



# Consolidated Non-Financial statement FY 2021 - 22

In accordance with Legislative Decree No.254 of 2016



MEDIOBANCA





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# Methodology



MEDIOBANCA





# 1. Methodology

## 1.1 Reporting standards applied

[GRI 102-52], [GRI 102-54]

The Consolidated Non-Financial Statement (the “Statement” or the “CNFS”) for the Mediobanca Group (the “Group”), drawn up in accordance with the provisions of Article 4 of Italian Legislative Decree 254/16 (the “Decree”), contains information on environmental, social and staff-related issues and on human rights and measures to tackle bribery and corruption, of use to provide an understanding of the activities performed by the Group, its performance, results and the impact produced by it.

The Statement, which is published annually starting from FY 2017-18, has been drawn up in accordance with the provisions of Italian Legislative Decree 254/16 and in accordance with the core option of the GRI-Sustainability Reporting Standards defined in 2016 and updated in 2020 by the GRI-Global Reporting Initiatives (the “GRI Standards”). The standards developed by the Sustainability Accounting Standards Board (“SASB”) have also been taken into consideration, where applicable. As from FY 2021-22, the Mediobanca Group is also subject to the reporting obligations introduced by Regulation (EU) 2020/852 of 18 June 2020 (the “Taxonomy Regulation”) and by Commission Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139 related to it. Such disclosure is contained in section 12 of the Statement entitled *Taxonomy*. A further change this year is the introduction of section 13. *UNEP FI – Principles for Responsible Banking*, which contains the Group’s first self-assessment of the progress made by it relative to the Principles to which it has become a signatory.

To facilitate stakeholders in locating information within the document, the GRI Content Index is reproduced on p. 161. References to the GRI indicators are provided in the text in order to facilitate understanding, using the symbol [GRI N].

The non-financial reporting contained in the Statement reflects the principle of materiality, or relevance, one of the prerequisites set down by the regulations and a key feature of the GRI Standards. Accordingly, the issues presented in the Statement are the ones which, following the materiality analysis described on p. 35, are considered relevant in terms of being able to reflect the social and environmental impact of the Group’s activities or influence the decisions of its stakeholders.

The reporting refers to the following principles:

- ◆ **Stakeholder inclusiveness:** the expectations and interests of all stakeholders, i.e. parties which on various grounds contribute to or are otherwise affected by the Group’s activities, are taken into consideration.
- ◆ **Sustainability context:** the results of the non-financial reporting takes into account the social and economic context in which the Group operates and the main issues in the sector of which it forms part.



- ◆ **Completeness:** the issues reported on, and the scope of the Statement, enable stakeholders to make a full judgement of the Group's principal social and environmental impacts.
- ◆ **Balance between positive and negative aspects:** the Statement presents both aspects in which the Group shows positive results and trends, and areas which reflect margins for further improvement.
- ◆ **Comparability:** the indicators have been used in such a way as to allow results to be constructed and reconstructed over time, enabling them to be monitored on an ongoing basis.
- ◆ **Accuracy:** the reporting has been based on data recorded directly, limiting the use of estimates as far as possible.
- ◆ **Timeliness:** the Statement is prepared annually and published at the same time as the consolidated financial statements.
- ◆ **Reliability:** all the data and information shown have been validated by the heads of the relevant company units and have been processed on the basis of substantiated evidence which is sufficient to prove the existence, completeness and accuracy of such data and information.
- ◆ **Clarity:** the Statement contains information presented in a way that is understandable and accessible to all the organization's range of stakeholders.

## 1.2 Scope of reporting

*[GRI 102-10], [GRI 102-45], [GRI 102-47], [GRI 102-48], [GRI 102-49], [GRI 102-50]*

The qualitative and quantitative data and information contained in the Statement refer to the performances by the Mediobanca Group in the financial year ended 30<sup>th</sup> June 2022. As provided by Article 4 of Italian Legislative Decree 254/16, the scope of reporting for the CNFS covers virtually the entire consolidated financial statements for FY 2021-22.<sup>1</sup>

Companies with no employees or which are not operative or in liquidation are excluded from reporting non-financial data.

The following developments which have occurred during the reporting period should be noted:

- ◆ Acquisition of the Bybrook group by Group Legal Entity Cairn Capital Group Limited;
- ◆ Incorporation of RAM UK (not yet operative), 100%-owned by RAM GVA;
- ◆ Incorporation of SPV CMB Real Estate Development SAM, owned as to 40% by Mediobanca and as to 60% by CMB MONACO;
- ◆ Incorporation of Revalea S.p.A., 100%-owned by Compass;
- ◆ Removal of Group Legal Entity Ricerche e Studi from the Companies' Register in July 2021.

1. A full list of consolidated companies is provided on p.103 of the notes to the Financial Statements – Section A.



### COMPANIES EXCLUDED FROM SCOPE OF CNFS REPORTING

CAIRN CAPITAL INVESTMENTS LIMITED  
CAIRN INVESTMENT MANAGERS LIMITED  
CMB REAL ESTATE DEVELOPMENT SAM  
MB FUNDING LUXEMBOURG S.A.  
MEDIOBANCA COVERED BOND S.R.L.  
MEDIOBANCA INTERNATIONAL IMMOBILIARE S. A R.L.  
QUARZO S.R.L.  
QUARZO CQS S.R.L.  
REVALEA S.P.A.

Any further limitations to this scope of reporting, with reference to the coverage of specific indicators, have been disclosed where appropriate in the CNFS itself. Such limitations do not affect the representativeness of the Group's results and assets, as required by Italian Legislative Decree 254/16.

The data reported in the Statement refer to FY 2021-22 and are compared with those for the two previous financial years.

It should be noted that the definition of senior management, which was revised in FY 2020-21, includes two Board members (the CEO and Group General Manager) plus 22 Key Function Holders. Previously the definition comprised the 11 strategic management members identified on the basis of the Consob regulations.

### 1.3 Reporting process

The Mediobanca Group's CNFS as at 30<sup>th</sup> June 2022 has been drawn up on the basis of a structured reporting process which entailed:

- ◆ The involvement of all company units and divisions responsible for the material areas and for the information included in the Statement. The representatives identified described the significant initiatives undertaken during the reporting period, and assisted at the stage of collecting, analysing and consolidating the data, with the responsibility for checking and validating all the information stated in the Statement, each for their own area of responsibility. In particular, in order to meet the requisites of Italian Legislative Decree 254/16 and the GRI Standards, the information contained in the Statement has been managed via data collection reports for the qualitative data, while the quantitative data has been entered in the same IT platform used to manage the Group's consolidated financial reporting. This process is governed via a specific internal Directive, which includes formal validation by the contributing units. The data is processed via extractions and point-in-time calculations, and also estimates (where specifically stated). The earnings and financial data and information have been taken from the Mediobanca Group's consolidated financial statements for the year ended 30<sup>th</sup> June 2022, with the exception of the *Country by Country Reporting* data which refer to the financial statements for the year ended 30<sup>th</sup> June 2021 (Section 4.3 *Approach to tax and tax compliance issues*);





- ◆ Approval of the Statement by the Board of Directors, called to adopt the accounts for the financial year ended 30<sup>th</sup> June 2022, subject to prior review by the management Sustainability Committee, the CSR Committee set up by the Board of Directors, and the Statutory Audit Committee;
- ◆ Assurance for the Statement by EY S.p.A. in the form of a limited review;
- ◆ Publication of the Statement on the company website to make it fully transparent and available to all stakeholders.

The internal controls system for non-financial information, which identifies and formalizes the main risks and responsibilities, also includes a matrix of controls attached to the *Group Directive on the Reporting Process for Consolidated Non-Financial Information* each year.

### Table showing intersections between areas covered by the Decree, material issues and GRI Standards<sup>2</sup>

AREAS COVERED BY ITALIAN LEGISLATIVE DECREE 254/16	MATERIAL ISSUES IDENTIFIED BY MEDIOBANCA	RELEVANT TOPIC-SPECIFIC GRI STANDARDS	IMPACT SCOPE	
			GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS
<b>CORRUPTION</b>	<b>Ethics and integrity in business</b>	Anti-corruption (GRI 205) Tax (GRI 207)	Whole Group	Community
	<b>Capital solidity and profitability</b>	(*)	Whole Group	Clients
	<b>Risk management</b>	(*)	Whole Group	
<b>Governance and sustainable strategy</b>	(*)	Whole Group		
<b>SOCIAL</b>	<b>Adequacy and transparency of offering</b>	Marketing and labelling (GRI 417)	Whole Group	Clients
	<b>Customer satisfaction and quality of service</b>	(*)	Whole Group	Clients
	<b>Data privacy and IT security</b>	Privacy (GRI 418)	Whole Group	Clients
	<b>Digitalization and innovation</b>	(*)	Whole Group	Clients
	Financial inclusion, access to resources and financial education	(*)	Whole Group	Clients Community

<sup>2</sup> The most significant areas for the Group are in bold, as per the top right-hand square of the Materiality Matrix (Section 3.6. *Material issues and areas covered by Italian Legislative Decree 254/16*).



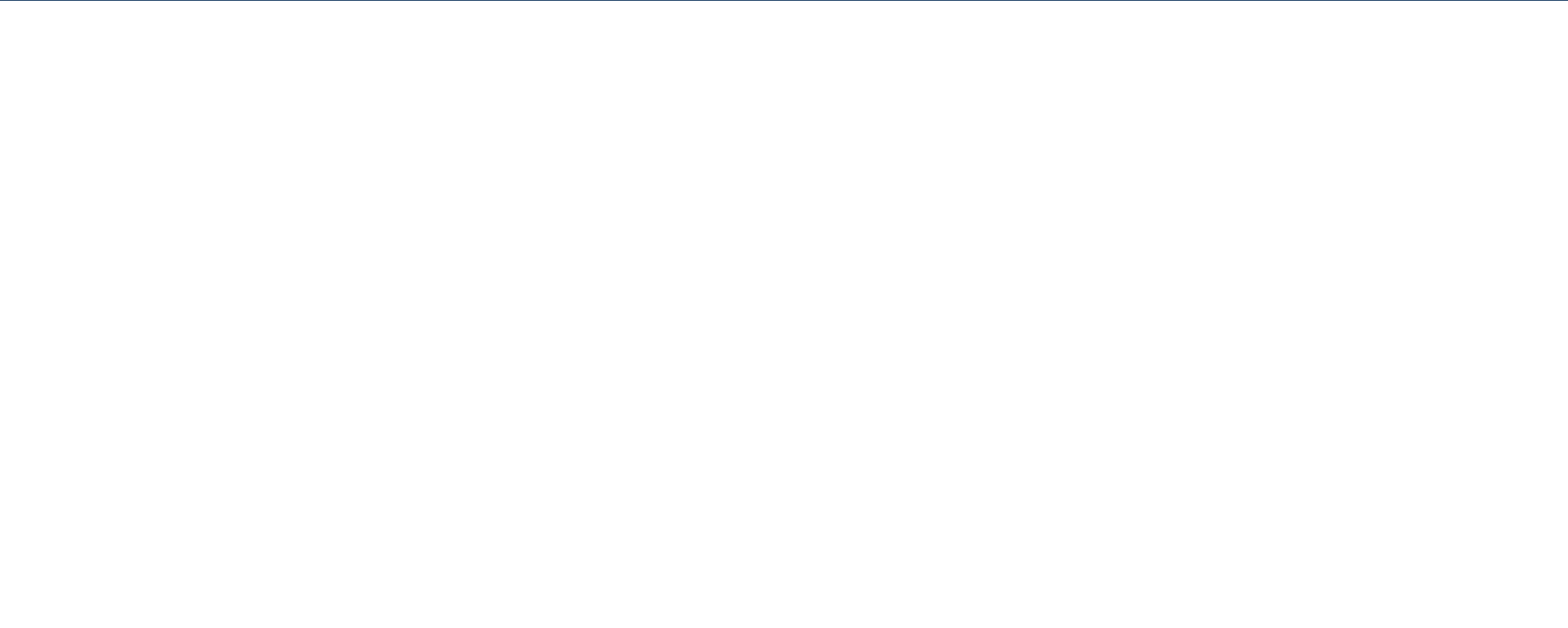
AREAS COVERED BY ITALIAN LEGISLATIVE DECREE 254/16	MATERIAL ISSUES IDENTIFIED BY MEDIOBANCA	RELEVANT TOPIC-SPECIFIC GRI STANDARDS	IMPACT SCOPE	
			GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS
<b>SOCIAL</b>	Support to the community	Direct economic value generated and distributed (GRI 201)	Whole Group	Community
<b>STAFF</b>	<b>Training, development and valorization of human capital</b>	Training and education (GRI 404) Human rights assessment (GRI 412)	Whole Group	
	<b>Managing, attracting, developing and retaining talent</b>	Employment (GRI 401) Labour/management relations (GR 402) Training and education (GRI 404)	Whole Group	
	<b>Diversity and inclusion</b>	Diversity and equal opportunities (GRI 405) Non-discrimination (GRI 406)	Whole Group	
	<b>Staff health, safety and well-being</b>	Health and safety (GRI 403)	Whole Group	
<b>ENVIRONMENT AND HUMAN RIGHTS</b>	<b>Responsible business and sustainable products</b>	(*)	Whole Group	Clients
<b>ENVIRONMENT</b>	Management of direct environmental impacts	Materials (GRI 301) Energy (GRI 302) Water (GRI 303) Effluents and waste (GRI 306) Environmental compliance (GRI 307)	Whole Group	Environment
	Indirect environmental impacts and climate change	Energy (GRI 302) Emissions (GRI 305)	Whole Group	Environment
<b>SUPPLY CHAIN</b>	Responsible supply chain management	Supplier environmental assessment (GRI 308) Supplier social assessment (GRI 414)	Whole Group	Suppliers

\* For issues marked with an asterisk (which do not match directly with a Topic-Specific GRI Standard), the Group illustrates the management approach adopted and related performance indicators (independent or developed through the use of an independent methodology, as indicated in the relevant section), considered to be material in the document itself.



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ANNO DNI  
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VIII





# Strategy



MEDIOBANCA



## 2. Strategy

[GRI 102-14]

The Mediobanca Group continued on its growth path in the twelve months, **with strong business and profitability performances** despite the worsening market instability. This has been made possible by the effectiveness of its business model, distinctive positioning, and diversified activities. These features together have enabled the Mediobanca Group to significantly outperform the Italian and European banking sector despite the difficulties linked first to the pandemic and now to the Russia/Ukraine conflict.

The Group delivered **record results for FY 2021-22 in terms of revenues**, which totalled €2.85bn (**up 8% YoY**), with **net profit climbing** to €907m (**up 12% YoY**).

The Group has stepped up its efforts in the sustainability area, which remains one of the pillars of its growth model.

This commitment has led to further recognition, such as the Group's inclusion in the S&P Europe 350 ESG and Euronext - Borsa Italiana MIB ESG indexes, in additions to those in which it is already featured.

Such commitment is also growing the whole time, not least in order to meet the regulatory objectives to manage the risks deriving from climate change, the consumption of scarce resources, environmental degradation, and social inequality, and at the same time improve transparency and promote sustainable investments.

The Group, which was already a member of the **Global Compact**, has stepped up its commitment to tackling climate change by becoming a signatory to the **Net-Zero Banking Alliance (NZBA)**, with the objective of meeting the zero emissions objective by 2050 in line with the Paris Agreement, and adhering to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, in order to represent disclosures on its own environmental impact transparently, in the form of the **TCFD Report**, which contains a preliminary quantification of the portfolio's indirect Scope 3 emissions, plus the first interim targets for indirect emissions.

The decision to adhere to these global protocols is consistent with the roadmap pursued by the Group so far to reduce its own direct CO<sub>2</sub> emissions (Scope 1 and 2), which have been neutralized for the second year running.





As **Alberto Nagel, Mediobanca CEO** has emphasized,

*“ climate change represents a financial risk for the global economy. The banking system as a whole has a fundamental role to play in the green transition, and markets need clear, exhaustive and high-quality information on the impacts of this change. ”*

While the transition towards more sustainable models is a social duty, ESG issues are also important to support the Bank's performance over the long term, and also those of its clients. By matching their commitment to managing ESG risks, the Group is also investing in the quality of its own loan book.

In line with this approach, the Group's offering, which is adapting itself to clients' needs and is being continually reshaped according to their sensitivities, features an extensive catalogue of ESG products, including green mortgages issued by CheBanca!, and funds that promote environmental, social or governance aspects, as defined in the **SFDR Regulation**.

As well as promoting the transition to a more sustainable economy, Mediobanca has also confirmed its commitment to social issues, with contributions to the community that for the twelve months exceed **€7.6m**.

Once again it has been our people who have formed the bedrock of our success, showing they were able to respond to the challenges of the period with their talents, hard work and dedication: their development, professional growth and satisfaction are fundamental objectives for the Group, and we will continue to invest in them.

In March 2022, a project known as **“toDEI”** was launched, to promote Diversity, Equity and Inclusion, issues which are fundamental, among other things, to the Bank's ability to increase competitiveness and attract talent. To make this commitment more concrete, quantitative DEI objectives have been disclosed for the first time, and will be an integral part of the next long-term strategic plan.

The activities and commitment described above are illustrated in detail in the remainder of this document, the Mediobanca Group's **fifth Consolidated Non-Financial Statement**.

The sustainability disclosure framework is completed with the information required for eligibility for the **EU Taxonomy**, a preliminary self-assessment for the **Principles for Responsible Banking**, the **TCFD Report**, and the **Pillar III ESG** and the **Green Bond Report** published at the same time as this document.



# Identity



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# 3. Identity

## 3.1 Mediobanca Group

*[GRI 102-1], [GRI 102-2], [GRI 102-4], [GRI 102-5], [GRI 102-6]*

Mediobanca was founded in 1946 to support the reconstruction and development of the post-war Italian economy. In the course of this activity, the Bank forged strong links with the most important industrial families in Italy, promoting growth by taking equity investments in the companies itself. Although its original mission was to large corporates, activities were soon launched in the retail and mid-corporate segments too, with a view to diversification: with companies operating in consumer credit (Compass, 1960), leasing (Selma, 1970), mortgage lending (Micos, 1992) and private banking (Banca Esperia, 2001 and CMB, 2003).

Starting from 2003, the Bank embarked on a major transformation process, in a market and regulatory scenario that required change to be accelerated in view of the financial crises that marked the last decade. With the aim of strengthening its capital and earnings profile, and positioning itself as an operator geared towards creating value in the long term, the Mediobanca thus transformed itself from a holding company to a banking group performing highly specialist activities. This led to more active management of the equity investment portfolio, thus moving away from the system of cross-shareholdings, withdrawing from the various shareholder agreements entered into and selling investments not considered to be strategic, but also growing the banking activities in which the Bank had specialized, prioritizing capital light and fee-generating businesses in particular.

The 2016-19 business plan accelerated this process further, with a Wealth Management division being set up to leverage growth opportunities more effectively. Developing this division has become central to the Group's growth strategies.

In continuity with the previous business plan, the **2019-23 Strategic Plan** intends to make the Group's business model even more effective, with the aim of definitively establishing Mediobanca as a distinctive player in the European financial panorama in terms of growth, quality and sustainability. The guidelines contained in the Strategic Plan target balanced growth in all business segments, by leveraging on:

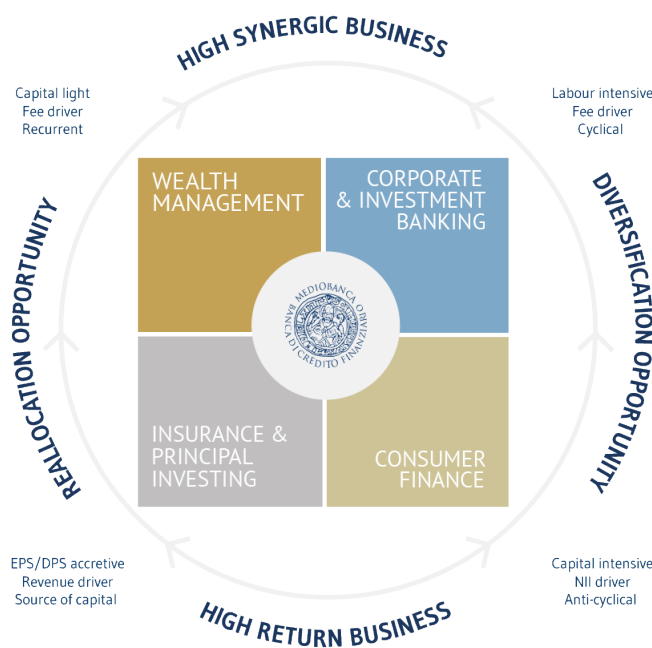
- ◇ Focus and positioning in highly specialized, highly profitable market segments driven by long-term trends;
- ◇ Strong capital resources;
- ◇ Ongoing investment in talent, innovation and distribution.

An ESG strategy has also been integrated into the business plan and top management's long-term remuneration for the first time, so as to combine growth in business and financial solidity with social and environmental sustainability, thus creating value over the long term for all stakeholders.



Solidity and stability, along with the ability to innovate, professionalism and proper conduct, attention to and respect for our clients and partners are the values that have guided Mediobanca from the outset and which have driven our recent, sound growth.

Tradition and innovation combine in the areas which go to make up the Group and contribute equally to its performance: Wealth Management, Consumer Finance, Corporate & Investment Banking, and Insurance & Principal Investing.



### Business model based on highly specialized activities

WEALTH MANAGEMENT	CONSUMER FINANCE	CORPORATE & INVESTMENT BANKING	INSURANCE & PRINCIPAL INVESTING
Business with highly specialized content	Historical business launched in the 1960s	Business historically part of Mediobanca's identity addressed to companies	Division which includes the Group's main investments
Recurrent fee-based and low capital-absorption	Specialist domestic business with high entry barriers addressed to families	Client-driven, highly specialized business	The substantial legacy portfolio has been gradually unwound
Position in the Affluent & Premier segment continuing to strengthen	Stable revenue source, driver of net interest income for the Group, highly profitable	Fee-generating business, profitable and cyclical	Division consists almost exclusively of the Group's holding in Assicurazioni Generali, an investment which delivers positive returns and helps stabilizes revenues and earnings, particularly in recessive market cycles
Unique product offering in Italy as Private & Investment Bank, with special focus on illiquid products for UHNWI clients <sup>3</sup>	Credit risk highly fragmented	Business well diversified by source, product and by geography	

3. Ultra High Net Worth Individuals.

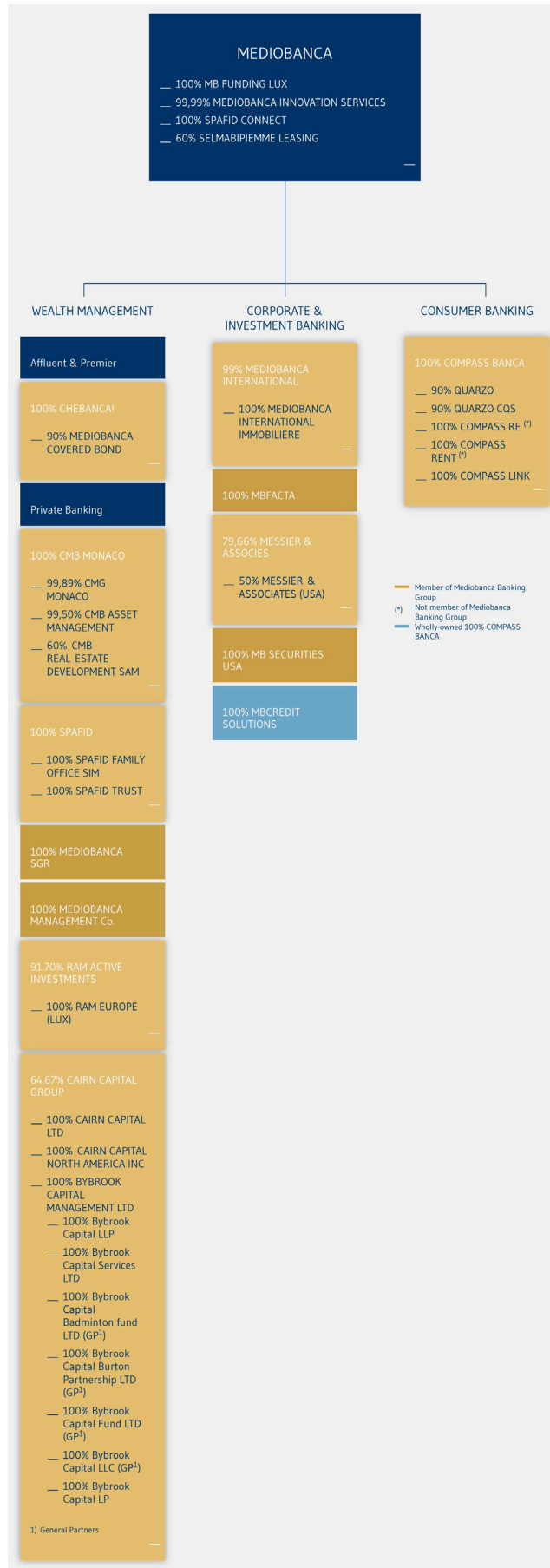


- ◇ **Wealth Management:** this division brings together all asset management services offered to the various client segments:
  - ◇ **Affluent & Premier:** (CheBanca!);
  - ◇ **Private Banking** (Mediobanca Private Banking and CMB Monaco). This division also comprises the **Asset Management** companies (Mediobanca SGR, Cairn Capital, RAM Active Investments and Mediobanca Management Company) in addition to Spafid, Spafid Family Office SIM and Spafid Trust fiduciary activity.
- ◇ **Consumer Finance:** this division provides retail clients with the full range of consumer credit products: personal and special-purpose loans, and salary-backed finance. The division also includes Compass RE, which reinsures risks linked to insurance policies sold to clients, and Compass Rent, which operates in the second-hand car and vehicle hire segment.
- ◇ **Corporate & Investment Banking:** this division brings together all services provided to corporate clients in the following areas:
  - ◇ **Wholesale Banking:** (lending, capital market activities and advisory services, and trading – client and proprietary – performed by Mediobanca, Mediobanca International, Mediobanca Securities and Messier et Associés);
  - ◇ **Specialty Finance:** factoring and credit management activities performed by MBFACTA and MBCredit Solutions and MBContact Solutions. During the year under review, after the calendar provisioning rules were extended to include NPL portfolios acquired, the Group decided to separate the activities of MBCredit Solutions, choosing instead to leverage third-party NPL management, and commencing a gradual and orderly disposal process of the NPL portfolios acquired, which will be transferred to Revalea, a new company set up by Compass, once the relevant authorizations have been received.
- ◇ **Insurance & Principal Investing:** this division manages the Group's equity investments, in particular the stake in Assicurazioni Generali.
- ◇ **Holding Functions:** this division includes SelmaBipiemme Leasing, MIS and other minor companies, plus Group Treasury and ALM (with the aim of minimizing the cost of funding and optimizing the liquidity management on a consolidated basis, including the securities held as part of the banking book<sup>4</sup>), all costs relating to central Group functions including operations, support units (Planning and Control, Corporate Affairs, Investor Relations, etc.), senior management and the control units (Risk Management, Group Audit and Compliance) for the part not allocated to the business lines.

The Mediobanca Group's strategy continues to focus on growth in all divisions, to be realized prudently and progressively by leveraging on its strong capital position, reputation and the market opportunities on offer, i.e. both through organic growth and by M&A. Priority will continue to be given to growth opportunities in the wealth management area, and more generally to fee-based and capital-light activities.

4. Group Treasury finances the individual business areas' operations, applying the funds transfer pricing (FTP) rate based on the relevant curves, with varying spreads applied depending on the expiries agreed for the respective use of funds.







The Group maintains an extensive international network through companies set up in the various countries where it has operations.





MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIONS
<b>Capital solidity and profitability</b>	Wrong or inadequate consideration of scenario variables (e.g. economic, geopolitical and environmental scenario), of sustainability priorities and stakeholder expectations, with possible adverse impacts on strategic planning, decision-making and operating processes, and on the Group's performances	<p>Board CSR Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit, and ESG working groups</p> <hr/> <p>Group Sustainability taking part as guest in the Wealth Management division's Investment Committee meetings</p> <hr/> <p>Group Sustainability Policy</p> <hr/> <p>Specific stress testing methodologies defined for credit, liquidity, market and operational risk, to ensure a fully-integrated approach can be taken to management of risks relating to climate change as part of the Group's strategy</p> <hr/> <p>Revision of the Mediobanca Group materiality matrix, supported by specific stakeholder engagement activity</p> <hr/> <p>Regular meetings with the Italian Banking Association (ABI)</p> <hr/> <p>Signatory to PRB (Principles for Responsible Banking)</p>
<b>Risk management</b>	Lack of and/or inadequate business continuity models sufficient to tackle the crisis	<p>Business Continuity Plans updated regularly (Risk Assessment and Business Impact Analysis performed at least once a year)</p> <hr/> <p>Crisis Unit</p> <hr/> <p>IT Regulation, IT Compliance &amp; Business Continuity unit which acts as BCM Office at Group level and co-ordinates and manages the local BCM offices</p> <hr/> <p>Federal organization of Business Continuity, with specific local teams at each of the Group Legal Entities which have defined roles and responsibilities</p> <hr/> <p>Internal regulations on business continuity updated with the introduction of a new scenario for pandemic events</p> <hr/> <p>Training and awareness activities</p> <hr/> <p>IT infrastructure and multichannel offering enhanced</p>





### 3.2 Governance model

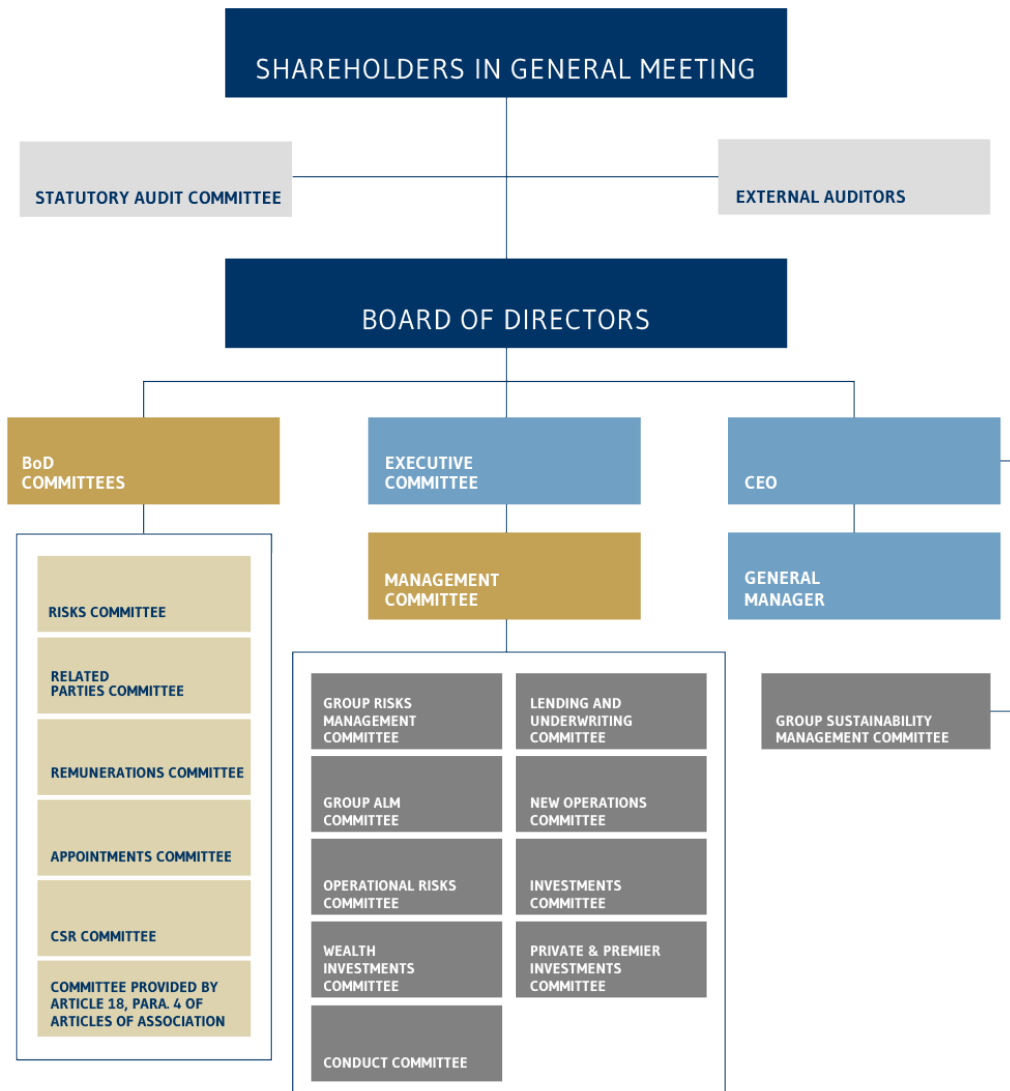
[GRI 102-18], [GRI 102-22], [GRI 102-24], [GRI 405-1]

Mediobanca has adopted a traditional system of governance based on the appointment of a Board of Directors and Statutory Audit Committee by shareholders gathered in annual general meeting.

