

## VIII. HUMAN RESOURCES MANAGEMENT

### VIII.1. Personnel Policy

The Bank Millennium Group has, in place, its Human Resource Policy defining general rules and principles governing recruitment, evaluation, development and retention of employees. On the basis of this Policy and business assumptions, the Bank developed its HR Management Strategy to regulate all HR management areas including employment and remuneration.

The Bank Millennium Group attaches significant importance to HR Management quality, investing in both development and monitoring of this area.

Competences and attitudes represented by managers have decisive impact upon Staff management; hence the Bank attaches major importance to the quality of their work. The Bank takes a proper care for application of the best practices including, in particular, in the area of open and full communication with employees and provision of feedback to employees in their work quality. For several years, the programme „Managerial Academy” has been consistently implemented. Within the programme, in 2011 - 2013, managers participated in training courses to develop their leadership skills.

In the monitoring area, once a year employee satisfaction survey is conducted. Within the survey, several questions were defined to facilitate evaluation of managers' performance quality in terms of human resource management. Furthermore, in 2013 an additional survey was conducted in the Bank Millennium Group to verify, exclusively, quality of management. Results of both surveys were presented to the Management Board, managers and employees. On the basis of conclusions drawn from either survey, action plans for a consecutive period were prepared.

Appropriate image of the Bank as an employer has major impact upon HR policy effectiveness. The Bank Millennium Group has, for years, focused on building its image of attractive employer. Since 2003, the Bank Group has been an active participant in labour fairs addressing needs of students and graduates from prestigious universities throughout Poland, where the Bank promotes various development programmes addressed to these groups of recipients. Since 2002, the Bank has been conducting the management competence development programme „People Grow”. During 2 years of performance, the programme participants have been given an opportunity to learn about various areas of the Bank operation. In effect of the rotation system and „training on the job” approach, they gain experience in various organisational units. Graduate students and graduates can take part in Expert Start-Up programmes. To these programmes, we recruit persons with specific professional interests in risk, process management, IT, and electronic banking (for more information about these programmes see: Social Responsibility Report). Since 2013, the Bank increased its active presence in social media.

### VIII.2. Employment and costs of personnel

HR management effectiveness constitutes an important element of the Bank Millennium Group strategy. The Group monitors both individual personal cost line items as well as the level of FTEs, conducting, for many years now, a stable cost and employment level policy. Staff turnover is monitored and reported on current basis and exit interviews are conducted with persons leaving the Group. Employment level and effective use of resources are subject to verification against appropriate market benchmarks.

Employment in the Group (full time equivalent)	31.12.2014	31.12.2013	Change
Bank Millennium	5 770	5 541	229
- including key positions	132	129	3
Subsidiaries	338	340	-2
Bank Group	6 108	5 881	227

Employment in the Bank Millennium Group, as at the end of 2014, reached 6 108 full time equivalents i.e. increased, relative to the situation at the end of 2013, by 227 FTEs (i.e. by 4%). Bank Millennium is the largest employer in the Group with the total head count as at the end 2014 of 5 793 persons, an equivalent of 5 770 in terms of full time equivalents. Bank Millennium Group subsidiaries employed, at the end of the year, the total of 338 full time equivalents with the three companies Millennium Leasing, Millennium Dom Maklerski and Millennium TFI being the main contributors.

Employment in the Bank (full time equivalents)	31.12.2014	31.12.2013	Change
Branches and direct sales	3 909	3 692	217
Head Office	1 861	1 849	11
Total Bank Millennium	5 770	5 541	229

Employment structure in Bank Millennium demonstrates significant dominance of persons employed directly in sales of the Bank products and services including, primarily, in 423 Bank outlets located throughout the country.

The objective of the Bank Millennium Group remuneration policy is to ensure remuneration of employees adequate to currently performed tasks, their competences and scopes of responsibility. In particular, major weight is attached to proper levels of basic wage. Remuneration levels are verified on the basis of periodical performance assessment, potential evolution of the level of skills involved in performance of tasks of the organisation. Furthermore, payroll information presented in surveys of remuneration in the financial market is subject to analysis.

The total personnel costs in the Bank Millennium Group in 2014 and the preceding year were, as follows:

Personnel costs (in PLN mln)	2014	2013	Change (%)
Bank Millennium	507.6	509.8	-0.4%
Subsidiaries	39.4	37.1	6.2%
Total Bank Millennium Group	547.0	547.0	0.0%

### VIII.3. Remuneration policy

An important part of remuneration management in the Bank is the stand-alone policy of variable components of remuneration of persons in management positions in the meaning of Regulation of European Parliament and of the Council of 26 June 2013, which is a tool to support the Bank Millennium Group's management system and encourages particular attention to the Bank's long-term interest as well as avoiding excessive exposure to risk.

The aim of the policy is implemented by deferring a significant part of variable remuneration of persons in specific management positions for the period of three years and reassessing the effects of management decisions over this period. Moreover 50% of this remuneration is paid in financial instruments, the value of which depends on the future price of Bank Millennium shares.

Individual variable remuneration of persons embraced by the policy shall not exceed a defined % of the reference level (100%) with respect to total annual base salary what is according to CRD IV. Additionally, the total pool of money for variable components of the remuneration of Members of Management Board of Bank Millennium may not exceed a percentage (defined by the Supervisory Board) of consolidated net profit of Bank Millennium Group (2%).

The annual bonus pool for persons in management positions is awarded following prior analysis of the Bank's situation regarding:

- Actual business results and main efficiency and profitability ratios;
- Liquidity;
- Capital adequacy ratios.

The Policy of variable components of remuneration of persons in management positions has been revised by Supervisory Board of 24th October 2014.

Bank Millennium shall disclose on its internet site adjusted quantitative information concerning variable components of remuneration of persons in management positions after the meeting of Personnel Committee of Supervisory Board focused on evaluation of 2014 and granting of variable components of remuneration.

Remaining employees in 2014 were covered by bonus systems tailored to the business targets defined for individual units. The amount of bonus pool for quarterly calculation periods in individual units depends on attainment of positive financial results by the Bank as well as fulfilment of the total net profit plan of Bank Millennium Group.

Bonuses in the Bank's back-office units totalled on average approx. 1/5 of total annual remuneration. In bonus systems based on sales performance the amount of bonus is relatively more diversified, however it is assumed that the value of annual variable remuneration of the sales force may not exceed annual base salary. Base salaries of employees are subject to revision twice a year with reference in particular to work performance evaluation as well as market remuneration benchmarks.

Decision on granting variable remuneration referring to 2014 for Management Board is going to be taken by Personnel Committee of Supervisory Board after approval of Bank's results by Shareholding Meeting.