

MEDIOLANUM GROUP
CONSOLIDATED NON-FINANCIAL
STATEMENT 2021



Indice

1. CEO's Letter to Stakeholders	2
2. Note on methodology	4
3. Identity and Profile	6
3.1 History of the Group: milestones	6
3.2 2021 Highlights	9
3.3 Group Structure	10
4. Business model and Governance	11
4.1 Vision, Mission and Values	11
4.2 Business model of Mediolanum Group	17
4.3 Governance, risk management, compliance and the supply chain	18
4.4 Sustainability governance	44
5. Sustainability at Mediolanum	48
5.1 Materiality analysis	49
5.2 Stakeholder engagement	66
6. Economic responsibility	87
6.1 Financial performance and solidity	87
6.2 Disclosures pursuant to the Taxonomy Regulation	89
6.3 Responsible business	95
6.4 Procurement and supplier screening policies	99
7. Responsibility to customers	101
7.1 Centrality of the Customer	101
7.2 Responsible Finance	114
7.3 Innovation	128
7.4 Cybersecurity and responsible data usage	131
8. Responsibility to our people	138
8.1 Growth of human capital	141
8.2 Protection of human capital	150
8.3 Diversity and inclusion	159
9. Responsibility towards the community and the environment	161
9.1 Financial inclusion	163
9.2 Supporting communities	165
9.3 Direct environmental impacts	172
10. Annexes	180
11. Table of GRI indicators	213
12. Auditors' Report on the Non-Financial Statement	224

1. CEO's Letter to Stakeholders

The year 2021 proved the best on record in our history – an excellent way to celebrate the fortieth anniversary of the Group. I am extremely pleased with our results, starting with assets under administration, which are now close to €110 billion, and with the profit for the year of €713 million, up 64% on the previous year. This economic result allows us to reward, with **an extraordinary bonus of €2,000, each of our employees in all the Group's Italian and international companies.**

A key factor underlying the year's extraordinary results was **the Group's concrete commitment to sustainability**, which permeates all our actions, starting with **our strategy based on economic responsibility and responsibility towards our customers, towards our people, towards the environment and towards the community at large.** That commitment was recognised in 2021 with the inclusion of Banca Mediolanum in the **MIB ESG**, the new Environmental, Social and Governance index launched by Euronext and Borsa Italiana, which combines the measurement of economic performance with ESG impacts. The methodology underlying the index involves a ranking of the best 40 companies on the basis of ESG criteria, selected from the 60 most liquid Italian companies, excluding those involved in activities that are not compatible with ESG investing.

Our **economic responsibility** is evidenced by the structural growth witnessed in recurring operations, which, through the contribution of all business lines, led to the strong increase in the Operating Margin, which rose to €502.6 million, up 29% compared to 2020. Net Inflows amounted to approximately €9.2 billion, of which €6.7 billion were in Asset Management products, a sign of the Bank's strong ability to support customers in their investments even in the most complex market phases. The bank's assets are now firmly above the threshold of thirty billion, which is the reason why, **as of January 2022, Banca Mediolanum has joined the list of significant banks in Europe and is therefore directly supervised by the ECB.**

A prerequisite for Banca Mediolanum in creating business value is to operate in an ethical and sustainable manner, in order to pursue positive impacts and shared wellbeing over time. **As of this year, Banca Mediolanum has joined the UN Global Compact**, a United Nations initiative that encourages businesses around the world to create an economic, social and environmental framework able to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share in its benefits.

The basis of this year's extraordinary results is undoubtedly **our responsibility towards our customers** and the structural value of the Group's strategic model, which is as relevant as ever and reflects the reality of today. Through our Family Bankers, we provide concrete answers to all the financial needs of our customers on a daily basis and we are an even more valuable reference point for them in the face of the uncertainty of the current scenario, characterised by negative interest rates and rising prices and the consequent need to protect and maintain their lifestyles. Through our proposition, we are then able to provide an efficient and instantaneous banking service, one that is fully in line with the needs and standards of the digital age in which we live.

Responsible Finance in particular represents for Mediolanum Group a path in continuous evolution, a path that will see a succession of initiatives with the aim of ensuring an ever greater internalization of ESG logic in business processes. With this in mind, projects are underway that entail the involvement and coordination of working groups within the Conglomerate, aimed at setting up the measures required to implement the provisions of the main regulations of reference, specifically EU Regulation 2019/2088 SFDR, EU Regulation 2020/852 (EU Taxonomy) and the amendments envisaged to MiFID II regulations on financial advisory.

The year 2021 also marked the first anniversary of **Flowe**, Mediolanum Banking Group's benefit company, which in just one year reached the milestones of more than 700,000 customers, some 50 partners in its ecosystem and the attainment of **Bcorp** certification, a goal we had been working from the very start of Flowe.

During these two years of the public health emergency, the Group focused all its efforts on protecting staff, both because they are part of the company and because they are part of a community that has been particularly affected by this crisis. Responsibility towards our employees has also meant trying to ensure a working climate that is as serene as possible, by constantly listening to people, and fully implementing the digitalisation of training, a process accelerated by the health emergency, which has enabled employees to continue learning despite social distancing rules.

Our responsibility to the environment and the community at large takes the form of concrete actions and projects designed to support the community and protect the environment in which the Group operates. Mediolanum Group has always stood out for its commitment to society through the Mediolanum Foundation NPO, the non-profit organisation that supports socio-cultural projects, initiatives, fund-raising and multi-year partnerships, as well as training and education in the communities served by the Group and around the world. In 2021, Banca Mediolanum and **the Mediolanum Foundation NPO** continued their fund-raising campaigns in support of families suffering economic hardship, involving the distribution of food, clothing and health kits, and the learning and teaching of children who are at serious risk of dropping out of school as a result of the pandemic. In 2021, such funding totalled €4,463,037, an increase of 16% on the previous year. In relation to financing operations with a high social impact, the Group continued its commitment to facilitating financial inclusion through microcredit and anti-usury projects and through the concrete provision of **rescue financing**. As at 31 December 2021, the relative revolving fund allocated by Banca Mediolanum amounted to €2,450,000, with 318 loans disbursed, totalling €2,445,915.

Mediolanum Group's commitment to **environmental stewardship** is expressed through various plans and efforts to reduce its environmental footprint, involving projects aimed at the responsible use of resources, which, in line with the company's strategy, help protect the environment and ensure full compliance with national and international regulations. In this specific regard, in 2021 Banca Mediolanum took part in the Carbon Disclosure Project's annual scoring process for the first time, attaining a score of B- (on a scale rising from F to A) from the not-for-profit charity, which works to promote the disclosure of corporate practices to fight climate change.

The actions taken and the results achieved in 2021, as described in our Consolidated Non-Financial Statement, give an account of the extent of the Group's commitment to sustainability. This factor is now increasingly at the heart of the decisions and evaluations made by our stakeholders, and is an incentive for us to proceed in this direction, to offer a better future.

I would like to conclude with a thought for my father, Ennio Doris, who would have been infinitely proud of the record year just ended and which, together with all the people at Banca Mediolanum, I would like to dedicate to him.

Massimo Doris

Chief Executive Officer
of Banca Mediolanum S.p.A.

A handwritten signature in black ink, appearing to read 'Massimo Doris', with a stylized flourish at the end.

2. Note on methodology

Italian Legislative Decree No. 254/2016, implementing Directive 2014/95/EU, introduced into Italian law the obligation for public interest entities and large companies or groups to report on environmental, social, staffing and human rights issues and on the fight against active and passive forms of corruption, where these topics are relevant to their activities and profile. As a public interest entity meeting the size requirements for the application of the regulations, Mediolanum Group has released an annual Consolidated Non-Financial Statement (hereinafter also "NFS" or Sustainability Report) since 2017, in accordance with the provisions of Legislative Decree No. 254/16. This 2021 Consolidated Non-Financial Statement has been prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" set out in 2016 by the Global Reporting Initiative (GRI), according to the "in accordance - Core" option. It also takes into consideration the "Financial Services Sector Disclosures" identified by the GRI in 2013, and the "Guidelines on the Application within Banks of the GRI (Global Reporting Initiative) Environmental Standards" published by ABI Lab (December 2021 version).

The process of collecting data and information for this document was managed in collaboration with the various departments of the company. Data was collected using an IT tool, according to the principles of balance, compatibility, accuracy, timeliness, clarity and reliability, as defined in the GRI guidelines. The scope of the information disclosed in the NFS extends to all the entities consolidated on a line-by-line basis in the consolidated accounts of Mediolanum Group to 31 December 2021, including Flowe S.p.A., which for the first time has been included in the perimeter of economic, social and environmental data. Any exceptions other than those indicated below are expressly highlighted in the text:

- › with reference to operational policies and supply chain data, the perimeter covers Banca Mediolanum S.p.A., as the purchasing volumes of the other companies are not considered to be significant;
- › Bankhaus A. Lenz & Co. AG has not been included in the scope of data on the environment, the sales network or customer volumes, as the company's retail operations on the German market were discontinued in the reporting period.

With regard to the impact of the Covid-19 pandemic on non-financial topics, this report considers both Consob's Attention Reminder No. 1/21 of 16-2-2021 and the contents of ESMA's Public Statement of October 2021, reported by Consob in its November newsletter, concerning the transparency of disclosures relating to the impacts of Covid-19 in 2021 NFSs, measures adopted in relation to climate issues, and the focus on disclosure requirements under Article 8 of the "Taxonomy Regulation", effective as of 1 January 2022.

As in last year's NFS, Mediolanum Group has presented content by material topic in order to simplify the structure of the report and make it easier for stakeholders to read. Boxes are also featured at the start of each main section to give an overview of the main actions taken by the Group to manage the relevant impacts of Covid-19. More detailed and mainly quantitative information is provided in the "Annexes", which are an integral part of the report as they provide full disclosure of the material GRI topics and associated indicators. Unless indicated otherwise, the information and data contained in this NFS refer to the 2021 financial year (1 January 2021 to 31 December 2021) and to the activities pursued by Mediolanum Group as a whole during the year. To allow the comparability of data over time, and for the purposes of assessing trends in the Group's operations, comparable data for the previous year have been provided where possible. In order to accurately represent our performance and to ensure the reliability of data, the use of estimates has been limited as far as possible. Where present, any estimate will be based on the best available methodologies and will be appropriately highlighted.

Compared to last year, this report contains additional information relating to the taxonomy approach, required under Article 8 of the EU Taxonomy Regulation (852/2020) and clearly and separately provided in the chapter *Disclosures under the Taxonomy Regulation* of this report, and to the Scope-3 emission disclosures of GRI 305-3. Furthermore, in order to enhance the transparency of information, Banca Mediolanum decided to expand its set of indicators to take into consideration additional topics such as energy intensity (GRI 302-3) and emissions (GRI 305-4), waste generated (GRI 306-3) and parental leave (GRI 401-3).

As of 2021, Banca Mediolanum has also joined the UN Global Compact, a United Nations initiative that encourages businesses around the world to create an economic, social and environmental framework able to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share in its benefits.

To this end, Banca Mediolanum is committed to promoting, supporting and applying in its spheres of influence a set of ten fundamental principles relating to human rights, labour standards, environmental protection and anti-corruption.

Annexed to this statement is the “GRI Content Index”, which contains the relevant GRI indicators and is a useful pointer for the reading of this document.

The Consolidated Non-Financial Statement for 2021 is a separate document from the Report on Operations, which is produced and published annually and is one of the requirements of Article 5 of Legislative Decree 254/16. For more information about the Non-Financial Statement, please contact the Sustainability Office by email, at: sostenibilita@mediolanum.it. The NFS is also published on the website bancamediolanum.it. This NFS was submitted to the Risks Committee on 24 February 2022 for examination and assessment, and was then approved by the Board of Directors of Banca Mediolanum S.p.A. on 2 March 2022. The Non-Financial Statement is also subject to a “limited assurance engagement” (based on the ISAE 3000 Revised standard) by PricewaterhouseCoopers S.p.A., in accordance with the procedures indicated in the “Auditors’ Report” included in this document.

3. Identity and Profile

3.1 History of the Group: milestones

1982

Ennio Doris founds Programma Italia S.p.A. in partnership with the Fininvest Group. It is the first network in Italy to offer global savings advisory.

1996

Mediolanum S.p.A. is established as the holding company for all banking activities. It was listed on the Milan Stock Exchange on 3 June 1996.

1997

Establishment of Banca Mediolanum, an innovative multi-channel bank that fully exploits the opportunities of tech and multimedia. Establishment of Mediolanum International Funds, a Dublin-based product manufacturer.

2000

Mediolanum offers its first online trading services. Banca Mediolanum opens in Spain and acquires the Fibanc Banking Group. Mediolanum acquires a stake in Mediobanca and together they launch the joint venture Banca Esperia, a leader in the provision of private banking services.

2001

The Mediolanum Foundation is established with the aim of developing the main social-interest activities of Mediolanum Banking Group. Since 2005, the Foundation has focused its work on initiatives targeted at children living in hardship.

2006

The Family Banker® is launched as an evolution of the Global Advisor. In addition to fulfilling the role of Financial Advisor (a role regulated by law) the Family Banker® has become the distinguishing feature of the Bank's sales network, and is the point of reference for our customers.

2009

Mediolanum Corporate University becomes an operational entity of the Mediolanum Group. Our leading training centre combines tech expertise with a capacity for high-level training.

2013

Acquisition of the non-life insurer Mediolanum Assicurazioni S.p.A., which joins the Mediolanum Group. Banca Mediolanum is the first to offer a smartphone cash transfer service, winning the "ABI" prize for innovation in banking services.

2014

Mediolanum S.p.A. becomes the Banking Group's parent company. Support continues for customers hit by regional natural disasters. Our commitment is recognised by the "ABI" award for innovation in banking services, and EUR 160 million is paid out in the form of donations.

2015

On 30 December 2015, Banca Mediolanum becomes the parent of the Banking Group, and of the Mediolanum Financial Conglomerate. Banca Mediolanum adopts the circle as its new logo, representing the centrality of the customer and our values of solidity, reliability and security. The new Mediolanum Best Brands Socially Responsible Collection is launched, with the objective of extending our offer of asset management products.

2016

The year 2016 is marked by the growing importance of solidity and financial stability. Banca Mediolanum underwent a Comprehensive Assessment by the European Central Bank. The assessment consisted of two parts: an Asset Quality Review and a Stress Test. The results confirmed Banca Mediolanum's absolute solidity, with the Group's capital requirements being well above the minimum thresholds set by the European Central Bank and the Bank of Italy. The Common Equity Tier I Ratio on 31 December 2016 was 20.0%. Following several natural disasters and specifically the earthquake that rocked Central Italy, Banca Mediolanum again demonstrated its proximity to its customers and workforce, by paying EUR 5,630,700 in the form of non-repayable grants.

2017

The focus on solidity and financial stability continued, with the Common Equity Tier I reaching 21.9% on 31 December 2017. The PIR (individual saving plan) funds launched by the Group provide tangible support to Italian SMEs. Banca Mediolanum is the top investor in absolute terms on AIM Italia, and the first national investor (fifth in absolute terms) on the STAR segment, reserved for outstanding Italian industries. The sale of Banca Esperia is finalised in April. November sees the acquisition of EuroCQS S.p.A. - a company operating in the sector of salary-backed loans - which joined the Mediolanum Banking Group.

2018

This year marks a decade since the Lehman Brothers crisis, when Mediolanum intervened to protect its customers by taking the losses on Mediolanum policies tied to the securities of the US investment bank. For Mediolanum, "being there for you" is not just a slogan: it is our concept of Advisory. Just as we were a decade ago: we are advisors, always. The Investment Banking Division is set up, with the aim of helping Italy's SMEs and business customers in every aspect of corporate finance.

2019

The year 2019 is Mediolanum's best ever in terms of profits, which rose by 121% compared to 2018. The Bank and its customers enjoyed extraordinary results thanks to the successful combination of various strategic decisions implemented from 2019 onwards, and the optimal market trends during the year. Consequently, Mediolanum paid a special dividend to shareholders, with a bonus of EUR 2,000 to the 2,900 employees and 5,000 Family Bankers who contributed to these results. A stakeholder engagement project was rolled out during the year, which led to the new materiality matrix used to guide the Group's sustainable approach to business.

2020

This was the year of the COVID-19 pandemic and the sudden collapse of markets. But it was also a year of business records.

The impact of the pandemic shock was mitigated by the great efforts made in previous years in terms of digitalising our processes and products, not only in the Family Banker-Customer relationship, but also in the remote management of day-to-day activities. Together with our unique approach to customer advisory, this allowed us to post record inflows of €10.9 billion, 60% up on 2019.

The benefit company Flowe is launched, offering an innovative banking platform that resonates with the younger generations. It unites full-digital banking with sustainability, individual wellbeing and social evolution, and has been an unprecedented success.

2021

A record-breaking year. In 2021, the Group's business performance and financials reached new heights, from net inflows through to lending, to the Group's consolidated net profit.

Banca Mediolanum was chosen as one of the 40 stocks making up the new MIB ESG index launched in October 2021 by Euronext and Borsa Italiana, which combines the measurement of economic performance with environmental, social and governance impacts, in line with the principles of the UN Global Compact.

In November 2021, the Group mourned the passing, at the age of 81, of Chairman Ennio Doris, the visionary founder of the Group almost forty years earlier.

3.2 2021 Highlights

Net profit

713 EUR
million

Net inflows

9.2 EUR
billion

Assets under administration

108.3 EUR
billion

CET I

20.9 %

Liquidity coverage ratio

349 %

Ratio of impaired loans to
total lending

0.72 %

Number of Customers

2,302,300

Number of staff

8,858

Total training hours for
employees and Family
Bankers

over 866,000

Monetary value
of environmental
financing

172.4 EUR
million

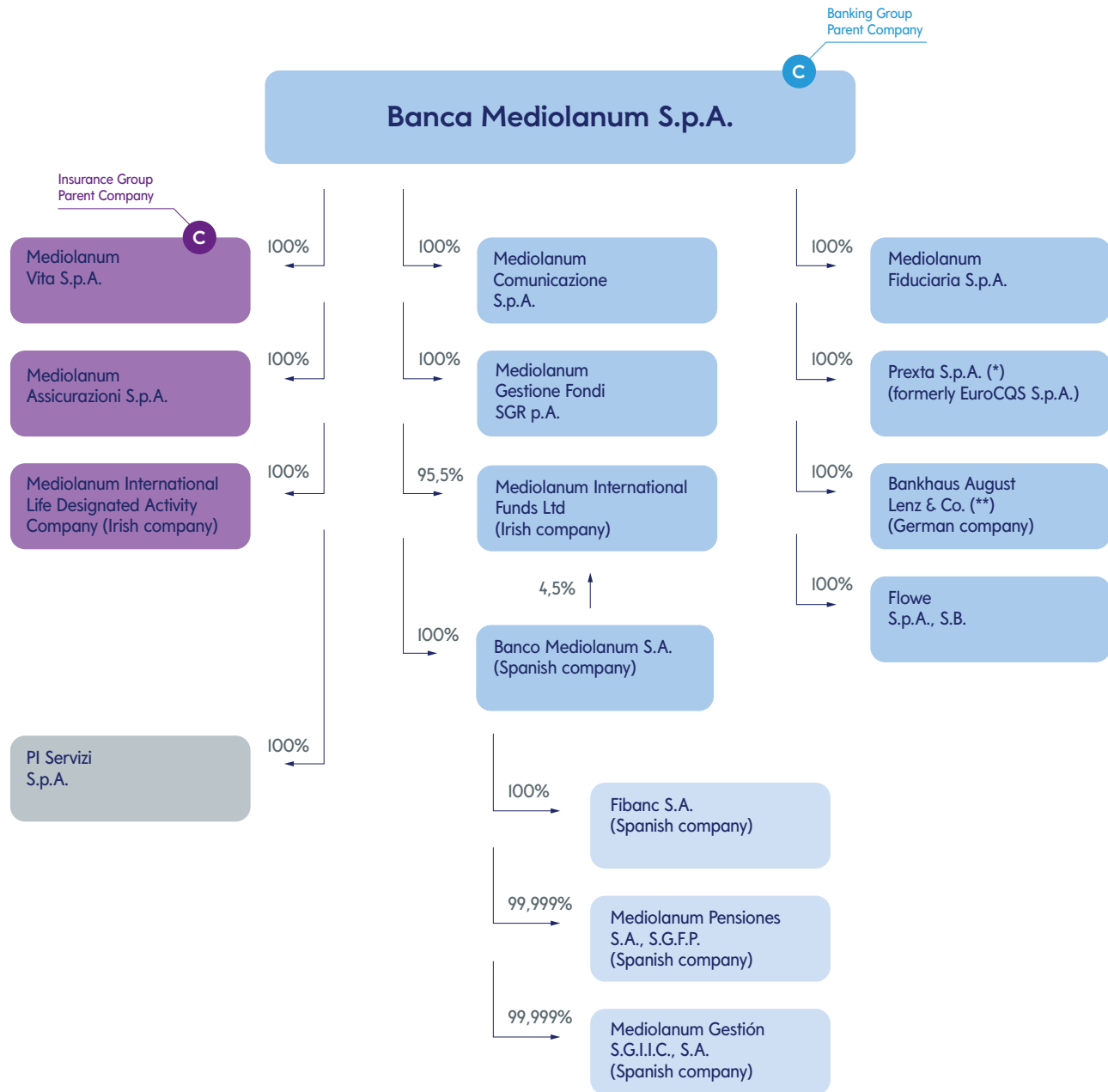
Charitable donations by
Banca Mediolanum

over 234 EUR
million
since 2008

Charitable donations
by the Mediolanum
Foundation NPO

over 25 EUR
million
since 2005

3.3 Group Structure



* The Extraordinary Shareholders' Meeting of EuroCQS on 16/06/2021 adopted the resolution to change the company name to Prexta S.p.A. with effect as of 12/07/2021.

** During the reporting period Bankhaus A. Lenz & Co. AG discontinued its retail operations on the German market.

4. Business model and Governance

4.1 Vision, Mission and Values

Vision, Mission and Values are shaped by the awareness of the centrality of the Person and the responsibilities that entails in the present and future context in which Mediolanum operates.

The Vision of Banca Mediolanum is steering the company towards an awareness of wanting to make a contribution towards improving conditions for humanity and the planet, in the awareness that this objective can be reached by having a clear vision of market events, with a constant focus on the centrality of the individual in a mutually beneficial relationship.

As described in the Mission statement, we need to build deeper relationships, founded on loyalty, reliability and transparency. The answer can be found in the advisory offered by Mediolanum, which provides solutions that cover a person's entire lifetime. Mediolanum people need to act innovatively and sustainably, for the wellbeing of all our stakeholders. This is "Banking for Freedom".

From this perspective, the Values of the Bank guiding the Group's conduct and operations are:

- > Freedom
- > Relationship
- > Responsibility
- > Sustainable innovation
- > Positivity

This all reflects Mediolanum's intention to step up its corporate and social responsibility in fulfilling the role it sees for itself in contributing to bettering its own standing and that of its stakeholders and the community at large.

VISION

We believe in building a better world day by day, for humanity and for the planet.

We believe in human relations, and in a deep-rooted relationship based on freedom.

We believe that our informed, positive vision of the world and of life is what really makes the difference.

MISSION

Building well-informed, long-lasting relationships with people, founded on loyalty, integrity and transparency. Providing unique, customised advice and effective solutions that cover the entire lifetime of our customers.

Acting innovatively and sustainably for the wellbeing of the individual, families and the community. Banking for Freedom.

VALUES



FREEDOM

There is no greater value than freedom.

This is the value which Mediolanum has used to change the very idea of banking. The freedom of a sincere, genuine relationship with people. Truly feeling free to reach goals and fulfil dreams.



RELATIONSHIP

It's all about the individual.

Human rapport is the fundamental principle for everyone who works at Mediolanum. Building relationships helps us to understand people's plans, help them manage their savings, and achieve wellbeing. Becoming a point of contact for a customer means we can grow together.



RESPONSIBILITY

We are people, for people.

We are fully aware of the social role we play. We know how to act ethically and transparently, even if that means making decisions that go against the trend. We are committed to solidarity, education and development projects that leave a tangible legacy and have a high social impact.



SUSTAINABLE INNOVATION

We believe in constant improvement.

We anticipate and respond to people's challenges, backed by our history and roots. We develop innovative solutions that encourage sustainable behaviours in the interests of the community. Sustainable innovation is our commitment.



POSITIVITY

Positivity means making the impossible possible.

This life and business philosophy is built on the knowledge we have gained, our experience and the certainty of what we are doing. It is about keeping true to this value and transferring this spirit to others. It is about seizing opportunities where nobody else sees them.

4.1.1 Code of Ethics and Code of Conduct

The Group's Code of Ethics and Code of Conduct set out the rules that govern our work.

In 2002, Banca Mediolanum and the Group companies adopted a Code of Ethics in order to (i) mitigate operational and reputational risks and raise awareness of the importance of internal controls, and (ii) prevent the crimes contemplated by Legislative Decree 231/2001. The Code contains a series of corporate governance rules designed to recommend, promote or prohibit certain behaviours, beyond and independently of the legal requirements.

The Code of Ethics is the outcome of an engagement process involving the active participation of stakeholders. It is designed to disseminate the ethical values with which the company identifies, and to provide concrete responses to our stakeholders: staff, suppliers, customers, partners, communities and local institutions, by indicating our specific commitments in terms of rules of behaviour and control, in the various areas of relationship. In a reciprocal relationship, our stakeholders are also asked to commit to the same values we have adopted. The Code is organised in four sections:

- › Values
- › Principles
- › Rules of conduct
- › Implementations and infringements

This structure is designed to emphasise the values that underpin the business activities of Banca Mediolanum S.p.A. and of its Group companies, as well as the rules through which these values are implemented in our day-to-day operations. The ethical values of our managerial actions were determined according to the entrepreneurial spirit which our Group has always had: "to strive to be a successful organisation by being useful to people".

In 2021, the Code of Ethics was updated on the basis of three main concerns:

- › Its adaptation to the new system of values adopted by the Group, reinforcing the concept of the centrality of the Person, and of the relative responsibilities that entails, in all of Mediolanum's various dealings with people, while at the same time aligning the code to the current and future challenges Mediolanum is preparing to face.
- › The identification of the new principles inspiring and underpinning the expression of the new system of values.
- › The internalisation and consolidation of all the "rules of conduct" as a compass for steering action and doing business responsibly in relation to all our stakeholders.

The ethical approach to business that underpins the Company's operations and is steered by the Code of Ethics is naturally promoted through training. During the year a new training course was created to explore, through the direct experience of managers, the areas of application of the principles expressed by the Code. Targeted at all employees, the video training course was launched at the end of 2021 and will continue throughout 2022.

The **Code of Conduct** of Banca Mediolanum S.p.A. sets out in more detail the rules that the Parent Company Bank employees are required to observe in the context of their day-to-day activities.

These principles relate, among other things, to:

- › non-disclosure obligations concerning private, confidential or insider information;
- › specific limitations on personal transactions in financial instruments;
- › an obligation to disclose any situations or activities of significant personal convenience, in other words situations in which personal interests may conflict with those of the company, of existing or potential customers and/or of the assets under administration;
- › a prohibition on receiving benefits from third parties, which may by their nature or amount induce people to act in a way that conflicts with the company's interests;
- › online rules of conduct.

4.1.2 Internal Whistleblowing System

As required by law, the Mediolanum Group has set up internal procedures for the reporting of actions or situations that may represent an infringement of the regulations governing its operations, known as a Whistleblowing System.

Through the available channels, employees can make circumstantiated reports of: potential or actual offences, acts or events that could constitute real or potential infringements of the regulations on banking, financial or insurance activities, and matters concerning market abuse or the prevention of money-laundering and the financing of terrorism.

Responsibility for the due functioning of the Internal Whistleblowing System is tasked to Banca Mediolanum's Internal Audit Department, which carries out "third-level" checks aimed at ascertaining the regular performance of operations and the evolution of risks, and assesses the completeness, adequacy, functionality and reliability of the company's organisational structure and the other components of the Internal Control System.

4.1.3 Human rights

The Mediolanum Group is committed to respecting and promoting human rights in the context of its activities, and to preventing any violation directly caused by its actions.

The Mediolanum Group exercises its economic and business activities by prioritising the direct or indirect impact on human beings. The Group has defined the areas of **responsibility towards employees, customers, suppliers and the community**, and has always been committed to promoting - within its own organisation and towards its staff and contractors - a business culture that corresponds to current legislation and is aligned with international best practices, and which can also guarantee the satisfaction of its own employees and the attention paid to customers. This culture translates into the pursuit of respect for the rules, privacy and ethics, and is based on the value of the individual, while promoting behaviours that are inspired by cohesion, transparency, fairness and mutual trust in full accordance with the Group's Code of Ethics. A human rights training course for all employees was launched at the end of 2021 and will end in 2022.

On 29 July 2020, the Board of Directors approved a "**Policy on Human Rights**" which sets out the commitment of Banca Mediolanum and its Financial Conglomerate to protecting human rights according to the highest international standards, specifically the "2011 United Nations Guiding Principles on Business and Human Rights".

Mediolanum respects people's fundamental rights, and protects their moral integrity while guaranteeing equal opportunities. In our internal and external relations we do not allow any behaviour that discriminates on the basis of political opinions or trade union membership, religion, race, nationality, age or gender, sexual orientation or health, or any other form of discrimination against any personal characteristic of a human being. **Diversity is seen as an opportunity on a cultural, personal and professional level, and is promoted** through dialogue and the exchange of opinions, ideas and experiences.

The Mediolanum Group is also committed to reducing **reputational, social and environmental risks by maximising the positive impact on human rights**, in the awareness that our objective is not only to build value for customers and shareholders, but also to contribute to the growth of the communities and countries in which we operate. All our staff and contractors are part of a working environment that does not tolerate any form of discrimination on the grounds of personal characteristics or opinions; appropriate strategies are adopted in order to combat any potentially vexatious behaviours, and all our staff and contractors are asked to play an active part in forging a working environment that is inspired by these values. **The application of laws and best practices in the countries in which our Group is operational, represent an adequate guarantee for the safeguarding of this issue**, and mitigate the related risks. Together with the Risk Management team, periodic risk assessments are conducted on the basis of our mapped processes and the risks/controls matrix. The main risks which are identified and monitored pertain to legal affairs, employee health and safety, and reputation.

4.1.3.1 Sanctions and disciplinary measures

During 2021, no infringements were reported, and therefore no sanctions and/or measures were taken, in relation to Human Rights. In addition, there were no incidents of discrimination or corrective action taken in relation to the Whistleblowing System.

4.2 Business model of Mediolanum Group

Banca Mediolanum's business model is built to meet the needs of each and every customer. Thanks to the various communication channels available, they can choose when and how to bank as they prefer every time. Banca Mediolanum's commitment is expressed through the proposal of increasingly flexible and innovative products and solutions that meet the needs of individuals and families – the Bank's main target. Thanks to its Family Bankers, Banca Mediolanum offers its customers targeted and personalised advisory which, over time, becomes financial education, to assist customers in the most important decisions, with the competence and flexibility necessary to better respond to the constant economic and financial changes of our time.

The bank built around the customer An integrated business model



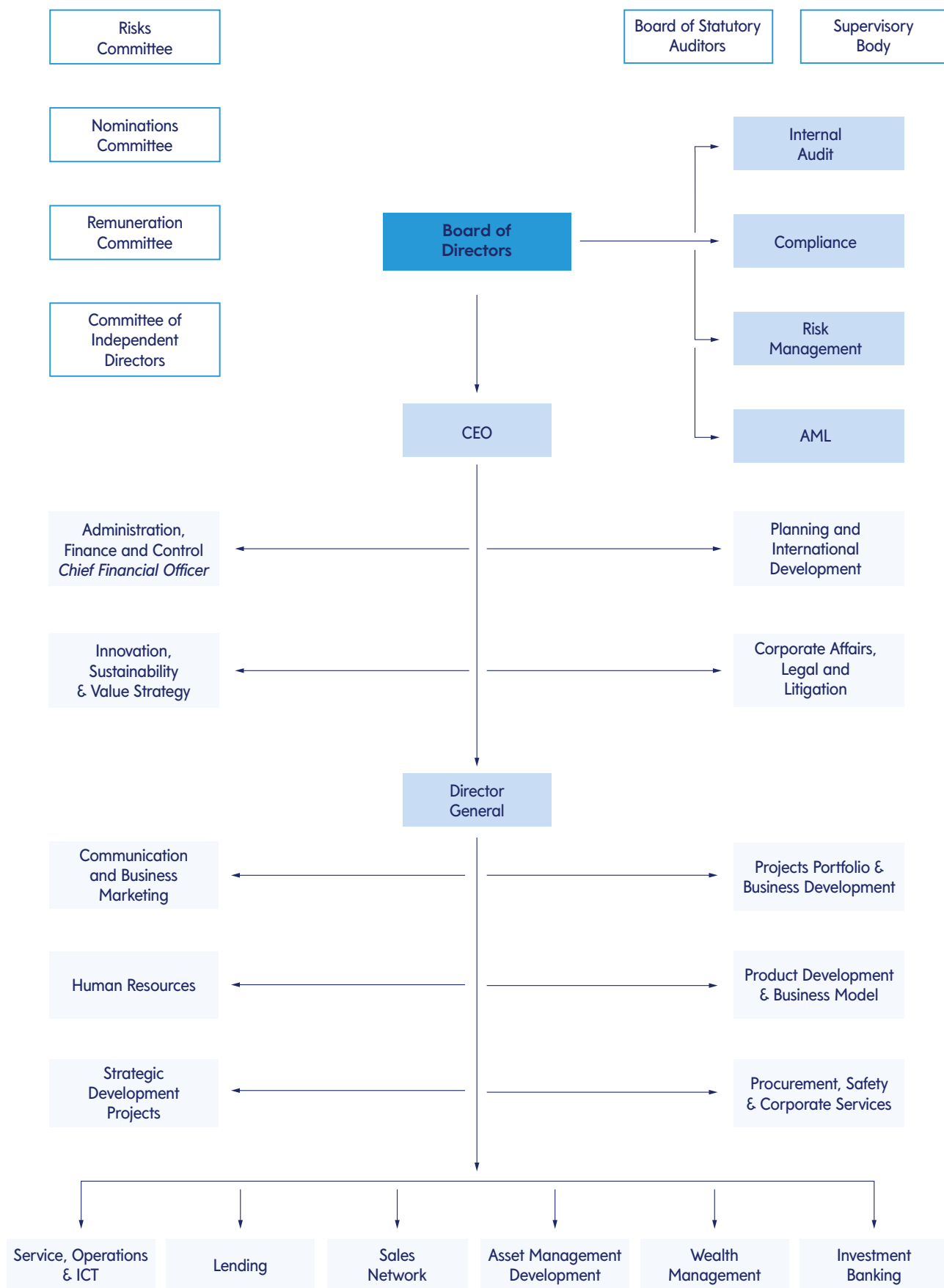
4.3 Governance, risk management, compliance and the supply chain

4.3.1 Organisational structure

The organisational structure of Banca Mediolanum is formed of Departments, Divisions, Sectors, Offices and Managerial Support units based on the following framework:

- › **four business control functions reporting directly to the Board of Directors:** Internal Audit, Compliance, Risk Management and AML (Anti-Money Laundering);
- › The **four Departments forming the staff of the CEO:** Administration, Finance and Control headed by the Chief Financial Officer, Planning and International Development, Corporate Affairs, Legal and Litigation, and Innovation, Sustainability & Value Strategy;
- › **six Departments on the staff of the Director General:** Communication and Business Marketing, Projects Portfolio & Business Development, Product Development and Business Model, Human Resources, Procurement, Safety & Corporate Services and Strategic Development Projects;
- › **six Departments reporting directly to the Director General:** Service, Operations & ICT, Lending, Sales Network, Asset Management Development Wealth Management and Investment Banking.

The principal tasks and responsibilities of the Bank's operational units are set out in the Bank's "Service Ordinance", which is periodically updated by the relevant company offices.



4.3.2 The Board of Directors of Banca Mediolanum

As the governance body tasked with strategic supervision, the Board of Directors is responsible for setting out the overall governance system and approving the organisational setup of the Bank. It also checks that they are implemented correctly and adopts prompt corrective measures if any inadequacies or deficiencies are found.

Governance of the risks to which the Bank is exposed is ensured by the board by identifying the sources of the risks, their potential developments and the controls required for their governance in advance. In addition, it must:

- › approve the organisational setup and corporate governance structure of the Bank, making a clear distinction between functions and duties, and preventing conflicts of interest;
- › approve the reporting and accounting systems;
- › oversee the Bank's process of public disclosure and communications;
- › assure an effective dialogue with the management function and with the heads of the main company departments, duly verifying their decisions and choices.

The Board of Directors of Banca Mediolanum **is made up of 13 members**, who were appointed by the shareholders' meeting on 15 April 2021. It will remain in office, as per the shareholders' resolution, until the date of the meeting called to approve the financial statements for the year ending 31 December 2023.

The Chairman plays an important role in terms of organising the work of the Board of Directors and circulating information.

In order to fulfil his position effectively the Chairman holds a non-executive role, and does not perform any management function, not even on a de facto basis. He may, in exceptional cases, take on supplementary duties of the executive members of the Board, or, following a binding proposal of the executive bodies in urgent cases, he may take decisions within the remit of the body of which he is the chair, and will report on his actions at the next available meeting.

The Board has appointed a **Deputy Chairman** in accordance with the Bylaws. The Deputy Chairman has the power to represent the Company and will stand in for the Chairman if he is absent or unable to act.

The Chief Executive Officer is appointed by resolution of the Board of Directors, which also determines the limits of his powers. The Chief Executive Officer has the power to represent the Company.

In line with the provisions of law and in application of the Corporate Governance Code for listed companies, the Chief Executive Officer is the executive figure responsible for overseeing the implementation of strategic guidelines, the Risk Appetite Framework (RAF) and the risk management policies set out by the governance body tasked with strategic supervision. The CEO is also responsible for taking any measures which are necessary to ensure the conformity of the organisation and the internal control system, and monitoring compliance on an ongoing basis.

Under the Corporate Governance Code, the Chief Executive Officer is tasked with setting up and maintaining the internal control and risk management system.

The Chief Executive Officer is responsible for executive governance, and for making sure that the organisational, administration and accounting structure of the bank and of the subsidiaries is consistent with the size and activities of the Group, by implementing specific powers.

Composition of the Board of Directors

Surname and Name	Position	Executive	Non executive	Independent	Male	Female	Year of birth
Pirovano Giovanni	Chair		•		•		1951
Doris Annalisa Sara	Vice Chair		•			•	1970
Doris Massimo Antonio	Chief Executive Officer	•			•		1967
Gervasoni Anna	Director		•	•		•	1961
Frasca Francesco Maria	Director		•	•	•		1943
Lo Storto Giovanni	Director		•	•	•		1970
Oliva Laura	Director		•	•		•	1968
Notari Mario	Director		•	•	•		1964
Omarini Anna Eugenia Maria	Director		•	•		•	1967
Pierantoni Roberta	Director/Lead Independent Director		•	•		•	1971
Sarubbi Giacinto Gaetano	Director		•	•	•		1963
Redaelli Giovanna Luisa Maria	Director		•	•		•	1965
Gibello Ribatto Paolo	Director		•	•	•		1960

Independent Directors as defined by the Consolidated Law on Finance, the Corporate Governance Code and Ministerial Decree 169/2020.

The main developments in laws and regulations are brought to the attention of the Board of Directors of Banca Mediolanum mainly by the Compliance Department and the Corporate Affairs Division, which work with the Chairman of the Board to provide Board members with greater knowledge of the business sector.

The Chairman of the Board of Directors, assisted by the relevant offices, organised **various board induction sessions** in 2021 for the directors and statutory auditors of the Issuer and of the other Group companies. The sessions were held by qualified speakers.

Specifically, **the sessions addressed key issues concerning investment banking, Banca Mediolanum's five-year plan, information technology, developments in regulations governing investment services, risk management at Banca Mediolanum, the Law 231 compliance model, Lending Department operations, the state of the Italian banking industry and occupational health and safety.**

Board Committees

Without affecting the obligation to set up certain committees, in accordance with the regulations applicable to the Company in order to enable an efficient system of reporting and consultation that gives the Board of Directors of Banca Mediolanum a better understanding of some of the topics it is responsible for, advisory and proposing committees have been set up, with limited structures diversified according to the sector of competence.

The organisation and function of each committee is determined in a decision of the Board of Directors, which is made at the time the committee is formed. These decisions can be altered by a subsequent Board decision. There are currently **4 Board committees**:

NOMINATIONS AND GOVERNANCE COMMITTEE

The **Nominations and Governance Committee** has the power to put forward proposals, recommendations and opinions with a view to enabling the Board of Directors to adopt fully-informed decisions (for example, when nominating directors). In performing its duties, the Committee aims to avoid the domination of any decision-making process of the Board of Directors by a single person or groups of people, which could harm the Bank.

RISK COMMITTEE

The **Risk Committee** is tasked with supporting the Board of Directors in matters concerning risks and internal controls. In this area, particular attention must be paid by the Committee to any activity which is necessary or useful in order to allow the Board to make an accurate, effective determination of the RAF and of the risk governance policies.

REMUNERATION COMMITTEE

The **Remuneration Committee** is tasked with supporting the Board of Directors on remuneration matters, to ensure that the criteria underpinning the Bank and Group's pay and bonus system are consistent with the management of its risk, capital and liquidity profiles.

COMMITTEE FOR RELATED-PARTY TRANSACTIONS

The **Committee for Related-Party Transactions** is tasked with assessing and proposing internal controls for the management of transactions with related parties of Banca Mediolanum and with parties connected to Mediolanum Banking Group, and for investments in and the management of equity interests. It also provides general support to the Board of Directors on any other issues of corporate significance, as judged by the board itself.

Self assessment

At least once a year, the Board of Directors, with the support of the Nominations and Governance Committee, assesses the size, composition and functioning of the Board itself and of any committees set up within it. The assessment is designed:

- › to check and **ensure that the board functions effectively and properly** and that its composition is adequate;
- › **to guarantee material compliance with regulatory requirements** on corporate governance and with the aims of those requirements;
- › **to encourage the updating of internal regulations** governing how the board works, so as to ensure the adequacy of those regulations, also in the light of changes connected with developments in business or the operating framework;
- › **to identify any key weaknesses** and to promote debate within the board, as well as to identify the corrective actions to be taken;
- › **to strengthen collaboration and trust** among the members, and between the strategic supervision management bodies;
- › **to encourage the active participation** of the individual members, ensuring that they are fully aware of their specific roles and responsibilities;
- › **to encourage continuous improvement in the self-assessment process** and in the board's performance.

Rules of the process of Self Assessment of the Board of Directors

As specified in the "**Regulation on the process of self-assessment of the Board of Directors of Banca Mediolanum**", the roles responsible for the self-assessment will record the results of the process in the "Outcome of the self-assessment of the Board of Directors", which illustrates:

- › the methods and phases of the process;
- › the people involved, including any external advisors;
- › the results obtained, highlighting any strengths and weaknesses;
- › any corrective actions or improvements that may be necessary or possible.

An account of the implementation or progress of these measures must be given in the next self-assessment. This Regulation is approved by the Board of Directors, and where required is submitted to the Bank of Italy. At the end of 2021, the Board of Directors instructed the relevant officers to start up the self-assessment, with the support of independent external advisors, preparing and gathering the documentation necessary for the process. The results of the self-assessment process will be presented to the Nominations and Governance Committee and to the Board of Directors during a Board meeting held in the first quarter of 2022.

4.3.3 Shareholders' Meeting

The shareholders' meeting is regulated as to its functioning, and as to the rights of the shareholders and the way they can exercise those rights under the existing primary and secondary legislation. This is set out in the company bylaws. The Ordinary and Extraordinary Shareholders' Meetings are vested with the powers envisaged by laws in force. At the shareholders' meeting held on 23 November 2015, the Company adopted a "Regulation on the conduct of shareholders' meetings", which took effect as of the start of trading of the Issuer's shares on the MTA (30 December 2015). The Regulation is available at www.bancamediolanum.it under the Documents heading of the Corporate Governance section.

4.3.4 Pay and bonus system

The Group's pay and bonus policies are set by the parent company in accordance with Bank of Italy provisions governing remuneration and incentive compensation policies and practices (Title IV, Chapter 2, Section I of Circular No. 285). The policies are designed to attract and retain individuals with professional expertise and skills matching the needs of the business, and to provide an incentive to work harder to improve the company's performance through the satisfaction and motivation of personnel.

The application of pay policies assures a greater alignment between the recipients and the shareholders of the bank and of the group, both in the short-term, by maximising the creation of value for shareholders, and also over the medium to long-term through the careful management of business risks and the pursuit of medium/long-term strategies.

Pay and bonus criteria are based on objective parameters that are linked to performance and are in line with the strategic, financial and business development and sustainability goals of the company, considered the best lever for motivating employees to work harder, while also responding to the interests of the Group.

The Group is committed to gradually integrating environmental and social sustainability issues and governance matters into strategy, risk management and compensation processes by promoting a **systemic, inclusive and transparent approach** that also guarantees **respect for the principles of plurality, equal opportunities, fairness and non-discrimination of gender**.

Banca Mediolanum's Board of Directors prepares and reviews the Group's pay and bonus policies at least once a year, with the support of the Remuneration Committee. It is responsible for the proper implementation of these policies. Once drafted the policies are sent to the bank's meeting of shareholders for approval and are made accessible within the organisation, also by means of publication on the parent company's website. The parent company identifies the key personnel with the involvement of the relevant company departments, also in relation to the teams of financial advisors. This activity encompasses all employees, the group directors and also the foreign branches and sales networks.

Pay structure for Directors and Statutory Auditors

Under the existing bylaws, it is the shareholders' meeting which is responsible for determining the overall remuneration and the allocation of bonuses or other emoluments to the **directors**. If this amount does not include the remuneration for Directors with specific offices, this will be determined by the Board of Directors after consulting the Board of Statutory Auditors. The Board of Directors also distributes among its members the global remuneration decided by the shareholders' meeting, for all the directors. No variable remuneration is paid to the non-executive members of the Board of Directors, or to the members of the Board of Statutory Auditors.

Pay structure for employees

The pay structure for **employees** includes the following elements:

- › a **fixed component** that rewards the role of the employee and the range of their responsibilities, reflecting the experience and capabilities required for each position and the level of excellence demonstrated, as well as the overall quality of the contribution made towards business results;
- › a **variable component** which is designed to reward objectives delivered, by establishing a direct link between pay and the results of the individual and the company over the short and medium-term, in accordance with the defined risk profile.

Pay structure of the sales network

The remuneration of the sales network consisting of financial advisors is made up of **various types of commission**. The commission depends on the type of activity, the range of investment products, and the distribution agreements with the product manufacturers. The remuneration system responds to the need to pay financial advisors a salary that is **proportionate to the company's income**, avoiding any discrimination or potential conflict-of-interest situation. The remuneration of financial advisors is mainly **variable, and is structured** according to the different advisor roles.

4.3.5 System of Internal Controls

The Internal Control System ("ICS") is defined as **the set of rules, procedures and organisational units that enable business to be conducted soundly, fairly and in line with set objectives**, by means of an adequate process for identifying, measuring, managing and monitoring key risks. An effective system of internal controls helps to safeguard the company's assets, the efficiency and efficacy of its operations, the reliability of its financial information, and compliance with laws and regulations. A control environment is that part of the corporate culture that determines the level of sensitivity of the directors and management, to the need for control. It forms the basis for all the other components of the SIC. The factors which influence the control environment are: the integrity, ethics and competence of staff, the philosophy and style of Management, the way in which responsibilities are delegated, the organisation, professional development and commitment to provide guidance on the part of the Board of Directors. Within the Group, the various companies work to implement a well-structured, efficient system of internal controls within their business units. They take into account the various sets of regulations and diverse areas of activity, in accordance with the guidelines received from the parent company. A fundamental role is played by the Risk Committee of Banca Mediolanum, the parent company of the financial conglomerate. The committee provides an opportunity for debate and study, in order to elaborate an overall view of the various risks, correlated to the different types of business, and to discuss the actions taken to control the identified risks.

Structure of the internal control system

From a structural point of view, the **Group's internal control system is structured into several levels**, which involve:

- › **line controls (Level 1 controls)**: aimed at ensuring that operations are conducted correctly. These controls are done by the business units themselves (for example, hierarchy, systematic and sample checks), by teams who work exclusively on control tasks and report to the managers of the business units (these are done in the context of back office operations). Where possible these controls are incorporated into IT procedures. In this configuration, the operational units are the first line of responsibility in the process of risk management.
- › **checks on risks and compliance ("Level 2 controls")**: designed to assure compliance with the operational limits set for the various functions, the correct implementation of the risk management process and the conformity of the company's operations to laws and regulations, including rules of self-regulation. As required by law, the functions responsible for the Level 2 controls are separate from the production units, and they help to define the governance of risk, and the process of managing risk.
- › **internal audit (Level 3 controls)**: designed to identify any breaches of procedure or regulation, and to periodically evaluate the completeness, adequacy and functionality (in terms of efficiency and efficacy) and the reliability of the system of internal controls and of the information system, at pre-set intervals depending on the nature and intensity of the risk.

Risk Management

Banca Mediolanum's Risk Management Department is responsible for implementing governance and risk management policies. It is tasked with monitoring the Bank's and the Group's exposure to financial and credit risks and with assessing the capital impacts of operational risks and reputational effects, while keeping capital adequacy and the adequacy of the liquidity position under constant control, in relation to the activities pursued. The Risk Management Department also exercises a steering and coordinating role on matters concerning the institutional tasks of managing and controlling present and future risks, guiding the bank to an informed approach to risk-taking, consistent with its level of risk appetite.

The Parent Company's Risk Management Department thus sets and maintains the risk management and control framework for all the companies in the Banking Group, covering all the risks they face. In doing so, it is responsible for controlling "Pillar 1" risks (credit, market and operational) and performs qualitative and quantitative assessments on "Pillar 2" risks (interest rates, liquidity and other risks), in accordance with the guidelines set by the Board of Directors and the applicable provisions of law. Risk Management works with the IT unit tasked with Level I controls to outline methods for assessing and controlling IT risk, in order to supplement the results of framework controls on operational risks with the findings of the IT risk assessment process. The Risk Management Department is also responsible for controlling outsourcing risk, on the basis of the tasks and activities outlined in internal and external regulations in relation to the outsourcing by the Parent Company of activities and services to third parties. The individual risk management functions of all the legal entities belonging to the Group are tasked with the same duties and responsibilities.

Another task of the parent company's Risk Management Department is to identify assessment and control methods for reputational risks, in coordination with other control functions where necessary. It prepares the internal policies, regulations and procedures relating to all risks configured to be significant, and identifies and develops measurement methodologies to manage such risks, which are inherent in the activities of the Bank and of Group companies. On behalf of the Banking Group, it continuously verifies the adequacy of the risk appetite framework and assists corporate bodies in coordinating the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment (ILAAP). Finally, it is responsible for preparing the Recovery Plan and for all activities specifically assigned to it and governed by the internal regulations on the internal operational processes for risk management and mitigation.

Compliance

The compliance model adopted by the Bank to monitor non-compliance risk tasks the Compliance Department with the direct supervision of compliance with key statutory regulations, such as those governing the exercise of banking and brokerage activities, the management of conflicts of interest, transparency vis-à-vis customers and, more generally, consumer protection regulations. For certain regulatory areas requiring specialised supervision, the Compliance Department relies instead on designated "Specialised Units" within the Bank, which oversee specific stages of the compliance process, while retaining responsibility for assessing and ensuring the adequacy of their work.

The Compliance Department is also responsible for providing specialist advisory for the assessment of compliance risk, for producing regulatory alerts and conducting gap analyses, for auditing the adequacy and functioning of business structures and processes designed to prevent the breach of statutory requirements and corporate governance rules and for monitoring the adoption of proposed corrective measures. In relation to regulatory authorities, the Compliance Department is responsible for overseeing dealings with such authorities and with trade associations in relation to matters within its direct remit. That includes overseeing the correct handling of requests from the regulatory authorities, as well as participating in industry working groups for specialised issues.

