 102	General standard disclosures 2016	102-45	Entities included in the consolidated financial statements	76

GRI 102	General standard disclosures 2016	102-46	Defining the report's content and boundaries	76
GRI 102	General standard disclosures 2016	102-47***	List of significant reporting topics	77
GRI 102	General standard disclosures 2016	102-48	Information adjustments to previous reports	76
GRI 102	General standard disclosures 2016	102-49	Changes in reporting	76
GRI 102	General standard disclosures 2016	102-50	Reporting period	76
GRI 102	General standard disclosures 2016	102-51	Date of the most recent report	76
GRI 102	General standard disclosures	102-52	Reporting cycle	76
GRI 102	General standard disclosures 2016	102-53	Contact person	85
GRI 102	General standard disclosures 2016	102-54	Statement concerning reporting according to the GRI principles	78
GRI 102	General standard disclosures 2016	102-55	GRI Content Index	78
GRI 102	General standard disclosures 2016	102-56	External verification	77
Approach to management*				
GRI 103	Approach to management 2016	103-1	Explanations regarding reporting topics and boundaries	7 (economic performance), 15,20,24,58 (local communities), 18 (ethics), 25 (customer service), 28,30 (ethical marketing and sales), 35,36 (anti-corruption), 33,36 (safety of funds), 37 (internal audit), 39 (procurement practices), 45,52,56 (conditions of employment), 66 (environmental impact), 74,75 (product portfolio), 76,77 (boundaries of reporting).

GRI 103	Approach to management 2016	103-2	Approach to management and its components	7 (economic performance), 15,20,24 (local communities), 16 (risk), 18 (ethics), 25 (customer service), 28,30 (ethical marketing and sales), 33 (compliance), 35,36 (anti-corruption), 33,36 (safety of funds), 37 (internal audit), 39 (procurement practices), 45,56 (conditions of employment), 66 (environmental impact), 74,75 (product portfolio).
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GRI 103	Approach to management 2016	103-3	Evaluation of the approach to management	7 (economic performance), 15,20,24 (local communities), 16 (risk), 18 (ethics), 25 (customer service), 28,30 (ethical marketing and sales), 33 (compliance), 35,36 (anti-corruption), 33,36 (safety of funds), 37 (internal audit), 39 (procurement practices), 45,56 (conditions of employment), 66 (environmental impact), 74,75 (product portfolio).
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\* Disclosures regarding the management approach (103-1, 103-2 and 103-3) apply to all standards below.

Specific information on a given subject				
GRI 201	Business performance 2016	201-1	Direct economic value generated and distributed	7
GRI 202	Market presence 2016	202-2	Proportion of upper management hired from the local community	43
GRI 203	Indirect economic impact 2016	203-1***	Investments in infrastructure and supported services	23,60
GRI 204	Procurement practices 2016	204-1	Proportion of spending on local suppliers	40
GRI 205	Combating corruption 2016	205-1***	Business entities assessed in connection with corruption risk	35

GRI 205	Combating corruption 2016	205-2***	Communication and training on anti-corruption procedures and policies**	18,35
GRI 205	Combating corruption 2016	205-3***	Confirmed incidents of corruption and actions taken	35
GRI 206	Anti-competitive behaviors 2016	206-1	Proceedings concerning anti-competitive behavior, antitrust and monopolistic practices	33
GRI 301	Materials 2016	301-1	Materials used by weight and volume	67
GRI 302	Energy 2016	302-1***	Consumption of energy in the organization	69,70
GRI 302	Energy 2016	302-4***	Limitations on energy consumption**	74
GRI 303	Water 2016	303-1	Water consumption by source	69
GRI 305	Emissions 2016	305-1	Direct greenhouse gas emissions	70
GRI 306	Sewage and waste 2016	306-2	Waste by method of utilization	68
GRI 307	Environmental compliance 2016	307-1	Non-compliance with the law and environmental regulations	66
GRI 401	Headcount 2016	401-1***	Newly-hired people and employee turnover	43
GRI 401	Headcount 2016	401-2***	Benefits offered to employees	54
GRI 401	Headcount 2016	401-3***	Parental leave	53
GRI 403	Occupational health and safety 2016	403-2***	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities**	56

