

# Sustainability Report 2005

L i f e   i n s p i r e s   u s



# Contents



5	Scope and approach	45	Products and services
6	Letter from the Chairman	45	Embracement
12	Millennium bcp	46	Trust
13	Vision and values	48	Credit
13	Vision	49	Project Finance and PPP
13	Mission	50	Socially responsible Asset Management
13	Business Principles	52	Quality
14	Brand: reaffirmation of values	55	A good place to work
16	Main facts about sustainability in each subsidiary of Millennium bcp	55	People management
18	Accomplishments and new ambitions	60	A family responsible company
18	Accomplishments	60	Equal opportunities
19	New ambitions	61	Working conditions
20	Relevance of sustainability	62	Social benefits
20	Our perspective of sustainability	66	Millennium bcp Microcredit
21	Functional model	68	Commitment to future generations
23	Adhesion to organizations of sustainability and social responsibility	70	Environmental commitment
24	Including sustainability	71	Environmental protocol with the IMAR/UNL
26	Dialogue with stakeholders	72	Use of natural resources
26	The Customer's Voice	73	Pollutant emissions
30	Communication	75	Environment protection
34	Commercial Communication	75	Adoption of the Equator Principles
34	Involvement culture	76	Sharing expertise and knowledge
36	Suppliers	76	Financial education
38	Rigour and transparency	76	Scholarships
38	Governance	77	Supporting education and research
39	Compliance	79	Commitment to Society
40	Audit	79	Promoting culture
42	Supervision and regulation	79	Supporting the community
43	Procedures	81	Sponsorships
		83	Heritage
		88	Summary of Indicators
		90	Geographical Presence
		92	Organizational Model
		93	Verification report by KPMG
		94	Millennium bcp GRI indicators
		98	Adequacy to UN Global Compact Principles





# Scope and approach

This is the first Sustainability Report of Millennium bcp<sup>1</sup>, lending continuity to the Social Responsibility Report published in 2004.

This report describes the activity of Millennium bcp in 2005 from a sustainability perspective, namely the long term vision and renovation capability of the Bank, whilst financial group, and the interaction with the community of which it is part, at an economic, social and environmental level.

With the objective of providing a systematic reading, the report is divided into chapters that combine the various themes as follows:

A first part dedicated to the description of the core values and the perspective of Millennium bcp regarding sustainability;

A second part in which the integration of sustainability into the activity of Millennium bcp and the interaction with the most relevant parts involved is reported;

A third part that discusses the intervention of Millennium bcp in the Society, in the environmental, social and cultural fields.

Although references are occasionally made regarding international operations, the report covers exclusively with the activity of Millennium bcp in Portugal<sup>2</sup>.

The combined reading of this report together with the remaining volumes that comprise the 2005 Annual Report and Accounts of Millennium bcp, will provide additional or more detailed information about the financial activity and the corporate governance model.

Considering the fact that there are no generally accepted Rules applicable to the elaboration of sustainability reports, the Board of Directors has defined criteria applicable to Millennium bcp. The criteria were also based on the guidelines defined by the Global Reporting Initiative.

With the exception of the environmental quantitative elements, and when expressly indicated in the report, the rest of the quantitative elements presented, as well as the information collecting and processing process were also, for the first time, subject to verification by KPMG in conformity with the principles defined by the ISAE 3000 (International Standard on Assurance Engagements 3000), so as to permit the establishment of benchmarks and to ensure the comparability of information for the following years. The verified data and indicators are identified with the symbols (🌐) and (🔍). The latter indicates the data compared with the financial statements of Millennium bcp for 2005. The Verification Report issued by KPMG is available on page 39.

The calculation and presentation of the environmental indicators included in the report were developed in collaboration with the Instituto do Mar (IMAR) – Faculdade de Ciências e Tecnologia of the Universidade Nova de Lisboa – within the context of the protocol established between Millennium bcp and this Institution, specialized in the environmental field.

The existing differences in the reporting of information with regards to the Social Responsibility Report published in 2004 are always, whenever they occur, appropriately highlighted and justified.

<sup>1</sup> Throughout this report, the use of the “Millennium bcp” brand is to be understood as a reference to Banco Comercial Português, S.A., or the group of companies that constitute the BCP Group, according to the respective context.

<sup>2</sup> The activity of Millennium bcp in Portugal represented about 90% 🌐 of the consolidated net income for 2005.





“

From 2004 onwards we began to report, in a systematic way, our policies regarding Sustainability and Social Responsibility. But these themes have always been present in the daily activity of the Bank since its foundation, being an integral part of the business culture that characterizes the way in which we interact with the various Stakeholders and with the whole Community.

Paulo Teixeira Pinto  
Chairman of Millennium bcp

## Letter from the Chairman

The progressive elimination of barriers – physical and conceptual – and the consequent acceleration in the pace of Globalization is a reality that provides new challenges for Society. The increase in competitiveness is not confined to the national context. It has acquired a universal character, in which companies, whilst global agents, take on a pivotal role. Whereas, on the one hand, an increase in competitiveness results in increased efficiency with adequate benefits for society; on the other hand, it reinforces the need for the mitigation of eventual asymmetries that result from the non-application of socially responsible practices, with respect for all the Stakeholders involved, who, in the long term, end up compromising the standard of living and the well-being of future generations. The more important leading role that the private economic agents have come to play grants them, as a result, a greater responsibility in the interaction and promotion of strategies that will confirm them as privileged vehicles in the contribution towards sustainable development on a global scale.

From 2004 onwards we began to report, in a systematic way, our policies regarding Sustainability and Social Responsibility. But these themes have always been present in the daily activity of the Bank since its foundation, being an integrant part of the business culture that characterizes the way in which we interact with the various Stakeholders and with the whole Community. We act with the conviction that, in addition to the mission of creation of wealth in a limited sense, the promotion and implementation of policies and strategies that contribute towards a sustainable development, from a long term perspective, in



opposition to the immediacy that could result from a mere logic of obtainment of personal profit in the short term, should also be included in the higher interests of companies. Only the focus on the return of operations, based on the excellence of products and services offered, on the primacy of competitiveness, of efficiency and of innovation, in combination with a long term vision and strategy, will allow the path of sustainable development to proceed, seeking to ensure conditions for its own existence and business continuity.

“Life inspires us” is more than an advertising cliché or a mere theme for a report. It represents, above all, an assertion of a business culture with which we identify ourselves, translated into a positive and cooperative attitude towards Life in all its plenitude and multiplicity. We consider sustainability as an exponent of this attitude, since it seeks to ensure the Bank’s assertion in the long term, for which it is vital that dialogue and cooperation result in benefits for all parties. We recognize, in particular, the responsibility that results from the relevance that Millennium bcp assumes in the business context of the markets in which it operates, which compels us to be a reference and, for example, contribute to influence positively our surroundings.

Far beyond legal requirements, our activity is governed by the observance of ethical principles and values that establish limits to the obtainment of mutual benefits in the relationship with the Stakeholders. The definition and consequent publication in 2005 of our Business Principles is an example that, by reinforcing the deontological code that we are bound to, establishes a benchmark in terms of the definition of criteria, as well as in the resolution of eventual doubts or conflicts of interest.

Still among the accomplishments of 2005, the launch in November, on the last day of the International Year of Microcredit, of an autonomous Microcredit network, in combination with other prestigious non-financial institutions that joined us in this initiative, should to be highlighted. More than a financial business, this network represents a service of excellence for entrepreneurs, not as a sponsorship or philanthropy activity, but in terms of providing support to viable projects, presented by whom, in the most needy sectors of the Community, is able to demonstrate competence and accomplishment capability.

The publication of the Sustainability Report, as an integrant part of the Annual Report, reaffirms the commitment and relevance that we attribute to it. This year, for the first time, the sustainability report is produced in accordance to the guidelines established by the Global Reporting Initiative because we consider this to be the most adequate benchmark to allow the comparability and consistency of the information presented, with the adequacy to the principles of the Global Compact of the United Nations (Communication on Progress), that we subscribed to in 2005, also being included.

Because we pursue a vocation for excellence, we do not rest on achieved results, but continuously seek perfection, of which this report is no exception. We are conscious, nevertheless, that there is always room for further improvement. As such, we present this report as a proposal for dialogue, directed to all those who wish to enhance the value of our vocation with their comments or suggestions.



A handwritten signature in black ink, appearing to be 'P. R.', located at the bottom right of the page.

GLOBAL  
FINANCE

"Best Foreign Exchange  
Bank and Provider"  
in Portugal

GLOBAL  
FINANCE

"Best Trade  
Finance Bank"  
in Portugal

GLOBAL  
FINANCE

"Best Consumer Internet  
Bank" in Portugal

GLOBAL  
FINANCE

"Best  
Corporate/Institutional  
Internet Bank"  
in Portugal

GLOBAL  
FINANCE

"Best Bill Payment  
and Presentment"  
in Europe

GLOBAL  
FINANCE

"Best Online Consumer  
Credit" in Europe

GLOBAL  
FINANCE

"Best Information Security  
Initiatives"  
Particulares in Europe

GLOBAL  
FINANCE

"Best Information Security  
Initiatives" Companies  
in Europe awarded to the  
site "millenniumbcp.pt"

## Awards received in 2005

**GLOBAL  
FINANCE**

"Best Investment Bank"  
in Portugal

The **Banker**

Major bank  
in Portugal

The **Banker**

"Bank of the Year"

**EUROMONEY**

"Best Private Banking"  
in Portugal

**EUROMONEY**

"European Real Toll Road  
Deal of the Year 2004"  
to Millennium bcp  
investimento



Category "Annual Reports"  
and "Best Front Cover"  
by the European  
Publications Grand Prix  
2005 awarded by the  
Federation of European  
Business Communicators



"Management Report",  
"Internal Communication  
Video" and "External  
Communication Campaign"  
by the Associação  
Portuguesa de Comunicação  
de Empresa

**PCGuia**  
The Future of your computer on-line

Best financial site  
by the 4th year in a row  
of "millenniumbcp.pt"  
by "PCGuia" magazine  
readers



# Millennium bcp

- 13 Vision and values
- 18 Accomplishments and new ambitions
- 20 Relevance of sustainability

# Vision and values

## The definition of our strategy implies the establishment of benchmarks and values that incorporate respect for all Stakeholders.

### Vision

Stand as a truly multi-domestic Bank with a supra-national identity, focused on the value creation in core businesses in markets with distinct profiles and to be internationally recognized for the excellence and innovation in the distribution of financial products and services.

### Mission

Create value for Customers through the offer of financial products and services of superior quality, complying with rigorous and high standards of conduct and corporate responsibility, growing with profitability and sustainability, so as to offer an attractive return to Shareholders, which justifies and reinforces the strategic autonomy and corporate identity.

These constitute the vectors of the current activity of Millennium bcp, which also support an ascending trajectory of the global performance of the institution.

In this trajectory of increasing value, we clearly recognize the importance attributed to the interdependence relations with the social players and the need to ensure a sustainable use of the main resources. This is the commitment we assume with the future generations.

### Business Principles

In addition to the several codes and internal regulations, we defined and implemented, in 2005, a benchmark of guidelines, across the whole organization, which establish a combination of ethical values and principles to be observed in the relationship with the Stakeholders.

This combination of Principles, which complements the Deontological Code and the Compliance Manual, was the object of ample communication, internally and externally (available on the institutional web site), with the objective of clarifying the essential combination of values that characterize us, reaffirming our commitment towards acting in conformity with the ten principles of the Global Compact of the United Nations, which we have subscribed to in May 2005.

They also intend to be a guiding benchmark in our interdependent relationship with the stakeholders, namely:

**Customers** – attend, understand, exceed expectations and establish relationships based on mutual trust;

**Employees** – regarded as the most important asset of the Bank. Promote responsibility, enhancement and acquisition of competences, with respect for personal and family well-being, contributing towards the fulfilment of each employee;



**Business partners** – establish long-lasting relationships based on trust, responsibility and mutual benefit. Promote dialogue and cooperation, in the dissemination and introduction of sustainability criteria;

**Investors** – foster stable relations, based on equilibrium and on the creation of long-term value. Permanent evaluation of performance, seeking new business trends and opportunities and the transparency in the information that is released;

**Environment** – contribute towards the public interest and the development of projects that serve the Community, transforming the impacts that result from our activity into a positive contribution for environmental quality.

### **Brand: reaffirmation of values**

The recent history of the Bank is marked by the introduction of the Millennium bcp brand, at the end of 2003. This change was assumed as a reFOUNDATION project, focusing on the life of its Customers, mobilizing the energy of all the Employees and concentrating corporate attitude on the service and sharing of benefits with the Customer. The intention was for the single brand to not only combine the different previous autonomous identities, but to surpass them and to project in the future the desire to do more and better; through an integrated programme.

The introduction of the Millennium bcp brand thus represented the culminating phase of a process that was formally initiated with the implementation of the new Commercial Model at the end of 2001, but that had already been set in motion with the merger by the incorporation of Atlântico, Banco Mello and SottoMayor into BCP, in 2000. The objective was to establish a more effective practice, free of duplications and redundancies, which bestowed priority on quality and the satisfaction of Customers, shifting the focus from the four autonomous brands towards the more decisive reality of the commercial activity – the segments.

The choice of the word Millennium originated from its intelligibility in various languages and its expression of universality. The name is timeless, transmitting grandeur and ambition. The principles conveyed by the new brand – solidity, credibility, effectiveness, quality, dynamism, modernity, innovation, boldness, ambition, vision of the future and success – result in it being seen as greater than the sum of the four previous brands of the Bank.

It is based on these attributes that the Values of the brand are merged: Dedication to the Customer (recognize and surpass the expectations and needs of the Customers); Excellence (demand for high quality in the provision of services and in the offer of products); Innovation (a market reference for the difference and boldness of its innovative proposals); and Trust (the activity of Millennium bcp and its Employees is ruled by regard to high ethical standards and responsibility).

The results in terms of receptiveness and efficacy of the communication of the new brand, measured – by specialized companies – by its impact on public opinion, have been very positive<sup>1</sup>. In fact, today, the real dimension of the Bank is more visible to Customers and non-Customers and that constitutes a renewed strength in capturing business and it is an appreciated factor in terms of service satisfaction.

<sup>1</sup> According to the last available data from Basef (2<sup>nd</sup> wave of 2005), a recurring study about the Portuguese banking sector carried out by Marktest, 2,186 million Customers indicate Millennium bcp as their bank, being that the Millennium bcp brand occupies the number one ranking in terms of image attributes in connection with the most innovative bank.

Millennium bcp has more contact spots with Customers and its public recognition has risen significantly.

The Bank's forms of communication, divided between each of the historic brands, represented a stock of interesting memories but scarce in terms of its actual position in the market. Today, the results in terms of advertising recollection grant Millennium bcp the status of market leader, which is a first step towards increasing market share, which is already felt in businesses such as Customers' resources and mortgage loans.

The adoption of the single brand permitted the effectiveness<sup>2</sup> of the Bank's communicational activity to be increased, contributing towards its growing notoriety and the reinforcement of the degree of trust of Customers<sup>3</sup>. 2005 was marked by a combination of initiatives that allowed Millennium bcp to continue to be seen as a pioneer brand in Portugal.

Adopting the institutional slogan "Life inspires us", is intended to be coherent not only in terms of Society demands, but also with its past and with the brand programme with which it has entered in the market in 1986: the Customer as the reason for being of the Bank.



<sup>2</sup> Provides the opportunity for permanent annual savings of 8 to 9 million Euros in advertising and communication costs. In 2004 and 2005, the estimated value for these items was 28% less than the value spent in 2003, in spite of a more effective promotion having been carried out.

<sup>3</sup> In September 2005, 1,091,000 Customers had 4 or more Millennium bcp products, which represents an increase of 3.5% in relation to the end of September 2004. Of the Bank's total customer base, 40.6% had 4 or more products, in comparison with 38.7% in September 2004.



## EUA and CANADA

bcppbank

- **We Care – Tsunami Relief Effort** – one of the first televised fundraising events to be held in favor of the Tsunami victims, which resulted from the combined efforts of bcpbank employees, media, local officials and members of the community.
- **Katrina Relief Effort** – bcpbank yet again brought together the effort and commitment of employees, media channels, dignitaries and esteemed members of the community for another fundraising initiative.
- **Prince Henry Society of Massachusetts** – association to preserve the contribution of the Portuguese in America and promote the cultural, economic, educational and social betterment of persons of Portuguese descent. The Prince Henry Society and bcpbank sponsored an event to raise money for their scholarship program.
- **University of Toronto Portuguese Association and York University Portuguese Association** – bcpbank donated funds and volunteers in order that the University of Toronto Portuguese Association and the York University Portuguese Association could award scholarships to students of Portuguese descent entering or attending a post-secondary education institution.
- **Project Diploma** – to make higher education more prevalent in the Portuguese-Canadian Community. bcpbank is the only Financial Institution supporting this organization, by attributing annual sponsorship and internship programs.
- **On Your Mark** – a program developed by the Working Women Community Centre and supported by bcpbank and the Mayor of Toronto. The program provides one-to-one and small group tutoring for students in elementary and high school.
- **Sponsorship of the PALCUS (Portuguese American Leadership Council) 9<sup>th</sup> Annual Gala**. PALCUS is a leading organization dedicated to the professional advancement of the Portuguese-American Community at large.
- The cooperation between bcpbank, **FPCBP (Federation of Portuguese Canadian Business and Professionals)** and the **PACCNJ (Portuguese American Chamber of Commerce of New Jersey)** goes far beyond the financial support including the participation of several bcpbank employees in the Executive Committee and Board of Directors of such Organizations. FPCBP also offers the largest and oldest scholarship program in the Portuguese Canadian Community.



## POLAND

Bank Millennium

- Support to the **Millennium Pearls** (“Perły Millennium”) TV program – whose purpose is to produce, promote and present high culture artistic events on Polish TV.
- Support of the **Golden Sceptre** (“Złote Berło”), one of the most important art awards in Poland granted to the authors of the greatest importance for national culture.
- Cooperation with the **“Understanding without Barriers”** (“Porozumienie bez barier”) Foundation, which grants scholarships each year to exceptionally talented children from poor families living and studying in small cities and villages.
- Support to the **Red Rose Association** (“Czerwonej Róży”) in organizing the contest for the best student and the best science club has been organized in Gdansk for over forty years.
- Sponsorship of the Polish edition of the **“Euromanager”** management contest.
- **Donation computers** to schools, orphanages, social assistance units and education centers cooperating with the Friends of Children Association in Gdynia to enable computer literacy courses and other education programs for poor neighborhoods. The Bank has donated 200 computer workstations for this purpose.
- Donation of funds to allow the development and modernization program of the **Orphanage in Szczytno**.
- Support of the **Ex Amino Foundation** program for the prevention, treatment and care of children with neoplasms.



## TURKEY

BankEuropa

- Support given to a project where a total of **2.000 books** and **9.000 publications** have been dispatched to a total of 90 Universities and NGOs throughout the country.
- Donation made by the Bank to **Bilgi University** in Istanbul for a project facilitating the cultural exchanges between Turkish and Greek students.



## GREECE

NovaBank

- Support of the 2<sup>nd</sup> Convention of the **Bureau of Education in Athens**, focused on the importance of education, best teaching techniques, the correct way to prepare students for their exams and the recent advancements in teaching techniques.
- Sponsorship of the Armenian Community **Open Day**, the pinnacle of the year's Armenian community events, keeping alive the Armenian culture and giving to non-Armenians the opportunity to get in touch with a very interesting cultural inheritance.
- Sponsorship of the **volleyball team** of the 40<sup>th</sup> high school of Athens, which has repeatedly received awards in the National Greek Championship.
- Sponsorship of the **American Farm School Charity Gala**, which is considered the most prestigious event of Thessaloniki's social life, in order to support the School's Scholarship Program that provides tuition scholarships for about 250 students.
- Support given to the **Lycabettus Boy-scouts summer educational program** by covering the expenses of children who did not have the financial means to afford this travel, allowing them to take part in that unique training program.
- Sponsorship of the Christmas concerts of the **Philharmonic orchestra of Heraklion**, the capital of Crete Island.
- Support of the **Hermes Association of Parents, Guardians and Friends of People with Special needs**, which aims at providing treatment, education and social rehabilitation of handicapped children and young people.
- Active participation in the fund-raising efforts of **Unicef**, by a special NovaBank account that appears in all Unicef tele-marathons, as well as by the combined efforts of NovaBank employees to promote the cause of Unicef through all NovaBank branches, via in-branch advertising (on a no-cost basis) and sale of Unicef merchandize.
- Donations to the **charitable organization "Ariadne's Skein"**, which provides community support and training for the education of children with autistic disorders.
- Donation of educational tools and equipment to the school (PCs, books etc.), in order to support the **Greek young generation in Turkey** and help keeping alive this historic educational foundation.

## FRANCE

Banque BCP

- The Portuguese Embassy promotes a contest on a yearly basis, to offer **scholarships** to the best-graded students, with Banque BCP support. This contest is directed towards Portuguese students that live in France.
- Sponsorship of the awards granted by **ACEP – Association Culturelle pour les Études Portugaises** – to the best-graded students in the Portuguese class. In 2005 approximately 100 students have received this award.
- On the cultural field, Banque BCP supports the **Saint's Celebrations**, which are organised by Rádio Alfa every year. These events are extremely important for the Portuguese Communities that live in France.

## MOZAMBIQUE

BJM

- Support to the **Mozambican Red Cross** in the assistance to the populations.
- Support to Mozambican Television in the in setting up a **charity event to help orphan children**.
- Support to the **"Criança Nosso Futuro" Campaign**, promoted by the Cabinet of the Mozambican President's wife.
- Donation of **school material to classes of Maputo and Gaza**, donation of computers and printers to three basic schools.
- Organization of the **Photography National Contest "Dr. Lima Félix"**.
- Donation of 10 wheel chairs to **ADEMO – Associação dos Deficientes Moçambicanos**.



# Accomplishments and new ambitions

To recognize what has been achieved and constantly seek new challenges reinforces the focus on the creation of value and on the perpetuity of institutions.

## Accomplishments

The year 2005 cannot be dissociated from the intensification of the process of refoundation of the Bank, having materialized mostly in the definition and implementation of a new organizational model of Millennium bcp. In the wake of this process, the explicit definition of a sustainability strategy is presented, consistent with the objective of profit maximization, with respect for the future generations and in line with the business strategy and foundational principles of the institution: Ethics and Responsibility, Vocation for Excellence, Focus on the Customer, Trust and Respect for people and institutions.

During the course of the year it was possible to accomplish almost all of the planned initiatives, namely the adoption and internal disclosure of the Business Principles; the protocol with the Instituto do Mar (IMAR) in collaboration with the Universidade Nova de Lisboa, with the objective of conducting an environmental analysis of the activity of Millennium bcp, which is still being conducted; the adhesion to a set of initiatives, at the national and international level, for the promotion of practices in favour of sustainable development, as well as the publication of performance indicators in this field. Among the latter, at the international initiatives level, we underline the adhesions to the Global Reporting Initiative, UN Global Compact, and World Business Council for Sustainable Development and the Equator Principles.

A combination of supports and sponsorships of significant expression were also granted to a multiplicity of institutions and organizations that are active in several sectors of society, confirming Millennium bcp as one of the leading national Maecenas.

This combination of achievements accomplished during 2005, resulted essentially in the consolidation of an organizational culture, recognized and practiced by all, building a transversal practice of concern with the Whole in the pursuit of the objective of wealth creation.

The launch, in November 2005, of an autonomous business area, specialized in micro credit – Millennium bcp Microcrédito – represents one of the most relevant accomplishments, contributing towards the reintegration of population sectors most at risk of exclusion and towards the effort of creation of a new dynamic in Portugal that stimulates social and economic development, through the creation of favourable conditions for innovation and the growing dynamism of the corporate segment.

Still directly connected with the provision of services and the marketing of financial products activity, and reinforcing the commitments assumed within the context of the Bank's sustainability strategy, more than



ten support and financing protocols for research and development and the promotion of education, with several schools of secondary and higher education, were celebrated.

It is also important to mention the active participation in the launch of the Project Aprender a Empreender – Associação de Jovens Empreendedores de Portugal, of which the Bank is one of the founding members, reaffirming the commitment of Millennium bcp towards the new generations.

### **New ambitions**

In spite of the long way that has already been covered, Millennium bcp has the ambition of doing much more in the Sustainability field. The year of 2006 will be a new starting point for new accomplishments. There are several initiatives, already underway or which shall be launched soon, which will allow reaching to a new standard in this field.

Without trying to make an extensive presentation, it is worthwhile to refer to the most significant vectors of the intervention of Millennium bcp, projected for 2006:

Micro credit – consolidation of the Micro credit operation;

Contribution towards the construction of the information society – continue the efforts of integration and efficiency of the means of remote contact, made available to Customers;

Customer Service – reinforcement of the confidentiality and security of Customers data and access forms, based on the best security systems available. In 2006, a secure authentication system will be implemented, representing a significant advance in relation to the current systems;

Quality – conclusion of the project of quality certification in accordance with the ISO 9001 Standards, which will enable to concentrate into one Single Quality Management Integrated System the focus of the perceived quality by the Customers, the attention to satisfaction and motivation of Employees and the search for operating excellence;

Training – reinforce the context and scope of the training directed towards Employees, namely in connection with the e-learning platform;

Suppliers – definition of principles for suppliers, having as reference the principles of the Global Compact of the United Nations;

Society – continuation of the relevant action of Millennium bcp in the society, at cultural, social and patronage levels, as well as promoting volunteer actions;

Environment – development of the environmental policy of Millennium bcp, following up the environmental diagnostic, in progress.



# Relevance of sustainability

## Sustainability understood as a competitive advantage in the midst of an increasingly informed society.

### Our perspective of sustainability

For Millennium bcp, sustainability means ensuring the continuation of the company in the long term, through a culture of excellence, promoting the balance between the Economic and financial, the Social and the Environmental pillars (triple bottom line). Millennium bcp has been pursuing this path with the conviction that it represents an added value for the organization and for all the Stakeholders, thus contributing towards the sustainable development of Society.

More than a mere demand imposed by market dynamics, sustainability stands as a factor of strategic differentiation and an imperative of the continuity of organizations in the long run, which can provide better living standards for people in and outside the company, positively influencing the profitability of the company in the long term.

It is about reconciling the interests of the shareholders with those of the remaining Stakeholders, always having in mind that wealth generation is the first objective of companies. Sustainability is not seen as an obstacle, but rather as an opportunity of anticipating and analysing issues that may arise in the long term, thus retrieving a competitive advantage from the process.

The financial institutions are privileged vehicles in the promotion and dissemination of sustainability practices to other sectors of society, as a consequence of their financial intermediation activity, indirectly exercising a relevant transversal impact on economic activity in general. It is through this indirect approach, by introducing sustainability criteria into the conception of financial products, that a financial institution will be able to provide a greater contribution to a progressively fairer and more socially responsible society, based on an ecologically balanced development and with respect for the fundamental values of Man.

In contrast, the direct impact resulting from the operating activity of the financial institutions has, comparatively, a limited expression, from the social, as well as environmental, point of view. This fact does not constitute an argument so as to be belittled at Millennium bcp, on the contrary. The social pillar has always been considered essential in the evolution of the Bank, with the management of the Employees and the interaction with Society, assuming a prominent relevance in the chain of values that characterizes Millennium bcp.

The implementation of sustainability strategies means the identification and management of risks from a long-term perspective, with a focus on profitability and on the perpetuity of the company. This perspective will only be completed if it includes the analysis and reflection of the risks that derive from the interaction with the surroundings, namely in the social and environmental fields. As such, it is essential that a culture of affirmation of principles and values is assimilated, establishing benchmarks in the



relationship with the Stakeholders, which should be based on dialogue and on sharing experiences for the resolution of issues.