Within this model, the Group’s governance provides for a clear division of roles and responsibilities between governing bodies, as stipulated in the Articles of Association:

- ◇ The Board of Directors is responsible for strategic supervision, approving the strategic direction of the Bank and monitoring to ensure it is implemented in practice;
- ◇ The Leading Independent Director is responsible for co-ordinating independent Directors’ requests and considerations;
- ◇ Management of the Group is the responsibility of the Executive Committee and the Chief Executive Officer, who are responsible for executing the strategic direction and for managing the company’s day-to-day operations;

The existing model works as follows:





Under the terms of the Articles of Association, the Board of Directors is appointed on the basis of a list voting mechanism in which lists may be submitted by the Board of Directors and/or by shareholders representing at least 1% of the company's share capital in the aggregate.

The Board of Directors issues its own guidance in the "Report on the Qualitative and Quantitative Composition of the Board of Directors", to ensure that the list of candidates submitted for appointment are suitably qualified for the responsibilities they will have to assume.

The Directors must be in possession of the qualifications expressly set by the regulations in force and the requisite time commitment; they must comply with the limits on the number of posts held, and not be in any situations of incompatibility pursuant to Article 36 of Italian law nr. 214/11. The majority of the Directors must qualify as independent according to the definition provided in Article 19 of the Articles of Association and the regulations in force, and no-one over the age of 75 may be appointed. The Board's composition also complies with the law on equal gender representation. Mediobanca acknowledges and welcomes the benefits of diversity in all aspects at Group level and on its own governing bodies, with reference to gender, age, qualifications, capabilities, training and professional profile.

While emphasizing the importance of the Board's collective suitability, and hence the need for its members, executive and non-executive, to be able to take decisions on a collegiate basis, Mediobanca expects candidates for the position of Bank Director to have the required capabilities to ensure an optimal combination in terms of profiles, in order to promote internal debate, effective functioning, and the collective suitability of the Board and the Board Committees.<sup>5</sup> The same considerations apply to the Statutory Audit Committee.

The Board of Directors currently in office consists of 15 members –appointed by shareholders at the Annual General Meeting held on 28 October 2020 – 40% are women, more than half qualify as independent under the definition provided in Article 19 of the Articles of Association, and with two Directors appointed by minority investors, one of whom was recently appointed Lead Independent Director. There are four executive and eleven non-executive members on the Board. For details of the individual Directors' professional qualifications and areas of competence, please refer to the dedicated section of the Mediobanca website at <https://www.mediobanca.com/en/corporate-governance/board-of-directors/composition-and-role.html>.

All fifteen Directors are in the "Over 50 years" age bracket.

In accordance with the recommendations made in the Corporate Governance Code and in the Bank of Italy's Supervisory Instructions on corporate governance, the Board of Directors has instituted the following Committees: Risks Committee, consisting of non-executive Directors, the majority of whom are independent; Remuneration Committee, consisting entirely of non-executive Directors and independent; Appointments Committee, consisting entirely of non-executive Directors, the majority of whom are independent; CSR Committee, consisting of one executive Director and four non-executive members, a majority of whom are independent; and the Related Parties Committee, consisting entirely of independent Directors. The Board of Directors has also appointed an Executive Committee.

The Statutory Audit Committee consists of three standing auditors and three alternate auditors, appointed by shareholders at the Annual General Meeting held on 28 October 2020 and in office for the 2021, 2022 and 2023 financial years.

The candidate gaining the highest number of votes in the section for standing auditors in the list which

<sup>5</sup> Of the Directors, 80% have competences in the area of sustainability.



comes second in terms of the number of votes is appointed Chairman of the Statutory Audit Committee. The Committee's composition complies with the legal requirements in terms of gender representation.

Mediobanca provides detailed information on its corporate governance and the composition of its governing bodies in its "Annual Statement on Corporate Governance and Ownership Structure" which is published on its website at [www.mediobanca.com](http://www.mediobanca.com) under *Governance Reports and Documents*.

### 3.3 Compliance, internal control and risk management

[GRI 102-11], [GRI 102-15]

The Mediobanca Group is distinguished by its prudent and selective approach to risk management, its excellent asset quality and high capitalization levels which are comfortably above the minimum requisites and are among the highest of any Italian banks reported.

In order to manage the degree of uncertainty which is implicit in banking and financial activity, the Group has adopted a series of rules, procedures and organizational structures with the objective of:

- ◇ Safeguarding the integrity of the capital of Bank and the Group, to the direct benefit of its shareholders, clients and employees.
- ◇ Supporting the formulation and implementation of the company's strategies.
- ◇ Promoting the sustainable and enduring growth of the Bank and the Group and the return for its shareholders.
- ◇ Structuring effective and reliable company processes and procedures.

The Internal Control and Risk Management System (ICRMS) is the set of corporate rules, procedures and functions, which, by structuring an adequate process for identifying, assessing, managing and monitoring the principal risks, and the exchange of adequate reporting flows to guarantee that information circulates appropriately, helps the business to be run soundly, properly, and in a way that is consistent with the company's objectives.

The ICRMS involves the management and control bodies and business units of Mediobanca S.p.A. and the Mediobanca Group companies, with different roles and responsibilities, in order to pursue the objectives of effectiveness and efficiency of processes, and to ensure the reliability and integrity of accounting and management information.

In particular, in order to promote active co-operation and co-ordination between the various control units, and between the control units and the governing bodies, and to ensure that the risk-taking process is suitably structured, Mediobanca and/or the Group Legal Entities may institute specific committees with responsibilities for the taking of certain risks (e.g. the Group Risks Management Committee, which defines and monitors the strategies for taking credit, issuer, operational and market risk at Group level; the Group Non-Financial Risks Committee, which is responsible for monitoring and mitigating the Group's non-financial risks; and the Conduct Committee, which addresses, governs and approves matters pertaining to conduct risk).

In addition to the control bodies and line management, the other principal company units involved in the management and control of risks are as follows:





- ◇ **Group Audit Unit:** the unit performs audit activities for Mediobanca S.p.A. and also, as outsourcer, for the Group Legal Entities (pursuant to contracts governing the respective terms and conditions, responsibilities and methods by which the service is performed). As parent company unit, it also performs co-ordination and control activities for CMB Monaco, and internal audit activities for Cairn Capital Group, RAM Group and Messier et Associés. Its mission consists of assessing the Group's operations to check that they are being performed correctly and monitoring changes in the company's risks, reviewing the organizational structure and other internal control system components to check that they are adequate, properly functioning and reliable, and providing advice to the Group's various units, including through participation in project-based activities. The unit performs its activities based on a plan drawn up using a risk-based approach; for it to perform its duties, it has direct access to all useful information, and has adequate means available to it. The head of the Group Audit Function, who reports directly to the Board of Directors, reports to the governing bodies (Board of Directors, Risks Committee and Statutory Audit Committee) on the results of its audit activities, has direct access to the Statutory Audit Committee, and communicates with the Committee without restrictions or intermediation.
  
- ◇ **Compliance and Group Anti-Money-Laundering (AML):** this unit presides over the regulatory and reputational risks facing the Group, and has specific responsibility for reviewing the internal procedures to check they are consistent with the objective of preventing the laws and regulations applicable to the Bank and the Group from being breached.  
For Mediobanca S.p.A., the unit proposes *ex ante*, and checks *ex post*, the adoption of procedures to ensure the risk of non-compliance is managed (and checks that they have been implemented), provides updates on changes to the domestic Italian and European regulatory framework, and prepares adequate reporting flows to the corporate bodies and the units involved. It handles relations with the supervisory authorities for the matters falling within its own remit.  
The unit presides over the risks of non-compliance facing the Group, calling on the assistance of the management and officers of the various Group companies who in this connection report functionally to the head of the Compliance unit and ensure adequate regular and occasional reporting flows to him, in accordance with the provisions of the Compliance unit's own regulations.  
Within the Compliance unit itself the following sub-units have been established: (i) the Group AML unit, with the objective of preventing and tackling breaches of the regulations on money laundering and terrorist financing;<sup>6</sup> and (ii) the Group Data Protection unit with the objective of governing risks related to the GDPR regulations.  
The head of the Compliance and Group Anti-Money-Laundering Unit, who reports directly to the Chief Executive Officer, takes part in Risks Committee meetings, providing support to the Committee in its control activity.
  
- ◇ **Group Risk Management:** the Group Risk Management unit is responsible for the entire model for risk management and for applying it within the Group, defining the appropriate methodologies and processes for identifying, measuring and monitoring risks, current and future. The unit ensures ongoing control of the Group's overall exposure and the exposure of each individual unit to credit risk, financial risks, liquidity risk, operational risk and the other relevant risks, up to the limits established by the internal and supervisory regulations, with the assistance *inter alia* of the Group companies' Risk Management functions which to this end report functionally to the Group Chief Risk Officer.  
The Group Chief Risk Officer is responsible for the risk management process, developing risk management policies which include definition and quantification of risk appetite, and policies and risk limits at the individual business unit and Group level. The Chief Risk Officer, who reports to the CEO,

6. Based on a centralized approach for all Italian companies.



takes part in Board of Directors, Executive Committee, Risks Committee, Remunerations Committee and CSR Committee meetings, providing support to the Committees in their own control activities.

- ◆ **Heads of business areas:** the heads of the business areas, also known as risk owners, are responsible for ensuring that risk management activities are identified, assessed, managed and monitored properly with respect to their own operations, and for implementing the appropriate first-level control measures.

Furthermore, among the control units identified by the Group Policy on the Internal Controls System, the Head of Company Financial Reporting is responsible for the risk management and internal controls system with regard to the financial disclosure preparation process, as required by the legal provisions in force (Article 154-bis of the Italian Finance Act).

The individual risks identified by the Group, in addition to those typical of the financial sector such credit risk, market risk and liquidity risk, also comprise non-financial risks, among them operational risks, including IT risks and cyber risks.

The Group Tax unit is responsible for governance of the tax risks for ordinary and extraordinary operations, and also the risk of non-compliance with the tax regulations.

The management and ongoing monitoring of such risks is a necessary prerequisite in order to guarantee sustainable value creation over time, for issues considered to be priorities for the Group, such as maintaining a high service and customer satisfaction levels, transparency of information on products and services, innovation, multi-channel approach, digitalization and data security, in order to guarantee ethics, business integrity and brand protection.

In FY 2018-19, the Group Risk Management unit, in conjunction with the other company units involved, launched a process for defining a risk assessment and reporting framework for ESG and climate change risks, followed by analysis of the reference scenario, in order to identify the risks that were potentially material for the Group, based on the approach proposed by the TCFD.<sup>7</sup>

Once the risk assessment methodology had been consolidated, the emerging risks and related mitigation actions were identified and assessed through one-to-one interviews, workshops and surveys with the risk owners themselves and specialists at parent company level and the main Group legal entities. Once these activities had been completed, it was possible to match the risks with the main issues.

With a view to guaranteeing ongoing improvement and ensuring ESG issues are more closely integrated into the operating risk management model, the project has continued during FY 2021-2022 with the following objectives:

- ◆ Updating and supplementing the ESG and Climate Change Risks catalogue, based on changes in the reference regulations and on ESG risk benchmarking analysis, the latter carried out with reference to the leading players in the Italian banking sector;
- ◆ Revising the ESG Risk Assessment and reporting process.

7. Task Force on Climate-related Financial Disclosure; cf. also sections 8. *Environment* and 11. *TCFD Recommendations*.



The activities are co-ordinated by the Operational Risk Management unit.

At the same time, at the start of 2021 an **ESG Programme** was launched at Group level, to bring operations in line with the most recent changes in the ESG regulatory framework. Phase 1 was completed in June 2021.

Phase 2 has the following objectives:

- ◇ Implementation of measures included in plan sent to ECB in May 2021;
- ◇ Completion of adaptation to SFDR and MiFID obligations;
- ◇ Definition of preparatory activities in order to make the first Taxonomy disclosure for the business areas affected by the regulations.

### 3.4 Sustainability governance

[GRI 102-18]

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Governance and sustainable strategy</b></p>	<p>Ineffectiveness of internal control and ESG/ climate change risk management systems, with possible impacts in terms of reputation and reaching strategic objectives defined by the Group</p>	<p>BoD CSR and Risk Committees and Group Risks Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>ESG Programme: adaptation of risk management frameworks</p> <p>Internal directive defining the process for non-financial information reporting</p> <p>Group ESG policy</p> <p>Staff training on ESG issues</p> <p>ESG Risk Assessment Framework (ESG risks and climate change)</p> <p>Quantitative data for CNFS uploaded to IT platform used for operations and preparing the consolidated financial statements</p>
<p><b>Governance and sustainable strategy</b></p>	<p>Partial achievement of, or failure to achieve, the Group's sustainability objectives due to failure to provide for suitable ESG criteria in the incentivization and performance measurement systems</p>	<p>Governance (governing bodies and company units)</p> <p>Remuneration policies aligned with the most recent Italian and European regulatory framework</p> <p>Group Remuneration Policy</p> <p>Checks and monitoring to ascertain that the various company units involved meet the objectives</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Governance and sustainable strategy</b></p>	<p>Partial achievement of, or failure to achieve, the Group's sustainability objectives due to failure to provide for suitable ESG criteria in the incentivization and performance measurement systems</p>	<p>Inclusion of predefined and decisive ESG objectives in individual long-term incentive plan adopted for 2019-23 for the Mediobanca CEO and Group General Manager and for the CEO of Compass/CheBanca!</p> <p>Inclusion of ESG financial and sustainability indicators in the annual scorecards for the Mediobanca CEO and Group General Manager</p> <p>Mediobanca staff assigned a Group objective to evaluate their performance in terms of the adoption of socially responsible behaviours</p>
<p><b>Governance and sustainable strategy</b></p>	<p>Ineffective communication to financial stakeholders on: sustainability structure over the medium-/ long term, and Group management models in ESG and climate change</p>	<p>BoD CSR and Risk Committees and Group Risks Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>Group Investor Relations unit handling relations with analysts, proxy advisors, shareholders and potential investors (including ESG)</p> <p>Group Disclosure Policy</p> <p>Road shows, one-to-one meetings, calls and engagement activities with investors</p> <p>Dialogue with ESG rating agencies and monitoring the ratings assigned;</p> <p>Sustainability assessment, performed by Group Sustainability in conjunction with Group Investor Relations</p> <p>Ongoing alignment between Group Investor Relations and Group Sustainability to communicate the Group's sustainability governance, policies, strategy and objectives correctly</p> <p>ESG objectives included in MBO scorecards</p>

At a Board meeting held on 14 June 2017, the Directors of Mediobanca mandated the Chief Executive Officer to take charge of activities regarding sustainability and the actions to be implemented and monitored, including the institution of a **management Sustainability Committee**, including representatives of both business and staff units.

On 19 September 2019, the Board of Directors set up its own **Corporate Social Responsibility (CSR) Committee**, with powers for matters pertaining to corporate social responsibility, in particular processing proposals to be submitted to the attention of the Board itself, in particular the following: Group sustainability policies; the consolidated non-financial statement; and ESG strategy at the Chief Executive Officer's proposal.

The committee consists of the Chief Executive Officer (who chairs it) and Directors Virginie Banet, Angela





Gamba, Maximo Ibarra and Elisabetta Magistretti. The Group General Manager, Board of Directors Secretary, Group Head of Sustainability, Group Head of Human Resources, Group Chief Risk Officer and Group Chief Financial Officer also take part in the meetings, which are held at least once a quarter, along with other Group representatives based on the items included on the agenda. The Board is briefed regularly on the matters discussed and the decisions taken in the course of the CSR Committee meetings.

Management of these activities is one of the factors taken into consideration in evaluating the Chief Executive Officer's performance. For further details on the Long-Term Incentive Plan linked to the 2019-23 Strategic Plan and the means by which the Short-Term Incentives for the CEO, Group General Manager and other top management are incorporated, reference is made to Section 5.7 *Staff incentives, benefits and remuneration*, and to Section 9. *Objectives and future commitments*.

The Board of Directors, which is responsible for approving the CNFS, is briefed regularly on the subjects discussed and the decisions taken in the course of the CSR Committee meetings. The Statutory Audit Committee performs monitoring to ensure that the provisions of the regulations on non-financial reporting are complied with, and reports on it in the annual report to shareholders on the occasion of the annual general meeting.

The Risk Committee monitors, advises and supports the Board of Directors with respect to risk management and ESG risks, with a particular focus on climate and environmental risks.

The Group Sustainability unit reports to the Chief Executive Officer, assisting him in all issues relating to social responsibility and ensuring the Group is positioned correctly on these issues in its various areas of operation.

The Group Sustainability Policy is sub-divided into four areas held to be priorities: 1. Measures to tackle bribery and corruption; 2. Human rights; 3. Diversity and inclusion; and 4. Climate change and the environment. The Policy contributes to the strengthening and implementation of the values of ethics, integrity and responsibility as a form of respect towards people, the environment and society as a whole. The Policy is based on the primary declarations and regulations issued with respect to the above areas, with the commitment to constantly improve the Group's conduct to ensure that sustainability is an integral part of the strategy and operation of its business. The Policy applies to the Group as a whole, in all countries in which it operates and in accordance with: the Code of Ethics, the Code of Conduct, the organizational model instituted pursuant to Italian Legislative Decree 231/01, and all other policies, guidelines, procedures, directives and provisions related to the areas covered by the Policy, defined at Group and local level.

To embed and promote a corporate culture based on ethics, integrity and sustainable business, the Group has adopted a Code of Ethics and Code of Conduct which set out the main principles on which the protection of its reputation rests, and contains the values underpinning the Group's day-to-day operations, as described in more detail in section 4.1 *Policies and initiatives to prevent and tackle corruption*.

### 3.5 Stakeholder engagement

[GRI 102-40], [GRI 102-42], [GRI 102-43]

The Group considers it vital to take into consideration the opinions and expectations of its stakeholders, i.e. those parties which on account of their role have an interest in the company's activities. The Group



comes into contact with many and varied stakeholders in the course of its business, and for purposes of convenience it has been decided to sub-divide them into a total of eight different categories. The principal stakeholder engagement initiatives are summarized in the table below.

STAKEHOLDER	CHANNELS AND MEANS OF INVOLVEMENT
<b>Shareholders and investors</b>	The eMarket SDIR platform and eMarket STORAGE mechanism <sup>8</sup> Meetings, conference calls and dedicated meetings
<b>Clients</b>	Customer satisfaction surveys Touch point Direct Email Marketing (DEM) channels, text messages, home banking and app Website and dedicated guides Social Media One-to-one meetings to ensure ongoing dialogue between advisors and clients Initiatives and events
<b>Staff</b>	Training programmes Employee Engagement Survey Performance assessment processes Company intranet Internal communication instruments Company volunteering
<b>Trade union organizations</b>	Regular meetings with trade union representatives
<b>Entities and institutions</b>	Initiatives and events Meetings with representatives Working groups
<b>Community</b>	Initiatives and events Meetings with representatives Working groups
<b>Suppliers and partners</b>	Portal to manage purchasing by Mediobanca Group
<b>Agents and promoters</b>	Regular training activities in financial products and new regulations

8. As a listed company, Mediobanca is obliged to disclose relevant information which could affect its stock market performance via a regulated procedure. For this reason, disclosure is made via the eMarket SDIR (Sistemi di Diffusione delle Informazioni Regolamentate) system. Similarly, information disclosed is stored for a certain number of years to ensure it remains accessible and can be consulted (via eMarket STORAGE).



### 3.6 Material issues and areas covered by Italian Legislative Decree 254/16

[GRI 102-43], [GRI 102-44], [GRI 102-46], [GRI 102-47]

“Material issues” are defined as aspects which reflect significant economic, environmental and social impacts by the organization or which could substantially influence stakeholder assessments and decisions. These aspects are also important with regard to risk management and strategy and form the basis for the non-financial reporting.

The Mediobanca Group carried out its first materiality analysis in 2017, with the aim of identifying the most relevant issues for the Group itself and its stakeholders, i.e. issues which impact significantly on the ability to create value in the short, medium and long term.

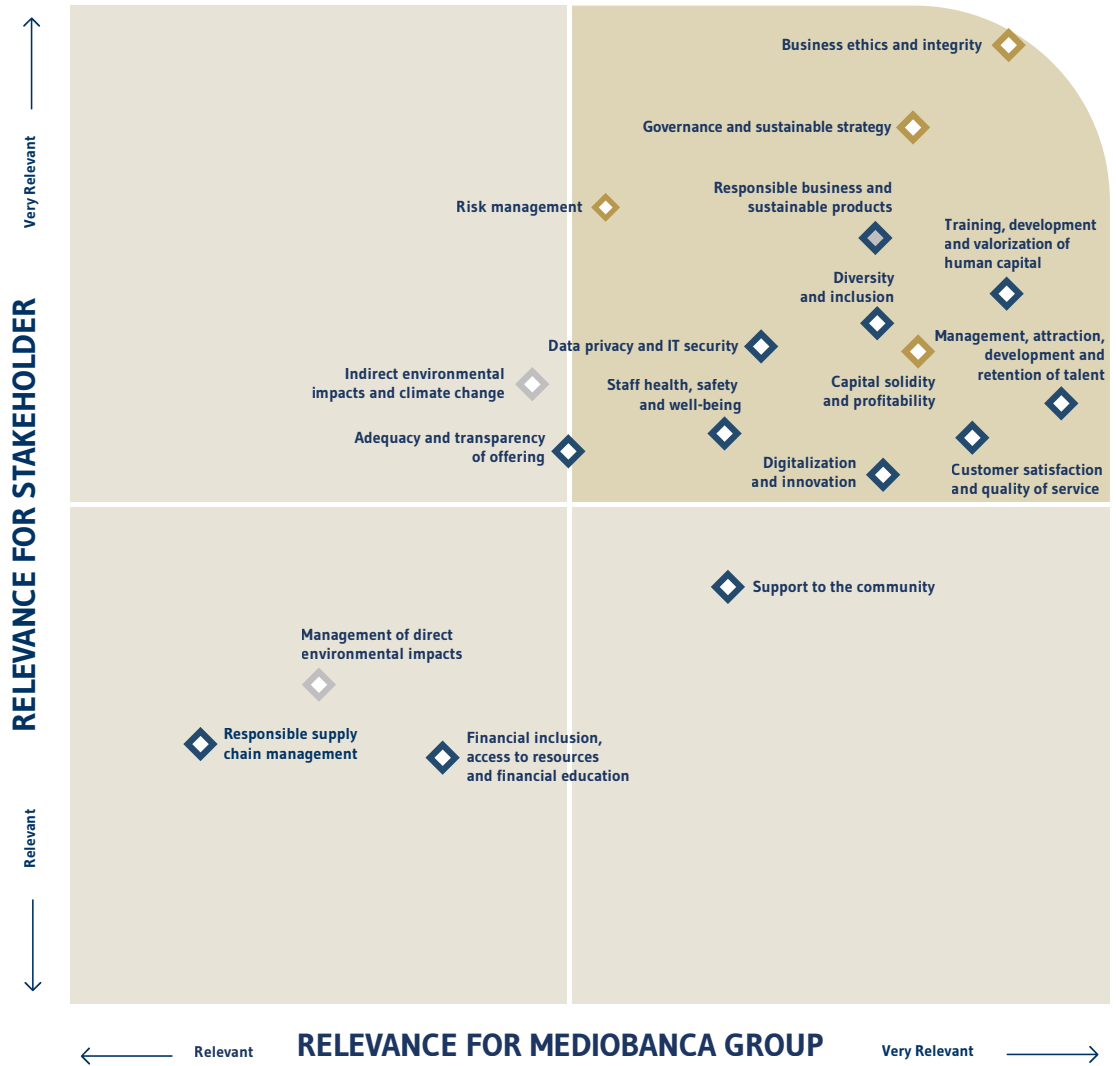
The process of analysing these issues led to the materiality matrix being developed, and has subsequently been updated:

- ◇ In 2017, benchmarking analysis was carried out and sustainability guidelines were developed; the results were shared with the heads of fifteen different units and Group legal entities.
- ◇ In 2018, the first multi-stakeholder forum was held with the objective of updating the Materiality Matrix, with both internal and external stakeholders contributing.
- ◇ In 2019, the Materiality Matrix was updated based on the materiality of the issues to the Group itself.
- ◇ In 2020, because of the pandemic, external stakeholders were engaged remotely by means of an online questionnaire.
- ◇ In 2021, with the objective of updating both axes of the materiality matrix, internal and external stakeholders plus management were engaged once again.
- ◇ In 2022, as in 2021, both **internal and external** stakeholders and **management** were involved in the process, in order to update both axes of the matrix. More than 110 stakeholders (with a response rate of 54%) and 21 senior management representatives were asked to vote, using an online tool, on the proposed material issues, with the aim of identifying the sustainability issues with the highest priority for the Group. The list of material issues voted on was the same put forward in FY 2020-2021, which had been updated in line with the best market practice.

All issues represented in the materiality matrix were identified by the stakeholders as material, and as such have been reported on in the CNFS. The issues shown in the box in the top right-hand corner are the ones that have been identified as being most material.

The issues which reporting an **increase in materiality** compared to last year were: *Data privacy and IT security, Diversity and inclusion, Support to the community* and *Responsible supply chain management* (the last two remain among those considered to be least material).

Those which showed a slight **reduction in materiality** compared to last year were: *Risk Management, Staff health, safety and welfare, Customer satisfaction and quality of service, and Training, development and valorization of human capital*.



**Performance**

- ◆ ECONOMIC
- ◆ SOCIAL
- ◆ ENVIRONMENTAL





### 3.7 Sustainable Development Goals

[GRI 102-12]

On 25 September 2015, the leaders of the 193 member states of the United Nations met in New York to approve the “**17 Goals to Transform our World: 2030 Agenda for Sustainable Development**”, a manifesto identifying seventeen global objectives, or Sustainable Development Goals, structured into 169 targets of the new agenda to be implemented by 2030 to ensure sustainable development of the planet.



The definition “common objectives” means that all member countries and individuals are required to contribute, combining forces on a collaborative basis and in partnership. Businesses too are therefore required to play an activity role, as with their resources and capabilities they are able to have a fundamental impact on the achievement of these global objectives.

The Mediobanca Group, aware of the close connection between some of the SDGs and its own business, is keen to make its own contribution to making a positive change at the global level, focusing on projects and activities which are more in line with the global objectives (see section 9. *Objectives and future commitments*).

The Group has also set sustainability targets for itself as part of its Strategic Plan<sup>9</sup>, with the intention of contributing to the achievement of six of the seventeen macro Sustainable Development Goals, and so committing itself to help generate positive change at a global level.



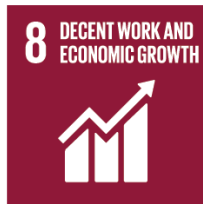
The Group promotes and runs financial education and training via a series of instruments and ventures for clients and vulnerable areas (section 6.1.5, *Financial inclusion, access to financial resources and education*). It also provides specialist training to its staff, helping them develop and maintain their skills (section 5.5 *Professional training and development*).

In the Strategic Plan, the Group has set itself the objective of increasing the hours of training for its staff (cf. section 9. *Objectives and future commitments*).

9. For details on the targets and state of progress made, see section 9. *Objectives and future commitments*.



The Group has instituted the role of Diversity and Inclusion Manager, and has established a Diversity, Equity and Inclusion management committee. A project to promote diversity has also been launched, known as “toDEI”, including quantitative objectives defined for the first time, which in due course will become an integral part of the next Strategic Plan. Mediobanca has also adhered to the “Women’s Charter” promoted by the Italian Banking Association ABI, is a signatory to the Valore D manifesto, and has participated in the preparation of a paper on Diversity & Inclusion in the Workplace, compiled by the Global Compact Network Italia in conjunction with the ILO (section 5.3 *Diversity, inclusion and equal opportunities*).



The Group’s continuing growth helps create jobs and employment opportunities for young people (see section 5.2. *Mediobanca Group staff: job creation and protection*). In the 2019-23 Strategic Plan the Group has committed to promote responsible investing and to contribute to Italian economic growth by investing in outstanding Italian SMEs (see section 9. *Objectives and future commitments*).



The Group promotes numerous initiatives with social impact, including through donations and support, in Italy and the other countries in which it operates. In its Strategic Plan, the Group has set itself the target of making a constant annual contribution to projects with positive social and environmental impact, and increasing the amount of assets under management by the Mediobanca Social Impact fund, which donates two-thirds of its management fees to charitable institutions (see section 9. *Objectives and future commitments*).

