

Millennium
bank

Bank Millennium Group's Transition Plan

February 2026





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Dear Ladies and Gentlemen,

We are presenting the Transition Plan, which outlines our actions and commitments aimed at achieving net zero greenhouse gas emissions by 2050. The Plan draws from processes already well-established in Bank Millennium Group.

Bank Millennium's role in the transition of the economy

As a financial group, we fully recognise the critical role banks play in financing the green transition of the economy - we pursue it through our business strategy, including the current "Strategy 2028 - Value and Growth". ESG matters have been a subject of our strategic focus for years, forming an integral part of the Group's strategy.

We believe that our initiatives grounded in this role can produce mutual benefits. For our clients, we are a partner that understands their challenges and needs and is able to tailor financial support accordingly. For us, on the other hand, financing transition offers a significant opportunity for further business growth.

Our strategic goal is to dynamically grow the sustainable financing portfolio allocated to projects improving energy efficiency, thermal modernisation of buildings, development of renewable energy sources and circular economy solutions.

Comprehensive approach to ESG management

We base our fulfilment of this role and our approach to sustainable development on solid foundations, with our mature and comprehensive ESG risk management framework serving as a key element.

We have established a mature and effective governance model in which sustainable development and ESG risk management are fully integrated, with our activities grounded in a system of policies and internal regulations. For years, we have consistently refrained from extending new financing to hard coal mining and coal-fired power generation. Our balance sheet exposure to loans in these sectors at the end of 2024 does not exceed one hundredth of a per mille.

ESG factors are also integrated into the process of raising financing for the Bank, through the green bond issuance. We continue to develop and enhance ESG data quality.

Building business potential and boosting our resilience

Through our actions, we are building the Group's transition-related business potential, as well as its resilience to the associated risks – the Transition Plan is the natural next step in our transition journey. Within this document, we have combined and formalized our current and planned activities in these two areas, i.e. pursuit of our strategic direction and risk management. It outlines our actions to achieve the Group's strategic ambition, which is achieving net zero greenhouse gas emissions by 2050.

For internal purposes we have developed a document based on supervisory requirements set out in the guidelines of the European Banking Authority*. The document was ultimately adopted by the Bank's Management Board in January 2026 and then approved by the Supervisory Board in February 2026. This publication has been prepared with our stakeholders in mind, to inform them of the core elements of the Plan we have adopted.

Supporting clients' transition through dialogue

The transition plan encompasses not only our commitments with respect to financed and own emissions, but also our strategy for engaging with our clients. We build strong relationships through dialogue, in which sustainable development is an important topic. We have already implemented initiatives to collect ESG data from our clients.

This allows us to better understand our clients' risk profiles, the transition measures they have already taken, and to support them in these efforts. As outlined in our stakeholder engagement strategy, we will continue to advance this area through educational initiatives, in-depth analyses, development of further product offering, tailored solutions, and our contributions to initiatives addressing relevant sector-specific challenges.

Transition planning as an ongoing process

The Transition Plan is the result of the process of preparing the Group for challenges that may change dynamically – its implementation will be regularly monitored and the document updated accordingly.

We recognize that we will implement the Transition Plan in a rapidly changing regulatory, economic, and geopolitical landscape. Therefore, our response to transition risks and challenges involves an iterative planning process. We will regularly monitor progress on the commitments and measures presented here, while periodically updating and refining the Plan itself.

I encourage you to read on.

Joao Bras Jorge

Chairman of the Management Board of Bank Millennium





Summary

- The strategic goal of the Bank Millennium Group is to achieve **net zero greenhouse gas emissions by 2050** and **carbon neutrality in terms of own emissions by 2030**.
- To achieve this ambition, we have developed **the Transition Plan** in which we set out milestones – **our commitments and actions for the 2030 horizon**. These will allow us to build the Group's business potential and resilience to the risks associated with the transition towards a sustainable economy.
- As part of the work on the Plan, we have identified **priority segments**, for which we have first developed a set of actions and, where justified, we have also established quantitative commitments. We adopted a similar approach for the area related to our own emissions.
- In other sectors assessed as materially exposed to climate risk or with a significant share in our portfolio or emissions, the Transition Plan's actions are based on **active dialogue and cooperation with clients** to support their gradual transition to more sustainable operating models. This is done by the Engagement strategy, which is part of the Plan.
- The work on the Plan, coordinated by Sustainability Department and Risk Department, involved **key internal stakeholders** from the areas of business, products, finance and planning, as well as representatives of the Management Boards of the Group's companies. As a result, the jointly developed scope of commitments reflects different perspectives and is consistent with the adopted strategic goals.

		Quantitative commitment	Qualitative actions
Financed emissions			
Priority segments	Residential real estate	✓	✓
	Transport: Leasing and Bank		✓
	Commercial real estate		✓
	Electricity generation	✓	✓
Own emissions			
	Scope 1 and 2	✓	✓

Quantitative commitments

	Unit of measurement	Base year value	Commitment 2030	Planned reduction
Financed emissions				
Residential real estate	emission intensity kgCO ₂ e/m ²	55.1 (2024)	28.3	49%
Electricity generation	emission intensity gCO ₂ /kWh	17.4 (2024)	Limit*: 195.0	-
Own emissions				
Scope 1 and 2	tCO ₂ e emissions	26,777.0 (2020)	2 677.7	90%

* The emission intensity will not exceed 195.0 gCO₂/kWh, which corresponds to the value for 2030 indicated in the International Energy Agency's Net Zero by 2050 reference pathway for the electricity generation sector.



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Transition as a process



The strategy sets the direction of actions



Financing the transition of the economy is an important part of the strategy

In the Strategy of Bank Millennium and Bank Millennium Group for 2025–2028 "**Strategy 2028 – Value & Growth**", we have defined key ambitions in the environmental area:

- **Achieving carbon neutrality** in scope 1 and 2 by 2030* and net zero, also covering scope 3, by 2050.
- Providing **PLN 5 billion in sustainable financing to corporate and retail clients** in the years 2025–2028.



Our approach

- We are dynamically **developing our financing** of sustainable projects and activities.
- We consistently execute a **policy of not granting new loans to hard coal mining and coal-based power generation**. Share of our on-balance sheet exposure related to loans in these sectors at the end of 2024 **does not exceed one hundredth of a per mille**.