The relationship with Stakeholders must be cooperative and based on essential vectors:

Excellence in the dedication and offer of products and services to Customers, promoting innovation and creativity, but preserving the traditional values of trust and security;

Focus on corporate governance and on the promotion of transparency in the practices and standards of conduct with Stakeholders;

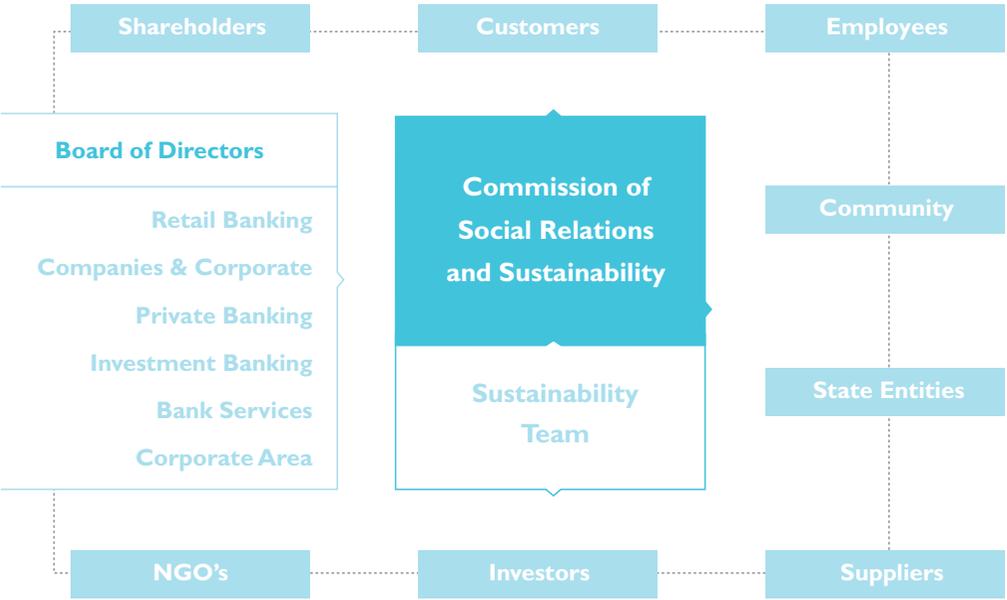
Protection and defence of the minority shareholders' interests;

Motivation of employees and retention of talents.

**Functional model**

The internal organizational structure of a company reflects the way in which it faces issues and how it relates with its surroundings.

The incorporation of sustainability in Millennium bcp's organizational structure, assumes a transversal scope, with direct dependence from the Chairmain of the Board of Directors, reinforcing sustainability importance in the midst of the organization.



Thus, in the organizational model implemented in 2005, the Commission of Social Relations and Sustainability was created, being coordinated by the Chairman of the Board of Directors and also includes a Deputy Chairman of the Board of Directors, as well as responsible from the different areas, depending on the nature of the issues to be addressed.

The Commission of Social Relations and Sustainability is responsible for the definition and coordination of the Bank's sustainability policy. It is structured into four sub commissions, defined in accordance with the respective areas of specialization:

Social Relations;  
Sponsorships and Patronage;  
Sustainability;  
Consumer Protection.

A Sustainability Team was settled, reporting directly to the sub commission of Sustainability, which establishes the relation with the various areas of the Bank for the implementation and follow-up of the directives that arise from the sub commission.

The Sustainability Team is also responsible for the coordination of the eventual intervention of consultants and other external entities, with which contracts or protocols of cooperation in connection with specific aspects of the sustainability strategy of Millennium bcp are settled.

The way the Bank has coped with sustainability will be strengthened with the changes to the internal structure of the organization that the Board of Directors is going to propose for approval at the Shareholders General Meeting on March 13, 2006. The changes fall within the context of the new corporate governance model, characterized by a dualist Bank government structure, with the "Executive Board of Directors" being in charge of management functions and the "General Supervision Board" being responsible for the functions of supervision and control.

In this context, the supervision of the sustained development and social responsibility strategy, as well as its correct implementation by the Bank, will be carried out by this last body, assisted by one of its delegate commission – the Specialized Commission of Sustainability and Corporate Governance – which will also be responsible for the follow-up and evaluation of the corporate governance policy and the eventual situations of conflict of interests, in accordance with the principles of ethics and good conduct that the Bank complies with.

The new Commission of Social Responsibility will be responsible for the permanent management of the matters related to Social Relations and Sponsorships and patronage, which report directly to the Executive Board of Directors.

A Commission of Stakeholders will also be created, reporting directly to the Executive Board of Directors, where all the main Stakeholders of the Bank will be represented, namely the customers, the shareholders, the suppliers, the employees and the Universities, the latter whilst true partners of the Bank in the initial training and throughout the professional life of the employees.

## **Adhesion to organizations of sustainability and social responsibility**

The establishment of internationally recognized benchmarks and standards, to define paths and mark out activities is a crucial aspect for entities that, like Millennium bcp, promote a culture of responsibility and excellence in all dimensions of their activity.

Millennium bcp participates actively in a number of organizations and initiatives of reference in terms of sustainability and social responsibility, also contributing towards the promotion and dissemination of this theme.

At the international level, Millennium bcp has joined the most relevant organizations and initiatives, namely:

Global Compact of the United Nations – the Global Compact seeks to contribute towards the construction of a more sustainable global market through the sharing of values that allow the poorer and more vulnerable populations to have access to opportunities, by asking adherent companies to adopt, support and promote in their scope of influence a combination of key values in the fields of Human Rights, Labor Regulations, the Environment and the Fight against Corruption. The Principles of Global Compact derive from a combination of Fundamental Principles such as the Universal Declaration of Human Rights, the Declaration of the International Organization of Labor about Fundamental Principles and Rights at Work, the Declaration of Rio about the Environment and the Development and the Convention of the United Nations Against Corruption.

GRI – the Global Reporting Initiative is currently a centre of official cooperation of the UNEP, also working in collaboration with the Secretary-General of the United Nations, through the UN Global Compact. The mission of the Global Reporting Initiative consists of developing and disseminating throughout the world the guidelines that are most adequate for the elaboration of sustainability reports.

WBCSD – The World Business Council for Sustainable Development is an association of more than 180 international companies gathered together with the commitment of ensuring sustainable development based on three pillars: economic growth, respect for the environment and social progress.

Among the national organizations, the following participations are highlighted:

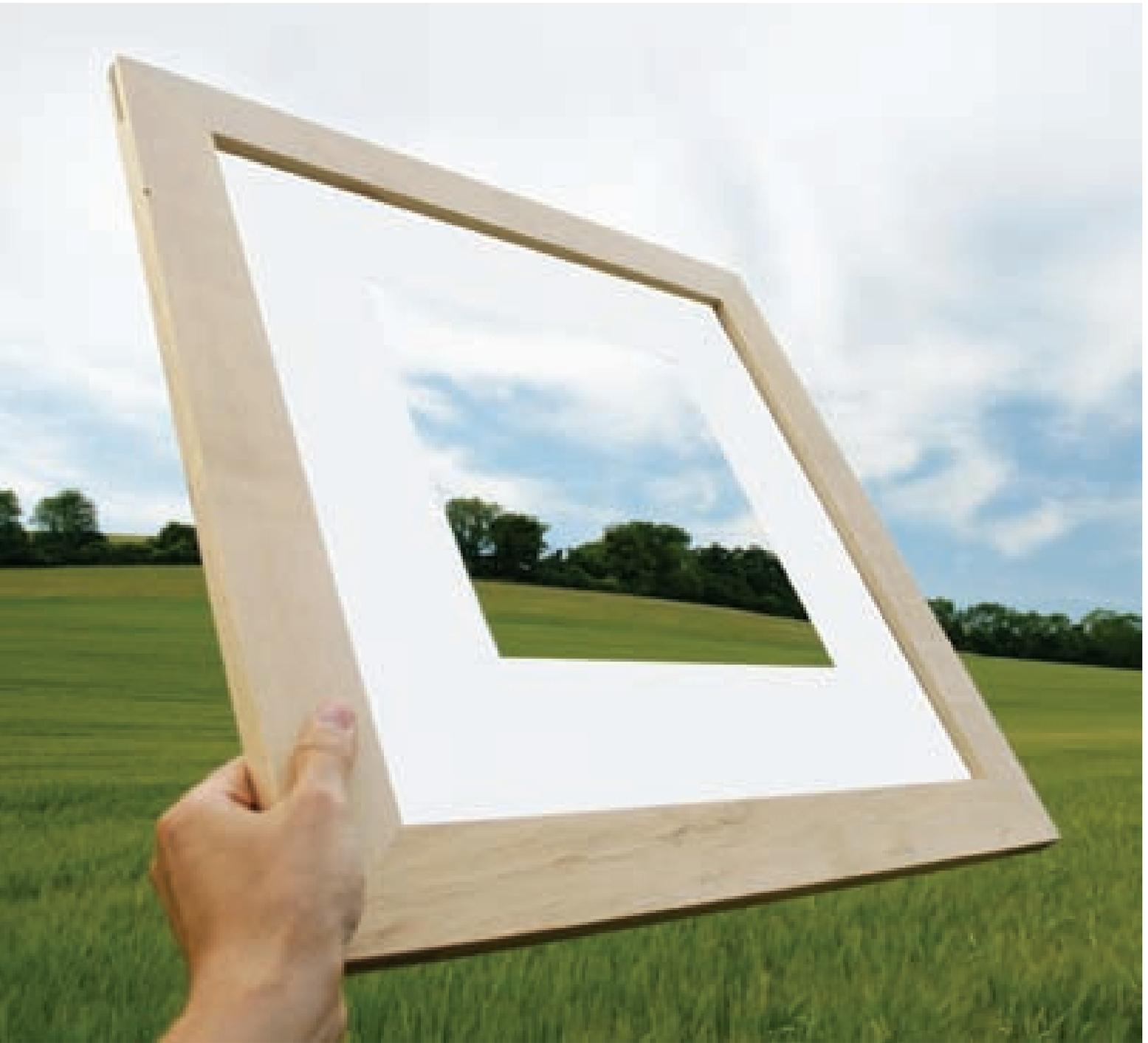
RSE Portugal – It is an association of companies and for companies, with connections to CSR Europe, whose objectives are to be a national reference in the area of social responsibility of companies to promote to companies with socially responsible practices and promote, encourage and disseminate projects of social responsibility of companies, at a national and European level.

BCSD Portugal – The Business Council for Sustainable Development is a non-profit association with the mission of transposing to the national plan the guiding principles of the WBCSD. The main objective of BCSD Portugal is to contribute so that business leadership becomes a catalyst of change towards sustainable development and to promote in companies eco-efficiency, innovation and social responsibility.



# Including sustainability

- 26 Dialogue with stakeholders
- 38 Rigour and transparency
- 45 Products and services
- 55 A good place to work
- 66 Millennium bcp Microcredit



# Dialogue with stakeholders

To recognize, know how to listen and communicate – establish a dialogue with all the Stakeholders – is essential to create, improve, evolve and persist.



## The Customer's Voice

Providing services to Customers goes far beyond the important objective of offering high-quality products and services. It is fundamental to listen to what Customers have to say, to create conditions for them to come to the Bank, enabling the Customer to contact the Bank throughout multiple forms. Listening to the Customer's Voice, a suggestion, a compliment or a mere request for information. Ensuring that this dialogue continues, inferring consequences from each contact, means simply obtaining the required raw material to allow for the improvement of processes, the correction of attitudes and the innovation in products and services.

## Contact Centre: a centre of excellence in attendance

Seeking to ensure a specific channel to promote dialogue with Customers, Millennium bcp created

the Contact Centre. This area aims to reinforce the convenience and availability of the Bank in its service to the Customer; to react, immediately when possible, to the requests, issues or problems of Customers and comply with the expected level of service.

The Contact Centre comprises the various remote-banking channels, namely Internet banking, mobile banking, automatic telephone answering and personalized telephone answering, directed towards Customer advice and support.

This platform provides an extremely relevant service within the context of Customer relations, creating conditions for the Customer to carry out operations, check the financial balance and maintain the relationship with the Bank in a comfortable, autonomous manner and with maximum efficiency.

## Pioneers in Customer relations

The history of the Contact Centre cannot be dissociated from the path of innovation portrayed by Millennium bcp, pioneer in the launch of a home banking service in 1989 and in the launch of the first direct Bank in Portugal in 1994, with telephone access 24 hours per day. In 1997 the first Internet banking service for private individuals emerged and the service for companies followed in 2001. In that same year the first banking service via SMS was launched, followed two years later by the launch of the first Bank access service via PDA. In 1993, the complaints management service was set up, a back-office service with no direct contact with customers, which received the complaints of Customers via a telephone answering service and from bank branches. In 2003 the personalized telephone answering service began to have a vocation more oriented towards helping and assisting the customer by seeking to clarify, at the initial contact, the doubts and problems that resulted from the Customer's relationship with the Bank. In order to ensure a service of excellence, Employees of the Bank with experience in complaints management and with diverse knowledge regarding products, who received specific training in communication techniques and products, and to whom were given competences through a decision matrix which allows them to solve the majority of issues at the first contact.

The purpose of Millennium bcp is to do things well at the first time since that generates trust and satisfaction from the Customers. However, problems or doubts in the Customer's relationship with the Bank may occur occasionally, and when that happens, the Contact Centre is the service responsible for managing the problem of the Customer in an efficient way. Each contact is seen as an opportunity to correct mistakes, gain the trust and satisfy the needs of the Customers. In addition to a timely response, the flow of the information within the organization is assured, allowing the causes of the potential problems to be identified and the respective solutions to be implemented rapidly and effectively.

The sharing of information with other areas of contact with Customers, namely the branches, allows the person that is attending, regardless of the means used, to know at any time the doubts, the reasons for dissatisfaction or the eventual problems presented by the Bank's Customer, and to analyze the measures that were, in the meantime, adopted.

There are four units of support for the areas of Customer contact, (i) Planning and Quality, (ii)

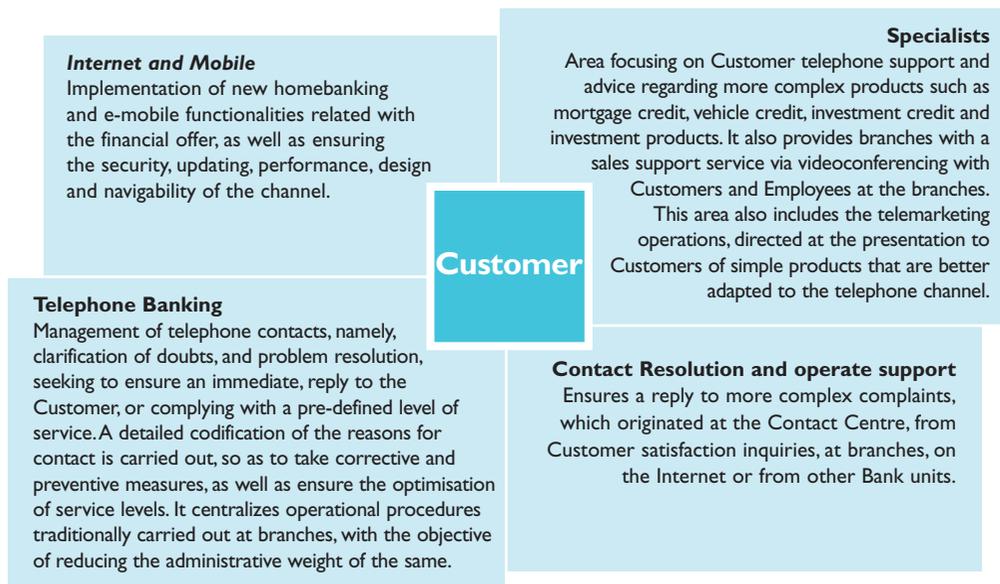
Communication and Commercial Fostering, (iii) Application Management and New Projects and (iv) Non-Financial Offer. These units ensure the planning, control, technical infrastructure and the commercial promotion of the financial and non-financial offers.

The conception and functioning of the remote banking channels of Millennium bcp are based on five fundamental pillars:

**Innovation** – the Bank has developed innovative services, aiming at improving the offer and facilitating the day-to-day of Customers, such as for example the offer of digital extracts, the possibility of checks' visualization through the Internet banking service and the activation of alerts through SMS;

**Security** – access to any of the remote banking channels is carried out through a single access code – the multi-channel code. As a complement, other data is requested, thus reinforcing the security for the Customer. Whenever the Customer wishes to carry out transactions in connection with his financial balance/assets a confirmation key is also requested;

## Customer contact areas



**Availability** – the remote-banking channels allow, in an integrated way, the Customer to contact the Bank 24 hours per day, over 365 days a year. Considering that the availability of Internet banking is one of the key satisfaction factors of users, this service is permanently monitored by an external company, having been repeatedly referred to as the best available Internet banking service in Portugal;

**Savings** – in the operations carried out through the automatic channels, Customers benefit from discounts that may reach 100%, compared to the price in the personalised attendance channels;

**Convenience and Speed** – Customers easily and speedily access the Bank, where, when and in whatever way is more convenient for them.

The uniformity at the communication level, the maturity of technical knowledge and the capability of satisfying and increasing Customer loyalty, constitute the guiding principles of the Contact Centre. Through the Communication Quality Programme, which comprises approximately 140 telephone service assistants, in a continuous and systematic manner;

#### Contact Centre activity

	2005	2004
Total contacts:		
registered	69,942	58,376
solved	70,094	57,287
Resolution performance:		
Within 3 days	46,818	37,126
4 to 7 days	9,707	8,292
More than 7 days	13,569	11,869

#### Resolution performance: doubts/problems in 2005

	Registered	Resolved
Clarifications	13,397	13,178
Dissatisfaction	6,660	6,443
Considered errors	5,045	5,031
Verified errors	1,161	1,159
<b>Total</b>	<b>26,263</b>	<b>25,811</b>

the Contact Centre seeks to attain that strategic objective.

#### Ombudsman

The Ombudsman is an independent entity whose most important mission is to defend and promote the legitimate rights, guarantees

#### The evaluation made by the Customers

The figures on Customer satisfaction make the services provided by the Contact Centre as a quality reference in Millennium bcp, contributing decisively to an increase in customer loyalty and in the index of Customer satisfaction with the Bank.

##### Inquiry Query regarding Customer satisfaction (December 2005) – telephone service:

89% of users are satisfied or very satisfied with personalized attendance

88% are satisfied or very satisfied with the automatic attendance

92% of the customers that reported a problem to the Contact Centre are reasonably or completely satisfied with the actions taken for the resolution of the problem

##### Inquiry regarding Customer satisfaction (September 2005) – Internet Banking for private individuals:

95% of users are globally satisfied or very satisfied

97% intend to continue using the service

93% recommend the service to family or friends

of the Customers that use other Internet Banking services, 72% prefer the service offered by Millennium bcp

##### Inquiry regarding Customer satisfaction (November 2005) - Internet Banking for companies:

97% of Customers are satisfied or very satisfied with the service

and interests of Customers, in their relationship with Millennium bcp. The Ombudsman activity is disciplined by a set of regulations – Ombudsman’s Regulations –, based on the principles of impartiality, speed, gratuity and confidentiality.

The Ombudsman is available to all Customers of Millennium bcp, being also responsible for the analysis of complaints in connection with the activity of Millennium bcp Fortis and Banco de Investimento Imobiliário. In the case of a prior denial, by the Bank, regarding a Customer’s request, Customers have recourse to the Ombudsman who, in case the recourse is granted, formulates the pertinent recommendation for the Board of Directors.

In 2005 the Ombudsman completed the appreciation of 55 🌐 appeals, with an average resolution time of 14 🌐 days per process.

### Millennium bcp Meetings

With the aim of analysing more carefully the commercial relations with Customers, Millennium bcp has, since 2003, held, on a regular basis, the Millennium bcp Meetings in all the districts of the country, with the objective, among others, of reinforcing the presence of the Bank in the region. They constitute a privileged moment of dialogue with the Stakeholders, namely local Authorities and Customers, but also with Shareholders, potential investors, the Media and the whole Community. This initiative provides the Stakeholders, the opportunity of exposing their opinions and to ask their questions directly to the Chairman of the Board of Directors of Millennium bcp. The presence of representatives of Public Institutions and important personalities of the region turn these meetings into valuable forums of regional debate and of the analysis of issues and opportunities in the district.

The programme of the Meetings includes interventions from the Chairman of the Board of Directors of the Bank, from a top manager of the Bank that analyses the activity

of Millennium bcp in the district, from a guest Professor of the Universidade Católica Portuguesa who presents an analysis of the region’s economy and, finally, from the Coordinating Director of the branches involved, who presents the global offer of the Bank in the region, after which there is time for debate. Other members of the Board of Directors of Millennium bcp also take part of these meetings, being available to answer and clarify specific issues raised during the debate.

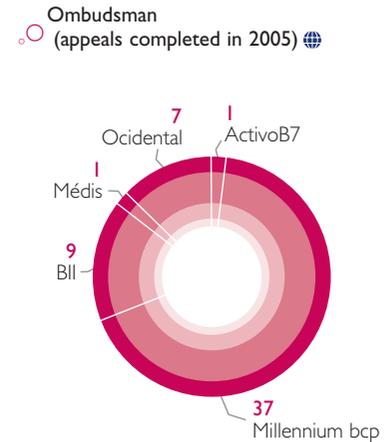
### Millennium bcp Meetings in 2005

- Setúbal (300 participants)
- Castelo Branco (450 participants)
- Bragança (400 participants)
- Madeira (400 participants)
- Açores (350 participants)
- Total: 1800 participants**

### Consumer Associations

Given its strong focus on consumer protection, Millennium bcp is a privileged spokesman for Consumer Associations, who seek to obtain detailed information about the Bank’s offer; to conduct a comparative analysis of the market.

Millennium bcp responds to all enquiries sent by Consumer Associations. The information sent by Millennium bcp is later analysed by technical teams from the Consumer Associations who publish it in their magazines. The studies have, quite often, impact in the Media. It is necessary to supply the solicited data in a clear, understandable and rapid way. The updating



of information is equally important so as to ensure the veracity, as well as correct interpretation, of the data.

**Consumer Associations enquiries replied**

	2005 	2004
Number of Enquiries	106	73
Average reply time (days)	7	3

**Communication**

**Investors**

Millennium bcp, through its Investors Relations, maintains a regular relationship with private and institutional, national and international, investors, financial analysts that cover BCP shares on the stock exchange, Euronext and market authorities such as the C.M.V.M., ensuring the immediate and transparent communication of facts and events related to the economic and financial situation of the Bank, that may have an effect on the valuation of the shares and the share price.

In this relationship, Millennium bcp complies with rigorous principles, among which are the speed of communication of information, the transparency in the presentation of its content and fair treatment of all investors and of the market in general, so as to ensure the effective defence of the interests of all the parties, and potentially interested parties. As such, various complementary communication channels are used, such as the Internet sites of the C.M.V.M., of the Euronext and of Millennium bcp, and additional disclosure through a mailing to all investors and institutional analysts that solicited their enrollment on that list.

In the relationship with Investors and the Financial Community in general, Millennium bcp ensures several moments of dialogue and disclosure of information that includes the quarterly publication of the Bank's results, the preparation and provision of information relative to various events (relevant facts and press releases), such as divestments, acquisitions, investment plans, significant deals, changes in the Bank's net assets, or changes in significant modifications in Shareholders positions.

**Main interventions in 2005**

Four presentations of quarterly results, with emphasis on the presentation regarding the closing of accounts for 2004, which was also marked by the announcement of the appointment of the new President of the Board of Directors.

Involvement in the presentation of the Annual General Assembly, in which besides the approval of accounts and the proposal for distribution of dividends, there also took place the election of the governing bodies, namely the Senior Board, the Board of Auditors and the Board of Directors.

Organization of the third Investors' Day, on the 20th of May, in Lisbon, with the

participation of more than 50 investors and national and international financial investors and analysts, as well as the whole Board of Directors of the Bank and the top managers from the various business areas.

Participation in the main international conferences, with emphasis on those organized by Merrill Lynch, UBS, Goldman Sachs, Santander and Morgan Stanley.

The Bank also held more than one hundred and fifty individual meetings with investors and analysts, having organized about ten road shows together with the most active brokers in BCP shares.

In addition, the Bank regularly holds special events towards the investors' community:

*Investors Day*, with the objective of carry out in-depth analysis, together with investors and analysts, as well as the top management, on the strategy, objectives and business measures implemented by the Bank;

Participation in international conferences of investors and the organization of road shows in the main European and North American financial markets, designed to bring together, one-on-one, Bank managers, financial analysts and investors;

Training provided to commercial networks, in terms of specific actions or meetings to discuss quarterly targets.

The accurate preparation of the Shareholders General Meetings is an annual milestone to foster Shareholder relations. Millennium bcp ensures the availability of all the means of participation – direct vote, vote by proxy letter; vote by correspondence and electronic vote – also making the disclosure of information relative to the several items on the Agenda and the subsequent communication of the resolutions approved.

Studies are conducted, on a recurrent basis, related to the identification of the Shareholder base, with the objective of having permanently updated information regarding the Shareholder breakdown, in terms of private, institutional and strategic shareholders, and employees, as well as the analysis in terms of the value of the shares held and the geographic distribution by main countries of origin. In this way, Millennium bcp follows changes in shareholdings, analyzing the respective implications and trends, seeking to permanently target and direct the communication of the Bank, with special attention to the small Shareholders.

Millennium bcp also conducts, on a quarterly basis, perception inquiries of BCP shares among

the investment community, aiming at evaluating the evolution of the opinions about the share, detect areas that may require improvements and incorporation of external contributions into the strategic reflection that the Bank carries out in connection with the areas of business portfolio management, investment/divestment measures, profit improvement, dividends and share capital policy, with the objective of sustainable creation of value for its Shareholders.

#### **Ensuring relations with the Media**

Seeking to establish an adequate relationship with the Media, Millennium bcp has a department that is exclusively dedicated to the management of external communication – Corporate Communication; it has a pro-active activity in the communication of commercial, institutional or market messages.

In that sense, several communication actions about Millennium bcp are prepared, through the drawing up and dissemination of press releases, press conferences, meetings with the Media, visits of journalists to international operations or the promotion of or attendance at interviews.

The relationship with the national and international Media, namely the Press, Radio, Television, News Agencies or the Internet, is established with the Directors, Editors, Editorial Staff members or Journalists that contact the Bank on a daily basis.

Requests for thematic questionnaires, clarification of doubts, interviews or elaboration of articles of opinion are received on a daily basis. The response to these requests is ensured by a constant interaction between the different business units of the Bank, thus ensuring the accuracy of the information to be provided, as well as coherence and alignment with the business objectives of the Institution.



Results presentation press conference at Museu Nacional de Arte Antiga.





Magazine Millennium bcp.

	2005 	2004
Media requests:		
Press	721	698
Radio	17	12
Television	54	38
News Agencies	47	47
Internet	13	14
Pro-active actions:		
Press Conferences	17	12
Press Releases	136	106
Meetings Coverage	5	9
News on Millennium bcp	21,578	19,189

### Internal Communication

Internal communication has always been seen as a fundamental pillar for the success of the activity, having accompanied the growth of Millennium bcp.

The Bank developed a model of multimedia, multi-domestic and interactive communication, supported by distinct and complementary channels, which ensures the proper conditions for a permanent dialogue with the Employees:

Internal portal;

Bilingual magazine;

Electronic newsletter;

Television channel.

In the information era, the assets of a company include knowledge, creativity and the inter-relationships among its Employees, with Internal Communication assuming itself as one of the central processes to turn information into value added decisions, allowing the connection of the Bank with knowledge and communication to be established, integrating, sharing and extracting significance from relevant information for the various areas of the Bank.

Internal Communication is implemented through channels with different characteristics and frequency, coordinated among them in order to

achieve four essential objectives:

Supply contents to Employees through data, ideas and concepts;

Integrate the information within its context, with the aim of making it more relevant;

Stimulate the dialogue;

Listen carefully to Employees so as to understand their reactions and needs.