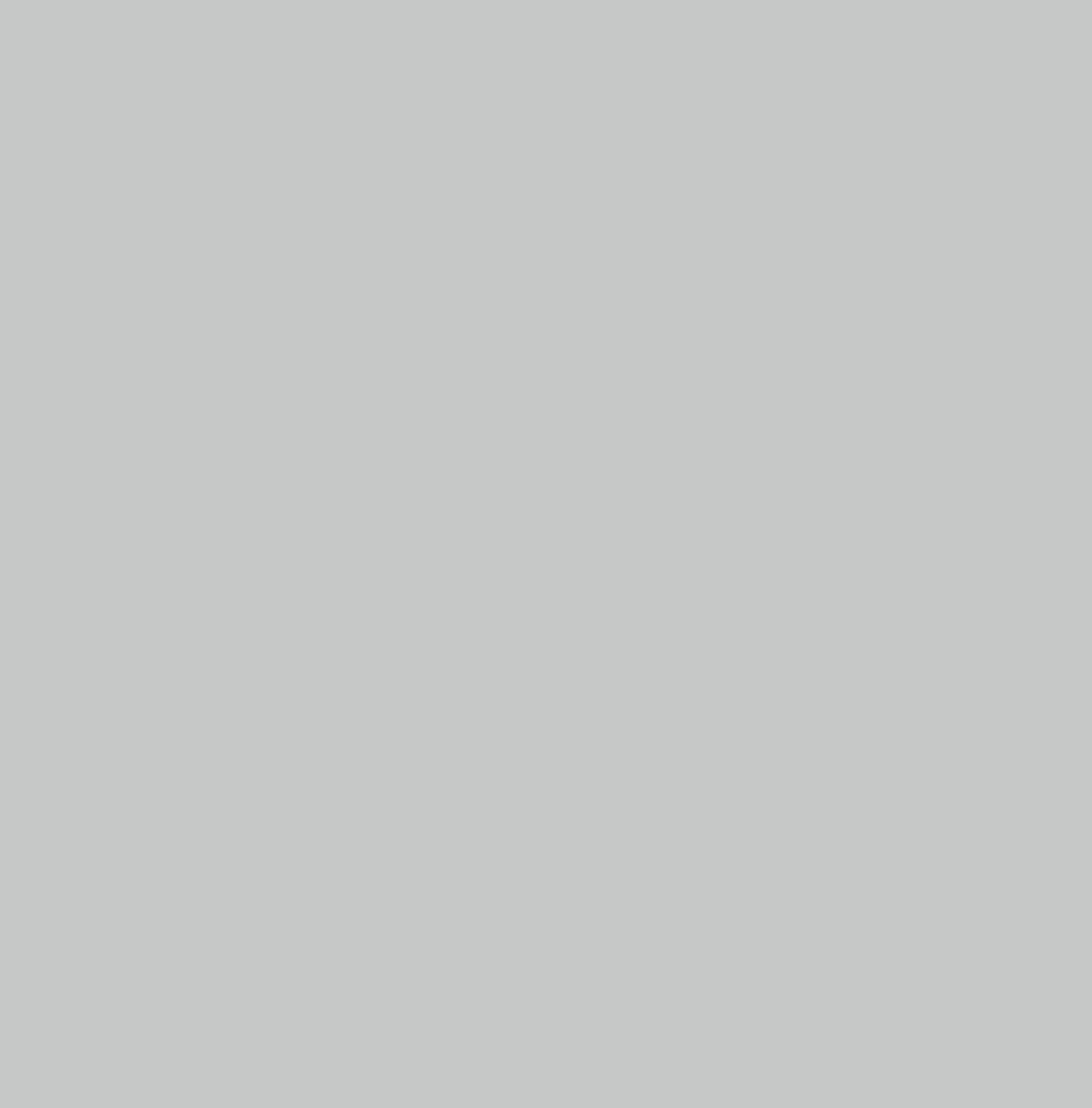


The Group is committed to improving its relations with clients constantly and to monitoring its supply chain responsibly. In the Strategic Plan, the Group set itself the target of improving customer satisfaction and increasing the percentage of suppliers screened using ESG criteria (cf. section 9. *Objectives and future commitments*).



The Group has become a member of the Net-Zero Banking Alliance (NZBA), with the objective of reaching net zero emissions by 2050 or sooner, in line with the targets set by the Paris Climate Agreement, and has become a supporter of the Climate-related Financial Disclosures (TCFD). Measures have also been included in the Strategic Plan to reduce the Group’s impact on the environment and to promote the climate transition (cf. section 9. *Objectives and future commitments*).









# Ethics and integrity in business and anti-corruption measures



MEDIOBANCA



# 4. Ethics and integrity in business and anti-corruption measures<sup>10</sup>

## 4.1 Policies and initiatives to prevent and tackle corruption

[GRI 102-16], [GRI 102-17], [GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 205-2], [GRI 205-3]

As stated inter alia in the Sustainability Policy, the Mediobanca Group is committed to conducting its business in accordance with the highest ethical standards, and does not tolerate any form of corruption, whether active or passive.

Mediobanca's Board of Directors approves both the Code of Ethics and Code of Conduct, and with them, approves also the behavioural principles, models and norms which the Group and its staff and collaborators commit to pursuing in all their activities.

The Group acquires and maintains commercial relations solely on the basis of its own offering of services and the specific needs of its clients. It does not engage in any form of conduct which is or could appear to be intended to obtain and/or offer improper advantages. The approach it adopts is also intended to prevent instances of corruption occurring in the structuring and execution of transactions or commercial agreements.

To ensure corruption is tackled effectively and guarantee compliance with all applicable laws and regulations, the Group has prepared its own internal regulations, procedures and controls, arranges regular training, and carries out audit activities.

All the companies included in the scope of the Statement have adopted dedicated policies and procedures. In particular, Mediobanca, in its pursuit of a zero-tolerance approach to corruption, has adopted the following internal regulations which are all available on the company intranet.

### ◆ **Organizational Model pursuant to Italian Legislative Decree 231/01**

The purpose of the Model is to contribute towards preventing crimes from being committed which could entail administrative liability for the Bank, including crimes of bribery and corruption (inter alia between private individuals), and to identify the activities at risk and the measures to be taken to govern them. The Model, which is approved by the Board of Directors, was updated in November 2020.

### ◆ **Code of Ethics**

The Code of Ethics, which forms an integral part of the Model instituted pursuant to Italian Legislative Decree 231/01 sets down the set of values which direct the Group's conduct. The Code, which was updated in November 2020, contains references and guidance complementing the regulatory obligations, with a view to ensuring that behaviour is consistent and compliant with the Group's mission and its fundamental values.

Each recipient must:

10. The information contained in this section refers exclusively to companies forming part of the Mediobanca Banking Group and included in the CNFS scope of reporting.



- ◇ Refrain from behaviour which is contrary to the Code of Ethics;
- ◇ Direct, wherever possible, their own collaborators to comply scrupulously with the Code;
- ◇ Circulate the Code to third parties with which the Group companies enter into a relationship.

#### ◇ **Code of Conduct**

The Code of Conduct sets out, along with the Code of Ethics, the fundamental principles on which the company's reputation and activities are based. The Code, which was updated in March 2022, has been published on the Bank's intranet, along with the relevant internal regulations, and the interested parties are notified via email.

All the Bank's staff members and collaborators, including providers and consultants must familiarize themselves with the Code of Conduct and ensure their behaviour is based on the principles and values set forth in it. In particular, all new recruits have to take a test on the Code of Conduct; such tests are also obligatory for the entire corporate population when the Code is revised.

Staff must also: complete the training initiatives which the Bank organizes on relevant regulations; contribute to spreading an ethical corporate culture, and act as positive role models for their colleagues; promptly report any violations; and co-operate actively with any further enquiries.

The heads of the organizational units must ensure that the Recipients under their supervision maintain the highest ethical and professional standards. If they fail to exercise their powers of supervision appropriately, they may be held jointly responsible for the breaches committed by their own staff. In the event of breaches of the Code of Conduct and the internal regulations, action may be taken involving the offender's variable remuneration, and disciplinary measures based on the seriousness, extent and external relevance of the infringement.

#### ◇ **Tax conduct principles**

This document describes the guidelines and principles of conduct followed by the Group in application of the tax regulations in Italy and elsewhere.

#### ◇ **Non-compliance risk management policy**

The policy, updated in July 2021, describes the model used for managing the risk of non-compliance with the regulations in force.

#### ◇ **Whistle-blowing policy**

The policy, approved by the Board of Directors and updated in January 2021, sets out the principles, means and measures adopted to allow staff members to report any malfunctioning within the organizational structure or internal controls system, or any other irregularity in the Bank's operations or breach of the regulations governing banking and financial activity.

Reports, which can be made in person or anonymously, must be submitted via email or internal/ordinary mail and addressed to the Head of Compliance or to the Supervisory Unit (if the matter concerns issues covered by Italian Legislative Decree 231/01). Confidentiality for the whistle-blower is guaranteed, as is protection from retaliation and other repercussions, as required by the applicable regulations.

#### ◇ **Group anti-corruption directive**

This Group directive, which was issued in November 2019, sets down the standards for identifying and preventing instances of corruption, with the aim of protecting the Group's integrity and reputation.

#### ◇ **Gift directive**

The Directive, updated in November 2019, sets out the rules of conduct to be followed regarding the



possibility of receiving and offering gifts from and to third parties, to avoid attitudes that could give the appearance of being intended to exert improper influence on the conduct of recipients.

#### ◆ Directive on relations with the public administration

The Directive, updated in October 2019, lays down the rules of conduct for relations with the public administration, in order to mitigate the risks of the Bank being involved in instances of crime (for example, fraud or bribery and corruption), and to ensure transparency of relations.

All the companies included in the scope of the Statement have adopted their own internal anti-corruption regulations, incorporating the principles and standards laid out in the documents listed above, and adapting them according to their specific areas of operations.

Mediobanca and the Group companies put on e-learning courses addressing the issue of bribery and corruption (Italian Legislative Decree 231/01 for Italian staff) for employees and management. Initiatives are run when staff are first recruited and/or at regular intervals, generally over a time horizon of several years when changes are made to the regulations or the organizational structure. The Compliance and Group HR units may agree further initiatives to extend awareness of this issue.

Commercial partners and important suppliers are bound by contract to comply with the provisions of the Group's Code of Ethics and related regulations.

During the reporting period, a total of 1,949 hours' training on anti-corruption issues was provided within the Group, both as refresher courses for staff who have already received training and/or basic training courses for new recruits, with a total of 3,663 staff participating, or 73% of the company's population<sup>11</sup>. The anti-corruption policies and procedures have been sent to all the Directors and the Group's workforce.

### Group employees who have received communications on the anti-corruption policies and procedures

CATEGORIES OF STAFF	2021/2022		2020/2021		2019/2020	
	NUMBER	%	NUMBER	%	NUMBER	%
Top management	23	100%	22	96%	11	100%
Management	429	97%	376	92%	395	93%
Middle management	2,144	98%	1,856	89%	1,808	90%
White collar	2,343	99%	2,315	96%	2,387	97%
<b>TOTAL</b>	<b>4,939</b>	<b>98%</b>	<b>4,569</b>	<b>93%</b>	<b>4,601</b>	<b>94%</b>

GEOGRAPHICAL REGION	2021/2022		2020/2021		2019/2020	
	NUMBER	%	NUMBER	%	NUMBER	%
Italy	4,470	100%	4,281	97%	4,369	100%
France	55	100%	50	100%	49	100%
Spain	30	100%	29	100%	24	100%
United Kingdom	68	54%	73	63%	89	62%
Rest of world	316	98%	136	43%	67	20%
<b>TOTAL</b>	<b>4,939</b>	<b>98%</b>	<b>4,569</b>	<b>93%</b>	<b>4,601</b>	<b>94%</b>

11. The time horizon for the training is typically several years and is generally linked to changes in the regulations or to significant changes in the corporate organization, meaning that training initiatives may not be rolled out to the entire corporate population in the same financial year.





Mediobanca and the Group companies take part in meetings and initiatives of the respective category associations, including those on the fight against corruption.

Mediobanca has also adopted the following policies:

- ◇ **Policy for managing conflicts of interest**, in order to identify and prevent or manage situations in which the Bank could, in the performance of its business, damage the interests of a customer by acting in its own interests or the interests of another customer. Employees' personal conflicts are also detected; hence staff members are required to report any such situations in a timely manner, to allow specific measures to be adopted if necessary.
- ◇ **Directive on external personal interests**, which requires staff members to obtain authorization from senior management before acquiring personal financial interests or accepting positions in companies external to the Group.

The companies included in the scope of the Statement, which provide banking and investment services have adopted internal regulations on conflicts of interest, which include measures to manage personal conflicts.

## 4.2 Relevant risks in the area of corruption

*[GRI 102-15], [GRI 205-1], [GRI 205-3]*

To complete the internal regulations adopted to tackle corruption and comply with the relevant external regulations, the Group Legal Entities which operate in the banking and financial sectors perform an annual assessment of the risk of non-compliance with the regulations, which includes those instituted in order to tackle corruption, active and passive, as well as those governing corporate liability of entities for crimes covered by Italian Legislative Decree 231/01.

This risk assessment activity takes the following factors into consideration: the risk of potential breach (taking into account the probability of occurrence in the absence of measures, the seriousness of the sanctions for such breaches, and the potential impact in reputational terms); the existing mitigation measures in place; and the degree of compliance noted in the existing conduct. Following the assessment process, the residual risk of non-compliance can be identified, based on which a decision as to whether or not to institute controls or mitigation measures can be taken.

The Group Audit Unit performs audits of the various Group Legal Entities which also include checks on the risk of corruption, including: correct application of the accounting procedures and transfers of funds to suppliers, transparency in relations with the public administration, compliance with powers of representation delegated to staff and with the internal regulations on expense refund claims. Also part of the audit activities are checks which impact on the risk of corruption indirectly, such as those on transactions on financial markets and the nature of counterparties.

The audits performed by the control functions revealed no instances of corruption.



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<b>Ethics and integrity in business</b>	Lack and/or ineffectiveness of reporting systems for breaches of Group policies and/or practices (e.g. whistle-blowing)	<p>Group Whistle-Blowing Policy</p> <p>Implementation of a system for reporting breaches of the regulations</p> <p>Monitoring reports by compliance teams</p> <p>Reporting to corporate bodies on any reports received</p>
<b>Ethics and integrity in business</b>	Conflicts of interest: non-compliance with the legal provisions or self-imposed regulations in the area of conflicts of interest	<p>Group Policy for Managing Conflicts of Interest, which defines roles and responsibilities for preventing and managing conflicts</p> <p>Adoption of measures for managing conflicts of interest in relation to business activities, including of a personal nature</p> <p>Checks on execution of activities most exposed to the risk of conflicts of interest</p> <p>Annual compliance risk assessment activity</p>
<b>Ethics and integrity in business</b>	Inadequate and/or insufficient Group staff training and awareness initiatives on bribery and corruption, and compliance in general, and possible adverse impacts in terms of breaches of regulations, ethical principles and self-imposed codes	<p>Co-operation between local compliance teams and Group HR in defining an appropriate training programme and monitoring its usage</p> <p>Regular training activities on issues pertaining to Italian Legislative Decree 231/01, including tackling corruption, at all corporate levels</p> <p>Regular reports from local Compliance teams to parent company on any issues in the training area</p> <p>Reporting to supervisory body on training activities carried out in relation to Italian Legislative Decree 231/01 activities</p>
<b>Ethics and integrity in business</b>	Internal fraud/misconduct committed by Group staff	<p>Organizational Model pursuant to Italian Legislative Decree 231/01, Code of Ethics, Code of Conduct, Company Disciplinary Code</p> <p>Second- and third-level control units and HR in internal reporting processes</p> <p>Policies and procedures in the internal fraud management area and in managing any unlawful activities</p> <p>Regular staff training activities on issues relating to Italian Legislative Decree 231/01 and/or bribery and tests on compliance with Code of Conduct</p> <p>Monitoring operations and regular checks and audit activity</p> <p>Regular assessment of internal fraud risks as part of operational risk management activities</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Ethics and integrity in business</b></p>	<p>Non-compliance with the regulations on bribery and corruption, money-laundering and terrorist financing</p>	<p>Organizational model involving company management and local compliance teams to tackle bribery, money-laundering and terrorist financing, where applicable</p> <p>Adoption by all Group legal entities of internal regulations to tackle bribery, money-laundering and terrorist financing</p> <p>Regular training on bribery and corruption/ money-laundering at all company levels</p> <p>Checks on most significant activities with reference to bribery and corruption/money-laundering</p> <p>Annual assessments of risk of non-compliance with regulations, including those on receiving and giving bribes, money laundering and terrorist financing</p>
<p><b>Ethics and integrity in business</b></p>	<p>Risks of misinterpretation of tax regulations, with possible adverse impacts on earnings (e.g. administrative sanctions and claim) and reputational impacts</p>	<p>Group Tax Unit, guaranteeing full and correct management of tax issues and monitoring changes in the regulations on an ongoing basis</p> <p>Existence of Group tax strategy</p> <p>Training activities, with the objective of raising awareness and control levels with regard to tax risk in relation to business</p> <p>Working closely with competent authorities in providing the necessary information to enable checks to ascertain that tax obligations have been met correctly</p> <p>Compliance with guidance to ensure appropriate funds transfer pricing for intra-Group deals and to allocate income generated in the various countries in which the Group operates</p> <p>Implementation of Tax Control Framework pursuant to Italian Legislative Decree 128/15(in progress)</p>
<p><b>Ethics and integrity in business</b></p>	<p>Breach of principles of proper conduct, honesty and transparency in relations with the regulators with which the Group interacts (e.g. national banks, European Central Bank, Consob, IVASS, AGCOM etc.)</p>	<p>Adoption of suitable measures to ensure proper conduct, honesty, and transparency in relations with the authorities</p> <p>Organizational Model pursuant to Italian Legislative Decree 231/01, Code of Conduct and Directive on relations with the Public Administration</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Ethics and integrity in business</b></p>	<p>Breach of principles of proper conduct, honesty and transparency in relations with the regulators with which the Group interacts (e.g. national banks, European Central Bank, Consob, IVASS, AGCOM etc.)</p>	<p>Units which handle relations with authorities (Group Corporate Affairs and Supervisory Relations and Risk Governance)</p> <hr/> <p>Regular ex-ante and ex-post checks on information sent to the authorities</p> <hr/> <p>Regular reports by control units on activities performed versus the authorities</p>

### 4.3 Approach to tax and tax compliance issues

[GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 207-1], [GRI 207-2], [GRI 207-3], [GRI 207-4]

Correct adoption of the applicable tax regulations is vital for the Mediobanca Group and its stakeholders.

The Group's tax strategy document, which is entitled **Principles of Tax Conduct**, is approved by the Board of Directors of Mediobanca and is reviewed on a regular basis, with the assistance of the Group's Tax unit.

The document describes the guidelines and principles of conduct adopted by the Group on applying tax regulations in Italy and elsewhere. The Group is well aware, on the one hand, of the important contribution that tax revenue can make to the collective well-being in the jurisdictions in which it operates, at both local and global level, and on the other, is convinced that it is essential for the Mediobanca Group and all its stakeholders that all applicable tax regulations should be adopted correctly.

The Mediobanca Group maintains conduct which is proper, transparent and responsible, adopting behaviours geared towards compliance with all fiscal laws, regulations and generally accepted best practices, both national and international, and in both proprietary and client business.

Senior management takes its decisions following adequate assessment *inter alia* of the potential tax impact, involving the relevant internal units, in particular the Group Tax Unit, to guarantee that any tax issues are managed thoroughly and correctly.

The tax strategy is based on the principles set forth in the Code of Conduct and in the Code of Ethics, the latter of which forms an integral part of the Organizational, Management and Control Model instituted pursuant to Italian Legislative Decree 231/01, in which the standards of conduct that must be observed by all the Group's staff members are contained. The system of regulations and procedures conforms to the tax compliance requirements set by the Bank of Italy and with the principles of conduct set at the highest supervisory levels by the OECD in this area.

In this connection, the Group co-operates with the competent authorities in providing the necessary information to allow checks to be carried out to ascertain that the tax obligations have been complied with correctly, and observes the provisions in force to ensure that suitable funds transfer pricing is applied in intra-Group transactions with the objective of allocating the income generated in the various countries in which the Group operates correctly.



In operating terms, the set of measures and procedures, with the assignment of roles and responsibilities, must guarantee the accuracy of the data entered in the tax declarations, tax payments and of communications versus the revenue authorities. The Chief Executive Officers and the administrative directors (or equivalent figures) of the individual Group legal entities are responsible for applying these principles to the decisions taken on tax matters and the related administrative activities.

The Mediobanca Group regularly raises awareness among its staff in relation to the importance of proper conduct in the area of tax compliance. To this end, the Group organizes training courses, with the objective of increasing the focus on, and control of, tax risk in relation to the business activities. Any tax irregularities attributable to errors or negligence are taken into consideration in the annual performance evaluation review of the persons responsible.

The Board of Directors is informed of the most important and complex tax issues in a timely manner, and also if any tax disputes arise.

Implementation of the Tax Control Framework (Italian Legislative Decree 128/2015) in order to mitigate tax risk is also in progress, with a view to adhering to the co-operative regime in the near future.

JURISDICTION	NO. OF STAFF	REVENUES FROM SALES TO THIRD PARTIES (EUR'000)	REVENUES FROM INTRA-GROUP TRANSACTIONS (EUR'000)	PROFIT (LOSS) BEFORE TAX (EUR'000)	TANGIBLE ASSETS OTHER THAN CASH AND CASH (EUR'000)	CORPORATE INCOME TAX ON CASH BASIS (EUR'000)	CORPORATE INCOME TAX ON ACCRUALS BASIS (EUR'000)
<b>Italy</b>	4,414	3,051,031.7	499,841.0	1,177,919.4	174,559.0	96,114.9	(194,738.0)
<b>Luxembourg</b>	30	62,820.4	64,870.0	47,322.6	3,267.0	16,292.5	(11,437.9)
<b>Monaco</b>	247	115,363.0	16,761.0	37,087.0	62,301.0	5,958.6	(6,638.0)
<b>Switzerland</b>	29	12,154.0	437.6	(1,568.9)	869.8	239.9	(25.8)
<b>France</b>	50	50,636.7	10,221.3	25,960.5	2,424.8	7,067.1	(6,965.0)
<b>Spain</b>	29	4,369.5	13,574.9	4,415.1	1,395.5	308.7	-
<b>Germany<sup>12</sup></b>	-	901.3	-	159.3	-	-	-
<b>United Kingdom</b>	115	28,819.9	43,862.6	29,714.4	3,680.8	10,098.5	94.8
<b>United States</b>	7	993.0	1,430.4	9.2	-	28.7	20.1
<b>TOTAL</b>	<b>4,921</b>	<b>3,327,089.4</b>	<b>650,998.7</b>	<b>1,321,018.6</b>	<b>248,497.8</b>	<b>136,108.8</b>	<b>(219,689.8)</b>

12. The Mediobanca branch office at Frankfurt was closed during FY 2020-21.







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# People and Human Rights



MEDIOBANCA



# 5. People and Human Rights

## 5.1 Relevant policies and risks

[GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 102-15]

In a competitive scenario where the business and consumption models are undergoing constant and in depth transformation, the Mediobanca Group is aware that change, a fundamental prerequisite for tackling the challenges posed by the market, has to involve leveraging its staff, developing their professional abilities, and an adequate talent retention scheme.

Our staff members are our human capital and the indispensable foundation of the Group's competitiveness; their physical and mental health and safety are priorities for Mediobanca. The trust which underpins every employment relationship is regulated by a body of internal policies and procedures, as formalized and approved by the governing bodies or internal offices responsible.

The Group has adopted a Human Resource Management Policy, updated in July 2022, to ensure that their staff members have the requisite competences and professional qualifications in order to exercise the duties assigned to them. The Policy also describes the roles and responsibilities of all bodies involved in the staff management process: the Board of Directors, Chief Executive Officer, General Manager and Human Resources, in line with the other policies and codes impacting on staff management.

The Human Resource Management Policy is based on a series of non-negotiable general principles:

- ◆ **Sustainability:** The Group's Human Resource Management Policy is intended to increase and protect reputation, credibility and consensus over time, as the basis on which to develop a business that seeks to create and protect value for all stakeholders.
- ◆ **Human Rights:** the Group believes that respect for human rights is a fundamental prerequisite to its own sustainability and that respect for each collaborator's personality and dignity is fundamental.
- ◆ **Ethics and integrity:** the Group promotes an ethical culture which is based on values of proper conduct, professionalism, customer protection and responsibility and ensures that its staff members adopt conduct which is strongly ethical in nature and marked by its integrity.
- ◆ **Dignity and civil liberties:** the Group undertakes to prevent every form of unsolicited behaviour, expressed in physical, spoken or unspoken form and rejects any type of harassment.
- ◆ **Meritocracy:** the Group valorizes its staff on a meritocratic basis, seeking to develop their professional capabilities including through adequate training.
- ◆ **Diligence:** the trust which underpins every working relationship is based on the duty of diligence and on respect, both in form and in substance, of all internal regulations.



- ◇ **Equality and inclusion:** the Mediobanca Group considers diversity of gender and thought as an advantage to be leveraged, guarantees that all its collaborators are treated without distinction/exclusion and is committed to guaranteeing a correct balance between genders is maintained at all levels of the company. Attention is also devoted to persons with various forms of disabilities, to leveraging on staff with many years' experience, and to all employees who come from different backgrounds, in the sense of nationalities, cultures and/or religious traditions. Each member of staff is assured a positive and respectful working environment.
- ◇ **Health and safety:** the Mediobanca Group guarantees high standards of protection of health and safety in the workplace and the psychological and physical well-being of its staff through specific protection and prevention schemes.
- ◇ **Confidentiality:** each staff member is required to maintain the utmost confidentiality regarding the Mediobanca Group's activities and information regarding its clients.
- ◇ **Data privacy:** all personal data that regards the Group's collaborators is processed in accordance with the provisions of the law and the applicable confidentiality undertakings.

Group HR has the task of managing, developing and monitoring human capital and its changes within the Group, ensuring the quality and adequacy of its professional capital.

It is also responsible for ensuring that the activities of selecting, training, assessing and developing human resources are performed correctly, with attention in particular to the administrative activities related to employment arrangements. In the exercise of its activities, Group HR has the objective of increasing the sense among staff of belonging to the Group and of valorizing talent.

For the Mediobanca Group, professional development is at the basis of our growth and hence also that of our staff, which is why we guarantee: adequate training, practical work experience, experience in different positions, performance assessment, career progression and promotion, on a meritocratic basis and in accordance with the principle of equal opportunities and staff needs, as well as the its own strategic decisions and organizational requirements.

### **"SKILLATO"<sup>13</sup> PLATFORM**

The experience of the Covid-19 pandemic has accelerated the adoption of distance learning methods, which are available the whole time, and which complement the more traditional, classroom-based approach.

With the objective of increasing participation by colleagues, Group HR has launched a project to adopt a technological platform for training, engagement and continual learning.

The project, which was launched at the start of the financial year, and was implemented starting from end-June 2022, set itself the following objectives:

- ◇ Management of all training processes, classroom-based and digital, in a single, integrated environment.
- ◇ Improvement of the training experience in terms of user-friendliness and interactive features.
- ◇ Simplifying data analysis operations and making them more efficient.

13. Brand owned exclusively by the brand owner.



- ◇ Enhanced access to learning contents hosted on external websites/portals.
- ◇ Reorganization of existing online training platforms.
- ◇ Integration of gamification activities to support internal communications or other HR processes (e.g. on-boarding).

The new platform will offer a simpler and more immediate experience, enabling users to have access at all times to: compulsory courses, language training, management programmes, webinars and online events, and will be available both on desktop PCs and mobile devices.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Managing, attracting, developing and retaining talent</b></p>	<p>Lack of, or inadequate, policies for attracting talent, difficulties in replacing key staff, competences and specialist expertise, with possible adverse impacts on productivity, process continuity, and project activity, both current and scheduled.</p>	<p>Existence of a staff selection, management and training unit within Group HR</p> <p>Group Policy on selection, appointment, succession and assessment of the adequacy of company representatives and key function holders</p> <p>Human Resource Management Policy</p> <p>Ongoing updating of map of competences for specific key positions</p> <p>Development of partnerships with universities to identify talent and dedicated recruitment programmes</p> <p>Employer branding strategies and campaigns to promote the Mediobanca brand</p> <p>Existence of company welfare systems</p> <p>Benchmark analysis of remuneration packages available on the market</p> <p>Use of new channels (e.g. podcasts, Telegram etc.) to facilitate communication with staff, in particular millennials</p>
<p><b>Diversity, inclusion and equal opportunities</b></p>	<p>Lack of effectiveness of programmes focused on Diversity &amp; Inclusion issues and equal opportunities, and failure to apply, or inadequate application of, the principle of impartiality, to prevent any form of discrimination within the Group, with the possibility of a part of the workforce losing motivation</p>	<p>Group Board CSR committee</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Diversity, Equity &amp; Inclusion management committee</p> <p>Existence of an Internal Communication, Employee Engagement and D&amp;I organizational unit, and appointment of a specific Group Diversity and Inclusion Manager within Group HR</p> <p>Human Resource Management Policy</p> <p>Group Sustainability Policy, with a pillar specifically on D&amp;I</p>





MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Diversity, inclusion and equal opportunities</b></p>	<p>Lack of effectiveness of programmes focused on Diversity &amp; Inclusion issues and equal opportunities, and failure to apply, or inadequate application of, the principle of impartiality, to prevent any form of discrimination within the Group, with the possibility of a part of the workforce losing motivation</p>	<p>Specific initiatives, including training, to promote diversity, equity and inclusion, in particular the "ToDEI project"</p> <p>Monitoring the number of female staff leaving the company to ascertain reasons (work-life balance)</p> <p>Implementation of a staff climate assessment with a focus on D&amp;I issues</p> <p>Support for parents through provision of healthcare services and training courses</p> <p>Existence of company welfare systems</p> <p>Participation in Valore D, ABI charter, and Global Compact Network Italy</p>
<p><b>Training, development and valorization of human capital</b></p>	<p>Inadequate and/or insufficient Group staff training and awareness initiatives (e.g. ESG, sustainable finance, etc.), with possible adverse impacts on human capital, staff motivation, sense of ownership and achievement of objectives set</p>	<p>Existence of a staff training and development unit within the Group HR division</p> <p>Policies for training activities</p> <p>Preparation and monitoring of staff development and training plans</p> <p>Gap analysis in order to map the areas requiring improvement in terms of competences to be filled with training initiatives</p> <p>Monitoring staff satisfaction with training activities through company climate assessment</p> <p>Definition of a competence and performance management system</p> <p>Implementation of an IT platform to manage and monitor training initiatives at Group level</p>
<p><b>Managing, attracting, developing and retaining talent</b></p>	<p>Dissatisfaction and reduced engagement levels by staff, and diminished sense of belonging to the Group, in part due to inadequate retention and human capital valorization policies (e.g. structured growth paths, remuneration policies, training, concrete solutions in terms of work-life balance, welfare policies, etc.), with possible adverse impacts on the ability to reach objectives and more generally on the Group's performances</p>	<p>Existence of an Internal Communication, Employee Engagement and D&amp;I unit for staff management and development within the Group HR division</p> <p>Human Resource Management Policy</p> <p>Staff climate analysis to analyse the degree of satisfaction among the corporate population and use of online surveys</p> <p>Development and ongoing monitoring of performance evaluation systems</p> <p>Benchmark analysis of remuneration packages available on the market</p> <p>Development and ongoing monitoring of staff development and training plans</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
		<p>Job rotation/internal mobility opportunities, including short-term, working for other units in Italy or in other countries</p> <p>Existence of company welfare systems</p>
<p><b>Diversity and inclusion</b> <b>Managing, attracting, developing and retaining talent</b></p>	<p>Increase in gender pay-gap leading to female employees becoming demotivated and/or leaving the company</p>	<p>Remunerations Committee</p> <p>Remunerations policies aligned with most recent Italian and EU regulatory framework</p> <p>Equity Pay Gap monitoring</p> <p>Existence of an Internal Communication, Employee Engagement and D&amp;I organizational unit, and appointment of a specific Group Diversity and Inclusion Manager within Group HR</p> <p>Human Resource Management Policy, Group Remuneration Policy and Group Sustainability Policy, including a pillar specifically on D&amp;I</p> <p>Definition of specific metrics for monitoring the gender pay gap (GPG)</p> <p>Existence of a performance evaluation system</p>
<p><b>Managing, attracting, developing and retaining talent</b></p>	<p>Inadequate trade union relations (e.g. breach of trade union agreements, breach of first-level regulations on exercise of trade union rights, non-application or misapplication of employment law etc.), leading to possible tensions, discontent and/or industrial action, with adverse impacts on earnings and reputation</p>	<p>Issue managed at individual Group Legal Entity level</p> <p>Sector collective labour contract defining minimum period for dialogue with trade union organizations before implementing major organizational changes</p> <p>Trade union agreements on work-life balance aspects (Compass, CheBanca!)</p> <p>Regular meetings with trade union representatives</p>

It should be noted that the health and safety risks facing staff members detected by the Group are dealt with in depth in a separate section (5.9. *Staff health, safety and welfare*).