Activities we carry out

- We are developing and improving our **product offer**.
- We support clients with **professional expertise** in public programs and financing of green projects.
- We offer financing solutions that enable **access to national and EU support programs**.
- We implement **initiatives to increase ESG awareness** through the provision of tools and educational activities.

We have solid foundations, that is, a mature management model...

The management model enables us to efficiently implement activities in the ESG area

The key elements of this model are:

- **A clearly defined division of responsibilities** that is reflected in the organizational structure.

- **Specialised units** responsible for the area of sustainability:

Sustainability Department & ESG Projects and Risks Division in the Risk Department

- **Supervisory activities** carried out by the committees:

Sustainability Committee & Risk Committee & Green Bond Subcommittee



Policies

We have implemented a comprehensive system **of policies related to sustainability.**

We also operate in accordance with adopted risk management policies, including the ESG risk management process.



Reporting

We report our activities in accordance with the applicable law, i.e. **the CSRD Directive** and **the European Sustainability Reporting Standards (ESRS).**

As part of our reporting, **we report our emissions in all scopes:** own emissions (Scope 1 and 2) and indirect emissions (Scope 3).

CSRD & ESRS



ESG data

We are consistently developing **the ESG data collection and reporting system.**

We carry out initiatives to constantly improve their quality.

... and organizational culture that supports the achievement of the goals

The needs and opinions of our stakeholders are key to us



Our organizational culture is based on **building and maintaining strong relationships with customers.**

We work closely with our customers to understand their expectations and adapt our products to their needs.



We have implemented and are continuously **developing tools supporting the collection of ESG data** from our clients, while building their **awareness of challenges and opportunities** related to sustainability.



We have developed tools that enable us **to identify sustainable finance** within traditional banking products.



We care about the **development of employees' competencies** so that they can be a real support for our customers.

Our actions are guided by clearly defined principles

As a signatory to the **UN Sustainable Development Goals**, we strive to take them into account in the decisions and actions we take.

All UN goals are important to us, but we are focusing on seven of them in particular:



As a participant in the United Nations Global Compact, we are committed to respecting and implementing the **10 Principles of the United Nations Global Compact.**

We cooperate with experts

We collaborate with various **expert institutions**, including: UNGC Network Poland, Partnership for Carbon Accounting Financials (PCAF), Responsible Business Forum and others.

By building partnerships, **we strengthen the competencies** necessary to implement the Transition Plan. Cooperation with experts and the use of shared knowledge resources translates into **more efficient and effective achievement of the adopted goals.**



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Our commitments under the Transition Plan

Financed emissions →

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Own emissions →

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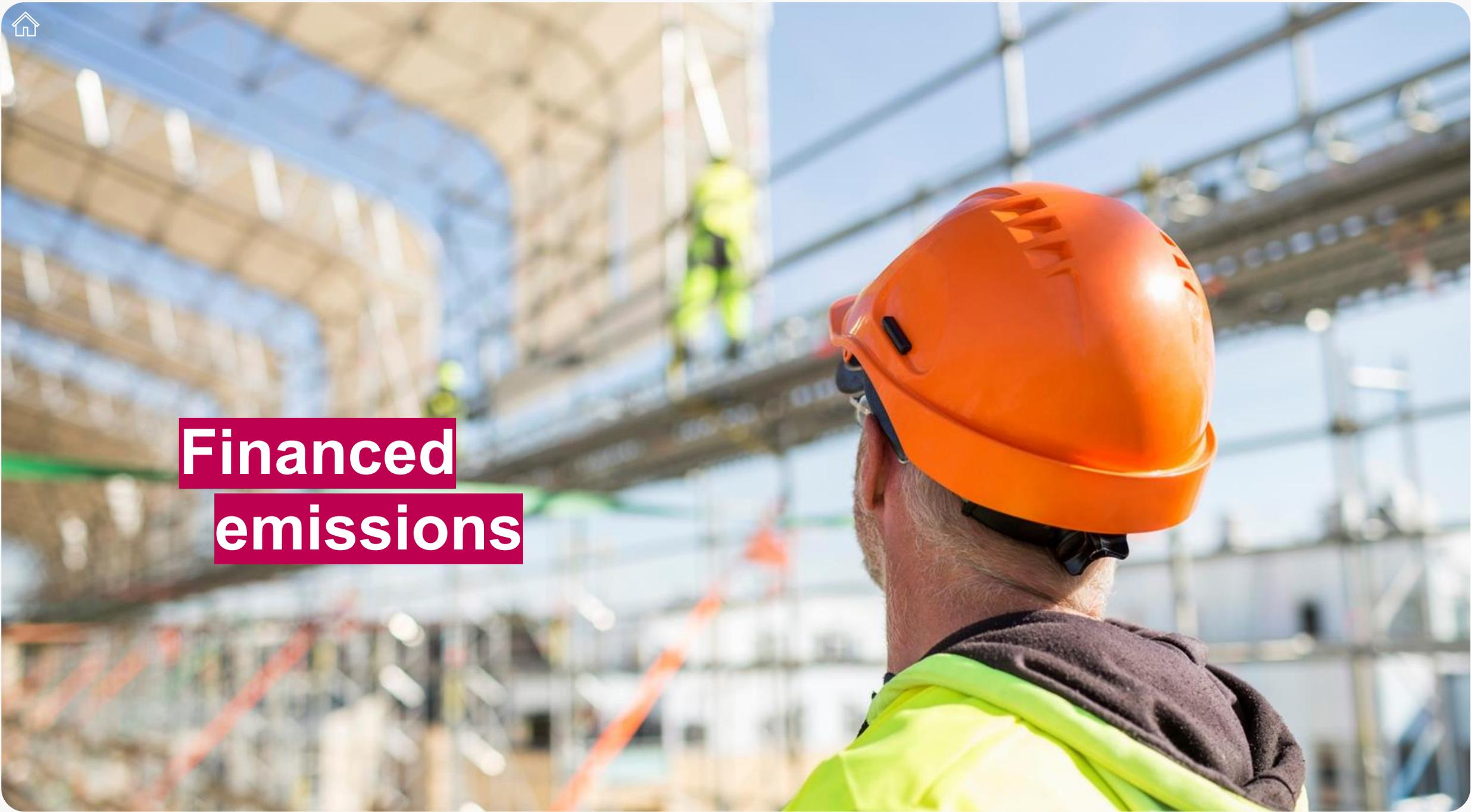
Engagement strategy →

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Financed emissions





The Transition Plan covers the activities most relevant from the point of view of the transition

We have identified **priority segments** for which we have adopted a set of actions and, where justified, quantitative commitments:



Residential real estate

Retail mortgages are one of the pillars of our business: they constitute **over half of our loan portfolio**, and at the same time they are a source of significant **transition risk**. Due to these factors, this segment plays an important role in achieving our climate ambitions.