Banca Mediolanum's Compliance Department also supervises and coordinates the work of its counterparts in companies belonging to the conglomerate. To this end they report on a regular basis to the parent company on the planning of their activities and the audits they conduct and provide any other relevant information for controlling compliance risk in the scope of their remit.

The Compliance Department is also responsible for controlling compliance risk on behalf of Group companies with which the Bank has entered into service agreements.

Finally, the Compliance Department reports periodically to the Chief Executive Officer and to other corporate bodies, to the boards of directors and to the other controlling functions of the company.

The compliance model outlined in the internal Compliance Policy governs the compliance risk management system as a whole, providing guidelines and identifying the requirements to be met. It is then up to each individual company of the Banking Group, within the framework set out by the guidelines, to adopt the policy, according to the principle of proportionality and taking into account the regulations applicable to them. The guidelines, organisational structure and processes adopted by the Compliance Department to fulfil its mission and the responsibilities of the various units making up the department are instead outlined in the "Compliance Department Regulations".

Another task of the Compliance Department is to provide ongoing advisory and support in relation to developments in the European regulatory framework on sustainable finance, which it does by preparing and sending out specific regulatory/information alerts to the organisational units concerned and conducting gap analyses, which are presented to top management in order to identify the action required to comply with regulatory changes introduced.

The department also ensures the Group is represented in industry working groups in order to monitor regulatory developments and provide timely updates on the subject to the specialised units concerned.

AML

The AML Department is responsible for controlling the risk of money laundering and the financing of terrorism using a risk-based approach and for adapting processes to reflect changes in the regulatory and legal context in this area.

The department carries out regular audits to check that company procedures match the objective of preventing and combating any breach of external laws or regulations and corporate governance rules concerning money-laundering and the financing of terrorism.

It pays particular attention to the adequacy of the internal systems and procedures with regard to customer due diligence and record-keeping, and in relation to the systems used to record, assess and report suspicious transactions.

It deals with the analysis and periodic assessment of the risks of money-laundering and the financing of terrorism, by identifying appropriate actions to mitigate the identified risk level.

Internal Audit

Banca Mediolanum's Internal Audit Department carries out "Level 3" checks to ensure operations are run properly and monitor changes in risks. At the same time, it assesses the completeness, adequacy, functionality and reliability of the organisational setup of the company and other components of the internal controlling system. The department reports to the governance bodies on any areas for improvement, with particular reference to the internal control system, the RAF, the risk management process and the tools used to measure and control them. On the basis of the results of these controls, it formulates recommendations to the governance bodies. The department prepares multi-year and annual plans of the audits to be carried out each year using a risk-based approach. Both multi-year and annual plans are submitted for examination and approval by the relevant company bodies. Internal Audit is also responsible for the proper functioning of the Internal Whistleblowing System.

In 2021 the department carried out audits according to plan for both Banca Mediolanum and for other Group companies that delegate internal auditing activities to it under a specific service agreement. In addition, in relation to the business model adopted by the Group, particular attention was paid to auditing the correct operation of the sales networks. With regard to the subsidiaries with their own internal auditing functions, the department provided guidance and supervision by monitoring the implementation of the audit plans of local departments and arranging coordination meetings.

Finally, the Internal Audit Department is committed to a quality assurance and improvement programme ("QAIP"), in accordance with the International Professional Practice Framework of the Institute of Internal Auditors.

4.3.6 Management of risks

As the world of risk changes, risk management operations need to be flexible and attuned to developments not only in the economic and financial framework, but also in ESG rules, entailing the identification and management of the environmental, social and corporate governance risks potentially associated with the various business lines. As such, alongside the identification of risks and related controls by material topic, as presented in the following sections, where environmental risks, for example, are addressed under the topic of "Direct Environmental Impacts", Mediolanum Group has chosen to report on specific types of risks, such as those tied to climate change and sustainable supply chain management, as they are increasingly recognised as having a potential impact on the proper performance of banking and insurance business activities.

Risk Appetite Framework "RAF"

The risk appetite framework is the **framework of reference that expresses the Bank's risk appetite** with regard to all the significant risks of its activity. It is a global approach that **includes the policies, processes, controls and methodologies used to define, communicate, manage and reassess the risk appetite** of the bank, compatibly with the maximum acceptable risk, the business model and the strategic plan. Consequently, the **risk governance policy** is a strategic component of the RAF as it can be reconciled with the overall economic and financial plan, and thus allows the achievement of the objective of sustainable growth. For this reason the RAF is the result of a complex process which involves various business units, each within the extent of the responsibility, specifically the risk management and planning and control units. **The Group's risk appetite is revised each year** to take into account the continual changes in the internal and external environment, and also any developments in the expectations of our various stakeholders. The economic and financial values which are estimated when the economic and financial plan is drawn up are reconciled against the maximum risk appetite as stated in the RAF

updating process, and will determine any revision or adjustment of the threshold and limits that was set during the previous financial year. Banca Mediolanum Group's RAF identifies, assesses and approves the **risk indicators** classified according to reference areas such as capital adequacy, credit risk, financial risk, liquidity risk, operational risk, market risk, etc., broken down into three levels of observation:

- › **Risk Capacity** (maximum risk that can be taken): the maximum level of risk that a bank is structurally and/or technically able to assume without breaching regulatory requirements or other constraints imposed by shareholders or regulatory authorities;
- › **Risk Tolerance** (tolerance threshold): a tolerance threshold set so as to ensure that the bank has sufficient margins to operate within the maximum allowable risk, even under stress conditions. In the event that risk-taking is permitted beyond the set risk target, subject to compliance with the tolerance threshold, management actions necessary to bring the assumed risk back within the set target are identified;
- › **Risk Appetite** (risk target): the overall level of risk, by type, that the bank intends to assume in pursuit of its strategic objectives.

In addition to the above definitions, it is also necessary to associate the concepts of risk profile (actual risk), i.e., the risk actually taken, and risk limit (risk limit), which implies the possible breakdown of risk targets within operational limits. In addition, the RAF outlines the procedures and management actions to be taken in case it is necessary to bring the risk level within the target or within the set limits. All the different expressions of risk levels, as reported and approved in the RAF, **thus serve to support top management in pursuing strategic and financial objectives**, while monitoring the Group's capital and financial solidity, both in normal operating conditions and in the possible event of adverse situations. As such, they are reviewed on a periodic basis as part of the planning and budgeting process.

Reputational risks

In the global marketplace, banks have been facing very aggressive competitive pressures, which has consequently led to changes in risk exposure, particularly in operational, legal and reputational risks.

Reputation risk, as governed by the industry regulations, is one of the "other risks" that is difficult to measure, which is why banks put in place adequate control and mitigation systems. It is generically defined as the **present or future risk of a decline in profits or capital due to a negative perception of the Bank's image** by customers, counterparties, shareholders, investors and/or regulatory authorities. In the banking sector, particular importance is attached to the issue of reputation, as with the growing concern shown for ethical business, it can jeopardise the survival of the company itself.

Reputational risk, as described above, is also shaped by changes in the business world and society, as values such as corporate social responsibility and environmental stewardship mean that reputational risk can be correlated to sustainability risk, as defined by Regulation (EU) 2019/2088. This regulation defines sustainability risk as an environmental, social or governance event or condition that, if it were to occur, could cause a negative material impact, actual or potential, on the perceived value of the company. As with reputational risk, the impact of sustainability risk echoes widely, influencing the perceptions and attitudes of all the stakeholders of a company.

Partly because the lack of a "complete and unambiguous" definition, **reputational risks are often generated by other types of risk which have not been suitably managed**, such as an operational risk or strategic risk which can go on to produce reputational risk. In general, **endogenous risk factors** include all those directly associated with processes and operations carried on by the Bank or with the management and operational decisions taken by the Bank itself (for example, the occurrence of an operational risk event, failure to comply with regulations, misinformation about the company or the conduct of its employees or the mismanagement of official public announcements and disclosures). **External or exogenous factors include** commentary and debates in the media, or on social networks, blogs or other digital media, concerning information or opinions which could harm the reputation of the Bank or of the Group.

These factors are not directly attributable to specific operations or processes carried on by the Bank, but are linked to the spread of adverse news or opinions about the image of the Bank or its representatives. The Mediolanum Group has adopted a **specific policy for the management of reputational risk and constantly monitors the conduct of its financial advisors**, in order to check that their conduct complies with current legislation and is based on the highest standards of fairness and transparency in customer relations. Nevertheless, the procedures adopted may sometimes prove to be inadequate in the face of unexpected events and/or events beyond the Group's control. Fraudulent, disloyal or abusive conduct by financial advisors also constitutes a typical operational risk that can materially damage the Group's image and reputation and, more generally, undermine the confidence of its customers, with a consequent negative effect on its economic and financial situation. The operational risk resulting from illegal or inappropriate conduct by employees is constantly monitored and controlled by the Group. In the context of identifying operational risks, the process involves **collecting and analysing data about losses caused by the behaviour of financial advisors, as well as ex ante assessments of the exposure to such a risk**, and the related controls. Continuous **ex post checks** are also implemented at monthly intervals on the risk as a whole, and checks are carried out at least once a year on specific clusters of advisors, where there is evidence of irregularities in their customer portfolios.

In order to safeguard the perception of the bank's image in its operational context, also in order to continuously mitigate the risk to reputation, Banca Mediolanum has always been committed to disseminating a corporate culture that is inspired by ethical, sustainable, professional principles and behaviours based on solid financial expertise and good professional practice. The attention focused by the Mediolanum Group on the continuous improvement of organisational and operational checks is confirmed by its strict observance of regulatory provisions (e.g. laws and internal and external regulations) and of corporate governance rules (e.g. articles of association, codes of conduct, corporate governance codes), with the fundamental objective of placing absolute emphasis on the creation of "corporate value" which is not only and exclusively of an economic nature.

Risk management for the purposes of Legislative Decree 254/16 (ESG) and the relative framework

Article 1 (1073) of the 2019 Budget Act introduced an amendment to Decree 256/16 that requires companies to their risks and the management approach taken to key risks in their non-financial reporting.

In 2021, the process of identifying, assessing and managing ESG risks involved:

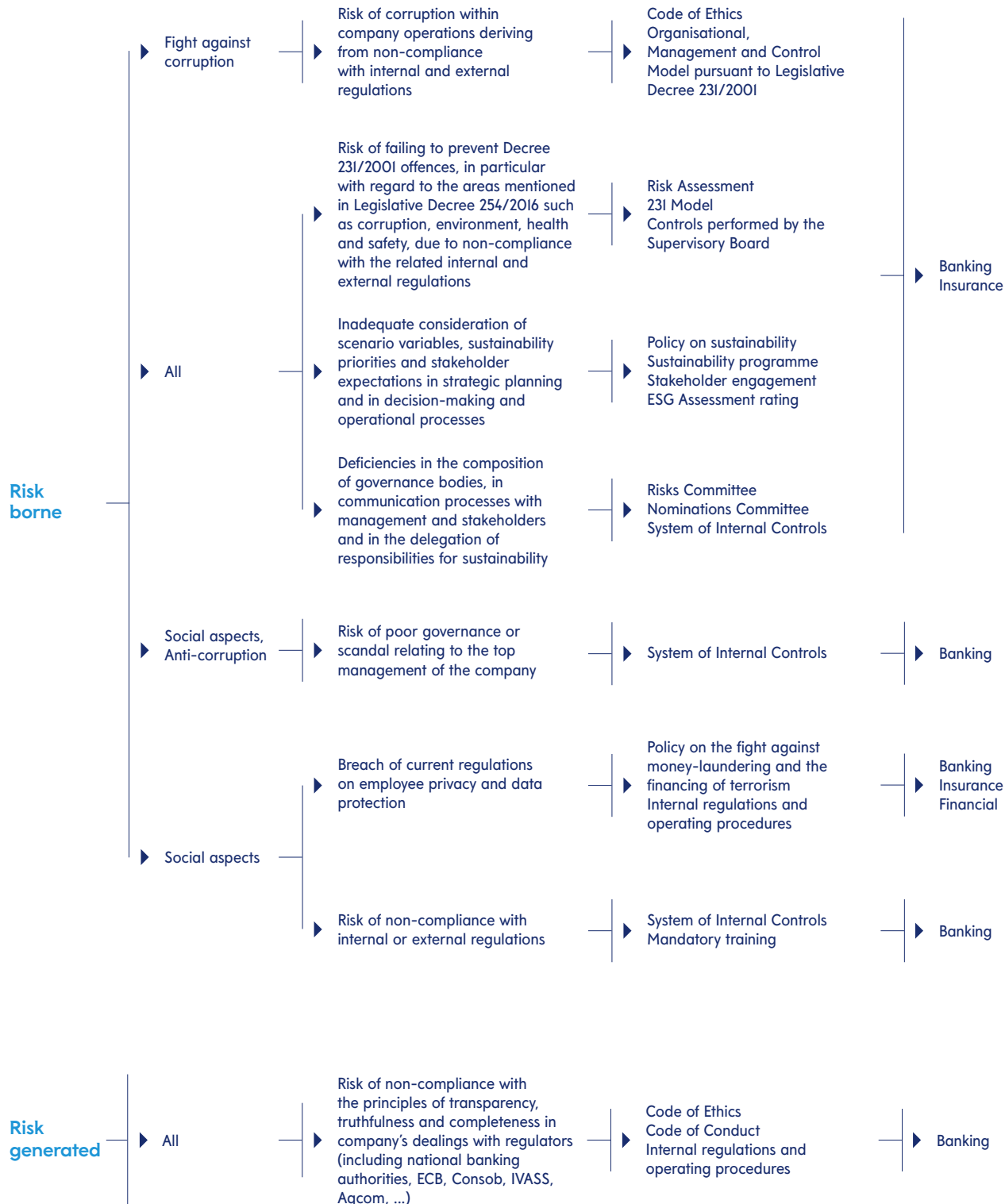
1. The identification and mapping, for the entire Mediolanum Group, of 118 risks related to non-financial material topics, 40% of which are generated internally and the remainder externally. Compared to last year, a new risk was identified that impacts the material topic of Responsible Finance and two risks connected to the Protection of Human Capital were eliminated as they were found to be no longer significant.
2. **The allocation** of the risks to a total of **31 risk owners**, among the Division and Department heads.

Overall, the management of ESG risks is about the pursuit of structured, effective standards of control and monitoring, highlighted by a level of qualitative impact that stands at medium to low values 95% of the entire Framework. In this sense, the adoption of mitigation actions by the individual risk owners seems to be consistent, with a coverage of around 92% of the individual material topics, reaching almost 60% of total risks.

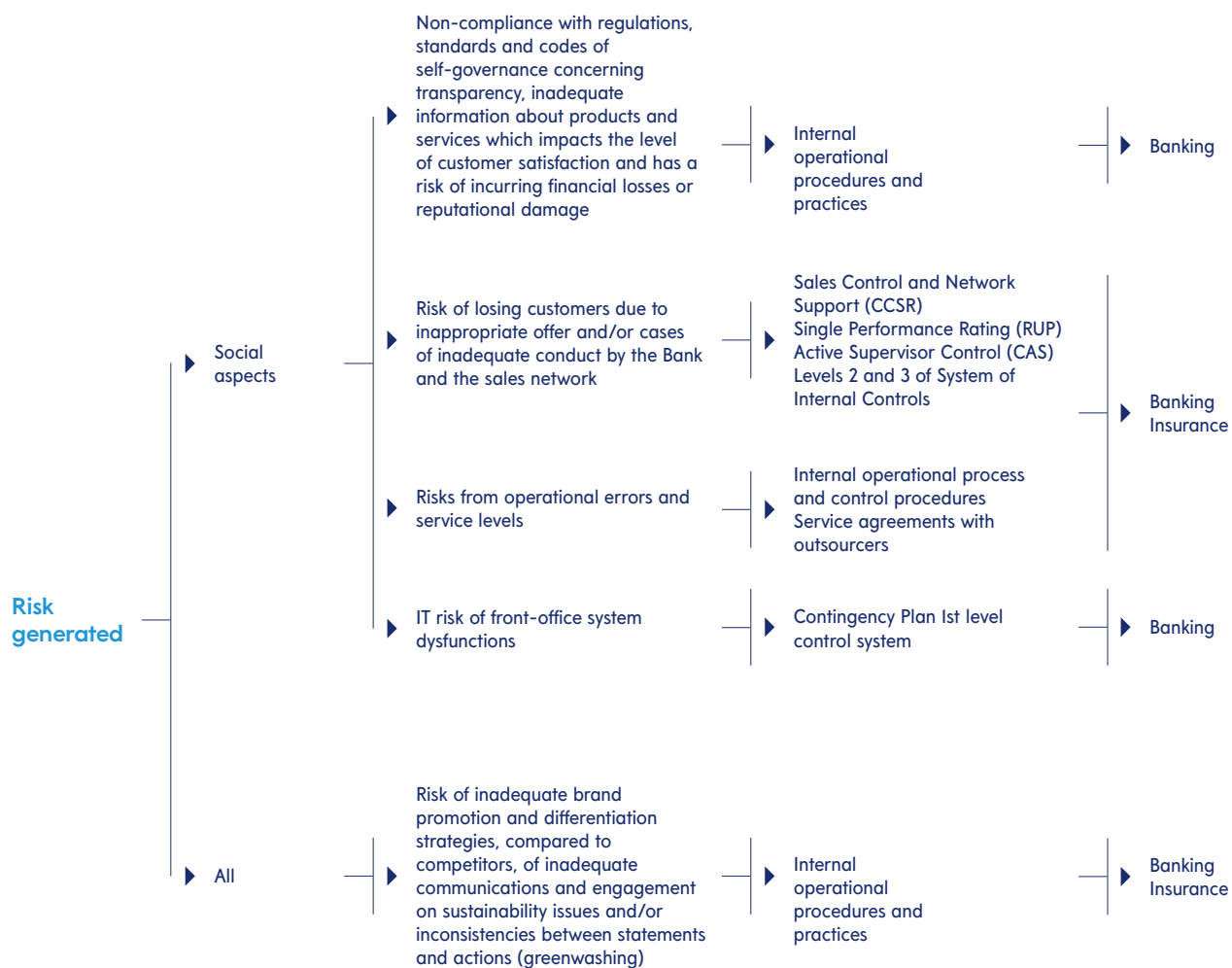
The biggest gap in terms of containment and mitigation of risks is linked to the material topic of Responsible Finance. To this end, **Banca Mediolanum has committed itself to outlining a model for offering sustainable products**, at the Financial Conglomerate level, and at the same time has adopted its own "Responsible Investment Policy", which sets out the guidelines for sustainable investing, with reference to the model of products developed and offered and to its own investing activities. Specific initiatives have been launched as part of the 2021 Sustainability Programme. They involve all the departments and companies of the conglomerate involved in the manufacture of products/services, with the aim of identifying operational guidelines for the manufacture and monitoring of the product and service range.

Below is the framework of representation for the ESG risks which have been identified and managed, in line with the material topics.

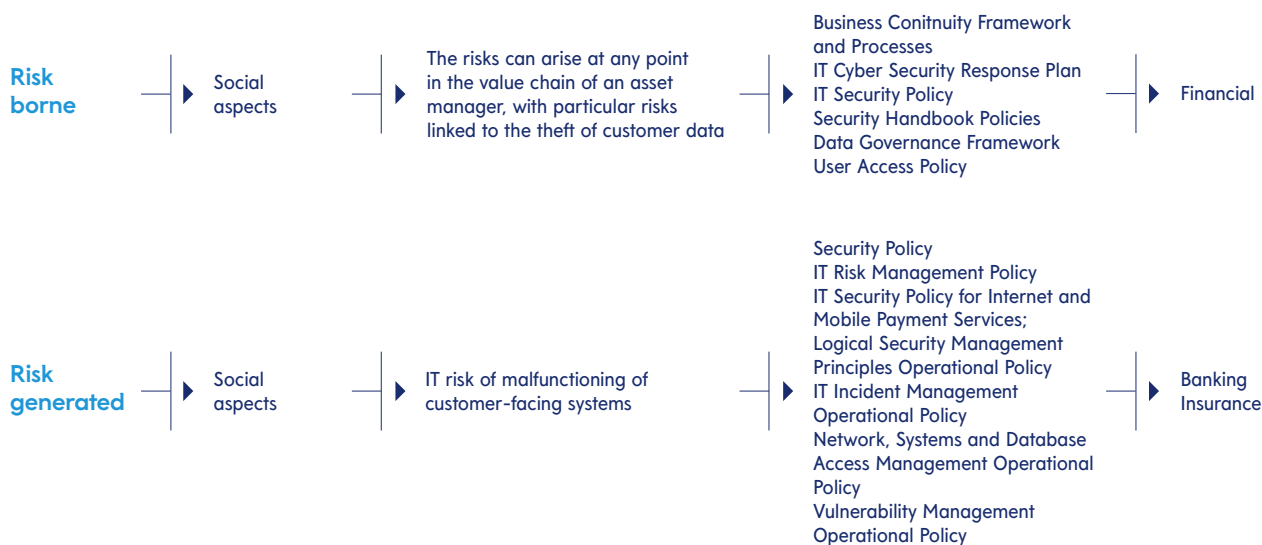
Responsible Business



Centrality of the individual



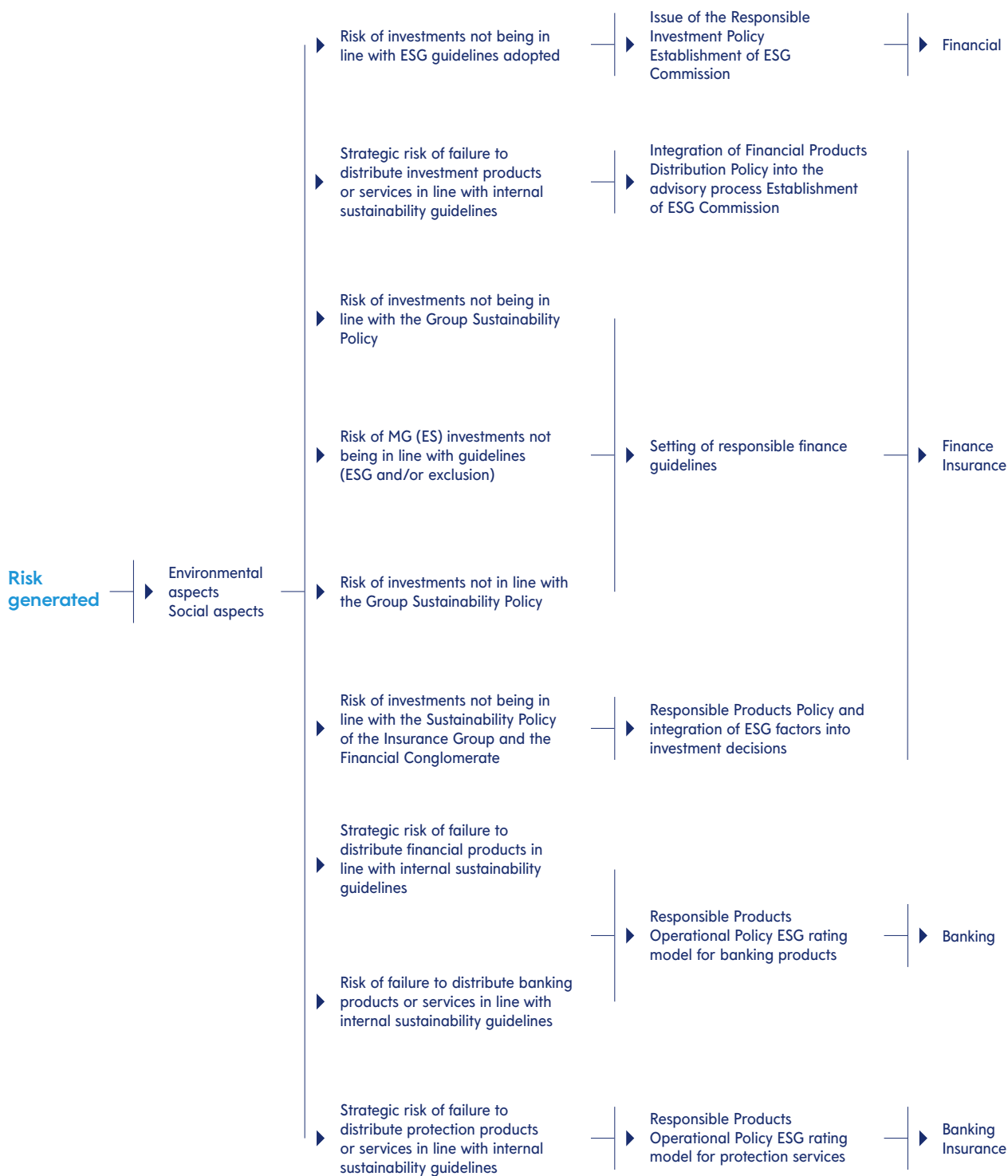
Cybersecurity and responsible data usage



Diversity and inclusion



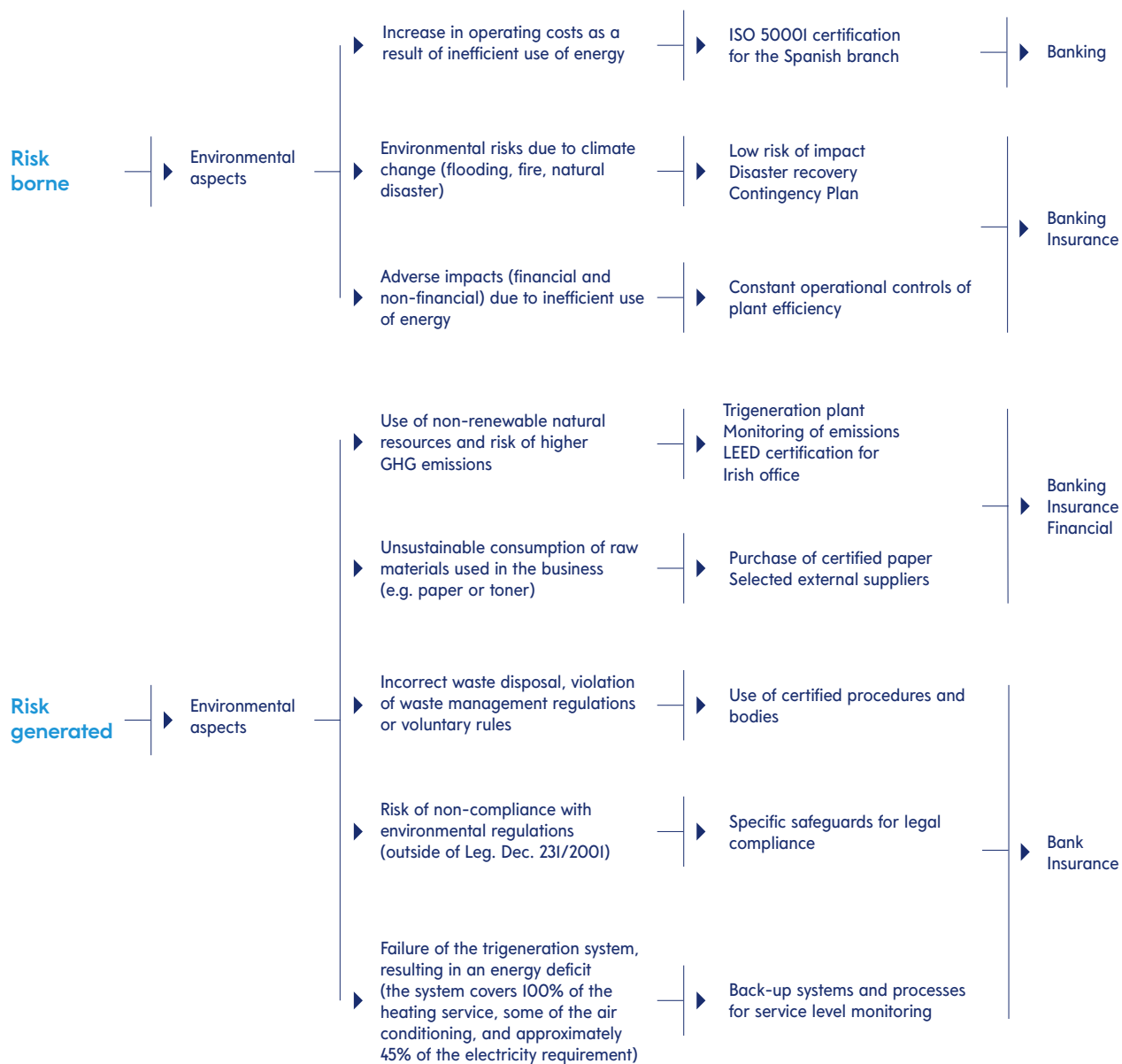
Responsible Finance



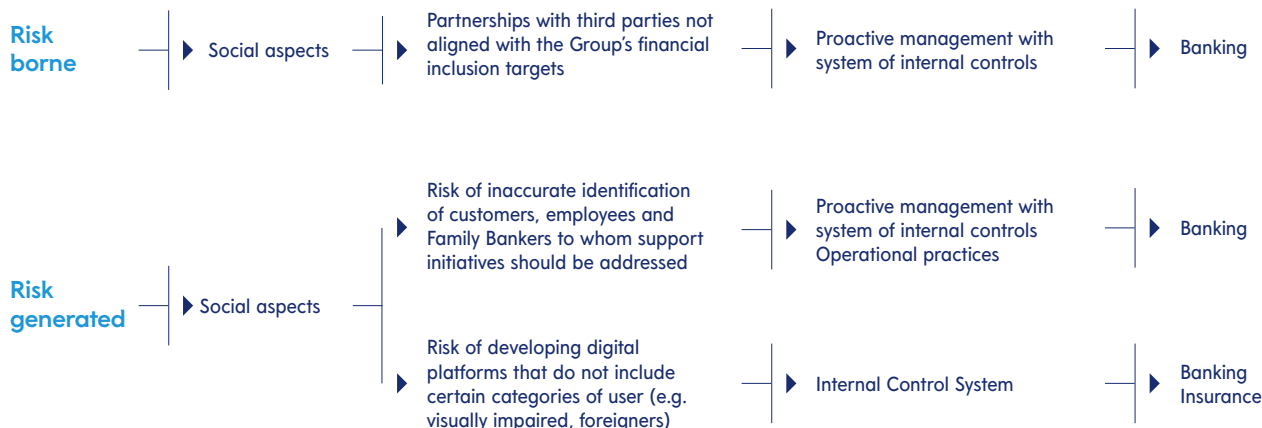
Responsible Finance



Direct environmental impacts



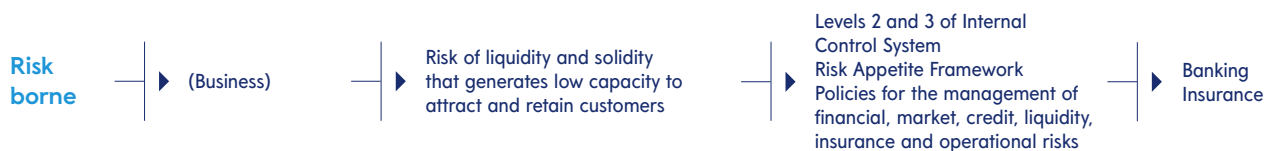
Financial inclusion



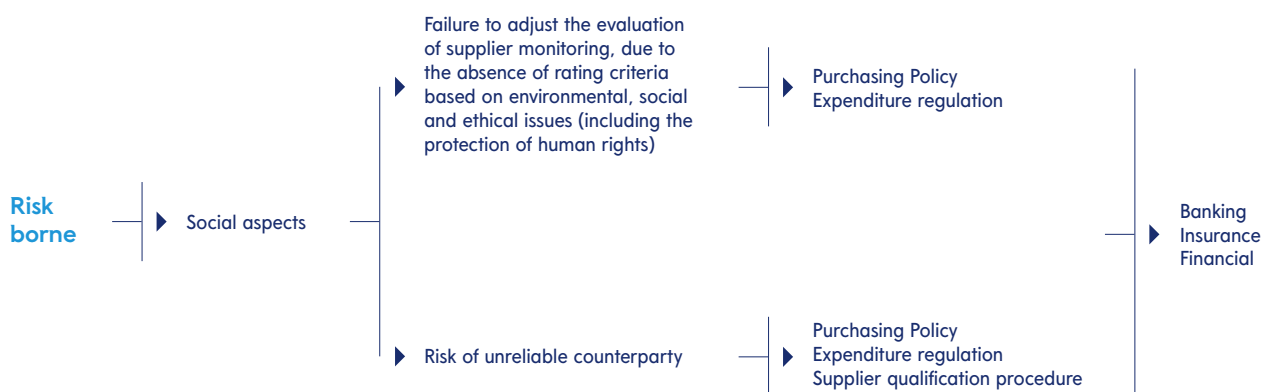
Innovation



Financial performance and solidity



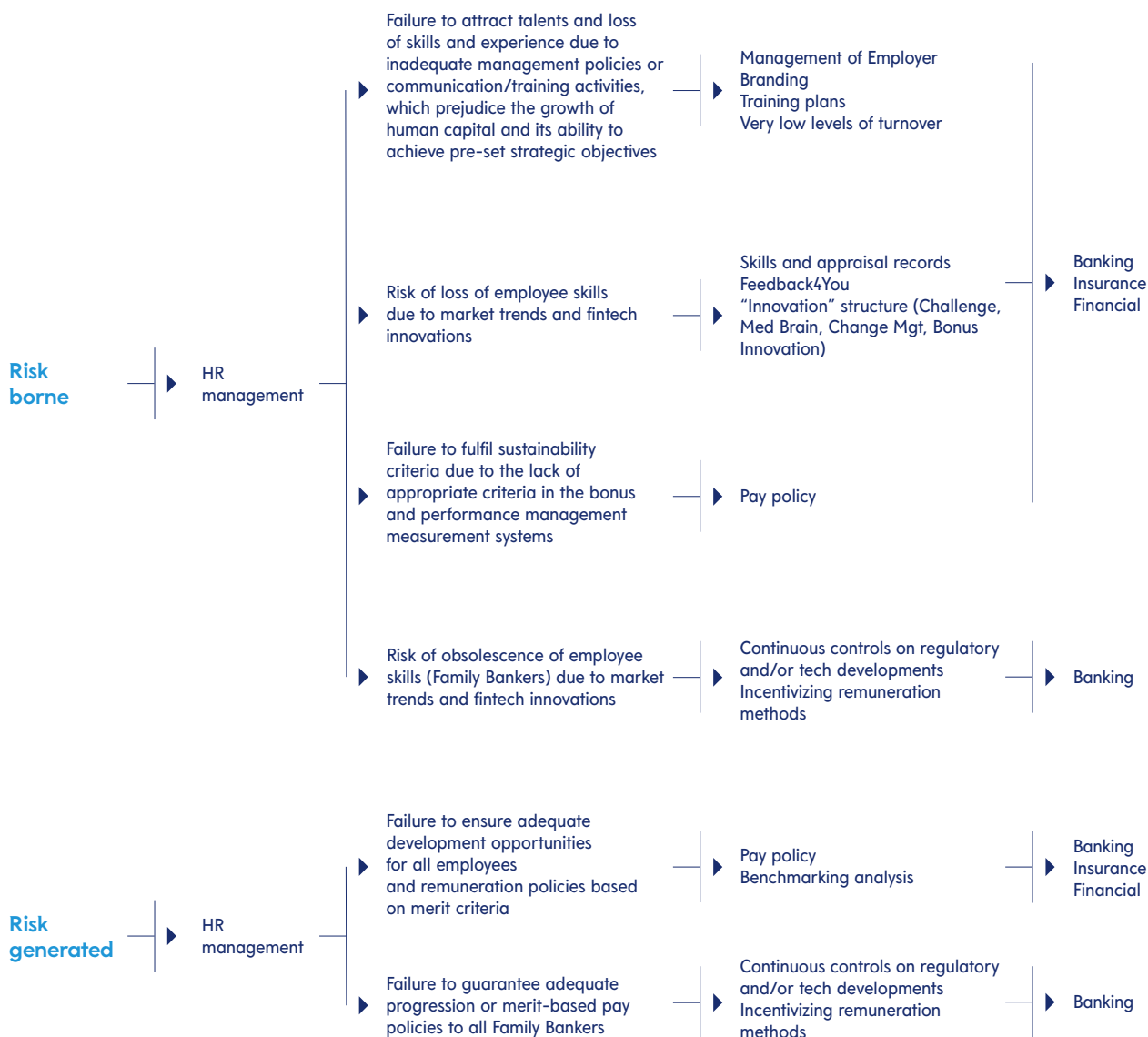
Procurement and supplier rating policies



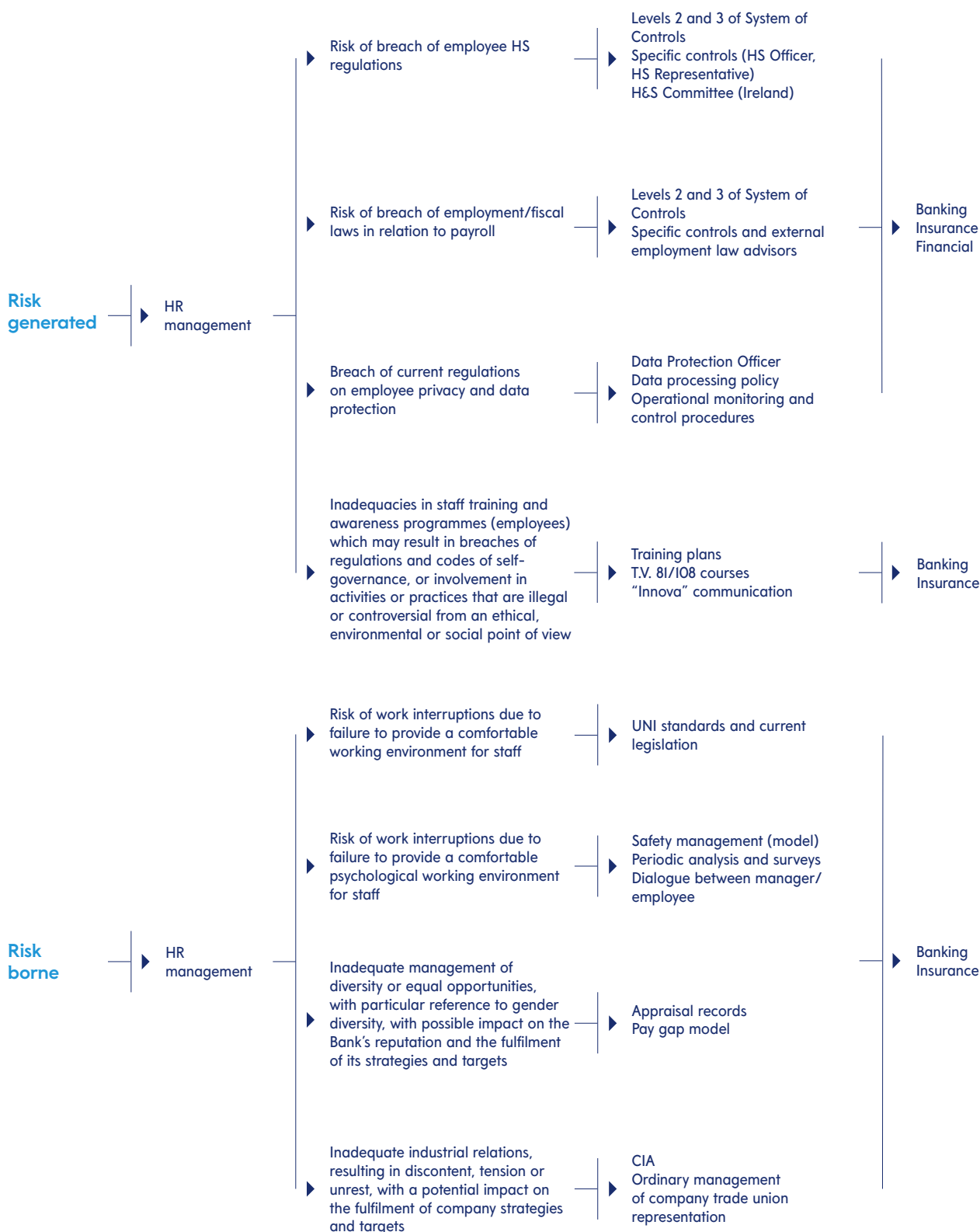
Community support



Growth of human capital



Protection of human capital



4.3.7 Climate-related risks

ESG risk factors are today an essential part of risk governance in the banking industry, as such factors can affect both financial and non-financial risks and have an impact on the banking organisation and a potential impact on all its stakeholders. As a result, risk management methods and processes need to be modified to take into account the complex cause-and-effect relationships between the types of risk taken on or to which an organisation is exposed, developing a concept of all-round sustainability within the operations and processes carried on by credit institutions. The ESG regulatory framework sets out behavioural guidelines that credit institutions are required to adopt to improve their transparency, thus making it easier to identify all the actions that fall under the umbrella of sustainable activities. Specifically, it provides a series of general rules and recommendations which aim to steer capital into sustainable investments, manage the financial risks triggered by climate change and other environmental and social issues and promote both transparency in investing activities and a longer-term vision of the financial and business operations of the credit institution. In consideration of all the recommendations and guidelines issued by the various international bodies and European regulators in relation to ESG issues, in its assessment and treatment of the risks to which it is exposed Banca Mediolanum Group has identified and **mapped climate-related risks as physical risk and transition risk. Physical risk refers to the economic impacts** suffered by people exposed to extreme weather events, such as environmental disasters, which can destroy physical capital and raise the number of non-performing loans in the portfolios of banks particularly exposed to households or businesses in areas most at risk.

Unlike physical risk, **transition risk** is not material and tangible in nature, but concerns the destabilising effects for the financial system resulting from the potential impacts on certain industry sectors, such as energy, caused by the transition to a more sustainable economy. As part of its risk management activities, Banca Mediolanum has carried out an analysis of the possible impacts of the physical risk of climate change on its loan portfolio, monitoring changes in the portfolio over time, both in terms of the geographical distribution of loans and in terms of the type of property for which loans are granted. Instead, with regard to transition risk, Mediolanum Banking Group has already implemented and adopted a number of organisational solutions and initiatives designed to sharpen the focus on climate issues and environment protection. By doing so, it has in fact anticipated the specific requirements that European and/or national regulators are expected to introduce in the short to medium term. In this context, in addition to the current offer of funds that are already characterised by a qualitative "green" rating indicator based on the underlying investments, a range of sustainable loan products for customers has also been introduced. Banca Mediolanum also considers ESG risks as part of its strategic RAF indicators.

In Spain, in an effort to identify climate-related risks, the Risk Management Department launched a project in 2021 to measure the physical risk of the loan portfolio with the support of an external consultant. The measurement is based specifically on a rating (low/medium/high) of the exposure to flood and earthquake scenarios of the set of real estate collateral covering Banco Mediolanum's credit positions.

4.3.8 Supplier risks and management of supplier relations

The company considers the role played by suppliers to be fundamental in this regard, as they contribute to fulfilling the objective of satisfying needs connected to the purchase of goods and services. For this reason, **to control the potential risks connected to supplier activities**, Banca Mediolanum not only verifies the service levels and reliability of its suppliers but has also extended its Supplier Register to include specific **questions and requirements** in order to evaluate the sustainability of each supplier.

The 4 **areas of action used as a basis for the rating of a supplier** are:

- › **Environmental:** the requesting, checking and monitoring of specific certifications, including ISO14001 Environment management system, ISO50001 Energy management system, Ecolabel, FSC, Remade in Italy etc.
- › **Social:** inspection of the OHS documents required under Legislative Decree 81/08 to verify the technical and professional qualifications of the supplier and its staff. "Interference Risk Report" (in Italian, D.U.V.R.I.), which was fully digitalized in 2018. Collection, verification and periodic updating of the "Contribution Compliance Certificate" (in Italian, D.U.R.C.) for suppliers accredited in the single register.
- › **Ethics:** the use of standard contract clauses, produced by a team made up of several organisational units, including Safety, Compliance, Organisation and Legal, which require the supplier to accept anti-corruption and anti-collusion clauses (Law 231), the Mediolanum Group's Code of Ethics, and provisions governing contracting, subcontracting, and data protection (GDPR).
- › **Financial:** economic/financial screening of suppliers, involving an assessment by the Lending Office of the supplier's financial solidity and the gathering of other information, including the percentage of turnover earned from the main references provided.

4.4 Sustainability governance

As parent company of the financial conglomerate, Banca Mediolanum has adopted a new **Code of Ethics** with a view to spreading values that promote professional integrity and compliance with laws and regulations. The code sets out rules of conduct and has been distributed to the subsidiaries for adoption by them. The code of ethics complements the “**Code of Conduct**” which is addressed to the members of the administrative bodies, to staff and financial advisors qualified for distance selling, and to contractors. It is adopted respectively by Banca Mediolanum S.p.A. and by Mediolanum Gestione Fondi SGR S.p.A., The Italian companies within the category which are qualified as “authorised intermediaries”; similar codes are adopted by the foreign Companies, in accordance with the local laws. The Code of Ethics and the Code of Conduct are duly distributed within the group together with information about the regulations, behavioural and procedural rules to be followed in order to ensure that the business activities are conducted in accordance with the principles of ethics and integrity. The Code of Ethics and the Code of Conduct, where required, also contain the fundamental elements of the **231/01 Organisation, Management and Control Model**, which was adopted by the Bank and the companies in the Mediolanum Group, and must therefore be adopted. Strategic supervision is tasked to Banca Mediolanum’s **Board of Directors**; one of its duties connected to the definition of the organisational and governance structure, is the approval of the code of ethics, to which the members of the company bodies, employees and contractors are required to adhere in order to mitigate the Bank’s operational and reputational risks and in order to favour the dissemination of a culture of internal controls. In particular, it is responsible for the conglomerate’s sustainability strategy and for the related sustainability policies, and for approving the non-financial statement which forms an integral part of the group’s consolidated financial reports. Banca Mediolanum’s **Risk Committee** supports the Board of Directors in making decisions on sustainability issues connected with business operations. Such decisions may relate to the verification of key issues (the materiality matrix) and all related risks, and issues concerning the dynamics of the Group’s interaction with all its stakeholders. Among its functions, it oversees the recipients’ compliance with the ethics and rules of conduct indicated in the code of ethics; Through the relevant departments, it coordinates initiatives for the dissemination, training and communication of these values and rules of conduct as promoted by Banca Mediolanum and by the companies in its banking group. It also pre-assesses the consolidated non-financial statement (NFS) prior to the Board of Directors’ meeting. The company Mediolanum Vita, as the parent company of the Mediolanum insurance group, has a similar committee for internal control and risk. With specific regard to the Italian companies in the same group, it performs identical functions in the context of sustainability and ethics related to the company’s activities.

Banca Mediolanum has also set up an **ESG Committee** dedicated to the ESG assessment of products and the overall positioning of the Group’s Asset Management Companies on the basis of sustainability metrics, with the aim of guaranteeing over time their alignment with the guidelines adopted and identifying any necessary repositioning actions. The **Sustainability Office** is instead part of Banca Mediolanum’s **Innovability & Value Strategy Department**, reporting directly to the Chief Executive Officer. It is responsible for developing corporate sustainability projects under the Sustainability Programme (see section 5.1.3 Sustainability Programme). Its main areas of responsibility include coordinating all activities pertaining to sustainability, ensuring that the strategy is applied, in collaboration with all the group divisions and in particular, it is the point of contact for the control of non-financial risk (connected to the material topics); it manages the social and solidarity projects of Banca Mediolanum and prepares the NFS.

4.4.1 Policies for sustainability

Sustainability Policy

In 2019 the Board approved the Group's sustainability policy, which outlines the strategy and objectives with which the group intends to work in order to generate value added for its stakeholders, in the management of the material areas (as defined in section 3 under the heading "Materiality Matrix"). The policy also acts as a guide for the conglomerate companies in the management of risks related to environmental, social & governance factors (ESG risks). The aim of this policy is to:

- › support the decision-making process on strategic sustainability issues, which are then set out in the policy for the management of related risks (such as policies on environmental sustainability, the management of investments and the management of purchasing);
- › Coordinate the risk management activity required by legislative decree 254/16 (ESG risks) for the group;
- › Increase the level of engagement of the groups stakeholders, through Mediolanum's commitment in relation to the policies and the reaching of the "material" results;
- › facilitate the process of non-financial reporting;
- › diffuse a culture of sustainability;
- › Highlight the role of the players involved in the process, whether they be internal or external, defining their interactions, management activities, and the timing involved in the various phases of the process as well as the related checking and approval stages;
- › Identify the tools used to support the process of logging, compiling, managing and archiving information.

The Sustainability Policy was updated in 2021 to cover the following two concerns:

- › the formalisation of sustainability commitments undertaken by Mediolanum Group and grouped under the four pillars of economic responsibility, responsibility towards customers, responsibility towards employees and responsibility towards the community and the environment;
- › the organic restructuring of certain steps in internal procedures for the identification, assessment and management of ESG risks, based on the corporate governance model adopted by the Bank.

In February 2021, **Banco Mediolanum** approved its own **Sustainability Policy**, based on the principles inspiring the Parent Company's Policy.

Policy for the preparation of the Consolidated Non-Financial Statement (NFS)

The policy describes the principles of the NFS as defined in Directive 2014/95/EU, which was enacted in Italy by legislative decree 254 of 30 December 2016. The document was adopted by the parent company and by the fully consolidated entities in the financial conglomerate. The principles referred to in this policy are thus implemented in process regulations, which set out in more detail the duties and operational and control activities that underpin the fulfilment of statutory requirements. The aim of this policy is to:

- › Highlight the role of the players involved in the process whether they are internal or external to the bank;
- › Define the management activities and the interactions between the many players involved, as well as the timing of the various phases of the process and the related checking and approval steps;
- › Identify the tools used to support the process of logging, compiling, managing and archiving information.

Environmental Policy

The Group has an environmental sustainability policy, which was approved by the Board of Directors in 2019. It is an operational document that relates to Mediolanum's responsibility for: the purchase and consumption of sustainable products; energy and climate change; The management of waste and the development of an internal culture of environmental sustainability.

Human rights policy

In 2020 the Board of Directors approved a "Policy on Human Rights", which outlines the commitment of Banca Mediolanum and its Financial Conglomerate to protecting human rights according to the highest international standards, in particular the "2011 United Nations Guiding Principles on Business and Human Rights".

Diversity and inclusion policy

In 2021, Banca Mediolanum adopted a policy on diversity and inclusion, an area of governance that encourages the development of a company climate that values and includes people's diversity. The document provides an overview of the areas in which the Group wishes to ensure that the diversity that exists and/or may potentially exist within the company is properly valued. The diversification of competences, skills, cultural and social backgrounds and, at the same time, the creation of an inclusive space that favours constructive comparison between the many experiences found in the company, represent for Mediolanum an opportunity to enrich its business with new perspectives and ideas and a prerequisite for growth and the generation of innovative solutions.

Policy on donations

The first version of a "Donations Policy" was issued in 2018 (for more on the concept of donation, see Book II of the Italian civil code) with the intention of setting out the principles governing the provision of donations by Banca Mediolanum, through the identification of roles, responsibilities and the areas in which such donations are envisaged. Donations can be made: to individuals, including customers, who find themselves in particularly difficult circumstances (for example, in situations arising from natural disasters or catastrophes); in support of solidarity projects covered by the scope of the policy; to non-profit organisations or other charitable entities. For more information, visit www.bancamediolanum.it.

Policy on responsible products

In February 2020, Banca Mediolanum S.p.A., the parent company of the Mediolanum Financial Conglomerate, issued an "Operating Policy on Responsible Products". The policy sets out the basic principles and guidelines for sustainability, committing the Group to integrating ESG (Environmental, Social, Governance) criteria into the creation and management of all products (banking, loan, protection and investment) offered to its customers. For more information see the material topic Responsible Finance.