## 5.2 Mediobanca Group staff: job creation and protection

[GRI 102-7], [GRI 102-8], [GRI 401-1], [GRI 405-1]

As at end-June 2021, the Mediobanca Group had a total of 5,016 staff on its books, slightly higher than last year, 42% of whom are women. The majority of the Group's staff, some 89%, is based in Italy, confirming our strong local roots. The most-represented professional category is that of "white collar", which accounts for 47% of the total.



## Employees by geography and contract type (permanent and temporary)

CONTRACT TYPE	2021/2022		2020/2021		2019/2020	
	PERMANENT	TEMPOR.	PERMANENT.	TEMPOR.	PERMANENT	TEMPOR.
Italy	4,378	105	4,331	83	4,271	98
France	53	2	49	1	49	0
Spain	30	0	29	0	24	0
Germany	-	-	-	-	3	0
United Kingdom	125	0	115	0	143	0
Rest of World	309	14	301	12	317	15
<b>TOTAL</b>	<b>4,895</b>	<b>121</b>	<b>4,825</b>	<b>96</b>	<b>4,807</b>	<b>113</b>

## Employees by category and gender

CATEGORY OF STAFF	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	18	5	23	18	5	23	10	1	11
Management	372	71	443	348	62	410	358	66	424
Middle management	1,464	717	2,181	1,398	679	2,077	1,360	656	2,016
White collar	1,057	1,312	2,369	1,097	1,314	2,411	1,134	1,335	2,469
<b>TOTAL</b>	<b>2,911</b>	<b>2,105</b>	<b>5,016</b>	<b>2,861</b>	<b>2,060</b>	<b>4,921</b>	<b>2,862</b>	<b>2,058</b>	<b>4,920</b>

## Employees by category and age

CATEGORY OF STAFF	2021/2022			2020/2021			2019/2020		
	<30	30 – 50	>50	<30	30 – 50	>50	<30	30 – 50	>50
Top management	-	30.4%	69.6%	-	26.1%	73.9%	-	36.4%	63.6%
Management	-	59.1%	40.9%	-	55.4%	44.6%	-	62.3%	37.7%
Middle management	6.8%	70.3%	22.9%	6.1%	69.3%	24.6%	6.3%	69.5%	24.2%
White collar	14.1%	74.2%	11.7%	12.9%	75.4%	11.7%	13.7%	75.4%	10.9%



Women represent 40% of the Group's full-time employees (1,943), and 96% of the staff employed part-time (162).

The majority of our employees, some 71%, are between thirty and fifty years of age, while the average age is around 43 years. In terms of length of service, the highest concentration is in the 11-20 years bracket (39% of the Group population), representing a good level of loyalty retention among staff.

Some 98% of the contracts are permanent (4,895), improving compared to the previous year, 42% of which are in respect of women (2,045).

As at end-June 2022, a total of 304 other people were engaged to work on behalf of the Bank under a variety of contractual arrangements (internships, other collaborations, etc.), in accordance with the legal and regulatory provisions in force in this area and in relation to the business requirements.

There were also 468 Financial Advisors linked to the CheBanca! network.

During the course of the year a total of 486 new staff were added, 73% in Italy. A total of 385 staff left the Group's employment during the twelve months under review<sup>14</sup>. The increase in the number of staff leaving the Group is due to the mobility of the job market which is currently offering increased opportunities. The data also reflect the organic growth in operations both in Italy and the Principality of Monaco, as a result of strengthening in Wealth Management activities. The headcount also increased in the United Kingdom following the acquisition of Bybrook Capital by Group legal entity Cairn Capital.

EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GENDER AND AGE	2021/2022		2020/2021		2019/2020	
	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED
<b>TOTAL</b>	<b>486</b>	<b>385</b>	<b>401</b>	<b>282</b>	<b>416</b>	<b>292</b>
<b>Men</b>	303	249	238	174	275	197
<b>Women</b>	183	136	163	108	141	99
<b>&lt; 30</b>	234	69	147	58	179	66
<b>30-50</b>	226	255	215	167	210	175
<b>&gt; 50</b>	26	61	39	57	27	55

14. The number of staff recruited and who have departed the Group includes 17 staff who have changed company within the Group.



EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GEOGRAPHICAL AREA	2021/2022		2020/2021		2019/2020	
	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED	EMPLOYEES HIRED	EMPLOYEES WHOSE CONTRACTS HAVE ENDED
<b>TOTAL</b>	<b>486</b>	<b>385</b>	<b>401</b>	<b>282</b>	<b>416</b>	<b>296</b>
<b>Italy</b>	354	280	335	187	325	211
<b>France</b>	19	14	16	16	10	7
<b>Spain</b>	4	3	8	3	4	-
<b>Germany</b>	-	-	-	-	-	4
<b>United Kingdom</b>	44	33	5	24	27	42
<b>Rest of World</b>	65	55	37	52	50	32

TURNOVER RATE BY GENDER AND AGE	2021/2022		2020/2021		2019/2020	
	RECRUITMENT RATE <sup>15</sup>	DEPARTURE RATE <sup>16</sup>	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
<b>TOTAL</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>
<b>Men</b>	10%	9%	8%	6%	10%	7%
<b>Women</b>	9%	6%	8%	5%	7%	5%
<b>&lt; 30</b>	48%	14%	34%	13%	39%	14%
<b>30-50</b>	6%	7%	6%	5%	6%	5%
<b>&gt; 50</b>	3%	6%	4%	6%	3%	6%

RECRUITMENT AND TERMINATION RATE BY GEOGRAPHICAL AREA	2021/2022		2020/2021		2019/2020	
	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
<b>TOTAL</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>
<b>Italy</b>	8%	6%	8%	4%	7%	5%
<b>France</b>	35%	25%	32%	32%	20%	14%
<b>Spain</b>	13%	10%	28%	10%	17%	-
<b>Germany<sup>17</sup></b>	-	-	-	-	-	133%
<b>United Kingdom</b>	35%	26%	4%	21%	19%	29%
<b>Rest of World</b>	20%	17%	12%	17%	15%	10%

15. Number of staff recruited as a percentage of the total number of staff employed as at 30/6/2022.

16. Number of staff departing the Group as a percentage of the total number of staff employed at 30/6/22.

17. The zero-recruitment rate is due to the decision to close the Frankfurt branch.





The total staff turnover rate (incoming) was 10%, while the outgoing turnover rate was 8%; 7.37% of which occurred on a voluntary basis<sup>18</sup>.

The recruitment and departure rates were in line with those recorded the previous year.

Of the positions vacant, 19.7%<sup>19</sup> of those open during the twelve months were filled by internal candidates (internal moves).

### 5.3 Diversity, inclusion and equal opportunities

*[GRI 401-3], [GRI 403-6], [GRI 405-1], [GRI 405-2]*

As stated in the Group Sustainability Policy, the Mediobanca Group considers diversity of gender and thought to be an advantage to be leveraged, as well as a source of cultural and professional enrichment. The Group believes in the importance of valorizing different perspectives and experiences through promoting an inclusive culture which does not tolerate any form of discrimination. It seeks to foster a working environment in which diversity and personal and cultural perspectives are respected and considered to be key factors of success.

The Group Staff Management Policy includes specific commitments to ensure equal opportunities and gender parity in HR processes, with a particular focus on selection, management, evaluation and career progression processes.

Pursuit of the appropriate balance between genders at all levels of the company continues, in particular in senior and management positions where the gender gap is most felt. Every announcement for selection processes encourages all candidates in possession of the requisite qualifications and/or experience to apply. The same principle underpins the assessment process for internal opportunities arising within each individual Group company (transfers between organizational units) or within the Group (intra-Group transfers).

To meet the objectives set for the Strategic Plan in the area of gender balance, the selection procedures require the HR Business Partner, based on actual availability on the market, to guarantee that at the CV collection and screening stage, at least 50% of the candidates will be given to the less represented gender in the organizational unit where the appointment is to be made where more than one candidate have the same professional qualifications and experience.

The Remuneration Policy reflects the principles of neutrality required in order to ensure equal treatment regardless of gender differences or any other form of diversity, basing the criteria for evaluation and remuneration exclusively on merit and professional ability.

With the objective of applying gender-neutral policies and monitoring the application of equity criteria in the area of remuneration, the Group has adopted a granular model for analysing data on compensation relative to position held, which takes account of the responsibilities and complexity managed by the various roles.

The **Gender Pay Gap (GPG)** is subject to analysis in accordance with the provisions of the sector regulations in force and the Bank of Italy instructions. The data analysis methodology provided for in the EBA Guidelines is also used, primarily in order to permit comparison on an international basis.

18. The number of outgoing staff includes: departures by mutual consent, temporary contracts expiring and people taking early retirement.

19. Ratio between internal movements and positions vacant, calculated by adding together the total number of internal movements and new recruits during the year.



Although an important indicator, the Gender Pay Gap does not take into account the actual role held by the person, which is why the Mediobanca Group also analyses the **Equal Pay Gap (EPG)**, which compares equal pay for equal work, assessing the fairness of the remuneration for men and women who do the same kind of job with a comparable amount of importance, as well as the actual gap in payment based on the number of roles. The metric therefore measures the pay gap for each job class or cluster, weighted for the percentage of the Group's total population represented by the number of people included in that cluster.

The Mediobanca Group uses the Global Grading System, with the Willis Towers Watson international methodology, for the organizational weighting of all its corporate roles. This tool enables the Group to meet the regulatory authorities' requests for monitoring, and also allows any misalignment between organizational positions of the same value to be identified, so the appropriate remediation actions can be implemented in order ensure the remuneration policies are fully complied with. The grading, once assigned, allows the following to be monitored on an ongoing basis:

- ◆ Internal equity, assessing the consistency of employees' remuneration packages by comparing staff employed at the same levels of classification according to their respective organizational divisions and business areas;
- ◆ External competitiveness, by comparison with the reference market through benchmarking activity.

For specific business units (the CIB and Private Banking divisions in particular), the assignment of job titles aligned with international market practice allows roles and responsibilities to be defined and set payment scales to be applied for fixed remuneration, and enables accurate comparison with the market trends for the variable remuneration component as well.

The most recent analysis, which included all the Group's divisions, showed the following main findings:

- ◆ The gender gaps noted were mainly due to the nature of the roles with the highest variable remuneration levels;
- ◆ The category of clerical or white-collar staff, which is the largest in numerical terms, reflects the fairest balance between men and women;
- ◆ The largest wage gap is in the Corporate & Investment Banking and Wealth Management/Private Banking divisions, areas which reflect the highest proportion of men in senior roles and also the highest remuneration levels in absolute terms (GPG approx. 43% with reference to fixed salary and 50% with reference to average total compensation); in the Consumer Finance, Holding Functions and Wealth Management (Premier) divisions, there is a Gender Pay Gap, but on average it is lower, at around 20% of fixed salary and 24% of average total compensation;
- ◆ Conversely, the Equal Pay Gap metric, which measures equal pay for equal work, which analyses the wage gap for each professional job class, weighted for the percentage of the Group's total population represented by the number of people included in each cluster, reflects much lower levels than those for the Gender Pay Gap as a whole. At Group level the EPG was 6% of fixed salaries and 7.8% of total compensation (average data), with the Corporate & Investment Banking and Wealth Management/Private Banking divisions showing readings of 9% and 12% respectively, and the Consumer Finance, Holding Functions and Wealth Management (Premier) divisions together readings of 2% and 2.8%.
- ◆ From the benchmarking analysis, Mediobanca appears to be in line with the market both in terms of both gender representation and positioning in terms of pay.



The existing gap is therefore concentrated in the more highly-specialized divisions where female representation is lower.

In its regular review of the policies in force, the Board of Directors, with Remuneration Committee's support and with the CSR Committee's involvement, analyses the gender neutrality of the Remunerations Policy, examining the gender pay gap in particular and its development over time.

### Ratio of basic salary and remuneration of women to men by professional category

RATIO BETWEEN BASIC SALARY AND REMUNERATION FOR MEN/WOMEN	2021/2022		2020/2021		2019/2020	
	BASIC SALARY	REMUNERAT.	BASIC SALARY	REMUNERAT.	BASIC SALARY	REMUNERAT.
<b>Top management<sup>20</sup></b>	44%	39%	44%	45%	-	-
<b>Management</b>	75%	67%	76%	70%	79%	76%
<b>Middle management</b>	86%	81%	88%	83%	91%	87%
<b>White collar</b>	99%	98%	100%	100%	105%	104%

With a view to further improving earnings/financial performance by leveraging all the Group's talent as fully as possible, in the course of FY 2020-21 a project was launched to analyse the organization from a diversity, equity and inclusion perspective, following which three areas requiring intervention were identified:

- ◇ **Gender diversity:** the Group aims to increase the number of women in leadership positions, and will launch training programmes to support women in attaining increased awareness of their abilities and give them guidance in planning their career progression;
- ◇ **Generational diversity:** the objective here is to encourage closer interaction between the corporate populations of differing seniority, with a view to leveraging on the talented young professionals at the various Group companies, and accelerating their career progression through dedicated development initiatives;
- ◇ **Cultural diversity:** the Group's ambition is to facilitate the addition and development of people with different backgrounds, skills and mentalities, with the objective of promoting innovation and growth.

Following this project, a change management process called "toDEI" was launched.

20. It should be noted that the "Top management" category includes the CEO and Group General Manager of Mediobanca, all of whom are men, who are also members of the Board of Directors.



### toDEI

On 31 March 2022, Chief Executive Officer Alberto Nagel launched toDEI, a corporate cultural change programme designed to create an even more inclusive working environment. While acknowledging the various aspects of diversity and recognizing their importance, the Mediobanca Group has committed as its first priority to closing the gender gap by focusing on the following objectives:

- ◆ Consolidate female representation in senior positions and management roles;
- ◆ Guarantee balanced recruiting and promotion processes;
- ◆ Reduce the pay gap between men and women;
- ◆ Involve all stakeholders (investors, employees and clients) in the cultural transformation process through structured and ongoing communication.

In quantitative terms, the Group has set the following objectives:

	Objective	KPIs	As of 30/06/2022	To be
				End of Industrial Plan (2026-27) ▶ End of Industrial Plan (2030-31)
Address gender balance with long term results	Consolidate female representation in top management and executive positions	% of female members of Mediobanca Key Function Holders	~23%	>30%     >40%
	Establish gender balanced recruiting inflows	% of female "executives"	~16%	>20%     ~35%
	Ensure balanced and fair advancement & remuneration processes	% of female on total hiring	~38%	>50%     ~50%
		Advancement rate	10,3%     12,4%	Parity     Parity
Effective & powerful communication	Engage all stakeholders in cultural transformation, high impact communication	Bloomberg GEI index score	73	-80     >85

To achieve these targets, a detailed action plan has been drawn up based on three main pillars:

- ◆ **Governance:** after instituting the figure of **Group Diversity & Inclusion Manager**, a **Diversity, Equity and Inclusion management committee** has been set up, reporting to the Board CSR Committee, with the aim of enhancing Mediobanca’s commitment to diversity and inclusion issues.
- ◆ **People management:** a project has been launched to analyse and where appropriate revise the HR policies and processes (selection, promotion and remuneration in particular), in order to align company practice with the strategic objectives.
- ◆ **Corporate culture:** various learning and training pathways have been designed for the whole Group.



The transformation process will be facilitated by the identification of an extensive network of inclusion agents who, after receiving the appropriate training, will be responsible for providing the behavioural guidelines to be followed in order to ensure that staff work together on the basis of mutual recognition, respect and the ongoing search for inclusiveness and valorization of diversities.

Co-operation and exchange of ideas between groups of staff members with similar affinities will also be supported by a new intranet platform which will be accessed by all the Group's employees.

In terms of external stakeholders, Mediobanca continues to be involved with **Valore D**, the first association of large companies in Italy set up to support diversity and women of talent in positions of corporate leadership. The **Valore D Manifesto**, of which Mediobanca is a signatory, is intended as a genuine programmatic and strategic manifesto for increased gender diversity and inclusion within organizations.

As part of its co-operation with Valore D, the Group has also launched an initiative known as "Inspiring your Kids", an awareness-raising exercise for the children of staff aged 11-14, with the objective of helping them make choices regarding their education unhindered by gender stereotypes, by offering them exposure to diverse role models of people who have undertaken academic and professional paths still perceived by the dominant culture as in some way "unusual".

The Group has also signed up to the **Charter for Women Working for Banks** promoted by the Italian Banking Association **ABI**. This initiative aims encourage gender equality in terms of treatment and opportunities in the banking sector, recognizing gender diversity as a key resource for the development, sustainable growth and value creation of all companies.

Mention should also be made of Mediobanca's involvement in the drafting of the paper on best corporate practices **Guidelines on Diversity & Inclusion in the Workplace** compiled by **Global Compact Network Italia** in conjunction with the **International Labour Organization (ILO)** and the Italian HR management association **AIDP (Associazione Italiana Direzione Personale)**. The Guidelines contain a series of recommendations on the use of inclusive language and unconscious bias, focus on the pay gap for more vulnerable groups of society, and the need to adopt adequate policies on non-discrimination to be followed from the earliest selection phases.

On the back of its commitment to equal opportunities, Mediobanca has been included for the fourth year running in the **Bloomberg Gender-Equality Index (GEI)**, an initiative which selects companies that have impressed by their transparency of approach as shown in their reporting on gender issues and adopting an increasingly egalitarian approach to the employment of women.

In the area of disabilities, the Group handles the employment of differently-abled people in accordance with the regulations in force, encouraging the various areas of the company to employ staff with different abilities, whose inclusion is guaranteed by the Group's ongoing focus on providing working tools and environments suited to their needs, and ensuring participation in training and social initiatives, providing them with the necessary support.

As at 30 June 2022, a total of 276 differently-abled people were employed by the Group.

In the area of work-life balance, in April 2022 the Group adopted framework regulations on **Smart Working**, which allow 100% of the company population whose working activities can be performed





remotely (i.e. 65% of the total Group headcount) to make use of flexible working arrangements for up to two days a week.

CheBanca!, Compass and MBCredit Solutions have also signed agreements with trade unions, in addition to the provisions already included in the company regulations of the various Group Legal Entities, to promote various solutions to enable staff to reconcile their personal and professional lives. The main instruments used are as follows:

- ◆ **Working part-time:** higher percentages of staff are being allowed to work part-time than was the case in the past, with priority being given to those with complex family and difficult personal situations. Working part-time in no way constitutes grounds for discrimination in working relationships and/or professional development.
- ◆ **Time bank:** an annual time bank has been set up consisting of a number of hours' paid absence in addition to ordinary leave, to be used by staff in serious personal and/or family circumstances. Hours are contributed to the time bank by the company and by the employees themselves, who can donate their time voluntarily to colleagues in difficulty.
- ◆ **Flexi-time:** this solution is available for most staff who work seven and a half hours per day.
- ◆ **Paid and unpaid leave:** in addition to the possibilities provided for by the regulations and national collective labour contract in force, further leave can be taken for periods where children are starting kindergarten or infant school for the first time, or to assist children with specific learning difficulties, with close consideration given to the issue of equal rights for cohabiting partners, and particular situations such as adoption/fostering.
- ◆ **Corporate volunteering:** provision has been made at CheBanca! for an additional bank of hours for volunteering activities in which staff are involved.
- ◆ **Break time for nursing mothers:** again at CheBanca!, specific permissions have been introduced for new mothers for a period of two hours to nurse their children.
- ◆ **Remote compulsory training activity:** staff working for the CheBanca! network can use up to two days' work to complete any mandatory training activities they may have.
- ◆ **Remote working:** an agreement has been formalized in Compass to allow staff with difficult family or personal situations to work from home more than in the office.

We have also run the **Un Fiocco in Azienda** programme again, to assist parents in facing the birth of a child without anxiety and facilitate returning to the company, by providing a series of dedicated services:

- ◆ **Training/information courses webinars:** the aim is to help women and men manage the changes that come with motherhood and fatherhood serenely, improve communications with their partners, and recognize the signs in the event of any psychological difficulties developing;
- ◆ **Prenatal nutrition programme:** the objective here is to encourage healthy eating to reduce the rate of complications in pregnancy due to excessive weight gain and/or poor diet;
- ◆ **Paediatrics card:** this is a service which enables users to locate a paediatrician promptly in emergency situations, which is valid for the child's first year of life;

During the reporting period, a total of 144 staff in various different professional categories took parental



leave (100% of those entitled to do so). The rate of staff returning to work after parental leave was 79% (80% for female staff only, 67% for male staff),<sup>21</sup> while the retention rate was 76% (73% for female staff only, 133% for male staff)<sup>22</sup>.

### Employees who took parental leave

EMPLOYEES WHO TOOK PARENTAL LEAVE	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	-	-	-	-	-	-	-	-	-
Management	1	5	6	1	2	3	-	3	3
Middle management	11	39	50	6	26	32	3	36	39
White collar	-	88	88	1	79	80	3	99	102
<b>TOTAL</b>	<b>12</b>	<b>132</b>	<b>144</b>	<b>8</b>	<b>107</b>	<b>115</b>	<b>6</b>	<b>138</b>	<b>144</b>

### Employees returning to work after taking parental leave

EMPLOYEES RETURNING TO WORK AFTER TAKING PARENTAL LEAVE BY GENDER	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	-	-	-	-	-	-	-	-	-
Management	1	2	3	-	3	3	-	2	2
Middle management	6	26	32	3	35	38	2	31	33
White collar	1	78	79	3	96	99	1	101	102
<b>TOTAL</b>	<b>8</b>	<b>106</b>	<b>114</b>	<b>6</b>	<b>134</b>	<b>140</b>	<b>3</b>	<b>134</b>	<b>137</b>

### Employees returning to work after taking parental leave who are still employed by Mediobanca after 12 months

EMPLOYEES RETURNING TO WORK AFTER TAKING PARENTAL LEAVE WHO ARE STILL EMPLOYED BY MEDIOBANCA AFTER 12 MONTHS BY GENDER	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	-	-	-	-	-	-	-	-	-
Management	1	2	3	-	3	3	-	2	2
Middle management	6	24	30	3	35	38	4	29	33
White collar	1	72	73	3	92	95	3	95	98
<b>TOTAL</b>	<b>8</b>	<b>98</b>	<b>106</b>	<b>6</b>	<b>130</b>	<b>136</b>	<b>7</b>	<b>126</b>	<b>133</b>

21. Ratio between staff who took parental leave and those who returned to work after parental leave. The percentage reflects staff who returned to work after parental leave which extended across two different financial years.

22. Ratio between staff still employed 12 months after their return to work following a period of parental leave and staff who came back to work after leave during the previous financial year.



## 5.4 Protection of Human Rights

[GRI 102-41], [GRI 402-1], [GRI 406-1]

The Group believes that respect of human rights is a fundamental prerequisite. For this reason it seeks to protect and promote such rights in the conduct of its business, and in particular in the way in which it manages relations with its clients, suppliers and commercial partners, as well as in its relations with its own collaborators.

Respect for each collaborator's personality and dignity is fundamental in order to develop a working environment which is based on mutual trust and loyalty, in accordance with all legal obligations in force in every geographical region and area in which the Group operates.

Although breach of human rights has never been highlighted as a significant risk, the Group is committed to preventing every type of discrimination, from the selection process to the setting of remuneration, from opportunities for professional development to the conclusion of the working relationship.

The Group guarantees respect for diversity and non-discrimination at every stage of each collaborator's working experience.

The Mediobanca Group guarantees that all its collaborators are treated without distinction, exclusion, restriction or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities.

It also safeguards the right and freedom of association and collective bargaining,<sup>23</sup> which currently covers 94% of the company population.<sup>24</sup> It guarantees high standards of protection of health and safety in the workplace, seeking to raise awareness of risks and promoting responsible behaviour, including via information and training activities. Protection of workers' health and wellness is achieved by adopting specific programmes of prevention and protection, thereby ensuring that all levels of the company take responsibility for this area.

The Group rejects forced labour and child labour and any time of harassment, whether physical, verbal, sexual or psychological, abuse, threatening or intimidatory behaviour in the workplace, guaranteeing working conditions which are respectful and favourable in the countries in which it operates.

With reference to indirect impact, as stated in the Group Sustainability Policy, the Group identifies and assesses the risks related to the protection of internationally recognized human rights and avoids engaging in relations with parties implicated in unlawful activities which could lead to potential breaches of abuses of Human Rights.

Coverage in this area has been strengthened by the adoption of the Group ESG Policy, which bans business proposals from being accepted that involve parties which have been convicted of serious crimes (which includes breach of human rights), and by the mandatory training course on Sustainability

23. The national collective employment contract for the sector covers all staff in Italy and stipulates the minimum period for dialogue with trade union organizations to implement significant organizational changes. In particular, Article 17 (as amended by the renewal agreement of 19 December 2019), stipulates that in the event of major restructuring and/or reorganizations (even in cases where these may derive from technological innovations), the notice and consultation take place after the decision-making phase. The written notice must contain the reasons why the planned restructuring/reorganization is taking place, the legal, economic and social consequences for workers, and any measures regarding them. The first phase of this procedure, unless agreed otherwise between the parties, takes place at company level and must be completed within the deadline of 15 days after the notice referred to has been served. If no agreement can be reached at this level, further negotiating meetings are held, which too must be completed within another 30 days, after which the company must implement the measures approved for the part regarding its staff.

24. Collective national contracts are operative in all countries where the Group operates with the exception of the United Kingdom and the United States.



and Human Rights with the aim of raising awareness among all staff of the risk of breach of human rights as a result of the Group's indirect impact.

During the year no reports of potential episodes of discrimination were received.

## 5.5 Professional training and development

[GRI 404-1] [GRI 412-2]

In view of the increasing international dimension of the Group's activities, developments in technology, innovation in products and banking services and the ongoing changes to sector regulations, the Mediobanca Group recognizes the importance and centrality of staff training and professional formation for its own employees, which are key aspects of its staff development process.

The Group draws up a compulsory training programme, with the aim of ensuring that all staff members are continuously aligned on the issues identified by the regulations in force. The Group also promotes ongoing and structured professional and managerial training pathways, taking into account the different contributions made by the various professionals. At the same time, it promotes solutions based on the use of different technologies through initiatives that are appropriate to the levels of preparation and experience required by the various roles.

Initiatives that may be considered to broaden professional experience and facilitate the development of staff's technical and managerial skills include the possibility of working temporarily, for briefer or longer periods, at another organizational unit or Group company.

Such forms of professional mobility are particularly important, and requested specifically by the regulatory authorities, in management of staff employed in control units. Specific provision for this kind of arrangement is made for such staff in accordance with the organization's internal needs.

The training initiatives may be diversified by role, by assessment of which staff members require to develop their skills to a more advanced degree, and by changes in the organizational structure, making it necessary for staff to acquire additional knowledge.

Staff involvement in individual initiatives is agreed between the line manager, interested party and the relevant HR unit, within the limits set by the parties and within the annual budget established by each Mediobanca Group companies for training activities, and is managed by Group HR itself.

During FY 2021-22, a total of 157,425 hours of training were provided, 45% of which to white collar staff, 46% to middle management, and the other 8% to management. The total number of staff involved in training activities was 4,910.

During the year under review, targeted training courses were offered to improve the quality of the work done, through careful analysis of the most important soft skills. A programme of initiatives has also been implemented in order to: raise awareness of diversity & inclusion issues, develop learning agility skills, personal effectiveness, give and receive feedback, public speaking and negotiation.



## TRAINING COURSES ON ESG AND DIVERSITY & INCLUSION ISSUES

Numerous initiatives have been launched to increase awareness of ESG issues: the **entire corporate population** of Mediobanca and the main Group legal entities took part in a training course on aspects of **Sustainability and ESG** to provide an overview of the regulatory scenario and market trends in terms of sustainable products, as well as giving a description of the Group's positioning and ESG activities.

In the course of the year, multiple Group Legal Entities have continued to roll out the training course on human rights launched in June 2019, which is compulsory for new recruits in all the Italian-based companies. During the twelve months a total of 369 staff were involved, which is 7% of the entire corporate population, for a total of 232 training hours.

Specialist training sessions have also been organized with the help of external consultants and sector experts for certain groups of staff members to explore business issues:

- ◇ Representatives of the Mediobanca CIB Debt Division took part in a structured training course in three modules on the **EU Taxonomy**, which summarized the contents of the regulation, and illustrated how the structure of loans and bonds is expected to evolve in order to create products which are "aligned" to the criteria introduced by the regulation.
- ◇ Mediobanca Private Banking division bankers took part in sessions on the subject of **Sustainable Finance and ESG investments**.
- ◇ Senior representatives of the Corporate Finance division for both Mediobanca and Messier & Associés participated in a meeting on the **Growing Role of ESG in M&A deals**.

In the area of **diversity and inclusion issues**, a structured training programme has been launched as part of the **toDEI** process for all the Group's staff. The training, which initially involved senior management, will in due course be rolled out to the rest of the corporate population over a time horizon of 18-24 months.