For this portfolio, both **quantitative commitments** and a set of actions supporting the transition (including decarbonization) relevant from the perspective of climate risk management have been adopted.



Electricity generation sector*

We currently finance almost exclusively **renewable energy sources**, and we intend to continue this approach. However, we recognize that effective support for Poland's energy transition also requires **transitional solutions**.

We are open to supporting projects that are crucial for the stability and security of the energy system, **which may temporarily increase the intensity of financed emissions**. To stay in line with our net zero ambitions, we have established an internal limit defining the maximum level of emission intensity in the portfolio.



Commercial real estate

Commercial real estate, a significant source of greenhouse gas emissions in the economy, will be subject to a number of **additional requirements** to mitigate its impact on the climate.

Consequently, we have assessed the financing of commercial real estate as **significantly exposed to transition risk** and have defined a set of **actions** for this portfolio aimed at managing the identified risk.



Transport sector

Leasing of passenger cars and trucks, as well as banking products for the transport sector, is another key segment of our Group's operations. We monitor **changing trends** (including legislative developments) in the transport area. In this segment, we have defined **actions** aimed at managing transition risk.



Regulatory and market context and challenges in the residential real estate segment

Regulatory and market context

Residential real estate accounts for 9% of national greenhouse gas emissions¹. Regulations concerning residential real estate are evolving with the implementation of the **The Energy Performance of Buildings Directive**, which obliges member states to set targets and plans for the renovation of existing housing stock and establish energy standards for newly built real estate. Additionally, **the ETS2** system will cover fuels used for heating, which will affect the operating costs of houses and apartments with lower energy standards. These changes are gradually increasing the importance of energy efficiency in the decisions of buyers and owners of the buildings.

Challenges



Decarbonization of electricity and heating

The pace of emission reduction in the mortgage portfolio is related to progress in the decarbonization of the national electricity system and district heating. Delays or changes to national plans, such as the National Energy and Climate Plan or the National Building Renovation Plan, may jeopardize the Group's ability to achieve its emission reduction commitment.



Thermal modernization of buildings

The effectiveness of reducing the emission intensity of the portfolio depends on the pace and scope of the modernization of the housing stock. National programs supporting the improvement of energy efficiency, such as Czyste Powietrze, Ciepłe Mieszkanie, or Stop Smog, are crucial. Delays or limited scale of thermal modernization can significantly impact the achievement of our goal.



Energy parameters of newly financed real estate

The energy efficiency of newly financed residential buildings results from the quality of the available housing stock and current trends and dynamics in the mortgage market. A limited supply of buildings with adequate energy standards and increased competition in the mortgage market may impact the pace of improvement in the energy efficiency of our portfolio.

¹ Ministry of Climate and Environment. (2024). Draft update of the National Energy and Climate Plan (aKPEiK).



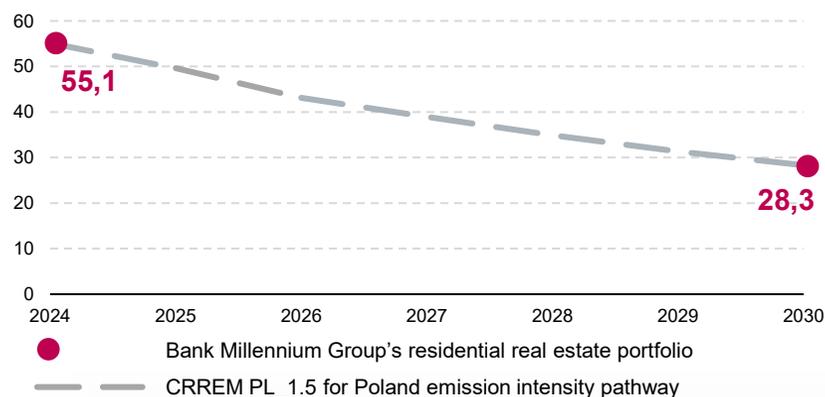
Residential real estate



Our commitments and actions in the residential real estate segment

Projected emission intensity of residential real estate portfolio – 2030

[kgCO₂e/m²]



Our commitment

28,3

kgCO₂e/m²
emission intensity in
2030

The portfolio of loans financing residential real estate was covered by the greenhouse gas emission intensity reduction target, in line with the Carbon Risk Real Estate Monitor 1.5°C emission intensity pathway for Poland (CRREM PL 1.5°C).



Our actions

Special product offer

We actively support the transition of the real estate market by offering of financing for low-energy demand buildings. At the same time, we are constantly monitoring the market, seeking opportunities to expand our offer.

Energy efficiency management

We systematically monitor the energy efficiency of financed buildings, analyzing the structure of new sales and the entire financed portfolio, which allows us for appropriate adjustment of management actions.

Initiatives to improve data quality

We have implemented an automated process for obtaining energy performance certificates, allowing us to collect key information about the energy performance of real estate faster and more efficiently. We systematically monitor the acquisition of energy performance certificates and develop processes for additional technical data.

Education on the challenges of transition

We will expand our educational activities to raise awareness of how to mitigate climate risks affecting long-term operating costs of real estate, and to inform clients about available national and EU programs supporting energy modernization.



Regulatory and market context and challenges for the electricity generation sector

Regulatory and market context

The energy sector is the main emitter of greenhouse gases in Poland, accounting for 36% of national emissions*. In addition, the sector plays a key role in the transformation of the entire economy. The rising **costs of greenhouse gas emissions** are accelerating the phase-out of coal towards low-carbon capacity.

Renewable energy sources (RES) account for an increasing share of electricity production, but their dependence on weather conditions causes **price volatility and infrastructure challenges**. These factors increase the importance of energy storage, grid modernization and flexible balancing sources to ensure system stability and reliability.