Responsible Finance policies

For more details see chapter 7.2 Responsible Finance (sections 7.2.1-7.2.2-7.2.4).

Operational policy on sustainable events management

Approved in 2020, the policy sets out the environmental, social and economic sustainability criteria that need to be considered at every stage of an event, and provides a description of the principles adopted by Banca Mediolanum S.p.A. with regard to the sustainable management of events according to the ISO 20121 international standard. Environmental, social and economic sustainability criteria need to be considered at every stage of an event; these stages can be identified as follows:

- › preparation and promotion: This covers all the activities ranging from the creative concept of the format through to the formation of the team who will organise and hold the event and the creation of a production plan, the choice of suppliers and promotional materials, paying attention to their eco-compatibility;
- › set-up and running: This includes all the variables linked to the transport of organisers, materials and participants through to catering and accommodation. On the basis of the decisions taken in the previous step, sustainability criteria may be considered such as the geographical proximity of the participants in the event, the use of eco-friendly or low-energy materials and stands;
- › closure and dismantling: During closure of the event, attention must be paid to the proper disposal of waste and to the optimisation of transport to remove the setup material.

4.4.2 Scoring of internal ESG projects using indicators

In 2019, Banca Mediolanum developed a tool for scoring the level of sustainability of its projects on the basis of a measurement of the related risks and benefits, using ANASF methodology. In so doing it has raised internal awareness of environmental, social and governance (ESG) impacts, by integrating them into the process of evaluating individual projects developed.

Over the course of 2021, 148 technological and operational projects were assessed (+107 compared to 2020), scoring an average of 2.34 on a scale of 1 to 4, where a score of 2 represents a balance between the risks and benefits of the individual project.

5. Sustainability at Mediolanum

Sustainability is an integral part of the values and culture of Mediolanum, with the aim of developing a solid business which is sustainable in the long-term.

This commitment is demonstrated by the intention to generate added value for all stakeholders. The success of our stakeholders guarantees the sustainability of the group's business. This approach to responsible business management materialises in our way of operating, in our focus on the centrality of the customer, and the way in which Mediolanum supports its employees, respect the environment and contribute to the development of local communities.

The **Sustainability Office**, which is part of Banca Mediolanum's **Innovability & Value Strategy** Department and reports to the Chief Executive Officer, is responsible for coordinating all sustainability-related activities, ensuring the implementation of the strategy and continuously reporting to Sustainability Governance (see Section 4.4 Sustainability Governance), which oversees the principles, rules and procedures that guarantee the responsible approach and commitment referred to above.

Activities are managed through two strands:

Development: promotion and supervision of the initiatives and services to be developed, in collaboration with the other corporate functions and in line with the approach defined in terms of the Group's social responsibility as identified:

- › in the Sustainability Program;
- › in the strategic objectives.

Oversight: management of the activities defined in the materiality matrix and shared with company departments:

- › support for the implementation of the sustainability strategies, as well as the definition and updating of associated policies and procedures;
- › coordination with company departments for activities already underway (e.g. HR activities linked to diversity, welfare, etc.);
- › management of the Code of Ethics;
- › management of ESG risks;
- › preparation of non-financial reporting;
- › monitoring of ESG ratings/indices.

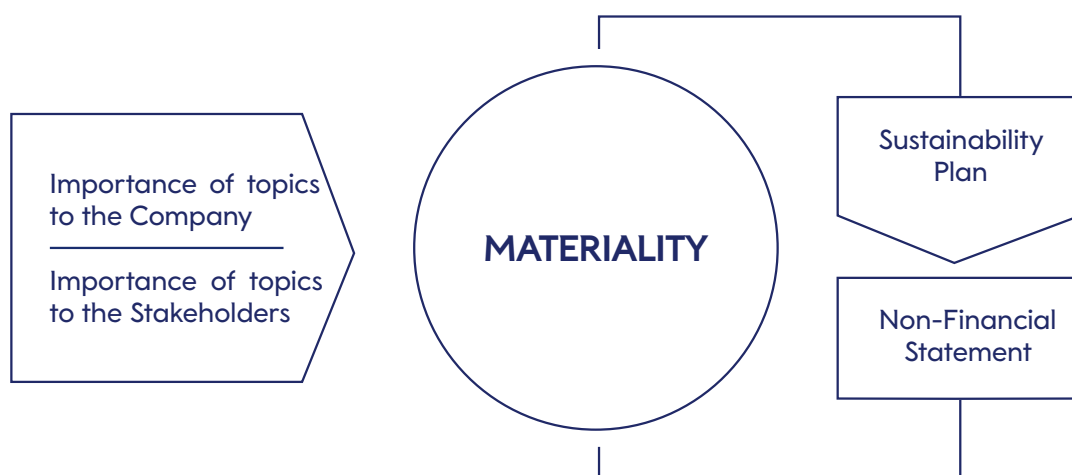
5.1 Materiality analysis

The Mediolanum Group, in line with its mission, has always placed its stakeholders at the forefront, with a service model based on its relationship with customers, Family Bankers and staff as catalysts in creating value. For this reason, opportunities for debate and feedback on sustainability are organised, to cover the issues which are considered to be most important and aligned with the objectives of the Group. Financial year 2021 was partly affected by the unstable socio-economic context sparked by the Covid-19 pandemic.

The materiality matrix already identified in 2019 has been retained for the financial year 2021 in order to ensure accurate performance comparisons with previous financial years and to safeguard information transparency. However, the materiality matrix is set to be updated in 2022 with a view to "dual materiality", in order to identify both the risks incurred by the Bank and those it generates, also in line with the European Commission's proposed Corporate Sustainability Reporting Directive (CSRD) of April 2021 and the new GRI Universal Standards.

The materiality matrix as a strategic lever in creating value

Materiality is the first step in the preparation of a non-financial statement (NFS) according to the GRI Standards, which were used in the preparation of the statements, and according to Italian legislative decree 254/16. It can be seen as a strategic lever for the creation of value: for the Group's strategic sustainability plan and for the description of the main material topics to be reported on in the NFS. The stakeholder management programme was launched in 2020 and continued in 2021. It has given the group the chance to put into practice the first actions which will be useful in implementing a proactive, programmatic approach for the next update of the materiality matrix (due in 2022) and of the medium-term strategic plan.



Materiality analysis: the process

The materiality analysis is the process used to define the company's strategic topics, by evaluating the positive or negative impact that the organisation may generate for the economy, the environment and classical society through its actions.

The Mediolanum Group's Materiality Matrix for 2021 remains unchanged and refers to the analysis conducted in 2019 using a methodology which was defined in order to fully comply with the regulatory requirements as contained in legislative decree 254/2016, by taking as a benchmark the main standards and national and international guidelines on non-financial reporting, specifically:

- › Communication of the European Commission 2017/C 215/01 "Guidelines on non-financial reporting" (2017);
- › Sustainability Reporting Standards of the Global Reporting Initiative (2016);
- › AA1000 Stakeholder Engagement Standard (AA1000SES).

The importance of these topics for the Group was assessed from two points of view:

- › importance to the company;
- › the importance for stakeholders, by using a series of engagement and feedback activities involving key partners, as described in the chapter on stakeholder engagement.

There are 3 main stages of the methodology:

- › Identification of key issues for the company and for the stakeholders;
- › Prioritisation of potentially important topics;
- › Selection and validation of important topics for the materiality matrix;

In order to evaluate the priority of each topic, the interests of the company with regard to the business objectives and strategies as contained in the "Importance for the company" line of the materiality matrix were considered along with the interests of stakeholders, with regard to their expectations and needs, as stated in the "importance for stakeholders" line of the same matrix. In both cases the topics were assessed on a scale of 1 to 5 in which 1 indicates a low interest in terms of the business strategies or expectations of stakeholders, and 5 expresses the maximum interest. The results of the materiality analysis are represented in a graph known as the materiality matrix which indicates the company's interest on the horizontal axis, and the stakeholders' interest on the vertical axis.

The materiality analysis allows the focus of debate and feedback to be placed on the most important "material" topics, by:

- › Identifying the priorities for stakeholders, in terms of the economic, environmental and social impacts of the organisation;
- › Identifying the input which can be used in reading and managing these priorities, by strengthening and legitimising the integration of sustainability into the main business lines in order to define a materiality matrix for the group.

The concept of "Customer-centricity" was extended to the "Person" as a whole following on from the Stakeholder Engagement process that took place in 2019.

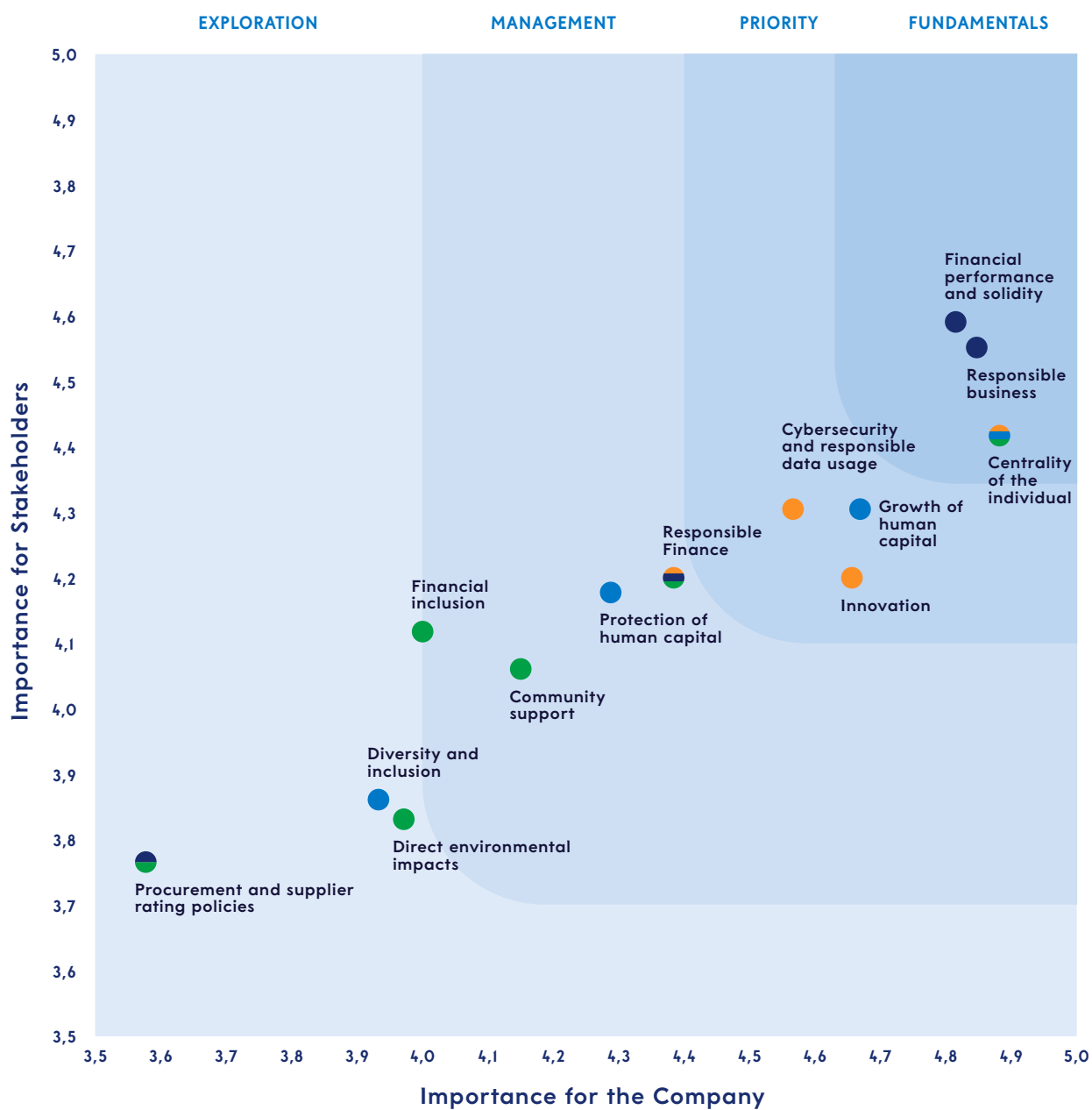
Materiality matrix

The Materiality Matrix, prepared by the Sustainability Unit, is the result of the Stakeholder Engagement exercise carried out in 2019, discussed by the CEO with the whole of Management and then evaluated by the Risks Committee, before being approved by the Board of Directors.

The 2021 Matrix, which is unchanged on last year's, combined with the groups business model, allows the identification of the strategic lines along which the company bases its sustainable business.

The preparation of the 2019 materiality analysis highlighted the **cross-cutting nature of certain material topics**, which led to the regrouping of the previous 6 pillars (Governance and Compliance; Responsibility to the customer; Social responsibility; Environmental responsibility; Responsibility to staff; and Economic Responsibility), into four pillars:

- › Economic responsibility, which in relation to the topic of responsible business, includes topics relative to Governance and Compliance;
- › Responsibility to customers;
- › Responsibility to staff, which relates to Mediolanum's commitment to its employees and to the Family Bankers;
- › Responsibility towards the community and the environment, which groups together social responsibility and environmental responsibility.



- Responsibility to Customers
- Responsibility to our people
- Responsibility towards the community and the environment
- Economic Responsibility

Material Topics

FINANCIAL PERFORMANCE AND SOLIDITY

Evaluate the economic and financial performance and the direct/indirect impact of transactions and cash flows between the organisation and its stakeholders. Assure financial solidity, quality of assets and balanced funding mix.

RESPONSIBLE BUSINESS

Adopt standards, business models and codes which are designed to assure the integrity of the company's actions, and to maintain compliance with regulations on anticorruption, anti-money-laundering, anti-trust and fiscal matters in order to protect third parties, the market and the brand reputation.

One of the most significant areas of application is the preventative model required by Legislative Decree no. 231/01, which Banca Mediolanum has adopted, and in particular, the "Policy on combating money laundering and terrorist financing" (for further details see the section *Responsible Business*). A further important area for the conduct of responsible business is the creation and dissemination of the Code of Ethics for Group employees (for further details see the section *Code of Ethics and Code of Conduct*).

PROCUREMENT AND SUPPLIER RATING POLICIES

Define and use socio-environmental criteria to rate suppliers according to the socio-environmental impact of their products and services by assessing the characteristics of the supply chain, also in terms of respect for and protection of human rights, using contractual clauses that exclude the risks of corruption, and ensure that the policies applied to suppliers with regard to their respect for human rights and workers, and the right to health and safety, are respected.

During 2021, the Purchasing Division initiated a project to further integrate sustainability into supply chain management by selecting economically viable products and services while limiting their environmental and social impacts. For details, refer to the section *Procedure for selecting suppliers and purchasing methods*.

CENTRALITY OF THE INDIVIDUAL

Assure the central focus of customers, the community and personnel, paying attention to people and the planets, in all decisions and strategies. Looking after their well-being and supporting them in realising goals, by providing transparent information and clarity regarding the products and financial services we offer, and compliance with laws and regulations in all activities relating to the communication and promotion of our products and services.

The effectiveness of the actions put in place to ensure the centrality of the customer and the individual – in all the activities that the company carries out – are measured through customer satisfaction surveys carried out in Italy and Spain. The results show a significant level of recognition among customers for the commitment made by the Group in terms of care and attention, transparency and information on the growing complexity of financial markets. See the sections *Customer Satisfaction Italy*; *Personalisation, security and innovation in financial services*; *Multi-channel banking, Banking Center, Internet and Mobile*

RESPONSIBLE FINANCE

Include the environmental, social and governance criteria in making assessments of investments and in the processes of designing and implementing products and services, in asset management, and by introducing ESG (Environmental, Social and Governance) topics into the risk framework.

The application of this topic can be seen through the adoption of specific policies on Responsible Finance in order to include ESG issues (see chapter on *Responsible Finance*).

INNOVATION

Develop innovative products that bring significant benefits for customers, by introducing innovations that positively influence the efficiency and efficacy of internal processes, thus making sure that financial products and services are easy to understand for the consumer, and are in line with the needs of specific market segments. Develop online and mobile banking platforms, new payment technologies and apps that respond to the dynamics of the increased digitalisation of financial services.

The existence of the Innovation Function – within the Innovation, Sustainability and Value Strategy Department – is not only aimed at understanding and analysing the megatrends underpinning the technological changes taking place in order to identify the opportunities, but also aims to generate new value by evangelising the culture of pro-Sustainability Innovation within the company, with the awareness that everything must generate value for people. (*Innovation* section).

CYBERSECURITY AND RESPONSIBLE DATA USAGE

Manage systems to protect the confidentiality of data and of customer transactions by assuring compliance with laws and regulations concerning the sale of financial and services, including digital services.

The ICT security regulatory framework of Banca Mediolanum and Banco Mediolanum is developed along these lines and consists of Policies, Operational Policies and Operational Procedures which address and regulate IT security issues. Attention to this issue was also reflected in the information/training courses that involved employees and Family Bankers both in Italy and Spain (for further details see the *Cybersecurity and data protection* section).

GROWTH OF HUMAN CAPITAL

Develop training and education programmes for employees and for the sales network, and adopt hiring, employment and pay policies that guarantee opportunities for professional development and talent retention, ensuring an ever-increasing level of capability to serve existing clients and develop new ones (see Human Capital Development and *Training of Family Banker Network*).

PROTECTION OF HUMAN CAPITAL

Protect the health and safety of employees by adopting suitable health and safety measures and by providing the relevant education and training. Promote company welfare policies and tools, work-life balance solutions and guarantee relations with trade unions, industry associations, and the right to strike.

This approach made it possible to manage the pandemic and the ensuing crisis with immediately available processes and procedures, as well as numerous (digital) courses and events on health protection; health and social security coverage with benefits in addition to those generally required by national regulations (see the section on the *Protection of human capital*).

DIVERSITY AND INCLUSION

Guarantee, manage and promote diversity and equal opportunities in the workforce (disability, ethnic origin, gender, age, minorities and other diversity indicators depending on the local requirements and restrictions).

This material topic took concrete form with the creation of the role of Diversity Manager, the definition of a Diversity and Inclusion Policy, and a manifesto to inspire inclusive behaviour in all parts of the company (for more details see the *Diversity and Inclusion* section).

FINANCIAL INCLUSION

Develop and implement financial services and products aimed at disadvantaged groups, using financial advisors or digital platforms for financial management, thus facilitating inclusion. Also provide educational campaigns outside the organisation in order to increase financial expertise and knowledge, for a safe, responsible approach to the world of finance.

SUPPORTING COMMUNITIES

Develop and implement corporate citizenship programmes, donations, multi-year sponsorships and partnerships and promote training and education activities in order to positively influence the indirect economic impact of economic growth, employment, development, innovation, infrastructure and services in the context of the local communities.

DIRECT ENVIRONMENTAL IMPACTS

Work to minimise the environmental impact of the business's operations, by adopting policies designed to optimise consumption and the management of natural resources and waste. This not only translates into careful environmental management policies (see *Environmental Management Policy*) but also the adoption of eco-friendly day-to-day behaviours, which are an example of applying a material topic related to direct environmental impacts. For further details, see the section on *Environmental protection*.

Topics of Decree 254/2016	Sustainability Topic Areas for the Mediolanum Group	Material topics for Mediolanum	GRI Standards topics
Environment	Responsibility towards the community and the environment	Direct environmental impacts	Materials, Energy, Emissions
		Responsible Finance	Product portfolio
		Procurement and supplier rating policies	Socio-economic compliance
Personnel, Human and Social Rights	Responsibility to our people	Protection of human capital	Employment, Occupational Health and Safety
		Growth of human capital	Training and education
		Diversity and inclusion	Diversity and equal opportunities
	Responsibility towards the community and the environment	Procurement and supplier rating policies	Socio-economic compliance and social rating of suppliers
		Community support	Local communities
Anti-corruption	Economic responsibility	Responsible Business	Anti-corruption Socio-economic compliance
	Responsibility towards the community and the environment	Procurement and supplier rating policies	Socio-economic compliance
Other important topics for the Mediolanum Group	Responsibility towards the customer	Centrality of the individual	Labelling of products and services
		Innovation	N/A
		Cybersecurity and responsible data usage	Customer privacy
	Economic Responsibility	Financial performance and solidity	Financial performance
		Responsible Business	Taxes
	Responsibility to our people	Centrality of the individual	Personnel
	Responsibility towards the community and the environment	Centrality of the individual	Local communities
		Financial inclusion	Local communities

5.1.1 Banca Mediolanum's commitments: the United Nations Sustainable Development Goals (SDGs) and the UN Global Compact

On 25 September 2015, the United Nations approved the Global Agenda for sustainable development and the corresponding 17 Sustainable Development Goals (SDGs), which are divided into 169 Targets to be achieved by 2030. The implementation of Agenda 2030 requires a high level of engagement by all members of society, from businesses to the public sector, civil society and charities. It also requires concrete actions that will guarantee a stable future for new generations.

For this reason, Banca Mediolanum has also chosen to adopt more sustainable behaviours and to contribute to the implementation of the SDGs. Our mission, which is in line with our ethics and responsibilities, is based on values that are aligned to those promoted by the United Nations. Through actions and initiatives, Mediolanum is increasingly defining its pathway towards a sustainable future with respect and commitment.

Flowe and its partners also actively support the 17 Sustainable Development Goals. For example, it is involved in reforestation projects (SDGs 13 and 15) and water procurement (SDG 6) in Asia and Central America; these goals contribute to economic support (SDG 1) and the provision of food (SDG 2) for families in these countries.

As of 2021, Banca Mediolanum has also joined the UN Global Compact, a United Nations initiative that encourages businesses around the world to create an economic, social and environmental framework able to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share in its benefits.

To this end, Banca Mediolanum is committed to promoting, supporting and applying in its spheres of influence a set of ten fundamental principles relating to human rights, labour standards, environmental protection and anti-corruption.

SDGs	UN Global Compact Principles	Material Topics	Banca Mediolanum initiatives
 <p>Ending world poverty in all its forms</p>	1st and 2nd	Community support — Financial inclusion	<p>Rescue loan: By entering into agreements with foundations and local charitable associations, we act to provide assistance and charitable contributions in order to support anyone suffering from debt, in order to prevent usury. The purpose of the agreement is to identify and provide credit to low income families and/or those on the poverty line, to allow them to cope in an emergency.</p> <hr/> <p>Casa+ initiative: offers of mortgages and subsidised loans aimed at property renovations</p> <hr/> <p>Initiatives for staff during the public health emergency</p> <hr/> <p>Collaborazioni with Foundations and Associations, in particular with the NPO Mediolanum Foundation which supports projects for disadvantaged children, and with Mediolanum Aproxima through partnerships and support for NGOs.</p>
 <p>Guaranteeing a healthy lifestyle and promoting well-being for everyone of all ages</p>	7th e 8th	Protection of human capital — Community support	<p>Inclusive company welfare policies designed to encourage a positive work life balance and guarantee individual well-being. Services and projects aimed at all employees were activated, such as the company crèche, as well as subsidised services and partnerships.</p> <hr/> <p>Collaboration with the Irish Coolmine Therapeutic Community, which is a centre for drug and alcohol rehabilitation for mothers and children.</p> <hr/> <p>With the project "Let's stop poverty" the Mediolanum Foundation has offered food and school support, health assistance and psychological support to 770 children and families in a situation of economic vulnerability.</p>
 <p>End hunger, achieve food security, improve nutrition, and promote sustainable agriculture</p>			
 <p>Ending world poverty in all its forms</p>			



7th e 8th

Supporting communities
—
Growth of human capital

Guaranteeing inclusive, equal education and promoting lifelong learning opportunities for all

Our work with **Centodieci** places human capital at the forefront. It takes the form of events held across Italy, specific training and educational opportunities featuring guest speakers who reflect the values of Banca Mediolanum. There is also an online magazine which explains all the projects and events run by Centodieci, and which offers an outlet for cultural discussion with a blog covering issues such as innovation, technology and common values.

Training initiatives for employees and the Sales Network.



6 °

Diversity and inclusion

Achieving gender equality and empowerment for all women and girls

Projects dedicated to the **promotion of female talent** such as “DonneMediolanum” for employees, and the “Women in Med” project for our Family Bankers. The project “**Be Mediolanum: the value of diversity**” project aims to develop initiatives which promote diversity & inclusion in order to build on diverse expertise and attitudes and integrate them into the company.



8 °

Direct environmental impacts
—
Responsible Finance

Assuring access to energy which is affordable, reliable, sustainable and modern for all

Trigeneration plants allow the self-generation of electricity and energy used in heating and cooling. In 2021, these plants covered more than 44.61% of the electricity requirement, and further reduced CO₂ emissions.

Global Impact funds, to generate a positive impact for the environment and the need for resources.

Mediolanum Flessibile Futuro Sostenibile qualifies as an art. 8 product under EU Reg. 2019/2088. It is a fund that prefers investments in issuers with high ESG (Environmental, Social and Governance) standards, with particular attention to environmental ones (carbon footprint).



3rd, 4th, 6th, 7th,
8th and 9th Responsible
Finance

SRI investments such as Best Brand Socially Responsible and Mediolanum Innovative Thematic Opportunities.

Promoting durable, inclusive, sustainable economic growth, full and productive employment, and dignified work for all



Building strong infrastructure, promoting inclusive, sustainable industrialisation, and promoting innovation

Cybersecurity and responsible data usage
—
Innovation

Privacy policies to safeguard the protection and management of customer data.

Process activated to optimise the management of any **Data Breach**.

Access to the company's IT resources is granted through Multi Factor Authentication.

Development of innovative products that bring significant benefits for customers and influence the efficiency and efficacy of our internal processes.

Mediolanum Digital Program training course launched to develop further knowledge and skills in digital and innovation.



7th e 8th

Procurement and supplier rating policies

Responsible selection of **suppliers**, using an assessment that also includes social criteria.

Guaranteeing sustainable models of consumption and production

Global Impact funds: investing in companies that can generate a positive socio-environmental impact.



7th, 8th and 9th

Direct
environmental
impacts

Adopting urgent
measures to combat the
effects of climate change

In 2016, in order to disseminate an environmentally friendly culture within the company, the Group launched a project whereby a **tree is planted** whenever a Mediolanum employee has a baby.

The list of company cars in the **Policy and Operating Procedure on the Allocation, Use and Management of Company Cars** comes with a set of maximum limits on CO₂ emissions and mileage. The fleet includes cars powered by alternative fuels and with hybrid, electric or green engines, and these models are preferred when the company fleet is upgraded.

Global Impact funds: guaranteeing a focus on the environment and the need for resources.



4th, 6th, 8th and
10th

Responsible
Business

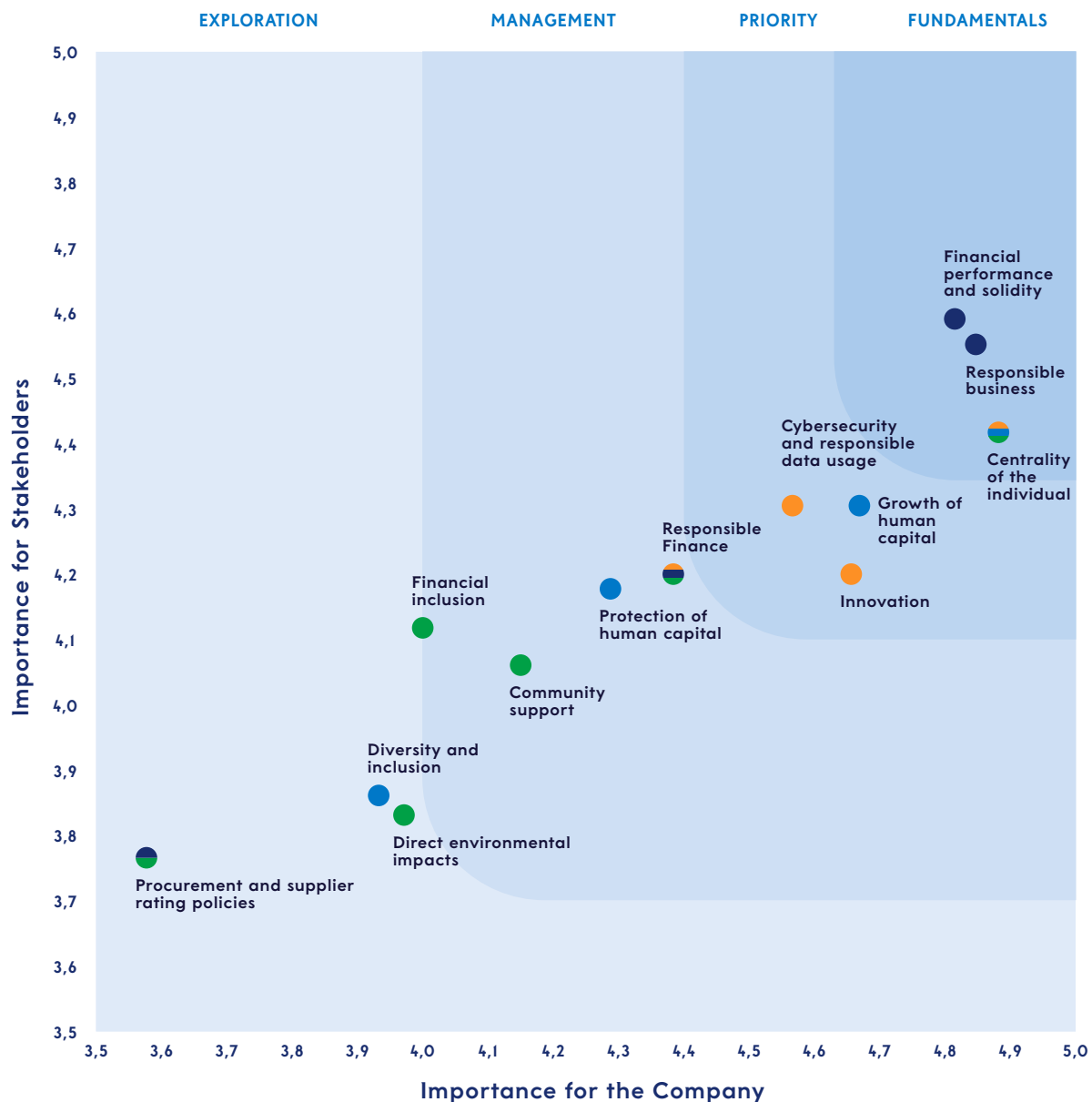
Promoting a peaceful,
inclusive society for
sustainable development,
providing access to justice
for all, and building
efficient, responsible, fully
inclusive institutions

Banca Mediolanum is committed to **fighting all forms of corruption** in the public and private sector, as defined in national legislation, certain provisions of which have implemented the UN Convention Against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Guidelines.

Banca Mediolanum has its own 231/OI Model. One of the most important documents in the body of internal regulations is the **Policy on the Fight Against Money Laundering and the Financing of Terrorism**.

5.1.2 Sustainability programme

The materiality matrix is also **applied in the business through the sustainability programme** launched in 2019, which aims to engage the company to support Banca Mediolanum's evolution towards an increasingly sustainable approach. This programme, which involves **projects with a strategic, tactical and operational impact**, is built on material topics which are defined by means of the materiality analysis.






- Responsibility to Customers
- Responsibility towards the community and the environment
- Responsibility to our people
- Economic Responsibility

In particular, the sustainability programme aims to further investigate sustainability topics according to the methods defined by the strategic guidelines that came out of the materiality matrix (exploration, management, priority, fundamentals). It has therefore involved the creation of new projects, according to the positioning of the topic in the matrix, to "explore" areas of recent priority or to consolidate the managerial approach on distinctive issues faced by the Mediolanum Group.

In particular, during 2021, a number of projects were set up in the Priority, Management and Exploration areas of the matrix, where Banca Mediolanum intends to further consolidate its managerial approach.

Sustainability programme 2021 table

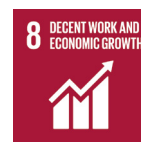
Materiality matrix area	Material topics	Projects 2021	SDGs
Priority (The material topics in the area are strongly connected to business issues and are priorities for the implementation of sustainability in the Bank's operations)	Cybersecurity and responsible data usage	<ul style="list-style-type: none"> > Activation of a process to optimise the management of any Data Breach. > Enhanced protection of access to corporate IT resources through Multi Factor Authentication. 	
	Growth of human capital	<ul style="list-style-type: none"> > Delivery of a training programme for employees and Family Bankers to increase awareness of Sustainability. > Integration of sustainability values into employer branding and recruiting activities. > Network and HQ involvement in the Bonus pool initiative. 	
	Innovation	<ul style="list-style-type: none"> > Activation of the "Mediolanum Digital Program" training pathway to allow employees to develop further knowledge and skills in the digital and innovation field. 	

Management
(The material topics in the area are key to correct management, also in view of a constantly evolving regulatory framework)

Management
(The material topics in the area are key to correct management, also in view of a constantly evolving regulatory framework)

Responsible
Finance

- › Allocation of an **ESG score for savings products** ("ESG rating of asset management products") with subsequent continuous monitoring.
- › Allocation of an **ESG score to banking, credit and protection products** "ESG Bank, Credit and Protection Model".
- › Development of a **dashboard of ESG scores**.
- › Identification of **physical and transition risk in the portfolio of medium/long-term mortgage-backed loans** and **definition of qualitative metrics to be integrated into the set of RAF indicators**.
- › Integration of **ESG sustainability factors of individual product offerings and the client's financial portfolio as a whole into the client advisory process**.
- › Development of **new products** responding to a specific sustainability perspective.



Protection of
human capital

- › Implementation of the "Future of work" programme to move **from the concept of remote working to that of "the future of work"**, developing a win-win model for all stakeholders with economic, social and environmental objectives.




Financial
inclusion

- › Financial Education Projects.

Community
support

- › Signing of the Supplementary Company Agreement with the Trade Unions for the **"Company Volunteer Program"**, which regulates Volunteer Leave at company level.
- › Identification of measurement criteria for Family Bankers, for the construction of the "identikit" of the ideal Family Banker in terms of activities carried out by Mediolanum Foundation.
- › "Free community courses" e.g. for high school students on sustainability topics (PCTO); webinars on ESG issues; info/training paths through the Flowe App on the themes of sustainability and "better being".
- › Local info/education events with the platform Centodieci.
- › With the project **"Let's stop poverty"** the Mediolanum Foundation has offered food and school support, health assistance and psychological support to 770 children and families in a situation of economic vulnerability.



Exploration (The material topics in this area are priorities to be explored on an ongoing basis, in order to raise awareness among the Group and its stakeholders with respect to sustainability issues)	Diversity and inclusion	<ul style="list-style-type: none"> › Definition and approval of the Diversity and Inclusion Policy and appointment of the Diversity Manager. › Creation of the Women in Med community; dedicated to the talent enhancement female Family Bankers. › Identification of the reference diversity index (inclusion impact index) adopted to measure and guide the initiatives to be prepared. 	
	Direct environmental impacts	<ul style="list-style-type: none"> › Implementation of a project to measure the Carbon Footprint of the Banca Mediolanum Group and definition of Scope 1, Scope 2 targets. › Initiation of ISO 14001 "Certified Environmental Management System" certification. › Following the introduction of the Ministry of Ecological Transition decree of May 12, 2021, Banca Mediolanum appointed a Mobility Manager. 	
	Procurement and supplier rating policies	<ul style="list-style-type: none"> › Launch of a project to expand the screening criteria for suppliers through the adoption of an ESG Score. 	

This programme was supported by external communication activities so that stakeholders could be informed of new developments regard to new products and services; it was also supported by internal communications to increase awareness among the internal community (employees and Family Bankers) of the pathway undertaken by Banca Mediolanum and knowledge of the sustainable development goals (SDGs).

5.2 Stakeholder engagement

The Mediolanum Group, in line with its mission, has always placed its stakeholders at the forefront, with a service model based on the relationship with customers, Family Bankers and staff which is a catalyst in creating value. For this reason, opportunities for debate and feedback on sustainability are organised, to cover the issues which are considered to be most important and aligned with the objectives of the Group.

During 2019 the Mediolanum Group obtained feedback from its stakeholders on a range of sustainability issues, with the collaboration of the internal company departments who undertake direct relations with all categories of stakeholder on a daily basis. After a competitive procedure was launched, this activity was managed by an independent third party, to ensure that ideas were expressed without undue influence and in line with the AA1000SES standard on stakeholder engagement. The engagement is documented in reports which are prepared in collaboration with, and approved by, the interested parties. Various sustainability topics are proposed to individual stakeholders, and the dialogue is not limited to the issues traditionally associated with each category as this encourages debate and the opening up of new viewpoints, with the involvement of a large number of players.

Engagement with internal and external stakeholders took place **by means of:**

- › one-to-one interviews with the directors of the Banca Mediolanum Group;
- › focus groups with the Family Bankers of Milan, Rome and Palermo, representing the whole country;
- › extended telephone interviews with a sample of customers, divided by customer cluster;
- › Focus groups with staff representatives;
- › A survey of shareholders;
- › Detailed telephone interviews with the media/opinion leaders;
- › Detailed telephone interviews with customers representing the community;
- › Detailed telephone interviews with industry associations and consumer associations.

Our engagement projects are summarised, so that we can determine the overall importance of the topics under investigation and identify the most important ones, both for sustainability -related projects and also for those pertaining to the Non-Financial Statement.

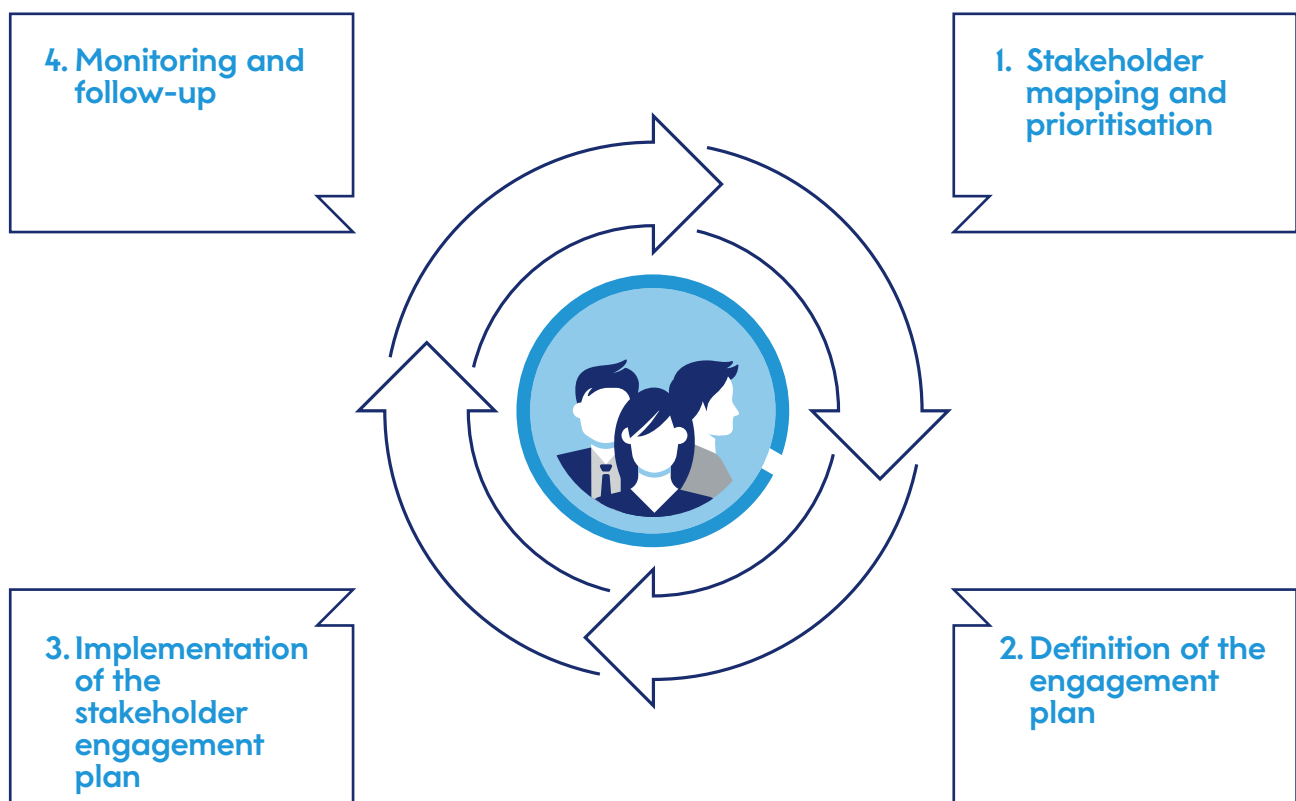
In 2020, our stakeholder engagement activity evolved into stakeholder management, in order to manage on a continuous basis our relationship with stakeholders using various engagement methods and continuous feedback mechanisms. This approach has led to the transition from a reactive model (stakeholder engagement) to a proactive, programmatic approach (stakeholder management) to dealing with stakeholders' interests. The project, which has been conducted by the Sustainability Unit with the involvement of various Divisions, has been integrated into the strategic plan in order to:

- › anticipate various risks, including reputational and operational ones;
- › understand the needs and expectations of stakeholders over the medium to long-term, to support our strategic planning;
- › monitor customer satisfaction and reputation, and see if, and to what extent our stakeholders have a positive perception of their relationship with our organisation;
- › transform threats into opportunities, by jointly identifying solutions which create shared value for the organisation and for its stakeholders.

SUSTAINABILITY IN THE WORK OF THE FAMILY BANKER

In 2021, a specific course was organised, consisting of two workshops, aimed at engaging a representative sample of Family Bankers on sustainability issues. In particular, the course had the objective of defining the sustainability values of the Family Bankers, the behaviours to be adopted and any policies to identify the most effective methods for developing sustainability actions in the distribution network. The process, which involved about twenty Family Bankers, led

to the definition of four possible areas of intervention (Sustainable Management of Family Banker Offices, Relations with Customers, Relations with the Community, and Relations between with Family Bankers) based on the Responsibilities of Banca Mediolanum, and about ten sustainability initiatives, for example in the area of sustainable mobility and sustainable procurement. On the basis of the initiatives identified, projects are due to be launched to integrate sustainability into the activities of Family Bankers.



5.2.1 Stakeholder mapping

Our Stakeholder Engagement activity has the following objectives:

- › to embark on and reinforce our stakeholder engagement pathways, by promoting debate in order to facilitate the exchange of opinions, approaches and good practices;
- › to study the opportunities for an effective process of stakeholder engagement;
- › to deepen our knowledge of the tools and methods used to implement the engagement activity and to disseminate the results;
- › to improve the efficacy of the stakeholder engagement process and to encourage the implementation of improvements within the organisation;
- › to foster an interactive approach for the sharing of experiences and visions, in order to make the most of the participants' involvement and discussions;
- › to define a materiality matrix that reflects the above points.

The methodological structuring activity involves:

- › Building a multi-level stakeholder "tree" and identifying the categories;
- › Analysing the categories of stakeholder and the main characteristics of each sub-category, on the basis of various qualitative parameters (such as Influence, dependency and urgency) in line with the AAIOOSES standard;
- › Prioritisation of stakeholders by calculating the Stakeholder Importance for each category, on the basis of the AAIOOSES criteria.

The result of this exercise, which was updated in 2020, produced a map of all the groups of stakeholders, with a quali-quantitative weighting of the importance of their main characteristics and profiles.

The stakeholder map is the starting point for the stakeholder management model, as it allows the governance of relationships with the multiple categories of stakeholder with whom our company interacts, in order to prevent risk and make the most of the related opportunities.

5.2.2 Stakeholder engagement initiatives and communication tools

Below is a description of the communication tools for each category of stakeholder.

Stakeholder category	Communication tools	Areas of the company involved
Customers 	<ul style="list-style-type: none"> - Assessment of customer satisfaction - Quarterly customer experience survey - Customer experience surveys on specific issues - Brand reputation survey - Local events - Social networks - MPM/Direct mail 	<ul style="list-style-type: none"> - Sales Department - Investment Banking - Asset Private & Wealth Management Department - Communication and Business Marketing - Innovation, Sustainability and Value Strategy Department - Chairman - Vice Chairman - CEO
Employees 	<ul style="list-style-type: none"> - Intranet - Periodic meetings - Good News - Internal social network - House Organ - Non-work activities - Informative events - Quick survey - Engagement survey - Welfare survey 	<ul style="list-style-type: none"> - HR Department - Communication and Business Marketing Department - Innovation, Sustainability and Value Strategy Department
Shareholders and the Financial Community 	<ul style="list-style-type: none"> - Activities of the Investor Relations Office - Regular meetings - Telephone contact - Roadshows - Broker conference 	<ul style="list-style-type: none"> - Chief Financial Officer - CEO - Corporate Affairs Division - Chairman
Family Banker network 	<ul style="list-style-type: none"> - Regular meetings - Company portal (B.medNet) - Text and email campaigns - Network assistance and support (SAS and SARC) - Periodic customer satisfaction and specific brand reputation surveys for Family Bankers - Experience surveys on relationship channels, for Family Bankers - Events 	<ul style="list-style-type: none"> - Sales Department - Communication and Business Marketing Department - Innovation, Sustainability and Value Strategy Department - Investment Banking - Banking Operations Department - Chairman - Vice Chairman

Media



- Press conferences
- Press releases
- Regular meetings
- Opening of corporate events to the media
- Editorial features
- Publishing products
- Telephone contact
- Social networks

- Communication and Business Marketing Department

Industry associations



- Institutional meetings
- Group representatives in membership bodies

- Institutional Relations Division

Institutions and regulators



- Regular meetings

- Legal and Compliance Division
- Institutional Relations Division

Suppliers



- Regular meetings
- Telephone contact
- Portal
- Questionnaires

- Chief Financial Officer
- Purchasing and Corporate Services Division

Community



- Media Relations
- Public Relations
- Periodic customer satisfaction surveys
- Brand reputation survey
- Brand equity survey
- Survey on the efficacy of advertising communications
- Meetings and events locally and at head office
- Activities of the Mediolanum foundation NPO
- Social networks

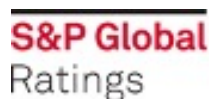
- Communication and Business Marketing Department
- Innovation, Sustainability and Value Strategy Department
- Sales Department

5.2.3 ESG indices and ratings

With a view to greater transparency on sustainability and in light of the importance that stakeholders (be they investors or otherwise) attach to evaluating sustainability performance, Banca Mediolanum responsibly chooses to measure its business decisions by analysing all the impacts that they have on each ESG factor, economic and otherwise. These decisions are then made public by individual international sustainability raters. Ratings are awarded at the end of a process of analysis and evaluation of ESG policies and performance. They are a valuable tool for the Group's stakeholders, providing concise, independent and comparable information on Banca Mediolanum's performance and level of achievement in the non-financial areas of governance, ethics and integrity, social issues and the environment. The individual companies are shown below in alphabetical order.



CDP (Carbon Disclosure Project): Leading international non-profit organisation publishing information on corporate practices to fight climate change. The questionnaire provides an overall picture of companies' environmental strategy, starting from emission impacts and the definition and measurement of performance targets, up to the study of business risks related to climate change. Since 2020, the Climate Change questionnaire has been supplemented with questions specific to the financial sector, which shifted the focus from Scope 1 and Scope 2 emissions, to a disclosure of Scope 3 emissions related to investments. During 2021, the first year of participation in the assessment, Banca Mediolanum achieved a score of B- in the annual CDP ranking (on a scale of F to A).



CSA (Corporate Sustainability Assessment) by Standard & Poor's: The Standard & Poor's rating allows companies' performance to be orientated according to a wide range of economic, social and environmental criteria at an industry-specific level. The CSA is a reference tool for companies to assess the financial materiality of their sustainability performance from the perspective of investors, and to anticipate future sustainability trends. In 2021, the second year of participation in the assessment, Banca Mediolanum achieved a score of 52 (on a scale of 0 to 100).



FTSE Russell: FTSE Russell brings nearly two decades of ESG experience and provides data analysis, ratings and index coverage across thousands of companies worldwide. FTSE Russell ESG Rating is a quantitative data model developed to measure the exposure and performance of business operations in relation to environmental, social, and governance risks. It is a useful tool for investors who need flexible, data-driven solutions that can easily integrate with internal investment processes. During 2021, the ESG performance rating assigned by FTSE Russell to Banca Mediolanum was 2.5 points (the scoring range is from 1 to 5) with a percentile rank of 24.



MSCI (Morgan Stanley Complex Index): The MSCI ESG Ratings are designed to help investors understand ESG risks and opportunities and to integrate these factors into their portfolio-building and management process. In 2021, Banca Mediolanum received an A rating (on a scale of CCB to AAA).



Standard Ethics: Evaluates ESG performance with reference to the principles and guidelines of the main supranational organisations (OECD, EU, UN). A proprietary sustainability rating is applied based on an algorithm that measures the following parameters: free competition, shareholder role, market position, executive independence, corporate governance, and sustainability risk. In 2021, Banca Mediolanum achieved a score of E+ with a positive outlook (on a scale of F to EEE).



Vigeo Eiris, MIB ESG Index: Vigeo Eiris assists companies from all sectors and local authorities with ESG assessments and integration plans, supporting them in the implementation of their sustainability policies. During 2021, the launch of the new MIB® ESGI index was announced in collaboration with Euronext – the first ESG index dedicated to Italian blue-chips, designed to identify large Italian listed issuers with ESG best practices. With a score of 51 (on a scale of 0 to 100), Banca Mediolanum officially entered the MIB ESG Index in October 2021.

5.2.4 Sustainability memberships, associations and partnerships

The individual companies are represented below in alphabetical order.

Memberships and associations



Banca Mediolanum is a signatory of the **ABI "Women in Banking" Charter** for the enhancement of gender diversity.



Collective climate action agreement with the Spanish Banking Association (AEB).



CEO for Diversity Banco Mediolanum is a member of the CEO for Diversity programme. Signed by more than seventy CEOs in Spain, the programme aims to promote and enhance diversity in companies.



Fondazione Italia Sociale Banca Mediolanum is a member of Fondazione Italia Sociale, a national foundation set up by the state with the aim of increasing private resources for social initiatives and projects with a national scale and impact. Since 2018, it has been on the Management Committee upon appointment by the Board of Trustees. The desire to participate responds to the need to commit to the third sector in a network composed of multinational companies, universities, cultural and social foundations, banks, publishers, professional firms, international consulting firms and other important entities in the profit and non-profit sectors.



Forum for Sustainable Finance The Forum for Sustainable Finance is a non-profit association founded in 2001. The membership base is multi-stakeholder: it includes financial operators and other organisations interested in the environmental and social impact of investments. The Forum's mission is to promote the knowledge and practice of sustainable investment, with the aim of increasing the integration of environmental, social and governance (ESG) criteria into financial products and processes.



Regenerative Society Foundation Banca Mediolanum, together with other important private sector entities, institutions, academics and NGOs, has worked on the foundation of a non-profit organisation committed to promoting the transformation of society towards a regenerative socio-economic model, where regenerative is understood as a paradigm shift towards green-driven sustainability.



Mediolanum International Fund also participates in the ESG subcommittee of the Irish Association of Investment Managers, established in 2019.



Sustainability Makers IS an Italian association that brings together professionals responsible for the definition and implementation of sustainability strategies and projects at companies and other organisations.



As of 2021, Banca Mediolanum and Banco Mediolanum have also been signatories to the UN Global Compact (UNGC), a United Nations initiative that encourages businesses around the world to create an economic, social and environmental framework able to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share in its benefits. For further details on the UNGC principles to which the Group contributes with its initiatives, please refer to the section *"Banca Mediolanum's commitments: the United Nations Sustainable Development Goals (SDGs) and the UN Global Compact"*.



Banca Mediolanum has also joined **Women and Technologies**, an association that promotes female talent in technology, innovation and scientific research.

Partnership



To make services and projects available to all its employees through a specific platform, in order to implement welfare policies to stimulate work-life balance and ensure personal well-being.