### Intranet

Universal and daily news channel, whose objective is to maintain all of the Employees in tune with their internal and external surroundings.

### Millennium bcp Magazine

Whilst a means of internal communication of a multi-domestic group, the Millennium bcp magazine was subjected to a strategic reformulation in 2005, with the edition of the Magazine becoming bilingual, lowering the unreasonable linguistic barriers in an institution whose overseas activities, namely in the Greek and Polish markets, are growing.

The editorial concept of the Millennium bcp Magazine matches the informative and formative profile and during the course of 2005 this publication reinforced its importance as a means of disclosure of the Millennium bcp culture, of the evolution of the business in the different markets and of the most relevant latest news and trends in the financial world, being sent to all Millennium bcp Employees, including pensioners, in Portugal and abroad.

### Electronic Newsletter – About Us

Since June of 2005, the internal communication of Millennium bcp has a new mean of communication. The electronic newsletter “About Us” was developed as a support to rapidly communicate the major news on Millennium bcp.

Sent via e-mail to the management staff of the different operations in all the markets, in Portugal and abroad, "About Us" provides the most relevant news, institutional and business-related, of each week, of all the operations. Published on a weekly basis, it represents the first means of communication conceived from scratch as a multi-domestic communication instrument. The edition is, therefore, in English.

	2005
<i>Magazine</i> 🌐	
Nr. of editions	7
Average circulation	30,000
<i>Newsletter About Us</i>	
Nr. of editions 🌐	29
Nr. of recipients	2,602

### Millennium TV

In place since 1996, the television channel of Millennium bcp has contributed to increase proximity, abolishing the physical distance inherent to an activity whose success is based on capillarity.

The daily broadcast of the channel for Employees includes the news – *Millennium Jornal* (Millennium News) – with 10 transmissions with a timetable coordinated with the functioning of the branches. Everyday the information programme disseminates the main news of the day related with the Bank's activity.

The regular broadcast also includes a powerful training component (through a training programme designated "Ideias Claras"), which allows the sharing of the best practices for the business development.

The live broadcasts transmissions carried out by Millennium bcp allow the bank to take full advantage of this channel. The Millennium Direct is a program where guests are invited to debate the most important themes, with an additional advantage: it's an interactive programme open to all the Employees that may participate by asking questions via telephone, directly to the guests in the studio. Guests usually are members of the Board of Directors or elements of the Bank's Top Management.

Millennium TV (activity)	2005
Millennium News 🌐	
Broadcasts	250
Reports	311
News	854
"Ideias Claras"	
Broadcasts	750
New productions	27
Training hours	375
Millennium Direct	
Broadcasts	5
Millennium News	
Broadcasts	52



Newsletter About US



Millennium TV studio



## Commercial Communication

Millennium bcp communication seeks to create a responsible exercise of the freedom of commercial expression, with ethical concerns in relation to the content, based on the freely accepted and adopted principles of self-discipline. The Bank is a member, of the Portuguese Association of Advertisers (APAN), which in turn presides over the ICAP – Civil Institute of Self-discipline of Advertising –, the CAEM (Committee of Analysis of studies of Communication Means), and at an international level it belongs to the International Advertising Association.

The APAN has expressed a great commitment and leadership regarding self-regulation in commercial communication and other marketing practices, providing a very special emphasis to several areas of social responsibility, which it assumes and promotes together with its associates.

Millennium bcp is a subscriber of the Code of Good Practices in Commercial Communication for Minors, promoted by APAN and subscribed to by over 40 other entities.

## Involvement culture

To be involved means to share information, communicate objectives, listen carefully to opinions and maintain teams motivated, seeking to continuously combine individual enhancement with the development of the Bank. At Millennium bcp there are appropriate moments and channels for the promotion of a culture of involvement shared by the whole organization.

### Open Day

The global and informal spirit of the Open Day turns it into a unique event in the annual calendar of Millennium bcp. The event seeks to reflect fundamental values of the life of people which, due to that fact, constitute foundations of the idea of refoundation of the Bank: the Joy, the Sharing, the Vigour of Life.

The day of the second anniversary of the single brand of Millennium bcp began with a meeting, in which the agenda marked the difference in relation to a normal and regular meeting of professional and managerial staff. It was a space of social intercourse,



○ In 2005 Millennium bcp's Open Day counted with about 4,500 participants at the morning meeting. Of the 14,000 people that attended the show about 4,800 were Customers. The lunch offered to Employees and their family members was the beginning of an afternoon of entertainment that culminated with the performances of Adriana Calcanhoto and Pedro Abrunhosa e Os Bandedómio where, in addition to the Millennium bcp family, a number of Customers that had been invited through the various channels of communication were also present.

which gathered together Millennium bcp family, also providing the reencounter of Employees that came from the various operations all around the world. The Open Day reinforces the multi-domestic and supra-national nature of Millennium bcp.

**Mil ideias (Thousand ideas)**

Mil Ideias program seeks to motivate and involve the Employees in the life of the Bank, inviting them to propose ideas that, once implemented, provide operating and process improvements, either on the revenue side, or targeting a cost reduction, or even an increase in the degree of Customer Satisfaction.

These objectives were clearly accomplished, as confirmed by the significant participation of the Employees, generating a dynamic of innovation, which the Bank intends to promote even more enthusiastically, and as such, in the last quarter, a new unit dedicated exclusively to following up this programme was set up.

Mil Ideias	
Ideas presented in 2005 	837
Ideas presented in 2004	1,170
Number of employees that participated in Mil Ideias 	1,135

Following the process of analysis of the submitted ideas, more than 100 ideas were considered for implementation, some of which have already been concluded, others are at an advanced stage and the remaining ideas await the beginning of their development.

In addition to the analysis of the ideas with a view to their possible implementation, the Mil Ideias' Steering Committee and the Directors of the organic units with more ideas to appreciate, selected the best ideas proposed for awards, as foreseen in the regulations.

41 Honorary Mentions and 5 Prizes (one 1<sup>st</sup> Prize and exceptionally, two 2<sup>nd</sup> Prizes and two 3<sup>rd</sup> Prizes) were attributed, handed out at the Meeting

of Objectives of January 2006.

The ideas that won prizes were:

**1<sup>st</sup> Prize** – “Cross-selling Control”;

**2<sup>nd</sup> Prize** – “Work row of overdrafts in Ipac” and “Automatic control of overdrafts to be ratified”;

**3<sup>rd</sup> Prize** – “Loyal Customer scores points” and “Rigour with simplicity”.

Taking into consideration the success of this initiative, it was decided that the program would be re-launched in 2006, with the designation of “Mais Ideias com Valor”.

**Evaluation and advice**

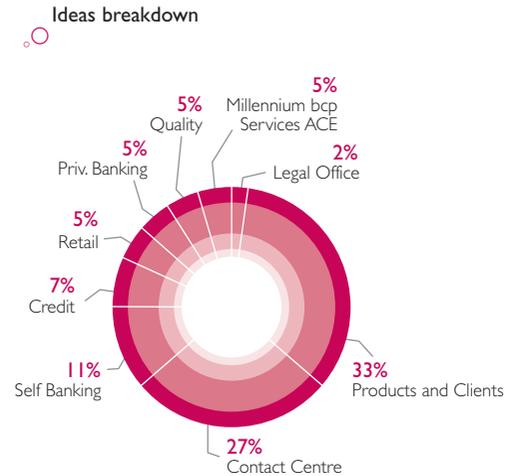
The evaluation and advice provided to Employees of Millennium bcp are a key element in the people management system.

The system used by Millennium bcp for evaluation and advice of Employees is based on the component of evaluation and diagnostic, in the comparison between the defined roles for each function and the performance throughout the period under analysis.

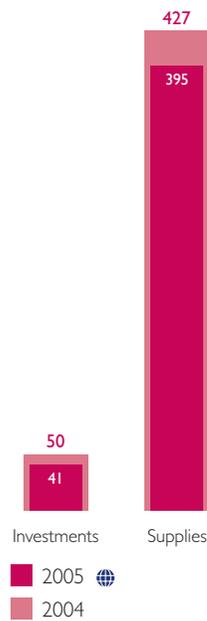
The system aims to raise the Employee to a new level of achievement in the function or in a new function. A performance improvement plan is proposed to cope with an eventual detection of any limitations, which must be defined in common agreement between the employee and his/her direct hierarchy, translating into a future commitment. This process involves two formal interviews each year, between the Employee and the direct hierarchy.

**The Role of the Patron**

The figure and function of the patron are a distinct element of people management at Millennium bcp. The purpose for its creation was to provide each and every Employee with a “mentor” that would follow the career of the Employee, regardless of the function that is performed at each moment.



Acquisition of Products and Services (Euro millions)



The Patron, being a member of the top management of the Bank and having as mission to support the Employee over time, allows the employee to always have someone to turn to for aid, with adequate institutional influence and sufficiently informed about his/her personal history. The Employee can thus appeal to the Patron whenever he/she needs advice or help. The figure of the Patron does not question the fundamental principle of people management by the direct hierarchy. The Patron's role is to create a complementary alternative, which allows eventual obstacles in the hierarchical structure to be overcome.

In these circumstances, the exercise of the function of Patron requires great sensibility, experience and diplomacy, given the nature of the problems at stake, and the imperative of non-interference in the hierarchical relation. The Patron intervention is thus characterized by influence and pedagogy, listening, clarifying and, if necessary, intermediating. Currently, there are 63 members nominated as Patrons, to whom the trust and orientation of (on average) about 157 Employees have been entrusted.

**Social Dialogue**

Social dialogue at Millennium bcp has also been build up through very intense relations with the Committee of Employees of Banco Comercial Português, with whom the Board of Directors meets every month and to whom is given freedom to act and of communication within the midst of the Company, which corresponds to its legal role and the understanding that the parties have on this matter:

The Committee of Employees is, under the terms of the law, an entity that represents all the Employees of the Bank, regardless of the union affiliation of each one, which is a factor that allows, in a broad and institutionalized manner; information to be passed on, and debates to be held, regarding the social issues that concern all Employees.

The Board of Directors has provided to this structure of collective representation the

information considered pertinent, such as, for example, in terms of the accounting situation of the Bank, the management of people and social benefits. In fulfillment of its duty, the Committee of Employees has participated in the restructuring processes of the Company, of which an example is the sale of the Consumer Credit Unit (non vehicles) at the Point of sale of Credibanco, and it has made suggestions and recommendations to the Board with reference to improving work at the Bank.

Specifically regarding the Unions, the Bank subscribes to two Collective Agreements with all the Unions that currently exist in the banking sector:

**Suppliers**

Relations with Millennium bcp suppliers are considered to be extremely important in the sustainability strategy in place.

In the interaction with suppliers, the Bank seeks to establish partnership relations with mutual advantages: for the Bank, swiftness of processes, cost reduction and quality improvement; for suppliers, broader delivery horizons and standardization of products and services.

In some situations in which it is justified, external supply has gained greater depth, relying on outsourcing, which already covers significant areas of activity, with advantages for both parties.

Taking advantage of the international business, the percentage of multi-domestic solutions has also grown, through multinationals (examples of this situation are some contracts in the IT area, of office printing and of electronic surveillance; the last ones are to be implemented in 2006), by setting up subsidiaries of national suppliers internationally and by negotiation of agreements between partners of different national origins.

Proving the importance given to supplier relations, there is a specific Division responsible for the development of partnerships oriented towards efficiency, quality and professional negotiation,

sustained and in a strict structuring of the processes of acquisition and in the development of specific know-how.

The current practice of the Bank in this domain ensures a process of suppliers' selection in which factors that go well beyond the mere analysis of quality versus price are taken into account. The criteria used in the selection process include the commitments and the social and environmental practices of the candidates, as well as their financial health analysis. The Bank ensures a periodic evaluation of suppliers, through an external entity, but still exercising internal control over compliance with legislation by suppliers.

In the acquisition of goods and services, – investments or consumables – consultations with suppliers may be triggered by: (i) real negotiations relative to new acquisitions; (ii) the renegotiation of already existing contracts; or still (iii) for the evaluation of market conditions in relation to a particular good or service (invitation to tender).

In the negotiation and re-shaping of already existing contracts, the consultations with suppliers normally have an annual frequency, or a frequency according to the terms of the contract in question. When a market consultation is carried out, the number of suppliers involved may vary according to the specific product or service and the market supply.

An internet-based application assures the relationship with suppliers for the purchase of goods and services specifically related to current works and maintenance. Besides being flexible, the application ensures a more agile selection process, being an important instrument for controlling prices. The large majority of purchases regarding curative maintenance interventions are done using this platform,

through which over 50 daily consultations occur. An important aspect in supplier relationship is the payment punctuality; a sign of the importance given to this issue is the fact that the percentage of payments made during the contracted period has become an evaluation measure of the unit responsible for the payments. Mechanisms have been implemented to ensure the strict<sup>1</sup> fulfillment of the contractual terms of Millennium bcp with its suppliers, namely in terms of payment.

In spite of the work carried out, there is still room for improvements in the relationship that Millennium bcp establishes with its suppliers, which shall focus on the role of the Bank in contributing towards the development of more sustainable practices. To attain this objective, Millennium bcp has elected as priority, the definition of principles for suppliers, having as reference the principles of the United Nations' Global Compact.

An objective of this nature, becomes reinforced if based on dialogue and respect for the interests of both parties. As such, Millennium bcp has chosen a gradual approach in the implementation of the principles for suppliers. A first stage will encompass an enquiry targeted to the more relevant suppliers, so as to diagnose and carefully analyse all the inputs so that, in a second stage, the principles for suppliers may be defined and implemented.

---

<sup>1</sup> During the full year of 2005, covered by this report, Millennium bcp has kept in full the contractual obligations with its suppliers. Concerning the 56 932  invoices received from suppliers during 2005, the average handling time from classification to payment authorization was on average 10 days.



# Rigour and transparency

**A vocation for excellence, in combination with effective and structured business decision processes, based on the best corporate governance practices.**



## Governance

The reinforcement of the competitiveness of the Portuguese banks has also involved gaining dimension, through mergers and acquisitions, alongside with the increase in business turnover through the creation of financial conglomerates and the alliance with foreign banks. Themes such as intermediation margins, staff and operational costs, as well as bad debt and provisions for retirement pensions, make up the list of concerns of supervision authorities and banks themselves, such that the principles of good management are always determinant.

Millennium bcp has sought answers to all of these challenges. In fact, the current organizational model and the definition of strategic objectives until 2008 are based upon international benchmarks for each specific business area. The accomplishment of a truly multi-domestic bank, with accelerated growth in Portugal, Poland and Greece, will allow the long-term sustainability of the bank's strategic independence with the natural creation of value for our shareholders.

The governing bodies of Millennium bcp comprise the General Meeting of Shareholders, the Board of Directors and the Board of Auditors, as well as the Senior Board and the Auditing Committee.

The Board of Directors is composed of nine executive members, which includes the Chief Operating Officer (COO) and the Chief Financial Officer (CFO). All members are independent, in the sense that they do not represent the interests of any major shareholder, nor have significant commercial relations with Group companies,

companies controlled by major shareholders or with Customers or suppliers of the Group.

The Board of Directors is responsible for the management of the Bank with the scope consented by law and by the memorandum of association, subordinating itself to the deliberations of the shareholders, under the legal and statutory terms applicable, with a view to carrying out the social objective.

The Board of Auditors is responsible for the control of the social businesses and the Auditing Committee is responsible for continuous monitoring of the activity of the institution's external auditors, for evaluating and monitoring accounting themes, for proposing to the Board of Directors the adoption of measures or corrections it deems pertinent.

The Senior Board is composed of shareholders elected by the General Meeting of Shareholders for three-year periods, as well as, by inheritance, by the Chairman of the General Meeting of Shareholders, by the Chairman of the Board of Directors and by the Chairman of the Board of Auditors. The proposals of deliberation of the Board of Directors which include, among other things, the general management policy, the plan of activities and budgets and annual investment plans, the management report and annual accounts, important extensions or reductions in the activity of the company and important modifications in the organization of the company, share capital increases, projects of division, merger and transformation of the company, in addition to quarterly information about the evolution of social businesses, are submitted to the Senior Board for appreciation.

The Bank bases its organizational model on Executive Committees and Corporate Commissions.

Each Executive Committee embraces one of the business areas – Retail Banking, Corporate and Business, Private Banking and Asset Management, Investment Banking and Overseas Banking – and an autonomous service unit responsible for Banking Services. These committees report directly to the Board of Directors.

There are also five Commissions, whose responsibilities include the monitoring of the Bank's activities in the respective areas of intervention: Commission of Market Monitoring and of Corporate Governance; Commission of Training and Professional Development; Commission of Social Responsibility and Sustainability; Audit, Prevention and Security Commission and Risk Commission. All these Commissions, headed by the Chairman of the Board of Directors, are composed of members of the Board of Directors as well as members of the Senior Management directly involved in the respective activities of each of the Commissions.

Given the specialized nature of the Divisions that constitute the Corporate Area and the permanent management support that it provides, it does not have a Management Committee.

In general, the pursuit of the strategic objectives of the Bank, as well as the development of the activities of every Business Area and Service Unit, and of all the employees within them, is governed under the foundational principles: ethics and responsibility, vocation for excellence and focus on the Customer:

## **Compliance**

Adopting the best practices of corporate governance, the Compliance Officer has the mission of ensuring that the government bodies, the functional structures and all the Employees of Millennium bcp comply with legislation, rules

and regulations (internal and external) that govern the activity of the bank and its associated companies, so as to avoid incurring the risk of financial losses as well as the reputation losses.

With a view to implementing an effective and diffuse compliance activity, a decentralized structure was adopted in which in addition to the existence of a Compliance Head Office, composed of two distinct areas (Compliance Division e Anti-Money Laundering Division), Compliance Office Representatives for each business area – namely Private Banking, Investment Banking & Asset Management and Retail Banking - were also appointed.

Aiming at the development of a culture directed towards minimizing the risks caused by non-compliance with the law and the remaining internal and external regulations, the Compliance Officer developed a Compliance Manual, which was constituted as a code of conduct, a repository of directives and principles, reflecting the best international practices in this field.

In addition, the Compliance Officer, in its function of monitoring and control, seeks to ensure the Bank has all the necessary I.T. devices or tools in order to ensure the effective monitoring of operations, allowing the detection and control of high-risk transactions. These offer Millennium bcp the guarantee of total conformity with the best international practices within the context of prevention and fight against money laundering and the financing of terrorism, as well as the application of the fundamental principle of "know your Customer", on which the previous are based.

An attitude of advice and assistance was adopted by the Compliance Officer, with the issuing of recommendations and opinions, which result from direct requests within the context of pre-determined or random consultation flows or from his initiatives with the objective of anticipating the impact that new legislative and regulatory measures may have in the various business areas of Millennium bcp.



In addition, the Compliance Officer has a proactive attitude, seeking to get involved whenever it is justified, in the development and marketing of financial products, not only with a view of ensuring that they comply with the legislation in force but also to guard against potential conflicts of interest.

The prevention and fight against money laundering policy of Millennium bcp is based on the following principle: "money laundering is a crime, it will not be tolerated and its detection and dissuasion is everybody's responsibility". Through training and awareness raising actions, the Bank ensures that all the Employees assimilate this principle. There is an internal regulatory framework at Millennium bcp, composed of procedure and good practice regulations, which reflect the best national and international practices, and mechanisms and operating procedures that ensure the implementation of the Management Directives and activity in conformity. The Bank also ensures the existence of trustworthy and effective information between all the areas involved.

The Compliance Manual as well as the Deontological Code, whilst repository of regulations of ethical conduct applicable to all the Employees, enclose very clear and unequivocal rules regarding bribery and corruption practices, their violation not being tolerated. They also establish procedures to be applicable to any potential violations detected.

Training is critical in the dissemination of a compliance culture, and is coped, by the Compliance Officer, in two different approaches.

Training "in loco" – By adopting a decentralized organizational structure, the Compliance Officer, through the representatives with activity in the various business areas, is permanently in the field, providing training to the Employees. This action aims, among other objectives, to increase the perception of the need to pursue an effective policy of "know your Customer", so as to effectively prevent and fight against the laundering

of the advantages of illicit sources and the financing of terrorism;

"e-learning" training – towards all the employees, consisting of compliance matters, will be ministered, in stages, on a regular basis, with particular emphasis on the principle "know your Customer" and on the "anti money laundering" policies.

## Audit

The mission of the Audit Division is to assist the Board of Directors and the Executive Committees, in the management of safeguarding and keeping secure the interests and capital assets of the companies that comprise the consolidation perimeter of the Bank, in the identification, from a preventive approach, of risk situations, seeking to ensure the effectiveness of the internal control systems, as well as the efficient utilization of resources.

The Audit Division develops its activities under an annual plan approved by the Audit, Security and Anti-Money Laundering Commission, which is also liable to develop specific actions not foreseen in the plan, resulting from resolutions of the governing bodies of the Bank or from relevant facts uncovered in the course of actions that it carries out, or that by any other means may come to the Commission's knowledge, associated with special care the recommendations of the supervisory authorities, with a view to their implementation.

The ratio of the number of Internal Auditors to the number of Employees per business area was 1.1%  in 2005.

2005, the audit activities from a multi-domestic perspective were launched, with the creation of local audit committees in each Bank or international operation. The committees present a uniform format, being composed of non-executive members, such as the Director responsible for the subsidiary, the Head of the

## Internal Auditors

	Employees	Auditors	%
Retail	6,849	42	0,61
Business	925	11	1,19
Private & Asset Management	320	6	1,88
Investment Banking	263	7	2,66
Banking Services	1,873	25	1,33
Corporate Area	499	18	3,61

Audit Division and a non-executive Director of the subsidiary.

These committees meet on a quarterly basis, and have the following matters permanently on their agendas:

Evaluation of the accomplishment of the approved plan;

Analysis of the events with higher risks;

Analysis of the relations with the Supervision and Legal Authorities and with the External Auditors;

Analysis of the main complaints from Customers;

Analysis of the financial elements.

Through this approach, the Bank expects to get significant gains in terms of experience and knowledge of operations, so that audit practices level out in accordance with the best practices.

The Audit Board supervises the audit activities, which include members with non-executive functions, such as the Chairman of the Senior Board, the Chairman of the Board of Auditors and an element of the Senior Board. The Chairman of the Board of Directors, the CFO and the Head of the Audit Division also attend the meetings of this Board, as guest members.

This Board meets on a quarterly basis with the objective of analysing all the financial elements; main accounting changes; execution of the audit plan; relations with External Auditors and main complaints from Customers.

Based on the audit activities, a number of situations that violated external and internal regulations were identified, including cases of: breaking of bank secrecy; credit conceded to direct family members and to employees themselves; forgery of documents/signatures; unjustified absences; unlawful appropriation of funds.

### Communication of irregularities – Whistleblowing

At the end of 2005, a procedure for the communication of irregularities, commonly designated as Whistleblowing, was created.

Offences to regulations <sup>1</sup>	2005 	2004
Internal regulations	30	37
External regulations	28	73
Total	58	110

This mechanism ensures the internal communication, by the Employees, of irregularities that may occur within Millennium bcp. For this purpose, an e-mail address was set up, exclusively dedicated to the reception of internal communications regarding alleged irregularities that are detected by Employees. The way this process was set up ensures the confidentiality of the author of the communication. The leading of the necessary investigations on the reported facts was entrusted to the Audit, Security and Anti-Money Laundering Commission. The investigations are supervised by the secretary of this Commission, who uses the service structure especially conceived for this type of analysis, based on specialized

<sup>1</sup> Values refer to closed processes in 2005



technical assistance in connection with the various matters that may be involved in the reported fact.

### Supervision and regulation

Credit Institutions must comply with special regulations and effective supervision from authorities on the back of prudential supervision grounds. The urge of a prudential discipline is thus considered by Millennium bcp as a contribution towards achieving the common objective of stability for all the credit institutions and the financial system, which is critical for the trust of the depositors. As such, Millennium bcp has always developed a constructive relationship with the supervision authorities, namely the Bank of Portugal and the Portuguese Securities Market Commission.

In fact, under the terms of law, the supervision of the credit institutions, and especially their prudential supervision, including of their international activity, is the responsibility of the Bank of Portugal. All the credit institutions require an authorization from the Bank of Portugal before being set up and establishing their head office in Portugal, being unable to initiate their activity until they have been included in the special registry of this authority, having to comply with specific rules of conduct, namely the duty of ensuring high levels of technical competence, providing the business organization with all the necessary material and human means for appropriate conditions of quality and efficiency,

to proceed with diligence, neutrality, loyalty, discretion and respect for the interests it has been trusted with.

The rules of conduct applicable to credit institutions and to the members of the governing bodies, issued by the Bank of Portugal or by the representative associations of the credit institutions with approval from the Bank of Portugal, call for a management role governed by the principle of risk diversification and of the security of applications, having in mind the interests of the depositors, investors and creditors. Likewise, the regime governing professional confidentiality does not allow members of administrative or supervision boards, employees, trustees, intermediaries or any supplier of services, to reveal or use information regarding facts or elements concerning the life of the institution or its relations with its Customers, whose knowledge evolves exclusively from the exercise of their functions or rendering of their services.

Credit institutions must apply their available funds so as to permanently ensure adequate levels of liquidity and solvency, subjecting themselves to the discipline of the Bank of Portugal regarding the ratios demanded between asset items and prudential limits applicable to the execution of operations that credit institutions are authorized, in both cases, be it in individual terms or in consolidated terms.



Qualifying holdings held by natural or legal persons must also be reported to the Bank of Portugal, as well as the significant changes, which may be opposed by the Bank of Portugal if the profile of the person or project does not ensure the necessary conditions to maintain a sound and prudent management of the credit institution, under the penalty of inhibit of voting rights. Furthermore, with respect to credit risks, the supervision establishes limits and exercises control over; among others, large credit risks, namely the amounts granted to Customers that have a significant commercial and financial involvement with the Bank, as well as credits granted to holders of qualifying holdings.

The Bank of Portugal supervises the activity of the credit institutions, ensuring that regulations are complied with, issuing recommendations to settle irregularities, taking extraordinary precautionary measures for rehabilitation if necessary, sanctioning infractions or demanding specific audits. In this context, Millennium bcp has always submitted its activity to the due processes of legally binding authorizations, inspections and instructions, including the opportune communication of all the relevant facts occurred within the context of the Group, which includes transparency in decisions regarding restructuring, partnerships or outsourcing.

Millennium bcp is a listed entity, issuer of securities and provider of financial intermediation activities, thus it is subject to the supervision of the Portuguese Securities Market Commission. This institution seeks the protection of investors, the efficient and regular functioning of the security markets, the control of information, the prevention of systemic risk, the prevention and repression of activities contrary to legislation or regulations issued within its area of competence. As such, Millennium bcp has always submitted to the Portuguese Securities Market Commission the appropriate requests for approval and authorization, compulsory registrations and other duties regarding the issuing of information. Within this context, institutions must comply with rigorous demands, such as the registration as a financial intermediary,

the duties in providing information regarding relevant facts related with the company or Group that may influence its share price, corporate governance, as well as all the duties related with the offer of securities.

In general, the Bank has sought to contribute towards the appropriate superintendence of the money, financial and foreign exchange market, which the Minister for Finance is in charge of, being part of the solutions for coordination of the activity of market agents, elaborating and discussing proposals when solicited.

### Procedures

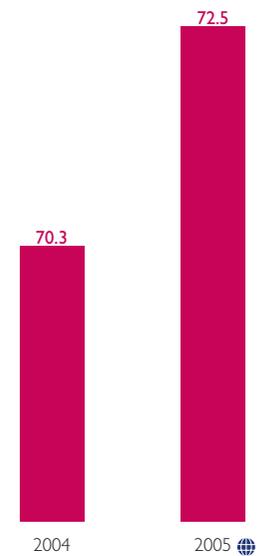
The quality perceived by Customers is only sustainable if based on the ability, by the Bank, of providing, in a reliable and consistent way, without errors or oscillations in the level of service over time or space, the products and services offered. This ability represents the internal quality of the operating processes through which the Bank carries out the contracted products and services with its Customers.