GRI 404	Training and education 2016	404-1***	Average number of training hours per employee	52
GRI 404	Training and education 2016	404-2***	Professional competence development programs	52
GRI 404	Training and education 2016	404-3***	Percentage of employees who receive a regular job and employee development appraisal	49
GRI 405	Diversity and equal opportunities 2016	405-1***	Diversity in the management board and among employees	42,44
GRI 405	Diversity and equal opportunities 2016	405-2***	Ratio of women's base compensation to men's	49
GRI 406	Counteracting discrimination 2016	406-1***	Discrimination incidents and actions undertaken	48
GRI 412	Human rights - evaluation 2016	412-2***	Employees trained on procedures or policies regarding human rights	18,47
GRI 417	Marketing and product labeling 2016	417-1	Requirements concerning labeling and information about products and services	28,29,30
GRI 417	Marketing and product labeling 2016	417-3***	Cases of inconsistency concerning marketing competition	29
GRI 418	Client privacy 2016	418-1***	Justified complaints concerning the violation of a client's privacy and the loss of his or her data	28
GRI 419	Compliance concerning socio-economic issues 2016	419-1	Non-compliance with the law and regulations concerning the socio-economic area	33

\*\*disclosure reported partially

**SPECIFIC STANDARD DISCLOSURES FOR THE SECTOR**

Disclosure	Page	Omissions	External verification	Description
<b>SECTOR-SPECIFIC TOPIC: PRODUCT PORTFOLIO</b>				
FS5	39,75		no	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.
FS7	24		no	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
FS8	24		no	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.
<b>SECTOR-SPECIFIC TOPIC: AUDIT</b>				
FS9	37		no	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.
<b>SECTOR-SPECIFIC TOPIC: CLOCAL COMMUNITIES</b>				
FS13***	24		yes	Access points in low-populated or economically disadvantaged areas.
FS14***	24		yes	Initiatives to improve access to financial services for disadvantaged people
FS15**	30		yes	Policies for the fair design and sale of financial products and services.
FS16	61,62		no	Initiatives to enhance financial literacy by type of beneficiary.

\*\*\*disclosures subject to independent external verification

## 4. CONTACT DATA

[GRI 102-53] Thank you for reading our report. Please send comments on this subject to:

Anna Pulnar - CSR Specialist

[csr@bankmillennium.pl](mailto:csr@bankmillennium.pl)

## SELECTED AWARDS AND DISTINCTIONS

### Bank Millennium in the WIG-ESG index



In September 2019, Bank Millennium was included in the WIG-ESG index of the Warsaw Stock Exchange. In 2010-2019, the Bank was part of the Respect Index.

The WIG-ESG index is published on the basis of the value of the portfolio of companies considered to be socially responsible. The index includes 60 companies included in the WIG20 and mWIG40 indices. The weights of individual companies in the WIG-ESG index depend on the number of shares in free float adjusted for the results of the ESG ranking prepared by Sustainalytics and an assessment of their application of corporate governance principles. The index will be the underlying instrument for a passive fund managed by NN Investment Partners TFI.

Bank Millennium has been selected as one of the top 4 best-rated companies. It has achieved the highest result both in terms of the application of environmental, social and corporate governance factors (ESG coefficient of 1.0) and in terms of the application of the Code of Best Practice (KDP coefficient of 1.0).

### Bank Millennium in Top 10 most responsible firms in Poland



ranking  
odpowiedzialnych  
firm

In the Ranking of Responsible Firms 2019 compiled by the Responsible Business Forum, Bank Millennium ranked among the Top 10 Polish companies assessed in terms of the quality of corporate social responsibility management.

The group of Responsible Business Leaders includes companies that boast the highest achievements in the areas of responsible business conduct, sustainable development policy, positive impact management and responsibility indicators pertaining to employees, environmental matters and cooperation with suppliers.