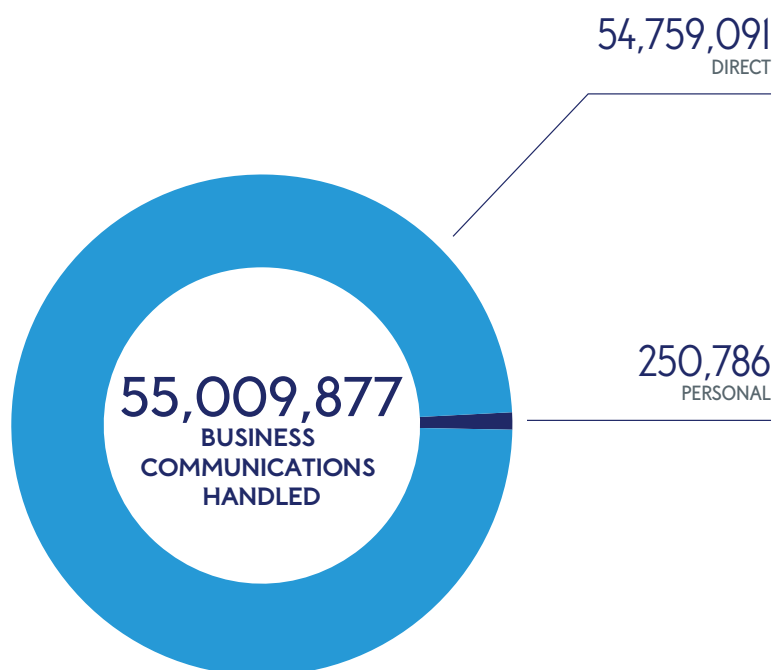
Valore D to support female leadership

5.2.5 Customers

The quality of the Customer relationships is guaranteed by the widespread presence of the Family Banker network throughout Italy, by the Customer Service structures, and by the continuous digitisation of services and digital tools (such as websites and apps), which allow customers to interact at any time with the Bank using the right contact method for their specific needs. As regards the process of commercial, institutional and regulatory communications with customers, in 2021 the Customer Communication function continued to support the Sales Network by helping to consolidate relations with existing customers and acquire new ones.

Our communications were delivered through various routes (direct email, personal marketing, SMS, push notifications, website and app banners, digital and in-person events, TV and radio commercials, and advertising hoardings), mainly relating to insurance, credit, retirement and asset management services. In tandem with this, we have also promoted concrete solutions designed to make it easier for users to access our digital platforms (Home Banking and App updated with new self-service functions), for example the Instant Credit and Mediolanum Shop for You services, payment services such as SEPA Instant Transfer, and the new ability to sign up online for insurance policies. Moreover, with the launch of the new MFY2 Promotion, the office's activities were focused on supporting the communication master plan with intensive pre-launch communication activities. With a view to strengthening relations with top customers (Black, Privilege and Elite), a presentation of the different services available to them was also promoted through dedicated email campaigns aimed at raising awareness and increasing their use. During the year, our communications projects also addressed the issue of customers' digital security, through periodic customer awareness-raising of phishing and IT and telephone fraud activities. In addition, a full-fledged data protection manual has been created and disseminated, not only in relation to banking, but also to the everyday online experience.

With the launch of the SelfyConto product (February 2021) aimed at customers not assigned to the sales network, who are therefore oriented towards "self management" in terms of using the services offered by the Bank and subscribing to products, communications activities were marked by a differentiation in terms of layout, offer and content.

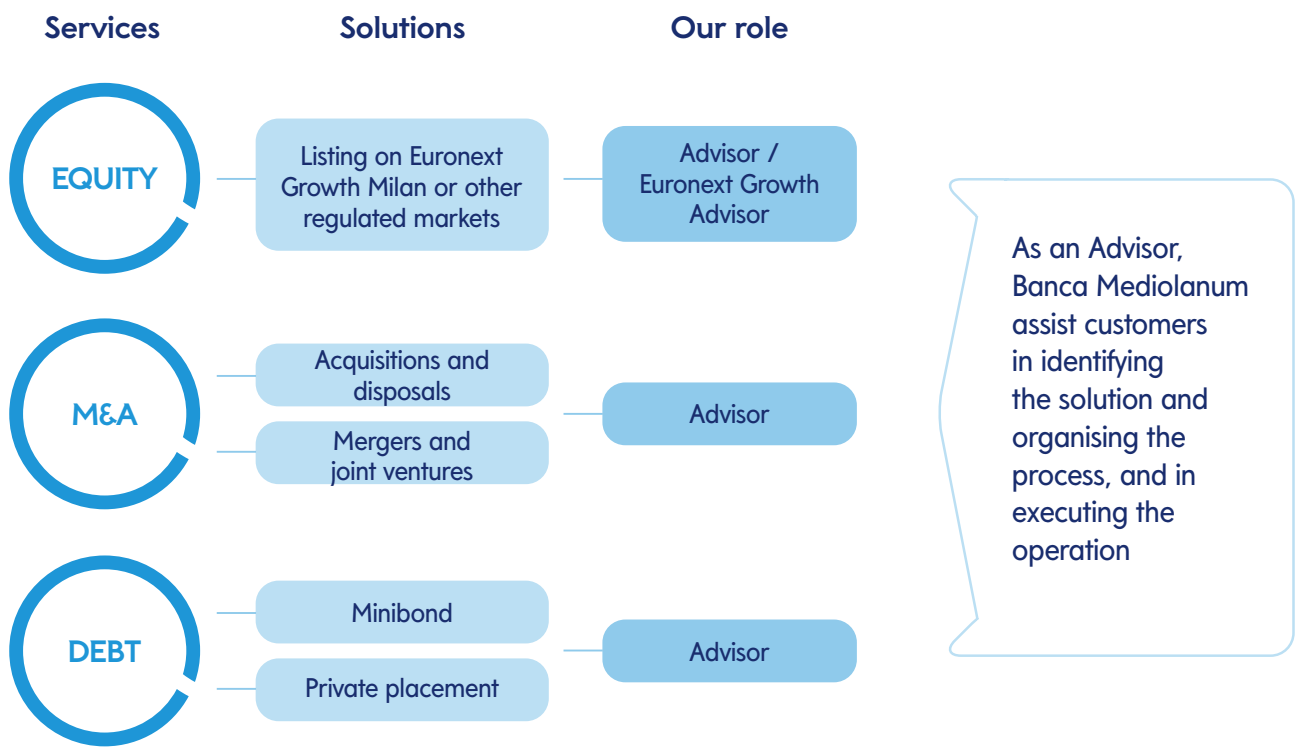


In terms of institutional and service communications, on the other hand, a total of **31,079,139** documents were handled.

The theme of sustainability, likewise, will be an integral part of the Mediolanum Group's values in 2021. The focus on the environment, social issues and governance has translated into a series of initiatives that have been adequately communicated to customers and which could involve them, such as the "Mediolanum Insieme" project, which supports the voluntary associations that operate daily in Italy. In terms of environmental support, the commitment to expanding the digitalisation of communications continues. One example is the Previgest report and the sponsorship of the Home Insurance digital platform exclusively dedicated to non-banking clients of the MedAss and MedVita companies, which is designed, among other things, as a repository of dematerialised documentation. Our desire to reach new customers and meet their needs in a continually evolving world has required us to look at financial issues with fresh eyes, using new forms of communication. Banca Mediolanum once again turned to the cinema with the short film "L'Uomo che inventò il futuro" (The man who invented the future) to raise customers' awareness of the importance of wealth planning for their financial future. Other channels of communication used in 2021 included:

- › digital and in-person events – aimed at clients and prospects – which emphasised and confirmed the importance of financial planning and identifying insurance needs, underlining the indispensable role of the Financial Advisor;
- › the Mediolanum magazine – a monthly roundup of information from Banca Mediolanum – which, with a total of 9,484,056 emails sent, has consolidated its position as a trait d'union between bank and customer and has exceeded the market average in the Newsletter sector for the opening of B2C banking communications. From March 2021, a second version of the Mediolanum Magazine is to be published, which will be revamped in terms of layout and content, targeted at Self and non-sales network customers. A monthly publication on economic and financial issues, events and charity, as well as new technologies, promotions, products and services offered to the target group by the bank.

Specifically for **business customers**, the Investment Banking Division was set up at the end of 2017. It operates alongside businesses and entrepreneurs, on all strategic matters and on extraordinary finance transactions: From the purchase and sale of companies to the search for financial partners; from Advisory on bond issues, through to stock market listings. We have also verified the adequacy of the solutions we offer in relation to our services portfolio (stock exchange listings, M&A and minibond issues). All this has taken place in accordance with the founding values of the Mediolanum Group, which are based primarily on trust and building a long-term relationship with our customers. Below is a model of the services we offer.



5.2.5.1 Customer Satisfaction Italy

Between December 2021 and January 2022 the Group conducted a market survey in collaboration with the research institute BVA-Doxa. The survey was conducted using the cawi method (online interviews with a structured 20-minute questionnaire), on 899 customers who consider Banca Mediolanum their primary bank. In parallel with this survey, a similar sample was conducted on a BVA-Doxa panel of interviews with customers of traditional and in-person banks. The sample was made up of 899 interviewees, who were asked about their main bank. The overall level of satisfaction showed an increase on the previous year, which is reflected in almost all the areas of the survey.

Customer Satisfaction Italy 2021

%	2021			2020		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Customer Satisfaction Index	85.0	70.0	80.0	84.2	69.4	77.8
Overall satisfaction	85.0	71.0	80.0	83.0	71.0	77.6
Satisfaction vs expectations	85.0	69.0	78.0	83.4	67.9	75.5
Satisfaction vs other banks	87.0	70.0	82.0	86.9	69.6	80.3

Source: 2021 Customer Satisfaction Survey, carried out in partnership with BVA-Doxa. CAWI surveys (online questionnaires) conducted in December 2021 and January 2022.

5.2.6 Family Bankers

The family banker acts as a **point of contact between the bank and the customer**. The family banker studies solutions that best meet the savings, investment, pension, insurance or financial requirements of the customer, assisting them where necessary in using the multi-channel features of the bank.

The Family Bankers are included in a **communication system that provides support for their activities** through various tools: the B.MedNet portal, the MyMarketing platform, text and email.

Company portal: The **B.MedNet** portal communicates all the information materials about our commercial, training, informative and incentivising campaigns and provides access to updated content concerning services, products, new developments and professional regulations. During 2021, the portal published 1,207 news items and delivered over 3,179 new and/or revised content items to the Sales Network. During the year, work on creating mini-sites dedicated to specific topics (divided by business category) was stepped up.

MyMarketing: this is Banca Mediolanum's new platform for **territorial marketing**, on which the sales network can access all the customised promotional and advertising material. Structured as an e-commerce site, the aim is to convey the values, services and products of Banca Mediolanum in line with the group guidelines, to the sales network. It contains full information on the correct use of the brand identity and a catalogue of all the available materials.

For Banca Mediolanum, territorial marketing actively supports the sales network in local market development, using marketing tools which are designed to increase competitiveness and attraction. During 2021, 2,782 orders were handled, registering an 11% increase over 2020, for a combined total of 19,472 orders received (+300% vs 2020).

Back in 2020, MyMarketing has launched a **sustainability process with all-new materials** so that the Family Bankers can continue to work remotely, using an increasingly digital approach. During 2021, against an unchanged supply/purchase figure for traditional print brochures, **the supply of web brochures increased by 230% over 2020, with the number of downloads increasing by more than 300%.**

Sales network communications: For communications which are of particular interest, importance or urgency, text messages and emails are sent to all Family Bankers or to the target of the communication. In 2021, there were 150 SMS campaigns totaling over 525,000 text messages sent and 1,277 email campaigns totaling over 1,000,000 emails sent.

In view of the particular attention paid by the sales network to the Friday newsletter, which has been popular for several years, and to certain specific topics that are constantly being updated, this year the Network Communications Office has enhanced the weekly newsletter with a new "MedWeek" format, supplementing it with a variety of topics – economic, financial and commercial – making it even more of a reference point for the week's key events and food for thought on all business activities.

2021 saw a consolidation of the resources and skills of the Network Communications Office, which provides total and continuous support to the Sales Network in the use of the various channels, activating numerous communication campaigns.

Sales Support Center: In Italy this centre is staffed by 124 operatives, who are available by phone and webchat.

From the first few days of the public health emergency, our **Network Communications Office** mobilised its staff and expertise to provide full, ongoing support for the sales team in using the various channels, and it also set up a number of communications campaigns.

As the priority was to ensure that everyone could work in complete safety, from March onwards more than 50% of all personnel were able to work remotely, dedicating themselves to priority activities defined on a case-by-case basis as the emergency situation evolves; that percentage then reached 100%.

Support for the Sales Network was mainly provided through written requests (191,977 requests) and, for Private Bankers and Wealth Advisors, also through the telephone channel.

For 2022, also in line with the gradual return to in-office work, a plan has been created to reopen the telephone channel for all advisors, in order to offer maximum support in an increasingly complex and competitive context.

5.2.7 Employees

The Group's mission, which was revised in 2020, reinforced the concept of the centrality of the individual. During this second year of the public health emergency, the Group continued working and growing, in the awareness that during times of crisis it is important to offer staff and customers a continuous service and support which is essential for the peace of mind of families and the community.

Despite the complexity of the public health emergency, the Group quickly launched a series of campaigns for both staff and contractors in order to provide socio-economic support for people and their families during this unique moment in history.

The Group has always taken great care to communicate with its employees, and to keep them involved and informed about the company's life and what the Group is doing. In this perspective, with the format **#NOIDIMEDIOLANUM**, created in 2020, through a series of video-messages we continued to update all employees on the decisions and actions taken by the company to ensure safe operation and all actions taken to support employees and their families. In the 9 videos in 2021, information was provided about all the measures which are keeping us united at this particularly difficult time.

howRU? is a listening channel created to provide a space for contact with people while staff were working from home, to understand if and how their state of mind has been affected, and how they are adapting to the new way of working. We created a system of short, rapid surveys focusing on work and the problems of working remotely during a public health emergency, as well as work-life balance.

The **HOMEMediolanum project** was born with the aim of proposing an innovative solution for the well-being of employees and their families, to alleviate the difficulties of remote working and to restore the balance between work and private life. It is a hub where employees can find diverse, cross-functional offerings and activities.

This virtual space is where people can share their passions, keep fit and learn to relax thanks to daily exercises led by a trainer, keep the children entertained with specially devised programmes, and even learn to cook healthy food. The offering is constantly evolving and touches on various areas such as nutritional, social, physical, and psychological wellness; new additions for 2021 include webinars to support parenting, with "**Health Friendly Company**," in collaboration with Fondazione Onda, a series of initiatives dedicated to women. Meanwhile "Che programma hai?" (What's your agenda?) is a series of culturally themed webinars followed to rediscover Milan and beyond.

HRCommunity, on the themes of organisational well-being, rewards the best projects in the field of promoting well-being. **The HOMEdiolanum portal received a special mention in the WELL@WORK 2021 awards**, attended by major companies including Fastweb, ING, Coca-Cola and Philips, due to its 60 best practices designed to promote the well-being of colleagues in today's situation. It was mentioned for Best Internal Communication for the way corporate communication was handled and people were engaged during a difficult time.

In mid-July, the "**HomeMediolanum Loading**" event was held virtually, to inform all staff the Group's progress made in the first months of the year, but above all future strategies.

As is the case every year, we could not fail to have the Christmas event, as it is greatly enjoyed by all the company's staff, to celebrate a special time together. This year, the event was also marked by poignant memories of the founder Ennio Doris and the forward-looking, positive attitude which have always been the company's hallmark. The party was held remotely but involved the whole company, and at least people were able to see each other and send virtual hugs, in a very warm and friendly atmosphere.

The company's radio TV station **BMonAir**, born in 2019, kept going throughout the year 2021, broadcasting 42 programmes during the year. It proved to be an important form of communication during the emergency and social distancing. Apart from providing staff with necessary updates on new products, projects and staff-centred initiatives, there were also more light-hearted, fun moments involving staff, to bridge the distance.

5.2.8 Media

The Media Relations Office, with the **Public & Media Relations function** holds daily discussions with the media in order to disclose major news stories that concern the Bank, or to follow-up on press reports. These regular activities range from the production, evaluation and analysis of the press file through to the organisation of conferences and meetings with journalists, the organisation of interviews with top management to the production of press releases and press files, and the management of a dedicated Twitter account. Through ongoing, dynamic engagement with the press, the Bank Mediolanum can give the local public extensive information, from strategic content like financial and business results to news about local events held for Customers, and about cultural and intangible aspects that help create the Bank's reputation and identity. The Media Relations Office is open to the risks of this type of activity as it is the primary interface between the press and the Company. To this end, the Media Policy was introduced in 2017 as a reputational risk mitigation tool. It is addressed to employees and the Family Banker network and sets out the guidelines to be followed: from the identification of the people who may have relations with the press to the topics that may be covered, from the authorisation process to the scope of involvement and any corrective action in the event of non-compliance with the Policy. Consistent with the Reputation Risk Management Policy approved by the Bank's Board of Directors, the Media Policy sets out the principles and criteria of conduct that all parties are required to observe in their dealings with the media, in order to preserve and support the Bank's reputation and image, contributing to the creation of a specific identity.

In 2021, 15,903 press, web, radio and TV reports and articles were dedicated to Banca Mediolanum, to its top management and key personnel.

Media	2021	2020
	Number of items	Number of items
Press	3,216	2,385
Web	12,051	10,045
Radio	107	41
TV	529	245
Totals	15,903	12,716

Public Relations promote and encourage the participation of key personnel in conventions, discussion groups, seminars and meetings arranged by independent organisers, regardless of whether such events are of international, national, regional or local importance. These events are seen as unique opportunities to meet with selected members of the public, to maintain visibility and to communicate the company mission and values at venues that provide opportunities to obtain information, discuss and debate strategies for business and for the company's success and financial, cultural and economic growth.

The participation of the bank's top management in these events as representatives of the various corporate functions is a considerable part of the bank's public relations activity and a significant aspect of a communication and positioning strategy based on relationships. The PR team is responsible for **Stakeholder Relationship Management** activities, and monitors and controls the dynamics of its relations that may influence the reaching of its objectives. By segmenting the public into two categories: influencers and stakeholders, the Public & Media Relations team uses different relational models. In the first case, it draws attention and then accelerates the speed at which the objective is reached; in the second case, it speeds up the reaching of the objective. From an organisational viewpoint, the team listens to its stakeholders' expectations before setting its objectives. Specifically, it aims to control the direct relations with certain sectors of the public (opinion leaders, public institutions, industry associations, representatives' associations and interest groups).

5.2.9 Shareholders and the Financial Community

With regard to shareholders and the financial community, the company is committed to maintaining sustainable growth over the short, medium and long-term, and to guaranteeing transparency and the proper management of all economic and financial information. Since 1996 the stock market listing of Mediolanum S.p.A., the **Investor Relations** team has handled **contacts with shareholders and the financial community**. Its recurring activities include providing an introduction to the history, structure and business model of the Bank to analysts and investors who come into contact with the Mediolanum Group for the first time. It also illustrates the business strategies and of course presents and comments on the quarterly results. This work is performed in conjunction with Top Management but also independently at financial conventions and roadshows arranged by leading brokers in Europe and in the world's main financial markets.

From a qualitative point of view, during the year there **was a positive sentiment in contacts with financial analysts and investors** thanks to macro-factors such as the good performance of the markets and the rebound of the economy, but also to dynamics more closely linked to Banca Mediolanum. In fact, the removal of the freeze on dividend payments initially requested by the European Central Bank and the Bank of Italy in 2020 has raised great interest around the stock. This resulted in a very strong dividend stream for shareholders in calendar year 2021 due to the recognition of the entire suspended dividend covering 2019 and 2020, as well as the interim 2021 dividend. In addition to this purely financial aspect, there was the extraordinary commercial performance that saw **2021 as the record year for the 3 business lines**: asset management, lending, and personal/property insurance.

The climate of general relaxation in the financial community and the absence of new "non-recurring" initiatives, which require greater interaction with the company, have therefore led to a natural contraction in the overall number of contacts. It should also be pointed out that the continuation in 2021 of the restrictions linked to the Covid-19 emergency has continued to limit (almost completely) the possibility of physically meeting the financial community, especially abroad, leading the unit's activity to be delivered remotely, which investors are increasingly unfavourable towards, as was already the case in 2020.

Number of events with investors and analysts

	2021			2020		
	Number of events	Number of investors met	Analysts met	Number of events	Number of investors met	Analysts met
with Top Management	74	251	81	100	234	106
only Investor Relations	159	76	106	201	76	155
TOTAL	233	327	187	301	310	261
% Investor Relations out of total	68	23	57	67	25	59

5.2.10 Industry associations

INDUSTRY ASSOCIATIONS - ITALY

- › **ABI** - Italian Banking Association;
- › **Ania** - National Association of Insurance Firms;
- › **Pri. Banks** - National Association of Private Banks;
- › **ASSBB** - Association for Bank and Stock Exchange Studies;
- › **Assogestioni** - Asset Management Association;
- › **Assofin** - Italian Association of Consumer Credit and Real Estate;
- › **Assoreti** - National Association of Financial Product Placement and Investment Services Firms;
- › **AIPB** - Italian Private Banking Association;
- › **AIFI** - Italian Private Equity Venture Capital Private Debt Association;
- › **Assonime** - Association of Italian Public Limited Companies;
- › **TheProcurement** - A leading association for the purchasing and procurement industry.

INDUSTRY ASSOCIATIONS - SPAIN

- › **AEB** - Spanish Banking Association;
- › **ICC** - Interbank Cooperation Centre;
- › **INVERCO** - Association of Collective Investment and Pension Fund Institutions.

Banco Mediolanum regularly exchanges information and actively participates in topic groups including the Strategy and Sustainability Committee and the Digital Committee of the Spanish Banking Association.

For memberships of associations in the field of sustainability or rating companies, see the relevant chapter 5.2.4.

5.2.11 Institutions and regulators

The Mediolanum Group operates in a heavily regulated industry (with both primary and secondary legislation). It is required to comply with specific laws and regulations and it may undergo periodic inspections by the regulatory bodies. The Vice Chairman's office is responsible for promoting and managing domestic and international relations, and is also responsible for exchanges with industry associations, the public administration, religious bodies and charities, consumer associations, economic and political research centres and academies, international bodies, and national bodies with an international reach.

The **main authorities and bodies of reference** for the Group's Italian companies are: the Bank of Italy, the Institute for Insurance Supervision (IVASS), Supervisory Committee on Pension Funds (COVIP), Consob, the Data Protection Authority (AGCM), the Interbank Deposit Protection Fund (FITD), the Register of Financial Advisors (APF), the Banking and Financial Arbitrator and the Ombudsman. The Bank of Italy, which supervises Italian banks apart from those considered "significant", is part of the Single Supervision Mechanism in which the European Central Bank oversees the activity of banking supervision from a European perspective.

5.2.12 Community

The community includes social and cultural enterprises with whom the company has dealings during the course of its business (for example, during opportunities to share its sustainability model in the non-financial statement and sustainability report etc.). Banca Mediolanum is also present in aspects of daily life which are not directly linked to financial services. In this context it arranges events with the aim of disseminating a financial culture, and takes part in social, cultural and sporting activities by offering support in situations where it may be required.

Policy for the management of events promoted by Mediolanum

The process of organising a corporate event differs from the Bank's standard operating processes, which are usually permanent or semipermanent. In view of the different nature of this process and the risks it entails, a specific approach has been adopted as described in the "Regulation of the process of organising corporate events", which was updated on 1 April 2015. The Regulation applies to all corporate events and to all communication initiatives organised across the country and at Banca Mediolanum's head office, for which the Events Marketing office and Events Production team are responsible. Moreover, given the situation, in collaboration with the Safety & Security area, a special safety protocol was drawn up that incorporated the regulations in force regarding events and was further reinforced with additional safety precautions such as:

- › number limited to maximum 50 guests per event;
- › events can only be held in the "white zone";
- › for all events, drafting and validation of a tailored protocol with on-site supervision by an anti-Covid contact person from the event organisation office.

Events

For the Group and the network of Family Bankers, events are an opportunity and channel for transmitting the value of the customer relationship, and for disseminating our financial culture. Also in 2021, a year characterised by the health emergency and related restrictions, activity was principally digital with HQ holding 3 nationwide events, broadcast on all the Bank's social channels and involving over 95 thousand

participants. In addition to these, there are about 76 thousand participants involved in over 1,000 digital events organised directly or in collaboration with Family Bankers in the area. In the last months of the year, with the resumption of normal activities, the improvement of the health situation and the easing of restrictions, it was possible to restart in-person events, albeit in a limited manner and with special protocols to ensure the safety of all participants.

ISO 20121 Sustainable events

Starting in September 2020, in collaboration with the Sustainability Office, a number of events managed by the Events Organization Office were analysed from the perspective of sustainability, at a qualitative level. The analysis assessed the ISO 20121 categories of interest, namely environmental, social and economic impacts. In 2021, 252 events were qualitatively analysed including:

- > 228 in a digital-only format;
- > 12 in mixed format: digital + in-person;
- > 12 in in-person format.

Specific aspects were allocated to each of the three categories (environmental, social and economic), and when added together they provided an overall picture of the events' sustainability levels. The assessment sheets were completed after the events were held in order to obtain reliable data. Given that the events in question are predominantly in digital format, the result was a very high average score, in consideration of the low impact that this type of questionnaire administration has. The results, which showed a medium to high score, were sent to the Sustainability Office for aggregation and analysis so that the objectives could be updated and the results improved if necessary. As for hybrid events (online and in-person) the result was equally encouraging with evidence of local spending (not applicable in the exclusively digital version) that in all cases was more than 30% higher than budget and similar to digital in the other areas analysed.

5.2.13 Suppliers

The **Purchasing Sector** is the part of the company that supports the business units in researching, sourcing and procuring the goods and services they need to ensure the regular fulfilment of the company's activities at the Italian head office. This sector is responsible for managing the Official Register of Suppliers, which is a list of companies from whom we obtain repeat supplies. The suppliers are registered on a special platform where they provide their details, and then complete a profile of their services and areas of activity, including any major clients. The Official Register is a way of monitoring suppliers who are rated periodically according to KPIs (key performance indicators) correlated to their services the indicators cover commercial and technical aspects. During 2021, the Purchasing Division began a process to improve the ESG information already included in the evaluation model for registered suppliers through supplier info-gathering and self-assessment tools. For more details, refer to the section *Procedure for selecting suppliers and purchasing methods*.

6. Economic responsibility

Mediolanum seeks to build value by operating in an ethical, sustainable manner while pursuing positive outcomes and shared wellbeing. At the core of its business, Banca Mediolanum has a solid system of ethics consisting of a set of rules which are constantly adjusted in order to implement the best international practices. Everyone working with the Group is required to respect and apply these rules in their day-to-day activities to ensure **that the company acts in a way that guarantees that ethics form the cornerstone of its business and everything it does**. In the context of good business management, the Group is committed to guaranteeing its **financial performance and solidity** by monitoring the quality of its assets, controlling costs and maintaining a balanced funding mix.

6.1 Financial performance and solidity

Banca Mediolanum posted its best performance on record in 2021, as seen from several different perspectives. Structural growth in recurring operations, driven by the contribution of all business lines, led to a strong increase in the Operating Margin, which rose to €502.6 million, up by 29% compared to 2020. Coupled with substantial market effects, that performance drove Net Profit up to a record level of €713.1 million, a rise of 64% on the previous year, underlining once again the absolute value of the Group's business model. Net Inflows amounted to approximately €9.2 billion, of which €6.7 billion in Asset Management products, a sign of the Bank's strong ability to support customers in their investments even in the most complex market phases. Assets under management and administration as at 31 December 2021 reached €108.3 billion, up by 16% from the beginning of the year. Lending through personal loans and mortgages totalled €3.9 billion for the year, taking total Customer Loans up to €14.4 billion, while keeping the cost of risk down at just 15 basis points, an outstanding result at the industry level. Protection policies raised €168 million in premiums during the year, up by 23% on 2020. In terms of capital strength, on 16 December 2021 the Bank disclosed to the market that it had received the Bank of Italy's Resolution Decision, in agreement with the Single Resolution Board (EU), concluding the administrative process for the determination of the bank's minimum requirement for own funds and eligible liabilities (MREL). Banca Mediolanum ended 2021 with a CET1 Ratio of 20.9%, also considering the payment of approximately €427 million in dividends, and with a Leverage Ratio of 6.0%. Both capital ratios are therefore already above the MREL targets set by the regulators and applicable as of 2024.

Economic and financial performance

GRI 201-1a - Direct economic value generated and distributed (Euro/thousands)



Total retained economic value retained amounted to €385.927 million. The distribution of economic value generated, or “value-added”, is a reclassification of the income statement which is intended to highlight the value generated by the Group and its distribution to key stakeholders. The value-added of Mediolanum Group thus expresses, in monetary terms, the relationship between the bank and the socio-economic system with which it interacts, with particular reference to its key stakeholders, namely:

- › shareholders, in the form of dividends;
- › personnel (staff and contractors) and the sales network, in the form of salaries, social security and pension contributions, retirement and similar payouts and the remuneration of the sales network;
- › central and local authorities, in the form of direct and indirect taxes, contributions to trade associations and regulatory authorities;
- › the community at large, in the form of charitable activities;
- › suppliers, in the form of fees for services and goods received.

6.2 Disclosures pursuant to the Taxonomy Regulation

The European Taxonomy, as defined by **Regulation (EU) 852/2020**¹ (EU Taxonomy Regulation), establishes a **system for classifying economic activities as climate and environmentally sustainable** by identifying, through specific Delegated Regulations, specific scientific and performance criteria for the identification of such activities. According to the European Taxonomy, economic activities can be considered:

- › **ineligible**: when **not described in the Delegated Regulations** adopted to indicate the technical screening criteria for defining an activity as environmentally sustainable;
- › **eligible**: when **described in the Delegated Regulations** adopted to indicate the criteria for technical screening, **regardless of whether they meet one or all of the criteria**;
- › **aligned**: when, in addition to being **described in the aforementioned Delegated Regulations**, they **meet all the requirements of Article 3 of Regulation (EU) 2020/852** or contribute to at least one of the six environmental objectives², without harming the other objectives, operating in full compliance with the minimum social safeguards and in accordance with the technical screening criteria defined in the relevant Delegated Regulations.

Article 8 of **Regulation 852/2020** introduces disclosure requirements in the EU as of **1 January 2022** for companies and financial market participants required to report non-financial information under the provisions of Directive 2014/95/EU³ (NFRD) on the disclosure of non-financial information (as transposed in Italy by Legislative Decree No. 254 of 30 December 2016). Details of the methodology and indicators to be used for reporting required under the Taxonomy Regulation are set out in Delegated Regulation (EU) 2021/2178⁴.

Mediolanum Group's approach to the disclosure requirement

In accordance with the regulatory requirement, Mediolanum Group has set up a interdepartmental working group with the key involvement of Sustainability, Regulatory Reporting, Financial Reporting, Risk Management and Business, with the aim of analysing and interpreting the regulations, complying with the disclosure requirement and identifying improvement actions for the future.

In order to give a more accurate presentation of the specificities of the Group, Mediolanum Group has chosen to provide separate disclosures in its 2021 NFS for:

1. **Mediolanum Banking Group**: where the prudential scope of consolidation has been determined in accordance with Title II, Chapter 2, Section 2 of Regulation (EU) No 575/2013, with disclosure based on the total carrying amount of balance sheet assets as at 31/12/2021⁵.
2. **Mediolanum Insurance Group (MIG)**: where the perimeter includes the companies Mediolanum Vita, Mediolanum International Life and Mediolanum Assicurazioni, with disclosure based on the total carrying amount of balance sheet assets as at 31/12/2021 for investment policies, and on gross premiums written as at 31/12/2021 for non-life underwriting activities.

1 Regulation (EU) 852/2020: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32020R0852>

2 The six environmental objectives of the Taxonomy are: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity.

3 Directive 2014/95/EU: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32014L0095&from=IT>

4 Delegated Regulation 2021/2178: Publications Office (europa.eu)

5 Off-balance sheet assets are expressly excluded

For the 2021 financial year, Mediolanum Group has adopted the templates provided by the Platform for Sustainable Finance in its December 2021 Guidelines, reporting actual data, where available, in accordance with the regulation, and proxy-based estimates where the information requested is not available. Specifically, the Group has drawn on actual data for the exposures disclosed under Article 10(3b) ⁶ of Delegated Regulation 2021/2178, whereas for the exposures disclosed under subsections (3a)⁷ and (3c)⁸ of Article 10, the information relies on proxy-based estimates.

Details of the proxies are provided below:

- › **Identification of EU taxonomy-eligible exposures:** the Group has assessed the primary sector of the economic activities of its exposures on the basis of their inclusion as activities that can contribute to climate change mitigation and adaptation objectives, in accordance with the Climate Delegated Act⁹.
- › **Exposures to undertakings that are not obliged to publish non-financial information:** Mediolanum Group has identified these exposures as the difference between total exposures and exposures to undertakings obliged to publish non-financial information, identified on the basis of the list published by Consob for the Italian perimeter and on the basis of a size-based proxy¹⁰ for the European perimeter, thus excluding all undertakings operating outside the EU.

Disclosure is provided in detail below for:

1. **Mediolanum Banking Group;**
2. **Mediolanum Insurance Group (MIG).**

Banking Group disclosure

The following is the disclosure template for the 2021 financial year for the prudential scope of consolidation, corresponding to the Banking Group's scope of consolidation.

Specifically, it shows the proportion of total balance sheet assets made up of exposures to:

- › taxonomy-eligible and taxonomy-ineligible activities;
- › central governments, central banks and supranational issuers;
- › derivatives;
- › undertakings not obliged to publish non-financial information.

In addition, the proportion of total assets in the trading book and interbank lending is reported.

Moreover, in line with the Green Asset Ratio (GAR) that credit institutions will be required to disclose as of 2023, the following assets have been considered in assessing the eligibility of exposures:

- › debt and equity instruments;
- › loans and advances to businesses¹¹;
- › loans and advances to individuals for the purchase or renovation of real estate;
- › consumer credit for the purchase of motor vehicles¹².

⁶ Exposures to central governments, central banks and supranational issuers and derivatives.

⁷ Taxonomy-eligible and taxonomy-non-eligible exposures, where eligibility means "an economic activity described in the delegated acts adopted pursuant to Articles 10 to 15 of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts".

⁸ Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.

⁹ Delegated Regulation (EU) 2021/2139.

¹⁰ The size-based proxy was developed using the criteria that, under Directive 2014/95/EU (NFRD), entail application of the non-financial reporting obligation. Specifically, the following criteria were considered: Domicile in one of the 27 EU member states; more than 500 employees; and revenues of at least €40 million.

¹¹ For these assets, Banco Mediolanum's exposures have been treated in full as ineligible.

¹² For these assets, exposures arising from "Prestito ECO" products offered by Banca Mediolanum and Banco Mediolanum were considered eligible.

Exposures to central governments, central banks, supranational issuers, undertakings not obliged to publish non-financial information, derivatives, the trading book and on-demand interbank lending were all excluded.

	Eligible		Ineligible	
	Total carrying amount	% of total assets	Total carrying amount	% of total assets
Assets covered*	€9,164,440,715.65	23.90	€8,534,002,870.29	22.25
Trading book and on-demand interbank loans	-	-	€219,905,045.00	0.57
Exposures to central governments, central banks and supranational issuers	-	-	€19,848,150,687.00	51.76
Derivatives	-	-	€62,918.00	0.0002
Exposures to undertakings not obliged to publish non-financial information**	-	-	€580,798,045.06	1.52

*Covered assets have been calculated on the basis of the total carrying amount of balance sheet assets, considering the guidance provided in Article 7(1-2-3) of Delegated Regulation 2021/2178, and therefore excluding exposures to central governments, central banks and supranational issuers; derivatives, the trading book; on-demand interbank loans and exposures to undertakings not obliged to publish non-financial information. The percentages reported were calculated as the ratio of the total carrying amount of eligible and ineligible exposures, respectively, to the total carrying amount of balance sheet assets, as required by Article 10(3a) of the Delegated Regulation.

**Exposures to undertakings not obliged to publish non-financial information have been calculated as the difference between total exposures to corporate counterparties and total exposures to undertakings obliged to publish non-financial information.

The proportion of **eligible exposures in total balance sheet assets for the year 2021** was 23.90%, of which more than 99% were retail exposures through residential real estate loans or home improvement loans.

Excluding exposures to central governments, central banks, supranational issuers and the trading book from total balance sheet assets, in accordance with the definition of **covered assets for the denominator**¹³ in the Green Asset Ratio (GAR) to be disclosed as of 2023, the proportion in total covered assets of eligible exposures amounted to 49.85% (€9,164,440,715.65), while the proportion in total covered assets of non-eligible exposures came 46.42% (€8,534,002,870.29).

The list of **taxonomy-eligible covered assets** for **exposures to undertakings not obliged to publish non-financial information**, grouped by NACE code, is reported below.

¹³ The denominator shows total covered assets, accounting for 47.94% of total assets.

Eligible exposures to non-financial undertakings obliged to publish non-financial information by NACE sector		
Eligible economic sectors		Total carrying amount in euros
C24.5I	Casting of iron	94,946.01
C25	Manufacture of fabricated metal products, except machinery and equipment	1,229,413.10
C26	Manufacture of computer, electronic and optical products	1,100,314.43
C29.I	Manufacture of motor vehicles	377,879.50
D35.22	Distribution of gaseous fuels through mains	22,983.77
H52.2I	Service activities incidental to land transportation	740,718.10
H53.I0	Postal activities with universal service obligation	18,459,031.29
J6I	Telecommunications	360,291.44
K65.I2	Non-life insurance	116,693.42
M72.II	Research and experimental development on biotechnology	237,368.46
Total		22,739,589.47

Mediolanum Insurance Group (MIG) disclosure

In compliance with the disclosure requirement, Mediolanum Insurance Group is required to report separately:

- › the disclosures required of financial companies regarding **investment policies**, considering the total carrying amount of balance sheet assets as at 31/12/2021 for the MIG perimeter;
- › **non-life underwriting** activities in terms of "gross premiums written", for taxonomy-eligible (re)insurance activities in accordance with Annex II, points 10.1 and 10.2¹⁴, of the Climate Delegation Act.

INVESTMENT POLICIES

The template showing the disclosure for the 2021 financial year for the MIG perimeter is reported below. Specifically, it shows the proportion of total balance sheet assets made up of exposures to:

- › taxonomy-eligible and taxonomy-ineligible activities, where all direct and indirect investments were considered in the analysis;
- › central governments, central banks and supranational issuers;
- › derivatives;
- › undertakings not obliged to publish non-financial information.

¹⁴ 10.1 – Non-life insurance: underwriting of climate-related hazards and 10.2 – Reinsurance: EUR-Lex - C(2021)2800 - IT - EUR-Lex (europa.eu).

	Eligible***		Ineligible	
	Total carrying amount	% of total assets	Total carrying amount	% of total assets
Assets covered*	€2,027,927,166.21	5.48	€3,308,530,181.70	8.93
Exposures to central governments, central banks and supranational issuers	-	-	€6,657,175,003.63	17.97
Derivatives	-	-	€197,403,763.78	0.53
Exposures to undertakings not obliged to publish non-financial information**	-	-	€24,849,144,556.68	67.09

*Covered assets have been calculated on the basis of the total carrying amount of balance sheet assets, considering the guidance provided in Article 7(1,2,3) of Delegated Regulation 2021/2178, and therefore excluding exposures to central governments, central banks and supranational issuers, derivatives and exposures to undertakings not obliged to publish non-financial information. The percentages reported were calculated as the ratio of the total carrying amount of eligible and ineligible exposures, respectively, to the total carrying amount of balance sheet assets, as required by Article 10(3a) of the Delegated Regulation.

**Exposures to undertakings not obliged to publish non-financial information were calculated excluding exposures to supranational issuers, central governments and central banks, derivatives and undertakings obliged to publish non-financial information, irrespective of the eligibility or ineligibility of their activities.

***Exposures arising from investment properties were considered taxonomy-eligible exposures, accounting for approximately 5% of the total carrying amount of eligible exposures.

The result shows approximately 5.5% of the total carrying amount of balance sheet assets were taxonomy-eligible. Over 67% of MIG's exposures are to undertakings not obliged to publish non-financial information, of which 85% are towards undertakings that do not operate in Europe and, therefore, are not subject to non-financial reporting requirements. If the denominator is instead taken to be total covered assets (equal to 92% of the total carrying amount of balance sheet assets), as defined in Annexes IX and X of Delegated Regulation 2021/2178, specifically corresponding to total investments excluding investments in sovereign entities¹⁵, the eligibility ratio comes to 6.0%.

UNDERWRITING ACTIVITIES (NON-LIFE)

For the perimeter of the Mediolanum Insurance Group (GAM), the proportion of gross premiums written in taxonomy-eligible non-life underwriting activities is also reported, as (re)insurance business is considered an economic activity that potentially provides a substantial contribution to the climate change adaptation objective. Specifically, the following insurance services for the underwriting of climate-related hazards were included in the taxonomy:

- medical expense insurance;
- income protection insurance;
- workers' compensation insurance;
- motor vehicle liability insurance;
- other motor insurance;
- marine, aviation and transport insurance;
- fire and other damage to property insurance;
- assistance.

¹⁵ For the calculation of the denominator, in consideration of the indications of Article 7(1) of Delegated Regulation 2021/2178 ("The exposures to central governments, central banks and supranational issuers shall be excluded from the calculation of the numerator and denominator of key performance indicators of financial undertakings") and the indications of Annex IX of the same Delegated Regulation, which refer to "total investments" (item 4 of the Balance Sheet) as the denominator, investments in sovereign entities (government securities) were excluded from the total carrying amount of "Total Investments".

The proportion of "gross premiums written" in eligible (re)insurance activities was identified as the proportion of the **Lines of Business (LoB)** that, as Mediolanum Assicurazioni, **contain at least one policy with terms covering the climate-related hazards** identified in Appendix A of Annex II of the Climate Delegated Act.

The required disclosure was therefore prepared taking into account:

- › for the numerator, the total gross premiums written in relation to Lines of Business containing at least one policy with terms covering climate-related hazards;
- › for the denominator, the total non-life gross premiums written.

	Eligible		Ineligible	
	Total carrying amount	% of total assets	Total carrying amount	% of total assets
Gross non-life premiums written	€16,311,634.30	15.21	€90,932,052.60	84.79

Thus 15% of total gross premiums written in the year 2021 were found to be eligible, relating to the Line of Business "g) fire and other damage to property insurance", corresponding to Ministerial Classes 8 and 9 ("Fire" and "Other Damage to Property"). For the remaining LoBs identified by the Climate Delegated Act, no policies covering climate-related hazards were identified.

6.3 Responsible business

Banca Mediolanum's activities are underpinned by a solid ethical system. That system is built on a dynamic set of rules that are constantly updated to incorporate international best practices, and which all Group people are required to follow and apply in their daily work. Banca Mediolanum is committed to fighting all forms of corruption in the public and private sector, as defined in national legislation, certain provisions of which have implemented the UN Convention Against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Guidelines. As required by Legislative Decree 231/01, Banca Mediolanum has adopted arrangements to prevent such crimes, with particular importance placed on the "Policy on the Fight against Money Laundering and the Financing of Terrorism" in its corpus of internal regulations. Lastly, the Group's taxation strategy is set in line with sustainability objectives, in the awareness that the adoption of proper rules for the management of tax issues is essential for its shareholders and for all its stakeholders.

6.3.1 Organisation, Management and Control Model under Legislative Decree 231/01

Banca Mediolanum adopted an Organisation, Management and Control Model in 2003 in compliance with Legislative Decree 231/01. The 231/01 Organisational Model was developed by Banca Mediolanum following a process that identified, within the various areas of operation, the types of offence that could potentially be committed in the execution of the Bank's activities. The analysis and monitoring of the operational stages of each process identified the work practices and procedures that constitute organisational controls against the risks of the 231/01 Offences being committed. The rules on the corporate liability of corporations resulting from the committing of crimes have been interpreted in the light of the Bank's organisational structure and in consideration of the ABI Guidelines, market best practices, and case law produced over the years. In addition to crimes specific to the banking and financial industry, (such as market abuse, money-laundering and regulatory misconduct), other crimes which are not specific to banking activities, but which nevertheless present aspects of risk for the bank (such as computer crime, occupational health and safety breaches, corporate crimes and tax crimes) have also been considered. The Model is regularly updated in accordance with legislative amendments to "sensitive" areas, and also in response to major organisational changes in the company. The Supervisory Board performs its activities through an organised system of reports produced by the company departments that work on sensitive operations. The Board of Directors of Banca Mediolanum S.p.A. has allocated the functions of Supervisory Board to the Board of Statutory Auditors. An extract from the Organisational, Management and Control Model, adopted in accordance with Legislative Decree 231/2001 and approved by the company's Board of Directors, is published on the company's website (www.bancamediolanum.it, in the Corporate governance section under the heading Supervisory Board).

6.3.2 Commitment to the fight against corruption

The fight against corruption is necessary to assure the socio-economic growth of an organised community of people. Corrupt practices undermine the relationship of trust which must be maintained at every level with public institutions and among economic operators. They create a system that distorts the positive effects of a market economy, which is designed to protect basic interests and common rights.

The organisation actively participates in the fight against all forms of corruption, both public and private, as referred to in current legislation, certain provisions of which have implemented the

UN Convention Against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Guidelines. Banco Mediolanum prohibits any attempt at corruption, any inducement to give promised benefits, or the acceptance of any benefit if the aim is the omission of the duties of the relevant role, or the breaching of obligations of loyalty. In the conduct of business and commercial relations, it must be remembered that (i) entertainment costs, (ii) the provision of gifts or donations, (iii) sponsorships, and (iv) the granting of special commercial terms can never be improper or go beyond the bounds of normal practice or courtesy. Where permitted, such arrangements must take place in accordance with company procedures. Equally, the receipt or acceptance of gifts or hospitality or any other benefit or utility that breaches the above-mentioned customary practices, is also prohibited if it could be construed as a request to breach official duties or the obligation of loyalty, or as an attempt to influence decisions. Institutional and commercial relations with national or EC public bodies or with public officials or persons in public service or with bodies representing public institutions and regulatory authorities are governed by specific company procedures. The predicate offences, which are provided for without the name of the above decree, include:

- > Corruption in business
- > Corruption
- > Influence trafficking

Banco Mediolanum conducts an annual risk assessment with regard to criminal law compliance, in line with the Spanish Criminal Code, involving the identification of activities entailing potential criminal risk. The results of this assessment are presented to the Ethics Committee, to the combined Audit and Risk Committee and to the Board of Directors. Similarly, the action plan of the Bank covers training for directors, senior managers, employees and the salesforce, on the Code of Ethics. Training this year was provided to senior managers, all employees and the sales network of the Bank and Asset Management Companies.

A number of other regulators have also introduced organisational controls and measures to counter corruption indirectly: These measures include the principles of traceability and the analysis of suspicious transactions, the fight against unfair business practices and an analysis of market abuse transactions.

6.3.3 Tax Policy

The Group's taxation strategy is elaborated in accordance with its sustainability objectives, in the awareness that the adoption of proper rules for the management of tax variables is essential for shareholders and for stakeholders.

The **tax principles** adopted by the Group, as set out in the Banca Mediolanum policy "Principles of Tax Conduct – Taxation Policy", are:

- › Sustainability and legality;
- › Transparency, collaboration and integrity in relations with the financial administration;
- › Tone at the top, which means that the Board of Directors of the Parent Company Banca Mediolanum is identified as the body responsible for defining the Group's taxation strategy;
- › Dissemination of a tax culture within the company.

As a model of tax risk governance, the Mediolanum Group taxation strategy is informed primarily by the following regulations and practices:

- › at international level: Cooperative Compliance: A Framework (OECD 2013); Cooperative Tax Compliance: Building Better Tax Control Frameworks (OECD 2016);
- › at national level: Legislative decree 128 of 5 August 2015, headed "Provisions on certainty of law in relation to the taxpayer and the tax authorities"; Bank of Italy Circular 285/2013 relating to the management of tax risk;
- › It also refers to the following internal regulations: Code of Ethics; Organisation, management and control model of the Mediolanum Group (Model 231/OI), Sustainability Policy.

The Board of Directors of the Parent Company Banca Mediolanum S.p.A. has authorised the adoption of the "Taxation Policy – Rules of Conduct in Taxation Matters" of Banca Mediolanum ("Taxation Policy").

The taxation policy, or taxation strategy, sets out the guidelines and rules of conduct for the management of tax issues and, in particular, the associated risk of sanctions and reputational risk. The document also outlines the roles and responsibilities in managing taxation risk, and the ways in which guiding principles are applied. The principles set out in the taxation policy have been adopted by Banca Mediolanum and all the companies belonging to the Mediolanum Financial Conglomerate, including the foreign legal entities.

The organisational model adopted by the Group to guarantee compliance with tax laws and the management of taxation risk requires the Board of Directors of Banca Mediolanum S.p.A. to approve the taxation policy and any subsequent updates to reflect organisational changes, modifications to regulated processes, and/or requirements arising from regulatory reforms.

The adoption of the principles, as set out in the taxation policy, requires that each Group company:

- › respects and applies all the tax regulations in the countries of operation, and that it works transparently with the taxation authorities;
- › fulfils its tax obligations according to the times and methods defined by the taxation authority or regulations;
- › avoids forms of fiscal planning which could be judged aggressive, by the taxation authorities;
- › interprets the rules in accordance with their spirit and purpose, avoiding any form of instrumentalisation of their literal wording;
- › represents the acts, circumstances and transactions it undertakes in a way that allows taxes to be levied in accordance with the actual economic substance of the transaction;
- › guarantees the transparency of its operations, and that its income and assets are determined by avoiding the use of any method or corporate structure that could conceal the real beneficiary of cash flows, or the final keeper of the assets;
- › complies with the rules designed to assure appropriate transfer prices for intragroup transactions, so that the income generated is allocated in accordance with the law;
- › does not use artificial structures or companies that are unrelated to its business activity for the sole purpose of evading the tax regulations;
- › offers products and services to its customers that do not allow the gaining of undue taxation advantages that would otherwise be unobtainable, and also that it puts in place appropriate control to avoid any involvement in fiscally irregular operations carried out by its customers.

The taxation strategy includes the following main strategic priorities:

- › compliance with tax regulations;
- › safeguarding of the Group's reputation as a responsible taxpayer;
- › the existence of an organisational structure to guarantee adequate taxation management.

Taxation governance is pursued through the Tax Control Framework outlined by the Tax Policy and in the "Tax Compliance and Advisory Sector Regulations". The roles and responsibilities in the process of taxation management are clearly allocated, with adequate compliance with the principles of segregation and escalation of decisions.

Compliance with tax regulations and with the relative tax control framework is monitored on several levels:

- › the first level is mainly behavioural, as it is represented by the awareness and responsibility of Management for implementing suitable controls against the risks associated with their area of activity;
- › level 2 is organisational, as the bank has set up its own control unit within the Tax Affairs Division, known as the Compliance and Advisory Sector. This unit is responsible for overseeing the process of identifying, measuring, managing and controlling taxation risks. The Compliance and Advisory Sector also participates in the compliance process (as defined in the Group Compliance Policy), by assisting the Compliance departments of the Banking Group and the Insurance Group, while directly performing some of the activities delegated to it as a specialist compliance unit.
- › Finally, Internal Audit is responsible for providing overall assurance of the design and operation of the system of internal controls and risk management.

Incidents or suspicions of tax fraud can be reported internally using the channels set up by the company (such as the Whistleblowing system – see section on the Internal Whistleblowing System).

The taxation disclosures of Banca Mediolanum and all the Group companies are audited on an annual basis as part of the auditing process for the separate and consolidated financial statements.

The Mediolanum Group considers that the economic and social development of national and international markets should be supported by taxation practices which are conducted responsibly, and by the elaboration of fiscal regulations that allow healthy competition.