In order to measure this ability, the Bank, systematically and every quarter, measures the satisfaction of "Internal Customers" in relation to the organic units that provide them services. This valuation is carried out via an on-line inquiry, available on the internal portal (corporate intranet), and is directed to the Employees of the commercial networks.

The results of these inquiries are exhaustively reported to the organic units object of the same inquiries, and are discussed with them, with the objective of adopting the adequate corrective measures. It is quite common to resort to internal focus groups (to better typify the problems detected) and interdisciplinary teams of quality improvement.

Together with the excellence and quality of financial products and services offered, Millennium bcp implements a policy of rigour

Satisfaction Index  
Internal procedures



Studies conducted in 2005 (Internal Clients) 	Nr. of inquiries	Inquired Clients	Replies
Market Studies	1	12,000	5,640
Screening Inquiries	5	12,495	7,670
Specific Inquiries	3	2,058	1,533
	9	26,553	14,843

and transparency in its commercialization activity, seeking to transmit clear and unequivocal messages. This policy was reinforced at the end of 2005, having been decided that an internal certification procedure would be implemented, to be carried out by the Compliance Officer, regarding all the information elements used in the commercialization of investment products at Millennium bcp, thus ensuring that the information provided to Customers matches the specifications of the respective product.

Millennium bcp also has a set of internal codes and principles established, which it considers critical for the development of its activity. Through the Deontological Code, the internal regulations of the Bank, the Compliance Manual<sup>2</sup> and the Business Principles<sup>3</sup>, among others, the Bank defines the rules and principles for the regular functioning of the institution. It is about ensuring the compliance to the law, but with the concern of doing more, of striving to achieve the values that the Bank upholds. This set of operational norms and principles are subject to internal and external communication actions (when adequate), which can be found on the Bank's Internet portal<sup>4</sup>. Internally, they are also included in the training actions provided by the Bank to its employees.

The Deontological Code establishes the principles and rules applicable to the banking, financial and insurance activities, as well as regarding securities or derivatives negotiated in regulated markets. It

encompasses areas such as the organization and functioning of the institution, professional conduct and the performance of functions, personal operations and internal relations, professional confidentiality, the Internet and electronic mail and disciplinary action.

The internal regulations of Millennium bcp define the essential regulations and proceedings, as well as the general rules of conduct, applicable to the activity of the Bank, whilst financial intermediary and in relation to the intermediation activities for whose exercising, from time to time, it has authorization and effectively pursues. The aim of these regulations is to comply with the legal, regulatory and deontological requirements. The objective is to contribute towards ensuring a service governed by the highest standards of competence, diligence, loyalty, neutrality and discretion and with the highest and absolute respect for the Customers' legitimate interests.

<sup>2</sup> The Manual of Compliance contributes towards ensuring that all the management boards, functional structures and all the employees comply with legislation, rules and regulations – internal and external – that govern the activity of the Bank and of its associated companies.

<sup>3</sup> Based on the Guidelines, Millennium bcp claims its commitment to comply with a set of values that are a continuous reference in its activity, before all stakeholders. The Business Principles are described, in greater detail, in the initial part of this report (page 13).

<sup>4</sup> Information available at <http://www.millenniumbcp.pt>

# Products and services

## A wide, attentive and responsible offer, because Customers have different financial needs and behaviours.

### Embracement

The universal range of products and services made available by Millennium bcp allows the establishment of an extensive relationship – current and potential – between the bank and its Customer base, thereby promoting Customer loyalty and satisfaction.

People's lives and needs constitute the main source of inspiration in the development of products and services for Retail Customers. Because Customers differ in age and in financial resources and have different financial needs and behaviours, their expectations and preferences may only be met by a segmented approach with a standard of excellence: competent service and high quality financial solutions.

### Segment coverage

The Bank's offer for the retail sector includes valuable proposals, specialised by segment:

Retail – pioneer launch of the M3 program, whose fundamental vector is the goal of having at least one personal contact with each Customer;

Prestige – aimed at high income individuals, for whom the offer is thought out with the purpose of increasing the value of the assets entrusted to the Bank;

Business – launch of the Cliente Aplauso initiative, aimed at rewarding the best Portuguese companies and encouraging the best economic and financial management practices;

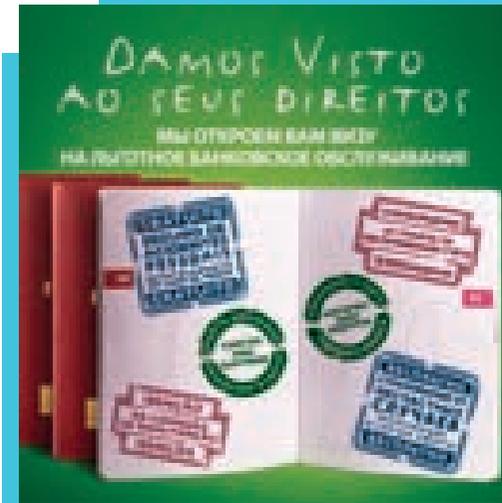
Immigrants – considering the specific needs of Immigrant Clients, by accompanying the different stages of social integration of their families, as well as their corresponding financial needs.

### Attention to minorities

In what concerns minorities, it should be referred that all products are available to Emigrant and Immigrant Clients. Disabled Customers have access to a credit regime with more favourable conditions. The Bank also has a product specifically aimed at foreign Clients, mostly British, Irish and German, who intend to acquire holiday homes in Portugal.

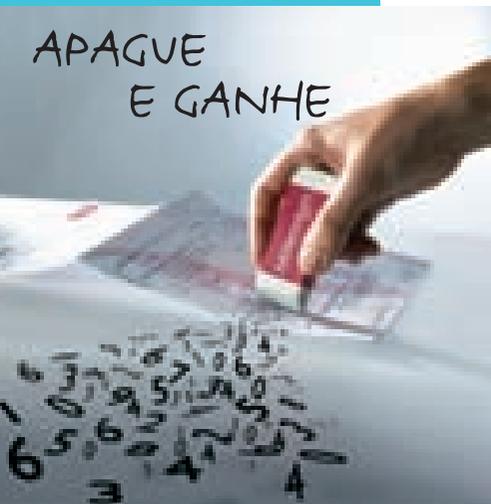
The Conta Passaporte (Passport Account) is a solution specially conceived for residing and working immigrants who wish to initiate a banking relationship in Portugal. Via payment of a reduced monthly commission, immigrant Customers will have access to a Current Account with no maintenance commission, a Visa Electron card with no annual fee, free Personal Accident Insurance, free direct debits, free access to phone and Internet customer services and the possibility of transforming small investments (minimum of 50 Euros) into a growing savings account with guaranteed returns and a half-yearly permanence reward. The personal accident insurance policy guarantees, besides compensation, conveyance of the body of the deceased to their country of origin, in case of death, which is a particularly critical issue and a very heartfelt problem within these communities.

Within the scope of current accounts, compliance with the legislation relative to "Minimum Banking Services" account availability (Legislative Decree 27-C/2000, from the 10th of March), aimed



Passport Account





Frequent Customer Campaign.

at making banking services more easily available to less favoured population sectors, should be emphasised.

The new regulations make the opening of accounts more difficult for immigrants, since they need to provide elements that are absent from their identification documents (proof of residence in their country of origin and parents' names). Within this context, Millennium bcp has been promoting actions directed at the consulates of those countries that present the most problems; these include methods of cooperation aimed at an easier identification of immigrants within the banking system.

Within the Business segment, credit concession is used to promote innovation and enterprise spirit, as well as integration of the less favoured. In this sense, the Franchising Program, aimed at supporting businessmen and individuals who wish to invest in a new business, was developed in 2005. This valuable proposal for the business segment has been continuously improved, in order to have an important contribution to the economic and financial balance of businesses, so that Customers may recognise their Bank as their financial partner and advisor.

Within the scope of mortgage loans, Millennium bcp offers the Customer the possibility of opting either for lower repayments in the first years or for increased security in the amount to be paid each month. The Mortgage Loan offer is being restructured in 2006 for Clients over 50 years of age; launch of Mortgage Loans for Immigrant Customers is also foreseen.

In order to further adjust Millennium bcp consumer credit to current market trends, some changes to different products were carried out in 2005, such as: widening of the contract period; loan amount increase; and redefinition of the offer for University Student Customers. It was possible, in the sequence of legislative changes and technological developments, to present a new personal credit offer available through

the Internet – "Online Credit" – that allows easier and faster access to Millennium bcp Credit from any location.

In terms of investment and savings solutions, the Bank offers products that enable Customers to start savings at very accessible minimum levels (from 50 Euros per month), with different degrees of risk and profitability, intended to encourage short, medium and long-term savings.

The risk insurance offer covers different protection needs of Clients and their families; this also represents protection for the Bank, since a Customer with more protection products is a lower risk Customer – in case of unforeseen circumstances, the insurance policy is activated, thus preserving financial stability of the Customer and their family and, consequently, their ability to keep honouring their financial commitments. Amongst other products aimed at minorities, a personal accident insurance exists, designed for the Senior Segment, which may be subscribed by Clients up to 80 years of age and covers body injuries, hospital treatments and death.

### **Trust**

The Bank assigns high priority to confidentiality and protection of all information relative to their Customers, with the objective of establishing relationships based on trust and respect for all information that concerns them. Being conscious that established relationships should be interdependent, the Bank strives to create value for their Customers through an offer of high quality products and services, adequate to the specific needs of each segment.

Customer satisfaction and loyalty are attitudes that do not always occur simultaneously. There is a wide indifference zone where the Customer, although unequivocally satisfied, does not feel a strong enough affective connection to make it difficult for him to start or increment relationships with alternative suppliers. Such affective intensity is only possible after a very high

level of satisfaction is attained – generally after the occurrence of situations where services provided clearly exceed Customer expectations.

This is the reason why Millennium bcp intends to ensure sustainability in its relationships with its Customers and why it seeks to create and nurture the trust on which these are based.

With this in mind, three processes of interaction with the Customer, which given their characteristics offer good opportunities to exceed Customer expectations, were selected as priority intervention domains:

Better knowledge of the Customer;

Accompanying of new Customers;

Solving Customers' problems.

These processes are subject to specific measurement and follow-up, within the scope of the Customer Satisfaction Management System, and are worked on during Employee training.

Branch network capillarity, unified under the Millennium bcp brand, together with easy access to remote banking channels (ATMs, CATs, Phone Banking e Internet Banking), embodies the Bank's strategy of convenience and Customer proximity. Several products and services specifically designed to encourage and reinforce lasting relationships with our Customer, based on trust, also support this strategy.

### Frequent Customer

Product particularly designed to reinforce relationships with Retail Customers, by allowing access, subject to payment of a fixed reduced monthly fee, to significant discounts in a series of products and services that, if individually subscribed, would entail much larger costs.

One year after its launch, high levels of adoption of this solution by Customers were already seen. Indicators demonstrate that the levels

of satisfaction presented by these Customers are significantly higher than the Retail average. The very positive evolution verified in Millennium bcp's position as first choice Bank for these Customers, as well as an increase in cross selling, reveals that the Frequent Customer solution has corresponded to Customer expectations, thereby being confirmed as an adequate instrument to promote loyalty.

### Sub-26 selection

With the objective of supporting youngsters in their transition into adult life, Millennium bcp launched a complete solution aimed at satisfying young people's multiple needs – education financing, acquisition of the first house and first car. This solution is based on the Frequent Customer solution, with a 50% monthly fee reduction for Clients up to 26 years of age, allowing younger Customers to benefit from favourable and flexible conditions, especially in what concerns credit access.

### Mortgage loans

Mortgage loans constitute one of the major drivers of loyalty. A large share of Customers that apply for mortgage loans are young, thus providing the Bank with the opportunity of serving Customers from an early age and to consolidate their Banking relationships.

The Bank focuses on reinforcement of its relationship with the Customer, throughout the loan's life cycle, by being flexible regarding changes to the conditions initially established. Amongst other situations, Customers are given the following options:

Loan renegotiation, including widening or narrowing of repayment periods, up to a maximum of 50 years;

Transfer of loans involving debt service to other products that allow for reduced repayments to be made within a certain period;

Additional financing, whenever mortgage and effort rate values allow it.



Mortgage Loans Campaign.





○ Cliente Aplauso.

### Cliente Aplauso

The Cliente Aplauso 2005 action has contributed to promote loyalty amongst Business Segment Customers through the establishment of a long-term relationship. It has also contributed to place Millennium bcp as the main financial partner of good-risk companies, by divulging the Bank's support of their growth and improvement of their functioning and management methods.

To earn the Cliente Aplauso status, Customers have to fulfil certain criteria regarding risk and involvement with the Bank, as well as consistency, dynamism and modernisation criteria, which are evaluated by the use of specific products (Leasing, Factoring, collections, company cards); conditions of existing commercial relationships with foreign countries and business seniority also have to be fulfilled.

The Cliente Aplauso Award distinction consists of the attribution of a personalised diploma and access to a credit line with special conditions, aimed at financing investment projects that place emphasis on certain areas, namely evaluation of environmental impacts and alternative energies.

The Cliente Aplauso campaign is also aimed at impelling environmental development.

### Credit

Credit concession is central in the Bank's activity, being thus critical to ensure Millennium bcp's sustainability.

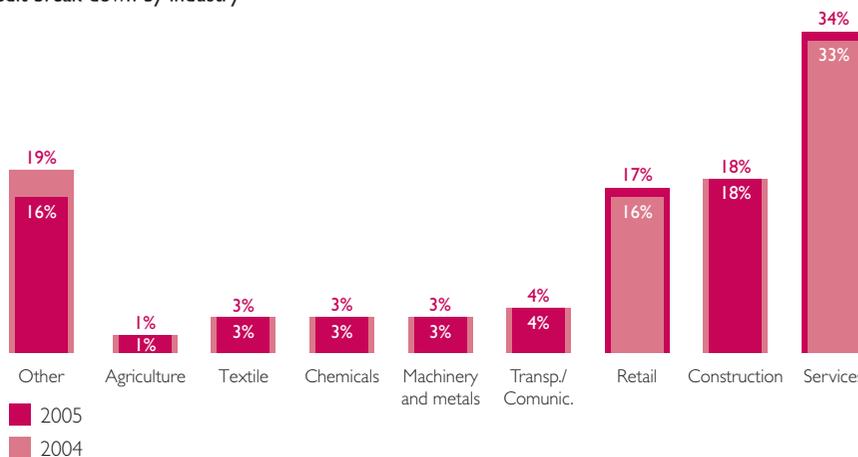
Credit granted within the scope of the activity of Millennium bcp in Portugal continued to demonstrate significant growth in 2005 (+4.5%)<sup>④</sup>, this was mainly fuelled by the growth registered in mortgage loans, which reflected the offer's innovation and diversification, namely the launch of new products, better suited to customers' needs.

Within the Business and Corporate area, several initiatives were carried out in 2005, which had a relevant impact in terms of sustainability:

Refinancing lines, with an associated credit volume of 25 million euros, for several investment projects of social interest, within the scope of a program made available by the ECDB<sup>1</sup>;

New EIB<sup>2</sup> financing line, up to 250 million euros, aimed at projects promoted by Small and Medium enterprises (SMEs), public enterprises of a structuring nature or those projects guided towards energy saving or environment

○ Credit break down by industry



<sup>1</sup> European Council Development Bank.

<sup>2</sup> European Investment Bank.

preservation, or integrated within the education or health sectors, regardless of promoter dimension;

Millennium bcp has also led support to investment within the scope of institutional protocols between the State and Banking Organisms, namely those concerning the Community Support Agenda, under the Business Modernisation Incentives System – SIME. A special credit line, representing a global amount of 100 million euros, was launched to support investment in Research and Development projects, aimed at financing investments related to the creation or improvement of products, services or working processes, as well as acquisition of new scientific and/or technical knowledge;

Special Credit Line for SMEs, backed by Mutual Guarantee, within the scope of a partnership with Mutual Guarantee Societies (Lisgarante, Norgarante and Garval), representing a global amount of 50 million euros. The mutual guarantee tool allows securing guarantee concession, within the scope of a private and mutual system, with the aim of obtaining financing for SMEs, by reducing or eliminating constraints relative to dimension and existence of collaterals. In the sense that it allows for a reduction in the risk associated to credit concession, thus enabling better financing conditions, this tool contributes towards the promotion of SME competitiveness.

SME support, which is a decisive factor in the country's development, constitutes a challenge to Millennium bcp that justifies the creation of specific financing lines, incentive programs and tailor-made solutions for each company.

Millennium bcp has broader responsibilities, since it holds approximately 30% of the credit market share in Portugal. This responsibility resides mainly in the ability to evaluate and monitor associated risks. In relation to 2005 the Bank's portfolio continues to show good risk quality indicators, a fact which is made evident by the stabilisation of non-performing loans (over 90-day). In this domain, the strategy

developed by the Bank leads towards compliance with the new demands resulting from Basel II. Besides these new impositions, future developments will entail an increased weight of non-financial criteria, namely social and environmental criteria, in business risk analysis.

### **Project Finance and PPP**

Millennium bcp is one of the top players in project finance in Portugal. Project finance is the choice financing option for financing of large structuring investment projects, within sectors as diversified as transport infrastructures, energy (including renewable sources), environment (water and sanitation, waste treatment), telecommunications, etc., many of which – given their nature – have a strong environmental and social component.

Millennium bcp is providing financial support for the Portuguese investment effort in the area of renewable energies. One of the most important is the Vale do Minho needs. Total investment in this project includes the installation of approximately 250 MW, which will produce approximately 650 GWh from the wind, at cruise speed.

This focus on renewable energies, made real by the financing of wind energy enterprises, demonstrates the Bank's commitment to encouraging the development and promotion of clean technologies in Portugal. Wind energy represents a renewable resource and small impact on the environment, when compared to conventional electricity production processes, namely in what concerns GHG emissions in thermal plants and habitat flooding in hydro-electrical plants. The eventual negative impacts usually associated to these types of projects – geological and geo-morphological alterations, erosion and landslides, destruction of vegetal species, disturbance of migrating birds, birds of prey and bats and landscape alterations – are minimised, whenever possible, during the environmental impact evaluation phase.





The Bank is also supporting an investment effort in course, whose aim is to provide water distribution and basic sanitation networks to all the Portuguese population, by leading the financing of some private concessions within this sector; namely those in Paços de Ferreira, Barcelos and Santa Maria da Feira.

A last reference should be made to TratoLixo, an inter-municipal company responsible for a solid waste integrated management system in Oeiras, Cascais, Sintra and Mafra Councils. Millennium bcp is co-financing the company's investments in the expansion of its urban solid waste treatment capacity, through waste valuation solutions, and in simultaneous compliance with Packaging guideline community targets and the national strategy for biodegradable urban waste, through the creation of collection and valuation targets for paper/cardboard, plastic and glass.

Municipal water; sanitation and waste treatment systems are very beneficial to society by reducing the environmental pollution caused by human activity. Their negative impacts are normally associated with soil occupation and eventual incompatibility with other uses; in the case of waste treatment infrastructures, main conflicts occur on a social level, such as the so-called NIMBY (Not In My Backyard) syndrome.

The remaining projects financed by the Bank within the last few years (roads and football stadiums) are aimed at social and economic development and improved accessibility. However, environmental impacts may be involved, which is the reason why most of these projects are subject to an environmental impact evaluation process, within legal terms, to select the best alternatives and to ensure that negative impacts are minimized or compensated.

Public Private Partnerships (PPP) are an economic policy instrument at the disposal of Governments for promoting development. Examples in Portugal are some of the cases already mentioned in the water, sanitation and waste treatment area. However, PPPs relative

to the transport infrastructures area, namely those concerning roads, have always counted with Millennium bcp's support and that may perform an important role in increasing the mobility of the Portuguese population and corresponding economic agents.

The adoption of the Equator Principles is a natural extension of the targets Millennium bcp has ever been striving to achieve in the project finance area, that is, scrupulous compliance by its Customers of the most stringent behavioural standards, namely on social and environmental levels. It should be referred that this initiative has resulted in the formalisation of a series of concerns that

Project activity sector 	Euro millions	
	Total allocated funds	Millennium bcp participation
Urban Solid Waste	171	43
Sports Infrastructures	191	84
Renewable Energies	302	80
Roads	149	50
	813	257
Number of transactions with environmental impact evaluation	3	3
Volume of transactions with environmental impact evaluation	204	67
Volume of transactions with environmental benefits and innovative characteristics	468	137

fully reflect Millennium bcp's foundation principles, thus being part of the organisation.

### Socially responsible Asset Management

Socially responsible asset management is assuming an increasingly importance within the capital markets, on a global scale. In effect, fund management companies have been adopting management policies that include concerns that go beyond mere financial analysis. Consequently, the number of socially responsible investment

funds has grown exponentially. This is a very important trend, since it reinforces the influence investment can have on companies, within the social responsibility domain. The final result is the contribution that investment agents are able to provide in taking company practices at the level of sustainability pillars.

Millennium bcp, the asset management leader in Portugal, being responsible for the management of approximately 6.6 thousand million Euros in investment funds, has great responsibility in this matter. The Bank has established a partnership with F&C Asset Management for fund management, with the latter being responsible for managing approximately 99% of the investment funds distributed throughout Millennium bcp. F&C Asset Management is a leading entity in Socially Responsible Investment. In this context, it performs its role of responsible investor, by encouraging companies to implement high corporate governance standards and to seek integration of risk management systems that include environmental, social and ethical factors. As an example, companies that constitute the portfolio managed by F&C on behalf of its Customers, are pressured, through "F&C's reo engagement program", to improve their practices regarding areas such as climatic changes, corruption, human rights and others.

Within the scope of the investment policy, F&C believes that effective management of these matters also constitutes an important indicator of best management qualities. As a shareholder, or on behalf of shareholders who are also its Clients, F&C questions companies on their positions relatively to new challenges and on which changes are being introduced to production processes and product development that will have an impact on consumer behaviour. In the development of its activity, F&C also takes the social impact of its investments into account, by encouraging companies to respect internationally

recognised legislation relative to labour issues and the appropriate measures regarding activities located in conflict zones.

In the future, F&C intends to continue to exercise its influence as an investor in the portfolios it manages on a global level – through its voting power and dialogue with companies – in the sense of encouraging companies to manage their business according to a long-term vision.

The Bank also develops a direct action in promoting and supporting socially responsible asset management through ActivoBank7, an autonomous institution held by Millennium bcp and leader in the distribution of foreign investment funds in Portugal. ActivoBank7 makes a complete range of "Ethical" or "Socially Responsible<sup>3</sup>" investment funds available to its Customers:

UBS Global Innovators B;

JPMorgan Global Socially Resp D;

Mellon European Ethical Index Tracker<sup>4</sup> (added to ActivoBank7's offer in 2005);

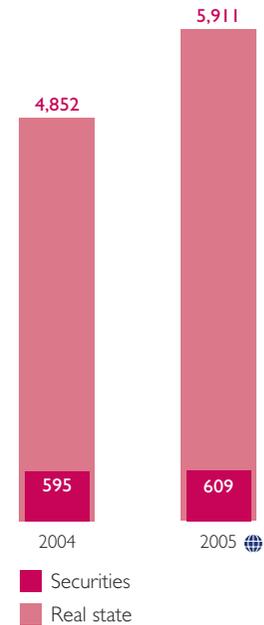
UBS Eco Performance B;

Credit Suisse Global Sustainability B;

DWS Invest Sustainability Leaders.

These funds invest in shares of companies recognised by their responsible practices towards the environment and society in general, being aimed at Customers who believe their investments should fulfil two fundamental goals: to generate profits whilst simultaneously contributing to sustainable development of the planet.

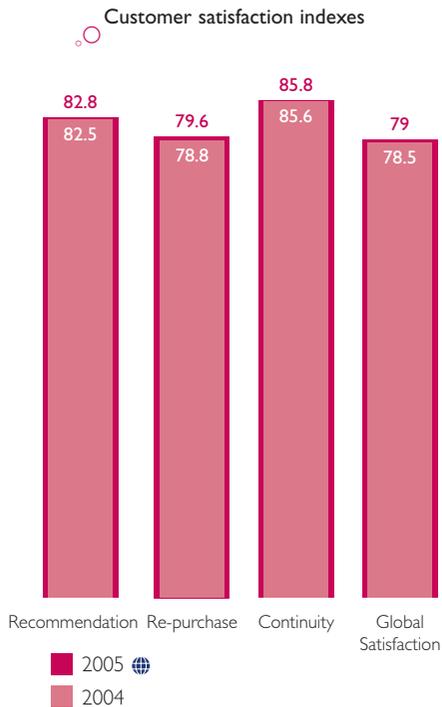
Assets management delegated to F&C  
Euro millions



<sup>3</sup> This type of investment is not very significant yet within the universe of funds commercialised by ActivoBank 7 (approximately 89 thousand euros in 2005).

<sup>4</sup> First fund to follow the evolution of the Ethical Index Euro – composed of all companies selected by a filtering process based on social responsibility criteria.





## Quality

Quality of service assumes an increasing importance in a mature and strongly competitive industry as the financial industry, where competitive advantages are played within increasingly narrower margins. This constitutes a lasting distinctive factor, difficult to replicate and, therefore, capable of securing an advantage, where Customers collect the main benefits.

Quality has been present in Millennium bcp's strategy as a value since the first moment and cannot be dissociated from the Bank's innovative role and its rapid implantation within the Portuguese financial system. Nevertheless, the concept of quality, together with its operational system, has naturally evolved with the Bank's history, according to the constraints faced at each moment.

### Customer Service

Customer orientation is a core element in Millennium bcp's quality policy, in line with the market vision driving its strategy. It is the Customer's satisfaction and loyalty that justify the remaining vectors, which, in turn, result in the former.

Millennium bcp has implemented a Customer Satisfaction Management System (SMS), aimed at continuous and permanent improvement, through its Quality Department. The SMS articulates, on one hand, perceived quality analysis and characterisation tools and, on the other hand, the activity developed towards better understanding, by the organisation, of critical quality factors from the Customer's viewpoint and of the measures that need to be adopted to continuously improve it.

Regular and systemised measurement of the quality of services provided by Millennium bcp, from the final Customers' viewpoint – that is, perceived quality, is carried out. The tool normally

used for this purpose is a monthly enquiry, sent by mail to a significant Customer sample, which enables collection of Customer opinions on:

Four service quality base indicators: global Customer satisfaction with the Bank, intention to continue as a Customer of the Institution, intention to purchase other products and services and intention to recommend these to others;

A set of attributes relative to the products the Bank commercialises, its relationship with the Customers and the services provided, which comprise the Bank's valuable proposal.

Analysis of correlations between these two groups of variables allows the identification of those attributes that have the most influence on Customer evaluation of the aforementioned base indicators and that, consequently, should be given priority, in order to improve this evaluation. All these analyses are replicated for each of the Customer segments the Bank's commercial activity; this enables better result interpretation, by relating results to the typical characteristics and needs of each segment. Given its recurrent character and the stability of its composition, the monthly enquiry is an essential survey tool for the variables and attributes previously recognised as being important to the Customers.

Recognition of these variables is updated at longer intervals (every two or three years, on average) through more detailed market studies, aimed at larger samples of the populations to be enquired. These market studies allow detection of new trends and shifting of Client concerns to other service quality aspects; these can then be incorporated in monthly enquiries, as new critical variables to be monitored.

Besides these two tools, numerous special enquiries are also conducted, with a wider frequency, aimed essentially at:

Acquiring a better knowledge of Customer opinion on certain products or services (for example: credit cards, mortgage loans, home banking financial portal, telephone banking);

Acquiring a deeper knowledge of the perceptions and preferences of specific Customer groups (for example: accompanying of new Clients);

Attempting to understand and characterise isolated phenomena (for example: abrupt evolution of an indicator; increased frequency of a certain type of event, etc.).