### Fifth Silver CSR Leaf



Bank Millennium received the Silver CSR Leaf for the fifth time. This recognition is awarded to firms that apply the highest corporate social responsibility standards in their daily operation.

In the ranking prepared by the Polityka weekly and the consulting firm Deloitte, the Silver CSR Leaf was awarded to the firms that declare to consider all the guidelines of the ISO 26000 international corporate social responsibility standard in their daily activity. This standard is tracking seven areas: organizational governance, human rights, labor practices, environment, honest operational practices, consumer issues and social engagement. These companies adhere to the best local and global practices and apply international standards. They also have in place an ethics management system and observe the highest standards of personnel management. They regularly inform their stakeholders about the effects of their actions.

### Distinguished CSR activities in the Responsible Business Forum report

15 best practices of Bank Millennium addressed to clients, employees and local communities were described in the report entitled "Responsible Business in Poland" published by the Responsible Business Forum. The distinguished activities included among others programs of: financial education for children (Financial ABCs), employee volunteerism (Millantrop), support for parent employees (Yes to Parenting) and increased availability of financial services to the disabled.

### Financial ABCs selected as the best social program



The “Financial ABCs”, a financial education program for preschoolers organized by the Bank Millennium Foundation, **received the first prize in the “Golden Banker” competition in the “Socially Sensitive Bank” category.** Within the framework of the program, 53,000 children across Poland have already undergone training.

### Most accessible bank



In 2019, Bank Millennium was ranked first in the “Accessibility” category in the Ranking of Banks published by Miesięcznik Finansowy Bank. In this category, the degree of elimination of architectural barriers by banks and adjustment of bank branches to the needs of people with disabilities, the degree of combating financial, digital and social exclusion of people with disabilities and the creation of facilities by banks to enable easier and more secure use of banking products and services were evaluated.

### Sound Employer of the Year



Bank Millennium earned the title of the Sound Employer 2019. The jury appreciated, among other factors, the stable employment conditions offered by the Bank, attractive development conditions for students and graduates, employee volunteerism programs and CSR activities.

### Most transparent company in the mWIG40 index

Bank Millennium was also a laureate of the Transparent Company of the Year 2018 ranking. The listing recognizes the companies that communicate with the market in the most transparent and regular manner. The Bank obtained the highest, maximum number of points among the companies included in the ranking.

### Best bank in Poland



Bank Millennium was recognized as the **best bank in Poland** in the annual Best Bank Awards contest organized by the Global Finance magazine. The winning banks were selected by the editors of the Global Finance magazine after extensive consultations with banking experts from around the world.

### Bank Millennium wins the satisfaction ranking

In an ARC Rynek i Opinia study, Bank Millennium was ranked first in the categories “Satisfaction” and “Assessment of fees and commissions” and third in the category “Assessment of contact points”. The bank also obtained the highest NPS (52) among all banks in Poland.

### Customer Relationship Star

In the Banking Stars 2019 contest organized by Dziennik Gazeta Prawna and PwC, the Bank was on the podium three times, having won, the “Customer Relationship” category and received the “Customer Relationship Star” title (the ranking was based on client reviews), and having come second in the categories “Innovation” and “Growth”.

### Service Quality Star

Bank Millennium received the Service Quality Star title awarded by the Polish Service Quality Standard to companies committed to the highest standards of customer service.

### Leader in the client loyalty ranking in Poland

In a survey of client behaviors and preferences carried out by the consulting firm Bain & Company, Bank Millennium obtained the highest NPS among Polish banks. Compared to the previous year, the indicator increased 10 points to 43.