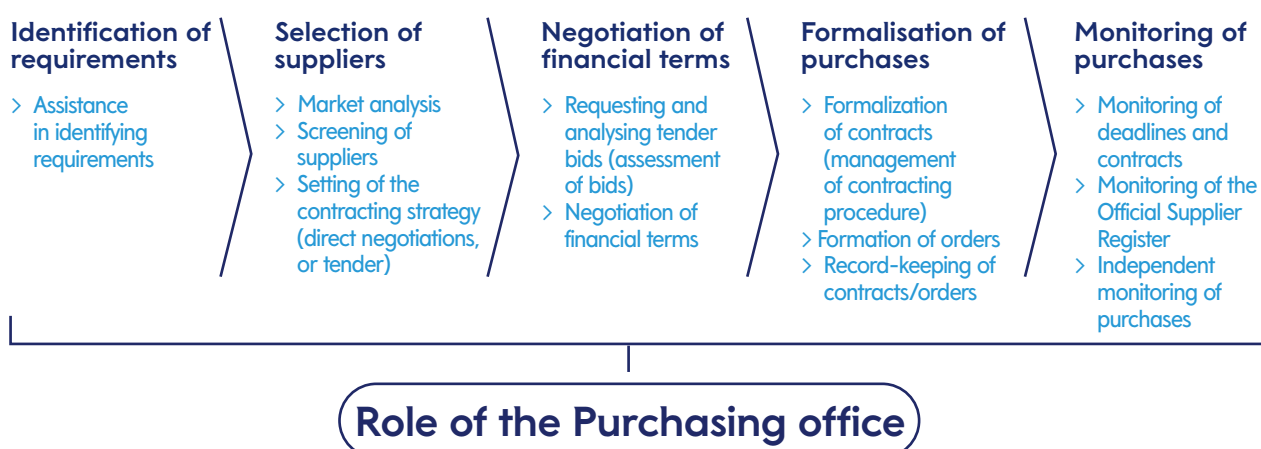
As a member of the national industry associations (ABI, ANIA, Assogestioni etc.), Banca Mediolanum and its subsidiaries regularly participate in discussions on taxation regulations, stating their positions transparently and communicating with all the interested parties.

6.4 Procurement and supplier screening policies

Due to the importance of the responsible procurement policies as far as risk management is concerned, Banca Mediolanum **has enhanced the criteria used to screen suppliers** by extending the rating to include an analysis of their socio-environmental impact. Currently, the process used by the Group to source its suppliers covers an assessment of governance and ethics, as well as aspects connected to human rights, worker health and safety and environmental performance.

6.4.1 Procedure for selecting suppliers and purchasing methods

With a view to pursuing the **continuous, responsible and sustainable improvement of its procurement process**, Bank has established a partnership with Bureau Veritas, a body which is recognised and accredited by leading Italian and international inspection, compliance and certification organisations. This partnership has focused on the topics covered by ISO 20400:2017, which is the first international standard on responsible procurement. It allows companies to take better-informed decisions by introducing criteria and processes for screening suppliers, products and services on the basis of their sustainability performances. **In March 2020, the Purchasing Division updated the screening process for Official Suppliers to include information on the social and environmental impacts of products and services provided** and an assessment of their supply chains, also with regard to respect and protection of human rights. The **screening model used for sustainability criteria** is also applied during the tendering phase, so that the tender specifications can be extended to include the socio-environmental impact of suppliers' products and services. The sustainability information provided in tenders is weighted and included in the **scoring model**. Furthermore, standard contract clauses require suppliers **to warrant compliance with anti-corruption and anti-collusion regulations** (Law 231), Mediolanum Group's Code of Ethics, and regulations governing contracting, subcontracting and the GDPR. In addition, a project is underway to expand the screening criteria for suppliers through the adoption of an ESG Score. The aim of the project is to improve our knowledge of our partners by expanding the ESG information collected by the screening model for Official Suppliers through the CRIF-certified rating.



Banca Mediolanum favours innovative solutions that minimise the consumption of energy resources, or which require the use of low-environmental impact resources while maintaining high standards of efficiency and safety. **Procurement helps with selecting projects that can innovate our business processes in order to reduce the use of these resources, bringing particular benefits to the company and to our customers.**

Accordingly, Procurement is tasked with:

1. digital signatures have now been fully adopted for the electronic signing of contracts, totally eliminating the consumption of paper;
2. in cooperation with IT, the rental contract for the company's multifunctional equipment has been extended for a further 18 months, thus lengthening the life of the equipment and avoiding the production of equipment waste.

6.4.2 Suppliers listed on the Official Register of Suppliers

Frequent suppliers, as well as those with sales of over €100,000 (approximately 300 suppliers in total) are invited to be screened for their inclusion in the Register of Official Suppliers. In 2021, supplier screening activities were carried on in line with policies and regulations. At the end of the year, a total of around 470 suppliers, including approved suppliers and those in the approval stage, had responded to the specific questionnaire on social sustainability.

Breakdown by product category Italy

%	2021	2020
EDP and databases	47.52	46.28
General expenses	17.38	20.94
Promotion, advertising and marketing	13.19	11.85
Professional services	10.48	9.82
Property management	3.42	3.25
Utilities	1.31	1.39
Transportation and shipment	2.39	2.20
Insurance	2.02	1.89
Others	2.29	2.37

7. Responsibility to customers

In line with its Vision, Mediolanum **has always offered its customers a relationship based on freedom and the human factor**, and places people at the heart of its business model through its resources, tools and services. Mediolanum offers a range of **sustainable products and services**, as described in more detail in section 7.2 *Responsible Finance*, where a comprehensive overview of our customer services is provided. The effort invested in our range of products and services reflects the importance we place on guaranteeing a high level of customer satisfaction through ever more flexible and cutting-edge solutions, such as the **digitalisation** of services, allowing customers to bank remotely – an aspect of great importance in the context of the Covid-19 pandemic. Through **innovation** in products, services and tools, customers have the possibility of having their bank at their fingertips as well as a Family Banker always available and willing to guide them in their savings management choices.

7.1 Centrality of the Customer

Mediolanum was conceived from the start as “the bank built around the customer”, and it has always placed the customer at the heart of its business model. This strong focus on understanding our customers’ needs is expressed in the relationship between the customer and the Family Banker, a dedicated advisor to help our customers to make the most of their finances and achieve their goals. With the main goal focused on the centrality of the person, customer care and outstanding service, the Group’s strategy is designed to guarantee the transparency and clarity of information and a service based on a multi-channel digital concept.

7.1.1 Personalisation, security and innovation in financial services

Although the Covid-19 pandemic has been extremely dramatic, it has highlighted the foundational values and principles that underpin the existence and validity of the Banca Mediolanum model. The centrality of the customer relationship and the responsibility assumed for it, from the highest levels of management to the front-office operator, made a difference, as far as it was possible, in mitigating the dramatic impacts of Covid-19. Despite the complexity of the situation, Family Bankers proved they were still able to reach their customers in an instant, through the technologies provided by the Company, ensuring continuity and total safety of service. Our efforts to provide guidance and information to help customers understand the complex, congested and hyper-reactive dynamics of capital markets during lockdown restrictions led to greater awareness and confidence in the advisory we provide and the strategies we propose. All this has translated, year-on-year, into rocketing growth in the Banca Mediolanum’s key performance indicators, including gross total funding, administered deposits, managed deposits, loans disbursed and the use of e-money instruments.

Customer Satisfaction Italy 2021

%	2021			2020		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
A bank that offers a complete range of products and services*	84.0	73.0	80.0	85.4	74.3	79.8

* Source: 2021 Customer Satisfaction Survey, carried out in partnership with BVA-Doxa. CAWI surveys (online questionnaires) conducted in December 2021 and January 2022.



2021 STIGA* CUSTOMER SATISFACTION AWARD, NUMBER ONE IN 15 OUT OF 16 CATEGORIES

Banco Mediolanum ranked first place in 15 of the 16 categories considered. In particular, Banco Mediolanum topped the Global Satisfaction Index, with the highest percentage of satisfied customers.

One of the factors that was considered was customer satisfaction with services such as mobile banking, and the propensity to recommend their bank. The findings of the customer satisfaction benchmarking study for the financial sector in 2021 ranked Banca Mediolanum in the top three spots in 15 of the 16 indicators analysed, with 8 first-place rankings, 4 second-place rankings and 3 third-place rankings.

7.1.2 Management of digital channels

The guiding principles, architectures and interdependencies that underpin the process of feed-in and updating of our digital channels (for example home banking, mobile app and IVR) for Banca Mediolanum customers (direct channels) are outlined in the "Regulation on the evolution of the digital channels for Banca Mediolanum customers" (28/09/2016).

* In Spain, since 2012 the independent consulting firm Stiga has conducted Customer Satisfaction Benchmarking surveys to rank the financial institutions operating on the Spanish market in terms of customer satisfaction and commitment. The survey covers various parameters and gathers opinions from the customers of seventeen banks.

7.1.3 Multi-channel banking, Banking Center, Internet and Mobile

In 2020, numerous actions were launched to encourage the use of digital channels by customers, backed by targeted marketing campaigns involving e-mails, text messages, social media networks and the provision of information and materials (including videos) through the sales network. The year 2021 was marked by the further development of Banca Mediolanum's digital channels, with efforts focused on the Mediolanum app, available for Android, iOS and Huawei. According to the latest Doxa Customer Satisfaction Survey (BVA-Doxa, December 2020–January 2021), the Mediolanum app tops the rankings in customer satisfaction, scoring 87.7 out of 100 with Banca Mediolanum customers – an improvement on the score obtained twelve months earlier (86.6) and beating the average of other major market players (77.5). The Banca Mediolanum app is always top-rated on the Android mobile store (4.7/ 5) and on Apple (4.4/5).

The same DOXA survey also found customer satisfaction with the bmedonline.it website to be high with Banca Mediolanum's customers, with a score of 85.4 out of 100, again posting an improvement on the previous year (83.9) and beating the average of other major market players (76.7).

Several projects of great impact for customers were rolled out in 2021.

In January, to coincide with the launch of the new Selfy current account, a new version of the prospect placement platform was released, redesigned to make the process of opening the account even simpler and faster.

In April, the digital signature feature for signing contract proposals discussed with a Family Banker was extended to the Mediolanum app (formerly available only on the bmedonline.it website).

In June, a personal financial management service featuring a data aggregator was launched on the mobile banking platform. The service is offered free of charge and allows customers to

- › display the balances and transactions of bank accounts held with other financial institutions on the Mediolanum app
- › view the list of current account transactions automatically categorised by type and access reports and analyses on expenditure categories

In July, a Profile section was introduced on the Mediolanum app (previously only available on bmedonline.it), in which customers can view and update their personal information. A particularly important aspect of the new section is that it enables identity documents to be updated directly by mobile phone, either by uploading or by photographing. That also made it possible to introduce cross-channel document updating, where customers can start the procedure from bmedonline.it, scan the document with their smartphone camera and then return to complete the update from the website.

Also in July, a Documents area was introduced on the Mediolanum app (previously only available on bmedonline.it), which allows customers to view, download and share official banking documents (account statements, payment confirmations, etc.), along with an encrypted code storage feature that customers can choose to use to avoid having to enter their customer code every time they log on.

In October, a new customer communications system was launched on the bmedonline.it website and the Mediolanum app that enables bank communications to be personalised to match the customer's profile.

Looking instead at usage, more than one million individual customers logged on to bmedonline.it or the Mediolanum app at least once in 2021. In line with the trends seen in past years, mobile is the channel most frequently used by customers: in 2021, 81% of the nearly 130 million (TBC) log-ins to the Bank were from the app.



Mobile app: 8.4 million transactions were made via the mobile smartphone app in 2021, an increase of 16% on 2020, confirming Mobile as the channel with the strongest growth.



Website: in 2021, just over 20 million log-ins were made to bmedonline.it, down from 2020 (-11%). From a transactional point of view, the predominance of the bmedonline.it website over the Mediolanum app is no longer so evident, as we can consider transactions to be split around 50% between the two channels.



Telephone: the number of telephone banking calls fell compared to 2021, with 4 million contacts compared to 4.7 in 2020. The decline was seen both in contacts handled fully by IVR and those handled by a Banking Specialist.

The Customer Banking Centre operates in Italy with around 600 operators, providing qualified and comprehensive assistance, whether for information or transactions, to the Bank's customers.

In 2021, the **Customer Banking Centre assisted a total of 598,121 individual customers**, providing telephone support or assistance in writing (chat and/or email).

Overall, as customers increasingly used digital channels, **inbound volumes dropped by 8.4% compared to 2020, amounting to 2,913,129 contacts**.

With specific regard to the telephone channel, the **average customer waiting time was 50 seconds, an improvement on 2020**, although the year was characterised by high volatility due to the health emergency.

Customer satisfaction with the service provided continued to be very high, as shown below.

Customer Satisfaction Italy 2021

%	2021			2020		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Overall satisfaction with online banking	86.0	76.0	83.0	87.1	78.1	83.0
Overall, website	86.0	75.0	84.0	86.3	77.9	84.0
How would you rate the overall quality of the Banca Mediolanum website?	86.0	76.0	84.0	86.8	78.5	84.4
"And how would you rate the quality of the Banca Mediolanum website compared to your expectations?"	86.0	75.0	83.0	85.6	77.2	83.6
Overall, app	86.0	76.0	82.0	88.0	78.3	82.0
Overall satisfaction with the app	86.0	76.0	82.0	88.2	79.1	82.6
Satisfaction with app vs expectations	86.0	76.0	82.0	87.8	77.3	81.6

Source: 2021 Customer Satisfaction Survey, carried out in partnership with BVA-Doxa.

7.1.4 Banking services

With the persisting emergency of the Covid-19 pandemic, in 2021 Banca Mediolanum continued its efforts to support customers through ongoing innovation, focused on digitalisation and sustainability issues.

With reference to banking products and services, Banca Mediolanum continued to invest in digitalisation to serve the new needs of its customers, who are increasingly smart and digital. For example, in June Banca Mediolanum released the new "Il Mio Bilancio" service on its app, a new digital service that allows customers to access, from a single digital environment, information on payment accounts held also with third parties. The product is available to Banca Mediolanum personal account holders who access their account via the App and is offered free of charge.

In the first quarter of the year, the new "SelfyConto" current account was launched, along with the associated "Selfy Summer Promo", an initiative aimed at rewarding new SelfyConto account holders for virtuous behaviour. Another reward initiative was "Mediolanum ForYou Rewarding Presentati", which awards points to new current account holders referred by existing customers, which can then be spent on rewards.

Finally, in order to continue providing customers with a valid investment tool, at a time of continuous market volatility, in the third quarter of 2021 Banca Mediolanum launched a promotional initiative offering a competitive lending rate.



2021 RANKIA* AWARD BEST CURRENT ACCOUNT

Banco Mediolanum's **Cuenta Evolución** won the Award for Best Current Account in Spain

* Rankia is the leading Spanish-speaking financial community in the world, with more than 600,000 registered users. It is aimed at investors and consumers seeking to resolve doubts and exchange opinions and information, allowing them to share impressions and concerns about various economic topics in forums, blogs, webinars, courses and community events.

7.1.5 Lending

Instant Credit and Shop For You

In 2021, the “Selfy” project was expanded to include the digital loan products “Instant Credit”, a personal loan product, and “Shop For You”, a special purpose loan product. The project targets customers who choose Banca Mediolanum products on their own, without the help of a Family Banker.

Other loan products are discussed in the section *7.2 Responsible Finance* as they relate to socio-economic aims. Specifically, these products are:

- › Iniziativa Casa+
- › Mediolanum Eco+ mortgage loan
- › Mediolanum Young mortgage loan
- › Mediolanum Home Loan Guarantee Fund
- › Istant Credit personal loan
- › Shop For You special purpose loan
- › Mediolanum Superbonus 110+ loan
- › Prestito Mediolanum Bonus+ loan
- › Mediolanum Eco+ Mobility loan

Lending in Spain

Guaranteed loan

Banco Mediolanum always puts the customer at the heart of its business model by improving its services, and thus offers loans with guarantees to meet its customers' needs. The guaranteed loan offer is open to customers who have taken out managed savings products retailed by Banco Mediolanum, and offers a very competitive interest rate. The loans can be taken out via the website of Banco Mediolanum, if all the documents needed for the operation are uploaded online. The Family Banker manages the customer's application via BMedRed (Commercial Extranet). The customer and their Family Banker receive regular online updates about the progress of the lending process.

Pre-authorized credit cards

To improve the customer experience and streamline the procedure, Banco Mediolanum has made it easier to apply for a credit card via web or app, by conducting a pre-analysis of customers who meet the criteria. This means that customers who meet the criteria can apply for a credit card, set their credit limit, and select a PIN number. Pre-selection of the PIN number eliminates mailings, saving on printing and postage costs. Customers receive the credit card within a maximum of 7 days, and the user experience is very positive.

Instant credit

Banco Mediolanum offers its customers instant access to personal finance using filters on the risk criteria. The loan amount is paid instantly into the current account.

The Spanish **ECO Loan** product is instead described in the section *7.2 Responsible Finance*, given its environmental ends.

7.1.6 Protection

In compliance with the provisions of IVASS Regulation 41/2018 on the consistency of information provided in documents making up the Information Set, Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A. reorganised their Insurance Terms and Conditions to match the layout of the supplementary precontractual information documents, making it easier for customers to read and understand the document. In relation to marketing and communications, various **insurance education and awareness-raising initiatives** were targeted at both customers and the sales network on the topic of protection, involving webinars featuring authoritative speakers well-known to the public.

In 2021, two webinars using the format were held, in what has become a regular event for customers, focusing this year on the importance of planning in all aspects of personal life and the importance of protection to support family wealth planning.

Other events were organised locally by the sales network to reach customers digitally, featuring authoritative speakers to explain why it is so important for people to quantify their need for protection against major risks and overcome the emotional resistance that characterises the Italian market, and to analyse their insurance needs carefully and meet those needs through the dedicated products available on the market. The message on the importance of protection in life planning and in financial and asset decisions was also promoted through the short film "The Man Who Invented the Future".

Efforts to push ahead with digitalisation, the importance of which emerged forcefully with the pandemic last year, led to the development in 2021 of direct and innovative channels for purchasing insurance policies, as well as further progress in the dematerialisation of contractual communications for all stand-alone policies. All this is an important sign of Mediolanum Group's commitment to sustainability and to finding ways to meet the needs of the present, without compromising the ability of future generations to fulfil theirs, ensuring the resources will still exist to support them.

PRODUCTS AND SERVICES OFFERED

The health care emergency caused by the spread of the Covid-19 virus continued to affect 2021 in terms of uncertainty, both for individuals and their families, and for companies with regard to business and their employees. At the same time, the decline in the infection rate facilitated a return to more "normality" in daily life.

In response to the insurance needs arising from the situation, Banca Mediolanum introduced new stand-alone insurance solutions into its range of products, alongside the wealth advisory traditionally offered to families.

- › **Mediolanum Capitale KeyPeople:** Banca Mediolanum's response to corporate demand for products to protect their business and employees was to start distributing the Mediolanum Capitale KeyPeople policy, designed to protect business continuity. The product is targeted at corporate legal entities looking to insure the key people in their organisations who are fundamental for business continuity against the risk of death, permanent total disability and temporary total disability.
- › **SelfyCare Line:** the SelfyCare line was launched as a digital solution for daily life and relationship needs. The first policies launched include Mediolanum Assicurazioni SelfyCare Travel, affording coverage for travel assistance, medical expenses, injuries and much more when travelling, and SelfyCare Pet, which protects owners for damage that pets (dogs and cats) may cause to third parties, while covering minor veterinary expenses, injuries and illness.

CAMPAIGNS AND PROMOTIONS

The Bank dedicates promotions to its best customers – personal protection policyholders – such as:

- › free access to the Virtual Hospital platform of our partner Blue Assistance to benefit from a variety of health services, including video/telephone consultations;
- › free COVID-19 antibody testing at participating network facilities.

Protection in Spain

Protection is part and parcel of the advisory offered by Banco Mediolanum, as it is an essential lever in preserving the "human capital" of our customers.

In order to optimise solutions for its customers, in 2020 Banco Mediolanum successfully applied to the General Directorate for Insurance and Pension Funds (DGSFP) to become a Linked Secure Banking Operator. The accreditation enables the Bank to offer its customers an even more comprehensive range of products.

Currently, Banco Mediolanum offers unit-linked life insurance in partnership with Mediolanum International Life, the group's Irish company and non-life insurance in partnership with Generali. Non-life insurance specifically affords coverage for Accidents, Home and Life, ILT and Business. In addition, the life insurance product range has been expanded with the introduction of the Generali Universal Life product, where annual premiums are set at the time of signing.

7.1.7 Protecting our customers

Protecting the key aspects of our customers lives is a concern that Mediolanum incorporates into the transparency of the materials connected with its banking products and services. The range is designed and updated in line with the guidelines on product oversight and governance arrangements for retail banking products issued by the European Banking Authority (EBA) and in accordance with transparency requirements to provide the necessary clarity of information.

TRANSPARENCY

The regulatory framework governing banking transparency is highly complex. Its main purposes are to ensure the **Protection** of customers, through the proportionality of rules and organisational requirements, the **Comparability** of products, through the use of comprehensive cost indicators, and the **Standardisation** and **Simplification** of information documents. At the end of 2019, the Bank set up a centralised unit tasked with the constant governance and monitoring of all Transparency activities of the various organisational units and with framing and reinforcing the topic of transparency in Group regulations and all relevant processes. The Group's concern for customer protection, as well as its growing support for customers throughout the Covid-19 pandemic, was also expressed through its participation in working groups for the creation, and subsequent implementation in the relevant transparency materials, of specific banking products and services (e.g. Ecobonus, SACE-guaranteed loans and current accounts).

Work is currently underway on the design and implementation of automated procedures for producing the information and documents required by Transparency regulations, with the aim of strengthening and improving the effectiveness of transparency processes in banking services. The activity will be completed in 2022. Banca Mediolanum is also committed to the inclusiveness and simplification of banking language, which is why it actively participates in various industry and other working groups on the issue for continuous improvement in that area.

In Spain, Banco Mediolanum promotes transparency in its commercial communications through its membership of Autocontrol, a non-profit organisation that works to ensure that advertising is truthful, legal, honest and fair. Autocontrol is responsible for industry self-regulation of advertising in Spain, and Banco Mediolanum obtains pre-approval of its advertisements in order to guarantee confidence and credibility. Existing and potential customers of Banco Mediolanum benefit from this self-regulation, as it guarantees responsible communications which conform to all legal requirements. Autocontrol examines the projects and advertising campaigns of Banco Mediolanum before they are released, and approves their legal and ethical content. It is a priority for the company that customers receive quality advertisements that respond to their needs and concerns. Once again, the communications strategy revolves around the centrality of the customer.

MIFID II

In relation to the Mifid II Directive, the following projects were started up in 2020 and concluded over the course of 2021:

- › implementation in the Bank's proprietary systems of a model (equivalent products) for the quantitative quality assessment of Asset Management financial instruments offered to customers;
- › the creation of a model (substitutions) for carrying out adequacy assessments (in terms of the cost/benefit ratio for customer portfolios) for substitutions of Asset Management financial instruments;
- › the incorporation into Mediolanum reporting of new measures for disclosing costs and charges, along with a commitment to submitting reports by April of the year following the reporting year.

Other projects in 2021 generally linked to the Mifid II framework involved the further refinement of due diligence checks to ensure that any reprofiling of customers is not aimed at accessing products otherwise not permitted, and their extension to all products covered by customer due diligence; and the inclusion of information in the half-yearly statements sent to customers on the status of investment portfolios in relation to Mifid attributes.

A revision of the Mifid II profiling questionnaire and the introduction of an ESG variable in profiling and in the adequacy engine are planned for 2022.

7.1.8 Management of complaints

In accordance with current regulations, the Mediolanum Group has adopted a **structured, documented process for the management of complaints by customers and prospects**, in order to provide exhaustive responses. The full satisfaction of our customers is not only a priority element of our strategy, but is also an important factor in building and disseminating a positive image of the company on the market.

The **complaints management procedure** allows us to log the basic elements of each complaint we receive, and to keep records of any measures taken on the customer's behalf to resolve the problem. Each complaint we receive is classified according to the service or product it relates to. It is given a unique numerical annual identifying code.

- › For the Group's **Italian companies**, the complaint management cycle involves the stages of acquisition, registration, investigation and preparation of responses. Complaints sent to Mediolanum Fiduciaria are dealt with directly by that company for reasons of client confidentiality.
- › Similar procedures have been set up for the Group's **foreign companies** in order to ensure that complaints received are handled properly, with regular reports provided to the Parent Company.

When handling complaints received, Complaints Offices are also responsible for reporting the need for any risk mitigation measures and/or improvements actions in the processes and procedures adopted, as found through an analysis of the cases handled and involving, as necessary, second level corporate departments and the organisational units concerned by the issue in question, such as, for example, Compliance, the Organisation Division and the Transparency Unit. Periodic reports on complaints are thus prepared by the offices and duly submitted to the Board of Directors and oversight bodies and departments. The annual report prepared by the Compliance Department also includes information on the complaints handling process and any procedural, organisational and behavioural shortcomings identified and reported by the Complaints Offices.

An examination of complaints received in 2021 did not reveal any procedural, organisational or behavioural shortcomings such as to be reported to the governance bodies. A number of mitigation initiatives were monitored for the most significant areas and activities were started up to improve operational and customer service processes.

In Spain, Banco Mediolanum has a dedicated Customer Service unit tasked with handling and resolving any complaints and claims made by customers in relation to their legally-recognised interests and rights. The unit's operations are governed by Operational Regulations, adopted in accordance with the provisions of Order ECO/734/2004 of 11 March 2004.

7.1.9 Complaints to the BFO and the FDA (ABF/ACF)

In 2021, the Banking and Financial Ombudsman (ABF) forwarded 38 complaints to Banca Mediolanum and 13 complaints to Prexta, while 9 complaints were received by Banca Mediolanum and 1 complaint by Mediolanum Gestione Fondi from the Financial Disputes Arbitrator (ACF).

7.1.10 Customer-oriented communication

Corporate communications in Italy

The year 2021 was opened with a full-media advertising campaign run in **January** for the launch of Mediolanum Selfy, a comprehensive range of products and services that customers can activate by opening a SelfyConto current account, offering them the freedom to manage their daily banking needs on their own.

At the end of **April**, a new out-of-home advertising campaign was launched in the press to promote Banca Mediolanum's Individual Savings Plans (PIR), in particular the new Alternative Plan by Mediolanum Private Markets Italy. The campaign message emphasised the value of Individual Savings Plans as both an investment product that delivers concrete benefits and as a means to help kick-start the country's economy.

The third advertising campaign for the year was launched in **May** to promote Mediolanum Private Banking and the value of its advanced advisory services through the new concept of Wealth Care as an all-round approach to asset management. The campaign was built on a message emphasising the value of the specific services and high-profile advisory offered by Banca Mediolanum's Wealth Advisors and Private Bankers, also thanks to the support of the Wealth Management and Investment Banking divisions and Mediolanum Fiduciaria.

A full media campaign kicked off in **June** to promote Mediolanum Selfy and the expansion of the range dedicated to Banca Mediolanum account holders. The campaign also marked the launch of the new "Il Mio Bilancio" feature, through which customers can view all their bank accounts and cards, even those held with other institutions, in a single environment, allowing them to keep an eye on their ordinary and extraordinary expenses and manage their savings more easily. Another focus of the campaign was the expansion of the Selfy range with the launch of SelfyCare Pet and SelfyCare Travel, insurance policies that can be activated directly through the app and which afford protection for pets and coverage of travel-related risks. The advertising campaign also included a focus on SelfyShop, the zero-interest loan that can be activated in real time via app, giving customers the opportunity to purchase selected products from prestigious brands in instalments.

To support new customer acquisition, a flighted campaign was run in **September** to promote the new "Member Get Member" referral programme, which offers rewards to customers who refer friends that then become customers. The campaign builds on the strong customer satisfaction performance of the bank, as confirmed by the Doxa survey conducted at the end of 2020, which found Banca Mediolanum to be most highly recommended bank by customers in Italy.

Finally, on 18 **November**, the new short film "The Man who Invented the Future", produced by Banca Mediolanum and directed by Ferzan Ozpetek, was presented, with the aim of following up the narrative line launched in 2020 with the "Tell Me About Myself" project. The new marketing initiative also aims to raise awareness of the importance of wealth planning in the financial planning of one's future. The new project also involves a call to action that refers people to a landing page with dedicated content, set in the new environment of Mediolanum Play, a new space featuring a selection of videos showcasing the world of Banca Mediolanum and its story.

In all, 4 full-media campaigns were launched in 2021, involving television, radio, the web, print media and billboard media, along with 3 out-of-home campaigns run in press. Continuous action was also taken on the Bank's web and social media, as a further means of reaching out to and engaging the community of Mediolanum followers.



2021 INTERACTIVE KEY AWARD BRAND ENTERTAINMENT AND WEBSERIES CATEGORY

At the Interactive Key Award, a festival dedicated to all-digital advertising on the web and mobile media, Banca Mediolanum won the Brand Entertainment and Webseries award for the campaign "**Tell Me About Myself**", a short film designed to raise awareness of the importance of financial and wealth planning for achieving goals in life and protecting the people and relationships dearest to us over time.

Corporate communications in Spain

For the second year running, Banco Mediolanum topped the customer satisfaction rankings at national level, as found by the 2020 Customer Satisfaction Benchmarking survey conducted by Stiga, an independent advisory firm that studies the major players in Spain's banking industry. In May 2021, advertising campaigns were run to spread the news of the results of the customer satisfaction survey.

In keeping with the communications strategy pursued, a new advertising campaign was launched in 2021 entitled "Mis Otros Yo" (My Other Selves) to promote the importance of financial support.

7.2 Responsible Finance

The key challenge of global proportions today is the fight against climate change. Many of the levers required to combat climate change and reverse the social and economic impacts it entails are in the hands of national governments. Such is the scale, however, of the investments needed to steer the transition towards a climate-neutral economy that it also requires the efforts and contribution of financial institutions, which have chosen to direct their efforts at the twin goal of producing shared benefits for the community, as well as economic profit.

Accordingly, in line with the strategic and regulatory initiatives promoted at European level, such as the European Green Deal and the Action Plan for Financing Sustainable Growth, and the progressive shift witnessed in the preferences of investors and customers, back in 2019 Mediolanum Group decided to chart a new course, one aimed at:

- › consolidating the Group's policies on responsible finance;
- › developing sustainable products and services;
- › incorporating environmental, social and governance (ESG) factors into risk management systems.

7.2.1 Responsible Finance policies

All Group companies involved in investing activities consider **environmental, social and good governance (ESG) factors** when deciding how to allocate financial resources to economic activities, thus adopting a responsible approach.

Banca Mediolanum

In 2021, **Banca Mediolanum adopted specific policies** on Responsible Finance **and amended some of its existing policies to include ESG topics**.

To begin with, a new **Responsible Investment Policy** was introduced. This Policy treats responsible investing as a medium- to-long-term investment strategy, whereby companies and institutions are assessed not only in financial terms but also on their environmental, social and governance performance, with a view to creating value for both the investor and society as a whole. The Responsible Investment Policy requires the Bank to consider ESG criteria in the investment process, and thus when participating in financial markets, when selecting financial instruments and economic activities for investment and when screening financial partners, external management companies, that support it in its investing activities.

The bank constantly monitors the sustainability positioning of investment products and of the financial portfolio as a whole, as well as the approach adopted by external management companies, to ensure they satisfy the set criteria and guidelines. In order to make proper assessments for investment decisions, Banca Mediolanum draws on information and data produced by market players with consolidated methodologies consistent with its own approach, thus guaranteeing an objective point of view as well as access to the most up-to-date information.

Alongside the Responsible Investment Policy, Banca Mediolanum has incorporated sustainability issues into its financial advisory policy for customers. Banca Mediolanum's **Policy on the Distribution Strategy of Financial Products** aims to

- › understand, through ESG factors, the risks and opportunities not captured by conventional financial analysis;
- › monitor the possible contribution that products can make to generating significant, or potentially significant, adverse impacts on sustainability factors.

The process for incorporating sustainability considerations can be divided into two steps:

1. **Analysis:** ESG scoring of each product and assessment of the positioning of distributed products according to ESG metrics. The aim is to assess the sustainability of the approach pursued by management companies from a quantitative point of view.
2. **Monitoring:** continuous tracking of the ESG score of each product distributed and identification, within the range, of any products with an inadequate ESG positioning in order to activate suitable mitigation measures.

Banca Mediolanum has set up an ESG Committee focused on the issue of Responsible Finance.

The ESG Committee monitors investing activities **by examining the ESG assessments of products and the overall positioning of Management Companies on the basis of sustainability metrics.**

The objective of the committee's work is to ensure investments are constantly aligned with the guidelines adopted and identify the need for any repositioning action.

Mediolanum Gestione Fondi SGR p.A.

Mediolanum Gestione Fondi SGR p.A. (MGF) has adopted guidelines for governing sustainability risk in its investment process and discloses the methods by which:

- › sustainability risks are systematically taken into account in investment processes and decisions;
- › adverse effects on sustainability factors are considered in investment decisions.

As a financial market participant, the approach adopted by MGF aims to incorporate into the investing process methods for selecting financial instruments that also take into consideration environmental, social and governance (ESG) factors. MGF believes that the integration of ESG factors is an essential element for the pursuit of sustainable performance over time, as companies with high standards of governance and which take ESG factors into account in their processes are more likely to achieve sustainable profits over time. ESG factors are analysed using:

- › data provided by external infoproversiders that assign an ESG rating to the companies under analysis (higher for the most virtuous issuers, lower for those less concerned with these issues). Where such ratings are not available, MGF may look at the non-financial statements published by the companies on their websites or, alternatively, it may send questionnaires directly to the issuers concerned in order to acquire the information required to make an appropriate assessment;
- › any news that potentially may have an adverse impact on companies in environmental, social and governance terms (such as lawsuits for pollution, involvement in cases of corruption in business management, violation of human rights or labour rights, etc.).

MGF has **also implemented monitoring activities to ensure the ESG positioning of managed portfolios** is consistent with the guidelines and parameters established internally on an ongoing basis. If analysis and monitoring activities find critical issues with companies in which a significant interest is held, in order to assess any adverse impacts they may have on the investment MGF will consider arranging individual engagement meetings with the companies in question to bring the issues identified to the attention of their management.

Mediolanum Vita S.p.A.

Mediolanum Vita S.p.A. has adopted a **Policy for Responsible Products and the Incorporation of ESG Factors into Investment Decisions**, which sets out guidelines for the incorporation of sustainability risk in decision-making processes.

Specifically, the policy commits Mediolanum Vita to incorporating ESG factors in investment decisions concerning the assets underlying insurance products, in differing ways and degrees depending on the type of financial instrument, for instance (investment funds, equities, etc.), and the scope for making an effective impact on ESG aspects.

In the assessments it makes, the company places particular importance on ESG ratings published and tracked by premiere rating companies, which cover the widest possible range of assets available for investment, for which investments in assets carrying a low rating tend to be limited. The adoption of a rating, or market score, enables a wide range of information and significant indicators to be incorporated into the assessment of sustainability risks.

The sustainability positioning of insurance products and the approach adopted by the external asset management companies are constantly monitored by the company to check they satisfy the criteria and guidelines set.

Mediolanum International Funds

A responsible investment philosophy is an essential part of the values and mindset of Mediolanum International Funds (MIFL), which has long incorporated ESG factors into its management policies, both for its Multi Manager and Single Securities solutions. This approach is anchored in the company's business strategy and is fully aligned with the Group's sustainability goals. The aim is to develop investment opportunities that are sustainable over the long term through the responsible management of business decisions.

In 2020 Mediolanum International Funds pushed ahead with the roll-out of its **Responsible Investment Policy**, the key objective of which is to incorporate ESG principles into the investment process.

Climate change is a global risk that requires immediate action through acceptance of the EU legislative framework, through production and through responsible consumption in order to align with some of the objectives in the UN SDGs, in particular: 7, 13 and 12.

SDG 7 – “green and affordable energy”, SDG 13 – “climate change”, SDG 12 – “responsible production and consumption”



The policy was implemented over the course of 2021 and a further update is already planned for 2022. Both the policy and approach are in line with the Group's Materiality Matrix.

In the first half of 2022, the Responsible Investment Policy will be reassessed, in line with the timetable and regulatory requirements, in order to develop a Responsible Investment Policy 3.0.

In line with the ESG agenda pursued, activities are being carried out in the following areas:

- › Development of a sustainable product range;
- › Engagement;
- › Proxy Voting;
- › Training

Banco Mediolanum S.A.

Banco Mediolanum's vision is in line with the Action Plan set out by the European Commission to strengthen the role of finance in achieving a sustainable economy that is efficient, while also pursuing environmental and social goals.

In February 2021, Banco Mediolanum approved its own Sustainability Policy, built on the same principles underpinning the Parent Company's Policy, **and a new version of its Policy on the Distribution Strategy for Financial Products**, which furthers the incorporation of sustainability in financial advisory. In particular, Banco Mediolanum has developed and adopted an approach that leverages ESG factors to include the risks and opportunities not captured by conventional financial analysis. ESG factors are key aspects to be taken into account for the effective governance of risk, but also for the identification of economic activities that can potentially generate great value, considering the most relevant environmental, social and governance requirements.

7.2.2 Stewardship and Voting

Mediolanum Gestione Fondi SGR p.A.

Mediolanum Gestione Fondi SGR p.A. has adopted the Italian Principles of Stewardship issued by Assogestioni¹⁶, the application of which is detailed in the **"Policy on Stewardship and Strategy for the Exercise of Voting Rights"** approved by the Board of Directors and published in abridged form on the company's website. In particular, the asset management company exercises the rights attaching to the financial instruments linked to managed assets in a reasonable, responsible manner, with particular reference to equities, in the awareness that the exercise of these rights is advantageous for the financial markets and for the corporate governance of the issuing companies. Mediolanum Gestione Fondi exercises voting rights in the exclusive interest of the members of the UCITS, with the sole purpose of growing the value of their investments over the medium to long term. In particular, Mediolanum Gestione Fondi:

- › has adopted a **policy that describes the ways in which it incorporates its stewardship as a shareholder into its investment strategy**, illustrates the principles adopted with regard to stewardship and sets out the strategy for exercising the rights attaching to the financial instruments held by the UCITS it has set up;
- › **continuously monitors issuers deemed relevant** (given the size of the interests held or the weight of the investment in the fund's assets) in order to be able to take action to identify issues early and minimise potential impairment;
- › holds **meetings with the listed issuers in which it holds interests**, aimed at discussing

¹⁶ The Italian Principles of Stewardship outline a series of best practices of the highest level to promote dialogue and cooperation between asset management companies and the issuers listed on Italian markets in which they invest the assets they manage as part of their collective asset management service, with a view to encouraging a solid bond between external corporate governance and the investment process.

specific issues in greater depth. These meetings may also be held in collaboration with other institutional investors, through participation in the Managers Committee promoted by Assogestioni (individual and collective engagement);

- › exercises **the voting rights attaching to the financial instruments held by the managed UCIs**, in accordance with the "Policy on Stewardship and Exercise of Intervention and Voting Rights attaching to the financial Instruments held by the Pension Fund and Managed UCIs". The asset management company also participates in the Managers' Committee of Assogestioni in order to select independent candidates for the boards of directors or the boards of statutory auditors of the investee issuers;
- › **provides annual disclosures to the public on how the stewardship policy is implemented**, including a general description of voting behaviour, an explanation of the most significant votes and the use of the services of voting advisors. This information is provided in the Engagement Annual Report on its website, and in summary form in the reports on operations of the managed UCIs.

Mediolanum International Funds

Mediolanum International Funds holds regular meetings with its delegated managers and continuously monitors their work with the specific aim of facilitating the transition towards sustainable models that are in line with Mediolanum Group principles.

Monitoring involves an annual detailed due diligence questionnaire, which is designed to:

1. raise awareness in partner asset managers of the priority placed on monitoring and developing the ESG agenda
2. build a database with an assessment of particularly proactive managers and highlight possible areas for improvement

The ESG questionnaire was sent out for the first time in the second half of 2019, achieving a response rate of around 90%. A second questionnaire was administered in the fourth quarter of 2020 and received a 95% response rate. The next questionnaire will be published in the first quarter of 2022.

The results of the questionnaire are combined with other external research to determine an overall assessment of how effective and targeted the asset manager is in his/her ESG approach.

ESG engagement is organised around two main themes: commitment to information and commitment to change.

- › **The commitment to information** is a vital tool for all fundamentals-based investors, where engagement with the target company serves to gain a better understanding of the company, its business strategy, its competitive positioning and capital allocation.
- › **The commitment to change**, when linked to ESG investing, enables the investor to act as a catalyst for improved corporate behaviour. This is followed by a multi-step process focused on achieving long-term progress towards chosen SDGs.

For example, companies that provide inadequate environmental information are encouraged to adopt an internationally recognised standard such as the Carbon Disclosure Project. Whereas for companies that provide adequate disclosures, but have yet to set decarbonisation targets, the company is encouraged to set targets aligned with the goals of the Paris Agreement.

Engagement takes place through proxy voting using Glass Lewis research and their sustainability research module. That ensures that voting activity complements engagement work, helping to improve the likelihood of positive engagement outcomes. This in turn helps to create long-term shareholder value by offering investors the opportunity to increase the value of companies in line with their long-term investment horizon. For example, voting on resolutions at a company's annual general meetings (AGMs) is an important aspect of the ESG agenda. Mediolanum International Funds' approach varies depending on the type of investment.

The voting of proxies or for directly managed shares is done by Mediolanum International Funds using Glass Lewis as proxy agent.

Below is a summary of how voting policy has developed in recent years. 2018 – launch of a comprehensive RFP process to outsource proxy voting. 2019 – selection of the industry specialist Glass Lewis and its appointment as proxy voting partner. 2020 – continuation of the partnership with Glass Lewis to develop a voting policy in line with Banca Mediolanum's guidelines to become more ESG-focused, implemented in April 2020.

In 2021, Mediolanum International Funds developed its voting policy further, in collaboration with Glass Lewis. The objective was to align voting activity with the three UN SDGs chosen by MIFL, promoting voting decisions that both support the transition to a low-carbon future and are financially sustainable. The policy is steered by the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD), which is based on the four pillars of governance, strategy, risk management and metrics and targets.

Importantly, the voting policy considers size and sector and recognises that most of the world's carbon emissions are emitted by select, systematically important operators. Accordingly, it applies an additional layer of scrutiny to ensure that these companies are effectively controlled and have mechanisms in place to respond to climate change.

In terms of **engagement**, 5 investment managers were selected to be targeted by the engagement process. The managers were selected not only because of their low ESG score on the assessment, but also because they were considered to have the greatest impact in steering change. Mediolanum International Funds also focuses on managers with an ESG 2 rating as they are considered below average, with the aim of positively driving change. In addition to the comprehensive ESG assessment, emphasis is also placed on carbon emission profiles, where available, to contribute to the SDGs selected. With regard to **voting**, the outcomes of 2021 proxy voting will be reviewed and any necessary action assessed.

7.2.3 Compliance activities underway and next steps

For **Mediolanum Group**, Responsible Finance is a path that is constantly evolving, one that will see a succession of initiatives with the aim of ensuring an ever greater internalization of ESG logic in business processes.

With this in mind, projects are underway that entail the involvement and coordination of working groups within the Conglomerate (made up of Banca Mediolanum, Mediolanum Gestione Fondi, Mediolanum Vita, Mediolanum International Funds, Banco Mediolanum and Mediolanum Gestion), aimed at setting up the measures required to implement the provisions of the main regulations of reference, specifically EU Regulation 2019/2088 SFDR, EU Regulation 2020/852 (EU Taxonomy) and the amendments envisaged to MiFID II regulations on financial advisory. These projects will lead to further initiatives, such as:

- › the outlining of an approach to managing Principal Adverse Impacts in the investment and advisory processes and related data collection and analysis;
- › the preparation of enhanced disclosures for SFDR Article 8 and Article 9 funds, including information on alignment with the Taxonomy Regulation;
- › the collection of customer preferences on sustainability;
- › the identification and implementation of ESG adequacy checks in the advisory process.

In terms of investment funds, Mediolanum Group has embarked on a path to fully incorporate ESG factors into investment decisions and processes. Mediolanum International Funds Limited and Group Managers have adopted an approach to sustainability that is consistent with the Group's objectives to develop significant and sustainable business opportunities in the long term through responsible company management. To this end, the Group Managers have incorporated ESG factors into the investment process.

Banca Mediolanum

With regard to developments in Banca Mediolanum's offer of products and services, new sustainability-conscious solutions are progressively being introduced to enrich the range. At the same time, ESG factors are considered throughout the life cycle of each product offered, from its design to the management of after-sales processes.

In addition, Banca Mediolanum is pushing ahead with the introduction of IT tools and technological media for the dissemination and monitoring of sustainability data on its products and services.

Mediolanum International Funds

Mediolanum International Funds has started up a sustainable finance project aimed at ensuring full compliance with developments in the regulatory framework. The project will continue throughout 2022 and 2023. As a result, current processes will be updated through:

- › incorporation of sustainability risk considerations into the organisational structure;
- › consideration of sustainability factors in the product governance process;
- › stepping up of the disclosure requirements for SFDR Article 8 and Article 9 "green" funds, including information on alignment with the EU Taxonomy Regulation on environmentally sustainable activities;
- › stepping up of entity-level disclosure requirements that detail how Mediolanum International Funds treats the adverse impacts of investment decisions on society and the environment;
- › inclusion of climate/sustainability risk considerations into the risk management framework, including the identification and consideration of climate risk stress test scenarios.

Mediolanum International Funds will continue to expand its sustainable offering in the first quarter of 2022 with the launch of a new fund with a strong emphasis on United Nations SDG 12 – "responsible production and consumption".

Banco Mediolanum S.A.

Banco Mediolanum participates in the working groups held at Group level with the aim of sharing the approach to implementing the measures necessary to comply with regulatory requirements. The approach shared at Group level is then adapted at the local level on the basis of local market characteristics and local regulations. In particular, working groups are currently being set up on:

- › the inclusion of sustainability in MiFID II;
- › the consideration of Principle Adverse Incidents in investments;
- › the application of the European Union Taxonomy in investments;
- › planned activities on responsible finance.

7.2.4 Sustainability-conscious products

In February 2020, Banca Mediolanum S.p.A., the parent company of the Mediolanum Financial Conglomerate, issued an “**Operating Policy on Responsible Products**”. The policy sets out the basic principles and guidelines for sustainability, committing the Group to integrating ESG (Environmental, Social, Governance) criteria into the creation and management of all products (banking, loan, protection and investment) offered to its customers.

In addition to considering ESG issues as a core value, Group companies promote a range of various products that specifically address sustainability issues.

Investment services

The various sustainable mutual funds featured in the range of products available to Group customers in 2021 are described below.

Mediolanum Best Brands Global Impact Fund by Mediolanum International Funds Ltd (Article 9 of EU Regulation 2019/2088): Mediolanum Global Impact Fund is a global multi-manager equity fund launched in October 2020 as a sub-fund of Mediolanum Best Brands. It has two equally important objectives: to provide attractive long-term investment returns and to contribute to creating a more sustainable and inclusive world. Mediolanum Best Brands Global Impact does more than just select companies with responsible business practices or exclude unsuitable companies. The fund actively invests directly in companies whose products and services are providing concrete solutions to major social and environmental challenges, as well as in funds that generate a positive impact by investing in companies that support one or more of the United Nations Sustainable Development Goals.

Mediolanum **Best Brands Socially Responsible Collection of Mediolanum International Funds Ltd** (Article 8 of EU Regulation 2019/2088): the Mediolanum Socially Responsible Collection is a sub-fund of Mediolanum Best Brands. As a multi-asset multi-manager fund, it mainly invests in socially responsible and sustainable global equities and, to a lesser extent, in fixed-income securities. The fund's portfolio concentrates on securities selected on the basis of a high free cash flow, an attractive return on investment and a constructive sustainability profile. The fund generally invests 80% of its total assets in the shares of companies from all over the world. Sustainability means striving for economic success while taking into account environmental, social and governance criteria and their impact on society and sustainable development. Areas such as corporate strategy, corporate governance, transparency and the range of a company's products and services are considered in the assessment.

Mediolanum Best Brands Innovative Thematic Opportunities (Article 8 of EU Regulation 2019/2088):

Mediolanum Innovative Thematic Opportunities is a sub-fund of Mediolanum Best Brands. As a multi-manager fund, it mainly invests in global equities. Its investment style focuses on growth by selecting companies whose businesses are well positioned to take advantage of economic opportunities arising from long-term investment themes. These themes have the potential to drive long-term growth and positive economic impacts for economies, industries and the companies operating within them, and contribute to positive social and/or environmental change. They include, but are not limited to, changes and advances in information technology, demographic changes and consumer preferences, urbanisation and environmental and energy challenges.

Mediolanum Flessibile Futuro Sostenibile by Mediolanum Gestione Fondi SGR p.A (Article 8 of EU Regulation 2019/2088): Mediolanum Flessibile Futuro Sostenibile is a fund belonging to the Mediolanum Fondi Italia System and an Article 8 product under EU Regulation 2019/2088. It is a flexible fund that prioritises investments in issuers meeting high environmental, social and governance (ESG) standards, focusing in particular on their environmental performance (carbon footprint).

In Spain, in addition to the sustainable products promoted by Mediolanum International Funds, Banco Mediolanum offers a selection of third-party funds, including both Article 8 and Article 9 funds, through the **MyWorld** service.

Fondo Compromiso Mediolanum FI. Banco Mediolanum distributes the Compromiso FI Fund created by Mediolanum Gestión, the Spanish Group's asset management company. With this investment fund, customers can choose an NGO from those participating in the Mediolanum Aproxima solidarity initiative, and Mediolanum Gestión will annually donate 30% of its management fee to the organisation selected, according to the procedures described in the product prospectus. In 2021 such donations amounted to €62,694.

Banking products and services

SelfyConto Banca Mediolanum has confirmed its focus on digitalisation, dematerialisation and sustainability with SelfyConto, a current account aimed at smart customers and young digital adults who want to manage their savings independently. Signing up for the account is fully paperless, with no account-keeping fees charged for accountholders under the age of 30. SelfyConto allows customers to manage their daily banking needs wherever they are, online through the Mediolanum app. That includes applying for loans and obtaining approval in real time, managing mutual fund investments, accessing an advanced online trading platform and protecting what they hold dearest in just a few easy steps.

Conto Mediolanum – Young The human touch is the principle on which Banca Mediolanum bases its relationship with customers. Family Bankers play a key role in this model, offering targeted, personalised advisory and all-round planning, which over time becomes financial education, to assist customers in making the most important decisions for their lives. Banca Mediolanum dedicates the same attention to young customers through the Conto Mediolanum – Young bank account, which gives them all the benefits of a Family Banker's all-round assistance and the digital banking services of the Mediolanum app. Young accountholders pay no account-keeping fees until they turn 30 and no issue fee for a Mediolanum Prepaid Card, reflecting how support for young people is a fundamental aspect of Banca Mediolanum products.

Conto Mediolanum – Natural Disasters Banca Mediolanum has always been at the forefront in supporting customers affected by natural disasters with dedicated initiatives and special terms. Conto Mediolanum – Natural Disasters is an expression of that commitment, providing a whole series of banking benefits for two years from the opening of the account or from the change of agreement, including: no account-keeping fees, no annual credit card fee, no stamp duty and no charges for using the main banking services (bank transfers, utility bills, CBILL, etc.). The most recent initiative was launched in November 2021 to support customers affected by floods that hit Sicily in the last quarter of 2021.

Mediolanum Card – debit card Mediolanum Card is practical, convenient and sustainable. Alongside the numerous features it offers, the careful design of all its details and the use of biodegradable dyes, the Mediolanum Card is made of polylactic acid (PLA), a non-food corn derivative that reduces the use of fossil-based plastic by over 80% in the production process. The first plastic card on the market to adopt the solution, the Mediolanum Card is another example of Banca Mediolanum's embrace of ever more innovative and sustainable solutions.