As stated in the Diversity & Inclusion Guidelines for Companies drawn up by the UN Global Compact Network Italy D&I Think Tank (Mediobanca took part in the preparation of this document), the learning process will serve to create a leadership style with the following distinctive traits:

- ◇ Ability to listen
- ◇ Awareness of unconscious bias
- ◇ Cultural and emotional intelligence
- ◇ Ability to work with others
- ◇ Determination
- ◇ Courage



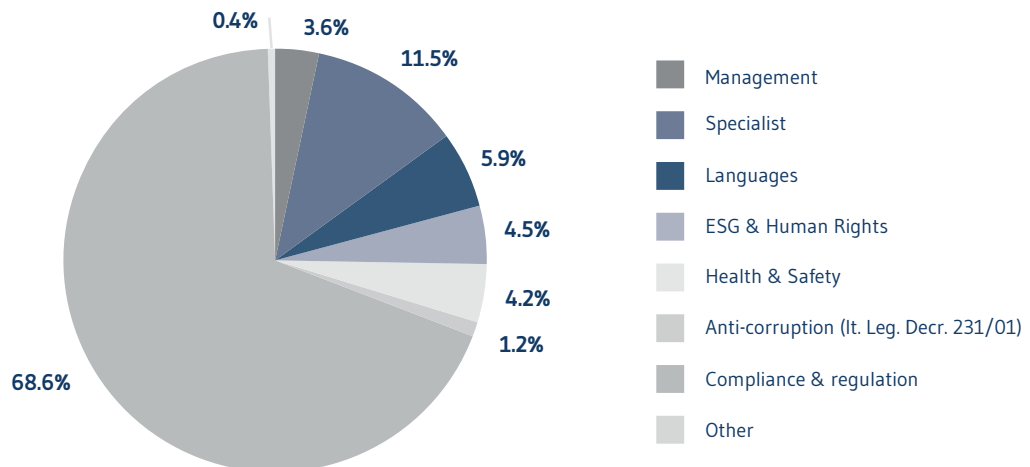


In the area of compulsory training, the Group has provided training on mandatory issues, such as data privacy,<sup>25</sup> anti-corruption, anti-money-laundering, data protection, market abuse, information security, business continuity, algorithmic training, MiFID II, IVASS, PSD2, code of conduct, and personal health and safety. Mediobanca also encourages its private bankers to be registered in the single register of insurance brokers (Registro Unico degli Intermediari, or RUI) and to take part in the compulsory training activities, which include 60 hours of courses to be attended in the twelve months prior to registration plus a final test, and 30 hours of annual training to retain registered status. The issues covered by the training include the following areas: legal, contractual, technical, insurance and reinsurance, and management administration.

#### AVERAGE TRAINING HOURS BY GENDER AND CATEGORY

AVERAGE HOURS OF TRAINING FOR EACH CATEGORY OF STAFF	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Top management</b>	16.9	22.1	<b>18.1</b>	12.6	14	<b>12.9</b>	1.3	-	<b>1.2</b>
<b>Management</b>	28.6	27.8	<b>28.5</b>	29.4	26.3	<b>28.9</b>	23.4	19.3	<b>22.8</b>
<b>Middle management</b>	34.1	32.1	<b>33.4</b>	33.9	32	<b>33.3</b>	36.3	30.4	<b>34.4</b>
<b>White collar</b>	30.7	29.8	<b>30.2</b>	31.6	31.4	<b>31.5</b>	42.6	40.1	<b>41.3</b>
<b>TOTAL</b>	<b>32</b>	<b>30.6</b>	<b>31.4</b>	<b>32.4</b>	<b>31.4</b>	<b>32</b>	<b>37.1</b>	<b>36.3</b>	<b>36.7</b>

#### HOURS OF TRAINING BY TYPE, FY 2021-2022



25. Further information on the courses run on data privacy and data breaches is contained in section 6.1.9 *Personal data protection and data security*.



In addition, the 468 CheBanca! FAs received training as stipulated by the regulations for a total of 27,738 hours, plus a further 147 hours' optional training.

Compass has provided training and refresher courses on the obligations deriving from sector regulations (AML, IVASS professional training, training in products and services offered, transparency, data privacy, and cyber security), offering mandatory training courses for their own FAs with a percentage of completion for the courses of over 97%.

Finally, each year Mediobanca selects one or two talented employees and finances their career development progression, which also includes taking Masters' degrees.

## 5.6 Managing, attracting, developing and retaining talent

[GRI 404-3]

The Mediobanca Group devotes considerable attention to the issue talent management and retention which is considered to be a strategic factor for its own development.

The Board of Directors approves the *Policies for the selection, appointment, succession and performance assessment of company representatives and Group Key Function Holders* which govern inter alia the succession of Directors, both executive (including the Chief Executive Officer and Group General Manager) and non-executive, Statutory Auditors and Key Function Holders; they provide for specific suitability requirements, and also define an emergency plan for replacing company management if the need to do so suddenly arises. Plans must be formalized to ensure orderly succession in key leadership positions, if representatives leave as a result of their terms of office ending or for any other reason, to ensure business continuity and to avoid repercussions in earnings and reputational terms. Company representatives include members of the Board of Directors and Statutory Auditors as well as the Key Function Holders.

Regarding succession planning for the executive Directors, the Chief Executive Officer and Group General Manager, the Appointments Committee is tasked with selecting a limited number of persons, chosen inter alia from among those who are members of the Group's management for at least three years and who are considered able to succeed to those positions. In general, an executive Director must possess all the qualifications required of all Directors, and also have particular experience in a banking, professional or corporate setting, which demonstrates their ability to take decisions in a timely and informed manner. The selection is made with the support of the Chief Executive Officer and Group General Manager in office, Group HR, and specialized consultants if considered appropriate. This list of members of staff and potential BoD members is updated continuously, so that if need be, the Appointments Committee can make proposals to the Board itself or to shareholders in annual general meeting in a timely manner.

The Key Function Holders are non-Board members with significant influence over the Bank's and/or Group's management, as listed below.

ROLE	DIVISION/FUNCTION	GENDER
Co-Head of Corporate & Investment Banking	Corporate & Investment Banking	M
Co-Head of Corporate & Investment Banking	Corporate & Investment Banking	M
Head of Debt Division	Corporate & Investment Banking	F
Head of Markets Division	Corporate & Investment Banking	M
Head of Consumer Finance – CEO, Compass <sup>26</sup>	Consumer Finance	M
Head of WM Affluent & Premier – CEO, CBI	Wealth Management	M
Head of Mediobanca Private Banking	Wealth Management	M
CEO, CMB	Wealth Management	M
CEO, Mediobanca SGR	Wealth Management	M
Head of MAAM	Wealth Management	M
Head of Principal Investing	Principal Investing	M
Group Chief Human Resources Officer	Holding Function	F
Group Chief Financial Officer <sup>27</sup>	Holding Function	M
Head of Company Financial Reporting	Holding Function	M
Group Chief Strategic Corporate Development & Investor Relations Officer	Holding Function	F
Group Chief Communication & Institutional Relations Officer	Holding Function	F
Group Chief Sustainability Officer	Holding Function	F
Group Chief Technology and Operations Officer (COO)	Holding Function	M
Group Legal & General Counsel	Holding Function	M
Group Chief Governance Officer	Holding Function	M
Group Chief Risk Officer	Control unit	M
Group Chief Audit Officer	Control unit	M
Group Chief Compliance Officer	Control unit	M
Group Head AML	Control unit	M

For the Key Function Holders, who are usually employees of the Group, specific competences are defined and formalized to characterize their roles. They must be in possession of the personal characteristics, all other things being equal, and qualify as fit and proper persons to hold office, including based on the regulatory requirements in force, particularly for the control units and the position of Head of Company Financial Reporting. The Chief Executive Officer and Group General Manager, with the support of Group

26. The positions of CEO of Compass and CBI are filled by the same person.

27. The positions of Chief Financial Officer and Head of Company Financial Reporting are filled by the same person.

HR, identify internal staff able to guarantee short- and medium-term succession for them.

The process provides for a pool of possible replacements with potential to be identified (the “senior talent pool”), both for key positions and for future needs in terms of strategic leadership and/or professional and management capabilities, through a global organizational approach, while continuing to monitor the market at all times.

Growth and development pathways are identified for the senior talent pool members, including in terms of involving them in specific strategic projects, exposure to the Board/Committees, and international and intra-Group rotation. Come già nella fase di inserimento nel Gruppo, la selection is based on an assessment of candidates’ professional and technical skills, as shown by their CVs and career records, results delivered over time, and possession and development of key leadership skills.

In the area of attracting new young talent, Mediobanca has ongoing co-operations with the best universities in Italy and other countries, via participation in on campus selection and employer branding activities. In 2022, too, the Bank has chosen to participate in a Career Day to facilitate the recruitment of people with disabilities and candidates from protected categories.

New activities have also been undertaken in the last year in the area of female talent, the objective being to stimulate interest among female students and new graduates in the financial sector in general and the Mediobanca Group in particular. In order to expand the range of possible candidates as far as possible, partnerships have been launched with certain universities and with associations which support female talent, both in Italy and other countries.

The various initiatives involved have included the **Ladies in Banking Breakfasts**, designed to tell young students and graduates about the world of investment banking, and to give them help and advice as they start their careers in the sector, highlighting characteristics and opportunities. Similar initiatives will be undertaken to raise awareness among talented female candidates to encourage them to pursue a career in private banking.

Furthermore, as part of **MB4Talent**, the broader project promoted by the Group to support university and career guidance for young students, the **Level Up** programme has been introduced for the children of Group staff members aged between 15-25 years. The students are given some useful tools for entering the workplace, with a particular focus on digital competences and soft skills. The programme consists of three live webinars with sector experts and an online course that can be followed over one year made up of three modules: Digital Tools, Soft Skills & Career Path, and Digital Orientation.

The Group also offers students the possibility of completing internships to complete their academic training, giving them an opportunity if they wish to use their experience in conjunction with the subject of their thesis.

In addition to these activities, Mediobanca has built presence on the main social networks, with particular attention paid to LinkedIn, where a section has been built specifically in order to attract young talent.

The Group adopts a constructive approach to professional development which is geared to achieving results over the long term. As proof of this commitment, instruments to support staff assessment have been adopted, with a view to constructing development and training pathways which are consistent and effective for the business.

**Performance evaluation** is the system which meets the need for objectivity in terms of assessing individual performances and defining responsibilities. At the start of each financial year the respective



line managers assign and discuss their team members' objectives with them (professional, operational, personal development and corporate) based on their professional profile, role within the organization and the strategic objectives of the unit to which they belong. Such objectives are weighted according to the priority assigned to each staff member, clearly established in terms of results, measurable where possible, achievable and at the same time challenging, and if possible, clearly delineated in terms of time.

Intermediate feedback during the year allows the line managers and their team members to agree on the degree to which the objectives have been met. The employee is encouraged to ask for clarification where necessary, and the line manager to give ongoing feedback.

At the end of the financial year, the line managers make their assessment of the individual staff members as part of an objective discussion of individual performances, ensuring that the organization and each employee reach their objectives while respecting the Group's corporate values, and that transparency is assured in the area of training opportunities, professional development and evaluation criteria for the individual evaluatees.

Increasing consideration is being devoted as part of the evaluation process to the achievement of environmental, social and governance (ESG) objectives within the individual and business areas of responsibility. These objectives encourage individual conduct which fosters a working environment where diversity is valued, and personal and professional growth respected, in accordance with meritocratic principles.

As confirmation of this, the entire corporate population has a compulsory objective relating to the adoption of socially responsible behaviour, with reference in particular to protecting the environment, corporate diversity, and defending human and social rights.

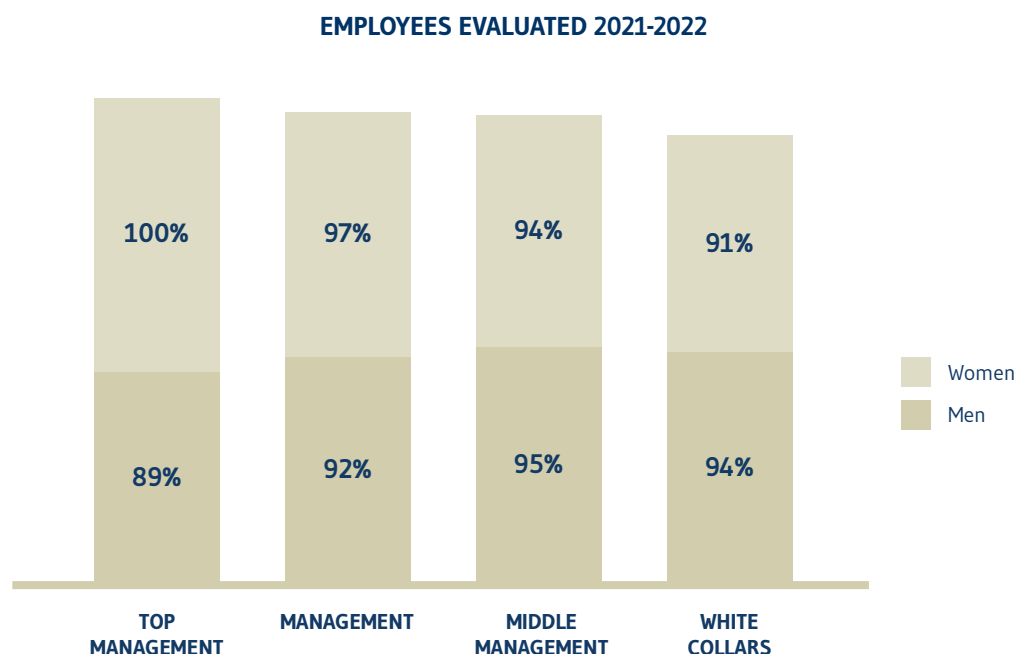
This objective in addition to the optional objective of participating in one of the CSR initiatives promoted by the Group has been included in the personal development objectives, with the aim of incentivizing staff involvement in these activities, and so making the man integral part of personal and professional growth for our staff. Each line manager may choose to assign an objective to one or more evaluatees assigned to them, leaving the individuals concerned free to choose in which initiative to participate based on their own aptitudes and possibilities.

Contributing factors in valorizing staff also include the quality of the skills acquired by them and their individual performance, any previous professional experience acquired outside the company, the internal pathway followed by them guided by their immediate superiors, experience "on the ground", expertise in the role covered by them, the skills and potential of the individual being assessed, and compliance with the rules of conduct defined by the Group to ensure that conduct is aligned with the regulations and sector practice, and to serve the interests of our clients as well as possible.

A new staff management and development instrument has also been introduced and made available to all Group legal entities, known as "**Continuous Feedback**". This instrument, which is complementary to the mandatory performance evaluation, enables constructive feedback to be given immediately on specific activities performed or projects covered from all Mediobanca Group colleagues with whom the staff member has worked. Constructive feedback may be positive or may highlight areas for improvement, and is an effective tool for learning and change. It is indispensable for improving company performance and interpersonal relations, and for keeping motivation at high levels, providing satisfaction and stimulus for improvement at the same time.



During the year under review a total of 4,695 employees were assessed (59% men and 41% women), equal to approx. 94% of the company population.



The career advancement process works closely together with the staff assessment process. Professional development decisions for staff may take the form of covering new organizational roles, moving to a new contractual level or being assigned a new corporate title, based on experience acquired and results achieved. Balance between genders is pursued in the career progression process, with equal access guaranteed to roles of responsibility and/or with managerial content, and with the intention where possible of bridging any gaps in terms of gender representation among the most senior employees in the various organizational units, in cases where candidates have the same skills, qualifications and abilities.

The promotion process includes a phase where the candidate is proposed by the head of the organizational unit to which they belong, which is then agreed with the relevant HR unit, and final approval is granted, with the involvement of the Group General Manager and/or Chief Executive Officer for management personnel.

For the highest levels (management or equivalent), the process involves specific assessment of the candidate by other senior Bank staff members with different professional backgrounds, experience and roles; the promotion must also be consistent with the management succession planning adopted.

## 5.7 Staff incentives, benefits and remuneration

[GRI 401-2], [GRI 403-6]

The remuneration system is structured so as to attract, motivate and valorize staff with the professional qualities required by the Group's business. The system is based on principles of fairness, equal opportunities and meritocracy. Group HR is responsible for defining the remuneration and employee





benefit policies, co-ordinating staff selection, recruitment and development via processes which are able to leverage and retain talent, increasing their sense of belonging to the Group and guaranteeing flexibility and timeliness in covering key roles.

The Group devotes considerable attention to management of its remuneration policies and is always attentive of the need for compliance with the regulations issued by the authorities, and the Corporate Governance Code in structuring remuneration packages and with reference to the means and instruments by which its various components are paid.

It also guarantees that all its staff members are treated without distinction or exclusion inter alia with reference to remuneration, complementary pension schemes and employee benefits.

The Staff Remuneration and Incentivization Policies, which are approved by shareholders at the Annual General Meeting held each year, seek to generate sustainable value over the long term: responsible, fair and transparent remuneration mechanisms increase and protect reputation, credibility and consensus over time, forming the basis for developing business with the objective of creating and protecting value for all stakeholders. In practical terms, the sustainability of the remuneration mechanisms takes the following forms:

- ◇ Pre-established governance mechanisms involving various different bodies, organizational units and parties, to guarantee that the processes followed are structured, controlled, and verifiable ex post;
- ◇ An overall remuneration package which reflects a balanced pay mix between fixed and variable components according to company role, which does not encourage or promote risky behaviour or conduct that is unduly geared to achieving short-term results, and completed by a series of corporate welfare solutions intended to meet the needs and improve the well-being of staff members and their families;
- ◇ An ongoing commitment to offering a fair level of remuneration reflecting the competences, abilities and professional experience of each staff member, ensuring that the principle of equal opportunities is applied, with the objective of pursuing fair salaries without discrimination in terms of age, gender, sexual orientation, married status, religion, language, ethnic or national origins, physical or mental disabilities, pregnancy or parenthood (including parents of adopted children), personal convictions, political opinions, or trade union affiliation or activities;
- ◇ A short- and long-term incentive structure based on risk-adjusted indicators aligned with the Risk Appetite Framework, with a view to achieving business continuity and sustainable results over the long term that combines balanced growth with the conviction that ethics and profit do not necessarily have to be in opposition to one another;
- ◇ Correlation of the incentivization system to the principles set out in the Group Sustainability Policy; ESG criteria being integrated into the models used for lending, investing and advisory services, and the inclusion of sustainability issues in the Group's short- and long-term business and financial strategies;
- ◇ As part of the performance evaluation process in connection with the remunerations policies, increasing consideration devoted to the achievement of environmental, social and governance (ESG) objectives with reference to the individual and business areas of responsibility;
- ◇ Limits or cap on variable remuneration;
- ◇ Ongoing monitoring of the positioning of employees' remuneration packages relative to the reference



market, inter alia with the assistance of specialized consultants, and close assessment of the gender pay gap in order to identify any remediation actions necessary;

- ◆ Individual performances are evaluated clearly and transparently, based on merit and in accordance with the principle of equal opportunities, seeking to valorize talent and to promote the professional and personal growth of all Group collaborators;
- ◆ Variable remuneration is deferred and paid over a time horizon of several years, including in the form of equity instruments, in order to link incentives to the creation of value over the long term;
- ◆ Reputational issues have a central role in this system, ex ante and ex post, in the form of malus and clawback mechanisms;
- ◆ Pre-established, transparent means of treatment for staff in the event of their employment with the Mediobanca Group ceasing, with a cap on the number of monthly salary payments that can be paid and on the maximum amount payable in absolute terms;
- ◆ Transparency in reporting.

The Long-Term Incentive Scheme (LTI) linked to the 2019-23 Strategic Plan of which the Chief Executive Officer and Group General Manager of Mediobanca and the Chief Executive Officer of Compass and CheBanca! are the recipients, sets clearly-defined environmental, social and governance targets which refer to the Sustainable Development Goals. All objectives are public, measurable and quantified, and their weight in the result of the LTI's financial component ranges from -5% to +7.5%, based on the Board of Directors' assessment of whether or not they have been met.

The annual scorecards for the Chief Executive Officer (CEO) and Group General Manager (GGM) of Mediobanca (Short-Term Incentives) also contain financial and quantitative sustainability indicators for performance evaluation over the one-year time horizon. These account for up to 10% of the quantitative component, and refer to the annual targets for the overall ESG objectives set in the four-year Strategic Plan for the Group's main business lines, with financial KPIs related, for example, to increasing volumes of green business (CIB, Compass and CheBanca!), or to the increased penetration of ESG funds in client portfolios, both retail and private.

The CEO's and Group General Manager's annual scorecards also include non-financial ESG and CSR objectives, the weight of which in the result of the financial component ranges from -5% to +7.5% for each objective individually identified. If only one non-financial ESG KPI is included, it will nonetheless have a weighting which is able to correct two-thirds of the total. For the year ended 30 June 2022 the following objectives were assigned: one specific Corporate Social Responsibility objective with a focus on *People Strategy and Human Capital* for both the CEO and Group General Manager; and one objective for the CEO alone, relating to projects and activities in the *Planet and Environment* area. In both cases the objectives have been achieved in full.

For FY 2022-23 the focus on *Diversity, Equity, Inclusion & Engagement* issues ("toDEI" project) has been confirmed for both the CEO and the Group General Manager, and on *Planet & Environment* for the CEO alone, with quantitative as well as qualitative drivers.

The Group Remuneration Policy and Report contains all relevant details.



The short-term incentivization mechanisms for the other senior figures (strategic management and Material Risk Takers heading up the principal business lines, including the CEOs/GMs of the main Group Legal Entities) also include, where appropriate, quantitative and measurable ESG indicators, both financial and non-financial.

As already mentioned, all other staff are assigned a Group objective for evaluation by management of the results achieved in terms of the adoption of socially responsible behaviours, in line with the Group's Corporate Social Responsibility Policies, with reference in particular to the protection of the environment, corporate diversity and defence of human and social rights.

With reference to the use of equity instruments as part of the remuneration policy, performance share schemes have been launched, which involve Mediobanca shares being allocated to staff members, collaborators and other personnel retained under agency contracts, as the equity component of the variable remuneration assigned to them following the short-term performance evaluation process linked to both the annual and longer-term budgets (Short- and Long-Term Incentive Plans, the latter normally allocated when the Strategic Plan is approved). The dilution of the grants over a time horizon covering several years, with provision made for vesting and subsequent holding periods before the shares are actually awarded, is an incentive to beneficiaries to pursue conduct that ensures the sustainability of the Mediobanca Group's results over the long term, directing them to maintain performances over time that ensure the Bank retains a solid capital base, comfortable liquidity position, full control of all risks, and profitable results.

Furthermore, based on an awareness that corporate welfare makes a significant contribution to the implementation of CSR, and the conviction that sound working conditions should be an integral part of all remuneration policies, the Group has adopted instruments which produce positive effects outside the company, benefiting not only staff members but also their family and the local community in general. Corporate welfare creates value that is shared with a broad range of stakeholders, thus helping to produce collective benefits that endure over time. Welfare and benefits are therefore an integral part of the Mediobanca Group's corporate culture, and play a crucial role in terms of:

- ◆ Helping to improve employer branding and staff loyalty retention levels;
- ◆ Create a more cohesive, positive and inclusive working environment;
- ◆ Pursue the desire to guarantee an appropriate balance between working life and private life;
- ◆ Encourage work engagement;
- ◆ Constitute an incentive to obtain the best possible results.

From this viewpoint and in line with the market, the remuneration package is complemented by a series of benefits that reflect the attention devoted by Mediobanca to the personal needs and welfare of its staff, including those already in retirement. The benefits are for the Group's entire population, and may be distinguished by families of professionals and geographical areas but do not make provision for individual discretionary systems:

- ◆ **Complementary pension scheme:** employees are entitled to participate in complementary corporate pension schemes, with contribution rates distinguished by category and length of time employed



by the company. The pension schemes are external to and legally independent from the Group. The performance of the pension scheme depends on the management results of the amounts paid in and the investment product chosen, where possible, based on the beneficiary's risk appetite. No discretionary pension benefits are provided.

- ◆ **Healthcare scheme:** this scheme covers healthcare, dental and preventative medicine expenses for staff members and their family. An extensive network of doctors and dentists who are part of the scheme enables beneficiaries to have direct access to services without having to pay in advance and providing significant financial benefits.
- ◆ **Accident insurance policy, Policy covering permanent disability as a result of illness, Life insurance policy, and Long-term care insurance policy:** the former two of these guarantee coverage to staff in the event of their having accidents, either work- or non-work-related, and/or in the case of invalidity deriving from illness; while the latter two entitle claimants to a guaranteed capital sum in the event of an employee's death, and pay out an annuity in the event of permanent incapacitation. The performances are defined by the terms and conditions entered into with the insurer when the contract is.
- ◆ **Company welfare/flexible benefit systems:** these have been instituted for all staff or like-for-like categories of staff, as provided by the applicable tax legislation<sup>28</sup> and regulations in force. Such systems involve the provision of non-cash services and instruments (e.g. training activities, study and education courses, welfare services, etc.), which Group companies make available to their staff and families, with the possibility of paying any amounts unused to the complementary pension scheme. Production and/or result bonuses provided for under complementary company contracts may be used to this end, or other amounts earmarked for the welfare of similar categories of employee and according to marginality criteria relative to the capacity to pay principle. The objective is to: expand the range of welfare initiatives offered contractually, in order to provide increased benefit to staff members and their families by enabling them to access specific products and services which can be tailored to their specific requirements; offer increased protection for public welfare provision; and obtain improved purchasing power for overall remuneration, through relief on tax and social security contributions permitted by law.
- ◆ **Company cars:** these are assigned only to the highest professional figures or those with commercial roles. The range of cars available is notable for the number of hybrid and/or electric vehicles on offer, continuously updated, in accordance with environmental sustainability criteria.

## 5.8 Staff commitment, engagement and satisfaction

[GRI 102-43], [GRI 102-44]

In FY 2021-22 the Group, with the support of a leading market research company, conducted its third staff engagement analysis with the main objective of gauging staff satisfaction levels.<sup>29</sup>

Some changes were made to the methods for engagement compared to previous versions of the

28. In Italy the applicable regulations are provided in Article 51, paragraphs 2 and 3 of the Italian Income Tax Act, as amended by the 2016 Stability Law as amended. Changes have been made to the taxation of income earned from employment, by increasing the options and instances of sums and value items that do not go to make up income, and for this reason were considered by the Italian legislator to require protection. These changes have made it easier for companies to introduce their own welfare schemes, i.e. plans which make a basket of solutions available to beneficiaries out of those which meet their own needs and those of their family most closely.

29. The two previous surveys were conducted in 2017 and 2019.



exercise:

- ◇ **Scope of reference:** the survey was carried out simultaneously in Mediobanca, Compass, CheBanca!, MIS and MBCredit Solutions, with the aim of providing an overview of the bill of health of staff working for the main Group legal entities;
- ◇ **Questions:** some questions were revised to factor in changes in the company's ownership structure, post-pandemic effects on the emotional as well as physical welfare of our staff, changes in the corporate population's needs as a result of the new ways of working, and gender issues within the Group as a whole.

The response rate was once again good, at 76% (compared with 77% in 2019), with a total of 859 respondents out of a population of 1,132 employees (versus 765 respondents in 2019 out of a population of 991 employees).

The level of staff satisfaction, which serves as the baseline indicator, increased from 83% in 2019 to 85% in 2021, positioning Mediobanca among the highest levels recorded on the market.

Once again our staff's view of their employer was very positive in terms of brand reputation and opinion of senior management.

Of the respondents, 70% said they felt they worked in a collaborative environment where staff welfare and engagement were promoted; the most enthusiastic were those working in investment banking, who said they felt fully satisfied in all aspects concerning their profession, and that working for Mediobanca is an excellent opportunity to build a better life for themselves.

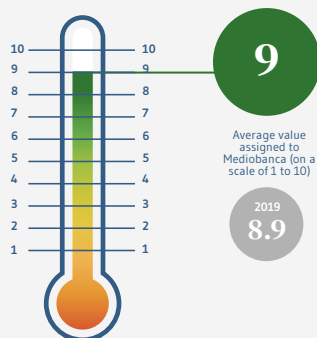
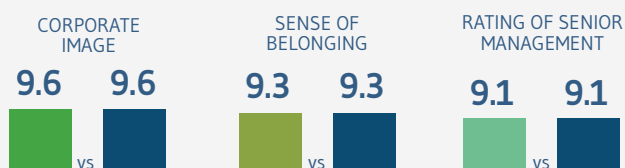
The exercise was also useful for identifying areas for further work in the course of the next two years, foremost among which is the issue of gender diversity. Although the Group is perceived as an open workplace where discrimination is not tolerated and where people feel they are valued (as emerged from a survey on inclusion carried out in March 2021), the most recent engagement analysis revealed significant differences in how men and women perceive Mediobanca, which is why measures have been introduced to raise awareness and develop female talent, which is one of the priority objectives of the toDEI programme.



## MOVE BEYOND<sup>3</sup>

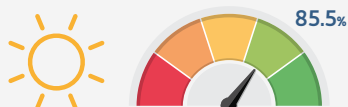
### 9 | AVERAGE VALUE ASSIGNED TO MEDIOBANCA (on a scale of 1 to 10) .

The values assigned to the main indices remain positive



# 85.5%

OF MEDIOBANCA WORKFORCE  
HAVE A POSITIVE OPINION  
(84.5% in 2019)



## METHODOLOGY



### SURVEY

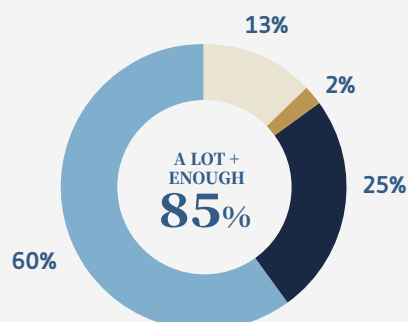
AROUND 76% SURVEY RESPONSE RATE

## JOB SATISFACTION

### MEDIOBANCA EMPLOYEES

(859 cases)

- A lot
- Enough
- Little
- Not at all







To help improve the level of engagement and sense of belonging among Group staff, this year the digital sports challenge **TeamUp4Good** was run for the first time, involving all Mediobanca Group legal entities, both in Italy and elsewhere.

As part of the challenge, which ran from March to May 2022, the staff members who participated were divided into teams, and uploaded their hours of physical activity monitored via fitness trackers to a dedicated app known as *Virtuoso*, with the aim of accumulating credits to be converted into a donation (with an additional payment by Mediobanca) made to the charitable association Sport Senza Frontiere, technical partner in the programme.

In conjunction with the challenge, various in-person sports events were organized in the main cities where the Mediobanca Group operates: in Italy, Milan, Rome, Bologna, Bari, Naples, Palermo and Catania, and elsewhere, Madrid, Luxembourg, Monaco and Paris.

The competition, which combined sport with solidarity, culminated with a final event in Milan to which all the teams were invited, with the objective of further building team identity and providing opportunities for networking.

The Mediobanca Group, a firm believer in the use of technologies to improve operating efficiency, has also implemented HR Transformation 4.0, a long-term strategic project to implement an integrated HR system for all personnel. In May 2021 **HR Transformation 4.0** was selected by the Digital Innovation HR Innovation Practice think tank at Milan Polytechnic University as one of the three finalists in the category "HR Management Transformation".

The project is intended to facilitate communication and dialogue with people and increase the operating efficiency of HR process with direct impact on staff in particular: management of attendance (leave/irregularities), expense refund claims and benefits, making processes more streamlined, promoting dematerialization and remote working, using advanced technology solutions.

## 5.9 Staff health, safety and welfare

[GRI 102-15], [GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4]; [GRI 403-5]; [GRI 403-7], [GRI 403-8], [GRI 403-9]

The Group considers the promotion of health and safety as one of the priorities. For this reason it is committed to achieving, maintaining and complying with the requirements set in this area as defined in the applicable regulations in force in the countries where Mediobanca operates, adopting an approach which is based on continuous improvement. To this end, the Group has implemented an effective security management system which is co-ordinated and managed by a Safety Committee, made up a Prevention and Protection Manager, an external Company Doctor (CD), a Group Safety Manager internal to the organization, and an employees' security representative (ESR). The health and safety management system covers almost all employed staff (92%) other personnel (99%)<sup>30</sup>.

As well as health and safety in the workplace, the Group is committed to safeguarding the emotional well-being and mental health of its staff. To this end the psychological support and counselling service launched during the pandemic which proved very popular has been continued.