Studies performed in 2005 (Clients) 	Number of enquiries	Enquired Clients	Answers
Market Studies	6	127,024	9,025
Survey Enquiries	28	918,573	83,716
Specific Enquiries	5	58,119	4,305
	39	1,103,716	97,046

### Quality certification

The identification of significant opportunities to improve operating procedures, in terms of efficiency, reliability and consistency, led the Bank to consider as a priority to initiate a project aimed at obtaining a certification in accordance with the NP EN ISO 9001 Standard.

This project, initiated in 2005, includes a limited number of activities in its first stage. However, the scope of the project will widen within the next few years, to include an increasingly larger number of procedures, until it includes all of Millennium bcp's core operations.

Once finalised, it will allow the combination of focus on the quality perceived by the Customer with attention to Employee satisfaction and motivation and the search for operative excellence, within a single Quality Management Integrated System.

### Installations

One of the Bank's immediately perceivable quality aspects is a branch network with innovative

operation ability characteristics, security, comfort and dimension, for clients and employees.

Correct insertion in the available space, whilst respecting the legitimate interests of nearby activities, has been another of the Bank's constant concerns. The branch network has evolved both in dimension and in concept, following the evolution of the Bank and the market it is part of, having reached the current stage whilst always keeping in mind functionality and attractiveness concerns, adapted to current needs; this is the reason for the existence of areas for self-banking operations, which have elicited growing interest, and personal service actions, carefully articulated amongst themselves.

Given the nature of the business, these branches are generally located at places that offer great visibility. Care in its conception and construction adds value to the locations where they are situated; people with motor disabilities have access to the wide majority of these branches. They are frequently installed in emblematic buildings, from the North to the South of the country, with great emphasis on preservation and simultaneous achievement of excellent solutions, regarding functionality and comfort.

### Security

Millennium bcp's security system has been conceived as an integration of procedures and equipment that, through careful selection and maintenance, respect the physical integrity of Clients and Employees in a scrupulous way, as well as the environment.

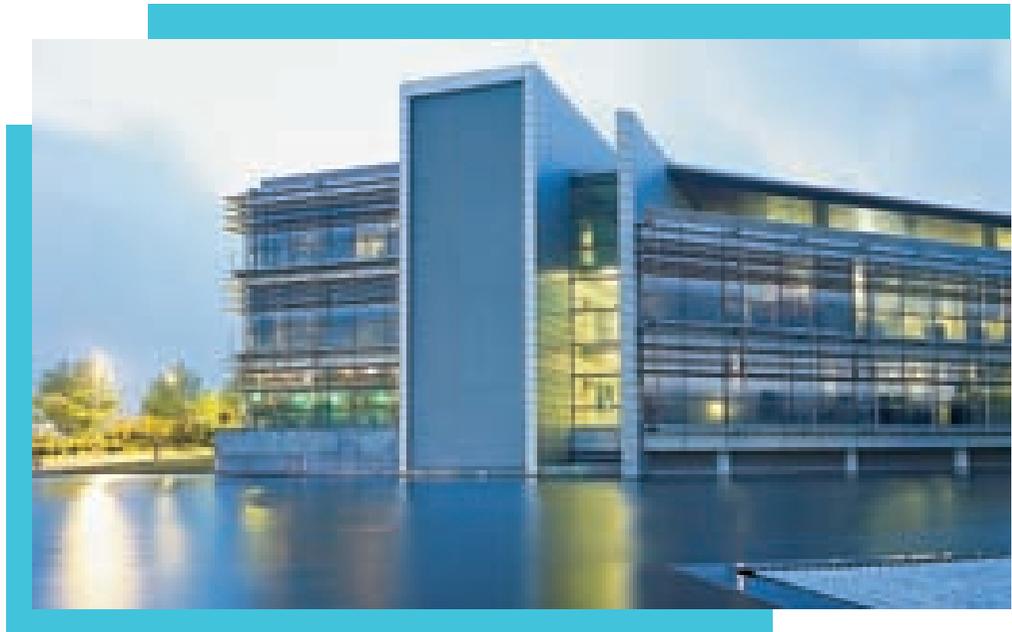
Millennium bcp branches were the targets of 20 robberies, which represents a 9% increase in relation to the previous year. These levels are in line with occurrences registered in other Institutions of the same relative dimension, the Portuguese Financial System. It should be emphasised that Millennium bcp's risk rate is still below values within the Portuguese Financial Service (1/43), despite having suffered a slight increase from 2004 (1/63) to 2005 (1/50).



Robberies occurred at Millennium bcp branches were witnessed by approximately 57 Clients; no physical harm or trauma circumstances was reported. The Bank's Medicine Services accompanied this type of occurrence, having always been available to follow-up eventual traumatic situations resulting from this kind of incident.

Some small incidents occurred at the Millennium bcp Central Buildings (34), which were not

recorded due to having been prevented by detection carried out by the operating security system, or to having been immediately controlled and resolved. The security system is subject to permanent monitoring; complementary prevention exercises are conducted, in order to test Emergency Plans and for Security Team Training. Three fire and building evacuation drills were performed in 2004 and 2005, which involved approximately 1,078 people and the Security Authorities.



TagusPark.

# A good place to work

Without satisfied, motivated and loyal Employees it is not possible to have satisfied, loyal and profitable Customers, who relate to the Bank in a sustainable way.

## People management

People management is one of the key pillars in Millennium bcp and is characterised by an ability to listen, advise and value the acquisition of useful competences for each Employee. The Bank's continuity is intimately connected with its capacity to create and maintain quality employment positions, attracting and retaining the individual talents that are critical to the collective development of the Institution.

Employees <sup>1</sup> (2005) 	Men	Women
Senior management	127	12
Management	698	143
	825	155
Level partitions		
16 – 20	489	71
13 – 15	827	236
8 – 12	3,871	1,772
< 8	1,913	2,186
	7,100	4,265

## Motivation and satisfaction

The attitude and behaviour of Employees in their interaction with Customers are determinant factors in the quality perceived by the latter. Without satisfied, motivated and loyal Employees it is not possible to have satisfied, loyal and profitable Customers, who relate to the Bank in a sustainable way.

This is the reason why Millennium bcp considers Employee satisfaction and motivation management, through the creation of professional fulfilment opportunities, as one of the fundamental components of its quality policy.

The Employee Satisfaction Management System allows the evaluation of satisfaction and motivation levels, in a similar way to the Customers SMS, thereby constituting an essential effective Employee management tool. The measuring tool used is an annual autonomous mail enquiry, targeted at the entire universe (Employees of Millennium bcp and associated companies), and not just a limited sample.

The set of attributes considered in the enquiry elaboration process relate to working conditions, function characteristics, hierarchical relationships, people management policies, career and salary policies and the reward system, amongst others.

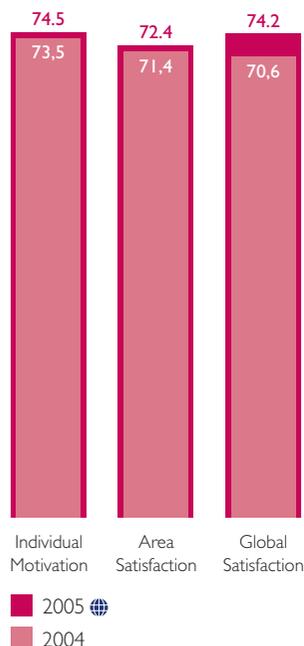
Global and area results are communicated and analysed, together with the corresponding units, encompassing the entire Bank structure. Concrete measures are programmed on the back of these results, per area, with the aim of acting upon critical attributes, thereby enhancing Employee satisfaction and motivation.

The high level of Employee involvement – demonstrated by high response rates, at the best international practices' level – reflects their acceptance of this enquiry and their commitment to the present and future of Millennium bcp.



<sup>1</sup> In banking activity in Portugal, excluding Employees at external branches and representation offices abroad.

## Employee Satisfaction Indexes



Studies conducted in 2005 (Employees)	Number of enquiries	Employees	Answers
Market Studies	1	12,882	1,889
Survey Enquiries	1	12,056	8,504
Specific Enquiries	3	1,329	999
	5	26,267	11,392

### Performance evaluation and reward

The Incentives System adopted at Millennium bcp is based on a reference matrix that combines evaluation of Employee performance at individual and team level. Individual performance evaluation follows the forced distribution criterion, allowing for a clear distinction between the various performance levels to be made evident, thereby conferring greater transparency and rigour to the way in which bonuses are distributed among different Employees, allied to a more marked and knowledgeable justice criterion. Team performance evaluation is based on pre-established commercial, financial or other nature measures, according to the activity scope of the organic unit.

Individual performance evaluation allows the association of Employee segments with similar performance traits, which, together with other indicators (competences, potential, etc.) leads to the identification, for example, of "Top Performers", or "Under performers", for whom adequate measures to their professional development or performance improvement are prescribed, accordingly.

This system allows to identify training opportunities and needs at all levels, as well as development and career opportunities for all Millennium bcp Employees.

The Incentives System, as it is conceived and practiced within the Bank, constitutes a relevant instrument in the induction of practices that

contribute to results, as well as for the reinforcement of team spirit and performances aligned with the Bank's strategic objectives.

### Mobility and career management

Career development is a shared function between each employee and his direct hierarchy, through which attempts are made to promote a long-term vision, taking into account each individual's vocation and potential ability.

Employees <sup>2</sup> per salary bracket in 2005	Men	Women
<b>Salary bracket<sup>3</sup></b>		
100	228	21
[90-100[	66	14
[80-90[	96	14
[70-80[	156	33
[60-70[	213	58
[50-60[	380	106
[40-50[	828	253
[30-40[	1,856	641
[20-30[	2,298	1,562
[10-20[	841	1,349
< 10	116	208

At Millennium bcp, functional mobility is a current practice, which has been encouraged since its foundation, to the point of being considered a distinguishing cultural asset, as well as being a career management and continuous performance improvement tool.

The functional mobility policy practiced at Millennium bcp is based on the conviction that exposure to the challenge placed by a new function is a very powerful stimulus to learning and development and that, conversely, permanence at the same functions for an excessively long period leads to accommodation and boredom, which results in a slowing-down of Employee development or even in their stagnation.

<sup>2</sup> In banking activity in Portugal, excluding Employees at external branches and representation offices abroad, or on unpaid leave.

<sup>3</sup> Annual salary brackets (including variable salaries), in thousands of Euros.

It can also be said that, within the organisational plan, mobility between functions and organic units also results in good practice dissemination and in better inter-departmental communications – increasing what may be called “organisational empathy”, which results from an increase in the number of people with “experience from both sides”, who can understand problems from several perspectives.

On the other hand, it is evident that mobility is also a source of entropy, since it is inevitable that Employees recently transferred to a new function face an initial period in which their performance falls below requirements.

Therefore, opting for mobility as a personal development and career management instrument entails a short-term sacrifice in productivity, in favour of a sustainable competence and organisational ability development and upgrading dynamics, in the long run. At Millennium bcp we believe it is possible to accept this sacrifice and to manage, so that gains widely compensate losses.

Within a narrower scope, mobility may also occur at an international level, with the appointment of Employees to markets and operations where Millennium bcp is present vice-versa, with the appointment of Employees from these operations to work in Portugal. Opportunities are limited to key management functions and to specialised functions that enable faster implementation of projects already tested and successfully put in practice.

Appointment situations are prepared and discussed case by case and encompass not only those issues which are strictly professional, but also the Employee's family situation, namely finding ways of minimising the impact on children's school education (when applicable) and spouse relocation. Despite this individual treatment, safeguarding of the general principles that ensure impartial treatment is guaranteed by the International Mobility Principles approved by the Board of Directors.

Internal mobility (Portugal) continues to show high levels, with the occurrence of 4,772 rotations, which correspond to a mobility rate of approximately 39%, compared to a mobility rate of approximately 30% in 2004.

### Training

Training priorities continue to be orientated towards the development of organisational abilities required to the efficacy of the various operations and businesses conducted by Millennium bcp, under the Bank's global strategy and supporting the latter.

A strong investment in internal training took place in 2005, with special emphasis on the Retail area, this was translated into over 139 thousand hours of training and involved 6,450 participants.

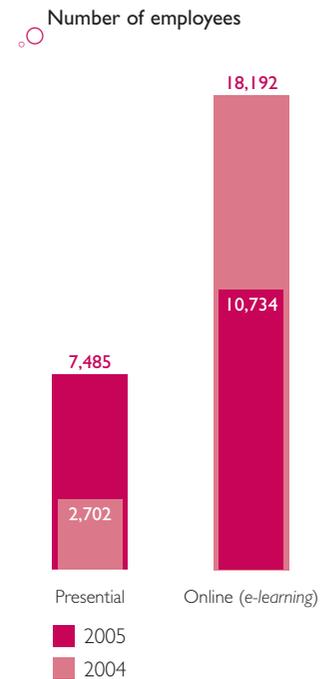
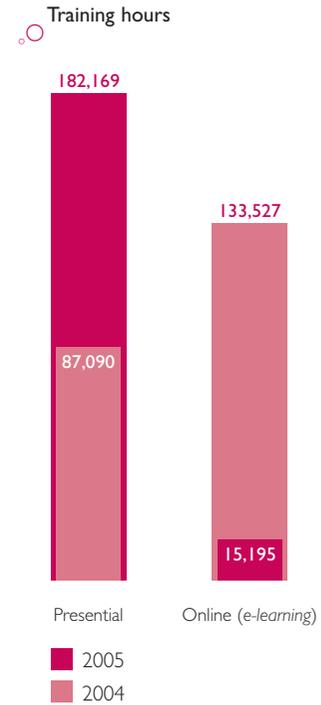
The decrease registered in 2005 in e-learning training hours was exclusively due to alterations in this platform, namely replacement of the services supplier, which caused a temporary interruption in its use.

On the other hand, training with the presence of the trainee, which is more demanding, both from human and financial resources perspectives, should be emphasised, in the sense that it transmits commitment and priority, assigned by the Bank, to the Employee training component.

At the level of sector-based training, the following components stand out:

**M3 Program** – specific training programs were developed within the scope of realigning and strengthening projects for the various Retail segments. The “M3 Academy” was developed with the aim of supporting and ensuring commercial dynamics at Retail branches involved in the M3 program (Smaller Operational Load, Greater Commercial Efficacy and Better Service);

**“Prestige Plus” Academy** – this initiative was based on the former, with the aim of re-framing and strengthening private portfolio Customers (Prestige) business, consisting of a Training Program with identical goals to those of the “M3 Academy”;



**Back-office and IT** – The commercial network training effort requires back unit follow-up. An important training effort has been carried out within this domain, aimed at the updating and preparation of Employees with functions in back-office areas, with emphasis on IT areas. Access to actions aimed at obtaining Microsoft MCAD, MCSA, MCSE and MCDBA Certifications was given to approximately 200 Employees, which translated into attendance of 1,350 courses;

**Financial products** – Competences in financial products and their supporting operations – shared by commercial networks and back office units – are largely developed by e-learning.

Continuity was also given in 2005 to the people management training program (leadership), aimed at Employee motivation key drivers, which involved 927 Employees in leadership functions and a total of 18,627 training hours.

The following institutional training (transversal) components stood out in 2005:

**Leadership improvement** – the aim of this program is to improve the quality of leadership and hierarchical relationships, in order to reinforce strategic alignment and fight Employee de-motivation. As with programs relative to Customer relationships, this program attempts to help leaders in the use of coaching techniques, with a view to permanent development of their teams and to "do well" at the "moments of truth" – a limited number of inter-personal transactions that constitute the majority of contacts between them and their Employees: objective communication, welcoming a new Employee, praising a good performance and positive correction of a not so good one, conduction of an advisement and evaluation interview;

**Learning languages** – The increasing relevance of Millennium bcp's international presence justifies the support and incentive towards language competence acquisition and development. This training is aimed at specific target populations and is actively promoted, both in terms of performed

functions and in a transversal way, for all those in management positions;

**Money laundering** – orientated towards the strengthening of activity practices aimed at prevention, detection and operations control, according to the orientations and guidelines that apply to the exercise of the financial activity; e-learning training actions on Money Laundering were performed, with the participation of approximately 1,100 Employees and which will proceed in 2006.

During the year of 2005 and besides the specific programs already mentioned, continuity was given to the Academic Qualification Incentive Program, which aims to encourage those Employees who show adequate merit and potential to finish degrees and post-graduation studies of interest to their careers and to the Group's business; over 200 Employees received support in the form of an average 48% participation in their tuition fees.

#### **Excellence Awards**

Millennium bcp distinguishes those employees whose performance stands out, on an annual basis, through attribution of the Excellence Awards. This distinction aims to recognise those who have achieved a true level of excellence, through their exceptional professional performance and working ability.

In 2005, 48 Employees were distinguished with the Excellence Awards, which were presented by the members of the Bank's Board of Directors during the Bank Open Day working session.

#### **Restructuring**

The policies of re-dimensioning, rejuvenation, restructuring and re-qualification of human resources at Millennium bcp continued during the year of 2005. This effort, which has been developed since a significant increase in staff occurred on the back of the acquisition of several financial institutions in 2000, has the goal of adjusting the employee structure to new business demands, taking into account the aims of retention and development of larger potential employees, organisational

structure rejuvenation and simplification, recruitment and training of young staff members with higher qualifications and rationalisation of personnel costs, through re-dimensioning of the employee structure. The number of employees associated with the banking activity in Portugal went down from 12,364 to 11,365 between the end of 2004 and the end of 2005.

A growing competitiveness within more developed markets, the globalisation and specialisation of main financial institutions and a larger frequency of trans-national consolidation operations are causing profound alterations in the structure and competitiveness of the world banking sector, which entail the emergence of new critical success factors and more stringent commercial efficacy and operational efficiency demands. Re-dimensioning of the employee structure, which, in the case of Millennium bcp, was relatively high when compared to reference benchmarks, was an imperative need for the institution to reposition and strengthen itself, in order to face competitive alterations and secure long-term sustainability.

The process of employee structure re-dimensioning has been conducted with respect and dignity, based on individual negotiations with each employee and

according to pre-defined criteria; this has been reflected in the safeguarding of service levels and in working relationship stability. Normal or early retirement has been the main re-dimensioning tool; in this process, conditions much more favourable than those demanded by law have been agreed, whereby several complementary benefits are ensured and the Bank strives to support employee life changes.

The importance of human resources rejuvenation should also be emphasised; this is expressed in the recruitment of 510 employees, which has contributed to an inversion in the evolution trend for the average age of permanent staff which was of 39.3 years on the 31<sup>st</sup> of December of 2004, having fallen to 39.0 years on the 31<sup>st</sup> of December of 2005 – accompanied by modernisation measures, introduction of new technological tools and operating process optimisation, all these contributing to a reinforcement in productivity and competitiveness.

Organisational optimisation processes were defined and implemented in parallel, which involved organic unit re-dimensioning, adjustment of employee profiles to responsibility functions and levels, layer number decrease and increase



Attribution of the Excellence awards.



in span of control, compounding of functions and procedure improvement.

### **A family responsible company**

Alongside with the specific aspects assumed by Employee management at Millennium bcp, which result partly from its affiliation to the collective regulations the Bank has negotiated and agreed with sector unions, a large number of commitments exist regarding attribution of social benefits to Employees and their families, all of which clearly surpass the strict legal measure of social protection that all companies must ensure.

Amongst these benefits, emphasis should be given to those concerning employee retirement, which has been a distinctive issue for Millennium bcp.

In fact, the Bank has been making donations towards the pensions fund, aimed not only at guaranteeing the base remuneration demanded by work collective contracts, but also the free salary complement earned by the employee, as well as a survival pension, in case of death or full disability, which is calculated on the basis of the active employee's total salary.

This procedure has been strictly applied to all employees, regardless of their society of origin or professional category. Therefore, in these conditions, all employees will benefit from a better retirement pension than that demanded by the sector's collective contract agreement.

In the event of death of an active or retired employee, their children will be entitled, whilst entitled to family benefits for children and youngsters, and as long as their school results are equivalent to a pass mark or above, to a monthly subsidy of 125, 175 or 235 Euros, if they are enrolled in nursery school, primary school, or secondary school and university, respectively. This benefit is exclusive to Millennium bcp.

Despite the benefits set by collective regulations and the wide range of additional benefits the Bank

ensures to its employees, some situations always occur where individual and family subsistence is threatened, sometimes seriously, due to illness, accident, death, family problems or other circumstances.

The objective of the Social Fund is to provide financial support, through loans and subsidies, in order to solve social problems that, due to their nature of circumstances, should be considered outside the scope of the benefits described above.

All Millennium bcp Employees, active or retired, and their families, as well as pensioners, may benefit from this type of social support.

### **Equal opportunities**

Employees are Millennium bcp's most important asset; therefore, the Bank attempts to ensure that all are treated with dignity and that equal opportunities exist to stimulate their talent, so they may give their best, on a daily basis, and feel proud of their contribution to the global performance of the institution. Respect, inclusion and cooperation are the values and guidelines followed by Millennium bcp, each and every day, and which embody a culture based on freedom and responsibility.

Besides cooperation from their hierarchy, Employees are provided with complete information on their rights and progression possibilities, as well as on existing and functioning mechanisms, which are available on the institution's own Intranet site.

The employee universe is very diversified and attempts are made to ensure a dignified and fair treatment of all, by condemning any kind of discriminatory practice. A set of guidelines and procedures exists to the effect, which attempt to ensure strict respect for all Employees:

Transparent recruitment and selection policies and practices – all applications follow the same track, regardless of how they were submitted.

At the end of the Recruitment Process, Candidates are interviewed by a Selection Jury – composed by Senior Management members. This jury will then submit their opinion to the Board of Directors, which is exclusively responsible for the final decision regarding admission of new Employees;

Training – a continuous training program is developed throughout the Employees' career. The Bank provides, at all times, adequate training to each Employee for the effective performance of his functions.

Career development possibilities – the possibility of building a diversified and enriched career within the Bank is guaranteed to all Employees. The main support engine for this course of action is the possibility of internal mobility. One of the implied principles is that of competence development; it is not about finding the right person for the right function, but about finding the right function for the development of individual and team competences. Optimisation of the advantages of Mobility assume the need to perform a five-year rotation for most functions resulting in an annual involvement of over 20% of the Employees in this process.

Workers Commission – as a complement to the existing communication mechanisms, Employees may use this entity, which has regular meetings with the Bank's Board of Directors to discuss various issues relative to Employees' rights and duties.

Its objective is to, thus, promote well-being and a healthy professional environment, so that all Employees may perform their tasks competently. The intention is to eliminate any kind of discrimination within the institution, ensuring equal opportunities for all.

## Working conditions

### Infrastructures

Millennium bcp's installations obey stringent parameters relative to working conditions, which

are considered to be determinant for sound performance of Employee functions. All Millennium bcp buildings and offices implement light, temperature, furniture and installation maintenance solutions that comply with conditions that not only ensure they do not constitute a risk factor for health, but also that they do not lead to uneasiness, loss of concentration, somnolence, anxiety, stress or any other situations that may affect Employees and their activity.

### Hygiene and Safety at Work

Millennium bcp's activity in the Hygiene and Safety at Work area is aimed at ensuring the best quality working condition standards for Bank Employees. Millennium bcp fully complies with all legal demands regarding Safety, Hygiene and Health at Work activities, ensuring permanent monitoring of all Bank installations. This monitoring is done

	2005 	2004
HSW Visits	230	245
Air quality analyses	5	11

through periodic visits to the installations, where analyses are conducted whose objective is to detect dysfunctions relative to issues such as ergonomic quality, air quality, noise levels and lighting of working areas.

This surveillance through monitoring of all Millennium bcp company installations is carried out by an outsourced company. The Bank's Medicine Services coordinate visits to Bank installations and treatment of the reports generated by these visits, also being responsible for reporting detected dysfunctions and proposing corrective solutions for eventual non-compliance situations.

Millennium bcp has transferred its employer's responsibility, resulting from the judicial regime relative to working accidents and professional illnesses, regulated by Law 100/97 of 13/09, to Ocidental - Companhia Portuguesa de Seguros S.A.



At the moment an accident occurs, an immediate contact is established with the Insurer (telephone line available 24 hours a day), to guide the injured worker to the most adequate Clinical Centre/Specialist Doctor (geographic proximity is another factor to be taken into account). The insurer will then open an administrative accident file, immediately informing the Occupational Medicine unit of the employing entity (Bank).

	2005 	2004
Working accidents	74	103
Death victims	-	1

Both medical units (from the Insurer and the Bank) will closely follow the worker's recovery process, via exchange of clinical information between themselves, with a view to engage the best resources for the treatment of the employee. Despite the occurrence of some working accidents, no fatal accidents were registered in 2005.

Millennium bcp complies with the guidelines and conventions established by the ILO – International Labour Organization.

### Social benefits

#### Health plans

Millennium bcp Employees have access to a wide

range of medical assistance and healthcare services. This wide range of alternatives available to all Millennium bcp Employees constitutes a unique situation at corporate level in Portugal, reflecting the importance given by the Bank to the health of its Employees. Millennium bcp offers the possibility of subscription to a health insurance policy managed by Médís to its Employees, whereby these may benefit from a health plan with privileged conditions. Millennium bcp Employees may also enrol in the various Social and Medical Assistance Services (SAMS), which are managed by Banking Sector Unions. It is important to emphasise that Médís and the SAMS have established a protocol that allows Employees enrolled in one of the systems to benefit from the services offered by the other. In addition to the health services at the disposal of Millennium bcp Employees already mentioned, the Millennium bcp Medicine Services and Insurance at the University Clinic of Navarra are also available. All medical assistance services available to Employees are extensible to spouses and dependent children and remain valid when the Employee retires:

SAMS service network of each Sector Union, including the services of any entities with which they may have signed agreements or conventions;

Service network made available by the Companhia Portuguesa de Seguros de Saúde, S.A (Médís);

Millennium bcp Medicine Services;



Group Insurance at the University Clinic of Navarra, in Pamplona-Spain;

Service network made available by the National Health System.

### Medicine services

People's Health and Well-being are extremely important pillars in the way Millennium bcp acts towards its Employees. Millennium bcp's practices in this domain go a long way beyond legal requirements.

Millennium bcp's acting philosophy is to support, with no exceptions, all Employee clinical situations where severe pathologies are involved. Based on this principle, the Bank guarantees a whole process of accompanying, orientation and complementary healthcare for Millennium bcp Employees, based on the highest quality and excellence standards. In this sense, the Bank has an area especially dedicated to the health of its Employees, designated as Medicine Services.

Millennium bcp's Medicine Services are strategically located in several parts of the Country, in order to facilitate access to all Employees; the services comprise a total of 35 people. This team is responsible for ensuring Curative Medicine and Work Medicine Services, ensuring the follow-up and supervision of all active Employees' health, as well as that of retired Employees, in its different areas. The Medicine Services provide services to all companies within the scope of Millennium bcp.

Consultations carried out <sup>4</sup>	2005	2004
Work Medicine	7,832	10,477
Curative Medicine	26,931	29,104

Within the Curative Medicine area, Millennium bcp's mission is to guarantee medical assistance to its Employees through its Medicine Services.

This function is complementary to the health services already available to Employees through

<sup>4</sup> Excluding Retired employee consultations

### Personnel Map:

#### Clinical Body (18):

3 Doctors in exclusive regime  
15 Doctors in part-time regime  
(10 specialised in Work Medicine and 8 specialised in Curative Medicine)

#### Psychologists/Social Assistants (2):

1 in exclusive regime  
1 in part-time regime

#### Nurses (7):

1 in exclusive regime  
6 in part-time regime

#### Administrative Personnel (8)

### Check-up at Millennium bcp

Periodicity: annual for Employees over 40 years of age and every 2 years for Employees under 40.

Constituted by: Clinical history, Objective examination, Complete laboratory analysis, Electrocardiogram, X-ray to the thorax, Visual acuity, Hearing acuity, Spirometry, Complete abdominal and renal scan, Breast Scan, Gynaecological scan and Prostate scan (over 50 years of age).