Lending

Casa+ Banca Mediolanum is committed to meeting the needs of its customers and at the same time supporting the construction sector through an offer of mortgage loans and subsidised loans for property renovation. This is also in line with the regulatory framework, which provides tax breaks for property renovations, energy rating improvements and seismic risk improvement work on homes. The goal is to upgrade the energy rating of buildings and reduce their environmental impact by investing in alternative energy solutions and supporting sustainable building projects. New lending in 2021 amounted to:

- > 55.9 million in Casa+ mortgage loans, accounting for 2.7% of total loan financing;
- > 5.7 million in Casa+ home loans, accounting for 3.3% of total loan financing.

Mediolanum Eco+ Since April 2019, Banca Mediolanum customers have been able to apply for first-charge residential mortgages with subsidised interest rates for the purchase, sale or subrogation of residential properties with a high energy efficiency rating (B, A or A+ rating). In 2021 a total of 75.3 million in Mediolanum Eco+ loans was granted, accounting for 3.7% of total loan financing.

Mediolanum Young Mediolanum Young mortgage loans are targeted at people aged under 35 who are planning to buy a home, offering them a maximum LTV ratio of 90%, an optional grace period of two years with no surcharge applied and a gradual reduction of the spread applied to the interest rate every 5 years, if regular repayments are made. In 2021 50.0 million in Mediolanum Young mortgage loans was granted, accounting for 2.4% of total loan financing.

Mutuo Mediolanum Fondo di Garanzia Prima Casa In December 2021, Banca Mediolanum joined the Home Guarantee Fund, launching its own dedicated mortgage loan. As a medium-to-long term loan, it is dedicated to the purchase of a home, with a state guarantee from Consap's Fondo Prima Casa. Customers choosing the product can apply for a mortgage with an LTV ratio of up to 100% and benefit from slightly discounted pricing compared to ordinary pricing. In 2021, no lending was provided through the loan.

Superecobonus/Ecobonus Loans In October 2020, Banca Mediolanum launched a series of loan products for home renovations taking advantage of the superecobonus/ecobonus tax breaks, for customers who choose to transfer the relative tax credit to the Bank. The series includes the following loans:

- › **Mediolanum Superbonus Loan 110+:** for property renovations, covering work eligible for tax credits refunding 110% of the value of the work over 5 years.
- › **Mediolanum Bonus+ Loan:** for property renovations, covering work eligible for tax credits refunded over 10 years.
- › **Mediolanum Bonus+ Top Loan:** reserved to Banca Mediolanum high-value customers, for property renovations, covering work eligible for tax credits refunding 100% of the value of the work over 5 or 10 years.

In 2021, a total of 67.6 million in lending was provided through these loans, accounting for 8.7% of total loan financing.

Mediolanum Eco+ Mobility Loan Since September 2019, Banca Mediolanum customers have been able to apply for an Eco+ Mobility Loan, which offers a special-rate spread to fund the purchase of new hybrid or electric cars, bicycles and motorcycles. In 2021, 3.8 million in Mediolanum Eco+ Mobility loans was granted, accounting for 0.48% of total loan financing.

Instant Credit and Shop For You In 2021, the "Selfy" project was expanded to include the digital loan products "Instant Credit", a personal loan product, and "Shop For You", a special purpose loan product. The project targets customers who choose Banca Mediolanum products on their own, without the help of a Family Banker.

In particular, in 2021 the "Instant Credit" personal loan was updated and expanded with the aim of facilitating the application process and broadening the target of customers who can apply for the loan.

The "Shop For You" loan – a zero-interest rate digital consumer loan with a loan maturity of 24 months – was also developed to include some of the features of the Instant Credit loan and expand the range of loan products.

In order to better characterise the Selfy customer segment, the products were renamed "SelfyCredit Instant" and "SelfyShop" respectively.

In 2021, updates and implementations continued to be released to expand product features and broaden the target group of customers (with or without a Family Banker) who can apply for the loans and the product catalogue linked to "SelfyShop".

New lending in 2021 amounted to:

- › 94.8 million in SelfyCredit Instant loans, accounting for 12.2% of total loan financing;
- › 2.5 million in SelfyShop loans, accounting for 0.3% of total loan financing;

ECO loan Banco Mediolanum offers a subsidised spread for the purchase of a zero-emission vehicle (electric or plug-in hybrid) featuring the best pricing in its consumer credit offering.

Hipoteca Freedom Green This product completes Banco Mediolanum's range of mortgage loans for home purchases, featuring the best pricing in the Banco Mediolanum range, normally reserved to "top" customers for the purchase of homes with a high energy efficiency rating ("A" or higher).

Integration of Next-Gen Fund state incentives This is Banco Mediolanum's financing offer to promote the renovation of buildings for the purpose of improving energy efficiency. Leveraging the recent publication by the Spanish Government of the terms and conditions of subsidies facilitated by NEXT-GEN European funds, Banco Mediolanum is positioned as one of the first institutions to offer special financing conditions for customers who obtain such a subsidy. In particular, for customers requesting the subsidy through a loan, Banco Mediolanum offers its most competitive rate for loans to finance property renovations, and gives customers a grant matching 20% of the state subsidy received, up to a maximum limit of 500 euro.

7.2.5 Flowe

Set up in 2020 as a benefit company within Mediolanum Group, in 2021 Flowe was recognised as a BCorp and Carbon Neutral. As a benefit company, Flowe's bylaws cover not only profit objectives but also broader goals, with the aim of creating a positive impact for the community and the environment. Flowe is a "better-being plat-firm", that is, a corporate platform dedicated to the steady improvement of an innovative, fully-digital banking service aimed at young people and anyone who considers that sustainability, individual well-being and social evolution are primary objectives to be pursued through the day-to-day choices of the individual. Like Mediolanum, Flowe was also created with the intention of placing the customer at the centre of its business model, supporting customers' financial growth and accompanying them on a pathway that encourages the spirit of entrepreneurship and the making of informed decisions.

As a benefit company, Flowe's bylaws incorporate **two specific benefit aims**:

- › **The objective of Flowe's first benefit aim is to educate and inform young people and other groups in society about the principles of sustainability and innovation.** Flowe users, who are known as Flomes, have access to the Flowe app, which contains a range of content aimed at inspiring them on the **issues of sustainability, innovation and entrepreneurship**. The content includes videos and speeches by business people and partners of Flowe. These partners include companies and associations who help to create value for all customers thanks to their specific knowledge and services. Educational initiatives are fundamental for achieving this first objective, and include projects such as "Drops of Sustainability", designed for secondary school pupils throughout Italy, with ad hoc content and opportunities for discussion, available on the "Digital Education" platform recognised by the Ministry of Education. Flowe actively promotes innovation and sustainability, as well as our campaigns, partner interviews and support for various charitable associations, through its social media channels on Instagram, Facebook and LinkedIn.
- › **The second common benefit is the promotion of a culture of socio-economic wellbeing, by educating young people to improve the awareness and management of their own finances.** A number of informative materials and digital technologies are used for this purpose, and events such as conventions and seminars are also organised. One important aspect in this regard is the **partnership with Doconomy**, a climate-change fighting start-up which **quantifies the CO₂ footprint of users' spending**. Encouragement and increased awareness of well-being are provided through the app, with our partner "Healthy Virtuoso", which tracks your daily step count and workout minutes. The Focus section contains videos, courses and mini pills on the subject of the *better being economy* and personal and professional growth. Finally, Arcadia is the section designed to encourage Flomes to improve. It is based on a gaming logic and offers rewards such as badges, level-ups and gems, a virtual currency which users can spend in the app to take advantage of discounts or offers.

Although Flowe is a **fully digital banking service**, a contactless MasterCard **payment card** can be connected to the account on request, offering the latest security features. In line with the company's *object*, the card is **designed to avoid any impact on the environment**. Each new card is made from wood, with a recycled plastic core, and is accompanied by the planting of a tree in Guatemala through our partner zeroCO2. The tree is dedicated to the cardholder, who can watch it grow and understand the impact over time, but the tree is cultivated by local families who can derive both food and economic support from it.

As a benefit society, Flowe is required by law to produce an annual Impact Report, in which the common benefits and related objectives are reported. The legislation requires these reports to be drawn up on the basis of standards with specific characteristics: in 2020 Flowe, in line with the main trends in Italian and foreign benefit and Bcorp companies, prepared its report using the B Impact Assessment (BIA) standard.

In 2021, in order to make reporting more effective and subject the Impact Report to an assurance process, Flowe decided to align the report not only with the BIA standard, but also with GRI Standards. In order to achieve this ambitious goal, it was necessary to incorporate the requirements of the GRI Standards into the 2021 Impact Report. Accordingly, Flowe identified 11 material topics in four distinct areas (economy and business, customers and community, employees and contractors, and the environment), on which it activated a stakeholder engagement process that led to the definition of the materiality matrix.

For more details, see the Flowe Impact Report at www.flowe.com.

7.2.6 Climate change

In consideration of all the recommendations and guidelines **published by the various international bodies and European regulatory authorities in relation to this issue, in its assessment and consideration of risks Banca Mediolanum has identified and mapped out the risks of climate change, such as physical risk and transition risk.** Physical risk refers to the economic impact felt by people who may be exposed to extreme weather events, while transition risk derives from the commitments taken by the international community to reduce the atmospheric concentration of greenhouse gases. As in **2020**, in 2021 Banca Mediolanum conducted an analysis of the **potential impact of physical risk on its lending portfolio. With regard to transition risk**, Mediolanum Banking Group has already **undertaken and adopted a number of organisational solutions and initiatives in order to anticipate the short- or medium-term requirements imposed by European and/or national regulators.** In this area, along with the current **offer of investment funds, lines of investment in managed products, mainly dedicated to eco-sustainable investments, are being developed.** For more details, see the section "*Risks Associated with Climate Change*".

7.3 Innovation

Innovation is an extremely important value for the Mediolanum Group and for its stakeholders.

By promoting our digital services, we aim to improve our activities and processes. This is why the Group is continuing to invest in payment services, by developing innovative technologies in order to offer customers an even more comprehensive user experience, with the accent on security, autonomy and efficiency. The **Innovation team** was created in 2014 with the aim of understanding and analysing the main trends underlying the technological and socio-economic changes currently in progress in the global playing field, and to identify the opportunities of these shifts. As part of the Innovability and Value Strategy Department and directly reporting to the CEO, its mission is to generate new value, working closely with the Sustainability Department to promote a mindset of innovation in favour of sustainability within the company, in the awareness that everything must generate value for people.

The role of the Innovation team is expressed in various activities (**Inno-Activities**) which can be grouped into the following **three matrices**:

Scouting activities: on the basis of the analysis of key market trends and internal collaboration with the various Business Units, all necessary research and experimentation activities are initiated. The Innovation team interacts with universities, studies the competition, attends sector events, meets with start-ups and tests out various solutions (technologies, prototypes, methods, business models and use cases) which it considers interesting.

Launch of new projects: what has been produced in the scouting phase in terms of "**Corporate Open Innovation**" is analysed and proposed to the Senior Managers of the Bank's Business Units and to Family Bankers, who may be interested in the specific opportunities identified.

Once the opinions of the business lines have been collected and discussed, a development stage begins, carried out by the team using Design Thinking and Fast Prototyping (**Idea Lifecycle**) methodologies, with the aim of building "Concepts" and in some cases also "Prototypes".

Once the Concept/Prototype has been positively evaluated by the Top Management, the different Business Lines are involved in the start up of a **feasibility study and the drafting of a project Business Plan**.

Once the Feasibility Analysis and the Business Plan have been positively assessed, the **Execution** stage can begin, which gives the Prototype the status of "Project", falling to all effects within the Bank's Project Portfolio, managed by the "Project Portfolio Management & Organizational Planning" unit, which sets priorities and assigns responsibility to the competent Business Units. A particularly significant case of prototyping in 2021 was the application of "accelerated computing" and "high throughput computing" (HTC) techniques to the management of the Unit Linked Liabilities Model (life insurance policies). The prototype demonstrated how a significant reduction in processing time can be achieved through code optimisation and the scalability of the "Accelerated Computing" architecture. The results of the activity showed a more than 35-fold increase in the speed of calculation for a computing-intensive application, with a reduction in time from 2 hours, 5 minutes to 4 minutes, 53 seconds.

The "**Bonus Pool**" **Call for Ideas programme** , run for the third time in 2020–2021, once again proved to be an important tool for involving and engaging everyone in the company, allowing each and every employee to develop and enhance their creativity, know-how and entrepreneurship. The programme was a source of great innovation, unleashed by the challenge set for the edition, which was: to approach the challenges of sustainability and the 17 goals of the 2030 Agenda through innovation, by making the intersection between Innovation and Sustainability more concrete and stronger.

Colleagues from all departments responded to the call in great numbers, with a total of 51 ideas submitted by around 200 people on the Viima platform, chosen for the collection and management of the ideas. The process was conducted with the support of the Innovation Team, the Consultancy Company and selected innovative Startups and led to the victory of 3 ideas with a very high disruptive potential, on which working groups are already at work to transform their Prototypes into concrete Projects for the Bank. In 2021, work continued apace on **blockchain activities**, in which there are three confirmed lines of activity that will impact business models, including in terms of sustainability:

1. **Dissemination** of a culture of innovation dedicated to different types of stakeholders.
2. **Scouting** for solutions, projects and start-ups that can utilise blockchain and distributed ledger technologies in various areas of application.
3. **Participation** in Italian and international projects for the implementation of blockchains and private permissioned distributed ledgers.

Mediolanum has played a driving role in projects developed within the scope of international activities pursued in collaboration with R3 (for example, the Retail KYC and the tokenization of real estate assets) and has actively taken part in industry projects coordinated by the Italian Banking Association (ABI), in particular in the experimental stage for the use of the Digital Euro and the introduction of a Central Bank Digital Currency (CBDC) within the Eurosystem, for which the ECB launched an "Investigation" phase in July.

Of particular importance were projects developed together with other leading national and international banking and insurance companies and with the ongoing collaboration of Cetif and the Catholic University, namely:

- › "Onboarding KYC (O-KYC)", which aims to use Distributed Ledger Technology (DLT) to simplify, streamline and reduce the time and cost of the onboarding process by enabling people to control their personal data.
- › "Security Token and Alternative Investment Sandbox", the first Italian platform for the issuance and placement of *alternative investment* security tokens, which will allow asset owners to liquidate all or part of their assets (through splitting). Commercial and investment banks will benefit by expanding their offerings and structuring and placing security tokens with institutional and retail investors, who, in turn, will be able to diversify their portfolios.
- › In 2021 Banca Mediolanum also participated in the "Fin+Tech" acceleration programme aimed at startups developing fintech and insurtech solutions, an initiative set up CDP Venture Capital together with Digital Magics, Fintech District, StartupBootcamp and SIA. The three-year programme will accelerate 16 startups per year (8 in the Fintech and 8 Insurtech fields) for a total of 48 startups, selected on criteria connected with growth potential but also to the ability to address the main innovation challenges of companies in the financial and insurance sectors.

- › Work on developing use cases based on Artificial Intelligence continued in 2021, specifically through the DE-CODE (Documents Enhancement & CONcept DETector) testing initiative, which aims to test the application of AI to support the semantic and textual analysis of internal bank documents, promoted by ABI Lab within the European INFINITECH project.

In 2021 Mediolanum Irish Operations (Mediolanum International Funds/Mediolanum International Life) obtained ISO 27001 certification, the international standard for information security management. The framework enables the implementation of a management system that sets out best practices in information security. This enables financial and confidential data to be protected more effectively, thus minimising the likelihood of illegal or unauthorised access. Mediolanum also migrated its local infrastructure to the Microsoft Azure cloud. Leveraging Microsoft's cloud allows us to deliver products and services quickly and in a repeatable manner, improving overall efficiency while maintaining security and governance at all times.

7.4 Cybersecurity and responsible data usage

The Group is committed to guaranteeing **the confidentiality** of data and of customer transactions by assuring compliance with laws and regulations concerning the sale of financial and services, including digital services. Starting from a business model which has a strong **digital** imprint, Mediolanum will continue to invest in multichannel banking integration projects, maintaining its strong focus on **cyber security** and responsible data usage.

7.4.1 Privacy

European Regulation 2016/679 (**GDPR**) on data protection, which is intended among other things to provide European citizens with full control of their personal data and to supervise the regulatory framework for businesses managing the data, **introduced new rules and principles on privacy**.

These principles, in force today, are described below:

- › **accountability**, which is the obligation incumbent on the data controller to make and demonstrate its decisions in relation to data protection;
- › **privacy by design**, which is considered as protection of the data from the design stage throughout the life-cycle;
- › **privacy by default**, which is protection of the data as a default setting;
- › **minimization of data**, which is the use of the minimum dataset necessary to fulfil the purposes of the processing;
- › definition of a **data conservation period**, which is the obligation to indicate in advance the period during which the data will be processed, and the expiry date on which it will be erased. With regard to the issue of data retention, a process was rolled out in 2021 to handle hypotheses requiring the return of anonymised positions in clear text in a reversible form.

In addition to these principles, the following requirements for data controllers were confirmed:

- › **the keeping of a data processing register**, a document that logs all the data processing operations carried out by the company, indicating their identifying details;
- › **DPIA (Data Protection Impact Assessment)**, which is the definition of a method designed to assess the impact on data protection, in the sense of a procedure aimed at assessing the gravity and probability of the risk of data breach, concerning the rights and freedoms of individuals in order to identify the appropriate mitigating actions;
- › the outlining of a **Data Breach Procedure**, under which any accidental or illegal breach of personal data will be reported to the Data Protection Authority within 72 hours from knowledge of the incident.
- › **new rights for the data subject** as a natural person, such as the right to limit data processing, the right to be forgotten and the right to portability of the data.

The Group has always considered data protection to be a crucial issue, as guaranteeing the confidentiality and security of banking data, including personal data, is a factor for competitiveness. In 2021, Banca Mediolanum consistently confirmed its commitment to reinforcing the protection of personal data relating to all categories of persons for whom a processing activity is carried out. In particular, the review of the Register of Processing Activities was completed, which not only led to the preparation of a new register for a newly established Banking Group company (Flowe), but also improved the operational process of updating and allowed for a more precise identification of purposes. With a view to strengthening the systems underpinning the processing of personal data, a process has been launched to optimise the management of any data breaches, which, as well as incorporating the new procedure established by the Data Protection Authority, also adopts a procedure which, from a sustainability point of view, has reduced the use of paper. With reference to internal provisions, in 2021, work was carried out on the regulatory compliance of Banca Mediolanum's organisational framework, consisting of procedures, regulations, corporate policies for the processing of personal data and guidelines on the protection of the personal data of individuals. In the context of the Covid-19 pandemic, Banca Mediolanum adopted special guidelines to safeguard and protect personal data in order to ensure home working complies with personal data protection rules, the correct use of company e-mail and that company devices are only used on secure connections. The Privacy Office, currently a team of six people, is in charge of monitoring compliance with data protection regulations. In particular, it is responsible for tracking banking transactions ("Garante II") by carrying out ongoing checks on access to the banking data of customers by authorised data processors; preparing the Group Data Processing Agreement (DPA), which is an addendum to supply contracts that require the processing of personal data and which result in the qualification of the supplier as a Data Processor; dealing with queries from data subjects about their data; handling requests relating to the "Code of Conduct for Credit Information Systems"; preparing and updating data protection statement and consent forms; providing data protection advisory to all business units; providing assistance in responding to complaints from customers about privacy. In order to provide continuous control over the internal and external requests and queries received by Group companies, the Privacy Office has a dedicated email address which is regularly monitored by the members of the Office. In 2021, the above activities were supplemented by an additional task consisting of verifying compliance with personal data protection regulations by the offices of financial advisers located throughout the country. Finally, the engagement was renewed of the external advisor designated in the role of DPO, who was appointed on the basis of its professional capability and specialist training in the relevant regulations and practices on data protection.

Considering that no reforms were introduced to data protection rules in 2021, the Bank delivered around 750 hours of training to new hires and consultants. A further 74 training hours were delivered to 5 members of the Privacy Office, with a particular focus on the interpretation of data protection regulations and an examination of the measures issued by the Data Protection Authority which apply to the cases under discussion.

Over the course of 2021 the bank received 10 reports of alleged data breaches, of which only one was found to be an actual data breach and was thus reported to the Data Protection Authority.

Also in **Spain**, data protection is governed by GDPR 2016/679 and by Law 3/2018 on the protection of personal data and digital rights contained in the regulation aimed at guaranteeing and protecting civil liberties and the basic rights of individuals. In accordance with Articles 37–39 of the GDPR, Banco Mediolanum has duly designated a **Data Protection Officer**, who is in charge of data protection compliance.

In 2021, **no complaints were reported** to the Spanish Data Protection Authority in relation to data breaches.

7.4.2 Cybersecurity and data protection

Strategic plans and objectives for cyber security

Banca Mediolanum has prepared a Systems Plan, which is valid for five years and was approved by the Board of Directors at its meeting on 21 June 2016. The Plan is updated each year, as required by Bank of Italy Circular 285, by means of the Operational Plan on cyber projects, which takes the form of a portfolio of initiatives and builds on the guidelines and objectives set out. It covers initiatives designed to improve the effectiveness of IT security, non-IT and cyber security controls in connection with the evolution of IT risk management at Enterprise level.

The Systems Plan of Banco Mediolanum covers the planning and management of the Bank's annual security plans, which include the actions to be taken during the year in order to actively improve the Bank's preventive security and reactivity. The project portfolio is internally reviewed every 15 days within the Bank's operations area, in order to examine progress or update the priorities in this area. These matters are reported each month to the Bank's Security Committee, whose members include not only IT, but also other areas involved in security. The committee validates the actions taken, and gives indications about any potential improvements or risks. Each quarter, all the actions taken in relation to security during the past three months are reported to the Joint Committee of the Board of Directors, and the annual security plan is also monitored.

Specific policies, procedures, regulations and responsibilities

Banca Mediolanum's regulatory framework for ICT security consists of policies, operational policies and operational procedures that govern the cyber security issues mentioned in the regulations of the Regulatory Authorities and in the industry standards (such as NIST 800-53, ISO 27001 and Enisa).

The main operational security policies in force at Banca Mediolanum include:

- › Security Policy;
- › IT Risk Management Policy;
- › IT Security Policy for Internet and Mobile Payment Services;
- › Operational Policy for the Management of Privileged Accounts;
- › Operational Security Policy for Cloud Services;
- › Vulnerability Management Policy;
- › IT Incident Management Policy;
- › Operational Policy for Security Events Log Management;
- › Operational Procedure for IT Incident Management;
- › Operational Procedure for Access to Mediolanum IT Environments: network and software.

The **IT security control model** adopted by Banca Mediolanum has the following characteristics:

- › it is a cyber risk management model integrated into the enterprise risk management model;
- › it has a defined methodological and control framework for the control and governance of Information Security, which is shared with the relevant departments of the Group;
- › the drafting and updating of IT security policies;
- › the control of threats based on knowledge of the business risk context (retrospective metrics);
- › the control of cyber security risks based on the industry, national and international contexts (forward-looking metrics);
- › integration of the life-cycle for the design of services, solutions and outsourcing (*IT Security by design*);
- › the standardisation and continuous reinforcement of IT and IT security controls.

In the context of **logging policies**, operations on the systems are logged in detail. Logical security controls are in place, which means that rights of access are only granted on a need-to-know basis, in accordance with the rules on the processing of personal data. System access rights are managed by means of formal request for authorisation, on an identity management system. Access to the company's IT resources is regulated by Multi Factor Authentication. To ensure a more efficient, robust management system access, infrastructural access management tools are used to keep track of changes made to configurations and data controls.

The body of rules of the IT Security area of Banco Mediolanum in **Spain** contains a set of policies, procedures and rules that govern the actions to be taken in relation to banking security. They follow the various regulations issued by the Bank of Spain and by the EBA and they are supplemented with market methodologies that assist with the proper management of security assets. The **main policies, procedures and operational security standards** in force at Banco Mediolanum include:

- › Security Policy;
- › Rule on periodic audits;
- › IT risk management policy;
- › Change Management Standard;
- › Standard on identification and access control;
- › Digital payment procedure;
- › Procedure for preventive and investigative policies;
- › Operational procedure on vulnerability scanning;
- › Supplier management policy;
- › Policy on the management and reporting of incidents;
- › Secure communications procedure;
- › Data processing procedure;
- › Procedure for the identification and classification of assets.

The actions covered by these policies, procedures and rules are aimed at preventing incidents and protecting the data of the Banks, other customers and suppliers. For this reason, **proactive security policies are in place that assure the correct management of systems and assets in order to prevent vulnerabilities, while actively supervising the management of any alerts and incidents that may occur.**

Staff training and guidance for greater control of this area

In July 2018, Banca Mediolanum launched a “Digital Conscience” campaign, which consists of monthly releases of cybersecurity tips. To combat cyberattacks through social engineering techniques, Banca Mediolanum has drawn up an employee information campaign, which covers the main forms of cyber attack. The training provision is ongoing, and takes the form of training pills, infographics and videos. During the year, a number of security awareness and education campaigns were run in Spain. Security processes need to be integrated with an active awareness and training plan for all employees of the Bank, for Family Bankers and for customers. This year, a series of training actions were introduced in the form of courses or training pills, to ensure that all Bank personnel have the necessary awareness. An IT security course centred on phishing was also held, which was mandatory for all staff were complete and pass, and around 20 tips on security awareness were released.

Presence of a structured, risk-based model

Banca Mediolanum has set out and implemented a **framework for the management of IT risks**. It includes an **annual analysis** and the preparation of a summary report on IT Risk, which is presented to the Board of Directors and to the Risks Committee. In line with its policies and procedures for managing and assessing IT risk, Banca Mediolanum conducts a **risk assessment** of business process support systems, at least once a year. Risks linked to the following areas are specifically considered: tech solutions; outsourced services; managed data; the context, tools and methods of accessing each service. The risk assessment is conducted and/or reviewed: whenever a new service is introduced, or when major changes are made to the information system; each year, for services already running; if there is a major security incident. The results of the IT risk assessment **guide the definition of countermeasures designed to protect data and mitigate the risk of** fraud, security incidents, or service glitches. The results of the IT risk analysis on the information systems are included in the Summary Report on IT Risk, which is submitted each year for approval by the Risks Committee and the Bank’s Board of Directors. The security actions and processes implemented in Spain include the IT risk management policy, which sets out and implements IT risk management and assessment, which is done at least once a year. The information from the process of risk analysis and the resulting action plan are then reported to the Joint Committee of the Board of Directors. In the annual Cyber Risk assessment, the Bank’s assets are reviewed and analysed in accordance with EBA regulations. Six EBA categories are analysed, including twenty-two ICT threats that determine fifty-one analysed risks. For each risk that could overrun the defined risk appetite, the initial controls are re-assessed, together with any other controls that may be necessary. The rollout of these new controls leads to a reassessment of the risk, and a new risk matrix which is weighted according to the new controls. This assessment translates into an action plan for risk mitigation measures, which is presented to the Bank’s CMAR once a year.

Description of internal offices and units working on control and management

The **ICT Division** of Banca Mediolanum includes the following organisational units:

- › **IT Risk & Security managerial support unit:** this unit controls the governance of IT Risks and IT Security, and elaborates and implements the overall strategies and plans for information security in line with the company policies and regulatory requirements. The Unit includes the **Customer Security office** which controls the security of customer operations, deals with computer fraud affecting customers, and disputed transactions;
- › **IT Security, Operation & Network Office:** this office deals with IT security incidents, and conducts the analysis and control of actions related to security events.

In Spain, the management of security by the **IT area** is intended to guarantee and preserve the information and assets of the Bank and its customers. The **Security area** works to guarantee the confidentiality, availability, integrity, protection and recovery of the Bank's data, as well as the accessibility of its services and applications. A series of policies, regulations and procedures is put in place to ensure that the objectives of the security area are reached. In 2021, work was carried out on the internal regulatory framework to adapt policies, standards and procedures to ISO27001, in order to meet the market standard for managing security regulations. The regulatory framework will be approved during the first quarter of 2022. **Cyber security management and supervisory units at Banco Mediolanum** include: The CMAR of the Board of Directors: Conducts audits and quarterly reporting on the annual security plans. Approves the Security management policies and receives reports on the actions taken during the period. IT security committee: conducts monthly reviews and produces reports on the annual security plans. Oversees the actions taken in connection with IT security, and receives the reports of the detailed plan of Security actions

The IT area of Banco Mediolanum also has an **IT Security department**, supported by the Security unit, which:

- > governs policies, procedures and IT security standards, proposing changes and adaptations to any new regulations imposed by the regulator;
- > supervises the operational plans carried out by the Infrastructure and Application Development areas;
- > oversees the management of IT security audits and checks the proper implementation of corrective measures;
- > manages and oversees work done by external SOC services and their action plans;
- > manages the activation and monitoring of responses to IT security incidents.

Model for the management of cyber attacks

Banca Mediolanum manages and monitors IT security incidents (both operational incidents and those caused by cyber events), in the context of a wider process of incident management. It pays particular attention to the identification, management and reporting of major IT security incidents. This process is described in the “Management of IT incidents policy” and in the “Incident Management IT” process. For major IT security incidents, this department promptly reports the event: to the regulatory bodies; to the other stakeholders affected by the incident; to the Business Continuity Officer, where there is a perceived risk of an impact on business continuity.

For the safety, security, response, containment and recovery of operations after IT security attacks, IT process controls have been implemented (on processes such as asset management, hardening, vulnerability assessment, penetration testing, threat intelligence, patch management, backup, logical security and customer security), resources and technologies. The security infrastructure adopted for the protection of the network is active 24 hours a day, and covers a range of services for the monitoring and management of the traffic controlled by the SOC (Security Operation Center), which is also available 24 hours a day, 365 days a year. The network is protected by various multi-layer solutions (defence in depth). These can intercept potential intrusion and manage traffic, authenticating valid traffic at the network perimeter and blocking suspicious traffic (they include a border gateway protocol, IDS and IPS, web application firewall, firewalls, load balancers, TLS protocols, TLS terminators and anti-malware applications).

In Spain, Banco Mediolanum has IT incident management procedures; these are incorporated into an incident management model which covers the incidents that may occur within the Bank’s operational environment. This model used to manage IT incidents is also governed by express regulations of the Bank of Spain concerning cyber events, and by the regulations on e-payments. The regulations clearly stipulate the measures to be taken if an incident occurs, as regards the communications to the regulatory body. The model also includes the actions to be taken with regard to the operational management of the incident, and any other reports and internal disclosures that may be required within the Bank.

IT Security KPI (Italy and Spain)

	2021
No. of users working with a double authentication system	1,334,038
Hours of training provided on the topic	589.3
No. of units responsible for monitoring the topic	7
No. of fraudulent transactions blocked	353

8. Responsibility to our people

People are a company's biggest asset. This is why Mediolanum is committed to guaranteeing a positive, rewarding and well-organised working environment in which people can express their talents to serve customers and colleagues. Our Family Bankers also put into practice the values of Mediolanum, with which they strengthen the relationship of trust with their customers.

The Mediolanum Group believes in obtaining a contribution from everyone to ensure the successful outcome of business initiatives, the expression of ideas, and in the efforts of all its staff (employees and Family Bankers), as we consider the constant **promotion of the human factor** as a fundamental element for the solidity and growth of a business. The Group's focus on the **central importance of people** also manifests itself in the form of full protection for workers' rights, with particular regard to the development of industrial relations, the creation and protection of jobs, the value placed on personnel through the encouragement of training and the recognition of merit, the policies and measures taken to develop and strengthen a modern, integrated system of corporate welfare, and the introduction and consolidation of a number of new contractual instruments which are designed to create an efficient system of corporate welfare and a better work-life balance.

The Mediolanum Group, which has 3,080 employees in 4 different European countries, promotes a culture which is based on the values of integrity, and a policy of respect for people, by supporting aware, responsible behaviours and by implementing modern career development pathways.

	2021			2020		
	Men	Women	Total	Men	Women	Total
Employees	1,554	1,526	3,080	1,454	1,442	2,896
Family Bankers	4,521	1,257	5,778	4,306	1,160	5,466
Other personnel	103	140	243	70	118	188
TOTAL	6,178	2,923	9,101	5,830	2,720	8,550

Initiatives for staff during the public health emergency

From the outset of the Covid-19 pandemic, the Mediolanum Group has implemented a number of initiatives, fully aware of its responsibilities during a long, drawn-out emergency situation such as the one we are still living through.

During these two years of public health emergency, all of the Group's actions have been focused on protecting staff, both because they are part of the company and because they are part of a community that has been particularly affected by this crisis. Many of the activities already carried out in 2020 were aimed at safeguarding the physical and emotional wellbeing of our staff, in order to guarantee business continuity.

Our focus has been on creating as calm a working environment as possible by constantly listening to people, including through monthly surveys. We have worked with partners, such as Istituto Clinico Humanitas (a research hospital), to monitor the internal situation and provide video counselling and psychological support. Antibody testing and screening started mainly after the summer of 2020, and 3,500 tests were carried out in 2021, involving a total of 1,200 staff members; in the autumn of the same year, a flu vaccination campaign was opened to employees on a voluntary basis, with 550 people taking part.

In 2021, as per the previous year, the Company planned a gradual return to the office from the end of September, with the aim of bringing the number of people present at the Milan 3 campus to a maximum of 40% of the total.

A gradual increase in the number of staff was planned for each week, with workers able to benefit from a smart working approach, alternating days spent in the office with days spent working from home.

As an extra precaution, all colleagues with illnesses on the specific list communicated by the Ministry of Health were allowed to continue working on a remote-only basis. This option was also extended to all pregnant colleagues.

At regular intervals, staff received a specific communication outlining the main measures adopted by the company and the appropriate behaviour and best practices to follow in order to reduce the risk of infection as far as possible. The communication was also sent to staff returning to the office after the summer period.

The 40% limit on office attendance was never reached; in light of the increased national and local infection rate and in order to better reconcile the holiday period and work activity, as of the end of the year it was decided to further increase the percentage of smart working.

With regards to smart working, in October 2020 the Group also began offering employees individual agreements for agile working. In 2021, when the Italian government announced the end of the health emergency, two further extensions were offered to employees to allow them to maintain the work-life balance they had established over the past two years, even after the most critical phase of the pandemic had passed. At the last extension, an additional contribution of €150 was allocated to all members' wallets for spending on their Welfare Plan.

In Spain, office equipment including office chairs, extra screens and keyboards was sent to employees' homes using a home delivery service. Staff who requested to come into the office were given blood tests or swabs. The office was adapted to the situation, with special work procedures being introduced. Posters were put up, hand gel was provided,

and improvements were made to the common areas to prevent contagion with a guaranteed distance of 2 m between workstations. Various staff engagement and support activities were also introduced. For example there were weekly coaching sessions, mindfulness sessions, live online events and periodic meetings with management. There were also counselling services and awareness sessions on issues regarding stress management etc. In Ireland, voluntary Covid-19 antigen and blood tests were provided to all staff. Directional signage was put up in all work areas, there were sanitised stations across the office, and facemasks and gloves were provided to all

staff. In September 2021, a gradual de-escalation plan was put in place to avoid infections and resume normal operations. This involved a planned return to the office for 2022 and the option of asking the company for two days of remote work and three days of office-based work.

At all Group offices, as required by law, the documents on health and safety risks were reviewed to reflect the Covid-19 risk. Suitable PPE and devices were provided to guarantee maximum safety in the workplace.

8.1 Growth of human capital

The Mediolanum Group has always put the customer and human relationships at the heart of everything it does: a bank of people, for people. Human Capital and the wealth of knowledge, skills, ways of working and expertise that it represents really is our organisation's main asset. Thanks to its staff's professional expertise, availability, sensitivity and ability to inspire trust, the Group boasts deep-rooted relationships in all the areas it serves and can focus on developing and innovating the services it offers. As people drive growth and evolution, the Group has the strategic requirement to safeguard their well-being and promote their professional growth. During the year, smart working methods were embedded further and accompanied by training and information aimed both at managers and people throughout the organisation.

In 2021, training digitalisation was accelerated due to the pandemic. Through the MCU4U platform, employees were able to continue their learning activities despite social distancing, thereby also driving up digital readiness in the area of training. This was accomplished by significantly developing the platform's training offering, both in terms of soft skills and technical skills. To support the company's digital transformation process, a new training programme was launched during the year. The Mediolanum Digital Program is designed to help a number of colleagues drawn from different areas of the company to further develop digital and innovation-related knowledge and skills. The aim is for these colleagues to become agents for change – facilitators driving change and digital evolution within their respective part of the organisation. 2021 saw the creation of a broad and cross-functional facility within Mediolanum Corporate University designed to ensure opportunities for personal and professional growth, make it possible to move internally from one role to another by meeting those roles' requirements, and speed up the entry processes for recruits entering work for the first time as a result of knowledge and skills delivered by the training system. The facility, named Mediolanum Employability & Empowerment Center, aims to help colleagues in skilling, upskilling and reskilling to increasingly align people with changes in the rapidly evolving employment landscape. Work continued on the template for professional appraisals, and, although the usual annual cycle of appraisal and self-assessment has been maintained, specific guidelines have been provided in order to set priorities for the year, and the content (the elements under observation) of the performance process has been revised. To bring our people closer to the Company's strategic objectives and to support them during this time of grave external uncertainty, in the early part of the year we provided guidelines on setting targets, and individual action plans for the year. The content of the appraisal process has been simplified and updated, and particular attention has been paid to the theme of flexible working. In tandem with this, and in alignment with the appraisal processes, the continuous feedback system has also been revised. Once again, the accent has been on the theme of flexible working, individual accountability through development of the entrepreneurial spirit, and leadership at a distance. These actions have been accompanied by a process of internal communication for all employees, published on the Group's digital channels, and in editorial features and videos. The UPraisal hub helps people develop results, talent and skills. "People-centricity", a focus on empowerment and motivation are the foundations to developing distinctive professional skills, identifying skills to improve and new ones to learn, all within a life-long learning framework which helps employees perform work more effectively and efficiently. UPraisal makes Mediolanum's skillsets easy to navigate and understand while grasping the associated behaviour. Above all, it makes it simple to find out what training is available to fill any gaps. At the end of the year, the trial of the LIFEED project began. Through training, this will transform substantial alterations people have undergone after implementing strategies to deal with family or social changes into skills that can help them at work.

Growth of human capital in Spain

Banco Mediolanum offers various tools and services to encourage staff development. The main ones are:

- › **Internships:** this strategy stems from each department's specific needs. It offers all staff the opportunity of working in a different department for a certain period of time.
- › **Job postings:** this development tool stems from a desire to promote opportunities for staff to get their CVs and career aspirations known within the company, and this brings out the best of the Group's internal talent.
- › **Summer internships for the children of personnel:** this is an opportunity for the children (aged 16-25) of Mediolanum Group employees to get to know how the financial system actually works. The aim is to offer them top-quality insight into the workplace so they can enhance their CVs with work experiences that allow them to grow as individuals and professionals. In 2021, our summer trainees completed their work experience online.

Growth of human capital in Ireland

Mediolanum Irish Operations has a strong focus on recruitment, through which it highlights the Vision of our organisation, and the long-term objectives which can only be reached by means of an intensive process of talent acquisition. Once acquired, these talents need to be retained, and trained. Mediolanum Irish Operations is committed to creating a highly professional environment, in which staff can develop their skills and acquire a sense of belonging.

In 2020, a multi-year programme was launched, focused on employees, which involves the provision of a learning and development plan tailored to the career aspirations of our employees, and the business objectives. The programme, covering all employees, involves identifying the skills and expertise required by the organisation to implement a long-term strategy, providing staff with a series of online training courses to manage technical training needs and continuously support attaining professional qualifications relevant to their current and future professional development.

In 2021, in order to support the ambitious growth plans undertaken in 2020, Mediolanum Irish Operations improved its Learning & Development (L&D) plan, committing an even greater number of resources to strengthen and increase its existing workforce's skillset, introducing roles such as the Head of Quantitative Strategist to better manage internal strategies. In addition, a programme to acquire young talent has been launched and will be developed in 2022 with the involvement of prestigious universities.

8.1.1 Training

Learning and training have always been essential for Banca Mediolanum, where staff are trained by attending courses and activities, some of which are organised through the **Mediolanum Corporate University, Banca Mediolanum's academic arm, which was formed in 2009.**

8.1.1.1 Staff training

Training in Italy

In 2021, the HR training area continued to refine its methodologies and remote learning systems, guaranteeing colleagues the usual training opportunities and improving on its already high volume of activity in the previous year. The total number of student hours reached 80,000, involving almost all of the company's staff (99.8% at 31/12/2021), thereby achieving its best ever result. If we also include the training provided to all the various contractual players and partners who contribute to our common objective of providing end customers with an outstanding service, the total hour count rises to more than 130,000.

In terms of training to support technology transformation, mention should be made of the **Data value management** project which was launched in 2019 for staff who work with data strategically and has now been further enhanced. It is now a full catalogue of courses, for the development of hard skills (quantitative analysis, statistics, machine learning, programming languages and tools for the analysis and study of advanced analytics) as well as soft skills (digital collaboration and leadership models). Alongside this, a community has been formed, consisting of employees from different areas of the company, at different levels of seniority who can represent the broad variety of roles that strategic data management entails. There was a particular focus on management training across all levels, especially on the profound changes that human resource management is facing due to the way work is currently organised (in remote and hybrid forms). For this reason, two programmes were launched to define the new “future of work” model in terms of the manager/employee/team relationship. The first is aimed at middle management across the company. Leadership4change has been developed on the basis of coaching and team coaching methodology and saw the initial involvement of more than 70 managers and team administrators for around six months; The second programme, aimed at front office team leaders, who have a reduced length of service in their roles and at the company, is a specific and targeted initiative called “Coaching in action” and is aimed at consolidating basic guidelines and techniques for being an effective coach. Finally, the “BE MEDIOLANUM: the value of diversity” project aims to develop initiatives which promote diversity & inclusion in order to build on diverse expertise and attitudes and integrate them into the company. In 2021, 400 colleagues took part in three D&I seminars designed to raise awareness and instil a culture where diversity and inclusion are fundamental and indispensable values. Three sessions of the Inclusive Writing course were also delivered. Their objective is to convey an understanding of the basics of inclusive language, stereotypes and cognitive bias in communication with an overview of best practices and examples to avoid. The commitment to **training and education for customer care personnel** also continued, both in terms of technical and professional skills and in terms of instilling company guidelines that further embed the culture of service to customers and the Sales Network into this area of the Company.

Training in Spain

Banco Mediolanum continued to implement various training measures for employees in 2021. In addition to ongoing initiatives such as the **language courses** in Italian and English, programmes on **technical regulatory training (such as MIFID II on the BMedLearningportal), on insurance and on mortgage law**, Banco Mediolanum – as a partner of APD and IESE – offers training to Mediolanum Group personnel so that they can develop opportunities for learning and/or topics of interest at more affordable prices. Banco Mediolanum also offers subsidies to cover the cost of Masters' courses and postgraduate diplomas related to employees' roles, by means of a flexible pay model, or a payment of €1,000 per person and an associated 2-year employment contract.

Training in Ireland

To improve how training is delivered and managed, a project was launched in 2021 to adopt Cornerstone, a new LMS application for Mediolanum Irish Operations.

In 2021, Mediolanum International Funds Limited (MIFL) further developed its learning and development plan launched in 2020 to drive medium to long-term strategic plans. It plans to implement a modern and efficient Learning & Development framework in support of employees' career goals and the company's strategic objectives. During the year, job families were established throughout the company and key competencies identified for each role in the organisation. The competencies, skills, behaviours and knowledge required for each role have been clearly defined, while an analysis of the training gap existing at different levels is currently underway. During 2022, a learning plan and specific career paths will be developed with the aim of providing staff with the best opportunities for professional development and improving alignment between individuals' skills and the company's objectives. In order to pursue this objective, a MIFL Learning and Development Council was established; its role is to provide guidance for the learning strategy and combine it with the Bank's organisational strategy. The Council is responsible for the implementation and supervision of the Learning and Development Plan.

8.1.1.2 Training of Family Banker network

404-Ic - Units and hours of sales network training

	2021			2020		
	Total personnel in Sales Network	Hours delivered	Hours per capita	Total personnel in Sales Network	Hours delivered	Hours per capita
Managers	990	124,193	125	904	89,934	99
Advisors	4,788	636,118	133	4,562	508,475	111
TOTAL	5,778	760,311	132	5,466	598,409	-

Training and guidance in Italy

The training courses prepared for the Sales Network use an **integrated approach of teaching methods and tools** to make learning more effective and practical, based on **a lifelong learning approach that supports Family Bankers throughout their professional and personal growth**. These training opportunities are complemented by on-the-job training, during which people can put to the test what they have learnt in their structured training sessions. In 2021, Mediolanum Corporate University, the educational institute created by Banca Mediolanum in 2009, provided training entirely in digital form, combining in-depth online courses and individual training with teaching activities by webinar via the Microsoft Teams platform. This allowed a direct relationship with the Sales Network to be maintained, with participants exchanging experiences and developing relationships.

As part of its training activity, the Sales Network Training office **works with the Faculty lecturers from the Mediolanum Corporate University (MCU), who are selected from the best Family Bankers in the Sales Network**. MCU has an ongoing programme of specialist training designed to enhance specific skills by delivering targeted courses, and also strengthens technical and sales expertise as well as enhancing relational and communication skills, classroom management, and familiarity with digital innovations. In particular, given the significant use of webinars, Faculty lecturers were given assistance to acquire skills for the management of distance learning.

With a view to continually updating the mindset and skills of the MCU Faculty, a new process of selection and onboarding of new Faculty lecturers was implemented in October. This aimed to identify and leverage people who hold strategic and corporate knowledge in order to structure, reorganise and make that knowledge available to the whole company. At the end of December 2021 there were more than 120 Faculty lecturers at Mediolanum Corporate University providing educational activities for Banca Mediolanum's Family Bankers. In 2021, the catalogue of courses available to the Sales Network to support their professional growth was added to the BmedNet portal, alongside MedBrain (the Learning Management System), in FormaMente, the section dedicated to Mediolanum Corporate University training. This provided better information and an overview of the training proposal available to Family Bankers. FormaMente's digital catalogue is easy to consult and is constantly updated with new course details (webinars and online sessions), with details on content and teaching and divided into professional roles, delivery methods and subject areas.

In 2021, the training offer was expanded with new webinars on technical and commercial topics (Asset Administration and Asset Management, Generational Handover, Protection, Mortgages, Banking, Complementary Pensions, Corporate Finance and Trust issues related to the management of high-net-worth customers), behavioural issues (the Emotional Factor, Personal Branding), and digital issues (5D Strategy, ISD) with high participation levels from the Sales Network. Training activities are monitored and analysed via a Dashboard system which, in addition to verifying volumes and consistency in relation to the skills-linked training needs outlined in the Catalogue, can even analyse (for the most relevant training courses) the various impacts of the training and detect correlations between the training and commercial results. This helps to identify the most appropriate course of action, with the ultimate aim of always establishing forms of training that are useful to Family Bankers and their individual circumstances.

Below are the **main training sessions** held for the Italian Family Bankers during the year.

- › In 2021 the Mediolanum Next Programme was launched. This new and innovative professional course is aimed at increasing the market presence of Banca Mediolanum and overseeing the generational transition of Family Bankers, introducing the role of Banker Consultant to the sales structure of Banca Mediolanum. The new role will support the most senior Family Bankers in assisting customers and developing their assets. The role is designed for young graduates who, after a rigorous selection process, attend the Executive Master in Banking Consulting (EMBC) before entering the profession. The EMBC is a specialised full-time training course lasting six months. It is administered by Mediolanum Corporate University in collaboration with university professors, established industry professionals and the direct involvement of the Bank's Managers, as well as professionals from the sales area and MCU lecturers. The multi-disciplinary EMBC training course alternates between various foundational technical, commercial, behavioural and communication topics, in-depth analysis of digital environments and the experiences of the Bank's Managers. It is a predominantly digital course. When the pandemic-related situation allows, shadowing of office-based functions and local training sessions will also be offered. The training programme is enhanced by in-depth lessons that prepare Banker Consultants for the EFPA Certification exam, at the level of European Investment Practitioner. Attendees undertake daily training: part of the day is dedicated to individual study and exercises to prepare for the qualifying exam for the profession of Financial Advisor (for listing in the Italian register of financial advisors, the OCF), the IVASS exam for registration in the RUI (the Register of insurance intermediaries) and assessment on internal subjects; the remaining part of the day is devoted to lessons. Compulsory attendance at lectures and passing all exams are pre-requisites to obtaining the MCU certificate. The first two editions were held in 2021 and were attended by a total of 29 trainees. Alongside the training course for new Banker Consultants, there is a plan to roll out a training course for Senior Family Bankers to support them in evolving their business model.
- › For the many Family Bankers who have recently joined the Banca Mediolanum Sales Network, the traditional induction process has been updated to include a new course of three webinars every two weeks and a follow up after one month to support them and provide assistance in the world of financial advice. More than 230 people have taken part in this significant professional onboarding programme and been inducted into Banca Mediolanum's advisory strategy and approach.
- › In 2021, delivery continued of the second edition of the managerial training programme **"Banking & Innovation Management Executive Master"** (BIMEX), which was launched in March 2019 and has been converted into webinar sessions following the pandemic. The programme - which is aimed at the 81 managers in the Sales Network, divided into four classes - was launched with the objective of enhancing and growing the managerial expertise and skills needed to provide the skills leadership that is essential, both in the present and in the future, to successfully lead teams. The second edition was led by lecturers from the

Università Cattolica del Sacro Cuore, as well as well-known professionals and companies with proven experience, as well as 14 speakers from the Mediolanum Corporate University, and managers from the Bank. The training programme will end in early 2022.

- › The second edition of the **Supervisor Experiential Active Learning (SEAL)** programme is aimed at the role of the Family Banker Supervisor, and is designed to strengthen awareness of the role, and the skills and expertise needed to manage the team. The year-long programme comprising seven modules, each offering theory and practice sessions, involved 45 participants in three classes. To further extend the learning benefits and support them in achieving their goals, all participants were supported by a professional coach.
- › The "**Mediolanum Innovative Training**" (MIT) training programme, which takes place on a monthly basis, involves the entire network of Family Bankers in digitally delivered training sessions; the aim of the programme is to increase the technical and commercial skills of the Bank's consultants on topics relating to macroeconomic scenarios, market trends, corporate strategies, as well as an in-depth exploration of the product and service offering. Each edition of the programme benefits from the presence of managers from the head office and high-profile external speakers, selected from leading experts and professionals on the Italian and international economic scene, and is broadcast via the company's TV platform in the new MIT ON AIR format, launched in February 2020, at the beginning of the pandemic. 11 editions of the programme were delivered in 2021. Participation and satisfaction levels remain very high. Alongside MIT ON AIR, specific training courses are planned for Managers to help them run training sessions with their staff.
- › In terms of **digital skills**, courses have been set up that will allow the entire Sales Network to gain the skills they need to start working immediately with distance technologies (using MS Teams in particular). Courses have also been planned for the use of the 5D Mediolanum Strategy customer management platform and the main digital tools used by Family Bankers (ISD, Instances). In the digital innovation field, particular investment has been made in acquiring technical and communication skills for the management and development of customers through a constant and consistent use of the Microsoft Teams platform. A new course online
- › on the topic of Social Reputation has also been launched. This deals with managing customer relations with customers on social media and complements other courses on the management of personal branding. The entire Sales Network was also provided with mini training sessions on **cybersecurity** in order to increase their knowledge and awareness of IT risks.
- › Training continues for the role of the **Family Protection Specialist**, an insurance expert who operates locally, supporting Family Bankers in studying customer requirements and in meeting their insurance needs. In 2021, webinars were delivered on the new MEDIOLANUM CAPITALE KEY PEOPLE service, for the protection of key company figures. For Credit Specialists, experts in financing who operate locally in support of Family Bankers, in-depth webinars were provided on the subject of the CONSAP Guarantee Fund.