The Health and Safety unit regulates and monitors security activities for the company, embeds the principles governing the regulatory obligations, and standardizes the means of involving staff members and the Group units involved. The creation of synergies between the various companies allows costs to be

30. The following Group legal entities are as yet not covered: Mediobanca International, CMB Monaco, MB Securities USA, Compass Rent, Cairn Capital Group, Mediobanca Management Company, RAM Geneva, RAM Luxembourg, Mediobanca Messier & Associés SCA, and Mediobanca Messier & Associés LLC US.



kept down and provides for increased efficiency in the management of health and safety in the workplace.

The Safety Committee is responsible for ensuring a secure working environment which is compliant with the regulations in force, such as Italian Legislative Decree 81/08, for defining the Group's guidelines in the area of health and safety, for co-ordinating monitoring activities, and, where necessary, for improving safety conditions. The Committee's prevention and protection service covers virtually all staff included in the scope of operations defined by the regulations in force.

A framework agreement was formalized in 2020 with a new Prevention and Protection Manager, which is able to provide more extensive geographical coverage, carrying out audits of the Group legal entities' branches and offices throughout Italy.

Despite delays due to the pandemic, the Prevention and Protection Manager has conducted 18 inspections of the various Group Legal Entities, to ascertain compliance with the provisions of Italian Legislative Decree 81/08 and the Group Directive containing the Protocol governing Measures to Prevent and Limit the Spread of the Covid-19 Virus.

The Prevention and Protection Manager's activities also include making technical enquiries when an accident occurs, by gathering data describing the event, filling in the preliminary enquiry form, and compiling a descriptive report where necessary.

The Prevention and Protection Manager also provides operations support in the event of actions or inspections by the supervisory body.

In October 2021, following changes in legislation, the scope of the Prevention and Protection Manager's activities was expanded, especially when unsafe conditions occur, to include aspects of workers' behaviour, and the adequacy of plant and equipment.

In updating all the Risk Assessment Documents, the Group has identified the following main risks: risks related to the presence of electrical equipment and devices, use of video terminals, work-related stress, risk of armed robbery (in the retail area in particular), and risk of Radon and legionella.

The impacts of the potential risks on the health of our workers are assessed on an ongoing basis with the assistance of the relevant Company Doctors. The healthcare protocols for the Group legal entities have been updated following the revision of the risk assessment documents.

The Radon risk monitoring campaign continues for all basement and semi-underground working spaces, with the first report required to be prepared by end-August 2022. A specific Legionella risk maintenance plan has also been activated for the Mediobanca buildings in Milan, to ensure that the water systems serving them continue to be controlled and monitored correctly.

A first pre-assessment of the warning indicators required to appraise work-related stress (levels of absenteeism, illness, accidents, requests for medical care while at work, etc.), has now been completed, the objective being to monitor the trends in these indicators. So far the monitoring for these indicators, which is carried out at six-monthly intervals, has revealed no major problems.

In line with the regulations in force, the development of the pandemic has also continued to be monitored, with the support of all the Group Safety area (Prevention and Protection Manager, Company Doctors and Safety team), and the mitigation actions necessary to ensure a safe and healthy workplace for all staff required to be physically present in the offices.

Furthermore, as provided by Italian Legislative Decree 81/08, the workers' security representatives



appointed at the various Group companies take part in specific activities such as: regular meetings on issues related to health and security in the workplace, representing the workers; consultations for risk assessments; and alerting the Prevention and Protection unit where risks have been detected in the course of activities.

MATERIAL ISSUE	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Staff health, safety and welfare</b></p>	<p>Failure to comply with regulations on health and safety in the workplace, with possible adverse impacts on people (e.g. accidents, injury, work-related illnesses, theft and robbery in the retail area) and sanctions handed down to the Group as well as damage to its reputation</p>	<p>Safety Committee – Prevention and protection service (consisting of the head of the Prevention and Protection service, the external Company Doctor, an internal Group Safety Manager, and the employees’ security representatives)</p> <p>Manual on health and safety in the workplace</p> <p>Group Directive containing the Protocol governing measures to prevent and limit the spread of the Covid-19 virus in working environments and specific related operating procedures</p> <p>Formalization of a system of delegated powers in the health and safety areas at all Group Legal entities</p> <p>Health and safety training and information programme for all staff and release of Covid-19 training courses via the e-learning platform</p> <p>Training activities on security risk mitigation (e.g. armed robbery) for the retail sector</p> <p>Regular checks carried out at the various offices and third-level audit activity</p> <p>Regular updates to Risk Assessments and Documents</p> <p>Activation of additional healthcare coverage linked to Covid-19</p> <p>Health and safety protocols activated to protect staff and Covid-19 contact tracing systems in the company environment</p> <p>Regular meetings on corporate safety issues</p> <p>Co-ordination activity with Group HR &amp; Organization</p> <p>Video surveillance, alarms and automated/ time-restricted teller machines installed</p>

The workers’ health and safety risk assessment process has meant that the number of accidents in the workplace recorded last year has remained at extremely low levels. The Group is committed to monitoring accident statistics and indicators in order to further reduce the occurrence of such instances.



During the period under review a total of six accidents<sup>31</sup> were reported Group-wide on a total of 7,638,627 hours worked.<sup>32</sup> None of the accidents entailed serious consequences or resulted in fatalities; both female and male employees were involved, and the accidents occurred in Italy.

The number of accidents in the workplace was unchanged from last year.

RATES <sup>33</sup>	2021/2022			2020/2021			2019/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accident seriousness rate <sup>34</sup>	0.00	0.01	0.00	-	0.02	0.01	0.10	0.11	0.10
Accident frequency rate <sup>35</sup>	0.66	0.98	0.79	-	1.82	0.76	5.73	4.36	5.16

No instances of fatalities have been reported, either among employees or external collaborators, and no cases of professional illness have been recorded, either. The absenteeism rate among staff was 2.74%,<sup>36</sup> slightly higher than last year, 2.17% of which referred to men and 3.53% to women.

No accidents were recorded involving personnel who are not employees.

The Group, despite not performing high-risk activities, adopts a preventative approach to its operations which involves carrying out regular checks of its premises, arranging meetings on health and safety with the various internal stakeholders, putting on training courses and implementing communications programmes and awareness-raising activities.

Staff training activity continues via the e-learning platform, for new recruits and refresher courses for employees, at the intervals required by Italian Legislative Decree 81/08 in the area of health and safety in the workplace.

The following courses were arranged between December 2021 and March 2022:

- ◆ Refresher course for workers' representatives;
- ◆ Training for emergency team members at Mediobanca offices in Milan;
- ◆ Training for new officers identified for Mediobanca.

As recognition of the work done by the Group in this area and its passion for its staff, Mediobanca in 2021 was awarded the *Bollino Rosa* by the **Fondazione Onda** and was accredited by the foundation as a **Health Friendly Company**.

31. As from FY 2020-21 the Mediobanca Group is using the new GRI 403 (2018). As stipulated in the GRI, the Group reports only on accidents that occur in the workplace, not those which occur in commuting, as there are no cases in which transport is organized by the organization.

32. The number of hours worked has been estimated by multiplying 7.5 (no. of hours worked per day) by the number of days worked during the year (220 for staff employed for the full year, the relevant number for staff recruited during that time).

33. The breakdown of accident rates by geographical region is not relevant, as the majority of accidents take place in Italy. As from FY 2020-21 the rates have been calculated by applying the new GRI 403 (2018) which require only accidents that occur in the workplace to be recorded (i.e. excluding those which take place while commuting).

34. This indicator represents the impact of accidents in the workplace which results in the worker who had the accident being absent from work. It is derived from the number of days' work lost due to accidents, divided by the total number of hours worked, and multiplied by 1,000.

35. This indicator represents the frequency of accidents in relation to the total number of hours worked by the entire workforce in the reporting period. It is derived from the number of accidents divided by the total number of hours worked, and multiplied by 1,000,000.

36. This indicator represents the number of days' absence as a percentage of the total number of days that can be worked during the reporting period. It is obtained from the number of days' absence recorded for sickness and accidents, divided by the total number of days that can be worked during the reference period.



## HEALTH AND SAFETY DURING THE COVID-19 CRISIS

Right from the start of the emergency situation, the health and safety of staff and collaborators were Mediobanca's priority, and the Group was able to adapt swiftly to the new ways of working imposed by the circumstances.

The Crisis unit set up to tackle the medical emergency implemented a series of measures to protect staff and collaborators:

- ◇ Quick implementation of new decree laws and staff updated regularly on changes as they occurred
- ◇ Security measures put in place in branches and offices
- ◇ Security guaranteed and work organized by activating dedicated protocols and encouraging staff to work from home
- ◇ Expansion of the range of welfare instruments available, and activation of additional healthcare coverage for illness related to infection from Covid-19
- ◇ Information channels and internal communication enhanced
- ◇ Increase in the range of training offered

Also, in spring 2020 a psychological and counselling support service was launched for Group staff. The service, which is active 24 hours a day, 7 days a week, is completely anonymous and confidential.

In phase II of the pandemic, the initiatives to contain the risk of infection in the working environments continued, in accordance with the regulatory obligations. The Group therefore continued to ensure that a series of measures remained in place:

- ◇ Regular purchases of personal protection equipment, such as surgical and N95 masks, hand gel, air cleaners, etc.)
- ◇ Update of the Protocol for returning to work at Group level
- ◇ Company Covid committees remaining in place
- ◇ Cases of people testing positive for Covid and/or having close contacts with people who had managed at company level
- ◇ Update of online Covid-19 training package
- ◇ Update and preparation of new information notices at Group level, for both offices and branches
- ◇ Update of checklist for branches
- ◇ Update of information notices for suppliers and visitors
- ◇ Support to non-Italian legal entities and branch offices in restricting the spread of the pandemic
- ◇ Ongoing sanitization of working premises







# Market



MEDIOBANCA



# 6. Market

## 6.1 Clients

### 6.1.1 Relevant policies and risks

*[GRI 102-15], [GRI 103-1], [GRI 103-2], [GRI 103-3]*

In performing its activities the Group pursues the objective of combining profitability and competitiveness with scrupulous business ethics, based on principles of honesty, professionalism, transparency and fairness towards its clients.

Clients are furnished with clear and exhaustive disclosure on the products and services being offered to them, and on the terms and conditions being applied, to facilitate comprehension and enable them to make informed choices. Any complaints are treated as an opportunity to improve, resolve conflict and increase customer trust and satisfaction.

The approach to conduct risk is intended to identify the principles necessary to ensure correct conduct in the performance of the Group's business, thereby minimizing the risk of the behaviour of its employees, while complying with the letter of the regulations, and so causing damage, whether actual or potential, to its clients.

Despite the lack of specific obligations in this area, the Mediobanca Group has adopted a business conduct policy, applying the principles defined at international level to the Group's own areas of operation, and developing an approach based on compliance with conduct principles and the related concept of conduct risk, defined as the risk facing institutions of incurring losses, current or future, as a result of the improper provision of financial services, possibly related to instances of wilful misconduct or fraud.





MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Responsible business and sustainable products</b></p>	<p>Delays by the Group in responding to clients' needs in the area of responsible investing and lending and sustainable products, creating a negative perception of the Group's approach to sustainability by clients, investors and other stakeholders (reputational risk), plus possible adverse impacts in earnings terms (e.g. reduced market share, becoming less competitive than other brands, etc.)</p>	<p>Board Group CSR Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit and ESG working group</p> <hr/> <p>Group Sustainability participates as permanent invited guest in the Wealth Management division's principal investment committees</p> <hr/> <p>ESG/sustainable product catalogues (Mediobanca S.p.A. and Mediobanca SGR) published on the Group's websites</p> <hr/> <p>Group ESG Policy and specific ESG policies adopted by Mediobanca SGR, Cairn Capital, CMB and CMG, and RAM</p> <hr/> <p>Group ESG Programme</p> <hr/> <p>ESG training activities for Group staff and BoD members</p> <hr/> <p>Products and initiatives to meet needs of community (e.g. financial inclusion)</p> <hr/> <p>Adherence to PBR – Principles for Responsible Banking (Mediobanca), PRI – Principles for Responsible Investment (Mediobanca SGR, Cairn Capital, RAM e CMB), and CDP – Carbon Disclosure Project (Mediobanca SGR)</p>
<p><b>Governance sustainable strategy</b></p>	<p>Absence of instruments and methodologies to analyse impact in ESG and climate change areas, and increased costs due to changes in regulations</p>	<p>Board Group CSR Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <hr/> <p>Group Sustainability taking part as guest in the Wealth Management division's Investment Committee meetings</p> <hr/> <p>Risks Committee and management committees covering credit risk</p> <hr/> <p>Adoption of Group RAF (Risk Appetite Framework)</p> <hr/> <p>Group ESG Policy and specific ESG policies adopted by Mediobanca SGR, Cairn Capital, CMB and CMG, and RAM</p> <hr/> <p>Definition of Net Zero targets (Strategic plan and signing up to Net Zero Banking Alliance)</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Governance sustainable strategy</b></p>	<p>Absence of instruments and methodologies to analyse impact in ESG and climate change areas, and increased costs due to changes in regulations</p>	<p>ESG training activities for staff and BoD members</p> <p>Governance and social aspects included in traditional credit analysis and Know Your Customer processes</p> <p>Access to external info-provider sector databases</p>
<p><b>Customer satisfaction and quality of service</b></p> <p><b>Digitalization and innovation</b></p> <p><b>Financial inclusion, access to financial resources and education</b></p>	<p>Inadequate response, or inability to respond, to changes in customer preferences, with possible adverse impacts on the Group's offering and/or market share, current or future</p>	<p>Marketing unit for each business line</p> <p>Customer satisfaction analysis for the main Group legal entities (including through use of the Net Promoter Score)</p> <p>Provision made for specific products and initiatives to meet the community's various needs</p> <p>Enhancement of customer service channels (e.g. loan applications can be made online or by phone)</p> <p>Existence of a structured process to modify existing products and introduce new products to the offering portfolio</p>
<p><b>Data privacy and IT security</b></p>	<p>IT attacks and/or external fraud committed against the Group's ICT systems, including in relation to the increase in remote working, with possible negative impacts on company operations and reputation, including the loss of personal data</p>	<p>Group IT Risk and Cyber Security unit within the IT Governance area</p> <p>Set of Group policies applied through information security and management procedures adopted by the Group legal entities</p> <p>Group Directive on Personal Data Breaches</p> <p>Governance and update of fraud management system</p> <p>Development of framework of threats and controls</p> <p>Regular production of security dashboards for monitoring purposes, and reporting on cyber security issues</p> <p>Enhanced monitoring of security controls to identify new attacks deriving from increase in remote working</p> <p>Sample-based checks of security measures by the Group Data Protection unit</p> <p>Risk analysis of applications used in personal data processing</p> <p>Security incidents managed through the incident management process</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Data privacy and IT security</b></p>	<p>IT attacks and/or external fraud committed against the Group's ICT systems, including in relation to the increase in remote working, with possible negative impacts on company operations and reputation, including the loss of personal data</p>	<p>Secure access and authentication systems for staff working remotely to connect to the company network</p> <p>Technology and IT measures (e.g. antivirus/malware, firewall, etc.) which are constantly reinforced and updated</p>
<p><b>Digitalization and innovation</b></p> <p><b>Data privacy and IT security</b></p>	<p>Breach of personal data privacy and protection regulations in force versus employees and third parties (with reference to retail operations in particular)</p>	<p>Data Protection Officer appointed by each Group legal entity incorporated under Italian law</p> <p>Specific measures for the non-Italian companies (EU and non-EU) subject by law to GDPR regulations, with coverage by the local Compliance units for the other non-Italian, non-EU companies to which the GDPR does not apply</p> <p>Group IT Risk and Cyber Security unit within the IT Governance area</p> <p>Policies, directives, manuals and internal operating procedures on personal data protection</p> <p>Sample-based checks of security measures by the Group Data Protection unit</p> <p>Risk analysis of applications used in personal data processing</p> <p>Training sessions on security, systems administrators and GDPR principles</p> <p>General training sessions on the GDPR and specific training sessions on data breach and the principles of privacy by design and privacy by default</p>
<p><b>Ethics and integrity in business</b></p> <p><b>Data privacy and IT security</b></p>	<p>IT risk, appropriate use of ICT technology and/or failure to comply with IT legal and regulatory provisions, with possible adverse impacts in earnings terms (e.g. loss of market share) and reputation (e.g. loss of personal data)</p>	<p>IT governance coverage at Group level: Group IT Risk and Cyber Security and Group IT Regulation, IT Compliance &amp; Business Continuity units</p> <p>Information and security risk management policies, directives and procedures</p> <p>Non-Financial Risks Committee</p> <p>Monitoring through KPIs on IT and cyber security risk issues</p> <p>Sample-based checks of security measures by the Group Data Protection unit</p> <p>Risk analysis of applications used in personal data processing</p> <p>Risk awareness training activities</p> <p>Annual <i>ad hoc</i> training sessions for the Board of Mediobanca on the main security and IT risk issues</p>





MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Customer satisfaction and quality of service</b></p> <p><b>Adequacy and transparency of product offering</b></p>	<p>Improper commercial practices, inadequate and/or non-transparent disclosures, and greenwashing, with potential adverse impacts in earnings terms (e.g. loss of market share and reduced earnings, disputes, complaints and class actions) and on reputation</p>	<p>Board Group CSR Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>Group Sustainability taking part as guest in the Wealth Management division's Investment Committee meetings</p> <p>Specific committees for managing operational, compliance and reputational risks</p> <p>Process for approving new products and operations</p> <p>Organizational unit for managing complaints</p> <p>Group ESG Policy defining the guidelines for integrating ESG criteria and outlining the reference principles, negative and positive screening criteria applicable to lending, proprietary investment and client investment advice</p> <p>Group ESG Programme: definition and implementation of ESG risk framework</p> <p>Training on ESG issues for staff and clients</p> <p>Regular monitoring activity on operational, compliance and reputational risk issues</p> <p>Internal audits performed on ESG issues</p> <p>Standard forms for responding to requests from clients and for external communications</p>
<p><b>Responsible business and sustainable products</b></p>	<p>Distribution/subscription of products and services (loans, investments, products and transactions) which are misaligned with the Group's sustainability strategy</p>	<p>Board Group CSR Committee and Group Risks Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>Group Sustainability taking part as permanent guest in the Wealth Management division's Investment Committee meetings</p> <p>Management committees: Lending &amp; Underwriting Committee, New Operations Committee</p> <p>Group ESG Programme</p> <p>Group ESG Policy, and specific ESG policies adopted by Mediobanca SGR, Cairn Capital, CMB and CMG and RAM</p> <p>Screening of factors characterizing the investment, to check that the proposal is aligned with the Bank's internal sustainability policies and compliance with the negative screening criteria for controversial sectors</p> <p>Single-name assessment based on qualitative questionnaires that determine an internal ESG rating at counterparty level</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Responsible business and sustainable products</b></p>	<p>Distribution/subscription of products and services (loans, investments, products and transactions) which are misaligned with the Group's sustainability strategy</p>	<p>New products and operations approval process</p> <p>ESG training activities for staff and clients</p> <p>ESG/sustainable products catalogue (Mediobanca Spa and Mediobanca SGR) published on Group websites</p>
<p><b>Risk management</b></p>	<p>Lack of structured governance framework in the reputational risk area</p>	<p>Internal regulations on risk assessment – including reputational risk – deriving from the offering of new products</p> <p>Group directive on media relations, speaking policy, brand communication and social channels</p> <p>Group Communications monitors the brand reputation of Mediobanca the main Group companies</p> <p>Awareness initiatives aimed at staff on online conduct with reference to use of social media in particular</p>
<p><b>Indirect impact on the environment and climate change</b></p>	<p>Physical risk: risk deriving from the occurrence of extreme climate events (such as floods, landslides, tornadoes, etc.), more gradual climate changes (e.g. increases in temperature, rising sea level, loss of biodiversity, etc.) due to climate change, with financial implications in terms of indirect impact, in the sense of subsequent events (e.g. increase in number of non-performing loans among the Group's portfolio of clients, reduction in the value of collateral or lease contracts, concentration of credit versus clients most exposed to climate and environmental risk, and interruptions to the supply chain), or at the same time representing factors triggering various existing categories of risk (e.g. credit risk market risk, liquidity risk)</p>	<p>Board Group CSR Committee and Group Risks Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>Presence of a team which defines and updates the methodologies and carries out analysis of the loan book from an ESG perspective</p> <p>Presence of a team which analyses and monitors market risks (including ESG risk) for the loan book</p> <p>Group ESG Programme</p> <p>Group ESG Policy</p> <p>Group credit guidance and RAF (Risk Appetite Framework) Policy</p> <p>Stress testing methodologies, for credit, market, and operational risks</p> <p>Definition of an ESG heat map by sector for loan book monitoring based on ESG pillars</p> <p>Screening of factors characterizing the investment, to check that the proposal is aligned with the Bank's internal sustainability policies and compliance with the negative screening criteria for controversial sectors</p> <p>Single-name assessment based on qualitative questionnaires that determine an internal ESG rating at counterparty level</p> <p>Monitoring of any criticalities regarding environmental risks, and revision of initial valuations of properties used as collateral</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<p><b>Responsible business and sustainable products</b></p> <p><b>Risk management</b></p>	<p>Lending to companies operating in controversial sectors or which otherwise do not comply with the laws, regulations and/or standards in force on bribery and corruption, terrorism, human and workers' rights, and/or whose operations impact adversely on the environment and climate</p>	<p>Board Group CSR Committee and Group Risks Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <hr/> <p>Group ESG Policy, and specific ESG policies adopted by Mediobanca SGR, Cairn Capital, CMB and CMG and RAM</p> <hr/> <p>Policy and procedures to tackle bribery and corruption, terrorism and money-laundering</p> <hr/> <p>Specific procedures activated for counterparties operating in the arms sector as required by Italian Law 185 of 9/7/90</p> <hr/> <p>ESG training activities for staff and Board members</p> <hr/> <p>Individual analysis of all clients and all applications for financing</p> <hr/> <p>Ongoing monitoring activity for counterparty reputational risk</p>
<p><b>Responsible business and sustainable products</b></p> <p><b>Risk management</b></p>	<p>Investments and management of operations involving companies operating in controversial sectors or which otherwise do not comply with the laws, regulations and/or standards in force on bribery and corruption, terrorism, human and workers' rights, and/or whose operations impact adversely on the environment and climate</p>	<p>Board Group CSR Committee and Group Risks Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <hr/> <p>Group Sustainability taking part as permanent guest in the Wealth Management division's Investment Committee meetings</p> <hr/> <p>Presence of specific Investments/ ESG Committees</p> <hr/> <p>Group ESG Policy, and specific ESG policies adopted by Mediobanca SGR, Cairn Capital, CMB and CMG and RAM Group ESG Programme</p> <hr/> <p>ESG training activities for staff and Board members</p> <hr/> <p>Individual and indepth analysis for each investment</p> <hr/> <p><i>Ex-post</i> monitoring based on issuers' ESG rating and credit standing</p> <hr/> <p><i>Ex-post</i> checks on compliance with parameters set as part of the investment process</p> <hr/> <p>Performance of ESG audits</p> <hr/> <p>Adherence to PBR – Principles for Responsible Banking (Mediobanca), PRI – Principles for Responsible Investment (Mediobanca SGR, Cairn Capital, RAM e CMB), and CDP – Carbon Disclosure Project (Mediobanca SGR)</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<b>Indirect environmental impacts and climate change</b>	<p>Transition risk with reference to the process of transition towards a more sustainable economy deriving, for example, from changes and/or developments (in the short and medium term especially) in public policies, environmental regulations, technology, and consumer preferences, with possible impacts in terms of financial losses (direct or indirect), or at the same time representing factors triggering various existing categories of risk (e.g. credit risk market risk, liquidity risk)</p>	<p>Board Group CSR Committee and Group Risks Committee</p> <p>Management Sustainability Committee, Group Sustainability unit and ESG working groups</p> <p>Presence of a team which defines and updates the methodologies and carries out analysis of the loan book from an ESG perspective</p> <p>Presence of a team which analyses and monitors market risks (including ESG risk) for the loan book</p> <p>Group ESG Policy which defines the guidelines for integrating ESG criteria</p> <p>Group RAF (Risk Appetite Framework) Policy</p> <p>ESG training activities for staff and Board members</p> <p>Stress testing methodologies for credit, market and operational risks</p> <p>ESG heat map by sector for monitoring of the lending and investment portfolios based on ESG pillars</p> <p>Screening of factors characterizing the investment, to check that the proposal is aligned with the Bank's internal sustainability policies and compliance with the negative screening criteria for controversial sectors</p> <p>Single-name assessment based on qualitative questionnaires that determine an internal ESG rating at counterparty level</p>



### 6.1.2 Group clients

[GRI 102-2], [GRI 102-6], [GRI 102-7]

For over seventy years the Group has sought to help its clients grow, offering them high-level advisory services and a full range of credit products ranging from the simplest and most traditional forms of credit to the most sophisticated solutions available on financial markets.

The business segmentation with three separate divisions contributing equally to the company's performances also enables the Group to meet the needs of different client brackets.

#### ◆ Corporate & Investment Banking

The activity is focused on services to medium-sized and large companies, with a full product offering which ranges from lending to advisory, capital markets, leasing, credit management and factoring.

#### ◆ Consumer Finance

Consumer banking is addressed to households, supporting them in their spending needs and consumption needs, primary and luxury, in a variety of forms which include personal loans, credit cards and salary- or pension-backed finance. Compass, which operates in consumer credit, currently has 304 POS located throughout Italy.

#### ◆ Wealth Management

Wealth management is addressed primarily to individuals, offering savings, investment and asset management products diversified according to client bracket: from mass affluent to high net worth individuals and family office. The division also offers mortgage services and fund management activities for institutional clients. Within the division, **Mediobanca Private Banking** helps its clients to manage, protect and pass on their wealth, both financial and other. Its reach is significant, with branches throughout Italy and an extensive network of private bankers working closely with that of the investment bankers, in implementing Mediobanca's unique private and investment banking model.

Outside Italy, **CMB Monaco** provides exclusive services to its customers, ranging from lending to asset management.

**CheBanca!**, meanwhile, offers a professional advisory service in the areas of saving and investments. With a complete financial and insurance product offering, CheBanca! can meet the needs of all private clientele brackets, from the affluent segment to the premier world. CheBanca! is distinguished by its digital, multi-channel and innovate character.

### 6.1.3 Customer satisfaction and quality of service

[GRI 102-43], [GRI 102-44]

The Group assigns the highest importance to managing and maintaining satisfactory relations with its clients, including potential clients, through maintaining constant contact with them in order to be able to adapt the product offering swiftly to any changes in their needs and expectations.

To this end, the dialogue process is therefore essential in seeking to understand clients' needs and react promptly to any dissatisfaction they express.

Compass and CheBanca! some time ago launched structured processes for recording customer



satisfaction, using internationally-recognized methodologies in order to gain a real picture of their clients' perceptions, and so allowing any critical issues to be identified to be dealt with on a priority basis. Annual quantitative and qualitative brand satisfaction and loyalty level monitoring is performed via specific surveys monitoring the Customer Satisfaction Index (CSI)<sup>37</sup> and the Net Promoter Score (NPS)<sup>38</sup> indicators with reference to the world of investments especially.

#### ◆ **Compass**

The customer satisfaction surveys conducted by Compass in the past year have involved around 1,500 people, and reflect a high trend in customer satisfaction. Salary-backed finance, credit cards and personal loans are among the areas which received the best feedback.

During the year under review, the Customer Satisfaction Index was 90.6 (out of 100), while the Net Promoter Score was 66, reflecting an improving trend, consistent with the time horizon of the Strategic Plan.

Compass also performs a customer satisfaction telephone survey to gauge satisfaction levels for the inbound call service. The spontaneous responses given by some 100,000 clients between June 2021 and May 2022 revealed that 84% of those who responded were thoroughly satisfied with the service provided, slightly lower than the previous reporting period. Furthermore, in May-June 2022, a telephone survey was conducted to gauge the degree of customer satisfaction among those who subscribed to the Pagolight buy-now-pay-later product: out of 1,000 individuals contacted, 98% said they would repeat the experience, and 99% said they would recommend the product to others.

Research and analysis are based on information collected externally, to explore or examine aspects relating to products, processes or communication.

All listening surveys used can be quantitative – addressed to a representative sample of the target audience – or qualitative, i.e. carried out with a select group of interviewees using targeted listening techniques. The analysis is also distinguished between initiatives which derive from specific and contingent necessities and monitoring available on an ongoing basis.

The main engagement and analysis activities performed are summarized below:

- ◆ Telephone and online surveys: analysis to understand attitudes and/or experiences relating to a given product/process;
- ◆ Mystery shopping: qualitative surveys carried out at competitors (POS or remote channels) to assess their product offering, merchandising and client experience;
- ◆ Focus groups: qualitative surveys to collect opinions or attitudes on a new product, process or form of communication through group discussions;
- ◆ Individual interviews: qualitative surveys which, like focus groups, serve to collect opinions or attitudes on new product offerings, processes or communications;
- ◆ Desk analysis: communication material or product analysis. Compass carries out analysis of its competitors on an ongoing basis.

Compass also set up monitoring centre in 2015 which analyses its POS, collecting their perceptions

37. The CSI is a summary indicator of customer satisfaction based on the percentage of users satisfied with individual aspects of the service provided to them. The indicator is obtained by dividing the number of positive responses by the number of total responses and multiplying the result by 100.

38. The NPS is the most important metric used worldwide to measure customer satisfaction and loyalty. The score is obtained from the difference between the percentage of detractors and the percentage of promoters.





of the market scenario and future prospects, and also provides an overview of the CRIF<sup>39</sup> data on vehicle credit and other special purpose loans.

MBCredit Solutions also issued the first report by its own monitoring centre in May 2022, which analysed the impact of the pandemic on Italian banks, looking at which instruments and means credit institutions used to address the crisis.

#### ◆ **CheBanca!**

CheBanca! has always listed very carefully to its customers, via all the touch points available to them, from the branches to customer service, to home banking, email and social media channels. It also guarantees ongoing, structured coverage of complaints, with close monitoring which is shared with the management at regular intervals.

Client satisfaction levels are recorded and monitored by an outside company, with three observations made during the financial year: two more limited ones in the second and third quarters, with specific focuses on individual areas, and a more extensive one in the fourth quarter, which includes benchmark analysis.

The answers collected are compared in order to highlight problems and opportunities, customer satisfaction and brand loyalty levels.

The indicators monitored include the CSI for the premier segment,<sup>40</sup> and the NPS (NPS) indicator, which were 80 and 40 respectively, in line with the Strategic Plan objectives.

The data recorded show a very positive picture on the whole, especially in relation to the higher client segments, where CheBanca! outperformed its main competitors in all channels.

#### ◆ **Mediobanca Private Banking**

Given the importance of confidentiality in relations with its clients, Mediobanca Private Banking does not use surveys. However, ongoing dialogue between FAs and their clients is crucial to its business model, in order to achieve maximum customer satisfaction and at the same time make the services offered ever more efficient and innovative.