**SIGNED BY:**

<b>Date</b>	<b>First and last name</b>	<b>Position/Function</b>	<b>Signature</b>
14 February 2020	Joao Bras Jorge	Chairman of the Management Board	Signed with a qualified electronic signature
14 February 2020	Fernando Bicho	Vice-Chairman of the Management Board	Signed with a qualified electronic signature
14 February 2020	Wojciech Haase	Management Board Member	Signed with a qualified electronic signature
14 February 2020	Andrzej Gliński	Management Board Member	Signed with a qualified electronic signature
14 February 2020	Wojciech Rybak	Management Board Member	Signed with a qualified electronic signature
14 February 2020	António Ferreira Pinto Júnior	Management Board Member	Signed with a qualified electronic signature
14 February 2020	Jarostaw Hermann	Management Board Member	Signed with a qualified electronic signature

This report contains the declaration of Bank Millennium and the Bank Millennium Group (hereinafter: report), drafted in accordance with the Accounting Act (Article 55, sec. 2b-2e) according to the GRI Standards, it encompasses non-financial information pertaining to Bank Millennium and the Bank Millennium Group for the period from 1 January to 31 December 2019 and it forms an integral part of the Annual Report of Bank Millennium and the Bank Millennium Group.



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## Independent Limited Assurance Report on Indicators Presented in the Non-financial Report of Millennium Bank and Millennium Bank Group for 2019.

### To the Management Board of Millennium Bank S.A.

Stanisława Żaryna 2A,  
02-593 Warszawa

#### Scope of work performed

We have undertaken a limited assurance engagement on the indicators presented in the **Non-financial Report of Millennium Bank and Millennium Bank Group for the year from 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2019** (the "Non-financial Report"), developed by Millennium Bank S.A. (the "Company") and marked with symbol "\*\*\*" in a column "Disclosure" in a table "GRI Standards Content Index" that is selected profile disclosures and material specific indicators: 102-8, 102-12, 102-13, 102-14, 102-15, 102-16, 102-17, 102-18, 102-44, 102-47, 203-1, 205-1, 205-2, 205-3, 301-1, 302-1, 302-4, 401-1, 401-2, 401-3, 403-2, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 412-2, 417-3, 418-1 and FS-13, FS-14, FS-15 („Selected indicators"). The indicators have been reported on the basis of Sustainability Reporting Guidelines GRI Standards for "Core" option, issued by Global Reporting Initiative (GRI).

#### Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Non-financial Report in accordance with Sustainability Reporting Guidelines GRI Standards for "Core" option, issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for reliable, correct and fair information and for correct preparation of the documentation provided to us.

#### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In compliance with International Standard on Quality Control No 1, issued by International Federation of Accountants Deloitte maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the indicators as marked in the GRI index presented in the Non-financial Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators presented in the Non-financial Report are free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In order to form our conclusion on the indicators as marked in the GRI index presented in the Non-financial Report, we undertook in the period 29<sup>th</sup> November 2019 – 10 February 2020 the following procedures:

- Through inquiries, obtained an understanding of Millennium Bank S.A. control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

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- Obtained an understanding through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Evaluated whether Millennium Bank S.A. methods for developing estimates are appropriate and had been consistently applied. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Millennium Bank S.A. estimates.
- Compared the information included in the Non-financial Report to internal documentation of the Company.
- Undertook site visits to assess the completeness of the indicators under review, data collection methods, source data and relevant assumptions applicable to the indicators.

#### Limitations

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our limited assurance engagement has been limited to the indicators as marked in the GRI index presented in the Non-financial Report and does not extend to the rest of the information included in the report nor the report as a whole. Accordingly, our conclusion below covers only these indicators and not all data presented or any other information included in the Non-financial Report.

The process the organization adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Non-financial Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information.

#### Conclusion

Based on our work we have obtained limited assurance that the information concerning the indicators as marked in the GRI index included in the Non-financial Report developed by the Millennium Bank S.A. are not non-compliant with Sustainability Reporting Guidelines GRI Standards for 'Core' level issued by Global Reporting Initiative and no matters has come to our attention to cause us to believe that the reviewed indicators presented in the Non-financial Report are materially misstated.

Deloitte Advisory sp. z o.o. sp.k. (former: Deloitte sp. z o.o.)  
Warsaw, 10<sup>th</sup> February 2020