### Legally required Check-up\*

Periodicity: annual for Employees over 50 years of age and every 2 years for Employees under 50.

Constituted by: Clinical history, Objective examination, Normal laboratory analysis, Electrocardiogram and Visual acuity.

\*Legislative Decree Nr.109/2000



### Check-ups performed



Médic and SAMS health plans, and the National Health Service. The Medicine Services accompany all severe pathologies in an attempt to find the best clinical solution, together with the Employee's health system. The Medicine Services follow all severe clinical cases that are sent to Clinical Centres abroad at all stages, namely by evaluating medical justification and by accompanying the patient during their stay at the corresponding hospital units. The Medicine Services also have the functions of evaluating situations of Employee clinical and professional misadaptation and eventual cases of working disability due to severe pathologies, and of performing evaluations for Life Insurance purposes relative to Employees who resort to credit.

Within the scope of Work Medicine, Millennium bcp's Medicine Services are responsible for following Employees' health in the area of Preventative Medicine, by ensuring that Check-ups are performed on active and retired Employees. Millennium bcp Employee Check-ups are much more complete and performed at more stringent intervals than those required by law. Within the sequence of the Check-up procedures, the Medicine Services are responsible for evaluation, diagnosis, orientation, advising and eventually recommend to a specialist. Occasional examinations are also performed within the scope of Work Medicine, with the aim of evaluating Employee aptitude following prolonged periods of leave. Hygiene and Safety at Work is followed by the Medicine Services, through accompanying and supervision of periodic visits to working locations and elaboration of the reports that result from these visits.

#### University Clinic of Navarra

Millennium bcp Employees also have the possibility of resorting to the University Clinic

of Navarra, in Pamplona, in those clinical cases considered to be most severe, in the sequence of an opinion issued by the Medicine Services. Resource to the Clinic of Navarra may be done under the conditions of the Insurance Policy that Millennium bcp Employees have for these cases. This Insurance Policy is an additional benefit given to active and retired Employees, which is extensible to spouses and dependent children. All clinical assistance expenses at the University Clinic of Navarra are always fully paid under the insurance policy.

Navarra Clinical Insurance	2005	2004
People contemplated	51,854	52,156
Number of consultations	800	806
Insurance premium (thousands of Euros)	1,685	1,619

#### Credit to Employees

The possibility of access to credit specifically aimed at Employees represents an important social contribute given by the Bank to Employees and their families, within the scope of all benefits made available to them.

In this domain, Employees have access to credit with advantageous conditions for the following purposes:

Home acquisition (average interest rate of 1.30% in 2005);  
Other Social Credit (average interest rate of 3.22% in 2005).

Euro millions

Credit to Employees	2005 		2004	
	Credit	Employees	Credit	Employees
Loan portfolio (balance at the end of the year)				
Homes	1,103	13,533	1,110	13,265
Social purposes	42	6,897	46	8,003
Granted credit (new production)				
Homes	151	1,612	264	3,445
Social purposes	16	1,731	18	2,184

### The Millennium bcp Club

The Millennium bcp Club's main mission is to contribute to the cultural, physical and psychological development of its associates, who consist of active and retired Employees. Its main strengths are the promotion and development of cultural, sportive, leisurely and social activities, as well as activities that benefit the Community, in which every one is encouraged to "Live their leisure". The Millennium bcp Club is currently the largest corporate cultural and sportive club in Portugal, with over 30,000 associates.

Number of members in 2005  
(Effective: 13,000. Auxiliary members: 17,500.)

Sportive Area: Participation in approximately 400 activities, including 23 sports.

Cultural and Leisure Area: Participation in approximately 100 events.

Millennium bcp Club 1st Postal Art Exhibition.

Painting and Decorative Art Exhibitions of work created by members.

Performance of the Theatrical Play "Honeymoon at Three", from Henrique Santana and Ribeirinho.

MilRaízes on RTP1 program "Portugal no Coração".

Edition of the "Memória Popular" DVD from MilRaízes.

Edition of the "Fantasias" CD from MilCordas.

Commemoration of the 20th anniversary of MilCordas.

Performances by Coral Ensaio, MilCordas and MilRaízes.

Travels.

1,272 children celebrated the World Children's Day (in Lisbon, at the National Stadium and in Porto, at the Luso-Internacional School).



# Millennium bcp Microcredit

## Providing a second opportunity and contributing towards social inclusion and cohesion.



On the 8th of November of 2005, 24 hours after the World Poverty Eradication Day, Millennium bcp and its partners announced the launch of an autonomous microcredit operation in Portugal. The year of 2005 had been chosen by the United Nations as the International Microcredit Year. The goal of the United Nations was ambitious: to take this tool to approximately 500 million people, all over the world, living under poverty conditions.

Microcredit is, above all, a powerful instrument to create opportunities for those who are conventionally excluded from access to credit; however, it should not be seen as a form of solidarity or sponsoring. Microcredit combines an entrepreneurship spirit with the effort and commitment of those who believe and refuse to accept the idea that a better future would not be possible merely because the conventional financial system is unable to provide support. Microcredit is based on three fundamental pillars: knowledge, belief and trust. All these have a strong human relationship component, as in any other business or partnership. Millennium bcp believed again that these pillars could be addressed with the use of the right 'technology', thereby making it possible to positively change many people's destinies.

Millennium bcp had once before, through a partnership with the ANDC ("Associação Nacional de Direito ao Crédito", established in 1998, embraced this movement, having become the first and, until recently, the only national bank to support the main Portuguese entity dedicated to microcredit. Later, in 2000, as a result of its presence in the territory of Mozambique and in response to a challenge made by the local authorities, Millennium bcp launched NovoBanco, a micro-finance institution that, after 5 years

of activity, accomplished significant results amongst financial institutions dedicated to this area.

The project of launching an autonomous operation in Portugal arose within the Social Responsibility and Sustainability Commission, created in March of 2005. To this Commission, the possibility of combining the correct efforts and interests, in order to face some of the main challenges faced by today's Portuguese society, such as entrepreneurial levels and social inclusion, were clear:

Millennium bcp microcredit's vision is to finance and promote people and micro companies with viable business initiatives that, otherwise, would not have the sufficient financial means to cope with the investments required. This should be achieved through a combination of operating platforms and partners that ensures self-sustainability of the operation.

Portugal represents a major opportunity for this kind of operations. Small micro companies, specialised unemployed people, young unemployed people, new graduates or graduate students, retired people and immigrants represent significant amount of populations, certainly able to produce valuable ideas, generate new businesses and, as a consequence, new sources of employment, wealth and social and economic development.

Customer expectations had been identified during the preparation of the operation and through comprehensive interviews of potential Customers. The knowledge gathered was incorporated at different levels, in order to create a unique relationship experience. This work has enabled very specific intervention in areas that range from the physical spaces available for the operation to the communication strategy.

The distinctive approach of Millennium bcp microcredit offer does not rest in a simple and flexible product structure. The approach is supported by the human factor, embodied by the Project Manager, a critical element of the operation, and someone who ensures a continuous presence in the field. Project Managers' mission is mainly accomplished through the contact, knowledge and support of their Customers.

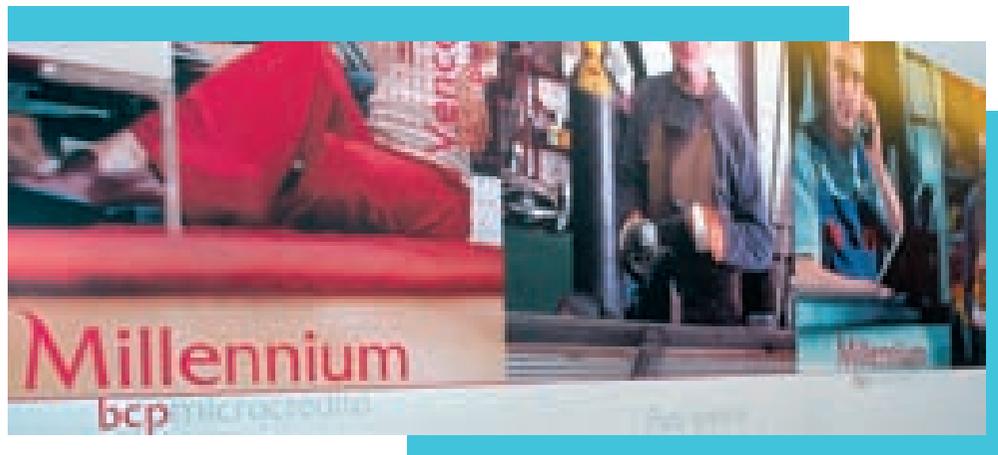
Project Managers operate from a network initially composed of three offices (Lisbon, Porto and Braga). These offices are used as support locations for the customers at the project preparation stage. Offices are located in areas of great traffic, of easy access and public transportation nearby.

Throughout the stage of project development, it became clear that a single credit offer would not be sufficient to ensure the success of the projects and companies eventually supported by Millennium bcp. The most relevant international experiences in this field found that training and continued support to new entrepreneurs become critical elements for success. Millennium bcp launched this challenge to the "Fundação Calouste Gulbenkian", so that this prestigious entity would become the Bank's partner in this operation, thus

providing financial support for the development of specific training programs. The challenge was accepted. Millennium bcp microcredit Customers will thus be able to receive intensive training on subjects that are necessary for the survival of their new enterprise experience.

Coverage of all national territory by Millennium bcp microcredit arose as one of the original objectives of the Social Responsibility and Sustainability Commission. However, the investment necessary to ensure physical presence at this level conflicted with the objective of creating a self-sustainable operation. This obstacle was overcome through another partnership, this time with Cáritas Portuguesa, a social supportive institution with a wide geographical presence. Cáritas Portuguesa contributes with its infrastructures, allowing Millennium bcp microcredit to reach the entire country and, simultaneously, creating significant operational synergies.

At the end of 2005, and with less than two months of operation, Millennium bcp microcredit had already received over 1,000 proposals. Out of these, 321 were considered valid and submitted to the viability analysis stage. Seven entrepreneurs had already seen their projects fully approved.



○ Photograph of the launch of the Microcredit network



# Commitment to future generations

- 70 Environmental commitment
- 76 Sharing expertise and knowledge
- 79 Commitment to Society



# Environmental commitment

**The conquer of the environmental component is ambitious and entails hard work, but is rewarding for all Stakeholders.**



## **The financial sector and the environment**

Corporate social responsibility corresponds to the operational materialisation of the concept of sustainable development at a corporate level, encompassing company ethics, voluntary integration of social and environmental concerns in company operations, transparency, responsibility towards society and interaction with all interested parties.

It is recognised nowadays that good environmental efficiency and good economic profitability are interconnected. Within this context, the concept of eco-efficiency stands out: to achieve better results with reduced resource consumption and less pollution. An eco-efficient company has the ability to create better products, conquer innovative markets and take advantage of more competitive opportunities.

The conquer of the environmental and social components is ambitious and entails hard work, but is possible and rewarding – both at the level of society and market recognition and at the level of increased profitability, achieved with increased resource management efficiency.

The financial sector has an important potential in the promotion of sustainable development, both due to its characteristics and ability to influence, and its weight as employer and consumer:

The most relevant aspect of the banking activity is, most certainly, its ability to influence the environmental behaviour of its customers and companies where it holds stakes, through financing or investment decisions and conditions concerning

businesses or projects that may generate significant environmental impacts. International experience has shown that companies that express concern for the environment have better prospects of long-term success than the market average. A conscience of the financial risk associated to the environmental risk is necessary to prevent and minimise these impacts. Project environmental problems may have a relevant impact on loan performance or on investment return.

A bank may also have a positive influence by investing in products and services focused on the environment. Amongst these, an improvement in the quality of customer advisement services, specifically in what concerns the environmental component, and the financing of environmental opportunities and technologies (renewable energies, recovery and environmental regeneration infrastructures), including creation of new markets. At an investment level, both large companies and individual customers are increasingly supporting environmentally (and socially) responsible investments; a bank may offer financial products based on investment in companies with a sound environmental behaviour. These components constitute business opportunities.

Relevant environmental consequences resulting from the Bank's internal operations should also be mentioned, such as energy, water, materials and equipment consumption, soil use and waste and effluent production. Consequent impacts are minimised through adoption of good environmental practices; it is possible to implement an environmental management system, for example, by establishing programs aimed at energy efficiency, recycling, waste reduction at the source,

education and selection of suppliers that demonstrate sound environmental behaviour. Besides environmental improvement, this attitude generates cost-reduction opportunities.

At a more general level, financial institutions have a responsibility towards the community in which they operate and should be involved in relevant environmental issues. They should promote an open dialogue with all interested parties, which will provide the scope for consideration of community concerns relatively to environmentally sensitive projects. They should also be transparent in what concerns their environmental performance and cooperate actively with the organisations that promote the environment, for example, through sponsoring.

None of these actions is possible if the company does not work as a whole; therefore, involvement of all employees is essential: each employee should be responsible for environment protection, both in their working area and as a citizen. This focus on employees ensures that the company acts as a catalyst for changes in the society.

Millennium bcp adopts the principles enunciated above, by undertaking the commitment to finance sustainable development, by preventing and minimising eventual environmental impacts resulting from activity and by seeking continuous improvement of environmental development and community progress. Millennium bcp aspires to lead sustainability promotion within the financial sector.

### **Environmental protocol with the IMAR/UNL**

The university-company cooperation represents a decisive investment in the future, since companies need innovative alternatives to maintain their competitiveness and universities possess the necessary knowledge for innovation.

Success in this type of cooperation lays in complementary competences: the company knows the market, but development of new solutions becomes complex and entails a focus on uncertain

results and changes in routines, which represents a risk; the university is able to experiment with multiple and bold solutions, since its success is measured by the knowledge produced. This symbiosis results in an advantage for the company, since it acquires know-how in domains outside its usual experience, which may represent a future competitive advantage; it also results in an advantage for the university, which may open its doors to market reality, produce more useful research and provide better qualifications to its students.

Within the scope of its sustainability strategy, Millennium bcp signed a protocol with Instituto do Mar – Faculdade de Ciências e Tecnologia of Universidade Nova de Lisboa, which has been developing research on this area. This Project is designated “Millennium bcp Ambiente” (Millennium bcp Environment).

The ongoing cooperation is integrated within a strategic vision of sustainability. Self-knowledge and self-control instruments are being created at a first stage, in order to ensure compliance with the legal framework, transparent reporting and implementation of priority measures within the environmental and social domains.

Applicability of this sustainability strategy involves very objective orientations in domains such as the introduction of environmental and social criteria in business plan, selection of partners and credit decisions, focus on information transparency based on sustainability reports and environmental, scientific, cultural and social solidarity sponsoring.

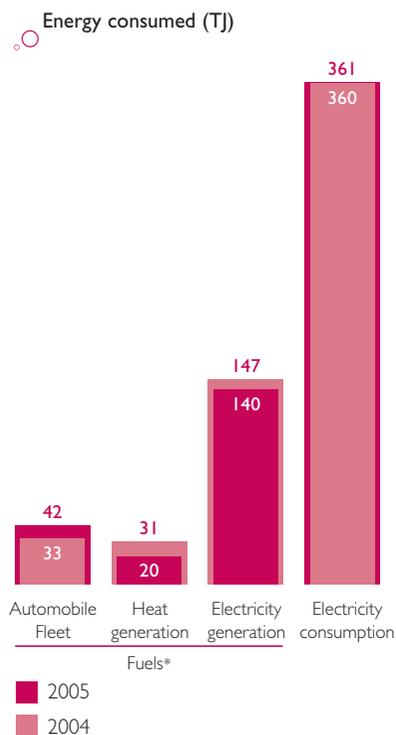
The Millennium bcp Environment Project is focused on the Bank’s environmental management. The work developed by the IMAR/UNL includes several components: research on environmental performance evaluation, preparation of the environmental component of the sustainability report, environmental survey and development of Millennium bcp’s environmental policy.

The environmental survey includes an examination of the Bank’s environmental management practices



João Joanaz de Melo, João Gomes Ferreira and Luciana Macedo of IMAR, Paulo Teixeira Pinto and Filipe Pinhal of Millennium bcp.





\* Automobile fleet: diesel  
Heat generation: diesel & natural gas  
Electricity generation: natural gas

and procedures, both direct (water; wastewater; waste, energy, atmospheric emissions, emergency response) and indirect (resulting from investment and financing criteria and supplier selection), analysis of applicable legislation relevant to the environment and identification of priority measures. The ultimate goal is to improve the Bank's environmental performance and to provide a basis for the eventual creation of an environmental management system.

An emblematic step of this process is the development of an environmental policy, which will be the guideline for the environmental management system. People commitment will be the key factor for the success of this system.

Future levels of ambition may include the implementation and certification of an environmental management system, with the corresponding implications of continuous improvement of environmental performance and a focus on social responsibility as a key pillar in company strategy, in an attempt to be at the forefront of knowledge and of the most positive environmental and social practices.

### Use of natural resources

Economic activity is supported by use of natural resources: water consumption, soil use, extraction of biological resources and minerals, waste rejection and emission of pollutants into the air, water and soil. Many of these resources are renewable, within certain limits, both in terms of extraction and of pollutant absorption; however, the ecosystem's regenerative capacity is surpassed beyond certain levels of use, extraction or pollution.

A first step towards good natural resource management consists of quantification and valuation of their use, which lead to increased efficiency and savings in the use of water, energy and raw materials, as well as to a decrease in waste production.

The banking activity cannot be considered as being amongst the most pollutant; however, it has its share of responsibility in the levels of pollution

generated. In this sense, Millennium bcp is aware of the need to save resources, both due to the environmental importance of this action and for its economic advantages – for the Bank and Society in general.

As a financial sector company, energy consumption in buildings and transports, consumption of water and of certain materials, such as paper; and waste management efficiency assume special importance.

### Energy

Most of Millennium bcp's energy consumption is due to ambient acclimatising, electrical equipment and transports. The majority of the electricity consumed in branches is purchased from the electricity network (317 TJ in 2005), with the exception of that consumed at TagusParque, where 47 TJ of electricity were produced by co-generation in 2005 (3TJ) of which were sold to the network). Indirect energy consumption derived from electricity consumption was of 787 TJ in 2005.

Millennium bcp implemented a set of actions to further improve energy efficiency, namely:

Co-generation system at Tagusparque;

Centralised technical management at Tagusparque, Palácio Atlântico and Estate Investment Bank at Rua do Ouro buildings, which allows constant optimisation of installation functioning, both on energy saving and user comfort levels;

#### Tagusparque co-generation power plant

A co-generation system becomes more efficient when compared to separate production of electricity and heat. Millennium bcp installed a co-generation power plant at Tagusparque in 1995, with electrical power of 923 kW and thermal power of 1,312 kW.

	2005	2004
Functioning hours	15,223	15,322
NG consumed (1000 m3)	3,616	3,792
Electricity generation (MWh)	13,112	12,826
Heat generation (TJ)	71.9	72.4
Electricity sold (MWh)	862	907

Millennium bcp energy management plan, consisting of a monitoring system for electrical energy, gas and water consumption at all Bank installations, including energy audits of all buildings and installations that present the highest levels of electrical energy consumption.

### Materials

Materials consumed in larger quantities by Millennium bcp are paper (non-recycled), ink cartridges and toners and other office consumables.

Consumption levels have been gradually decreasing due to a reduction in the number of paper forms used at branches and to a decrease in the number of printed account statements, which are now available at Millennium bcp's Internet site. The Bank also promotes the need for lower consumption through awareness campaigns aimed at its employees.

Consumption	2005	2004
Paper and cardboard (tonnes)	1,363	1,243
Toners and ink cartridges (units)	31,942	30,645

### Water

Water consumption at Millennium bcp relates essentially to sanitary installations, cleaning and garden irrigation at the Tagusparque site. The water used comes mainly from the public network; however, part of the water consumed at Tagusparque originates from a borehole that supplies the entire complex.

A draining, collection and pumping system exists at Tagusparque for re-use of surplus irrigation water. The Bank's actions concerning this issue relate mainly to the strengthening of employees' awareness to water saving issues, detection of consumption discrepancies caused by leaks or water wastage and installation of water-saving mechanisms.

### Pollutant emissions

The European Union has established a preference hierarchy relative to pollutant emissions and final waste destination: the ideal alternative is a preventative strategy (reduction and re-use); if this is not possible, companies should decide for valuation (organic, material or energy recycling); finally, treatment and/or landfill deposition should be carried out in cases where the adoption of the former processes is not viable.

### Waste

Many of the materials and equipment resulting from the Bank's re-foundation process and consequent adoption of a new image were not discarded and continue to be used whenever possible.

Approximately 1,674 thousand litres of bottled water were consumed at the Bank in 2005, which generated a significant quantity of waste (nearly three million bottles and twelve thousand plastic cups).

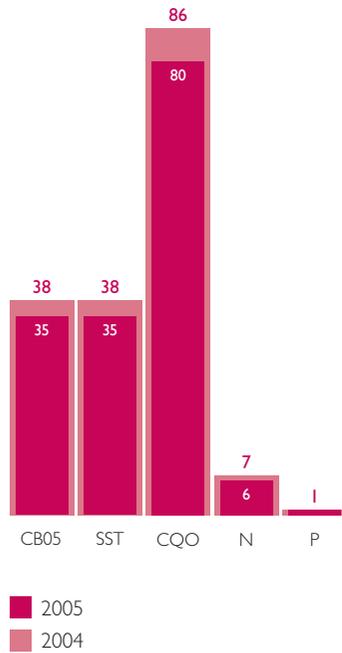
At larger production locations, namely the group's warehouses, authorised operators from the Waste Institute collect paper and cardboard waste. An organised plastic waste separation system also exists in some buildings and warehouses; this waste is subsequently placed at the appropriate collection points.

A procedure has been in place since 2003 for collection of used ink cartridges and toners, which are then redirected towards valuation. Part of this waste is donated to two social solidarity institutions – Ajuda Médica Internacional (AMI)

Direction towards treatment and valuation	Units	2005	2004
Paper and cardboard	Tonnes	552	600
Toners and ink cartridges	Units	6,733	7,772
Obsolete IT equipment	Units	1,185	0
Other obsolete equipment	Units	850	855



Discharged pollutants  
(estimated in tonnes)



and Fundação do Gil –, which ensure this waste is directed to an adequate final destination.

Obsolete equipment is directed to authorised operators that proceed with its treatment and/or valuation.

Millennium bcp also needs to destroy old microfilms. However, this process has not yet been initiated and studies are being undertaken, in order to comply with all legal, environmental and information confidentiality requirements.

**Atmospheric emissions**

Several significant emissions into the atmosphere result from the activity of Millennium bcp:

GHG – greenhouse gases;

Acidifying and eutrophying gases or troposphere ozone precursors;

Substances that deplete the ozone layer:

Energy use, namely fuel combustion, is the main cause of gas emissions into the atmosphere at Millennium bcp, whether as a direct result of its activity – co-generation, boilers and automobile fleet – or generated indirectly from electricity purchase and travel.

Emission of substances that deplete the ozone layer (SDOL) results from refrigeration product cartridges for heating, ventilation and air-conditioning systems. There are still some acclimatising systems at the Bank's installations that use refrigeration product CHF2Cl (HCHC-22), commonly denominated Freon R22. Cartridges of this gas registered in the maintenance of Tagusparque result in leaks of difficult control and allow quantification of atmospheric emissions (0.99 kg CFC-11 equivalent in 2005).

**GHG**

(unit: tonne)	2005	2004
CO <sub>2</sub>	56,281	56,687
CH <sub>4</sub>	0.33	0.33
N <sub>2</sub> O	0.24	0.28
Total (CO <sub>2</sub> equivalent)	58,064	58,214

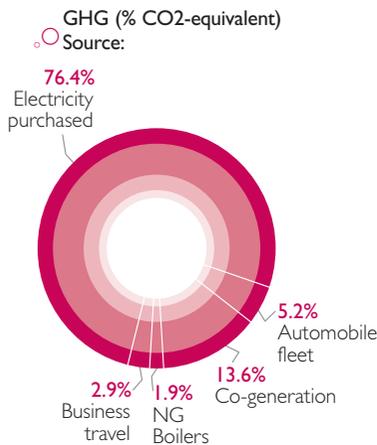
**Acidifying and eutrophying gases or troposphere ozone precursors**

(unit: tonne)	2005	2004
CO	16.59	13.78
NO <sub>x</sub>	38.31	36.17
COVNM	3.18	2.66

**Liquid effluents**

Millennium bcp's activity carries low-risk in terms of direct occurrence of incidents or accidents that may be at the origin of environmental impacts. The non-occurrence of spills of any kind ascertains the truth of this situation.

Millennium bcp is a service provider institution integrated within the urban network; as such, its effluent emissions consist essentially of domestic wastewater, which is discharged into municipal collectors. It is estimated that the approximate number of 12,252<sup>1</sup> Millennium bcp employees produced approximately 160,000 m<sup>3</sup> of wastewater, in their daily activity, in 2005.



<sup>1</sup> Average number of employees in 2005

## Environment protection

### Biodiversity

Millennium bcp owns urban, mixed and rural lands. Given their characteristics, urban lands are not rich in terms of biodiversity.

The remaining, when located within the National Network of Protected Areas and/or the Natura 2000 Network, may be considered important for the safeguard of protected species or habitats. Human activities should be compatible with environmental values at these locations, with a view to sustainable management from ecological, economic and social perspectives.

From a total of approximately 14 hectares of rural lands and 8.6 hectares of mixed lands, it was possible to confirm that at least 7.1 hectares are located within biodiversity-rich habitats (Sítio Alvão Marão, with an impermeable surface of 0.2%).

### Compliance

No incidents or fines due to non-compliance with declarations, conventions, international treaties or national, regional and local legislation on environmental issues were recorded in 2005.

### Adoption of the Equator Principles

Millennium bcp adhered to the Equator Principles at the end of 2005, within the scope of the sustainability strategy and social responsibility values held by the Bank. In order to fully comply with these principles, the Bank prepared a set of procedures that ensure the compliance with the Equator Principles. These procedures are based on a screening and classification process of all operations, within a permanent attitude of dialogue with relevant Stakeholders, with a view to solving any relevant questions that may arise.

The Equator Principles establish a series of guidelines targeted at financial institutions relative to the management of social and environmental issues in large project financing. These Principles

involve a commitment to certain policies and procedures associated with operations within the Project Finance area.

By adhering to the Equator Principles, Millennium bcp commits itself to categorize all projects whose value is superior to 50 million dollars according to the risk level of the project, in the social and environmental areas. Depending on the risk category (A, B or C), projects should comply with certain procedures according to the World Bank (VWB) and the International Finance Corporation (IFC) sector guidelines. Millennium bcp's voluntary adherence to the Equator Principles is seen as a natural step, taking into account the track record of the Bank relatively to economic, social and environmental pillars, strengthening Millennium bcp as a reference and an example in environmental and social issues.



# Sharing expertise and knowledge: a commitment to new generations

## Considering education and research as critical development factors, Millennium bcp's contribution is particularly focused on supporting young generations.



Millennium bcp scholarships

### Financial education

Millennium bcp is a founding member of "Aprender a Empreender – Associação de Jovens Empreendedores de Portugal" (Association of Portuguese Young Entrepreneurs). This association is integrated within Junior Achievement – Young Enterprise Europe (JA-YE), the European operation centre of Junior Achievement Worldwide (JA), which is the largest non-profitable world organisation dedicated to training young people in entrepreneurship skills, citizenship, ethics, financial literacy, economics, business and career development. JA currently provides curricular and extra-curricular programs to students between 6 and 25 years of age, through a network with over 60 thousand voluntary workers in Europe and 360 thousand voluntary workers worldwide. With a presence in 98 countries, JA reaches over six million students per year.