**Mediobanca** has been included in the index launched by Euronext and Borsa Italiana for Italian blue chip companies that demonstrate best ESG practices weighted on the basis of the free float market capitalization. At the Financecommunity Awards 2021, the Bank was also voted Team of The Year M&A and Team of the Year ECM-AIM for playing a leading role in some of the most successful deals.

**Mediobanca Private Banking** won the Excellence in Private Markets category at the Private Banking Awards organized by Bluerating.

**CMB Monaco** was voted Best Private Bank for HNWI in Monaco 2022 and its CEO was voted Best Private Banking CEO of the year by The Decision Maker.

**MBCredit Solutions** won a Gold Rating from Ecovadis, confirming its commitment to sustainability issues.

39. Financial risks central database.

40. Affluent segment: clients with deposits of between €50,000 and €500,000; wealth segment: clients with deposits of over €500,000.



## 6.1.4 Transparency of information on products and services

[GRI 417-1]

Transparency and clarity of information are of particular importance in the area of customer relations.

The Group seeks to convey information in language that is simple, clear, and easily comprehensible by the end-client, without prejudice to confidentiality and in compliance with the regulations in force. The comprehensibility and transparency of information are reflected both in the contractual documentation provided to clients, and in the information disclosed on the various products and services offered.

The main information documents on the product and service offering, which are drawn up in accordance with the requirements in terms of clarity and transparency, and the various guides on risk issues and complaints, are available in the Group legal entities' branch offices and also in the relevant sections of the respective institutional websites.

The links to the websites where such documentation can be found are as follows: for Compass ([Transparency of financial services and proper conduct in consumer relations | Compass](#)), CheBanca! ([Information on transparency – CheBanca!](#)) and Mediobanca Private banking ([Transparency | Mediobanca \(mediobancapb.com\)](#)).

### ◆ Compass

Compass has always paid close attention to relations with its customers, and has published on its website the guide produced by the Bank of Italy Consumer credit made easy,<sup>41</sup> to provide practical instructions on how to choose a loan and work out the cost, illustrating the main customer rights. All transparency-related documents on the product offering are also available on the website, including the Italian financial banking arbitration guide, and the *Italian banking association (ABI) Guide on Transfer of Payment Services*; the guide to *E-commerce payments made easy*; the European Commission leaflet *Your rights when making payments in Europe*; and the *Central Risks Database* guide; the *Buying a House – Mortgages in Simple Language*; the brochure on *The interbank protection and deposit fund*; the table showing the global average effective interest rates recorded for regulatory purposes in relation to usury; the terms and conditions for using the advanced electronic signature service using graphology techniques; the annual reports on complaints and disputes; and information on the new Pagolight product. An excerpt from the *Group's Policy for Managing Complaints* is also published, with specific information on the means by which complaints are processed.

All the above information is available on Compass's website, in the sections entitled *Transparency* and *On the side of the consumers*. The website also contains: the insurance precontractual information documentation and the related insurance information sets, the Application form for activating procedure for peer arbitration and the Monitoring service offered by Assofin, which allows the consumer to assess whether or not the repayments are sustainable, as further proof of the attention devoted by the company to the issue of responsible lending.

Compass has also become data controller for personal data processing by **Futuro**, the specialist salary-backed finance operator, whose website refers to that of Compass.

41. The Consumer credit made easy, Central Risks Database, and E-commerce payments made easy guides are all available in German as well as in Italian.



Following the establishment of **Compass Rent**, a subsidiary of Compass Banca specializing in the long-term hire of automotive vehicles and other core goods, a separate website has been set up where the contractual and insurance documentation for the product and service offering can be consulted.

#### ◆ **CheBanca!**

Transparency has always been one of the main pillars on which the CheBanca! business model is based, using simple language which is relevant to the end-client, summarizing contracts to make them shorter and easier to understand, stating prices clearly and notifying clients promptly of any changes in contractual terms and conditions.

CheBanca! addresses its clients through various channels, including its Facebook page (which has over 205,000 followers), through a media programme which is rich in service content, engagement and financial education.

The product governance operating procedures have been consolidated during the course of FY 2021-22, both for investment products (financial, insurance and pension) and banking and credit products. These procedures, which have been drawn up in accordance with the Group Product Governance Policy, illustrate the guiding principles, organizational architecture, and interdependences on which the process of developing, altering and monitoring the Bank's products and services is based, and assign duties, roles and responsibilities, sharing the principles contained in the Transparency and Business Conduct Policies as well.

To guarantee full and complete disclosure and provide its clients with clear and detailed information, CheBanca! has published multiple documents on its website, including: the guides prepared by the Bank of Italy to provide practical guidance on how to choose products and determine their costs, and illustrating clients' main rights (*Consumer credit made easy*, *Current accounts made easy*, and *Buying a house: Mortgages made easy*, *The Central Risks Database made easy*, and *Payments in electronic commerce*). Up-to-date information sheets and other documentation are also available to allow clients to know and understand the financial characteristics and terms and conditions of each product, plus information sets on third-party insurance products sold by the Bank. There is also substantial documentation on how to make complaints, including the Italian financial banking arbitration guide, plus all other documents required by the regulations in force.

#### ◆ **Mediobanca Private Banking**

Mediobanca Private Banking is constantly committed to guaranteeing the maximum transparency for the services it provides and the activities it performs versus clients, management and the authorities, whilst maintaining its obligations in the area of confidentiality and compliance with the regulations. Within the division, communication with clients is guaranteed by: the close and ongoing relationship which customers have with their bankers; the official communications which Mediobanca, as required by law, sends regularly to them.

The division also has a dedicated section of its website focusing on sustainable investments, to provide the public with adequate disclosure regarding:

- ◆ The integration of sustainability criteria into its policies for providing investment services;
- ◆ Negative screening criteria taken into accounts for sustainability reasons;



- ◆ The integration of clients' sustainability preferences as part of product governance and in assessment of the adequacy of transactions being recommended.

The Mediobanca Private Banking website also provides accurate documentation on the services offered, all of which may be consulted online.

**Mediobanca** also arranges regular staff training and refresher courses on transparency issues for its employees.

### 6.1.5 Financial inclusion, access to financial resources and education

The Group has always been keen to promote and develop the financial awareness of its clients. For this reason it has promoted a model of financial education based on sharing information on products and services expressed in clear, simple terms.

#### ◆ **Compass**

Compass's contribution to financial inclusion and accessibility involves the following initiatives:

- ◆ Communications for commercial purposes in English, Spanish, Filipino and French, as well as Italian;
- ◆ Various sections of the website include translations in English, Spanish, Filipino and Romanian;
- ◆ *Pagolight*, a Buy Now, Pay Later (BNPL) product launched in 2020, to enable the merchant dealers to include the younger population bracket in its product offering. This purchasing model is becoming established in many countries, allowing the end-consumer to pay the bill digitally in small monthly instalments which are debited to the client's payment card free of any additional charges;
- ◆ The maximum age permitted to apply for a personal loan or for salary-backed finance has been increased, to provide support for the financial needs of customers in the later stages of their lives as well;
- ◆ Basic current account with favourable terms (no charge for opening or closing the account, no stamp duty, etc.) for the more vulnerable groups of society, such as clients with an ISEE (equivalent financial situation indicator) of less than €11,600 who apply for it.

#### ◆ **CheBanca!**

CheBanca! has always promoted and developed a product and service offering that gives it access to existing and potential clients who want their financial needs to be met. As permitted by law, this possibility is also offered to clients who have disabilities, who are subject to support and protection measures, who are visually impaired and/or otherwise unable to sign for physical reasons.

During the financial year under review CheBanca! also organized a series of online meetings, with the participation of various sector experts, with the objective of promoting information, training and financial education, on specific issues such as cybersecurity, ESG topics, and private equity.



**Compass** and **CheBanca!** also suspend repayment of instalments of their clients' personal loans and mortgages in the event of flooding, earthquakes and other natural disasters.<sup>42</sup>

#### ◆ **Mediobanca Private Banking**

This division promotes and encourages the financial awareness of its clients by addressing information on the products and services offered to them in clear and simple fashion. Mediobanca Private Banking FAs engage in continuous financial training activities, to enable their clients to make an informed assessment of the solutions and services being offered to them.

To this end, training events on topical issues are organized.

In 2017 Mediobanca Private Banking launched The Equity Club (TEC), a club deal which brings together some of the most important names in Italian capitalism, which has attracted some €500m in commitments for investments in outstanding Italian businesses, with a particular focus on medium-sized enterprise. A total of €400m has been invested.

#### ◆ **Mediobanca SGR**

In April 2016, Mediobanca SGR launched its second private debt fund *Mediobanca Fondo per le Imprese 2.0* to help finance small and medium-sized domestic enterprises with solid fundamentals which require finance in order to fund their development and growth plans over the medium term. At 30 June 2022, the Fund had a portfolio consisting of six investments for a total of €30m. The investment period has now ended, so the fund is now focused on managing the positions it holds.

Mediobanca also organized a virtual event for the first time in November 2022 entitled **Beyond ESG & Sustainability – A New Strategic Direction**, addressed to its own clients and analysing ESG factors as drivers for corporate strategies and capital markets.

The Group's co-operation with **Junior Achievement** also continues. JA is the largest non-profit organization for economic and business education in schools in the world. The partnership includes the involvement of volunteers from Mediobanca, CheBanca! and Compass, who take on the role of "company expert", working alongside the teachers in the middle and senior schools during lessons on economics, business studies and personal finance.

In October the second three-year cycle was launched of *Crescere che impresa!*, the project for financial education launched in September 2018 in collaboration with Junior Achievement (2020-23).

In its first three years the initiative focused on schools in certain poorer areas of Puglia, Sicily, Tuscany, Liguria and Lombardy, using:

- ◆ A digital platform for accessing useful materials, including digital content for lessons in the classroom, teaching kit for the class and family activity kit;
- ◆ E-learning support modules for volunteers and teachers: online section providing information on the programme, classroom lesson preparation, and development of a community of JA volunteers and teachers;
- ◆ JALab learning laboratories, including an awareness-raising laboratory for young people and their parents.



All the innovative digital aspects of the initiative introduced during the pandemic, including the provision of training workshops online, have been maintained and are once again complemented by classroom-based events which have now been resumed. Involvement of families has also continued through use of the “Family Activities” sheets, which have enabled a further 1,617 children throughout Italy to be reached.

During the 2021-22 school year, the programme has seen the involvement of a total of 178 schools, 402 classes, 10,025 pupils, 337 teachers, and 96 volunteers, 36 of whom from the Mediobanca Group.

### 6.1.6 Responsible business

The Group, after adhering in April 2021 to the **Principles for Responsible Banking (PRB)**, launched in 2019 by the United Nations with the aim of incentivizing the banking system objectives for sustainable growth and to measure the impact of their own activities on individuals and the planet,<sup>43</sup> in November 2021 also became a member of the **Net-Zero Banking Alliance (NZBA)**, the initiative promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), the UN Programme section devoted to financial institutions.

In April 2022, Mediobanca also became a supporter of the **Task Force on Climate-Related Financial Disclosure (TCFD)**, for transparent disclosure on the Group’s impact on the environment through the **TCFD Report**.

Mediobanca SGR, RAM AI and Cairn Capital Limited have also signed up for the Principles for Responsible Investment (PRI) promoted by the United Nations to develop a more sustainable global financial system by incorporating ESG issues into investment decisions and shareholder activism. RAM, which was already a member of the **TCFD**, has now also adhered to the **Net Zero Asset Managers Initiative**<sup>44</sup> and is preparing to disclose its first intermediate portfolio emissions reduction targets, committing to cut its carbon emissions intensity by 33% by 2025 and by 50% by 2030.<sup>45</sup>

In July 2021, the Board of Directors of Mediobanca approved the **Group ESG Policy**, which defines the guidelines for integration of ESG criteria (Environmental, Social and Governance) and outlines the reference principles involved, plus the negative and positive screening criteria applicable to the activities of lending, investing own funds, and providing investment advice to clients.

The changes made chiefly involve the addition of more structured selection criteria, enlarged scope of application, and the introduction of sector-based guidelines.

The Policy is based on a combination of:

- ◆ **Negative screening**, through use of exclusion criteria, to identify parties involved in specific activities and/or in the production and/or sale of goods with particular technical characteristics;
- ◆ **Positive screening**, based on criteria to identify parties that are valued positively and/or assets with positive characteristics from an ESG standpoint.

43. See section 13. *PRB – Principles for Responsible Banking for further details.*

44. In line with the NZBA (the initiative for banking institutions), the Net Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner, for all assets under management (“AUM”), in line with global efforts to limit warming to 1.5 degrees Celsius.

45. The commitment regards 68% of the assets managed; for further details, reference is made to the TCFD report, section 3.4.5 *Portfolio Alignment and Portfolio targets.*





In addition to the general principles applicable to all types of business, the Group has also structured different positive and negative screening criteria for the various areas of activity.

In particular, with reference to financing and proprietary investment activity, specific policies have been developed on biodiversity and excluded materials, plus sectors considered to be sensitive in ESG terms, namely: defence and arms, forestry and use of forested areas, production of agricultural goods, mining, the production, sale and consumption of energy, and infrastructure and transport.

In defining the Policy, the Group has also made reference to internationally recognized principles and frameworks, such as the Universal Declaration of Human Rights, the ten principles of the UN Global Compact, and the UN Sustainable Development Goals (SDGs).

Furthermore, in accordance with the Strategic Plan objectives to address climate change issues, a series of restrictions has been introduced on operators impacting adversely on the climate. See the Group ESG Policy for further details ([https://www.mediobanca.com/static/upload\\_new/politica-esg\\_eng.pdf](https://www.mediobanca.com/static/upload_new/politica-esg_eng.pdf)).

The criteria laid down in the ESG Policy are complemented by those in the **SFDR**,<sup>46</sup> which requires, among other things, that clients should be properly informed regarding the methodologies by which sustainability risk is integrated into the provision of portfolio management services or investment advisory services.

**Mediobanca SGR** has adopted the Group ESG Policy, defining its own **Policy on Sustainable Investing**. Mediobanca SGR is convinced of the need to embrace environmental, social and governance principles in its investment processes as a matter of priority, the company has introduced diversified investment limits which differ according to product (ESG, i.e. SFDR Articles 8/9, or non-ESG) and management characteristics (absolute return or benchmarked). In particular, issuers and/or UCITS<sup>47</sup> are assessed on the basis of an ESG rating and a summary score reflecting involvement in serious controversies.

Mediobanca SGR has also developed a methodology for considering the principal adverse impacts, or PAI, from a sustainability viewpoint, in order to monitor, contain and reduce the effects of investment decisions that generate adverse impacts on sustainability factors.

As at 30 June 2022, virtually all the investments (99.31%) had been analysed taking the ESG criteria referred to above as well as financial criteria into consideration.<sup>48</sup>

Furthermore Mediobanca SGR has set up an **ESG Committee**, with powers of consultation and proposal, the duties of which are: to promote knowledge regarding sustainable and responsible investing, both within the company itself and vis-à-vis external stakeholders; to express the corporate vision on sustainability issues; to define and monitor the criteria used to determine the sustainable investment thresholds, having regard to the risk/return indicators and changes in the reference regulations.

Mediobanca SGR has recently signed up to the Non-Disclosure Campaign promoted by the **Carbon Disclosure Programme (CDP)**, thereby committing to the achievement of a global economic system

46. In force since 10 March 2021, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the "Sustainable Finance Disclosure Regulation", or "SFDR") has the objective of increasing and harmonizing the reporting requirements for the ESG investment processes for participants in financial markets, at both company and product level, thus strengthening the transparency required by the market as a whole. The SFDR requires every product to be assigned one of the following classifications: Article 9: funds with a strong ESG focus; Article 8: funds with a certain degree of attention to ESG issues.

47. Undertakings for Collective Investment in Transferable Securities.

48. The percentage of AUM managed by Mediobanca SGR invested in instruments falling within the scope of the Policy on Sustainable Investing (ESG) out of the total AUM invested in securities, UCITS or derivatives (i.e. excluding cash). The difference of 1.18% is attributable to certificates, structured notes and other derivatives.



which is able to prevent the damaging effects of climate change.

Mediobanca SGR has also adhered to the **Italian Stewardship Principles** operated by Assogestioni, in the conviction that sound corporate governance policies and practices are able to create value over the long term, committing to engaging in constructive dialogue with the issuers of the securities invested in, with a view to help producing improved performances for investors.

Mediobanca SGR takes part in the Asset Managers' Committee, made up of asset management companies and Italian and international institutional investors working together to present lists of candidates to be appointed and/or co-opted as Directors and Statutory Auditors in representation of minority shareholders in listed Italian issuers.

With reference to **individual portfolio management** activity, the Group legal entities incorporate ESG factors into their respective investment processes in different ways and with different limits.

**Mediobanca Private Banking** and **CheBanca!** have outsourced their individual portfolio management service to **Mediobanca SGR**, which also provides support in analysing and identifying the instruments in respect of which to provide advisory services.

With reference to **investment advisory** services, **Mediobanca Private Banking** and **CheBanca!**, in defining the list of products selected, takes into consideration the potential adverse impact that investment decisions might have on sustainability factors when giving advice, and offers the client a selection of different types of instruments, to which an ESG rating level higher than the limits set internally has been assigned.

**Cairn Capital's** commitment to implementing responsible investment principles is based on the conviction that ESG issues are an important factor in terms of risk and financial performances and reflect the increasing preferences on the part of clients and investors for such issues. For this reason the company has adopted an **ESG Policy** based on top-down negative screening principles, which excludes companies operating in certain sectors, combined with a bottom-up approach for assessing investments according to specific ESG criteria for each asset class.

Cairn Capital is an active member of the **PRI Structured Products Advisory Committee**. It is also an active participant in the activities of the **European Leveraged Finance Association (ELFA)** to promote engagement between investors and borrowers on ESG issues, and to standardize ESG reporting methods in the leveraged finance market.

In the conviction that one of an asset manager's roles is to identify clear sustainability objectives to the advantage of its own stakeholders, **RAM Active Investments** too pursues a responsible investing strategy.

To this end, it too has adopted a **Policy for Responsible Investing**, which defines the guidelines for incorporating environmental, social and governance facts in its investment processes and strategies, both equity and debt, with a coverage ratio of 100% (including third-party management).

In accordance with the Policy, RAM AI is committed to shareholder activism, as an instrument for achieving its objectives as a responsible asset manager.

**CMB Monaco**, through its subsidiary **CMG Monaco**, manages funds for various institutional investors which are becoming increasingly demanding on sustainability issues. In view of this fact, all funds managed by CMG are analysed also according to ESG criteria, through individual reports provided



by CACEIS in partnership with Vigeo Eiris, a leading social and environmental rating agency, and by Morningstar and Bloomberg. These reports assess the non-financial performances and carbon footprint of portfolios, which enables the impact of the products to be measured precisely. Maximum carbon intensity limits have also been formalized with reference to investments in institutional funds in certain sectors (e.g. a maximum of 1,000 tons of CO<sub>2</sub>e/million USD sales in the energy sector). Equally, exclusion criteria have been set for turnover from coal and tar sands (maximum 30% of the total).

CMG's **ESG Policy** stipulates, among other things, that all fund managers must take part in ESG Committee meetings held on at least a quarterly basis (ad hoc Committee meetings are called if necessary, in order to assess ESG issues that have arisen with reference to investee companies in a timely manner). Specific ESG reporting is produced for every CMG Monaco fund and distributed to participants. Risk Management also produces an ESG risk statement for funds and management mandates, illustrating the fund manager's overall ESG situation and that of its individual financial products, and highlighting the stocks being monitored because of their impact on the environment or due to ESG controversies. Such controversies are also monitored through reports produced monthly and specific notifications.

### 6.1.7 Sustainable products

In line with the market standards and in accordance with its own strategic guidelines, the Group has continued with its roadmap to support the spread of sustainable products, both as part of client activity, and in terms of the diversification of ESG sources of financing. Furthermore, in accordance with the ECB guidelines, the green transition of the Bank's portfolio has also continued at a fast pace, in line with the Group's 2019-23 Strategic Plan.

In the area of bond issues, following the debut of the first green bond (in September 2020), the intention is to consolidate the ESG funding channel as part of diversifying the sources of financing and enhancing the "green" transition of the Bank's portfolio, fully in line with the 2019-23 Strategic Plan.

To this end, at end-June 2022 a new framework was approved to support ESG issues (the Green, Social and Sustainability Bond Framework 2022), which incorporates the Technical Screening Criteria provided for in the EU Taxonomy Regulation for certain categories of asset, and gives greater detail on lending activities for social purposes, and as such will allow the Group to use green bonds more frequently as a financing channel.

As regards the **Corporate & Investment Banking** division's operations, Mediobanca's activity has been directed towards raising awareness with both issuers and investors on ESG issues, leveraging on the Bank's growing technical expertise with dedicated capabilities and resources.

- ◆ On the loan market, Mediobanca has lead-managed the syndication of various ESG credit lines and term loans in favour of domestic corporate borrowers. As at 30<sup>th</sup> June 2022 loans with green/ESG content by the CIB division's Lending totalled approx. €2.6bn (€6.3bn, including the amount approved but not disbursed), equal to roughly 16% of the total disbursed and 27% of the total approved;
- ◆ On the bond market, Mediobanca has acted as Bookrunner and/or Structuring Advisor in the placement of ESG bonds by international issuers. The overall amount of these issues during FY 2021-22 has been approx. €22bn, just under 59% of the total.



In **Consumer Finance**, during FY 2021-22 **Compass** disbursed finance with environmental sustainability purposes for a total amount of almost €120m, compared with €70.6m the previous year. These transactions consist of loans to acquire hybrid or electric vehicles, and special purpose loans to acquire products which, because of their environmental content, generate tax reductions for the consumers buying them (e.g. water filters, solar panels, wood pellet boilers and heaters, and air conditioners/other domestic appliances).

As at 30 June 2022, the stock of loans with ESG content totalled €156m. This, despite still representing less than 1% of total loans, nonetheless reflects material growth (79%) versus the €87.2m recorded the previous year.

In relation to **Wealth Management** and **Asset Management** activities:

- ◆ On the **lending side, CheBanca!** in FY 2021-22 disbursed almost €190m in new mortgages to buy or renovate energy class A or B houses. This is equal to 8.8% of the total amount of finance disbursed in the twelve months (12.1% of the mortgages granted for house purchases/renovations). Overall, loans with green/ESG content at 30<sup>th</sup> June 2022 totalled €334m (2.8% of the outstanding stock), compared with €159m the previous year.
- ◆ The Mediobanca Group offers its Wealth Management and Asset Management division clients the possibility to invest in different **products and/or services that take ESG factors into account**, in order to help meet the main challenges faced in terms of sustainability.

As at 30 June 2022, assets held by clients of the different services offered (i.e. portfolio management, advisory, custody) by Mediobanca Private Banking, CheBanca! and CMB Monaco in **“sustainable” mutual investment funds** amount to approx. **€7,428m** (approx. 50% of the total). To assess the sustainability of the mutual investment funds offered to clients, the Bank uses info provider Morningstar, which defines a strategy as a “sustainable investment” if described as such in either the offering prospectus or in other documents required by the regulations. Sustainable investment funds are classified in three separate groups:<sup>49</sup>

- ◆ **ESG Integration funds:** these funds use ESG criteria as binding factors in the stock selection and portfolio construction processes. These strategies generally use a combination of positive screening, negative screening, and active engagement with the investee company. As at 30 June 2022, assets invested in this type of fund amounted to approx. **€1,129m** (or approx. 8% of the total);
- ◆ **Impact funds:** in addition to the financial return, these funds seek to provide a measurable impact for specific themes through their investments (e.g. gender diversity, low carbon emissions, community development, etc.). As at 30<sup>th</sup> June 2022, assets invested in this type of fund amounted to approx. **€720m** (or approx. 5% of the total);
- ◆ **Environmental Sector Funds:** these invest in sectors geared towards the environment, such as renewable energies or water. As at 30<sup>th</sup> June 2022, assets invested in this type of fund amounted to approx. **€90m** (1% of the total).

Sustainable mutual investment funds also comprise **ESG Engagement** funds, which use investment stewardship (also referred to as active ownership), including voting at AGMs and corporate engagement, as a central part of their investment process in order to pursue ESG objectives with

49. In the Morningstar classification, a mutual investment fund may adopt more than one of the investment strategies defined above, hence certain funds' assets will feature in the totals of more than one category. For this reason each category's assets are distributed proportionately.



investee companies. As at 30 June 2022, assets invested in this type of fund amounted to approx. **€5,489m** (or approx. 37% of the total).

As for **SFDR funds**, as at 30 June 2022 assets held by clients of the different services offered by Mediobanca Private Banking, CheBanca! and CMB Monaco in **SFDR Article 8/9 funds**<sup>50</sup> amounted to approx. **€6,600m** (approx. 44% of the total), in particular as follows:

- ◆ In **Mediobanca Private Banking** assets invested by clients in SFDR Article 8/9 funds amount to €2,004m (13% of the total, and 42% of Mediobanca Private Banking's total assets<sup>51</sup>).
- ◆ In **CheBanca!** assets invested by clients in SFDR Article 8/9 funds amount to €4,174m (28% of the total, and 62% of CheBanca! total assets<sup>52</sup>).
- ◆ In **CMB Monaco** assets invested by clients in SFDR Article 8/9 funds amount to €422m (3% of the total, and 12% of CMB Monaco's total assets<sup>53</sup>).

In the area of portfolio management products offered to **Mediobanca Private Banking** clients, which are managed by Mediobanca SGR, the **Social Impact** line has recently been introduced.

**Mediobanca Private Banking** too is involved in the commercial asset-gathering activity for the BlackRock co-investment programme, to enable its clients to invest directly in companies, alongside some of the most authoritative international private equity funds. For the Mediobanca BlackRock Co-Investments programme, ESG guidelines have been defined which the target investments must meet. Each possible deal is subject to ESG due diligence containing a grid of the risks linked to the investment from an ESG perspective. The ESG Scorecard outlines the different risk levels for each ESG issue.<sup>54</sup>

**CheBanca!** offers financial instruments, in particular UCITS, which meet ESG criteria in their portfolio selection and management. The focus on ethical and sustainable products is very high, both in training and in the selection and promotion of strategies. These issues are also analysed in more depth at the regular meetings and conference calls held with the commercial network.

**CMB Monaco** clients are offered lists of ESG-themed investments by the Investment Advisory Distribution Team, and as part of portfolios managed by **CMG Monaco**, which recently introduced the CMG Monaco Discretionary Asset Management product, management of which adopts a best-in-class positive screening ESG methodology.<sup>55</sup> SFDR Article 8/9 funds mutual funds subscribed to by the Group networks' clients include those offered by the **Group's asset managers**, which are also sold to clients not part of those networks, in particular as follows:

- ◆ **Mediobanca SGR** manages four SFDR Article 8 funds (Mediobanca Social Impact, Mediobanca ESG European Equity, Mediobanca ESG US Equity, and Mediobanca Global Thematic Multimanager 100 ESG); and placement of another SFDR Article 8 fund (Mediobanca Nordea World Climate Engagement) began in July 2022. As at 30 June 2022, the four SFDR Article 8 funds had assets under management totalling €437.2m, equal to approx. 20.5% of the total assets under management

50. SFDR Article 8 applies to a financial product if it promotes, among its other characteristics, environmental or social features of some combination of both of them, provided that the firms in which the investments are made comply with good governance practices. SFDR Article 9, meanwhile, applies to financial products which have specific sustainable investments as their objective, for which a benchmark has defined, or, if it has not, for which explanation is provided of the way in which the sustainable investment is objective has been met.

51. Services offered: asset management, advisory, custody, direct, real estate funds.

52. Services offered: asset management, custody.

53. Services offered: asset management, advisory, custody.

54. 1: Risk identified/High; - 3: Risk control adequate; -5: Main business driver (positive).

55. The investment profile, albeit not explicitly configured as an SFDR Article 8 product, because it refers to the legal framework in force in the Principality of Monaco, aims to create a principal exposure in equity and bond financial instruments, concentrating on corporates and nation states with exemplary ESG ratings.



of the funds set up by Mediobanca SGR.

Of these funds, the Mediobanca Social Impact fund offers investors the possibility of donating part of the fund's wealth to a selected charitable institution. The donation is made via a transparent mechanism which involves part of the fund's wealth being distributed to the recipients without impacting on the overall cost incurred by the investor which remains in line with the market standards, due to a reduction in the management fee paid by fund to Mediobanca SGR.

The charities adhering to the fund are selected by Mediobanca SGR and operate in various different sectors: from education and training to health and scientific research, from social assistance activities to co-operation, development and humanitarian intervention. During the reporting period a total of approx. €284,000 was donated to participating charitable institutions, up 29.14% compared to end-June 2019.

Furthermore, among the portfolio management products which Mediobanca SGR manages on behalf of Mediobanca Private Banking, a Global Impact product has recently been introduced. As at 30 June 2022, €21.4m was invested in the product, 0.36% of the total assets under management invested in portfolio management products.

#### ◆ **CMG Monaco**

manages two environmental funds (CMG Monaco Eco+ Eur and CMG Monaco Eco+ USD<sup>56</sup>). As at 30 June 2022, out of €2.3bn invested in funds, €117.6m (or 5.2%) were in these themed funds.

CMG Monaco also offers CMB clients three SFDR Article 8 funds, i.e. Monaction Emerging Markets (management of which is delegated to RAM AI under master feeder agreement with RAM Emerging Markets Equity Fund), and two funds, CMB Global Lux Emergent Debt EUR and CMB Global Lux Emergent Debt USD (with investment management activity delegated to Neuberger Berman).

Among the portfolio management products which CMG Monaco manages on behalf of CMB Monaco, the CMG Monaco Discretionary Asset Management product has recently been introduced, which uses best-in-class ESG screening criteria (€3.2m, and 0.3% of the total AUM managed under the CMG Monaco mandates at 30 June 2022).

#### ◆ **RAM AI**

manages one SFDR Article 9 fund (RAM Stable Climate Global Equities) and 9 SFDR Article 9 funds (RAM European Equities, RAM US Sustainable Equities, RAM Global Sustainable Income Equities, RAM Emerging Markets Equities, RAM Long/Short European Equities, RAM Global Equities Sustainable Alpha, RAM Long/Short Global Equities, RAM Global Bond Total Return and RAM Sustainable Flexible Fund).

As at 30 June 2022, out of €1.9bn of assets managed within RAM funds, approx. 71% (over €1.3bn) of the AUM consisted of SFDR Articles 8/9 funds.

In particular, the RAM Stable Climate Global Equities Fund (covered by Article 9), which was set up with the objective of addressing the climate emergency, offers investors an active strategy built on solid ESG principles. This innovative approach to ESG issues is the result

56. The Monaco Eco+ EUR and Monaco Eco+ USD environmental-themed funds invest in international equities of issuers based in developing countries which have links with environmental issues, such as optimization of limited resources (including water), renewable energies, and biological agriculture.





of indepth research carried out on alternative data leveraging internal, cutting-edge technology capabilities. In view of the growing impact which the climate emergency is having, RAM AI intends to provide investors with diversified proposals for low carbon investment solutions based on strategies that select the best low-emission companies without compromising on overall performance. RAM AI has also set the objective of offsetting the fund's already low carbon emissions (Scopes 1 and 2) by using CERs (carbon compensation certificates) in accordance with the provisions of the Clean Development Mechanism (CDM), at no extra cost for investors.