- › On the subject of **mandatory regulatory training** and in accordance with the **IVASS Regulation 40/2018 and CONSOB Intermediaries Regulation 20307/18**, five online professional development courses were delivered during the year, covering a total of 30 hours. These courses are delivered in order to maintain valid registrations on the register of insurance intermediaries (IVASS) and the register of financial advisors (CONSOB), as well as to maintain EFFPA certification at all levels. Banca Mediolanum also delivers the online 60-hour initial Ivass training course, which is required for registration on the register of financial advisors, and coordinates and adjudicates the final test, after which the Bank will submit an application for inclusion of the Family Bankers on the Register. With regards to regulatory training, anti-money laundering training modules have also been provided: a course was delivered on the new limits for the circulation of cash and bearer securities, as well as a course on the subject of Legislative Decree 231/2001 (Administrative Liability of Entities). With regard to MiFID II, a new online course has been made available to the entire Sales Network to extend their knowledge of the regulation in question, with specific reference to the topic of Portfolio Substitutions

Banca Mediolanum supports its Sales Network by offering Family Bankers the chance to attend specific training courses prior to the EFPA certification exam, for the following levels: EIP for Financial Advisors (European Investment Practitioner) for financial advisors, EFA (European Financial Advisors) and for the advanced level EFP (European Financial Planners). At the end of December 2021, there were 949 Banca Mediolanum Family Bankers with EFPA certification, of which: 483 EIP CF, 372 EFA and 94 EFP.

In September 2021, Banca Mediolanum gave its employees the option of obtaining EFPA - ESG ADVISOR certification. This is aimed at all professionals who wish to gain a solid grounding in environmental, social and governance issues, which is becoming increasingly necessary and useful for financial advice and planning. The training consists of individual study, mock tests and in-depth webinars.

In 2021, training for Banca Mediolanum's Sales Network took place in digital form via webinars and online courses, with a 38% increase in training hours compared to 2020.

Training and guidance in Spain

Training for the Sales Network is one of the key pillars for Banco Mediolanum. The various courses and training programmes for the Sales Network are delivered using methodology that integrates theoretical concepts and practical application, in order to achieve effective learning based on an integrated approach of training and guidance. The courses offered by Banco Mediolanum have always included a large online component, which means that the Sales Network has been able to maintain continuity of training, during the public health emergency.

The training provided in 2021 can be grouped into three main blocks:

- › **Technical training:** all training with the objective of integrating the Sales Network's technical skills into knowledge of the products and services offered by Banco Mediolanum. The catalogue of Online Seminars available on the B.MedLearning platform was expanded to more than 200 pieces of content segmented by level of difficulty and depth, so that Family Bankers can supplement their own self-training according to their level of professional experience. In the field of insurance, several specialisation courses were held to provide Family Bankers with the skills and knowledge necessary to offer the best protection advice.
- › **Mandatory/regulatory training:** training designed to achieve and retain the official certifications required by various regulation (MiFID, LCCI, Insurance) as well as courses focusing on compliance with regulation governing Family Banker activities. To this end, official certification exams were held for over 300 new Family Bankers and planned knowledge refresher courses were carried out for over 1,200 Family Bankers.

- › **Commercial and management training:** all courses designed to improve sales, communication and management skills of Family Bankers. These include, for example, the Welcome Courses, aimed at new Family Bankers who are beginning their careers in the institution, Special Courses on Sales Techniques, aimed at Family Bankers who encounter some difficulty in developing their business, and courses aimed at Sales Managers and Sales Network Managers to improve their abilities in selecting new employees and managing their teams.

Lastly, a postgraduate course in Management was launched in 2021 and involves 20 managers. The one-year course will end in 2022 and is chiefly aimed at developing managerial skills.

8.2 Protection of human capital

Enhancing and protecting human capital with a view to continuous improvement is necessary if Mediolanum is to retain its central role in a rapidly changing environment and remain a leader in an opportunity-rich market. People are a company's biggest asset. This is why the Group is committed to guaranteeing a safe, positive, rewarding and well-organised working environment in which people can express their talents to serve customers and colleagues. Creating a shared corporate culture, fostering transparent and consistent internal communication and working on developing expertise result in a united community of employees, in which personal development is encouraged, celebrated and increasingly driven by entrepreneurship, motivation and achievement. Valuing the human element is a key foundation for a company's solidity and growth, but it also involves achieving the best possible work-life balance. This is why Mediolanum is also committed to health and safety by adopting adequate health and safety measures and, via training and information, fostering the growth of an internal culture related to this issue. One example of this is the DynDevice platform, which has provided multiple courses and events for preventive health care and health and social security coverage, and which offers benefits beyond those required by countries' general regulation. As the pandemic continued into 2021, the Group maintained the various additional health and safety measures it had put in place the previous year to protect its staff and to guarantee a work-life balance while working from home. Increasing awareness of the importance of diversity in creating value and in supporting a positive corporate climate is key to consistently reinforcing culture, overcoming unconscious prejudices and reducing the gap that may still exist between people's intentions and their behaviour. The role of Diversity Manager, held by a Company Manager, was created in 2021 and the Diversity and Inclusion Manifesto was drafted and distributed. The Manifesto promotes a culture of diversity and equal opportunities, designed to create an environment that places the greatest possible value on all the different elements it comprises. The management of issues relating to the protection of human capital is also set out in our Code of Ethics, which defines the centrality, engagement and active participation of people in business processes as being fundamental objectives of the tools of business management and development, which are open to all individuals regardless of their social characterisation. The Mediolanum Group sees the creation of value and competitiveness in terms of respect and equality. The main policies adopted in this area are: The Recruitment and Hiring policy, the Remuneration Policies, the Succession Plan Policy, Workers' Health and Safety, the Human Resources Department Regulation and the Diversity & Inclusion Manifesto. The Group operates in strict compliance with all laws and regulations in force in countries that adopt principles and standards that fully protect human rights. It applies the national collective agreements for the industry, offering pay rates that are significantly higher than the contractual minimums; in the supplementary company agreement, particular importance is paid to healthcare and pension cover, with additional benefits other than those related in the general national provisions.

The Human Resources Department relies on the Human Resources Regulatory Advisory Unit to provide specialist advice on employment law, pension and tax regulations which are relevant to the processes that this Division puts in place for staff. The Division is also careful to obtain staff feedback and engagement, in accordance with transparency, listening to their ideas and opinions, and also takes part in continuous collective dialogue through industrial relations.

For the Italian Group companies which are members of the **Supplementary Pension Fund**, staff can also allocate their company bonus to their pension, and receive an increment on the amount that would have been paid had they chosen cash. **Part-time working** is permitted on return from **maternity leave**, compatibly with the company's organisational needs and with the strong focus on health and safety in the workplace.

8.2.1 Recruiting and retention

Recruiting and staff retention

The Recruiting & Employer Branding function of the Mediolanum Group acts as a "bridge" to the labour market: it works at the internal-external border of the company as a carefully balanced filter between the company's personnel needs and its external professional offering.

The function manages what the Head Office and the Sales Network require to support growth or increase benefits to the business, determining the quality of the people brought into the company, which in turn determines the quality of the company's human resources.

As has been the case for many years, during 2021 the Mediolanum Group contributed to the creation of hundreds of new jobs, both in its own offices and within the Sales Network.

Recruiting activities involve finding, selecting and placing the most suitable people for company roles. This is done through a process aimed at ascertaining the current and potential suitability of a candidate for a job in the company, to the satisfaction of both the candidate and the company itself.

The selection process at Banca Mediolanum comprises several steps in which the candidate and the company can understand and assess the other.

The function guarantees the quality and uniformity of the process and ensures the timely and effective filling of vacancies with candidates possessing the appropriate skills. This is achieved through monitoring various recruitment channels (traditional, e-recruiting) and the use of the most appropriate selection and assessment tools (individual interviews, group assessment, technical pre-tests, etc.).

The multi-channel contact and assessment methods are based on a systemic model that combines effective results, monitoring of the efficiency of the process and compliance with fairness and impartiality criteria.

Candidates are assessed for their technical skills and personal attitudes in relation to the roles to be filled as well as their experience. Assessment follows the principles of fairness and impartiality and leads to the formulation of an evaluation, not a judgement.

2021 saw the management of the multiple range of needs arising from the Head Office, as a Bank and as a Group company. A total of 334 searches were opened and closed for the Group's Italian companies. In terms of the Sales Network, the function was involved in projects relating to establishing and implementing a new sales recruiting model and, in collaboration with Marketing Communication, guidelines for the operational communication plan.

The function managed the selection processes that were established and implemented to specifically target financial advisory professionals.

The definition, design and implementation of the **Employer Branding plan** aims to portray the company's essence, identity and value proposition, conveying a sense of the Mediolanum Group as a workplace and its distinctive offering as an employer.

The function also monitors the dynamics at work in the wider business environment. This role involves scouting for new professionals, talent, ideas, networks and requirements, as well as establishing and maintaining relations with various market segments and academic or specialist organisations as sources for the best new candidates for the company.

The Recruiting & Employer Branding function's activities were all conducted remotely, from contact with the labour market to onboarding new recruits.

The internal Job Posting system is used as a tool for internal recruitment. This allows all applicants to present themselves with their CVs, attitudes and career aspirations, and it helps to promote career development, the growth of talent, the promotion of existing skills and also supports their knowledge of every area of the business, favouring job rotation based on criteria guided by transparency and merit. During the year, 16 job adverts were published, with 183 spontaneous applications. 20 positions were filled.

During 2021, 231 new hires joined the company. Their arrival was published in the employer branding plan. Other employer branding activities related specifically to initiatives arranged with leading national academic institutions and universities, in relation to career opportunities for new graduates: career days, webinars and co-design partnerships.

A further critical element in the protection of human capital is the potential departure of resources, which can lead to the company losing skills and intangible assets.

The action we take to protect our human capital is thus intended to minimise the risk of losing knowledge and experience, in particular, the skills considered to be most critical for the growth of the business. Internal career pathways for people, particularly those with high potential, are put in place after personal assessments and skills appraisals. At a managerial level, the Group has increased its level of employment and has followed up on its annual merit-based pay increase policy and on the agreed career progression.

Recruiting and retention of Family Bankers

405-1a - Breakdown of employees by gender

	2021			2020		
	Men	Women	Total	Men	Women	Total
Managers	864	126	990	804	100	904
Advisors	3,657	1,131	4,788	3,502	1,060	4,562
TOTAL	4,521	1,257	5,778	4,306	1,160	5,466

Our recruitment activity has always been strongly focused on candidates who have **proven relational experience in the reference market**. In 2021, the sales function was enhanced with the support of a Desk Research facility reporting directly to the Head Office's Human Resources Department, with the aim of providing greater coverage of the so-called potential market in the search and selection phase. Particular emphasis was also given to the Group's induction programme for the first 12 months to support new recruits as they join and begin their career at Banca Mediolanum by directly involving network managers in the local area. We offer training to assist advisors who are not yet listed on the Register of Financial Advisors during the preparatory trial period. We also provide assistance in analysing the potential market, and with all the legal aspects of closing sales. Through a managerial team which is present at the head office and also locally, the department responsible for the achievement of these objectives will support the work done locally by the Area Managers, who are directly responsible for the growth of the business. The Head Office Team, which reports directly to the Sales Department, is responsible for **creating new support systems and adequate tools to assure the efficacy of the hiring process and the productivity of new hires**. It also aims to support and train Managers responsible for selecting recruits, a key activity in the context of overall growth. It is responsible for presenting the correct image and for **hiring-related** communications, in coordination with the Marketing Division of the Mediolanum brand, both centrally and locally. From a geographical point of view, the network of Family Bankers is distributed according to the distribution of national wealth.

The distribution of offices in Italy and Spain is shown below.

The distribution of offices in Italy and Spain is shown below.

Region	Family Banker Office	Traditional Offices	Branches
Abruzzo	5	5	0
Basilicata	0	2	0
Calabria	3	9	0
Campania	2	18	0
Emilia Romagna	34	17	0
Friuli Venezia Giulia	7	7	0
Lazio	19	15	1
Liguria	3	6	0
Lombardy	43	24	2
Marche	14	5	0
Molise	4	1	0
Piedmont	14	19	0
Puglia	5	6	0
Sardinia	2	3	0
Sicily	19	36	0
Tuscany	25	11	0
Trentino Alto Adige	5	7	0
Umbria	5	4	0
Valle d'Aosta	2	0	0
Veneto	40	40	0
Total	251	235	3

DATA AS AT DECEMBER 2021	
Region	Family Banker Office
Andalucía	10
Aragón	1
Balearic Islands	1
Canary Islands	1
Cantabria	1
Castilla - La Mancha	2
Castile and León	1
Cataluña	13
Extremadura	1
Galicia	12
La Rioja	1
País Vasco	3
Pamplona	2
Region of Murcia	2
Valencian Community	12
Valencian of Madrid	1
Total	64

Data do not include bank offices or stockbrokers' offices

8.2.2 Company welfare

The Group has always focused on actions designed to achieve a work-life balance for its personnel, to promote their overall wellbeing. Mediolanum Group Welfare is available on the WELLMED platform, which is fully digital. Since 2015, it has also included a comprehensive, customised plan of flexible benefits known as the "WELLMED wallet", which offers all employees in the Mediolanum Group's Italian companies the opportunity to access a basket of goods and services. In line with the corporate culture, the Plan enhances the sense of belonging and engagement and the Group's proposal of value for its staff. The Plan is provided free to all staff, with the aim of increasing personal purchasing power by offering goods and services which are useful in their everyday lives.

A special feature of the "Wellmed Wallet" plan is that it allows each employee to allocate the "welfare credit", which they are given by the Group companies at the start of each year, to goods and services they choose themselves, according to their own needs and preferences. Following on from the previous year and in addition to insurance coverage for the reimbursement of medical expenses (provided to all employees), the "HEALTH CARD" scheme has been renewed. The card is handed out to all Group employees in Italy and allows them to obtain medical and health treatment at special rates, at the institutions and clinics of one of Italy's largest independent networks, which has 11,000 centres across the country, including research institutions, private clinics, diagnostic and physiotherapy centres, surgeries, laboratories, specialist medical and dental centres. The service, which is offered free of charge, is extended to the whole family unit, including parents. Counselling and remote medical services are also available through external specialists. The "BabyMed" crèche, which has operated at the Italian head office for over 15 years, continued to provide services in 2021, with 74 children attending in December. A summer camp was organised in conjunction with Happy Child at their facility in Basiglio, with 55 children between the ages of 3 and 11.

Highlighted initiatives in **Spain** include:

- › Life is Beautiful: This initiative promotes the culture of corporate wellness thanks to specific programmes including yoga and themed activity days;
- › Achieving the work-life balance
- › Employees can convert part of their salary into products and services, which have tax advantages (flexible pay);
- › Coaching;
- › Mindfulness;
- › An academic excellence award for the children of employees;
- › Breakfast with the CEO: a group of employees meet for breakfast with the CEO, where they have the opportunity to express their concerns or ask questions.

In **Ireland**, Mediolanum Irish Operations offers all its staff private healthcare insurance, which is fully sponsored by the company. In addition to an eyesight test, there is an annual medical checkup for all personnel, which is completely confidential. Annual flu jabs are also offered to all staff.



WELL@WORK 2021: SPECIAL MENTION FOR BEST INTERNAL COMMUNICATION

At Well@Work 2021 - Charge the Energy, the Community's eagerly awaited event on the topic of organisational wellbeing, Banca Mediolanum received a special mention for Best Internal Communication for its "HOMEdiolanum, putting you at the centre" project. Objective of the initiative: to propose an innovative solution for the well-being of employees and their families, promoting a proper work-life balance.

8.2.3 Management of health and safety in the workplace

The Mediolanum Group has adopted an **Occupational Health and Safety Management System**; it has defined, within the relevant business unit, specific responsibilities and procedures, and has also identified processes which are sensitive to these issues, setting aside adequate funding to implement strategies aimed at obtaining high standards of health and safety in the workplace. Company departments which are involved in these processes for various reasons are required to observe the following **principles**:

- › they must make sure that all health and safety requirements are met at every step of the processes for which they are responsible, and ensure that specific **control** principles are efficiently implemented;
- › guarantee **transparency, integrity and traceability** with regard to their obligations towards external health and safety inspectorates;
- › in the context of **supply or works contracts**, they must inform the contractors of any health and safety risks, and plan the related preventive measures;
- › in **contracts with third parties**, their activities relating to occupational health and safety risks must include the provision of specific undertakings to comply with the necessary standards;
- › they must favour and **encourage internal disclosures** in relation to:
 - › risks related to the work activities;
 - › health and safety measures adopted;
 - › first aid procedures and equipment;
 - › the procedures followed in the case of fire or evacuation of the working area;
 - › they must ensure that health and safety regulations are respected by all workers, including non-employees or any third parties who may be present on the worksite.

The company's health and safety **system** requires that **the following obligations are met**:

- › technical and structural legal requirements pertaining to equipment, installations and work areas must be respected;
- › risk assessments must be carried out, and the resulting health and safety measures must be put in place;
- › organisational activities must be carried out, such as those relating to emergencies, first aid, contractor management, periodic safety meetings and consultations of workers safety representatives;
- › medical check-ups must be conducted;
- › employee information and training;
- › supervision, with reference to workers' compliance with procedures;
- › the acquisition of legally-required documents and certificates;
- › periodic checks on the enforcement and efficacy of the procedures put in place.

Health and safety in the workplace: Ireland

Mediolanum Irish Operations has a **health and safety management system** with a management structure headed by the CEO/MD, to whom the following people report: the Senior Executives, the Safety Manager and the Safety Representative, followed by the employees.

Health and safety in the workplace: Spain

Banco Mediolanum has a **Health and Safety Plan** covering aspects such as:

- a) **Identification of the company's activities**, also in terms of the number of offices and workers;
- b) **The company's organisational structure**, with an identification of the functions and responsibilities covered by each level of the hierarchy, and the channels of communication between these hierarchies;
- c) **The organisation of production** in terms of identifying the various technical processes, organisational practices and procedures within the company;
- d) **The organisation of health and safety** within the company, indicating the chosen safety method, and the existing representative bodies;
- e) **The policy, objectives and aims** of the company in terms of health and safety, as well as the human resources, technical, material resources and funding made available for that purpose.

Banco Mediolanum is supported by an external health and safety advisor, who provides assistance and support in the correct management of risk prevention, with particular reference to: the management of health and safety in the workplace, hygiene, medical surveillance and ergonomic and psycho-sociological testing.

8.3 Diversity and inclusion

As the Mediolanum Group considers the individual to be of central importance, it is committed to valuing diversity and equal opportunities within its workforce, following and promoting the principles of merit and competence, in line with the Group's values. At the same time, it recognises that diversity is a lever for growth and success: differences in competences, skills, cultural and social backgrounds and, at the same time, the creation of an inclusive space that encourages constructive interplay between the many experiences found in the company, represent for Mediolanum an opportunity to enrich its business with new perspectives and is a prerequisite for growth and innovative solutions. The Group has therefore formally established the role of **Diversity Manager**, a position tasked with directing and fostering a culture consistent with these principles. It has also put in place a Diversity and Inclusion Manifesto which has been presented to all employees and to the Family Banker Network in a specific section of the Values series dedicated to Mediolanum's values. A number of initiatives were backed during the year, such as seminars, workshops, specific training courses, inter-company mentorship programmes and employee communication initiatives with the aim of encouraging and embedding an increasingly inclusive culture. Mediolanum is a signatory of the **ABI (Italian Banking Association) Charter for "Women in Banking"**, aimed at boosting gender diversity, and is committed to constant dialogue on these issues through collaboration with the relevant associations and regulatory and legal authorities and trade associations. In particular, it has joined Valore D, one of Italy's most prominent campaigning organisations for gender equality and inclusive culture; it has also joined **Women and Technologies**, an association that promotes female talent in technology, innovation and scientific research. In December, a **Diversity and Inclusion Policy** was also established. This identifies, among other things, the elements of diversity culture that have the greatest impact on the Group. Of these, gender diversity remains of particular importance, partly because of the market context in which Mediolanum operates.

In **Spain**, activities have been launched **in order to promote equality and inclusion**. These include the definition of a plan of action to favour equal treatment and to mitigate risks, while raising awareness of the importance of this issue and preventing episodes of harassment in the workplace. **Key roles** have been identified in order to encourage the provision of support and advice. Collaboration is ongoing with suppliers who employ people with disabilities, in particular, at three "special employment centres".

In **Ireland**, a **Head of Diversity & Inclusion** has been in place since August 2018, as well as a **policy on diversity and inclusion**. Mediolanum Irish Operations aims to stand out and be recognised as an employer with a strong positive reputation for its diversity and inclusion practices. It is therefore committed to being an organisation that recognises the value of diversity, creating a working environment where everyone feels included and valued regardless of differences. Mediolanum Irish Operations recognises that equal opportunities depend on good employment practices, which is why it seeks to ensure that diversity and inclusion in the workplace are supported with the guarantee that all staff receive equal treatment. This applies to all employment policies and practices including those pertaining to:

- › recruitment, hiring and retention;
- › terms and conditions of employment;
- › a corporate culture in which staff recognise the value of having a diversified, inclusive workforce;
- › learning and development;
- › promotion and career advancement.

In 2021, four female employees participated in the Irish Management Institute/30% Club Network Mentor Programme, a cross-sector and cross-company mentoring programme that brings together experienced leaders and high-potential individuals with the aim of stimulating professional and personal development. Also in 2021, 20 senior managers participated in an inclusive leadership programme, while 40 managers took part in a training course on unconscious gender bias, developed with the aim of reducing bias in attitudes during recruitment and decision-making and ultimately eliminating discriminatory behaviour. In addition, MIO has used Textio gender decoding software since 2021, which allows gender-neutral job advertisements to be developed. As a consequence of the implementation of this software, there has been an increase in the number of female applicants for job advertisements. Finally, work continues with the financial services sector to create industry-led initiatives that will promote diversity and inclusion. MIO's Head of Diversity and Inclusion is a member of the education, diversity and inclusion committee of the Irish Association of Investment Managers (IAIM), as well as a member of the stakeholder advisory group for the Women in Finance Charter, which, together with Financial Services Ireland and the Banking and Payments Federation Ireland, developed the Ireland's Women in Finance Charter.

Initiatives for staff

Initiatives in this area are part of the ongoing development of careers for women at Mediolanum, who make up approximately 50% of the workforce. The programme will be rolled out over the medium and long-term with a number of initiatives, and will be developed in tandem with similar initiatives for the Sales Network.

The specific Policy also focuses on ageing and generational diversity. Alongside programmes for the continuous induction of young people and those geared towards their professional development (both for employees and the Family Banker Network), an Employability & Empowerment Center was created, which oversees the reskilling of generations based on evolving skillsets across various areas.

Initiatives for Family Bankers

The **project on inclusion and gender equality for the Sales Network has also continued**. It involves approximately **30 Family Bankers** (from all regions, representing the various roles and career paths available within the sales network), in order to obtain even greater awareness and strengthen the community of female financial advisors at BMed. Various meetings were held with the aim of promoting the identity of the community, and of laying out an action plan to evolve it, while facilitating integration and equality in a world in the world of finance, in which women are still underrepresented (in the Banca Mediolanum network, women make up approximately 20% of the total number of Family Bankers). During the year, **a training and coaching plan was designed for the "founding members" of the community**. This test phase will end in the early part of 2021 and will be used as a pilot scheme for the full launch of the community, which will publish its manifesto, planned activities, and details of its governance.

9. Responsibility towards the community and the environment

Mediolanum is committed to help create a better life for the community at large by focusing on people and on the planet, in all its decisions and strategies. Our Bank promotes a global approach to supporting the development of the community, which is identified within the sociocultural realities with whom the company conducts its business relations. Banca Mediolanum organises and participates in various social, cultural and sporting **activities** in order **to promote and consolidate its relationship, and to provide support to the community**. Through the **Mediolanum Foundation NPO** which was set up in 2002, the Group is also committed to providing an organised response to requests and enquiries from the Third Sector. From an **environmental** perspective, the Group is committed to plans and activities designed to reduce its environmental footprint, through **projects aimed at the responsible use of resources**, which, in line with the company's strategy, can protect the environment and guarantee full adoption of national and international laws.

Community initiatives during the public health emergency

Banca Mediolanum and the Mediolanum Foundation NPO, alongside Progetto Arca, have established a project to protect 1,000 children in Italy from poverty. Through the donation of neonatal products, the project prevents damaging consequences arising due to children's growth requirements being neglected. The families that the project assists are mainly:

- > single-parent households, often consisting of a mother and child, without a family support network;
- > families with children who are fragile and lonely, and who have lost their homes in circumstances

such as evictions due to financial difficulties, job losses or illness.

Thanks to the donation from Banca Mediolanum, which Mediolanum Foundation donated entirely to Progetto Arca Foundation, it was possible to distribute one kit containing children's products per month, for one year, to each of the children involved plus one educational kit containing teaching materials – a total of 13,000 kits. Below are the results of the project:

A look at the numbers

Mediolanum Foundation NPO fundraising for Progetto Arca transforms subscriptions by Banca Mediolanum customers into a concrete gesture of solidarity for families most in need

Help delivered

- > 1 early years kit per month with basic necessities;
- > 1 extra kit for each child (also used by any siblings), with educational material;
- > 1,000 children, with an average age of 1 year and 4 months, helped in one year.

13,000

Total kits distributed

- > 12,000 early years kits;
- > + 1,000 extra educational kits.

Help delivered

425

Volunteers

16

Cities

48% north, 25% centre, 27% south and islands.

1,000

Families helped

- > **Single parent**
Single mothers without a family support network with an average of 2 dependent children;
- > **Large families**
With 5 (and up to 7) members, including grown-up children and dependent grandparents.

Target achieved

X3

Number of food parcels distributed in the last year tripled.

9.1 Financial inclusion

The Group is committed to **supporting the disadvantaged**, by creating a dedicated range of products and services, and through the presence of Family Bankers locally and the availability of digital tools so that customers can manage their finances independently. Banca Mediolanum and its Foundations in Italy and Spain are committed to **training programmes designed to increase financial knowledge and skills** among the community at large, thus encouraging a safe, responsible approach to finance.

9.1.1 Support through the products and services of Banca Mediolanum

Rescue loan

In the current economic climate, in which the areas of vulnerability are growing all the time, and with the aim of preventing recourse to unethical lenders, and of facilitating financial inclusion, the Bank and the Mediolanum Foundation NPO have continued their commitment, undertaken in 2009, to support Italy's anti-usury foundations and associations, with social projects geared towards providing financial support for the more vulnerable segments of the population. The decision of Banca Mediolanum to support the fight against poverty and unethical lending using the rescue loan now has support from 10 Church-affiliated anti-usury foundations in Lombardy, Piedmont, Veneto, Liguria, Emilia Romagna, Lazio, Sardinia, Sicily, Campania and Calabria. The anti-usury foundations operate through the local "Caritas" system, which relies on the parish charity centres to assist families in need. Under agreements made between Banca Mediolanum and the Mediolanum Foundation NPO, the Bank provides the anti-usury foundations with a credit limit, which they can use to grant loans to people in need, whether they be families or sole-trader businesses, at a symbolic interest rate which is currently approximately 1%.

This lending activity is a concrete commitment by Banca Mediolanum to the UN sustainable development goals (SDGs), specifically with reference to the first item on Agenda 2030: to end poverty in all its forms, everywhere.

The Bank bears the full credit risk for the loans granted, while the Mediolanum Foundation NPO is instructed to give preference to women with dependent children, as the beneficiaries of the loans, in line with its mission.

As of 31 December 2021 the revolving fund made available by Banca Mediolanum amounted to €2,450,000, with 318 loans disbursed, totalling €2,445,915.

The Foundations with whom Banca Mediolanum S.p.A. and the Mediolanum Foundation NPO have reached agreements are:

- › San Bernardino Milan (2009)
- › San Gaudenzio, Novara (2013)
- › San Matteo Apostolo (Bologna) (2016)
- › Santi Simplicio and Antonio, Tempio Pausania (Otranto), (2016)
- › Santa Maria del Soccorso (Genoa) (2017)
- › Beato Giuseppe Tovini (Verona) (2018)

- › Salus Populi Romani, (Rome) (2019)
- › Santi Mamiliano e Rosalia (Palermo) (2019)
- › San Giuseppe Moscati (Naples) (2020)
- › Zaccheo (Crotone) (2021)

These Foundations all work with the local Dioceses in their respective regions.

Customer Satisfaction Italy 2021

%	2021			2020		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Committed to the social sphere by working on solidarity and humanitarian projects	85	68	67	85.59	65.7	64
Committed to local socio-cultural projects	83	68	65	82.78	66.5	64.5
Supports customers at times of hardship	81	63	68	82.33	62.6	65.6

Source: 2021 Customer Satisfaction Survey, carried out in partnership with BVA-Doxa.

9.1.2 Financial education

In 2021, Banca Mediolanum continued its work on various financial education projects for existing and prospective customers. The content focused mainly on the importance of careful planning, based on individual needs, to achieve personal life goals and to take advantage of opportunities and benefits resulting from informed management of savings, and on the theme of protection to safeguard and maintain standards of living. In total, **more than 21,000 people participated**, including prospective customers and Family Bankers, in more than **230 digital events**.

In **Spain**, the Spanish Banking Association (Asociación Española de Banca, AEB), is running the financial education programme **"Tus Finanzas, Tu Futuro"** (Your finances, Your Future), for schoolchildren aged 13-15. The guest "teachers" are volunteers, who teach three one-hour sessions at the learning centres. The purpose of the programme is to make students think about the importance of taking responsibility for their own finances, and to give them the tools they need to start managing their budget and take financial decisions. It allows the students to learn basic and important concepts such as how to balance the budget, the difference between credit and debt and how to use loans responsibly, while they can discover the importance of having savings and of planning their personal finances properly. During 2021, Banco Mediolanum participated in the programme in different areas across Spain.

9.2 Supporting communities

The Group has always been noted for the **social commitment which also involves the Mediolanum Foundation NPO**, which supports socio-cultural projects, initiatives, donations, sponsorships and multi-year partnerships as well as providing training and education both in the areas in which the Group operates, and abroad. In its operational areas, the aim is to have a **positive influence on the socio-economic fabric**, through growth, employment, innovation and the provision of services for the local community.

9.2.1 Mediolanum's commitment to socio-cultural projects

Centodieci is a project designed by Banca Mediolanum to offer managers, business people and students but also Family Bankers and head office employees resources and tools they can use to innovate their business. It is an open space for discussion, learning, inspiration and encouragement which exports the values of the Bank outside the office, so that anyone can acquire them. The focus is on human beings, and the proposal is elaborated in three ways, through:

- › events across Italy: opportunities for training and experience, with the involvement of guests and speakers who reflect the values of Banca Mediolanum;
- › local projects: opportunities for training and education, involving a series of meetings with people of note from various cultural and professional backgrounds, with the aim of promoting and disseminating a community awareness;
- › Centodieci.it: an online magazine that presents all the initiatives and events associated with this project, and offers space for cultural discussion on a blog that features topics such as innovation, technology and shared values.

The public health emergency that is affecting Italy and the entire world has, on the one hand, necessarily accelerated the process of digitalisation, but on the other it has impeded and delayed until further notice all the local events that had been planned. In 2021, the decision was taken to continue to use digital as a way of accessing events. This encompasses the various formats of Centodieci, which cover topics such as art, social media usage, tech innovation, global marketing scenarios and studies on communication and listening techniques, universal values and unique life stories thanks to the involvement of well-known personalities who represent a model of excellence for the world. By the end of 2021 alone, three local events had been organised. They were produced and supervised directly by Banca Mediolanum and attended by the maximum number of 50 people. In addition, two live events, which were free to everyone, were held on the Centodieci Facebook page. Work continued on the Lessons from Italy project, conceived in 2020. Inspired by the remarkable essay by Italo Calvino, Lessons from America, the aim is to explore, reveal, rediscover and narrate the values and experiences that made Italy great, using digital stories (half-hour videos published on the digital Centodieci platforms and social media, which can be accessed by the public at any time), live events, streaming (some of these events also involve the network of Family Bankers as an alternative to the live events which are not possible at the moment), and podcasts.

There are various formats:

- › Italy in the Mirror (natural, architectural and urban heritage);
- › Pages of Italy (book reviews);
- › "Note d'Italia" (new editions of some of Italy's best-known songs, performed by a well-known Italian artist);
- › "Fatto in Italia" (the top Italian artists, architects, designers and creatives from the post-war period to the present day);

- › "L'Italia al cinema" (the leading producers, directors, actors and actresses of Italian cinema);
- › "Nuove parole per un'Italia nuova" (dedicated to storytelling).

One "Made in Italy" video and 11 musical videos have been made available to anyone visiting the Centodieci digital and social platforms. In addition, a programme of training events, "Marketing Words", was created, consisting of six lessons of one hour each. The course, dedicated to companies and entrepreneurs, is aimed at defining the role words play in a business and comprises a series of training videos and podcasts. This type of format is designed to be made available to the Sales Network for any digital or in-person events.

Centodieci: Models of Excellence

	2021			2020		
	Total events	Total hours	Total participants	Total events	Total hours	Total participants
Inspiration	3	6	171	7	14	1,360
Art	20	40	1,060	26	52	839
Progress	31	93	6,530	16	48	1,492
Solidarity	27	54	268	29	58	258
Social responsibility	0	0	0	3	3	119
Change	6	12	268	2	4	206

9.2.2 Donations and fundraising

2021 emergencies

In addition to the action taken in response to the Covid-19 emergency as illustrated in the introduction to this section, during **2021 Banca Mediolanum also assisted sections of the population who have been hit by natural disasters**, including the adverse weather events in November and December 2020, with support for 12 customers in the form of donations of **€30,400**.

The usual benefits were also granted:

- › 12-month loan and mortgage holidays
- › special credit facilities
- › -1% reduction of spread on mortgages and 24-month loans
- › cancellation of all current account costs for 24 months

Collaboration with foundations and associations

There have also been many activities involving not only customers but also employees of the Mediolanum Group, in support of social projects.

During 2021, Banca Mediolanum made donations to social and cultural support initiatives, to individuals in difficulty and to associations/non-profit organisations/foundations, for a total of €1,559,437.

Mediolanum Insieme

Mediolanum Insieme is a charitable project from Banca Mediolanum. It was launched with the aim of supporting the volunteers' associations who work with the community on a day-to-day basis. The project allows Family Bankers to recommend local non-profit organisations with which they have a connection.

In 2021 Banca Mediolanum collaborated with several associations, providing them with visibility on the bank's website and promoting their initiatives through direct e-mail marketing to customers. In particular:

- › Re-Use With Love, based in Bologna, pursues several important objectives, such as the conscious reuse and recovery of materials in various ways, including through the education of children and young volunteers. It also raises awareness of providing social support, not only through the final donation of proceeds from events organised (its solidarity market), but also through distributing free clothes throughout the year (its solidarity boutique);
- › the Rimini Association of Paediatric Haematology and Oncology is, a voluntary organisation founded and run by volunteers and parents with the aim of improving the overall care and quality of treatment for children suffering from leukaemia, lymphomas and tumours, providing psychological support to children and their families, and supporting purchases of machinery, instruments and consumables for the ward;
- › I Sassi di Betania, based in Cologno Monzese, near Milan, is an association supporting children, pre-teens and teenagers in Cologno Monzese and the surrounding area by addressing their needs and difficulties. Utilising the experience of a group of psychologists, educators and volunteers, the Sassi di Betania association runs projects aimed at preventing children leaving school early and combating youth disaffection.

Centesimi che contano

"Centesimi che contano" (every cent counts) is a service offered by Banca Mediolanum that allows customers to make an automatic donation of "small change" on their account balance on the third working day after the start of the month, in favour of the Mediolanum Foundation NPO. As of 31 December 2021, the service had grown by 12%, with more people signing up than in 2020 and total donations amounting to €406,476.40. The greater availability of funds achieved due to increased numbers joining the "centesimi che contano" service led to the addition of a new recipient, La Lega del Filo D'Oro (joining existing recipients Dynamo Camp and the Benedetta d'Intino Centre), to improve the quality of life of deaf and blind children treated at the Lega's centres.

Community activities

In addition to the institutional donations received from the Mediolanum Banking Conglomerate and the 5x1000 contribution (the Italian scheme allowing taxpayers to make charitable donations), the most significant fundraising amounts, amounting to €3,064,342.20, come from the following types of donors:

- › Banca Mediolanum and Banco Mediolanum customers;
- › Banca Mediolanum and Banco Mediolanum Family Bankers;
- › Banca Mediolanum and Banco Mediolanum employees, Senior Managers and members of the Board of Directors;
- › Private donors not belonging to the Mediolanum Financial Conglomerate;
- › Companies and enterprises.

Community initiatives in Spain

Mediolanum Aproxima

In Spain, Mediolanum Aproxima, Banco Mediolanum's charitable project, was established in 2014 to support local non-profit organisations through the direct involvement of Family Bankers and their customers. Family Bankers act as a link between their customers and local associations, reinforcing their charitable work. Another aim of the project is to create a network of social commitment. Examples of this are collaborations on volunteer and awareness-raising initiatives, financially supporting NGO projects or via donations in kind. Banco Mediolanum can also collaborate with its customers in various ways to meet their needs: support through donations in cash and kind, volunteering or external media coverage. And, for NGOs, Banco Mediolanum provides various online and offline channels of communication to give them visibility and put them into contact with potential volunteers. In 2021, it promoted the fourth edition of Solidarity Week in November, with 70 Family Bankers organising 60 online and offline events on the Mi Grano de Arena platform. The initiative was publicised through advertisements placed in the media, giving the project greater visibility in society.

There was participation both from NGOs that are part of the long-term sponsorship programme as well as other NGOs not part of the programme but with a previous connection with Family Bankers.

More than €420,000 was raised for 66 NGOs (this amount includes both the amount collected and the contribution of the Delegation from the Mediolanum Foundation). Over 7,000 people attended the initiative.

Christmas campaign

In 2021 Banco Mediolanum launched the second edition of its children's video contest. The finalists' videos were published on the company's YouTube channel and Banco Mediolanum donated €1 to Mediolanum Aproxima NGO to help children, up to a maximum of €6,000.

Sea tour

Banco Mediolanum was the main sponsor of the "La Gira del Mar" event, a boat tour in stages along the Mediterranean coast to promote respect for nature and sustainability, including collecting plastic from the beaches at each stage of the tour in collaboration with local NGOs. It involved more than 200 volunteers who collected 63,000 items of waste, 21 kg of microplastics, 20 kg of glass and 17 kg of packaging, among other things.

Community initiatives in Ireland

In Ireland, support for communities continued by means of a wide range of initiatives based on Mediolanum's principles of sustainability and shared values. The commitment took various forms.

Coolmine Therapeutic Community

In a unique initiative for Ireland, since 2016 Mediolanum Ireland has been providing active support for Coolmine Therapeutic Community, a therapeutic and rehabilitation community for alcohol and drug addiction, with a dedicated programme for mothers and children. MIO's involvement entails a series of initiatives aimed at supporting the Association's growth and service offering, through volunteering, coaching, mentoring and employees sharing their expertise, in order to create long-term value for the charity. In addition to financial support, several initiatives were implemented in 2021 to help the charity grow and boost its service offering such as:

- › Marketing and communications support (newsletters and PR etc.);
- › Assistance with governance and general management;
- › Assistance with multimedia output (photos and videos) on various occasions;
- › Father Christmas gifts for the children of Ashleigh House;
- › Steering committee participation and fundraising;
- › Donation of computer equipment.

In addition, in 2021, the company contributed to the improvement of the city of Dublin through financial support to the Irish Olympic Handball Association. This was for the development of the sport by supporting the association in involving the local youth population, thereby promoting a safe after-school environment and encouraging wider participation in team sports.

Irish Olympic Handball Association

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Collaboration with the Mediolanum Foundation NPO

The Mediolanum Foundation was established in 2001 with the aim of developing the main social-interest activities of Mediolanum Banking Group. Since 2005, the Foundation has focused its work on initiatives targeted at children living in hardship. Children are often the weakest and most vulnerable part of society and it is important to provide them with equal opportunities to grow and develop their talents and to freely and independently develop and adapt to their own context and the realities of life.

As well as providing aid for basic needs such as food, shelter and medical care, the Foundation has always been committed to providing basic education and the opportunity to learn a profession.

As such, while safeguarding local cultural and religious traditions, the Mediolanum Foundation aspires to make it possible for tens of thousands of children to become independent, so that they can live a life as free adults, in respect of the universal values of the individual.

Breakdown of contributions and fundraising

Donations towards projects in Italy increased from 67% in 2020 to 74% in 2021.

Summary of contributions	2021	2020
Mediolanum Financial Conglomerate	€1,192,127.73	€700,000.00
5x1000	€206,567.78	€467,436.25
Direct fundraising	€2,373,114.92	€1,904,858.85
Cause Related Marketing*	-	€204,763.00
"Every cent counts"	€406,470.19	€363,851.04
Spanish Delegation	€284,757.09	€208,655.00
TOTAL	€4,463,037.71	€3,849,564.14

* The amount attributed to the Cause Related Marketing item present in the 2020 NFS has been incorporated into the "Mediolanum Financial Conglomerate" item in 2021.

Delegación de Fundación Mediolanum

In 2019, Mediolanum Foundation set up its Delegation in Spain to help children in need through NGOs based in Spain.

The Delegation's convention for providing aid is to double the amount that Family Bankers raise from charitable events – between €2,000 and €5,000 per event. In 2021, the Mediolanum Foundation Delegation **raised €278,757.09** through events (including those organised during the 4th Solidarity Week) **to help NGOs, donating a total of €511,899.71 to 71 NGOs.**

Issues and geographical areas of intervention

2021 saw significant growth in the areas of Research and Health. In particular, as regards research, a charitable event in favour of the non-profit Retina Association should be noted. This event alone raised a very significant total of more than €140,000 euros; in the Health category there were several projects in the Matching Projects category, with the AISLA and Francesca Rava Foundation projects standing out in particular. There was also an increase in the number of School/Education projects, including those related to the Cometa and Mission Bambini associations. Welfare remained the most frequent area of intervention, despite no increases on 2020 being recorded.

Europe was the continent that received the highest number of projects, partly because Italy plays a prevailing role, but the number of Spanish projects is also rising significantly, thanks to the hard work of the Delegation. Donations towards projects in Italy increased from 67% in 2020 to 74% in 2021, while for projects in Spain the figure rose from 8% in 2020 to 11% in 2021.

Donations towards projects abroad fell again, both in percentage terms (from 25% in 2020 to 15% in 2021) and in absolute terms, further cementing the trend of recent years.

See below for the breakdown of projects by area:

Areas of intervention (in €)	2021	2020	% var.
Welfare	2,461,296	2,518,995	-2
Education	773,941	645,149	20
Research	328,417	68,560	379
Health	710,429	417,632	70
TOTAL	4,274,082	3,650,335	17

9.3 Direct environmental impacts

Banca Mediolanum and the Group's foreign companies are working steadily to minimise the environmental impact of their operations, **by adopting policies designed to optimise consumption and the management of natural resources and waste**. In addition to using certified management systems, renewable energies and adopting ways to save energy and resources in its offices, Mediolanum considers that **raising staff awareness about eco-friendly behaviours** is of central importance in reducing the environmental impact of their work activities.

9.3.1 Environmental management policy

In its business processes, Mediolanum Group favours innovative solutions that minimise the consumption of energy resources or which require the use of low-environmental Impact resources, while maintaining high standards of efficiency and safety. In the awareness of its role towards the community at large and towards the future generations, Banca Mediolanum recognises the importance of environmental sustainability in its business model, and is committed to being a responsible player when it comes to protecting the environment. In recognising environmental protection as a fundamental part of corporate responsibility, the Group has been pursuing its **Environmental Policy** since 2019.

The Environmental Policy is all about environmental sustainability, which covers four areas of responsibility:

- › The purchase and consumption of sustainable products;
- › Energy and climate change;
- › Waste management;
- › A culture of environmental sustainability.

In view of the results of the materiality analysis, the use of water resources is not a major topic, in light of the Group's operations.

9.3.2 Protecting the environment

Environmental protection is a **fundamental part of corporate responsibility**. In its business processes, Banca Mediolanum favours the use of innovative solutions that minimise the consumption of energy resources, or which require the use of green resources, while maintaining high standards of efficiency and safety.

The concrete actions taken by Banca Mediolanum over time, with a view to environmental sustainability, also require third parties **to adopt environmental strategies that reflect our environmental policy**:

- › the **supplier selection process** must favour those providers who have a sustainable environmental and social footprint;
- › the **partners** we select for waste management, which is an area that could adversely impact the environment, must have proven expertise and the necessary licences;
- › **staff and contractors** are required to comply with guidelines on the proper disposal of waste; in the case of doubt, they are asked to consult the relevant company department.

The **monitoring of environmental data** is included in the data and information we communicate to our *stakeholders*. The importance of the environmental impact of the activities undertaken by the Group and its workers translates into a series of concrete actions, mainly aimed at reducing consumption and the waste of resources (energy, paper and water), and at making users aware of how they can make their behaviours even more sustainable.

Protecting the environment: Italy

Saving the environment

In 2021, no specific projects were developed, but actions were taken to improve and optimise the operation of the facilities, with a consequent reduction in energy consumption. After replacing the UPS Call Centre with new equipment in 2020, the 2000 UPS data processing centre was decommissioned as it was obsolete and only partially used. The full load was transferred to the new UPS, increasing the savings already calculated.

Also in 2021, the lack of staff meant operation of the systems to cool or heat the buildings (while maintaining minimum comfort levels in each building) could be moderated. As a result of the measures implemented during the previous year and taking into account the measures above, **energy purchases fell by approximately 554,700 kW** compared to 2020.

Raising awareness and accountability

Our eco-friendly behaviours are also applied on a day to day basis at our head office, thanks to a series of easy-to-implement initiatives. Over the years, this has led to a tangible reduction in costs but also in the environmental footprint, and has made our staff more aware of their habits and actions. The consolidated behaviours which have been regularly adapted over the years include, in particular:

- › setting photocopiers to automatic switch-off mode, helping to save electricity;
- › reducing paper usage by enabling photocopiers to be used as central printers and scanners, and using email (documents can be sent directly to email addresses or to other recipients);
- › reducing paper consumption by introducing the electronic format of all the Companies on the Head Office portal;
- › improving the use of multifunction printers with front-and-back print and copy, to reduce the use of paper and of recycled paper;
- › the presence of toner and paper recycling points on all floors;
- › training people to prefer digital communications over print;
- › digitalising the postage points;
- › the automatic switch-off and switch-on of office lighting depending on whether people are actually present;
- › reducing the use of disposable plastic by using a provider of mains-connected naturalised water;
- › the selection of eco-friendly products for the vending machines in refreshment areas; these include compostable beakers and stirrers, drinks packaged in Tetrapaks or aluminium cans (which are fully recyclable);
- › the use of certified sanitary products made from recycled paper.

Finally, to prevent the purchase of paper copies of newspapers and magazines, there is a “Digital Newsstand”.

Targeted interventions

The Mediolanum Group pays great **attention to energy consumption**. Over the years, it has implemented targeted schemes from which we are still reaping the benefits. These projects have not only reduced our energy costs but have also benefited the microclimate. At our Italian Milan 3 City site, two trigeneration plants have been installed to allow the simultaneous auto-production of electricity, thermal and cooling energy thanks to cogenerators and absorption refrigeration units. The systems are powered by natural gas, and self-produce electricity for the end users (lighting, computers and motive power). The system consists of two separate, stand-alone plants positioned on the roofs of the Palazzi Meucci-Galvani and Galeno-Fermi buildings. In 2021 alone, the system met the following requirements of the MI3 City campus:

- › **44.61%** of the necessary electricity;
- › part of the heating service;
- › part of the air conditioning service.

To make the systems more efficient, the two plants have been linked to the Archimede and Galilei-Volta buildings and also to the company creche. These connections **not only provide self-produced electricity, but they also continuously cover 100% of the workstations thanks to UPS and generators**. In 2021, the trigeneration plants at the MI3 City campus in Basiglio self-generated 4,564.29 MWh out of the 10,230.41 MWh used, and produced the hot water needed for heating. The estimated quantity not drawn from the heating system is 6,637 MWh produced for thermal energy, and 6,849 MWh produced for refrigeration energy.

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Waste disposal and recycling

The following types of waste are recycled:

- › paper;
- › packaging (cardboard, polystyrene and wood);
- › toners and cartridges for printers and photocopiers;
- › PCs and electrical appliances;
- › batteries;
- › plastic and aluminium;
- › glass;
- › metal;
- › food waste;
- › wood;
- › fluorescent tubes.

Toner and paper recycling points have been placed on each floor, close to the document copying area, while there are recycling points in all the refreshment areas for plastic, paper, food waste, non-recyclable waste, plastic bottle tops and aluminium. Users are regularly reminded of the importance of using resources sparingly. This is in order to ensure that all waste is properly recycled and disposed of. During the year, disused computers, electronic equipment and furniture was disposed of by a specialist waste disposal firm.

Paperless project

In 2021, 10,082 kg of FSC paper was printed. If the same quantity of non-FSC paper had been used, our CO₂ emissions would have been 3,894 kg. However, as we used FSC paper (for which 3,699 kg of CO₂ were produced) **the savings amounted to 195 kg of CO₂**.

A new line of digital brochures was also launched for our sales network, and this produced a further saving of 12 kg of paper.

In 2021, Banca Mediolanum implemented several paper-saving measures:

- › encouraging the use of iPads by the Board of Directors and TV screens in the meeting rooms;
- › blank paper used in accordance with ISO 9001/140001 (FSC C008924, EU Ecolabel, Eco-Efficient -32% wood)
- › “My World” interactive PDF: new My World sales material was launched, eliminating the printing of Collective Investment Institution sales dossiers and files;
- › photocopiers must be unlocked with the partner badge each time they are used;
- › controlling and monitoring photocopy use through ad-hoc reporting by the company providing the printing service.

Sustainable mobility

Following the introduction of the decree by the Italian Ministry of Ecological Transition of 12 May 2021, the Mediolanum Banking Group has introduced a company **Mobility Manager** and developed a travel plan for employees. The latter must meet staff mobility requirements while taking into account guidance received from the respective local municipality. The Mobility Manager’s main responsibility is to raise awareness of sustainable mobility through developing and monitoring the company travel plan, as well as promoting training and guidance measures to encourage sustainable mobility.

The Basiglio site is linked to Milan (Famagosta and San Donato metro stops) with a shuttle bus service. The cost of the shuttle bus is paid almost entirely by the company. It relates to the private transport service between the Basiglio site, the city of Milan and the municipality of San Donato. From October, paper tickets were eliminated and replaced with e-vouchers bought through a mobile app.

The use of public transport to go to work is incentivised under a season ticket agreement with ATM - Azienda di Trasporto Milanese which offers commuters annual subscriptions at special rates.

In 2021, ATM provided 49 urban season tickets for Mediolanum Group employees.

This focus on sustainable mobility led to the installation of a further 10 fast-charging points (total installed: 41) for electric vehicles in 2021. The aim is to invest in a project with zero environmental impact and further increase the number of charging points in the coming years. The Mediolanum Group’s fleet for 2021 comprised 134 cars, compared to 135 in 2020; it is made up of vehicles with engines emitting limited CO₂, latest-generation diesel with FAP filters and alternative fuels. Almost all cars are in line with Euro 5 and Euro 6 standards.

The Mediolanum Group continues to focus on its fuel consumption and the environment. The list of company cars in the “Policy and Procedure on the allocation, use and management of company cars” comes with a set of maximum limits on CO₂ emissions and mileage. The fleet includes cars powered by alternative fuels and with hybrid, electric or green engines, and these models are preferred when the company fleet is upgraded. Hybrid and electric cars currently comprise 43% of the fleet.