Challenges



Grid constraints

In Poland's energy transition, the growth of renewables is increasingly constrained not by technology costs, but by the system's ability to integrate additional capacity. The rapid growth of PV and wind installations collides with grid constraints and the growing need for balancing, resulting in less "space" for new installations and an increasing risk of generation curtailment. As the share of weather-dependent sources increases, the number of hours of oversupply rises, while the stability of the system forces operator interventions that lead to a reduction in generation, especially in the case of PV during peak hours of sunlight.



Energy price volatility

The volatility of energy prices and the cannibalization of RES revenues are also increasing. During the hours of high PV generation, prices often fall to very low levels, which worsens the predictability of cash flow in these projects. Therefore, energy storage facilities are becoming a prerequisite for the further development of RES and a tool for risk mitigation, especially in hybrid models and under revenue-stabilizing contracts.



*National Centre for Emissions Management (2025). Poland's National Inventory Document 2025

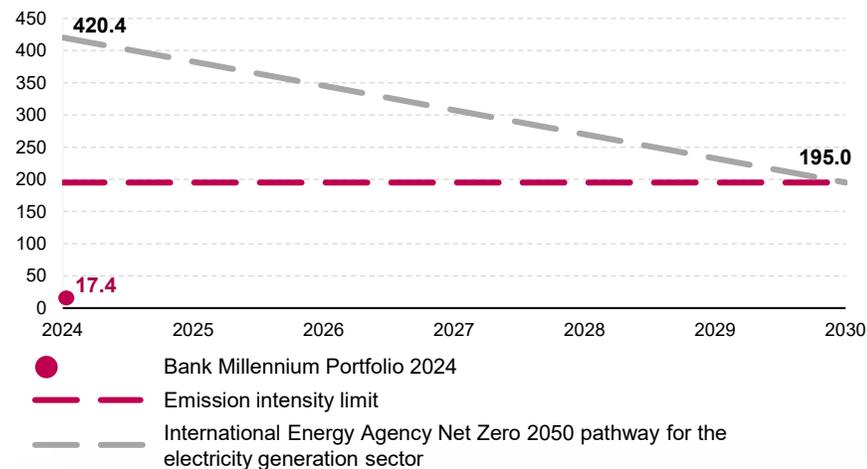


Electricity generation sector



Our commitments and actions in the electricity generation sector

Portfolio emission intensity and emission intensity limit

[gCO₂/kWh]

Our commitment

195 gCO₂/kWh maximum portfolio emission intensity in 2030

In the face of the challenges of decarbonization of the electricity generation sector in Poland, the Bank is ready to support the transformation of this sector also by financing transitional solutions. For this reason, the emission intensity in this area may temporarily increase, while it was determined in the Transition Plan that this intensity will not exceed the value of 195.0 gCO₂e/kWh, which corresponds to the value for 2030 indicated in the International Energy Agency Net Zero 2050 reference pathway for the electricity generation sector.



Our actions

Renewable energy sources

At the end of 2024, 98% of our exposure in the electricity generation sector was renewables projects. We intend to continue financing solutions in the area of wind, solar, hydro or biogas energy. By financing new investments and supporting innovative solutions in this area, we will contribute to further increasing the share of green energy in the national energy mix.

Development of energy infrastructure and storage

We are ready to actively support investments in the modernization of distribution infrastructure, the development of smart grid solutions and energy storage systems. These elements are crucial for the stability of the power system and the efficient use of energy from renewables, even during periods of high production volatility.

Transitional projects

Energy transition is a process that requires not only the development of renewables, but also activities ensuring the stable operation of the power system. Therefore, we are open to support projects that improve energy efficiency and development of gas-fired generation capacity as a transitional solution on the way to a low-emission economy.

Exclusion policy

We consistently implement the policy of excluding financing investments in the energy sector based on coal sources. The share of our balance sheet exposure related to loans in this sector at the end of 2024 does not exceed one hundredth per mille.



Regulatory and market context and challenges in the commercial real estate segment

Regulatory and market context

The commercial real estate sector in Poland is under increasing regulatory and market pressure related to the decarbonization and modernization of buildings. **The Energy Performance of Buildings Directive introduces minimum energy efficiency standards** for this segment, covering in particular buildings with the lowest energy performance, which reinforces the need to modernize the existing stock. **The ETS2 system** will impact the operating costs of buildings with lower energy efficiency, increasing the importance of thermal modernization and low-emission energy sources.



Commercial
real estate



Challenges



Regulatory requirements and tenants' expectations

Evolving regulations regarding the energy efficiency of commercial buildings and growing tenants' expectations of environmental standards may pose a challenge to existing real estate stock. Older buildings, if not adequately modernized, may lose market competitiveness over time or not meet future legislative requirements, increasing their exposure to regulatory and financial risks.



Market and investment environment

The commercial real estate segment encompasses a wide range of facilities, from office buildings and warehouses to commercial and industrial facilities, which can vary significantly in terms of energy efficiency. Identified technological and economic barriers may ultimately determine whether an investment is viable.

Commercial
real estate

Our activities in the commercial real estate segment

In the Transition Plan, we include the commercial real estate portfolio due to its particular sensitivity to transition risk. Despite its small share in our portfolio, we have defined a set of actions to effectively manage the identified risk.



Our actions

Real estate certification

We promote the environmental certification of the commercial buildings we finance*, which translates into a higher quality of real estate portfolio and is associated with energy efficiency.

Obtaining energy performance certificates

We are systematically developing the process of obtaining data from energy performance certificates. This allows for a more precise assessment of the energy efficiency of financed real estate, and consequently, more effective management of transition risk.

Education on the challenges of transition

We conduct educational activities on the possibilities of financing of the solutions supporting sustainable projects, including in the field of construction, and we also inform on opportunities to support such investments with European Union funds.

Monitoring legislative changes

We continuously monitor changes in national and EU regulations regarding the technical conditions of real estate, as well as the use of renewable energy technologies. We also monitor national strategies, such as the National Building Renovation Plan, and the status of the transposition of the Energy Performance of Building Directive (EPBD) into national legislation.

* The standard adopted by the Bank for new buildings under structured finance assumes that the financed buildings have environmental certificates, such as BREEAM, LEED, DGNB, EDGE or PassivHaus, at the levels specified in the Bank's internal procedures.