JA's objective is the promotion of responsibility and entrepreneurship values amongst young people. The strength and energy displayed by JA's initiatives stands on the conviction that observance, by each citizen, of their obligations and responsibilities is a necessary condition for human dignity and the individual freedom that supports it. It is also supported by the evidence that attitudes and habits are formed during childhood and adolescence, this being the reason why JA

programs are eminently educational and training oriented, seeking to place children and youngsters in a position where they may face reality as it is, and trying to challenge each one's spirit of initiative towards the exercise of freedom and responsibility within the economy and society in general.

Through suitable programs aimed at each age group, JA's range of initiatives starts with the 1<sup>st</sup> level of education (primary school), with several activities that attempt to stimulate the development of an individual responsibility culture. Further initiatives are aimed at basic and secondary education levels. Direct involvement of people from the corporate world is a particularly important aspect, with presentation of the subjects that comprise the programs being carried out by employees of associated companies.

### Scholarships

Considering education as one of the main, if not the most important, development factor; Millennium bcp's intervention, through the Millennium bcp Foundation, focuses particularly in this area, especially targeted at PALOP countries.

The scholarship program created by the Foundation is specifically aimed at graduate and post-graduate students from African countries where Portuguese is the official language (PALOP's); its goal is to provide these students

with access to an academic education they would, otherwise, be barred from receiving, due to lack of financial conditions. The Millennium bcp Foundation has granted over 160 scholarships and seeks to provide accommodating conditions in Portugal, whenever possible, sometimes in partnership with other institutions.

The Millennium bcp Foundation has equally cooperated in education development in some of these countries, in supporting the edition and re-edition of the Mozambique Legal Codes, mostly aimed at university students, and in supporting a training program, in collaboration with the "Faculdade de Direito de Lisboa", aimed at Law tutors at the "Universidade Agostinho Neto", in Lubango, Angola. The Foundation has also supported the "AMU-Actions for a United World", through a project in course in Angola, aimed at under-graduate training for future senior staff members in this country.

### Supporting education and research

#### Protocols

During 2005, Millennium bcp established a series of partnerships with several education and/or research institutions, namely through the celebration of financing protocols for students (credit under special rates and conditions, there by supporting academic and professional development of Graduate, Post-Graduate, Masters and PhD students) and employees (commercial agreements that allow access to a series of products and services with special conditions). Amongst these institutions, the following are referred:

Faculdade de Medicina Dentária  
Escola Superior de Educadoras de Infância  
Maria Ulrich  
Faculdade de Farmácia  
ISCTE – Instituto Superior de Ciências do Trabalho e da Empresa  
ISLA - Instituto Superior de Línguas e Administração de Lisboa

UAL – Universidade Autónoma de Lisboa  
Universidade dos Açores  
Universidade do Algarve  
COFAC, instituting entity for the Universidade Lusófona de Humanidades e Tecnologias  
Fundação Minerva (Universidade Lusíada)  
Instituto Politécnico de Lisboa – the education establishments that comprise the educational group of the Instituto Politécnico de Lisboa are the following:

ISEL – Instituto Superior de Engenharia de Lisboa  
ISCAL – Instituto Superior de Contabilidade e Administração de Lisboa  
ESEL – Escola Superior de Educação de Lisboa  
ESCS – Escola Superior de Comunicação Social  
ESTSL – Escola Superior de Tecnologias da Saúde de Lisboa  
ESTC – Escola Superior de Teatro e Cinema  
ESML – Escola Superior de Música de Lisboa  
ESD – Escola Superior de Dança

These agreements are additional to those that had been previously signed with other institutions, such as:

Escola de Enfermagem São Vicente de Paulo  
Escola Superior de Alcoitão  
Instituto Politécnico de Beja  
Instituto Politécnico de Bragança  
Instituto Politécnico do Cávado e do Ave  
Instituto Politécnico de Coimbra  
Instituto Politécnico da Guarda  
Instituto Politécnico de Leiria  
Instituto Politécnico de Portalegre  
Instituto Politécnico do Porto  
Instituto Politécnico de Santarém  
Instituto Politécnico de Viana do Castelo  
Instituto Superior de Línguas e Administração  
Instituto Superior de Psicologia Aplicada  
Universidade de Aveiro  
Universidade Católica  
Universidade de Lisboa  
Universidade do Minho  
Universidade do Porto  
Universidade Técnica de Lisboa  
Universidade de Trás-os-Montes e Alto Douro  
Universidade Vasco da Gama



Protocol with the Universidade Lusíada.



### Millennium bcp Foundation activities

The role of the Foundation in this area is mainly through the support of diversified educational actions, which contemplate all age groups, with special focus on universities, through collaboration in curricular and post-graduation improvement projects, as well as in Masters courses.

The pluri-annual extension protocol, celebrated in 2005 with the Faculdade de Economia da Universidade Nova is particularly relevant in this scope. Through this initiative, Millennium bcp Foundation grants scholarships for the attendance of an MBA program by students from countries where Millennium bcp has a commercial presence.

By paying attention to the efforts made by universities in order to stimulate student curricular and academic levels, Millennium bcp has, through the Millennium bcp Foundation, granted school merit awards to students with best performances. Students from the Universidade Católica, Universidade Lusíada, Universidade Lusófona and ISEG received awards in 2005.

Still in the education area, support is also given to special education institutions, aimed at handicap children and youngsters.

Support to actions aimed at promoting the Portuguese language led the Foundation to cooperate, in coordination with bcpbank, in an important initiative of the Portuguese Embassy in the USA, aimed at immigrant communities in this country.

The Foundation provides support to research in several areas, such as Science, Medicine and History, which includes collaboration in university projects. A pioneer research project, has continued in 2005, in the health area, aimed at treatment of paraplegic and quadriplegic patients; this work is being developed by a team of qualified technicians in the biomedical technology area, led by clinicians from the Egas Moniz Hospital. Millennium bcp financed, through its Foundation, the acquisition of essential laboratory equipment components.



# Commitment to Society

## Solidarity, voluntary work and cultural promotion are inherent components of a responsible presence within the Society.

### Promoting culture

One of its areas of intervention relates to the recovery of heritage, especially in cases that represent a reference in the country's cultural and historical memory. Considering the increasing importance given by the Society to heritage preservation and the recognition received by Millennium bcp for its contribution in this area, it becomes natural for the Millennium bcp Foundation to have been the object of countless requests, to which it attempts to respond within the scope of a program where rigorous selection criteria are established.

Musical activity is another cultural area where important intervention has been developed, both through the support of isolated initiatives and in the settlement of pluri-annual agreements with entities of recognised credibility, impact and expertise. Within this context, the support given to the São Carlos National Theatre, through a sponsorship, has been renewed. The protocol celebrated with this institution, due between 2005 and 2008, is part of an "Institutional Partnership Agreement" celebrated in 2005 with the Ministry of Culture. Through the celebration of a new partnership Protocol, the Bank renewed and enlarged its support of the S. Carlos National Theatre as the single sponsor of this institution, and of the IPM, Portuguese Museum Institute, being the single sponsor of Museu Nacional de Arte Antiga, Museu Nacional de Soares dos Reis, Museu do Chiado and Museu Nacional do Azulejo, and promoting free access to the 29 IPM network Museums for customers and employees. The Millennium bcp Foundation kept on supporting

the activities of the Arpad Szenes-Vieira da Silva Foundation in 2005.

In 2005, the bank also decided on the sponsoring support of the "International Vianna da Motta Piano Contest", whose XVI edition will take place in 2007. Through its Foundation, Millennium bcp will be, for the third consecutive time, the main sponsor of one of the most prestigious piano contests in the world.

### Supporting the community

#### Social Solidarity and Health

Attentive to the needs of the less privileged segments of the community, the Millennium bcp Foundation has contributed towards their integration and access to better living standards, by working together with institutions specialised in this area.

The support, in this field, has been given to some Social Solidarity Private Institutions (IPSS) whose actions are aimed at people from all age groups facing situations of abandonment and exclusion; this support includes entities specialised in fighting risk diseases.

The Foundation plans to maintain a continuous contribution, which includes the health area, by supporting hospitals and other institutions in the acquisition and renewing of medical equipment.

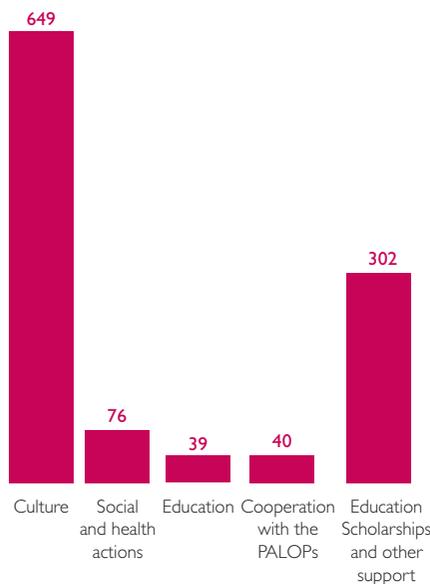
Social solidarity towards the impoverished populations of the PALOPs is another of Millennium bcp's objectives; through its Foundation, the Bank has supported ONGs within the scope of social action, education and health programs



Food Bank Against Hunger



Millennium bcp Foundation Support  
Euro millions



targeted at these populations. In this context, the Bank provides support to “V.I.D.A.-International Voluntary Action for African Development” –, which cares for the most impoverished populations and refugee groups in Mozambique, by promoting self-sufficiency, education and agricultural training. The support to this institution has been maintained throughout 2005. Still in Mozambique, Millennium bcp supported the “Laymen for Development” action – teacher training for teachers of undergraduate students and nursery school educational support teachers

#### “Banco Alimentar Contra a Fome”

The “Banco Alimentar Contra a Fome” (Food Bank Against Hunger) is one of the most recognized initiatives within the social solidarity area in Portugal. The idea behind the Food Bank is to get something from where there is surplus and take it to where it is lacking. The success of this project is possible thanks to the involvement of the civil society, proving that it is possible to combine professionalism with voluntary work.

Voluntary work is the backbone of the Food Bank. Citizens and companies that, through simple management decisions, wish to participate in the solidarity chain donate products and services. People give what they can and wish to give. However, a multiplying effect occurs within civil society, in terms of results, when people are joined together and organised. The Food Bank is an extraordinary example of the combined will of donating companies, financial sponsors, voluntary workers and social solidarity institutions, generating surprising results.

Due to recognition of the remarkable work and merit of the “Banco Alimentar Contra a Fome”, Millennium bcp has actively supported this initiative for several years. In this sense, the Bank collaborates in food collection campaigns, which are promoted by the Food Bank twice a year, being responsible for financing the production of bags used in these campaigns. Besides this, Millennium bcp ensures a monthly donation, aimed at the acquisition of food by the Food Bank.

#### Donation Program

In 2005 Millennium bcp decided to implement a voluntary work program for blood collection and enrolment at the bone marrow donor centre (twice yearly), an initiative developed together with the Portuguese Blood Institute (IPS) and the CEDACE – Tissue Compatibility Centre from the South.

The aim of the Millennium bcp Donation Program initiative is to promote more profound cultural values of sharing and participation; the spontaneous and voluntary nature of this action should be underlined, since the Bank is merely a facilitating agent in the exercise of a solidarity act that depends exclusively on each person’s attitude.

The first initiative took place in December of 2005 at the Bank’s Tagusparque installations and was aimed at all Millennium bcp employees.

The project was announced through an invitation, which was sent by e-mail to all employees. Posters were also set up at key-places in Tagusparque buildings; all information necessary to promote this initiative and to clarify any doubts was also made available on the Bank’s Intranet site.

The program was very well received, with over 150 employees having previously expressed their interest in participating in the initiative, which counted on the presence of 2 doctors, 2 professional technicians, 4 nurses and 2 auxiliaries from IPS and 2 CEDACE technicians/nurses.

This first Millennium bcp Donor Program initiative registered an attendance of over 100 employees, as blood donors, and approximately 90 employees, as bone marrow donors, which exceeded the expectations of the promoting entities:

“The Lisbon Regional Blood centre wishes to thank all your employees for their availability and for the commitment demonstrated, which made this blood collection session possible. (...) the high civic sense and the greatness of your solidarity gesture.”– Gracinda de Sousa, Director of the Lisbon Regional Blood Centre.

### Millennium bcp Club action

The social related activities are one of the most important amongst the several activities developed by the Millennium bcp Club. In 2005, these translated into money donations and other actions, namely the offering of toys to children from various Institutions. The Club also pursues voluntary activities that benefit the community.

### Sponsorships

The sponsorship activity of Millennium bcp is focused on the return generated to Millennium bcp brand. However, Millennium bcp seeks to combine this rational with the contribution towards development of the Country as a whole. The Bank pays special attention to social, cultural, educational and solidarity aspects. Rock in Rio, the Christmas Tree, the Food Bank Against Hunger, as well as many others, prove that sponsorship it's not exclusively about media projection or recognition, but may also combine an element of support to the Community.

### Rock in Rio

Rock in Rio Lisbon 2004 was the first example of how the brand may be managed outside the financial business field, having contributed in a powerful and effective way to consolidate its wide public recognition. Sponsoring of the largest music festival in the world represented a significant investment, which was consistent to the dimension of the event and to the Bank's role as its main sponsor. This ended up in a very rich collective learning experience, which resulted in an authentic success in the association of the brand to the event.

The social project associated to Rock in Rio-Lisbon is focused on programs aimed at improving the living conditions of children and youngsters. The Plan International-Childreach, with over 60 years of existence and programs in 43 impoverished countries all over the world, was the international institution that benefited from this project. Its mission is to sponsor

#### Millennium bcp Club social related activities:

Donation of the amount collected in enrolment fees for the 2nd Millennium bcp Club Great Sea Kayak Prize to the Portuguese Para-amyloidosis Association.

Financial contribution from Club members to Acreditar – Association of Parents and Friends of Children with Cancer.

Donation of approximately 2,000 toys and VHS tapes, which were offered by junior Club members to various Institutions, namely:

Associação de Pais e Amigos de Crianças com Cancro, Junta de Freguesia de S. Ildefonso, Cirurgia Pediátrica do Hospital de S. João, IPO – Bloco Operatório, Comissão de Protecção de Crianças e Jovens de Gondomar; Lar de S. Miguel, Centro de Solidariedade Social Metodista do Porto, Conferência de S. Vicente de Paulo – Núcleo Leça do Balio, Associação Ajuda de Berço, Aldeia de Crianças SOS, Fundação O Século, Santa Casa da Misericórdia e Associação Sol.

Creation of the Blood and Bone Marrow Donor Clubs.

education and to improve quality of life for children in need and their communities.

Rock in Rio in Lisbon allowed for 663 thousand Euros of donations to that Social Solidarity Institution.

After its success in 2004, Rock in Rio will return to Lisbon in 2006. Once again, Millennium bcp will be the event's main sponsor.

### Christmas Tree

With its Christmas Tree, the Bank came closer to people through a large celebration of life, irrespective of faith, age and social stratus. More than its involvement to this major initiative, Millennium bcp created an unprecedented event in Portugal, taking Christmas spirit to its highest level of expression. The Tree was visited by half a million people at its location



Rock in Rio Lisboa



and contributed to take Millennium bcp brand into every Portuguese home.

By turning Christmas celebration into a truly monumental and dynamic event, this initiative, associated with the brand's first anniversary celebration, was decisive in bringing people closer to the Bank's new image and in reinforcing affective values, settling these as brand principles. With the Christmas Tree 2005, this time built up in the Praça do Comércio – one of Lisbon's prime locations – Millennium bcp intended to surprise the market once again. The tree was a present to the Portuguese population, stimulating the Christmas fraternity and solidarity spirit within each one. This concept will be put in practice abroad for the first time, with a similar initiative being carried out in Warsaw through Bank Millennium, thus giving expression to the reality of a multi-domestic bank.

#### **Orthodox Christmas**

By celebrating the Orthodox Christmas, Millennium bcp joined together approximately 2,500 people, mostly immigrants, congregating communities from several Christian orthodox religion nationalities around a common symbol – the Millennium bcp Tree.

In its commitment of fully assuming its social responsibility through active intervention in social and cultural areas, Millennium bcp carried out several initiatives in 2005, with the conviction that survival of a truly civilised society depends, to a large extent, on the sharing of a common culture, within the context of an increasing generalised well-being.

#### **Operação Renascer**

The "Operação Renascer", an initiative supported by Millennium bcp with the aim of aiding the victims of the Southeast Asian tsunami, collected donations that represented a total amount of 1.560 million Euros.

This amount reached several Humanitarian Organisations, with a direct contribution of 122.7  thousand Euros made by Millennium bcp.

#### **Other support**

The Bank supported several other social solidarity Institutions, such as the Pro Dignitate Foundation – Human Rights Foundation and the Evangelisation and Cultures Foundation, which carries out relevant educational action in the PALOPs (African countries where Portuguese is the official language).

Support given to the Portuguese ballet Company and to the Centre's Classical Orchestra, in Coimbra, was relevant to the development of cultural activity at these institutions. The Bank took part in several cultural initiatives, such as the celebration of 140 years of "Diário de Notícias", during which it promoted the edition of a Portuguese poetry anthology, especially organised for the occasion by Vasco Graça Moura.

By supporting the Portuguese Authors Society in their activities of representation and defence of authorship rights, Millennium bcp became the Authors Bank.

#### **Book about Microcredit in Portugal**

Millennium bcp promoted the edition of a book about the microcredit experience in Portugal. The launch of this publication coincided with the start of the Bank's own microcredit operation.

The Bank also supports sporting events, namely the Lisbon Half-Marathons, in March and September; the Algarve Cycling tour; and the Millennium bcp Vale de Lobo Grand Champions tennis tournament.

#### **CCP Ethical Code**

During the year of 2005, Millennium bcp supported the creation of the Ethical Code for Commerce and Services, a CCP initiative. This code, signed by Millennium bcp in its condition of services supplier; presents a group of general corporate conduct principles, which are critical for the quality of the services provided and attempt to combine reinforcement of sector productivity with dynamic implementation

of good practices. The Ethical Code intends to be a management tool in components such as:

- Respect for final customers and consumers;
- Commercial practices relative to competitors and suppliers, concerning both competitive aspects and shared values;
- Personal development of employees, fighting all forms of discrimination;
- Safeguard of the environment;
- Solidarity towards communities where companies pursue their business activities;
- Relation with the State, ensuring the compliance with legal requirements;
- International Relations

## Heritage

### Artistic heritage

Millennium bcp heritage was originated from the collections kept by the various financial institutions

that preceded it, which grants it a rich and diversified nature. In 2005, the Bank pursued actions aimed at sharing its heritage with the community, by temporarily lending works of art to national museums and by carrying out art exhibitions at some of its branches.

This heritage was consolidated in the sequence of operations involving the Bank's insurance area and it comprises approximately 2,200 original paintings, over 3,000 works of art of multiple categories, 90 sculptures and 800 pieces of antique furniture, as well as approximately 500 ceramic and textile pieces.

During the year of 2005, the area responsible for Management of the Artistic Heritage carried out a comprehensive database update (inventories and quality control procedures), proceeded with the rationalisation of procedures for storage of valuables (with significant advantages in terms



Winner photography of Millennium bcp's Christmas Tree Great Contest



of security, logistic support and costs), renewed the heritage relative to pieces of multiple categories and carried out restoration and preservation activities.

#### Documental heritage

The documentation held by the Foundation includes an important bibliographical heritage, essentially composed of historical and cultural documents, related to Portuguese expansion and colonisation, especially concerning the African territories.

Besides a vast collection of monographs, the Bank's library includes:

Manuscripts and maps from the 16<sup>th</sup> to the 19<sup>th</sup> century, related to ultramarine politics and administration;  
Narratives of discovery journeys and exploration of territories;

Ethnographic aspects;  
Missionary activities;  
Legislation, official publication reports.

#### Real Estate

Millennium bcp's attitude towards architecture and real estate heritage is dominated by qualification and recovery concerns.

Given the heritage value of the buildings and the quality and sensitivity of the intervention actions involved, the Évora and Barcelos branches symbolize paradigms of this attitude. Naturally, the option was to fully recover the buildings, whereby banking activity was adapted to the existing spaces, with no loss in profitability or efficiency.

Refurbishment or full recovery is a carefully pondered option in some cases but, in other cases, there is scope for ab initio creation, that is, for the



Julio Pomar and Paula Rego exhibition at Millennium bcp's of Rua do Ouro branch as part of the program Shared Art

development of works from the beginning, which constitutes proof of the versatility of Millennium bcp's architectural options.

The diversity used in the various solutions and projects, relative to Millennium bcp branches, expresses itself mainly in a combination of refurbishment processes for antique buildings and somewhat radical innovations concerning carefully thought out extensions or alterations to existing structures.

Tagusparque has allowed for a completely different philosophy, representing a diametrically opposed solution that, despite not presenting the usual characteristics of centralisation, effectively responds to the need to shelter a large structure in a way that could preserve serenity and quality of life, since it is not easy to find buildings with the necessary potential for adaptation to the Bank's functional and technologic needs or to acquire grounds that rapidly allow the construction of buildings that correspond to these needs. The advantages were due to the fact that the complex

was part of a technology park and a careful planning by stages of the construction works was allowed.

Another important building owned by Millennium bcp is located by the Arco da Rua Augusta, nearly occupying a full quarter of downtown Lisbon. During the restructuring works carried out at this location between 1991 and 1995, pavement drilling exposed archaeological remains of the civilisations that inhabited Lisbon over time. Given its unique characteristics – 2,500 years in the History of Lisbon may be witnessed – this location, now designated as Núcleo Arqueológico da Rua dos Correiros (NARC), is also part of the City and the Country's heritage, which means it is accessible to the general public, having received over 70 thousand visitors since its opening. The Millennium bcp Foundation, which is responsible for the management of NARC and for organising guided tours, has carried out several promotional actions, including the edition of scientific and technical catalogues and studies.



88 Summary of Indicators  
90 Geographical Presence  
92 Organizational Model  
93 Verification Report issued by KPMG  
94 GRI Indicator Correspondence for Millennium bcp  
98 Adequacy to UN *Global Compact Principles*



# Summary of Indicators

	31 <sup>st</sup> Dec. 2005	Verification	31 <sup>st</sup> Dec. 2004
<b>Activity in Portugal</b>			
Euro millions			
Net operating revenues	1,947	🕒	1,921
Credit (gross):			
Corporate	28,065	🕒	28,536
Individual	20,312	🌐	17,742
Credit granted to SMEs	7,969		7,561
Total customer funds	47,694		44,982
Economic value added	1,581	🌐	1,485
<b>Employees (Banking activity in Portugal)</b>			
Total employees	11,510		12,487
Percentage of women	38%	🌐	36%
Employees with contracts			
Permanent	10,790	🌐	12,055
Temporary	526	🌐	220
Trainees	49	🌐	85
Part-time employees	30	🌐	0
Disabled employees	88	🌐	111
Employees under collective work agreements	11,198	🌐	12,211
Union syndicated employees	8,936	🌐	9,592
Net employment creation <sup>1</sup> in Portugal	63	🌐	78
Fixed and variable salaries and other benefits (million Euros)	744	🌐	787
Annual absence rate	3.8%	🌐	3.5%
Annual training (cumulative hours on a comparative basis)	194,544	🌐	201,553
Annual number of training hours per employee	17		16
Employees in risk management, compliance and auditing departments	157	🌐	161
<b>Customers (activity in Portugal)<sup>2</sup></b>			
Total customers (thousands)	2,852		2,905
Number of branches	909		1,008
<b>Donations and sponsorships (million Euros)</b>			
Sponsorships (Millennium bcp)	4.7	🌐	5.3
Donations (Millennium bcp) <sup>3</sup>	2.8	🌐	1.8
Donations (Millennium bcp Foundation)	1.1	🌐	2.2
<b>Environment (estimated values)</b>			
Consumptions			
Energy (TJ)	563		571
Water (m <sup>3</sup> )	350,000		370,000
Paper and cardboard (ton)	1,363		1,243
GHG Emissions (CO <sub>2</sub> -eq ton)	58,064		58,214
Generated waste			
Paper and cardboard (ton)	1,377		1,377
Ink cartridges and toners (units)	31,942		30,645
Electrical/ electronic equipment (units)	2,035		855

	31 <sup>st</sup> Dec. 2005	Verification	31 <sup>st</sup> Dec. 2004
<b>Consolidated activity</b>			
<i>Euro millions</i>			
Total assets	76,850	🌐	71,320
Loans and advances to customers (net)	52,909	🌐	48,843
Total customer funds	56,363		51,562
Net operating revenues	2,527	🌐	2,363
Net income <sup>4</sup> (on a recurring basis)	788	🌐	587
Taxes <sup>5</sup> (on a recurring basis)	130	🌐	53
Net income (excluding non-recurrent)	610	🌐	528
Net income per share (Euros)	0.20	🌐	0.16
Increase/decrease in retained earnings at end of period	521	🌐	289
ROE	24.1%	🌐	24.0%
Cost-to-income	65.5%	🌐	72.8%
Solvency ratio (total)	12.9%		11.9%
Long-term rating (Moody's / S&P / Fitch)	A1 / A- / A+		A1 / A- / A+
<b>Investors</b>			
Total number of shares (thousands)	3,588,331	🌐	3,257,401
Dividend per share (Euros)	0.070		0.065
Market capitalisation (million Euros)	8,361	🌐	6,156
Number of shareholders	189,653		223,510
Total dividends (million Euros)	240		212
Bond payments (million Euros)	619		587
<b>Report per geographic segments (million Euros)</b>			
Net contribution:			
Portugal	548	🌐	520
Poland	27	🌐	8
Greece	3	🌐	-12
Other regions	33	🌐	12
Credit:			
Portugal	47,241	🔄	46,126
Poland	2,481	🔄	1,644
Greece	2,082	🔄	1,328
Other regions	1,106	🔄	1,772
Total customer funds:			
Portugal	47,694		44,778
Poland	4,306		3,453
Greece	2,377		1,819
Other regions	1,986		3,254

<sup>1</sup> Net employment creation consists of the difference between the number of employees employed with a permanent contract and age <= 30 years and the number of permanent contract employees of age <= 30 years who have left.

<sup>2</sup> Exclusive Clients of Banco Comercial Português, S.A., and first holders of a minimum of one product commercialised by Millennium bcp.

<sup>3</sup> Excluding donations from Millennium bcp to the Millennium bcp Foundation.

<sup>4</sup> Before taxes and minority interests.

<sup>5</sup> Profit tax donations.