A few years ago, the traditional fuel cards were replaced with a new DKV fuel card. By embracing the green strategy which is so important to our company, it makes an active contribution to realising certified eco-sustainable projects, of which all users will be informed during the year. With the DKV Climate Card, an agreement was sealed with the non-profit company MyClimate, with the aim of making an active contribution to reducing and offsetting the atmospheric emissions of CO₂; documents are issued, certifying the contribution made to reducing CO₂. Through this project, in 2021 the banking group contributed to preventing 363.56 tonnes of CO₂ from being released into the atmosphere.

Targets

Banca Mediolanum is committed to selecting suppliers for the purchase of electricity through tenders that involve only those companies able to guarantee the quality and sustainability of their energy portfolio, through Guarantee of Origin (GO) certification. It is also committed to reducing Scope I emissions by 3% over the next five years through dedicated initiatives and projects that optimise and improve the energy efficiency of operating facilities and internal management systems.

Protecting the environment: Spain

At the UN Conference on climate change (COP 25) in Madrid, Banco Mediolanum and other leading Spanish banks signed a commitment to reduce their carbon footprint (the indicator that measures the impact on global warming) of their portfolios, in line with the objectives set out in the Paris agreement. In so doing, the Company is aligned with the collective action for the climate, which is guiding the financial initiatives of the UN environment programme. It guarantees that the banking footprint is in line with the Paris and Spanish agreements on climate. The main objective of these environment agreements is to maintain the average global temperature at below 2°C, above the pre-industrial levels, and to continue the efforts to limit the increase to 1.5°C.

Certified management systems

Banco Mediolanum has not only implemented **an ISO 14001** environment management system, which attests to its respect for the natural environment and the prevention of pollution, but in 2018 it also implemented **an ISO 50001 energy management system** (renewed in November 2019) for the more efficient, sustainable use of energy. To control and monitor both these management systems, the **energy committee** set up in 2018 to guarantee respect for the energy policy of Banco Mediolanum has been merged with the **environment committee**.

Two documents were approved in 2021:

- › a revision of the energy and environment management system document;
- › the integrated environmental and energy management system manual.

Actions to reduce energy consumption

- › **Thermographic testing of electrical panels:** detects potential increases in electrical current loads, by upgrading the systems to translate into reduced consumption.
- › **Use of 100%-renewable energy:** contract with Iberdrola for the supply of renewable electricity certified by a Guarantee of Origin.
- › **Installation of automatic taps:** automatic taps have been installed at the head office of Banco Mediolanum, to reduce water consumption.

Waste disposal

In 2021, the disposal of computer waste, electronic material and furniture was managed by a transport and disposal firm authorised with the code T-2946. The company that manages this service meets all the environmental criteria, and has ISO 14001 accreditation. Since 2019, plastic, paper and food waste has been managed through the installation of licensed recycling bins on all company sites. All plastic elements (beakers and disposable cutlery etc.) have been eliminated. Finally, during 2020 the **management of other types of waste according to ISO 14001** was also introduced: lightbulbs, fluorescent tubes, large pieces of furniture, air conditioning filters, paper and cardboard.

Optimising paper usage

- › Commitment to using iPads by the Board of Directors and TV screens in the meeting rooms. This measure limits paper use in various work meetings.
- › Blank paper used in accordance with ISO 9001 / 140001 (FSC C008924, EU Ecolabel, Eco-Efficient -32% wood).
- › Digital welcome kit: as of May 2017, all account holders who use the Express opening of the SB Contract have received the new DIGITAL WELCOME KIT consisting of 2 SMS and an email. From January to October 2020, these accounted for 88% of the total number of kits shipped, with resulting savings in paper (welcome guide) and the containing folder.
- › “My World” interactive PDF: new My World sales material was launched, eliminating the printing of the Collective Investment Institution dossier and sales paperwork;
- › Interactive PDF on retirement: new sales material is being worked on that deals with the uncertain future of pensions, providing advice on a more effective retirement and Banco Mediolanum’s pension plans, thereby eliminating the printing of the sales material produced up to 2016.
- › Photocopiers must be unlocked with employee badges each time they are used.
- › Controlling and monitoring photocopy use through ad-hoc reporting by the company providing the printing service.

Work by the internal Every Action Counts (CAC) group to raise employee awareness of this issue proved particularly useful. 2,451 kg of paper was recycled in 2021.

Sustainable mobility

“Taxi Ecològic” is a firm offering sustainable transport services for private individuals and businesses. They have ISO 14001 (Norma de Gestió Medio Ambiental) or Environmental Management Standard certification, as all vehicles conform to the EC’s CO₂ emissions regulations for 2020. The entire fleet is made up exclusively of electric and hybrid vehicles (combined electric-combustion engines). Banco Mediolanum uses this firm to transport employees and contractors working in the metropolitan area of Barcelona.

In addition, for its fleet of vehicles used for senior managers, Banco Mediolanum encourages low-impact vehicles such as electric cars or hybrids. This recommendation by the Bank, which takes effect upon expiry of the contract for the vehicle provided by the leasing company, was launched in 2020 and was implemented with a request for five hybrid vehicles (one delivered in 2020 and four in 2021) representing 36% of the total fleet.

Protecting the environment: Ireland

Since April 2019, the Irish office has been housed in The Exchange Building in the IFSC (theexchangeifsc.com/), a building which is accredited with the LEED GOLD standard and a BERA3 rating, which translates into a 50% reduction in energy consumption, a 51% reduction in carbon emissions and a 30% reduction in water consumption. Employees play an active part in the Environment Team, which was set up by the building's management company with the aim of maximising the commitment to sustainability within LEED-accredited offices.

Most areas of the office are fitted with LED lights, with a timeout movement sensor. The energy provider also guarantees that all the electricity comes from renewable sources. The office is also decorated with more than 365 plants which are known to improve air quality.

ISO 14001 certification

In 2020, the site obtained ISO 14001 certification: this international standard, which sets out the requirements for an environment management system, will guide Mediolanum's Irish office on its journey towards continuously improving sustainability through a more efficient use of resources and by reducing waste, the consumption of water and energy, its CO₂ footprint, and by increasing its ESG commitment. It represents a significant step forward towards a more sustainable business, and highlights the importance the company gives to the environmental cause.

Actions to reduce energy consumption

In 2021, a more efficient use of resources and reduction of waste, water, electricity and CO₂ emissions was pursued through a number of initiatives:

- > more effective waste recycling;
- > minimising air travel;
- > encouraging employees to use more environmentally friendly forms of transport (such as the Bike to work and Tax Savers Public Transportation schemes);
- > use of renewable energy in the office;
- > modern and efficient lighting and heating/cooling systems;
- > reducing paper use, in particular by reducing printing and increasing digitisation of documents.

Training on ESG and responsible consumption was undertaken by staff throughout 2021 using various methods and different providers.

Printing and recycling

The company continues to use state-of-the-art printers, which result in measurable savings in paper consumption thanks to predefined settings requiring black-and-white printing, and by eliminating unprinted documents after a certain period of time. The technology used also measures the effective annual savings in terms of CO₂, litres of water, or the number of trees saved. The company has also increased its use of recyclable paper and other recyclable goods. An office recycling campaign was conducted, encouraging people to use good practices by placing labels in strategic areas, by using emails, and through word-of-mouth. The company also uses software to add digital signatures to documents, which saves CO₂. Similarly, moving the entire Corporate IT Infrastructure to cloud applications has resulted in further CO₂ savings.

Waste disposal and recycling

Our commitment to recycling continues, through waste separation in the company canteen and stand-alone recycling units in our offices and the removal of individual bins. Communication activities were also carried out on the subject, in line with the requirements of ISO 14001 certification, to increase the quantity of recycled waste collected.

Sustainable mobility

This year, the Company increased its efforts in facilitating sustainable transport with the Bike to Work government travel programme aimed at encouraging staff to use their bikes to commute to and from the workplace. With the spread of Covid-19, the use of bicycles has been encouraged and has increased rapidly.

9.3.3 Sanctions and disciplinary measures

During 2021, no infringements were reported and therefore no sanctions and/or measures were taken in relation to environmental matters.

10. Annexes

3. Identity and Profile

Banking companies offering products and services to customers:

- › Banca Mediolanum S.p.A. headquartered in Basiglio, Milan 3;
- › Banco Mediolanum S.A., headquartered in Valencia;
- › Bankhaus August Lenz & Co. AG headquartered in Munich;

Companies engaged in the design and management of asset management and insurance products:

- › Mediolanum Gestione Fondi SGR p.A. headquartered in Basiglio, Milano Tre;
- › Mediolanum Vita S.p.A. headquartered in Basiglio (Milano Tre, Milan).
- › Mediolanum Assicurazioni headquartered in Basiglio (Milano Tre, Milan).
- › Mediolanum International Funds Ltd, Mediolanum International Life dac headquartered in Dublin (Ireland).

Operational enterprises:

- › Mediolanum Comunicazione S.p.A. headquartered in Basiglio – Milan Tre.

The following companies are also part of the Mediolanum Banking Group:

- › Mediolanum Fiduciaria S.p.A., headquartered in Basiglio – Milano Tre, whose corporate purpose is the administration of assets, including those listed on public registers, on behalf of third parties, and all the other functions of a fiduciary company within the meaning of Law No. 1966 of 23 November 1939 (expressly excluding real estate);
- › Prexta S.p.A., headquartered in Basiglio – Milano Tre, whose corporate purpose is, in brief, the provision of loans in any form to the public.
- › FloWe S.p.A. – SB, headquartered in Basiglio – Milan Tre, whose corporate purpose is the issue and management of e- currency, the provision of payment services even if not connected to e-money, and the granting of finance in accordance with the laws and regulations applicable to e-currency institutions and their operations.

4. Business model and Governance

4.3 Governance, risk management and compliance

Rate of total annual salary

The table below indicates the multiple on the gross annual return earned by the CEO compared to the average gross annual pay of the Group's personnel.

CEO Pay Ratio

	Ratio to basic salary
2019 average	21.96
2020 average	21.29
2021 average	21.83
Period 2019-2020 CEO Pay ratio	21.69

205-2 Communication and training on anti-corruption policies and procedures

The boards of directors of the various entities in Mediolanum Group are involved in the process of approving the anti-corruption documentation (for Italy, this includes the Organisation, Management and Control Model pursuant to Legislative Decree 231/01), and they are thus informed of the management practices relevant to this issue.

In particular, training on this subject was provided in Ireland to all 7 members of the Board of Directors, with a 100% attendance rate. In Spain, training for board members is scheduled every two years and will take place in 2022 (in 2019 training was attended by 100% of the members).

Specifically, 100% of employees in Ireland and 95.44% of employees in Spain received specific training on anti-corruption matters. In Italy, 81.7% of employees (2,109 people) have acknowledged reading the Code of Ethics, which contains information on the fight against corruption, and 38.5% (996 people) have received specific training on the Code, which will continue to be provided in 2022.

Finally, in Spain 250 trade partners, corresponding to 53.30% of the total, were informed of the organisation's anti-corruption policies.

5. Sustainability at Banca Mediolanum

5.2 Stakeholder engagement

Group customers

	2021			2020		
	Mediolanum Italy	Banco Mediolanum Spain	Bankhaus August Lenz Germany	Mediolanum Italy	Banco Mediolanum Spain	Bankhaus August Lenz Germany
Number of customers Totals	1,459,962	186,277	0*	1,375,480	156,712	0*
Number of customers Account holders	1,272,804	168,950	0*	1,190,261	141,266	0*
Customer retention (%)	95.50	93.75	0*	95.91	95.47	0*

For Italy, this includes Prexta borrowers.

* Figures not included, as all the outstanding positions on August Lenz were closed in the second half of 2020

Survey by Financial Advisor Monitor

	2021		2020	
	Market total	Mediolanum	Market total	Mediolanum
Quality and effectiveness of training	3.54	3.84	3.57	3.80
Career paths, from hiring criteria through to career progression	3.29	3.57	3.29	3.57
Customer service	3.21	3.50	3.25	3.50
Overall satisfaction with the Family Banker®	3.54	3.70	3.68	3.56

Method: telephone interviews (cati), carried out between June and July 2021, with a sample of 3,473 advisors from various networks. The scoring scale ran from 1 "completely dissatisfied" to 4 "completely satisfied"

6. Economic responsibility

6.3 Responsible business

GROUP - GRI 207-4 - Country-by-country reporting rates*

Year 2020	Ireland	Germany	Spain	Italy
Number of employees**	106	78	268	2,364
Revenues from sales to third parties	1,929,428	11,746	78,296	5,308,344
Revenues from intra-group transactions with other tax jurisdictions	16,358	1,710	52,929	778,080
Pre-tax profits/losses	586,078	-23,445	21,169	530,403
Property, plant and equipment, excluding cash and cash equivalents	8,396	703	10,049	232,558
Corporate income tax paid on a cash basis	93,946	0	822	40,735
Corporate income tax accruing on profits/losses	73,694	-	841	35,229

* Values for 2020 declared in December 2021 to the Revenue Agency (amounts expressed in thousands of euros).

** Temporary staff are excluded from the total number of employees.

6.4 Procurement and supplier screening policies

Breakdown of suppliers by level of turnover

	2021					2020				
	No. of suppliers		% of suppliers			No. of suppliers		% of suppliers		
euro	Italy	Abroad	Italy	Abroad	Total	Italy	Abroad	Italy	Abroad	Total
0 - 10,000	680	53	44	42	44	848	67	49	48	49
10,001 - 100,000	560	48	36	38	36	553	48	32	35	32
> 100,001	320	25	20	20	20	320	24	19	17	18
TOTAL	1,560	126	100	100	-	1,721	139	100	100	100

	2021				2020			
	Sales				Sales			
euro	Total	% of total	Italy	Abroad	Total	% of total	Italy	Abroad
0 - 10,000	2,195,846	1	1,963,778	232,068	2,570,247	1	2,321,194	249,053
10,001 - 100,000	22,595,485	6	20,966,707	1,628,778	22,836,940	7	21,227,085	1,609,855
> 100,001	330,721,747	93	315,108,106	15,613,641	313,642,155	93	295,015,772	18,626,383
TOTAL	355,513,078	100	338,038,591	17,474,487	339,049,342	100	318,564,051	20,485,291

Extraction carried out by the SAP accounting application.

Breakdown of suppliers by geographical area

	2021	2020
	Value	Value
Italy - North	1,127	1,200
Italy - Central	293	329
Italy - South and Islands	140	192
Abroad	126	139
Total	1,686	1,860

7. Responsibility to customers

7.1 Centrality of the Customer

No. of contacts with customers by channel

	2021	2020	% vs 2020
Mobile app	121,258,510	97,423,165	24.5
Banking Centre*	2,636,242	2,954,317	-10.8
Mobile	170,909	376,487	-54.6
Chat**	222,078	198,254	12.0
Others (IVR)	1,656,735	1,979,936	-16.3
Website	22,354,917	25,532,842	-12.4
Overall contacts	148,299,391	102,932,159	44.1

* **Banking Center contacts** refer to contacts received (handled + discontinued by the customer).
Source: *Saccd routing - Report Power BI Livelli di servizio CBC.*

** **Chat contacts** refer to the number of contacts dealt with. Source: *Insight - Report Power BI Livelli di servizio CBC.*

VOLUME OF COMPLAINTS

The following analysis of complaints received to 31 December 2021 includes all complaints received in writing, by fax, letter, email, certified email, telegram or any other permitted form, from existing or potential customers of the Group in relation to our banking and investment services, and to the insurance brokerage services we provide.

A total of 5,981 complaints were received, showing next to no change (+0.15%) on the number received in 2020. Of these, 5,689 were "viable" for processing and 292 were not, as they were missing the essential information required. For example, complaints that did not identify the complainant or the product being complained of were considered as "ineligible". To complete the picture, we report that a total of 593 complaints were "reopened" in 2021 (-9% versus 2020), meaning that the customers did not accept the response initially received. Of that number, 574 were "viable" for processing, while 19 were not. Email was the primary channel used by Italian customers to send in complaints, accounting for around 53% of complaints received.

Of the total 5,981 complaints received, 5,553, around 92%, were addressed to Banca Mediolanum S.p.A., Banco Mediolanum S.A., FLOWE S.p.A S.B. and Prexta S.p.A. (formerly Eurocqs S.p.A.). In addition, one complaint was received by Mediolanum International Life dac, Irish office, which is still pending, but is not overdue. No complaints were recorded for Mediolanum Comunicazione S.p.A. as the company has no retail customers.

No. of cases

	2021				2020			
	No. of cases		Re-opened		No. of cases		Re-opened	
	Viable	Unviable	Viable	Unviable	Viable	Unviable	Viable	Unviable
Banca Mediolanum S.p.A.	3,259	113	381	6	3,920	54	522	0
Banco Mediolanum S.A.*	739	81	9	9	436	42	8	3
Bankhaus August Lenz & Co. AG	4	0	0	0	64	0	0	0
Prexta S.p.A.	618	46	78	3	198	3	15	0
Mediolanum Assicurazioni S.p.A.	90	5	10	0	100	2	11	0
Mediolanum Fiduciaria S.p.A.	3	0	0	0	0	0	0	0
Mediolanum Gestione Fondi SGR p.A.	9	5	1	0	11	5	1	0
Mediolanum International Funds Ltd	1	0	0	0	0	0	0	0
Mediolanum International Life Ltd	28	0	8	0	34	0	8	0
Mediolanum Vita S.p.A.	278	5	40	0	353	9	59	0
Flowe S.p.A.	660	37	47	1	662	79	26	0
TOTAL	5,689	292	574	19	5,778	194	650	3

* The growing number of complaints referring to Banco Mediolanum is mainly due to the growth in its customer base and the continuing effects of the "Lexitor Ruling" and the subsequent introduction of Law No. 106 of 23 July 2021. The law clarifies that the effectiveness of the reimbursement of financing costs enshrined in the Lexitor Ruling is only applicable to contracts signed after the law was passed.

RESOLUTION OF COMPLAINTS

A “viable” complaint can be managed in one of the following ways:

- › the complaint is not accepted, as it is considered “groundless”;
- › the complaint is accepted, the inconvenience caused to the customer is acknowledged, and their requests are met.

Looking at the results of the analysis, of the 5,981 “viable” complaints received, 5,387 were settled or closed* by 31/12/2021, of which 1,050 (approximately 20%) were considered to be justified. With reference to overdue complaints that are still under investigation, these are complaints for which a provisional reply is still to be sent out or for which negotiations are underway with customers, some of which received a response in the first few days of 2022.

Resolution of complaints

	2021	2020
Viable complaints received	5,689	5,778
Complaints resolved/settled*	5,387	5,399
of which accepted	1,050	1,084
of which groundless	4,337	4,315
Non-overdue complaints under processing at period-end	302	379
Overdue complaints under processing at period-end	7	9

In accordance with IVASS instructions, for the Italian insurance companies of Mediolanum Group, closed cases are counted even if they are not settled, for which the total includes 7 complaints which were reopened and had not been closed, but which were not overdue as at 31/12/21 (at the end of 2020, 9 complaints had been reopened and were not closed, but not yet overdue).

8. Responsibility to our people

GRI 405-I - Diversity of governance bodies by gender and age

2020					
	Total	Italy	Spain	Ireland	Germany
Total	32	13	10	6	3
Women	5	3	1	1	0
Men	27	10	9	5	3
< 30	-	-	-	-	-
30-50	5	3	2	-	-
> 50	27	10	8	6	3

2021					
	Total	Italy	Spain	Ireland	Germany
Total	31	13	8	7	3
Women	8	4	2	2	0
Men	23	9	6	5	3
< 30	0	-	-	-	-
30-50	4	2	2	-	-
> 50	27	11	6	7	3

GROUP - GRI 405-I - Number of employees by employment grade and gender

	2021			2020		
	Men	Women	Total	Men	Women	Total
Senior Managers	119	20	139	113	18	131
Managers	369	215	584	327	198	525
Non-Management Employees	1,066	1,291	2,357	1,014	1,226	2,240
TOTAL	1,554	1,526	3,080	1,454	1,442	2,896

GROUP - GRI 405-I - Percentage of employees by employment grade and gender

%	2021			2020		
	Men	Women	Total	Men	Women	Total
Senior Managers	3.86	0.65	4.51	3.90	0.62	4.52
Managers	11.98	6.98	18.96	11.29	6.84	18.13
Non-Management Employees	34.61	41.92	76.53	35.02	42.33	77.35
TOTAL	50.45	49.55	100	50.21	49.79	100

GROUP - GRI 405-I - Number of employees by employment grade and age group

	2021				2020			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
Senior Managers	0	51	88	139	0	52	79	131
Managers	2	424	158	584	0	389	136	525
Non-Management Employees	324	1,738	295	2,357	271	1,708	261	2,240
TOTAL	326	2,213	541	3,080	271	2,149	476	2,896

GROUP - GRI 405-I - Percentage of employees by employment grade and age group

%	2021				2020			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
Senior Managers	0	1.66	2.86	4.51	0	1.80	2.73	4.52
Managers	0.06	13.77	5.13	18.96	0	13.43	4.70	18.13
Non-Management Employees	10.52	56.43	9.58	76.53	9.36	58.98	9.01	77.35
TOTAL	10.58	71.85	17.56	100	9.36	74.21	16.44	100

GROUP - GRI 102-8 - Breakdown of employees by employment contract (permanent and temporary) and employment grade

	2021			2020		
	Men	Women	Total	Men	Women	Total
Fixed-term	43	55	98	43	40	83
Permanent employment	1,511	1,471	2,982	1,411	1,402	2,813
TOTAL	1,554	1,526	3,080	1,454	1,442	2,896

ITALY - GRI 102-8 - Breakdown of employees by employment contract (permanent and temporary) and employment grade

	2021			2020		
	Men	Women	Total	Men	Women	Total
Fixed-term	17	32	49	10	22	32
Permanent employment	1,234	1,298	2,532	1,158	1,230	2,388
TOTAL	1,251	1,330	2,581	1,168	1,252	2,420

SPAIN - GRI 102-8 - Breakdown of employees by employment contract (permanent and temporary) and employment grade

	2021			2020		
	Men	Women	Total	Men	Women	Total
Fixed-term	16	15	31	20	12	32
Permanent employment	161	115	276	139	104	243
TOTAL	177	130	307	159	116	275

IRELAND - GRI 102-8 - Breakdown of employees by employment contract (permanent and temporary) and employment grade

	2021			2020		
	Men	Women	Total	Men	Women	Total
Fixed-term	8	6	14	11	3	14
Permanent employment	88	37	125	75	37	112
TOTAL	96	43	139	86	40	126

GERMANY - GRI 102-8 - Breakdown of employees by employment contract (permanent and temporary) and employment grade

	2021			2020		
	Men	Women	Total	Men	Women	Total
Fixed-term	2	2	4	2	3	5
Permanent employment	28	21	49	39	31	70
TOTAL	30	23	53	41	34	75

GROUP - GRI 102-8 - Breakdown of employees by employment type (full-time and part-time)

	2021			2020		
	Men	Women	Total	Men	Women	Total
Full Time	1,545	1,462	3,007	1,446	1,377	2,823
Part Time	9	64	73	8	65	73
TOTAL	1,554	1,526	3,080	1,454	1,442	2,896

GROUP - GRI 401-1 - New employee hires and new hire rate

	2021				2020			
	Total	Women	Men	New hire rate%	Total	Women	Men	New hire rate%
Total workforce	3,080	1,526	1,554	-	2,896	1,442	1,454	-
<30 years of age	152	85	67	46.63	96	48	48	35.42
Aged between 30 and 50	158	57	101	7.14	117	52	65	5.44
> 50 years of age	6	2	4	1.11	10	5	5	2.11
Total new hires	316	144	172	10.26	223	105	118	7.70
New hire rate %	10.26	9.44	11.07	-	7.70	7.28	8.12	-

The employee turnover rate is calculated as the ratio of separations to total employees in the current year

GROUP - GRI 401-1 - Separations and employee turnover rate

	2021				2020			
	Total	Women	Men	Turnover rate %	Total	Women	Men	Turnover rate %
Total workforce	3,080	1,526	1,554	-	2,896	1,442	1,454	-
<30 years of age	26	11	15	7.98	13	5	8	4.80
Aged between 30 and 50	74	36	38	3.34	62	23	39	2.89
> 50 years of age	32	14	18	5.91	33	11	22	6.93
Total separations	132	61	71	4.29	108	39	69	3.73
Turnover rate %	4.29	4.00	4.57	-	3.73	2.70	4.75	-

ITALY - GRI 40I-1 - New employee hires and new hire rate

	2021				2020			
	Total	Women	Men	New hire rate%	Total	Women	Men	New hire rate%
Total workforce	2,581	1,330	1,251	-	2,420	1,252	1,168	-
<30 years of age	111	67	44	45.31	65	40	25	34.03
Aged between 30 and 50	117	42	75	6.15	82	38	44	4.42
> 50 years of age	3	1	2	0.69	4	2	2	1.07
Total new hires	231	110	121	8.95	151	80	71	6.24
New hire rate %	8.95	8.27	9.67	-	6.24	6.39	6.08	-

The employee turnover rate is calculated as the ratio of separations to total employees in the current year

ITALY - GRI 40I-1 - Separations and employee turnover rate

	2021				2020			
	Total	Women	Men	Turnover rate %	Total	Women	Men	Turnover rate %
Total workforce	2,581	1,330	1,251	-	2,420	1,252	1,168	-
<30 years of age	7	3	4	2.86	5	2	3	2.62
Aged between 30 and 50	43	20	23	2.26	32	12	20	1.72
> 50 years of age	20	9	11	4.62	15	6	9	4.02
Total separations	70	32	38	2.71	52	20	32	2.15
Turnover rate %	2.71	2.41	3.04	-	2.15	1.60	2.74	-

SPAIN - GRI 401-I - New employee hires and new hire rate

	2021				2020			
	Total	Women	Men	New hire rate%	Total	Women	Men	New hire rate%
Total workforce	307	130	177	-	275	116	159	-
<30 years of age	27	14	13	56.25	15	5	10	34.88
Aged between 30 and 50	19	9	10	10.16	9	5	4	5.36
> 50 years of age	0	0	0	0	0	0	0	0
Total new hires	46	23	23	14.98	24	10	14	8.73
New hire rate %	14.98	17.69	12.99	-	8.73	8.62	8.81	-

SPAIN - GRI 401-I - Separations and employee turnover rate

	2021				2020			
	Total	Women	Men	Turnover rate %	Total	Women	Men	Turnover rate %
Total workforce	307	130	177	-	275	116	159	-
<30 years of age	9	6	3	18.75	0	0	0	0
Aged between 30 and 50	5	3	2	2.67	5	3	2	2.98
> 50 years of age	0	0	0	0	5	0	5	7.81
Total separations	14	9	5	4.56	10	3	7	3.64
Turnover rate %	4.56	6.92	2.82	-	3.64	2.59	4.40	-

IRELAND - GRI 401-1 - New employee hires and new hire rate

	2021				2020			
	Total	Women	Men	New hire rate%	Total	Women	Men	New hire rate%
Total workforce	139	43	96	-	126	40	86	-
<30 years of age	14	4	10	53.85	12	2	10	46.15
Aged between 30 and 50	21	5	16	21.43	24	7	17	27.27
> 50 years of age	2	0	2	13.33	3	1	2	25.00
Total new hires	37	9	28	26.61	39	10	29	30.95
New hire rate %	26.61	20.93	29.16	-	30.95	25.00	33.72	-

IRELAND - GRI 401-1 - Separations and employee turnover rate

	2021				2020			
	Total	Women	Men	Turnover rate %	Total	Women	Men	Turnover rate %
Total workforce	139	43	96	-	126	40	86	-
<30 years of age	7	1	6	26.92	6	1	5	23.08
Aged between 30 and 50	14	6	8	14.29	11	2	9	12.05
> 50 years of age	3	0	3	20.00	6	1	5	50.00
Total separations	24	7	17	17.27	23	4	19	18.25
Turnover rate %	17.27	16.28	17.71	-	18.25	10.00	22.09	-

GERMANY - GRI 40I-1 - New employee hires and new hire rate

	2021				2020			
	Total	Women	Men	New hire rate%	Total	Women	Men	New hire rate%
Total workforce	53	23	30	-	75	34	41	-
<30 years of age	0	0	0	0	4	1	3	36.36
Aged between 30 and 50	1	1	0	4.00	2	2	0	5.41
> 50 years of age	1	1	0	4.76	3	2	1	11.11
Total new hires	2	2	0	3.77	9	5	4	12.00
New hire rate %	45.28	56.52	36.7	-	30.67	35.29	26.83	-

GERMANY - GRI 40I-1 - Separations and employee turnover rate

	2021				2020			
	Total	Women	Men	Turnover rate %	Total	Women	Men	Turnover rate %
Total workforce	53	23	30	-	75	34	41	-
<30 years of age	3	1	2	42.86	2	2	0	18.18
Aged between 30 and 50	12	7	5	48.00	14	6	8	37.84
> 50 years of age	9	5	4	42.86	7	4	3	25.93
Total separations	24	13	11	45.28	23	12	11	30.67
Turnover rate %	45.28	56.52	36.67	-	30.67	35.29	26.83	-

GROUP - GRI 102-41 - Collective bargaining agreements

	2021		2020	
	Employees covered by collective bargaining agreements	% of total	Employees covered by collective bargaining agreements	% of total
Senior Managers	109	78.42	107	100
Managers	538	92.12	488	100
Non-Management Employees	2,241	95.08	2,100	100
TOTAL	2,888	93.77	2,695	100

Figures on collective bargaining only refer to Italy and Spain, as this form of agreement is not available in the other countries

ITALY - GRI 404-3 - Percentage of employees receiving regular performance and career development reviews

%	2021			2020		
	Men	Women	Total	Men	Women	Total
Senior Managers	96.63	100	97.14	95.45	100	96.12
Managers	91.80	93.09	92.29	94.85	97.75	96.00
Non-Management Employees	97.78	96.18	96.87	97.65	90.93	93.84
TOTAL	96.24	95.79	96.01	96.83	92.01	94.34

SPAIN - GRI 404-3 - Percentage of employees receiving regular performance and career development reviews

%	2021			2020		
	Men	Women	Total	Men	Women	Total
Senior Managers	100	0	100	75	0	75.00
Managers	100	100	100	85.19	100	89.47
Non-Management Employees	85.42	85.09	85.27	91.41	87.62	89.70
TOTAL	88.14	86.92	87.62	89.94	88.79	89.45

In Ireland and Germany, 100% of employees received an appraisal in 2020 and in 2021.

GROUP - GRI 401-3 - Parental leave

All employees are entitled to parental leave, as provided by legislation; in 2021, 256 employees (13 men and 243 women) took parental leave. As this is the first year of reporting, rates will be reported starting from next year.

8.1 Growth of human capital

GROUP - GRI 404-1 - Average hours of training per employee

	2021			2020		
	Women	Men	Total by category	Women	Men	Total by category
Senior Managers	34.8	36.3	35.0	27.3	36.5	28.6
Managers	26.6	32.1	28.6	27.4	26.8	27.1
Non-Management employees	35.3	35.6	35.6	24.9	26.7	25.9

Report extracted from the company LMS.

Average training hours were calculated by dividing total training hours by the number of people in the workforce as at 31/12/2021.

GROUP - Type of training provided, per employee

	2021		2020	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	81,792	42,212	64,128	36,870
"Interdepartmental (Managerial & Organisational)"	4,591	16,429	2,306	10,153
"Functional (Professional)"	13,538	46,862	13,645	42,530
TOTAL	99,921	105,503	80,079	89,553

Report taken from company LMS.

ITALY - Type of training provided, per employee

	2021		2020	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	80,928	34,100	63,664	33,623
"Interdepartmental (Managerial & Organisational)"	1,502	3,580	1,767	3,368
"Functional (Professional)"	13,291	42,356	11,434	28,898
TOTAL	95,721	80,036	76,865	65,889

Report extracted from the company LMS.

SPAIN - Type of training provided, per employee

	2021		2020	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	720	5,343	251	697
"Interdepartmental (Managerial & Organisational)"	2,651	11,686	529	4,345
"Functional (Professional)"	238	2,395	2,154	12,696
TOTAL	3,609	19,424	2,934	17,738

IRELAND - Type of training provided, per employee

	2021		2020	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	144	2,769	116	2,356
"Interdepartmental (Managerial & Organisational)"	438	1,163	10	2,440
"Functional (Professional)"	9	2,111	0	0
TOTAL	591	6,043	126	4,796

GERMANY - Type of training provided, per employee

	2021		2020	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	71	142	97	194
"Interdepartmental (Managerial & Organisational)"	0	0	0	0
"Functional (Professional)"	43	581	57	936
TOTAL	114	723	154	1,130

Type of training delivered to sales network in Italy and Spain

	2021		2020	
	Participants	Total hours	Participants	Total hours
Technical, professional and product training	186,843	325,004	113,236	366,068
Managerial and Behavioural training	9,591	32,362	10,760	20,515
Regulatory compliance	191,393	377,842	71,511	209,875
Digital media and tools	16,491	25,103	995	1,951

For 2021, digital training hours have been stated separately, whereas in 2020 they were included in Professional and Product Technical training hours.

8.2 Protection of human capital

GROUP - GRI 403-9 - Number of work-related injuries

	2021			2020		
	Men	Women	Total	Men	Women	Total
Work-related injuries	0	0	0	1	1	2
of which fatal	0	0	0	0	0	0
of which high-consequence (excluding fatalities)	0	0	0	0	0	0

GROUP - Employee working hours

	2021			2020		
	Men	Women	Total	Men	Women	Total
Hours worked	2,439,915	2,244,524	4,684,439	1,182,327	909,955	2,092,282

Hours calculated for 2020 and 2021 for Italy refer exclusively to personnel working on site at the head office during the public health emergency

GROUP - GRI 403-9 - Rate of employee work-related injuries

	2021			2020		
	Men	Women	Total	Men	Women	Total
Frequency rate of work-related injuries	0	0	0	0.17	0.22	0.19
Fatality rate	0	0	0	0	0	0
Frequency rate of high-consequence work-related injuries	0	0	0	0	0	0

The rate of recordable work-related injuries is calculated as follows = (number of recordable work-related injuries/number of hours worked) x 1,000,000

GROUP - Contractor work-related injuries

	2021			2020		
	Men	Women	Total	Men	Women	Total
Work-related injuries	0	3	3	1	1	2
of which fatal	0	0	0	0	0	0
of which high-consequence (excluding fatalities)	0	0	0	0	0	0

GROUP - Contractor working hours

	2021			2020		
	Men	Women	Total	Men	Women	Total
Hours worked	219,324	248,570	467,894	n.a.	n.a.	n.a.

GROUP - GRI 403-9 - Rate of work-related injuries

	2021			2020		
	Men	Women	Total	Men	Women	Total
Frequency rate of work-related injuries	0	2.41	1.28	n.a.	n.a.	n.a.
Fatality rate	0	0	0	0	0	0
Frequency rate of high-consequence work-related injuries	0	0	0	0	0	0

The rate of recordable work-related injuries is calculated as follows = (number of recordable work-related injuries/number of hours worked) x 200,000 GRI 403-9 disclosures relating to Contractors (freelancers and external personnel), refer to Prexta, Banca Mediolanum, Mediolanum Comunicazione and Spain

8.3 Diversity and inclusion

GROUP - GRI 405-1 - Diversity categories

	2021			2020		
	Men	Women	Total	Men	Women	Total
Senior Managers	1	0	1	1	0	1
Managers	5	4	9	4	3	7
Non-Management Employees	31	36	67	30	35	65
TOTAL	37	40	77	35	38	73

ITALY - GRI 405-2 - Ratio of basic salary of women to men

	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	186,578	137,475	73.7	184,488	134,440	72.9
Managers	72,459	66,998	92.5	72,323	67,260	93.0
Non-Management Employees	39,120	37,991	97.1	38,487	37,867	98.4

ITALY - GRI 405-2 - Ratio of remuneration of women to men

%	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	242,275	169,098	69.8	236,940	163,416	69.0
Managers	77,269	70,795	91.6	76,733	70,128	91.4
Non-Management Employees	41,721	40,219	96.4	41,538	40,293	97.0

SPAIN - GRI 405-2 - Ratio of basic salary of women to men

	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	278,615	N/A	N/A	265,932	N/A	N/A
Managers	97,170	62,728	64.6	98,201	68,997	70.3
Non-Management Employees	32,764	29,792	90.9	33,214	31,002	93.3

SPAIN - GRI 405-2 - Ratio of remuneration of women to men

	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	411,976	N/A	N/A	357,540	N/A	N/A
Managers	119,675	70,068	58.55	117,611	79,879	67.9
Non-Management Employees	33,658	30,569	90.82	36,258	33,838	93.3

IRELAND - GRI 405-2 - Ratio of basic salary of women to men

	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	172,696	175,500	101.6	173,389	166,667	96.1
Managers	111,100	84,111	75.7	111,063	83,625	75.3
Non-Management Employees	54,854	50,250	91.6	65,536	53,403	81.5

IRELAND - GRI 405-2 - Ratio of remuneration of women to men

	2021			2020		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	211,356	200,072	94.6	193,959	187,100	96.5
Managers	139,283	97,560	70.0	135,564	86,181	63.6
Non-Management Employees	58,840	53,674	91.2	70,426	56,988	80.9

The ratio of the basic salary of women to men is not reported for Germany as the branch is not "significant" in terms of staff, employing just 53 people (23 of whom are female), equal to 1.7% of the Group's total workforce.

9. Responsibility towards the community and the environment

Direct environmental impacts

GROUP - GRI 301-1 - Materials used

	Unit of measurement	2021	2020
Certified (recycled) paper	†	8.4	13.1
Paper (white and headed)*	†	2.1	0.6
Toner	†	6.0	34.0

* Source of data: orders and invoices.

Total energy consumption within the organisation

	Unit of measurement	2021	2020
Electricity purchased	KWh	6,597,651	7,129,495
of which renewable and certified with GO (Guarantee of Origin)	KWh	742,697	712,006
Electricity self-generated	KWh	4,564,295	4,864,249
of which renewable	KWh	0	0
Electricity sold	KWh	0	0
of which renewable	KWh	0	0
Natural gas	m3	1,412,026	1,544,088
Diesel (generator)	L	3,404	0
Petrol (hire cars)	L	58,183	37,737
Diesel (hire cars)	L	115,084	112,512

Source of data: bills, invoices and meters

The reduction in electricity consumption was driven by the introduction of measures to improve and optimise the proper functioning of systems, in addition to the reduced presence of staff working on-site at the MI 3 City Headquarters.

GRI 302-I - Total energy consumption within the organisation (GJ)

	Unit of measurement	2021	2020
Electricity	GJ	23,752.0	25,666.2
Natural gas	GJ	48,414.0	52,943.7
Diesel (generator)	GJ	122.0	0
Petrol (hire cars)*	GJ	1,291.0	837.0
Diesel (hire cars)*	GJ	2,895.0	2,836.8
TOTAL	GJ	76,474.0	82,277.2

* The value is multiplied by a factor of 0.7 to consider the mixed use of vehicles.

GRI 305-I - Direct (Scope I) greenhouse gas (GHG) emissions

	Unit of measurement	2021	2020
Diesel (generator)	tCO ₂ eq	9.11	0
Petrol (hire cars)	tCO ₂ eq	94.81	62.00
Diesel (hire cars)	tCO ₂ eq	215.60	210.53
Natural gas	tCO ₂ eq	2,806.38	3,062.68
Total Scope I	tCO₂ eq	3,125.90	3,335.20

GRI 305-2 - Energy indirect (Scope 2) greenhouse gas (GHG) emissions - location-based

	Unit of measurement	2021	2020
Total Scope 2	tCO ₂ eq	2,035.65	2,102.75

GRI 305-2 - Energy indirect (Scope 2) greenhouse gas (GHG) emissions - market-based

	Unit of measurement	2021	2020
Total Scope 2	tCO ₂ eq	2,684.34	2,989.84

The market-based figure shows an improvement on 2020. It is, nevertheless, higher than the location-based figure because no electricity from renewable sources is used in Italy.

GRI 305-3 - Other indirect (Scope 3) greenhouse gas (GHG) emissions

			Total 2021*
GHG PROTOCOL CATEGORY		Unit of measurement	Value
1	Goods and services purchased	tCO ₂ eq	39.28
5	Waste generated	tCO ₂ eq	12.03
6	Business trips	tCO ₂ eq	230.51
7	Employee commuting	tCO ₂ eq	694.76
9	Transport and downstream distribution	tCO ₂ eq	208.84
15	Investments*	tCO ₂ eq	2,483,909.18
TOTAL SCOPE 3		tCO ₂ eq	2,485,094.60

* Investment categories: scope 1 and scope 2 emissions of listed companies in which the bank holds investments.

The classification and measurement of the categories under assessment was made on the basis of the recommendations of the GHG Protocol, a reporting standard that provides tools and calculation methodologies to measure and quantify climate-changing gas emissions. For the category of "portfolio investments" only, **measurement** was made using the methodology outlined by the "Partnership for Carbon Accounting Financials Standard" (PCAF), which envisages the choice and applicability of different approaches based on the type of asset and the quality level of the calculation. For equity investments, a more analytical approach was taken, involving the counting of individual counterparty emissions (Scope 1 and Scope 2) spread over the value of the investment made against the total value of the investee. For all other types of assets, a broader estimation methodology was used, which measures financed emissions starting from the averages of production sectors classified according to the GICS (Global Industry Classification System) and then correlated to NACE codes.

GROUP - GRI 302-3 - Energy intensity

		2021	2020
	Unit of measurement	Value	Value
Electricity consumption per employee*	kWh/emp.	2142.1	2,461.8
Electricity consumption per employee*	GJ/emp.	7.7	8.9

* The denominator used to calculate energy intensity is the total number of Group employees. The calculation of energy intensity considers the electricity consumed within the organisation.

GROUP - GRI 305-4 - GHG emissions intensity

		2021	2020
	Unit of measurement	Value	Value
Energy indirect (Scope 2) GHG emissions intensity (location-based)*	tCO ₂ eq/emp	0.66	0.73
Energy indirect (Scope 2) GHG emissions intensity (market-based)*	tCO ₂ eq/emp	0.88	1.03

* The denominator used to calculate GHG emissions intensity is the total number of Group employees. The calculation considers energy indirect (Scope 2) GHG emissions.

303-3 - GROUP Water withdrawal

The total volume of water withdrawn amounted to 68,449,350.00 litres. Water withdrawals are sourced entirely from third-party **freshwater** sources **and no withdrawals were made from water sources at risk**.

306-3 - Group - Waste generated

		2021
	Unit of measurement	Value
Total weight of waste generated*	†	28.88

* As there is currently no standard collection methodology across individual countries and individual waste categories, the figure stated is consolidated. Nevertheless, all waste generated is non-hazardous, such as paper and plastic.

11. Table of GRI indicators

GRI STANDARD	DISCLOSURE	NUMBER OF PAGE AND/OR LINK	OMISSION
GRI 102: GENERAL STANDARD DISCLOSURE (2016)			
PROFILE OF ORGANISATION			
102-1	Name of organisation	Front page of document	
102-2	Main brands, products and services	4-5	
102-3	Head office	180	
102-4	Countries of operation	180	
102-5	Ownership structure and legal form	10	
102-6	Markets served	10, 180	
102-7	Size of organisation	9	
102-8	Characteristics of workforce	192-194	
102-9	Description of organisation's supply chain	39; 99	
102-10	Significant changes to the organisation and its supply chain in the reporting period	10	
102-11	Application of prudential approach to the management of risks	28, 95	
102-12	Externally-developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	57-61; 71-74; 84-85; 95-97; 165-171	
102-13	Membership of industry associations	84	

STRATEGY

102-14	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organization and its strategy for addressing sustainability	2-3
102-15	Key impacts, risks and opportunities	32-41

ETHICS AND INTEGRITY

102-16	Values, principles, standards and rules of conduct of the organisation	11-15
--------	------------------------------------------------------------------------	-------

GOVERNANCE

102-18	Governance structure of the organisation	10; 18-23; 44
--------	------------------------------------------	---------------

STAKEHOLDER ENGAGEMENT

102-40	Categories and groups of stakeholders involved by the organisation	68-70
102-41	Percentage of employees covered by collective bargaining agreements	199
102-42	Process of stakeholder identification	66-67
102-43	Approach to stakeholder engagement, including frequency and type of activity	68-70
102-44	Key issues emerging from stakeholder engagement	51-56

REPORTING PRACTICES

102-45	Entities included in the consolidated report and indications of companies not included in the report	4-5
102-46	Process used in defining the content of the Sustainability Report	4-5; 49-56
102-47	Material aspects identified	62
102-48	Changes to information compared to the previous Sustainability Report	4-5
102-49	Significant changes in terms of objectives and perimeters compared to the previous Sustainability Report	4-5
102-50	Sustainability Report: reporting period	4-5
102-51	Date of publication of previous Sustainability Report and external assurance procedures	4-5 Publication date of the 2020 NFS: 03/2021
102-52	Reporting cycle	4-5
102-53	Contacts and addresses	4-5
102-54	Indication of "In accordance" option selected	4-5
102-55	Index of GRI contents	213-223
102-56	External assurance	224-228

Economic responsibility

Financial performance and solidity

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	87-88
103-3	Assessment of approach to management of topic	87-88

GRI-201: FINANCIAL PERFORMANCE (2016)

201-1	Economic value directly generated and distributed	88
-------	---------------------------------------------------	----

GRI-203: INDIRECT ECONOMIC IMPACTS (2016)

203-2	Significant indirect economic impacts	163-171
-------	---------------------------------------	---------

Responsible business

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	95-98
103-3	Assessment of approach to management of topic	95-96; 181

GRI-205: ANTI-CORRUPTION (2016)

205-2	Communication and training about anti-corruption policies and procedures	181
-------	--------------------------------------------------------------------------	-----

GRI-207: TAXES (2019)

207-1	Approach to taxation	96-98
207-2	Tax governance, risk control and management	96-98
207-3	Stakeholder engagement and management of taxation concerns	96-98
207-4	Country by country reporting	183

GRI-419: SOCIO-ECONOMIC COMPLIANCE (2016)

419-1	Non-compliance with socio-economic laws and regulations	In 2021, there were no recorded cases of non-compliance with laws or regulations in Italy, Spain and Ireland. More specifically, no significant fines or non-monetary sanctions for non-compliance with laws or regulations on socioeconomic matters were recorded.
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Procurement and supplier rating policies

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	99-100
103-3	Assessment of approach to management of topic	100; 184

GRI 204: PROCUREMENT PRACTICES (2016)

204-1	Proportion of spending on local suppliers	184
-------	-------------------------------------------	-----

GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)

308-1	New suppliers screened using environmental criteria	100
-------	-----------------------------------------------------	-----

GRI-414: SUPPLIER SOCIAL ASSESSMENT (2016)

414-1	New suppliers rated using social criteria	100
-------	-------------------------------------------	-----

Responsibility to customers

Centrality of the individual

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	101-113
103-3	Assessment of approach to management of topic	101; 105

GRI-417: LABELLING OF PRODUCTS AND SERVICES (2016)

417-3	Cases of non-conformity in marketing activities	In 2021, there were no recorded cases of non-conformities in marketing communications in Italy, Spain and Ireland.
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Responsible Finance

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	114-127
103-3	Assessment of approach to management of topic	114-125

G4 SECTOR DISCLOSURES

FS8	Monetary value of products and services designed to provide a specific environmental benefit for each line of business, by scope	123-125
FS11	Percentage of activities undergoing environmental or social screening, positive and negative	114-125

Innovation

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	128-130
103-3	Assessment of approach to management of topic	128-130

Cybersecurity and responsible data usage

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	131-137
103-3	Assessment of approach to management of topic	133, 137

GRI-418: CONSUMER PRIVACY (2016)

418-1	Complaints about data breaches and loss of customer data	132
-------	----------------------------------------------------------	-----

Responsibility towards employees

Growth of human capital

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	141-149
103-3	Assessment of approach to management of topic	143-149; 199-201

GRI-404: TRAINING AND EDUCATION (2016)

404-1	Average hours of training provided per year and per employee	145, 201
404-3	Percentage of employees who receive regular performance and career appraisals	199-200

Protection of human capital

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	150-158
103-3	Assessment of approach to management of topic	150; 157-158; 194-198; 204-205

GRI-401: EMPLOYMENT (2016)

401-1	New hires and staff turnover	194-198
401-2	Benefits offered to FT employees, not offered to fixed-term or PT employees	155-156
401-3	Parental leave	200

GRI-403: OCCUPATIONAL HEALTH AND SAFETY (2018)

403-1	Health and safety management system	157-158
403-2	Identification of risk, measurement of risk, investigation of accidents	155-158
403-3	Occupational health services	157-158
403-4	Worker participation, consultation and communication on occupational health and safety	157-158
403-5	Worker training on occupational health and safety	157-158
403-6	Promotion of worker health	157-158
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	157-158
403-8	Workers covered by an occupational health and safety management system	157-158
403-9	Work-related injuries	204-205

Diversity and inclusion

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	159-160
103-3	Assessment of approach to management of topic	153; 159-160; 189-191; 206-208

GRI-405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)

405-1	Diversity of governance bodies and employees	153; 189-191
405-2	Ratio of basic salary and remuneration of women to men	206-208

GRI-406: NON-DISCRIMINATION (2016)

406-1	Incidents of discrimination and corrective measures taken	16
-------	-----------------------------------------------------------	----

Responsibility towards the community and the environment

Financial inclusion

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	163-164
103-3	Assessment of approach to management of topic	163-164

G4 SECTOR DISCLOSURES

FS7	Monetary value of products and services designed to provide a specific social benefit for each line of business, by scope	123-125; 163
------------	---------------------------------------------------------------------------------------------------------------------------	--------------

Supporting communities

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	165-171
103-3	Assessment of approach to management of topic	165-171

GRI-413: LOCAL COMMUNITIES (2016)

413-1	Operations with local community engagement, impact assessments and development programs	165-171
--------------	-----------------------------------------------------------------------------------------	---------

Direct environmental impacts

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	49-56
103-2	Approach to management of topic	172-179
103-3	Assessment of approach to management of topic	172-179; 209-212

GRI-301: MATERIALS (2016)

301-1	Materials used, by weight and volume	209
-------	--------------------------------------	-----

GRI-302: ENERGY (2016)

302-1	Energy consumption within the organisation	209-210
302-3	Energy intensity	212
302-4	Reduction of energy consumption	173; 176-178

GRI-303: WATER AND EFFLUENTS (2018)

303-3	Water withdrawal	212
-------	------------------	-----

GRI-305: EMISSIONS (2016)

305-1	Direct (Scope 1) GHG emissions	210
305-2	Energy indirect (Scope 2) GHG emissions	211
305-3	Other indirect (Scope 3) GHG emissions	211
305-4	GHG emissions intensity	212
305-5	Reduction of GHG emissions	174-176

GRI 306: WASTE (2020)

306-3	Waste generated	212
-------	-----------------	-----

12. Auditors' Report on the Non-Financial Statement





BANCA MEDIOLANUM SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBRE 2021

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Banca Mediolanum SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Banca Mediolanum SpA and its subsidiaries (hereafter the "Group" or "Mediolanum Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 2 March 2022 (hereafter the "NFS").

Our review does not extend to the information set out in the paragraph "6.2 Disclosures pursuant to the Taxonomy Regulation" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016, and updates versions (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Mediolanum Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Banca Mediolanum SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following company, Mediolanum International Funds Ltd, which was selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its location, we discussed with management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Mediolanum Group for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with GRI Standards.

Our conclusion on the NFS of Mediolanum Group does not extend to the information set out in the section “6.2 Disclosures pursuant to the Taxonomy Regulation” of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 15 March 2022

PricewaterhouseCoopers SpA

Signed by

Giovanni Ferraioli

(Partner)

Signed by

Paolo Bersani

(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 English translation.

Parent Company of
Mediolanum Banking Group,
listed on the Register of Banking Groups

Share capital: Euro 600,370,715.80 fully paid
Tax code 02124090164 VAT no. 10698820155
Listed on the Companies Register of Milan at no. 02124090164
R.E.A. MI-1399110
No. 29138 General Section, Art. 113 Leg. Dec. No. 385/93

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