Transport
sector

Regulatory and market context and challenges in the transport sector

Regulatory and market context

The transport sector is a significant source of greenhouse gas emissions, accounting for 20% of national emissions¹. Transition of transport remains a priority of EU climate policy. The European Commission has proposed a change to standards applicable from 2035, that require a **90% reduction in CO₂ emissions from new vehicles**, which in practice requires a significant increase in the share of electric vehicles in new registrations. The costs of operating internal combustion vehicles will be significantly affected by the inclusion of this sector **in the ETS2 system**. The pace of the transition to low-emission technologies will also depend on the **development of charging and alternative fuel infrastructure**.

Challenges



Charging infrastructure constraints

The development of the market for electric and low-emission vehicles, including hydrogen, requires widely available charging or refuelling infrastructure. The availability of infrastructure affects the comfort of using vehicles and thus demand.



Competitiveness of low-carbon technologies

The transformation of fleets towards low-emission solutions largely depends on the pace of technological development that must match or exceed the comfort of use of internal combustion vehicles. Reducing purchase costs, improving range and charging parameters, and the availability of models will be key to increasing the attractiveness of these solutions.



Dependence on public support mechanisms

The scale of the transition to low-emission vehicles depends on the availability and predictability of forms of public support, such as subsidies, tax reliefs or infrastructure development support programmes. The variability or limited availability of such programs affects the demand and pace of fleet modernization.

* National Centre for Emissions Management (2025). Poland's National Inventory Document 2025

Transport
sector

Our actions in the transport segment

Transport* is a segment that is highly exposed to climate risk and at the same time accounts for a significant share of our exposure and financed emissions. To effectively support its transition, we have developed a set of actions aimed at the gradual reduction of emissions and the development of more sustainable solutions.



Our actions

Financing low-emission vehicles

We support the modernization of fleets by financing low-emission vehicles such as electric and hybrid cars. We offer preferential leasing terms for electric vehicles and charging stations. We also plan to gradually increase the volume of financing for this type of solutions.

Industry initiatives supporting transport transformation

We participate in industry initiatives aimed at creating a market standard in the approach to emissions and supporting the transition of the transport sector.

Monitoring market development

We constantly monitor market development and identify business opportunities in the area of financing vehicles powered by low-emission alternative fuels. This allows us to adapt our offer in the direction of the transition of the transport sector.

Education on transformation challenges

We want to support customers in understanding the benefits of vehicle fleet transformation by publishing educational materials on sustainability and fleet modernization.

*The transport sector has been defined as corporate loans for the road freight transport sector (PKD 49.41) and vehicle leasing. Leasing is the main form of financing for customers from the transport sector, which is why the Transition Plan focuses primarily on the leasing portfolio.



**Own
Emissions**

Millennium
bank





Our achievements and ambitions in reducing our own emissions

As part of the **2028 Strategy – Value and Growth**, the Bank Millennium Group announced **carbon neutrality in Scopes 1 and 2 by 2030**, with the option to use compensation for residual emissions.

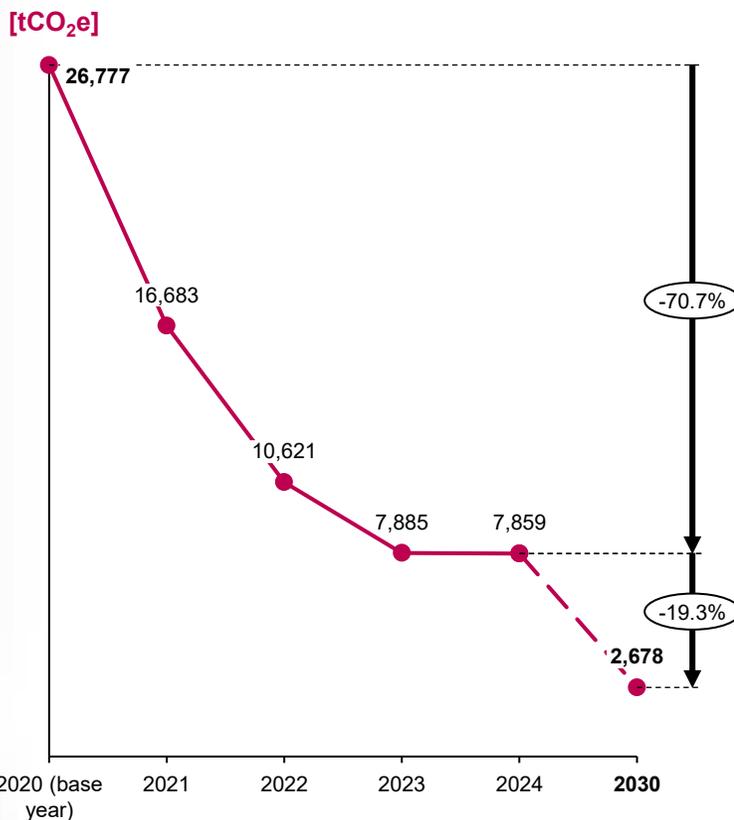
The Transition Plan focuses on operationalizing the carbon-neutrality target, assuming a **10% residual emission level as difficult to avoid**.

A reduction of **71% in Scope 1 and 2 greenhouse gas emissions has already been achieved** compared to the baseline year (2020). However, further decarbonization measures are becoming increasingly difficult due to:

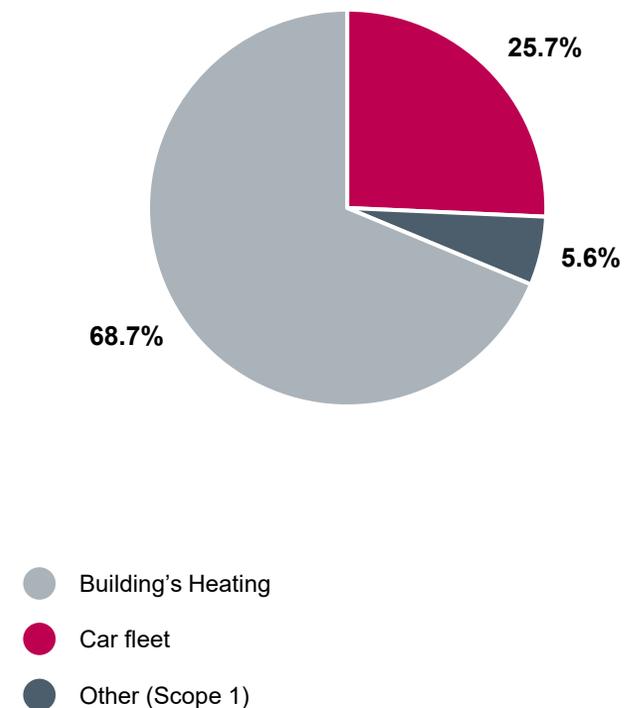
- the current state of the Polish energy market, and
- operational and technological limitations related to building heating and transport.