Millennium bcp Group  
Foreign branches and offices – December 2005

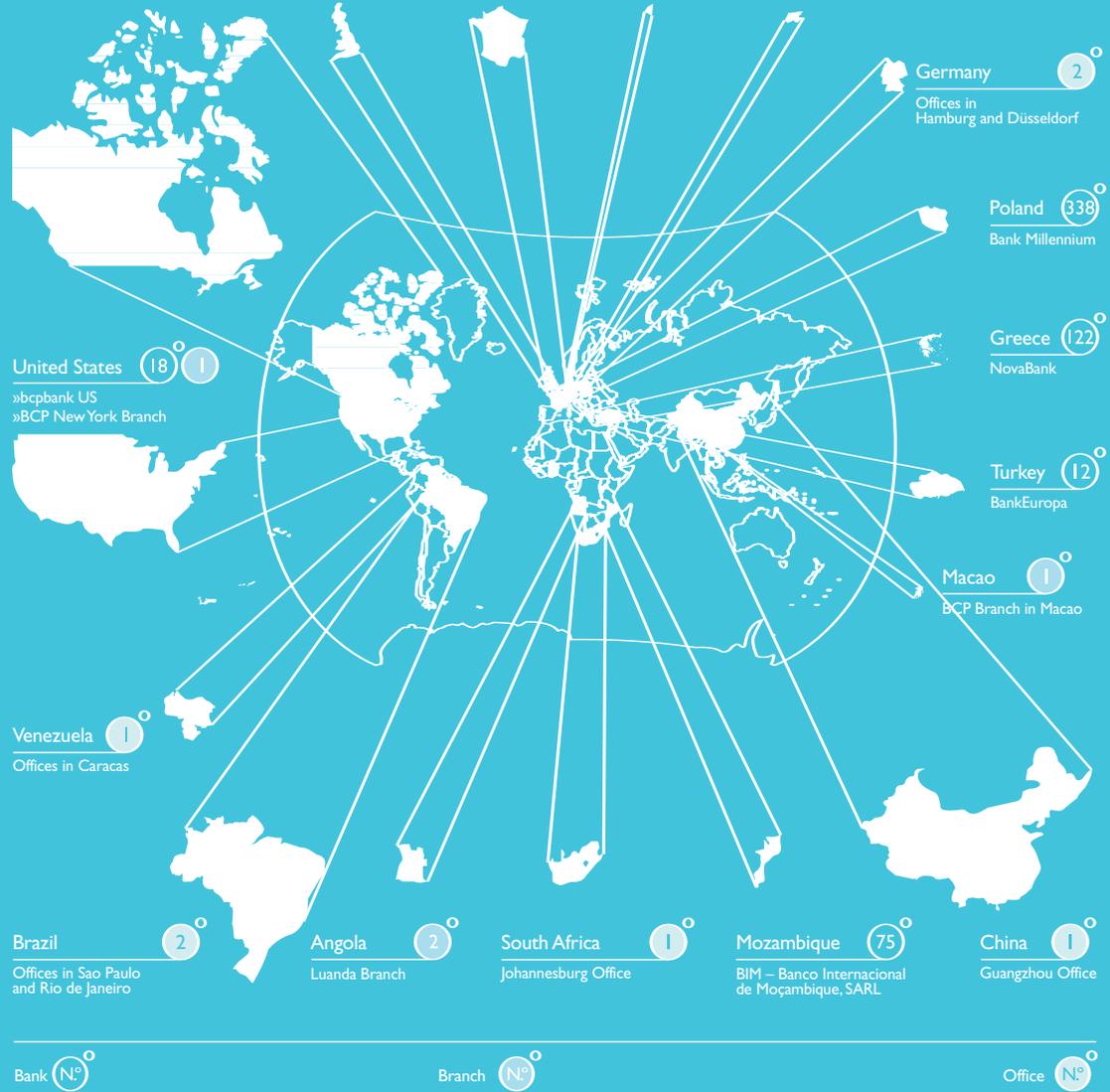
Canada (8)<sup>o</sup>  
bcpbank Canada

England (1)<sup>o</sup>  
London Office

France (63)<sup>o</sup>  
BanqueBCP  
France

Luxemburgo (4)<sup>o</sup>  
BanqueBCP  
Luxemburgo

Switzerland (13)<sup>o</sup>  
»Banque Privée BCP  
»Offices in Geneva,  
Lausanne and Zurich



# Geographical Presence

Viana do Castelo (21)

Braga (52)

Vila Real (17)

Bragança (10)

Viseu (24)

Porto (149)

Aveiro (71)

Coimbra (30)

Região Autónoma dos Açores (17)

Região Autónoma da Madeira (19)



Guarda (12)

Castelo Branco (14)

Portalegre (8)

Évora (15)

Leiria (43)

Lisboa (243)

Santarém (38)

Setúbal (56)

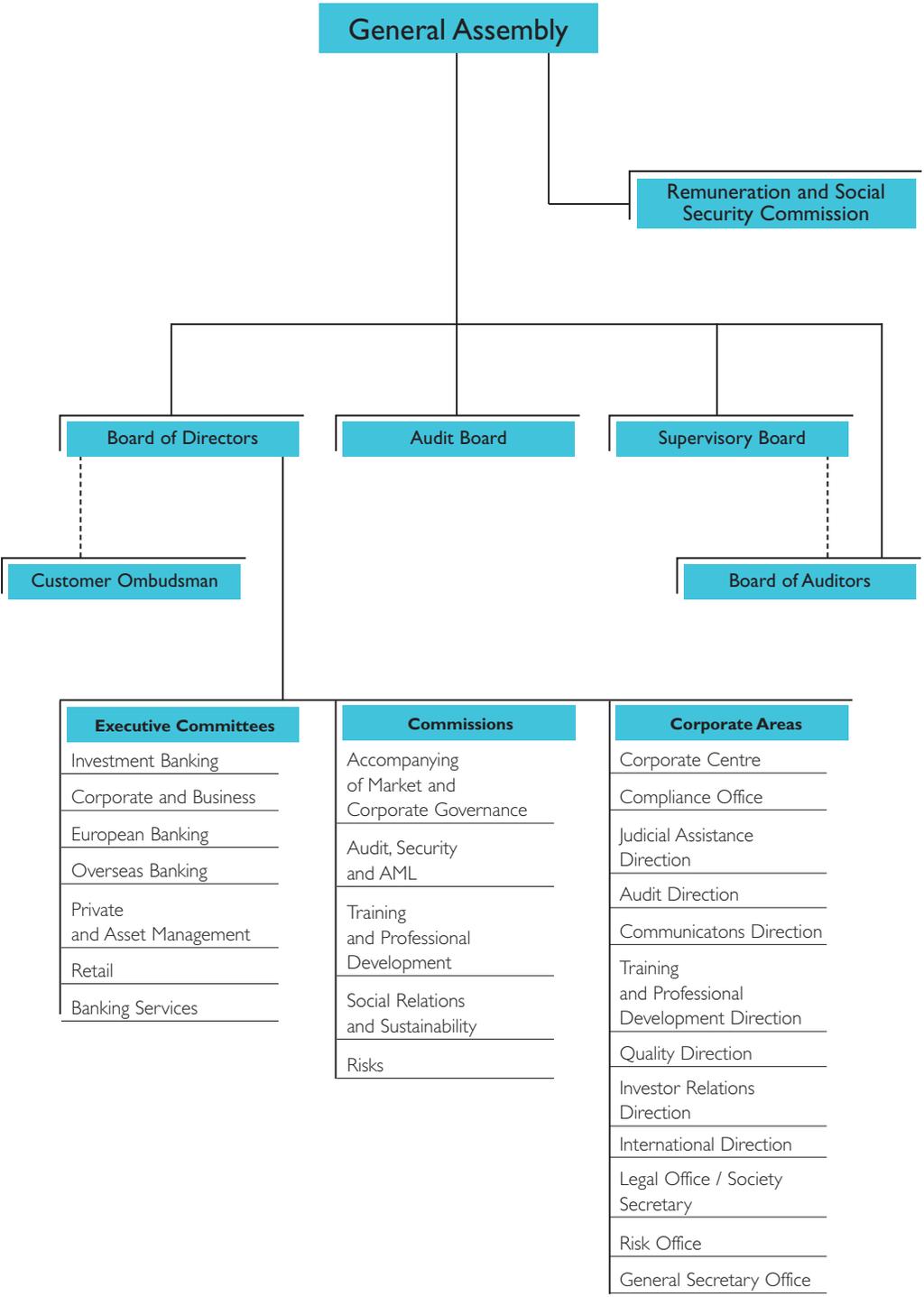
Faro (37)

Beja (12)

Bank (N.º)



# Organizational Model





**KPMG & Associates - Sociedade de Responsabilidade Limitada**  
**Office in Lisbon, S.A.**  
 Lisboa, Portugal  
 Av. Fernão de Albuquerque, 17 - 4.º, 1200-048 Lisboa  
 Portugal

Telefone: +351 213 110 100  
 Fax: +351 213 110 101  
 E-mail: [lisboa@kpmg.pt](mailto:lisboa@kpmg.pt)

**ASSURANCE REPORT**

**Introduction**

1. We have been engaged by the Board of Directors, Portugal, S.A. (Board) to provide assurance on quantitative data related to emissions and social data included in the Sustainability Report for the year ended 31 December 2020. The preparation of the Sustainability Report is of the responsibility of the Board of Directors. The purpose of our work was to perform an independent review, within a limited confidence level, of quantitative data included in the aforementioned report and reflect such the systems indicated in paragraph 1.

The work was conducted in accordance with the assurance procedures, as described in paragraph 1.

**Scope, Assurances Methodology and Criteria**

2. The scope of our work includes quantitative information concerning emissions and social data related to the activity of the Board, and its subsidiaries, in Portugal, for the period ended 31 December 2020. The scope of companies considered by the Board of Directors is described in the chapter "Scope and Approach" of the Sustainability Report.

The assurance work was conducted according to the International Standard on Assurance Engagements (ISAE) for non-financial information assurance practices. This standard defines the nature of a limited review report, with a moderate level of assurance, that our verification work did not have the purpose of expressing an audit opinion.

There are no generally accepted standards for reporting sustainability performance. The Board applies its own internal criteria, defined by the Board of Directors, and external criteria, as described in chapters "Materiality of Information" and "123 Evidence (Compendium for Information Key)" of the Sustainability Report, respectively.

3. Within the scope, our work consisted essentially of the following procedures:

- Conduct interviews with employees and responsible for the preparation of quantitative data, with the purpose of acquiring a reasonable level of knowledge of the processes used to aggregate and prepare the information;
- Review procedures based on testing data samples, in order to obtain documentary evidence for the economic and social data included with the (or) system;
- Compare economic data included with the (or) control with the Group's audited financial statements for the period ended 31 December 2020.

**Conclusion**

4. Based on the work described in this report, which was performed in order to obtain a moderate level of assurance, writing the report in our opinion that cannot be to believe that the economic and social data included in the Sustainability Report with the systems referred in paragraph 1, is not fairly stated in all material aspects.

Lisbon, 24 January 2021

*Apêlo*

KPMG

**APÊLO ASSURANCE, S.A.**  
 Rua do Comércio, 100 - 1.º, 1200-008 Lisboa  
 Portugal

**APÊLO ASSURANCE, S.A.**  
 Rua do Comércio, 100 - 1.º, 1200-008 Lisboa  
 Portugal

**APÊLO ASSURANCE, S.A.**  
 Rua do Comércio, 100 - 1.º, 1200-008 Lisboa  
 Portugal



Verification  
 report  
 by KPMG

# Millennium bcp GRI indicators

	n.r.	Page
<b>Vision and strategy</b>		
1.1 Vision and strategy regarding the company's contribution to sustainable development		13, 20, 21
1.2 Message from the President of the Board of Directors		7-9
<b>Profile</b>		
<b>Organizational profile</b>		
2.1 Identification		5
2.2 Products and services		45-54
2.3 Operational structure		92
2.4 Description of main divisions, operational companies and joint ventures		92
2.5 Countries in which the organization's operations are located		90
2.6 Nature of ownership and legal nature		5
2.7 Nature of markets served		45
2.8 Scale of the reporting organization		88
2.9 List of stakeholders	X	
<b>Report scope</b>		
2.10 Contacts, including e-mail and web addresses		101
2.11 Reporting period for information provided		5
2.12 Date of most recent previous report		5
2.13 Boundaries of report		5
2.14 Significant changes since the previous report		18
2.15 Situations that can significantly affect comparability with previous reports		5, 7
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports		5
<b>Report profile</b>		
2.17 Decisions not to apply GRI principles or protocols		97
2.18 Criteria and definitions used in the calculation of costs and benefits		93, 99
2.19 Significant changes from previous years in measurement methods	X	
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability		5, 93
2.21 Policy and current practice with regard to providing independent assurance for the full report		93
2.22 Means by which report users can obtain additional information		101
<b>Governance structure and management systems</b>		
<b>Structure and Governance</b>		
3.1 Governance structure of the organization		38, 39
3.2 Percentage of the board of directors that are independent, non-executive directors		38
3.3 Process for determining the expertise board members need to guide the strategic direction of the organization, including issues related to environmental and social risks and opportunities		21, 22
3.4 Board-level processes for overseeing the organization's identification and management of economic, environmental, and social risks and opportunities		21, 22
3.5 Linkage between executive compensation and achievement of the organization's financial and non-financial goals	X	
3.6 Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies		21, 22, 92
3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation		13, 20
3.8 Mechanisms for shareholders to provide recommendations or direction to the Board of Directors		29, 30, 31, 38

continues

	n.r.	Page
<b>Stakeholder engagement</b>		
3.9 Basis for identification and selection of major stakeholders		26-37
3.10 Approaches to stakeholder consultation		26-37
3.11 Type of information generated by stakeholder consultation		26-37
3.12 Use of the information resulting from stakeholder engagements		26-37
<b>Overarching policies and management systems</b>		
3.13 Explanation of whether and how the precautionary principle is addressed by the organization		39, 42, 43
3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses		23, 75
3.15 Principal memberships in industry and business associations, and/or national/international advocacy organizations		62, 83
3.16 Policies and/or systems for managing upstream and downstream impacts		36, 37
3.17 Reporting organization's approach to managing indirect economic, environmental, and social impacts resulting from its activities		20, 28, 29, 70
3.18 Major decisions during the reporting period regarding the location of, or changes in, operations	X	
3.19 Programmes and procedures pertaining to economic, environmental, and social performance		20, 71-75
3.20 Status of certification pertaining to economic, environmental, and social management systems		53, 71, 93
<b>Economic performance</b>		
<b>Customers</b>		
EC1 Net operating sales and total assets 🌐		88, 89
EC2 Geographic breakdown of markets 🌐		89
<b>Suppliers</b>		
EC3 Cost of all goods, materials, and services purchased 🌐		36
EC4 Percentage of contracts that were paid in accordance with agreed terms 🌐		37
EC11 Supplier breakdown by organization and country	X	
<b>Employees</b>		
EC5 Total payroll and benefits 🌐		88
<b>Investors</b>		
EC6 Distributions to providers of capital		89
EC7 Increase/decrease in retained earnings at end of period 🌐		89
<b>Public sector</b>		
EC8 Taxes paid 🌐		89
EC9 Subsidies received	X	
EC10 Donations to community, civil society, and other groups 🌐		80, 88
<b>Indirect economic impacts</b>		
EC13 Indirect economic impacts		26-37
<b>Environmental Performance</b>		
EN1 Total materials use		73, 88
EN2 Percentage of materials used that are waste from industrial sources		73
EN3 Direct energy use segmented by primary source		72, 88
EN4 Indirect energy use		72
EN5 Total water use		73, 88
EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats		75
EN7 Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments		50, 75
EN8 Greenhouse gas (GHG) emissions		74, 88
EN9 Use and emissions of ozone-depleting substances		74
EN10 NOX, SOX and other significant air emissions by type		74
EN11 Total amount of waste by type and destination		73, 88
EN12 Significant discharges to water by type		74
EN13 Significant spills of chemicals, oils and fuels, in terms of total number and total volume		74



	n.r.	Page
EN14 Significant environmental impacts of principal products and services		50, 75
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	X	
EN16 Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.		75
EN17 Initiatives to use renewable energy sources and to increase energy efficiency		73-74
EN30 Other relevant indirect greenhouse gas emissions		74
<b>Social Performance</b>		
<b>Employment</b>		
LA1 Breakdown of workforce		55, 88
LA2 Net employment creation		88
INT2 Staff turnover and job creation		59, 88
INT3 Employee satisfaction		56
INT4 Senior management remuneration	X	
INT5 Bonuses Fostering Sustainable Success		56, 88
<b>Labour/Management Relations</b>		
LA3 Percentage of employees represented by independent trade union organizations		88
LA4 Policy and procedures involving information, consultation and negotiation with employees over changes in the organization's operations		34, 35, 59
LA13 Provision for formal worker representation in decision making or management		34, 35, 59
<b>Health and safety</b>		
LA5 Practices on recording and notification of occupational accidents and diseases		62
LA6 Description of formal joint health and safety committees	X	
LA7 Standard injury, lost day, and absentee rates and number of work-related fatalities		62, 88
LA8 Description of policies or programmes on HIV/AIDS	X	
LA14 Evidence of substantial compliance with the ILO guidelines		62
LA15 Description of formal agreements with trade unions or employee representatives covering health and safety at work		62-64
<b>Training and Education</b>		
LA9 Average hours of training		57, 88
LA16 Description of programmes to support the continued employability of employees and to manage career endings		59, 65
LA17 Specific policies and programmes for skills management or for lifelong learning		59-61
<b>Diversity and opportunity</b>		
LA10 Description of equal opportunities policies or programs		60, 61
LA11 Composition of senior management and corporate governance bodies		38
INT6 Female-Male Salary Ratio		56
INT7 Employee profile per hierarchy levels		55
<b>Human Rights</b>		
HR1 Policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights		13, 23
HR2 Evidence of consideration of human rights impacts as part of investment and procurement decisions		13, 23
HR3 Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors		13, 23, 36
HR4 Description of the global policy and of procedures/programmes preventing all forms of discrimination		13, 23, 60
HR5 Description of the freedom of association policy		13, 23, 36, 60
HR6 Policies excluding child labour		13, 23
HR7 Policies to prevent forced and compulsory work		13, 23
<b>Community</b>		
SO1 Policies to manage impacts on communities		39, 79-85
SO4 Awards received relevant to social, ethical and environmental performance		10

	n.r.	Page
<b>Bribery and corruption</b>		
SO2 Policy, procedures/management systems and compliance mechanisms addressing corruption and bribery		39-41
<b>Political contributions</b>		
SO3 Policy, procedures/management systems and compliance mechanisms for managing political of lobbying and contributions	X	
SO5 Amount of money paid to political parties	X	
<b>Competition and prices</b>		
SO6 Court decisions regarding cases pertaining to anti-trust and monopoly regulations	X	
SO7 Procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour		42
<b>Customers and products</b>		
<b>Customer health and safety</b>		
PR1 Policy for preserving customer health and safety during use of products and services		28, 54
PR4 Non-compliance with health and safety legislation		28, 54
PR5 Number of complaints upheld by regulatory bodies		27-29
PR6 Voluntary code compliance, product labels or awards		13, 23, 83
<b>Service provision</b>		
PR2 Policy, procedures/management systems, and compliance mechanisms related to product information and labelling		39, 43, 52, 53
PR8 Policy, procedures/management systems, and compliance mechanisms related to customer satisfaction		28, 52
<b>Publicity</b>		
PR9 Policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising		34
PR10 Breaches of advertising and marketing regulations		34
<b>Respect for privacy</b>		
PR3 Policy, procedures/management systems, and compliance mechanisms for consumer privacy		28, 44
<b>Financial products and services</b>		
RB1 Retail banking policy (socially relevant elements)		45-54
RB2 Lending Profile		48, 88
RB3 Lending with High Social Benefit		48, 66
IB1 Investment policy (socially relevant elements)		49, 75
IB3 Transactions with high social benefit		49, 67
AM1 Asset management policy (socially relevant elements)		51
AM2 Assets under Management with High Social Benefit		51
AM3 SRI Oriented Shareholder Activity		51

**Some GRI indicators were absent from the present report, namely:**

- 2.9 List of Stakeholders, either under secrecy policy for ethical reasons (Customers), or too extensive to allow their naming.
- 2.19 Not applicable, since this is the first sustainability report published by Millennium bcp.
- 3.5/INT4 Remuneration information published in Volume II of the Annual Report and Accounts relative to 2005.
- 3.18 No significant changes in locations have occurred.
- EC11 The report is limited to the activity in Portugal.
- EC9 No information available for reporting.
- EN15 Millennium bcp only provides financial products and services; therefore, no product recovery is possible for reuse.
- LA6 Non-existent
- LA8 Non-existent
- SO3 Non-existent
- SO5 Non-existent
- SO6 Non-existent



# Adequacy to UN Global Compact Principles

## Progress communication

Global Compact Principles	Corresponding GRI indicators	Page
1. To respect and promote internationally proclaimed Human Rights.	HR1, HR2, HR3, HR4	13, 23, 36, 60
2. To ensure non-complicity with violation of Human Rights.	HR2, HR3	13, 23, 36
3. To support freedom of association and effective recognition of the right to collective negotiation.	HR5, LA3, LA4	13, 23, 34-36, 60, 88
4. To promote elimination of all forms of forced and compulsory work.	HR7	13, 23
5. To support effective abolishment of child labour.	HR6	13, 23
6. To promote non-discrimination concerning work and employment.	HR4, LA10, LA11	13, 23, 38, 60
7. To support preventative attitudes and measures concerning environmental challenges.	EN17	73, 74
8. To promote wider environmental responsibility.	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN15, EN16	72, 73, 88 50, 73-75, 88 74 73, 74, 88 75
9. To encourage development and diffusion of environmentally friendly technologies.	EN14, EN17	50, 75
10. To fight all forms of corruption, including extortion and bribery.	SO2	39-41

# Indicators and criteria adopted

## **Net operating revenues**

Includes financial margin, capital facility income, net commissions, financial operation results, property equivalence results and other operating results, excluding non-recurring operations.

## **Economic value added**

Includes costs with personnel, profit taxes, repayments and gross profits before taxes and minority interests, excluding non-recurrent operations.

## **Increase/decrease in retaining earnings at end of period**

Includes goodwill + free reserve and accrued results + legal and statutory reserves.

## **Cost-to-income**

[Costs with personnel + Other administrative expenses + Repayments for the period]/ Banking product

## **Electricity consumption**

The estimated value for 2004 is indicated in the PLM Energy Management Report for the 2<sup>nd</sup> Quarter of 2005; total consumption for 2005 was estimated on the basis of the data from the period comprised between July of 2004 and June of 2005.

## **Emissions and indirect energy consumption**

Conversion factors from the International Energy Agency (IEA) relative to electricity produced in Portugal in 2002 were used to calculate indirect primary energy consumption and GHG emissions entailed by electricity acquisition from the public network.

## **Natural gas consumption**

Amount for 2004 indicated by PLM; amount for 2005 estimated on the basis of the period comprised between January and September of 2005.

## **Water consumption**

Amount for 2004 indicated by PLM; amount for 2005 estimated on the basis of the amount for 2004 and employee number evolution.

## **Consumption of paper/cardboard and plastic**

Total amounts estimated on the basis of weights of most consumed products and total amounts registered within economic administration in 2005. In 2004, consumption was estimated from the monthly average registered in the last four months of the year.

## **Consumption of ink cartridges/toners and batteries**

In 2004, consumption was estimated from the monthly average registered in the last four months of the year.



**Atmospheric emissions related to the automobile fleet**

It was assumed that all vehicles belonging to the Group's fleet belong to the diesel lightweight goods category. The emission factors for Portugal used are relative to the year of 2002 (published in the EMEP/CORINAIR).

**Atmospheric emissions related to business trips**

Distances travelled in Portugal by train are based on REFER data. The GHG emission factor for the inter-cities train, calculated by CarbonoZero, was assumed as a reference for all train trips carried out. Distances travelled by plane were calculated using city latitude and longitude values. For plane journeys, emission factors also calculated by CarbonoZero were assumed; journeys with distances greater than 6,000 km were considered as long-distance, journeys with distances between 1,500 and 6,000 km were considered as medium-distance and journeys with distances smaller than 1,500 km were considered as short-distance.

**Atmospheric emissions resulting from co-generation**

GHG emission factors are those published by the National Program for Climatic Alterations (PNAC); factors relative to other pollutants are those published by the Intergovernmental Panel on Climate Change (IPCC – Energy Industry).

**Atmospheric emissions resulting from heating**

Emission factors from IPCC (for commercial sources) and from the Environment Institute (IA) were used, within the scope of the European Commerce of Emission Licences (CELE).

**Inferior Calorific Power and fuel densities**

Values published by the IA within the scope of the CELE were used.

**SDCO**

Ozone-inhibiting potentials from the Montreal Protocol were used.

**Paper/cardboard waste**

The total quantity produced represents the sum of the quantity directed to valuation and of a quantity of waste produced estimated from the amounts of paper/cardboard usually consumed for other purposes than archiving and customers.

**Used ink cartridges and toners and battery waste**

It was considered that total quantity of waste produced would be the same as consumption.

**Plastic waste**

The quantity of waste produced was estimated from consumption of water bottles and plastic articles from the economic administration, which are not normally used in archiving or for customers.

**Liquid effluents and polluting loads**

Data presented are estimated, on the basis of METCALF & EDDY (1991), from the number of employees.

**Biodiversity**

Biodiversity-rich ecosystems are considered as those protected by national and European nature preservation laws, classed as Protected Areas or Natura 2000 Network.

# Acronyms

**BCSD Portugal** – Business Council for Sustainable Development  
**CBO5** – Biochemical Oxygen Deficiency, 5 days, 20° C.  
**CCl4** – Carbon Tetrachloride  
**CELE** – European Commerce of Emission Licences  
**CH4** – Methane  
**CO2** – Carbon Dioxide  
**COV** – Volatile Organic Compounds  
**COVNM** – Non-Methane Volatile Organic Compounds  
**CQO** – Chemical Oxygen Deficiency  
**FCT/UNL** – Faculdade de Ciência e Tecnologia da Universidade Nova de Lisboa  
**GHG** – Greenhouse Gases  
**GRI** – Global Reporting Initiative  
**HBFC** – Hydrobrominefluorcarbides  
**HCFC** – Hydrochlorinefluorcarbides  
**HFC** – Hydrofluorcarbides  
**IA** – Instituto do Ambiente (Environment Institute)  
**IEA** – International Energy Agency  
**ILO** – International Labor Organization  
**IMAR** – Instituto do Mar  
**IPCC** – Intergovernmental Panel on Climate Change  
**N** – Nitrogen  
**N2O** – Nitrous Oxide  
**NH3** – Ammonia  
**NOx** – Nitrogen Oxides  
**P** – Phosphorus  
**PFC** – Perfluorcarbides  
**SDCO** – Substances that Deplete the Ozone Layer  
**SF6** – Sulphur Hexafluoride  
**SO2** – Sulphur Dioxide  
**SST** – Total Suspended Solids  
**Ton** – Tonnes  
**UN** – United Nations  
**WBCSD** – World Business Council for Sustainable Development



## Acknowledgements

This Report is the result of teamwork and includes contributions by many areas and countless Millennium bcp employees, in addition to external persons and institutions that made a major contribution to its enrichment.

We would like to express our thanks to all those who have made a contribution in any form.

## Let us have your opinion

We are truly interested in your opinion on this report.

About the form and content, about what seems excessive or is missing – we would like to know your personal opinion: as a customer; shareholder; supplier; employee or simple critical and interested reader.

Please let us have your opinion via: [sempremelhor@millenniumbcp.pt](mailto:sempremelhor@millenniumbcp.pt)

## Contacts

### Millennium bcp

Banco Comercial Português, S.A.

[www.millenniumbcp.pt](http://www.millenniumbcp.pt)

Praça D. João I, 28 – 4000-295 Porto – Portugal

Telephone: (+351) 22 607 11 42

Rua Augusta, 84 – 1149-023 Lisboa – Portugal

Telephone: (+351) 21 321 10 00

### Communication Area

Rua Augusta, n.º 84-2.º – 1149-023 Lisboa – Portugal

Telephone: (+351) 21 321 17 41

E-mail: [comunicar@millenniumbcp.pt](mailto:comunicar@millenniumbcp.pt)

### International Division

Av. José Malhoa, Lote 1686-9.º andar – 1070-157 Lisboa – Portugal

Telephone: (+351) 21 721 80 68

### Investor Relations

Rua Augusta, n.º 84-1.º – 1149-023 Lisboa – Portugal

Telephone: (+351) 21 321 10 81

E-mail: [investors@millenniumbcp.pt](mailto:investors@millenniumbcp.pt)



**Owner:** Millennium bcp

**Production:** Direcção de Comunicação do Millennium bcp

**Environmental consultancy:** IMAR – Instituto do Mar;  
pólo da Faculdade de Ciências e Tecnologia da Universidade Nova de Lisboa

**Graphic design and pre-press:** Choice – Comunicação Global, Lda. – [www.choice.pt](http://www.choice.pt)

**Printing and finishing:** SocTip – Sociedade Tipográfica, SA

**Legal deposit:** 217685/04

Printed in March 2006

[www.millenniumbcp.pt](http://www.millenniumbcp.pt)

Banco Comercial Português, S.A., Public Company  
Head Office: Praça D. João I, 28 – 4000-295 Porto  
Share Capital: 3,588,331,338 Euros  
Public deed registered in the Oporto Commercial Registry,  
with the unique registry and tax number of 501 525 882