The minimum required further reduction of greenhouse gas emissions - taking into account a 10% residual level - amounts to **19.3%** of emissions relative to the baseline year.

Bank Millennium Group's Scope 1 and 2 emissions (market-based method)



Structure of the Group's Greenhouse Gas Emissions in Scopes 1 and 2 in 2024



Our commitment

2 678

tCO₂e emissions in 2030 r.*



We will continue our efforts to further reduce emissions from our own operations



Energy efficiency improvements in branches

Our actions aimed at improving the energy efficiency of branches focus on enhancing building performance and reducing energy consumption. These efforts include thermomodernization works, the replacement of lighting fixtures, and the implementation of modern energy management systems.



Electrification of heat sources

We aim to reduce emissions associated with the buildings we operate in, through the gradual electrification of heating sources and replacing fossil fuel-based equipment with solutions powered by electricity. This approach enables a further reduction of the carbon footprint of our infrastructure, particularly when combined with the use of electricity covered by guarantees of origin.



Low-emission car fleet

The Bank Millennium Group has completely reduced the number of conventionally powered vehicles by replacing them with hybrid models. The next step is the gradual increase in the share of electric vehicles, which, together with the use of guarantees of origin redemption, will enable further emission reductions.



Guarantees of origin

We maintain a 100% share of electricity use covered by guarantees of origin, thereby limiting the environmental impact of our operational activities. In the future, should the market for guarantees of origin for renewable heat continue to develop, we will also consider their use in order to further reduce emissions associated with building operations.



Challenges related to emissions from own operations

Own emissions

The reduction of own emissions depends on a range of external and technical factors that affect the potential for buildings and fleet modernization. These factors may limit our pace of achieving environmental targets.



Emission intensity of district heating networks

In the case of branches supplied by district heating networks, the level of emissions depends directly on the degree of decarbonization of these systems. Future emission reductions at these branches will largely depend on the scope of decarbonization measures undertaken by local district heating operators.



Operational constraints of fleet electrification

The potential for fleet electrification largely depends on external conditions, such as the availability and quality of charging infrastructure, as well as the technical parameters of the vehicles. These external factors may affect both the scope and pace of replacing vehicles with fully electric solutions.



Limitations related to leased properties

Some of our branches are located in leased properties, where we have limited ability to influence the building's energy efficiency. Energy solutions in such facilities are determined by property owners or property managers.



Engagement strategy





We build upon a regular dialogue with our clients



We understand the importance of a high-quality relationship between a financial institution and its clients

In a world of dynamically changing environment, in response to transition and sustainability challenges, we prioritize **attentive listening, open dialogue** and **understanding the individual expectations** of our clients.

It is **partnership-based communication** that builds trust, facilitates the selection of appropriate solutions and strengthens long-term cooperation. It allows us to better **understand our clients' priorities and transition paths**.

This allows us to develop products and services that support **client's resilience** and, more broadly, **transition of the economy**.

We understand that **sustainability matters** present both **challenges and significant business opportunities** for our clients.

We will continue and deepen the open dialogue as part of **the engagement strategy**, which is an integral part of the Transition Plan.

We want to support our clients on their journey towards more **efficient and resilient business models**.

This will also enable us to mitigate ESG risk in the Bank's portfolio as part of risk appetite and strategic goals.

The engagement strategy focuses on:



Supporting clients in the transition to a low-emission economy

- through dialogue, awareness-building and sustainable finance.



Building own understanding of the risk profile of counterparties

- to better adapt to the Group's risk appetite.



Identify business opportunities

- resulting from client transition plans and goals.



Engagement strategy implementation



High-quality data is essential

The starting point for **the engagement strategy** actions are the Group's existing client data collection processes, including ESG survey. This information enables us **to assess whether a customer's transaction or business is sustainable and to analyze their exposure to ESG risks.**

We will deliver our strategy through:

- **Identification and in-depth analysis** of client needs in the field of transition financing.
- Further **development of the product offering** that finances sustainable actions and supports the transition.
- **Financing tailored to client needs**, both in terms of sustainable projects and transition projects.
- Further **education and tools to support** clients in the processes of building their awareness and resilience.
- **Membership in organizations and initiatives** supporting specific sectoral challenges.

An individual approach to client transition

In our **engagement strategy** activities supporting the transition will be directed to **our corporate clients.**

At the same time, we will systematically and gradually identify clients with whom we will engage in an in-depth, individual dialogue.

This approach **will allow us to better understand** their specific needs, challenges and perspectives, and thus **support them more effectively in the transition process.**



Our initial engagement will focus on **selected clients, including from the priority segments** covered by the Plan.



We have planned a **process to also include clients** who are significantly exposed to climate and environmental risks and face transition challenges.



The progress and results of the actions will be **monitored accordingly.**



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ESG risk management





We are consistently developing ESG risk management

Our strategic initiatives and activities are aimed at **developing methods for assessing and quantifying ESG risks**, as well as monitoring, control and reporting processes in the ESG area at the Group level.



Group-level context

- Contributing to the Bank's strategy and the Transition Plan in the area of ESG risk management
- ESG data management
- Supporting credit processes (ESG survey for corporate clients, collecting data from energy performance certificates)
- Contributing to sustainability reporting



We also implement **ESG risk management mechanisms in the Group's products, services and processes**, based on supervisory recommendations and guidelines, including those related to preventing greenwashing.

Risk identification and assessment

- Forward-looking business environment analysis
- Risk assessment methodologies / ESG risk assessment in sectoral policies
- C&E Materiality Assessment

Risk management

- ESG metrics included in risk appetite
- ESG context included in Risk Strategy
- ESG factors incorporated in the credit process

Monitoring

- Strategic initiatives related to ESG risk
- ESG risk metrics included in risk appetite and in Transition Plan

Quantification of financial effects

- Scenario analysis and climate stress tests
- Coordination with the ICAAP process

Reporting

- GHG emissions calculation
- Portfolio alignment metrics with Paris-aligned reference pathways
- Green assets and green bonds allocation

We have created an effective ESG risk management structure

Well-established ESG management



ESG – Management and Control principles

The organization and supervision of the ESG area have been comprehensively addressed in the internal document *ESG – Management and Control Principles*. This document:

- defines roles and responsibilities,
- defines ESG risk factors,
- determines how ESG considerations are included in the Bank's strategy,
- describes the ESG risk management framework, including the area of credit risk,
- indicates the principles of identifying sustainable financing,
- defines the Bank's policy on ESG data management.

Within this structure, the roles and responsibilities have been clearly defined

Supervisory Board

oversees the Management Board's activities related to the implementation of ESG aspects as part of the Bank Millennium Group's Strategy, as well as the Risk Strategy.

Management Board

is responsible for determining, approving and supervising the effective implementation of ESG objectives and initiatives in the Bank Millennium Group's Strategy, as well as for the Bank's Group's Risk Strategy.

Risk Committee

is responsible for advising the Bank's Management Board on the identification, management and control of ESG risk factors, while monitoring the Group's risk appetite and related ESG metrics.

Risk Department

is responsible for incorporating ESG principles and policies into business development and risk management frameworks, as well as monitoring and controlling their implementation.

We systematically improve greenhouse gas emission calculation

Calculating greenhouse gas emissions is an important part of the transition planning process – it is the **starting point for defining our commitments and actions within the Plan.**



Carbon footprint calculation methodology

The key element are **financed emissions** – these are related to our financial activities, including categories 3.13 (leased assets) and 3.15 (investments).

Own emissions (scope 1 and 2) were calculated using physical data on fuel, electricity and heat consumption. Part of the source data used for the calculation was estimated based on expenses.

Downstream leased assets (Category 3.13) include emissions generated during the use of assets made available to customers by Millennium Leasing under lease agreements. The calculation covers the entire leasing portfolio – including passenger cars and trucks, machinery, equipment, real estate, and rolling stock.

Emissions have been estimated using a methodology consistent with the GHG Protocol and the guidelines developed by the Polish Leasing Association for calculating emissions for transport assets. For vehicles, the emission intensity of fuels used during operation has been taken into account, while for electric vehicles, the emission intensity of electricity in Poland has been applied.

Investments (Category 3.15) – GHG calculation was carried out on the basis of a detailed methodology developed by the Partnership for Carbon Accounting Financials (PCAF): GHG Accounting and Reporting Standard for the Financial Industry, and using sectoral emission factors made available by this organization.



PCAF membership

In 2026, we joined PCAF. As part of our membership in this organization, we benefit from access to sectoral data, which is the market standard in reporting financed emissions.



ESG data

In Risk Department, we have created and are developing ESG Data Mart as the primary source of data for internal and external monitoring and reporting. The Bank's ESG data management policy is set out in internal documents, and ESG data is subject to standard data quality management processes. In the context of carbon footprint calculation, we are systematically increasing the coverage of our portfolio with data from energy performance certificates.

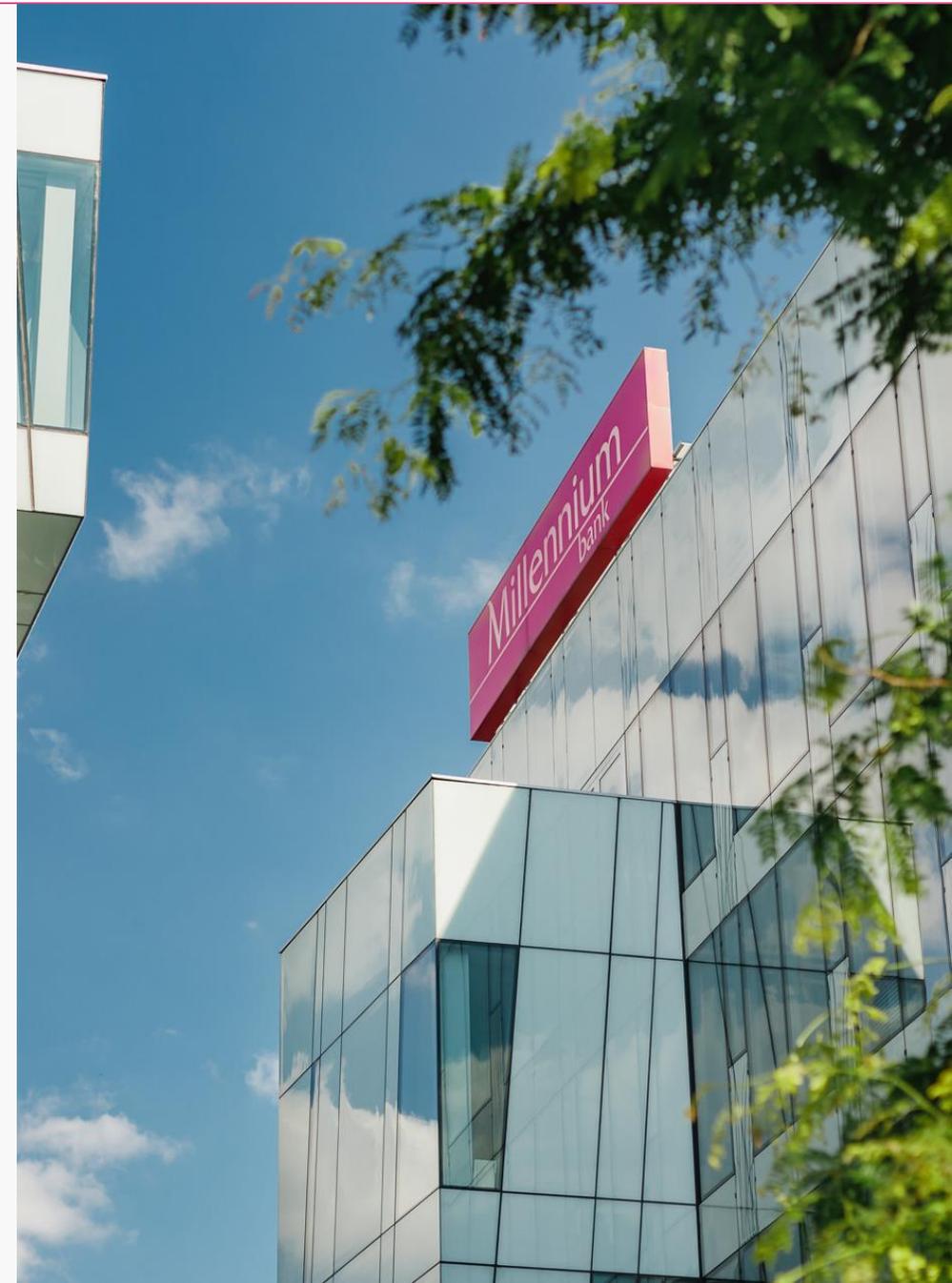


We have conducted climate stress tests and positively assessed our resilience in the area of credit risk

Climate and environmental risks are considered **as factors impacting traditional categories of banking risk**. We regularly assess this impact as part of a **materiality analysis** based on internally developed methodologies. Based on the analysis conducted in 2025, we recognized the material impact of these factors in the case of **credit, liquidity and business risk**. We conducted climate stress tests to assess the Bank's **financial resilience** in the most material area of credit risk.

The analysis was based on short-term climate scenarios developed by the **Network for Greening the Financial System (NGFS)**. Changes in the value of PD in individual sectors and macroeconomic variables were used as shock factors, which, together with the Bank's balance sheet projections, allowed for **the estimation of the cost of risk and the value of the NPL portfolio** in various business segments and different scenarios until 2030.

These analyses allowed for **a positive assessment of the Bank's resilience to climate risks in the area of credit risk** under the adopted assumptions. In the Bank's assessment, the risk management system is adequate to mitigate the identified risks. It includes a policy regarding collateral requirements and a sectoral policy introducing exclusion and limitation of financing of certain sectors.





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Transition Plan management



We have considered multiple perspectives in the Transition Plan



Our stakeholders' perspective

Mitigating climate change, including preparation of Transition Plan, was one of the areas covered in our dialogue with stakeholders:

- The majority of our stakeholders **expect the Group's actions in the field of mitigating climate change** – this is confirmed by our annual surveys as part of the double materiality analysis.
- When developing the Plan, we considered the **perspective of our investors and shareholders**, reflecting their strong interest in our transition activities.
- With support of an external, reputable advisor, we have ensured that the Transition Plan is **aligned with regulatory requirements** and **best market practice**.



Internal perspective

From our perspective transition planning is a **cross-cutting and multi-level project**. The perspectives of various areas of the Group were considered during our work on this project. Thanks to this approach, the Transition Plan can become a **coherent and effective tool** supporting its further development.

- Preparation of the Transition Plan is one of the key activities envisaged in our **strategy in ESG area**.
- The work on the Plan was coordinated jointly by the **Sustainability Department and the Risk Department**, which illustrates the constant close cooperation of these units in strategic projects related to sustainable development.
- The plan was prepared by **representatives of the Bank's key units** in the areas of business, products, finance and planning, as well as the management boards of the Group's companies. It allowed to take into account a variety of experiences and perspectives, as well as to jointly develop the scope of the commitments made and their consistency with the adopted strategic goals.
- The work was carried out under the direction and overall supervision of **the Management Board of Bank Millennium**.

We defined the roles and responsibilities for Plan implementation

We are building a **coherent and transparent model** for managing the Transition Plan, based on clearly defined roles, effective oversight and regular monitoring of progress. This approach allows us to ensure that our commitments **are effectively executed**, as well as that the **Plan is fully integrated** with our business strategy and risk management approach.



Transition Plan management framework

The Bank's Management Board is responsible for approving the Transition Plan, as well as its full integration with the business strategy, risk appetite and internal processes. The Plan is subject to approval by **the Supervisory Board**.

Sustainability Committee is responsible for the ongoing supervision of the Plan implementation – it approves the implementation schedule for actions described in the Plan and monitors the implementation of commitments and key indicators. **Risk Committee** supports the process by overseeing climate and environmental risk area, including risk management framework and stress testing.

Operationally, the Plan is implemented by specialized units: **Sustainability Department**, which is responsible for developing, updating and coordinating the Plan, and **Risk Department**, which defines the approach to ESG risk management, including strategy, risk appetite limits and risk assessment processes.

Business units implement the actions outlined in the Plan in their ongoing operations and client relationships.

The implementation of the commitments described in the Plan will be supported by training activities addressed to our employees.



Monitoring the Transition Plan

We monitor the commitments and actions outlined in the Plan based on **the implementation schedule, regular reporting** and **a set of metrics** for assessing progress. It is conducted by specialized committees, with strategic oversight of the Management Board.

Sustainability Committee is responsible for adopting the implementation schedule of the Plan, including the scope of activities, assigned units and timeframes. Based on this schedule, the Committee analyzes semi-annual monitoring reports prepared by Sustainability Department and Risk Department, presenting progress in actions implementation, level of key indicators and commitment completion.

Risk Committee monitors the risks associated with the transition using dedicated risk metrics, including risk appetite frameworks, indicators, and limits.

The overall monitoring system provides the Management Board **with ongoing insight into the Transition Plan's progress** and its alignment with the Group's strategy and risk management approach.



We have scheduled regular reviews and updates

Readiness for change and continuous improvement in response to a changing environment

Our response to the risks and challenges of transition is the process of planning – a **readiness to critically review and update the assumptions and our actions** within the Plan. We will update the Plan each time we develop a new strategy, and when the need arises from significant changes in the business, regulatory and economic environment, the results of ESG risk analyses and as analytical scientific bases and market practices evolve.

Review and update of the Transition Plan

- As part of creating **a new strategy**
- When an **update is needed due to:**



Updating the forward-looking business environment analysis



The latest results of the Climate & Environmental Materiality Assessment



Results of scenario analyses and stress tests



Changes in the structure of the portfolio and the activities of our clients



New available scenarios, benchmarks or sectoral pathways



Implications of current or upcoming regulations

Thank you!

This Transformation Plan (hereinafter: the "Document") has been prepared by Bank Millennium S.A. (hereinafter: the "Bank") for information purposes, presents the strategic directions, objectives and assumptions regarding the planned transformation activities of the Bank Group.

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