In terms of methodology, RAM incorporates environmental, social and governance issues into its analysis processes and investment choices in its offering of equity funds. In particular it has fully integrated ESG factors through a systematic approach to stock selection. Leveraging on a robust proprietary deep learning infrastructure and combining structured information flows (numbers) with unstructured information flows (audio, video, text and images), RAM Systematic Equity Strategies aim to identify opportunities within the investible universe that generate extra returns from a sustainable perspective.

### 6.1.8 Innovation, multi-channel approach and digitalization

In connection with the 2019-23 Strategic Plan, a four-year IT strategic plan was also launched, to speed up the process of increasing systems efficiency, of modernizing the technology infrastructure, of adopting innovative technological solutions such as cloud-based applications, artificial intelligence and blockchain solutions, of digitalizing the support processes underpinning the Wealth Management activities, and of extending process automation (Robot Process Automation).

In view of the further acceleration in innovation demanded by the market, the Group is currently working on preparing a new **Digital Agenda**, both to identify short-/medium-term action to be taken, and as one of the main pillars of the next Strategic Plan. The Agenda was illustrated to the Board of Directors in April 2021. In order to leverage opportunities deriving from changes in technology in optimal fashion, a Digital Innovation Office has been created, which plays a central role for all technology and process innovation initiatives at Group level.

The activities are classified based on three main priorities which involve: the promotion of a corporate culture based on innovation, support for Group projects using innovative solutions (e.g. AI and blockchain), and ongoing monitoring of the fintech panorama. A more detailed description of the three priority areas is provided below:

- ◆ **Digital Culture:** this involves identifying the most important changes on the innovation front through benchmarking, analysis of competitors, monitoring reference markets, taking part in working groups with the leading Italian research centres, and maintaining relations with international advisors.
- ◆ **Digital Trasformation:** continuing support for the Group's digital projects through structured scouting of the best vendors on the market, based on the Group's existing technology configuration and strategic guidelines established with regard to its development (e.g. cloud roadmap).
- ◆ **Digital Innovation:** exploring innovative technologies, incubators and start-up platforms,



assessing whether or not they can be integrated into the Group's services; and handling relations with entities and associations, as part of eco-system projects with a strong innovation component.

The digitalization issue has been developed coherently in different ways within the Group.

#### ◆ **Compass**

During the financial year under review and in line with the Digital Strategy Plan previously adopted, Compass has consolidated the implementation of various initiatives which are innovative both in terms of process and technology adopted, in order to improve the customer experience of its own clients. Some of the more noteworthy initiatives include customization and optimization of the workflow for granting loans via the internet (requests for documentation, identification, signature, approval) and for client management (accounts managed from branch offices, with on-phone loans granted to applicants who are already customers) in order to speed up the timescales and remove possible issues. Since the project was launched, more than 26,000 full digital loans have been granted, with new loans of more than €148m. A project has also been completed to adapt the existing CRM/SFA systems to the Salesforce solution, in order to make the operating and sales processes more streamlined, effective and aligned with the new trends in technology. Compass has also supported the adoption of digital payment instruments in support of government-sponsored initiatives, such as the state cashback and receipt lottery, developing communications with its clients to this end.

Compass also introduced a new function in August 2021, to allow customers who are more remote geographically to arrange meetings in places other than the branch office, or to apply for a loan by phone; to date more than 900 clients have used these possibilities. Furthermore, in order to further improve customer experience and reduce waiting times, a password recovery function has been added to the reserved area for customers. Since the project was launched (in March 2022), more than 10,000 users have used this option.

Furthermore, on 26 January 2022, automatic credentials generation has been introduced for the automotive finance and special purpose loan products, thus increasing the number of advanced credentials.

#### ◆ **CheBanca!**

CheBanca!, which was conceived with an innovative multi-channel model, has grown in terms of both product offering and service model, accompanying and in many cases anticipating market changes. The bank makes cutting-edge technology instruments available to its clients, and has launched a new version of its app for clients, with integrated securities trading functions, and other new functions to be released progressively. An advisor's webpage has also been launched, which enables clients with portfolios being managed to contact their advisor and arrange a meeting. For other clients, interaction is via the virtual assistant or chatbot EDO, which accompanies the client when they register, supporting them through the most complicated steps which historically are the ones where the highest drop-out rates are recorded.

As at end-June 2022, the virtual assistant managed 39% of inbound volumes out of the total number of contacts with customers (i.e. phone + chat). The daily average number of chats managed on working days (Monday to Friday) is 2,400, while including non-working days the



average is 2,000 chats per day. The percentage of replies given without passing through the operator is 89% (vs 85% last year).

There was also further enhancement of RPA (Robot Process Automation) in 2020, allowing back office processes to be automated further.

Management of editorial contents has been migrated to the innovative HCL Digital Experience 9.5 platform, which provides much higher flexibility and protection in managing the new institutional website launched in September 2020.

#### ◆ **Mediobanca Private Banking**

The main projects included in the IT strategic plan attributable to the Mediobanca Private Banking division are as follows:

- ◆ **Extension of front-end bankers to all services offered and digital onboarding:** the project, which forms part of the digitalization and remote channel enhancement process, aims to integrate the Bank's other applications into the front-end system and so offer clients an improved service.
- ◆ **Upgrade home banking and adoption of multichannel approach, with digital signature:** this project aims to strengthen the multichannel approach, offering an integrated experience between channels in order to simplify remote operations.

The **Mediobanca** institutional website has been optimized for use by persons with different disabilities. In particular, the use of artificial intelligence techniques embedded in the website enhances the browsing experience for epileptic, visually impaired and blind users, those with cognitive disorders and attention deficit disorders and motor disabilities. The first operator in Italy to introduce this service, Mediobanca has won the "Web Excellence 2021" prize awarded by *Siteimprove* for companies that stand out for the quality and accessibility of their websites, confirming its position at the cutting edge of innovation, including with reference to methods of using communication.

### 6.1.9 Personal data protection and data security

[GRI 418-1]

Protection of customers' personal data and information is a key factor in providing our activities, and as such requires proper governance. The Group is committed to ensuring that personal data is processed in compliance with the legal provisions in force. This is data stored on electronic devices, paper documents and verbal exchanges via phone calls or direct communications.

The Compliance unit and the Cyber Security unit together provide reporting in relation to personal data and information security issues on an ongoing basis. The BoD is briefed by the Compliance unit once a year, through the presentation of an Annual Report, and once a quarter, through a dashboard including data protection indicators. The Cyber Security unit reports to the Board once a year on IT security issues in the form of a dedicated report, unless incidents occur that require immediate notification.

Information of different kinds is processed and managed regarding significant issues such as: transactions, contracts, and confidential customer and staff. The Group undertakes to protect such data from unauthorized or accidental alteration, loss or unauthorized disclosure. It also ensures,



in accordance with the business requirements, the availability and integrity of information which must be reliable and usable on the part of the users.

The regulations on personal data protection are applied within the Mediobanca Group based on the following model:

- ◆ Mediobanca and all Italian Group companies which process personal data, apply in full the provisions of the Regulation (EU) 2016/679 (the “General Data Protection Regulation”, or “GDPR”), along with those of the Italian regulations (**cluster 1**);
- ◆ the Group companies established in the EU that process personal data and the non-Italian Group companies which, while not located in the EU, still provide goods or services – exclusively or even only in part – to natural persons in the EU, process their data by applying the provisions of the GDPR, along with the relevant local regulations (**cluster 2**),<sup>57</sup>
- ◆ the non-Italian Group companies not included in the first two clusters which process personal data comprise **cluster 3**.<sup>58</sup>

Each Group company guarantees the protection of the personal data for which it is the controller, identifying the relevant security objectives and principles.

Governance of the risks associated with the processing of personal data is guaranteed: for cluster 1, via (i) adoption of the general measures contained in the Group Personal Data Protection Policy, and (ii) appointment of a Data Protection Officer (DPO) pursuant to Article 37 of the GDPR; for clusters 2 and 3, via co-ordination between the DPO of Mediobanca and the local compliance officers, or the DPO of the company concerned if one has been appointed.

In the area of personal data protection, in the course of FY 2021-22, the Mediobanca Group has continued to consolidate the necessary activities, to comply with the provisions of the GDPR. In particular, Mediobanca and its Group companies have:

- ◆ Consolidated dialogue with the Group Data Protection unit and Group Data Protection Officer;
- ◆ Enhanced the security profiles for IT applications through data masking and encryption;
- ◆ Negotiated the appointments of data processors with the natural and physical persons who process personal data on their behalf;
- ◆ Updated the internal data privacy regulations, and issued a Directive on Personal Data Breaches, an institute that was governed in the Group Directive on IT and security incident management, which currently provides for independent management of data breaches by the Group Data Protection unit, with the specialist support of the IT Risk & Cyber Security unit for data breaches which originate from IT security incidents;
- ◆ Increased the controls on personal data protection, with regard in particular to security measures and data retention, especially with reference to management of paper archives;
- ◆ Continued with implementation of activities to meet data retention requirements;
- ◆ Enhanced its focus on the measures required by the Italian Data Protection Authority resolution on the circulation of information and tracking of bank operations;
- ◆ Promoted and enhanced application of the privacy by design and privacy by default principles within the Group, providing an ad hoc training session on this subject.

57. Mediobanca International, Mediobanca Management Co., RAM Europe (Luxembourg), Messier & Associés.  
58. CMB Monaco, Mediobanca USA, Cairn Capital and RAM AI are included in Cluster 3.



In the issue of **data security**, in recent years the Group has consistently enhanced its strategy in order to guarantee the confidentiality, integrity and availability of its information. Against this backdrop, protection in exchanges of and access to data is ensured through the adoption of secure communication protocols and certificates issued by the relevant authorities (such as the Global Trust Certification Authority), and access to data takes place in compliance with the need-to-know and least privilege principles.

The Group has continued to strengthen the personal data protection security measures in the last year. Such measures include encryption of databases that contain confidential data (data at rest), and masking of data stored in development and testing environments. This year Mediobanca has once again pursued logical data security by enhancing certain measures, such as: segregation of the data network, tracking access to servers and databases, and multi-factor authentication for access by external users.

In the course of the reporting period, with reference to **personal data protection**, a total of 517 complaints were received by customers of CheBanca!, Compass, and SelmaBipiemme, and a further five directly from the Italian personal data protection authority under Article 77 of the GDPR, for four of which the authority has found no evidence of breaches of the regulations on personal data protection that would justify action being taken, while one is still being processed.

In relation to **personal data breaches**, the Group recorded a total of 15 data breaches during the period, for 12 of which no risk to the rights and freedoms of the data subjects involved was noted, hence notification to the Italian personal data protection authority and/or the data subjects themselves was not necessary. For the other three breaches, it was necessary to inform the authority as required by Article 33 of the GDPR and to notify the data subjects under Article 34 of the GDPR. It should be noted, however, that so far the data breaches have not generated a material impact on the Group's clients or legal entities.

The specific structured policies and directives adopted by the Group to manage risks and increase customer confidence is provided below:

- ◆ **Group Personal Data Protection Policy:** this document defines the general principles to which the Mediobanca Group must adhere in order to guarantee the protection of personal data which it processes in the course of its activities;
- ◆ **Group Information Security Policy:** this describes the objectives and general principles which the Mediobanca Group adopts in processing information to support the needs of its business and to ensure that the legal or regulatory requirements and choices in respect of risk management are duly observed. The Policy is in the process of being updated, to bring it in line with the new regulatory requisites and based on the technological changes in the IT system provided for in the IT Strategic Plan. The revised version of the Policy was approved by the Board of Directors in December 2021;
- ◆ **Group IT risk management policy:** this Group policy defines the organizational and methodological framework which the Mediobanca Group adopts in the area of IT risk management, to ensure the protection measures in force for IT resources are efficient and effective, and to tailor mitigation measures based on the risk profile;
- ◆ **Group Directive on IT and Security Incident Management:** describes the actions to be adopted in order to manage incidents relating to IT systems and the security of information which generate, or could generate disruptions for users or impact on the company's business, or entail risks for the protection of personal data;



- ◇ **Group Directive on Systems Administrator Management:** establishes the rules in order to regulate the activities performed by systems administrators, in accordance with the requirements of the Provision issued by the Italian Data Protection Authority, and identifies operating roles and responsibilities in the systems administrator process;
- ◇ **Directive on information classification and management:** this directive sets out the criteria and rules with which users must comply to ensure that information is classified and managed correctly, and so guarantee an adequate level of protection for the company's information capital. The Directive has been updated to incorporate revision of the information classification levels and the related security rules;
- ◇ **Group Directive on data masking and encryption:** this directive describes the actions and rules to adopt in managing the activities of encryption and masking of data, its communication channels and backup, for applications identified based on IT risk and privacy criticality analysis;
- ◇ **Group Directive on Log Tracking and Management:** this directive sets down the criteria and general rules to be followed in systems and log management activities;
- ◇ **Group Directive on Security in Relations with Third Parties:** this directive defines the security objectives and principles with which third parties must comply in accordance with the risk appetite defined at company level and consistent with the internal regulations on treatment of inside and confidential information;
- ◇ **Manual for data processing records:** defines the methodological approach to be used in drawing up and maintaining personal data records, the structure and minimum content of the records, the operating methods used to compile them and the instances in which the records are to be updated;
- ◇ **Manual on risk analysis and data protection impact assessment (DPIA):** defines the guidelines for executing risk analysis and DPIAs, outlining the methodological approach, the cases in which a DPIA has to be performed, the valuation metrics and the cases in which the analysis or assessment are to be updated;
- ◇ **Manual on personal data retention:** defines the criteria for identifying the retention periods for the different categories of personal data processed and the general rules according to which company procedures are to be drawn up to guarantee that the requirements in the area of data retention are applied;
- ◇ **Group directive on personal data breaches:** serves to govern the activities relating to management of data breaches, including assignation of specific responsibilities;
- ◇ **Operating procedure on risk analysis and DPIA in data privacy:** describes the processes involved in performing risk analysis and DPIA;
- ◇ **Operating procedure on the rights of interested parties in data privacy:** describes the management of data subjects' rights, making it easier for them to exercise their right to request access to data, to ask for data to be amended or deleted, or to exercise their right to oppose the data processing;
- ◇ **Operating procedure on matters pertaining to consent in data privacy:** describes how the issue of consent is managed, enabling the data subjects to withdraw or alter their consent in a straightforward manner;





- ◇ **Operating procedure on management of data privacy issues in relation to providers:** governs the preparatory activities for identifying the data privacy profiles of providers who process personal data of which the Bank is the controller;
- ◇ **Group directive on management of tracking bank operations:** provides the general criteria and rules that Mediobanca has adopted in order to meet the obligations prescribed under resolution no. 192/11, published by the Italian authority, to identify and analyse possible undue access to clients' personal data;
- ◇ **Operating procedure on records of processing activities in data privacy:** governs the process of instituting and maintaining the records of data processing activities required by the EU regulations (GDPR);
- ◇ **Operating procedure on management of personal data deletion:** governs, for each category of data subject, the regular process of large-scale deletion of personal data;
- ◇ **Group directive on third-party IT risk management:** establishes the criteria for identifying the scope of the IT third parties, and the actions to be taken with each of them in order to strengthen the risk management coverage.

The Group places great importance on training activities; since the GDPR came into force, all staff, including interns and those employed under temporary arrangements, are assigned a course on data privacy issues which includes a final test with assessment. Furthermore, all the Mediobanca Group companies, with the exception of those in cluster 3 and Messier & Associés, run a course for their staff on personal data privacy.

The annual **Information Security Awareness programme** was also completed, which follows the developments in cyber threats for the whole Mediobanca Group. The main activities entailed by the programme were as follows:

- ◇ Annual refresher course as part of compulsory training on cyber security issues with final test (in English as well as Italian);
- ◇ "Security welcome message" sent to new staff at onboarding stage;
- ◇ Security awareness signage and posters produced;
- ◇ Security bulletins sent via specific communications, to update Group users regarding the principal risks faced and phishing campaigns;
- ◇ Early warnings sent for suspicious events;
- ◇ Dedicated training sessions for critical functions (e.g. Financial Advisors, assistant bankers);
- ◇ Regular training for Directors of Mediobanca (Board induction sessions);
- ◇ Simulations of phishing campaigns to assess the level of security awareness of Group users.

For **retail clients**, specific communications have been developed to raise awareness of the main IT threats, and the guidelines to be followed for use of digital channels have been illustrated. Furthermore, **for both retail and private banking clients**, specific sections on IT security have been added to the companies' institutional and home banking websites.



In a scenario of ongoing improvement of services, the framework of controls has been fine-tuned further in order to appraise its effectiveness and highlight vulnerabilities. This year too, security measures have been defined to reduce the IT risk for the individual Group companies' assets that are below the acceptable limits.

Ongoing security checks and IT risk analysis activities are performed in order to ensure that adequate control, organizational and technological measures are in place across the whole scope of the Group, which is committed to improving cyber intelligence solutions and services.

With regard to personal data protection, the Italian companies adopt ex ante and ex post controls at local level and maintain formalized reporting flows between the Group Data Protection unit and the Group companies themselves. They also perform regular controls on the security measures adopted by providers that process personal data on behalf of the Group legal entities.

In FY 2021-22, the IT Risk & Cyber Security Unit performed the following activities for all the Group companies, which will be performed annually:

- ◇ Spear phishing simulation, to gauge users' ability to recognize this type of cyber-attack and to apply the relevant IT security procedures correctly;
- ◇ An assessment campaign of the level of user password robustness in order to identify areas of weakness that could be exploited, leading to passwords being discovered through specific hacking techniques;
- ◇ Technical security checks (vulnerability assessment and penetration tests) run on the main updates to applications and/or infrastructure;
- ◇ Structural audit of remote access security governance and an assessment of the related internal controls and the adequacy of the infrastructure used following the Covid-19 emergency, which led to a huge increase in the number of users authorized to work from home.

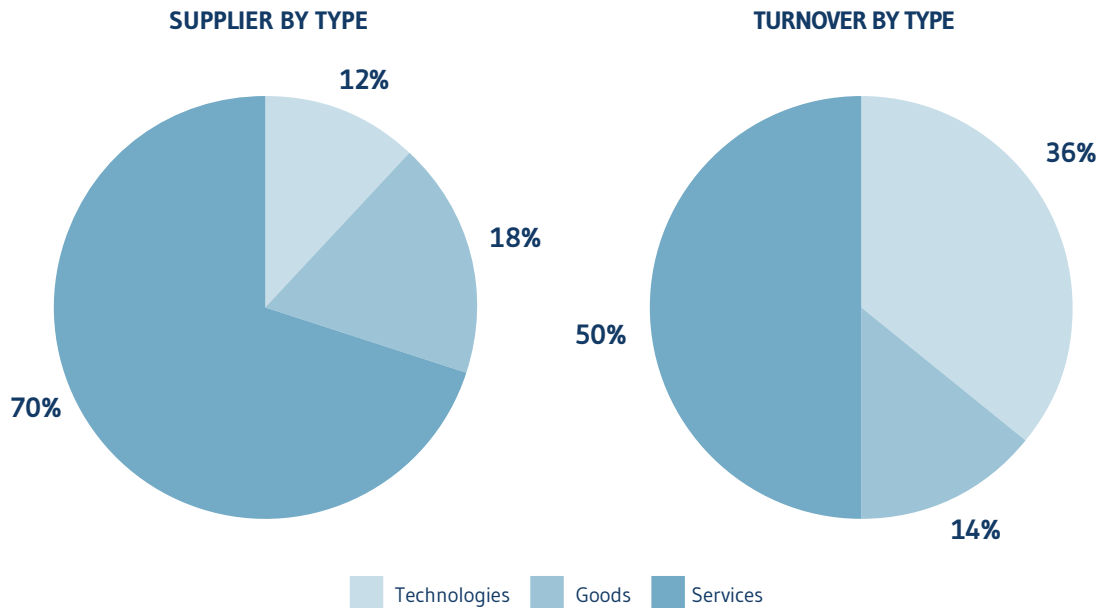
## 6.2 Responsible supply chain management

### 6.2.1 Relevant policies and risks

*[GRI 102-7], [GRI 102-9], [GRI 102-15], [GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 308-1], [GRI 414-1]*

The Group seeks to develop relations with its suppliers based on the principles of fairness, transparency and equal treatment.

During the reporting period the Group had a total of 7,113 suppliers with a turnover of €609,651m.



The acquisition of goods and services is normally centralized at the Group Procurement, which, through competitive and negotiation processes, selects the suppliers based on their knowledge and professional capabilities, their organizational solidity and sustainability and the Group's aim to obtain value for money. In particular, the Group is committed to avoiding situations of conflict of interest and ensuring selection on the basis of transparent and objective criteria.

The Group Directive on purchasing processing management and the Purchasing process management operating procedure require that suppliers involved in the competitive processes or contracts managed by Group Procurement must actually qualify under qualification guidelines set at Group level, furnishing: suitable documentation, earnings/financial data which show they are able to supply the good/service concerned, positive earnings results and no negative issues of any kind.

In order to minimize the risks associated with buying from counterparties which are unreliable or which could lead to problems in the future, the Group Procurement unit:

- ◇ Enters active or potential suppliers in the Group list of suppliers for every area of expense and the contracts managed by the unit;
- ◇ Reviews information and documents published (DURC, chamber of commerce certificate, financial statements, etc.) to check they are complete and accurate, and carry out not only analysis of the company's earnings/financial data, but also checks, through external sources, of any negative aspects regarding counterparties;
- ◇ Assigns the companies assessed a qualification status, positive or negative;
- ◇ Reviews any spontaneous applications, which may come from other suppliers for inclusion in the list of suppliers;
- ◇ Asks active suppliers to update the data and documents entered in the list of suppliers, at regular intervals;
- ◇ Manages purchasing processes inter alia through organizing competitive procedures with a



view to assigning provision of goods, work or services, thereby optimizing costs without prejudice to the requirements in terms of qualification and technical and/or service specifications;

- ◆ Manages formalization of contracts with the successful suppliers with the support of the internal Legal Counsel unit.

Relations with suppliers are conducted based on principles of fairness and integrity, and suppliers are reminded of the need to do business according to standards of conduct which are consistent with those set down in the Group's Code of Ethics. All suppliers involved in competitive processes are required to comply with the:

- ◆ Regulations protecting the rights of workers employed in the provision of their services and in particular the collective labour contracts for the relevant sectors;
- ◆ Provisions in respect of social security, accident prevention and security, and with the specific regulations in force on the subject of health and safety in the workplace;
- ◆ The principles set down in the Group's Code of Ethics when an order is transmitted or a contract executed.

To this end, suppliers newly registered in the Group's list of suppliers must sign a declaration confirming that their staff members are treated without distinction and/or discrimination (in terms of policy, religion, etc.), that they reject forced and child labour, condemn every form of harassment, and guarantee decent working conditions for all their employees. Counterparties which do not accept the Mediobanca Group Code of Ethics and refuse to sign the above declaration are accordingly excluded from the Group's supply chain.

All suppliers managed by the Group Procurement unit are also asked to ensure as follows by means of a declaration:

*"that all its staff are treated without distinction, exclusion, restriction or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities. The company also guarantees respect for diversity and non-discrimination at every stage of each employee's working experience; it also safeguards the right and freedom of association and collective bargaining, rejects forced labour and child labour and any time of harassment, whether physical, verbal, sexual or psychological, abuse, threatening or intimidatory behaviour in the workplace, guaranteeing working conditions which are respectful and favourable for its staff, including for issues relating to payment. The company also declares that it will monitor its own sub-contractors with respect to compliance with the above requisites."*

A project to carry out an ESG assessment of the suppliers covered by Group Procurement was launched in the second half of the year with Cerved Rating Agency.

Cerved is an Italian rating agency specializing in the assessment of companies' credit standing. The agency also carries out assessments of the sustainability of financial operators, such as companies, financial institutions, and insurers, developing innovative solutions through an ESG methodology in line with best international practices.

The agency offers its clients a digital platform which they can use to collect and measure their suppliers' non-financial data, with the objective of providing external certification. The data



collection and assessment process for an initial batch of 50 suppliers has been launched. At present, 36 of these have been rated by Cerved and received a specific score; thus we may say that in the financial year under review, 18% of the 200 suppliers covered by Group Procurement have been ESG-rated.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Responsible supply chain management</b></p>	<p>Non-compliance by business partners and suppliers (of goods and services) with laws, regulations and/or general principles laid down in the Group's Code of Ethics (e.g. proper conduct and honesty, impartiality, protection of the environment, protection of health and safety) and/or with protection of human rights</p>	<p>Group Procurement Committee</p> <hr/> <p>Group Directive on Purchasing Process Management, and specific operating procedures defining the process for qualifying and monitoring suppliers</p> <hr/> <p>AML due diligence procedure</p> <hr/> <p>Inclusion of an ESG self-assessment questionnaire in the supplier selection process</p>
<p><b>Risk Management</b></p> <p><b>Responsible supply chain management</b></p>	<p>Decentralized management of strategic single sourcers</p>	<p>Group Procurement Committee</p> <hr/> <p>Group organizational unit responsible for selecting suppliers (Group Procurement), which operates on the basis of the relevant internal regulations</p> <hr/> <p>Existence of specific sections within the Code of Ethics and Organizational Model instituted pursuant to Italian Legislative Decree 231/01 on responsible supply chain management</p> <hr/> <p>Group Directive on Purchasing Process Management and Group Directive on Managing Outsourcing Arrangements</p> <hr/> <p>Specific operating procedures</p> <hr/> <p>Monitoring and management of the qualification process for Group list of suppliers</p> <hr/> <p>Analysis and monitoring of feedback from contract owners, and ad hoc checks run on suppliers using external info-providers</p> <hr/> <p>Suppliers screened at the qualification and assignment phases and while the service is being provided, and ongoing monitoring of strategic suppliers</p> <hr/> <p>Third-level audits performed</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<p><b>Responsible supply chain management</b></p>	<p>Internal control system inadequate with regard to the supply chain, in particular with reference to ESG criteria characterizing the process of selecting, assessing and monitoring of suppliers (of goods and services) and business partners, with possible adverse impacts in reputational terms</p>	<p>Group Procurement Committee</p> <hr/> <p>Group organizational unit responsible for selecting suppliers (Group Procurement), which operates on the basis of the relevant internal regulations</p> <hr/> <p>Group Directive on Purchasing Process Management and Group Directive on Managing Outsourcing Arrangements</p> <hr/> <p>Specific operating procedures</p> <hr/> <p>ESG self-assessment questionnaire included in the supplier qualification process</p> <hr/> <p>Adequacy checks on documentation and data provided by suppliers, through use of info-provider platforms</p> <hr/> <p>Further enquiries on any reputational aspects and issues in the areas of human rights/the environment</p>

## 6.3 Investors and shareholders

[GRI 102-7]

The Mediobanca Group considers relations with its investors and shareholders as one of the company's ethical and strategic responsibilities in order to create effective two-way dialogue between the company itself and the financial community.

The Group liaises constantly with investors and shareholders to pursue its mission, which has three main objectives:

- ◆ To create a base of institutional and retail investors for the medium/long term for its own shares and bonds;
- ◆ To promote stock liquidity and share price stability;
- ◆ To foster ongoing, constructive dialogue between investors and senior management, including with reference to strategic decisions.

To reach these objectives, the Group guarantees timely, reliable and comparable disclosure to the market which is comprehensible by all categories of user. This activity, which is performed by the Group Investor Relations unit, is addressed to all Italian and international institutional investors in the equity, credit (including rating agencies) and ESG (including proxy advisors) segments. The Group Directive on relations with shareholders and the market was recently completed with the approval, by the Board of Directors at a meeting held on 22 June 2022, of the new **Board Investor and Proxy Advisor Engagement Policy**, defining the means of engagement between investors and the Board, in line with the legal provisions in force, identifying the interlocutors, the subjects for discussion, and the process for managing the requests.



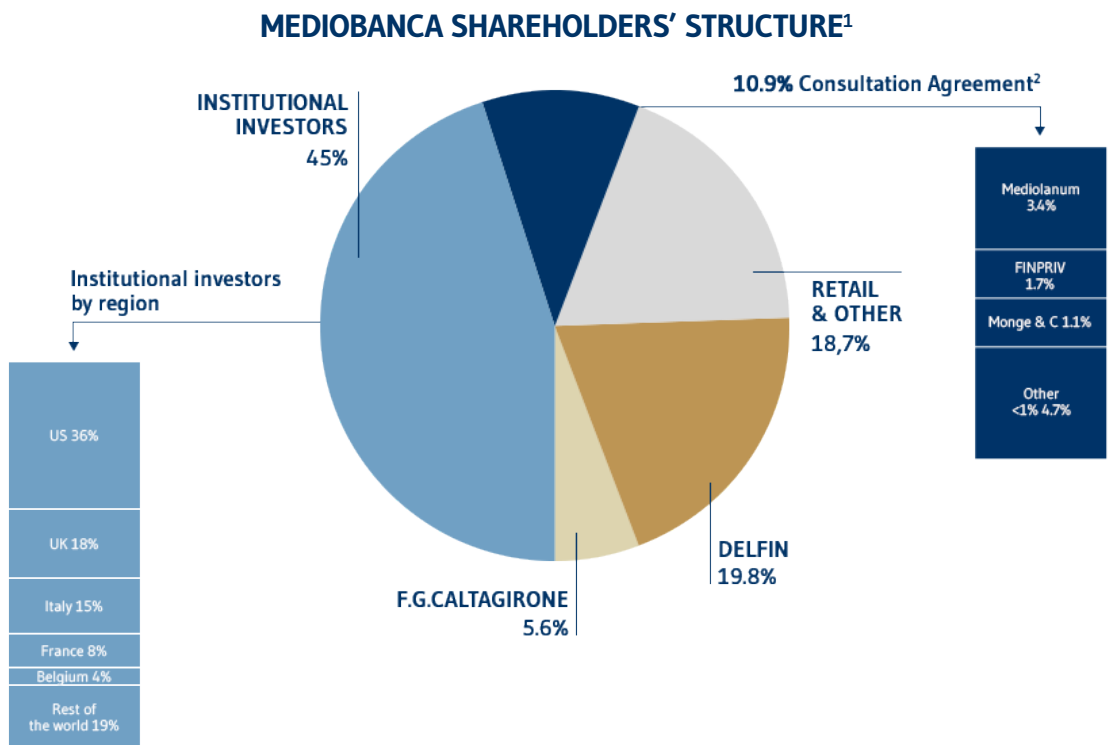


For the transmission and storage of regulated information, Mediobanca uses the eMarket SDIR and the eMarket STORAGE mechanisms.

Mediobanca has more than 45.000 shareholders, split between institutional and retail investors. Some of the institutional investors, representing approximately 11% of the company's share capital, are parties to a consultation agreement which makes no provision for its commitments in terms of lock-up or votes in respect of the shares syndicated under its terms. The agreement governs the means by which the parties meet to share reflections and considerations regarding the Group's performance, without prejudice to the principle of full parity of information versus the market.

In recent years the weight of institutional investors has increased significantly, as has the geographical diversification of the shareholder base as a result. Today only 15% of the institutional investors are Italian, while the remainder come primarily from the United States (36%), the United Kingdom (18%) and the rest of Europe.

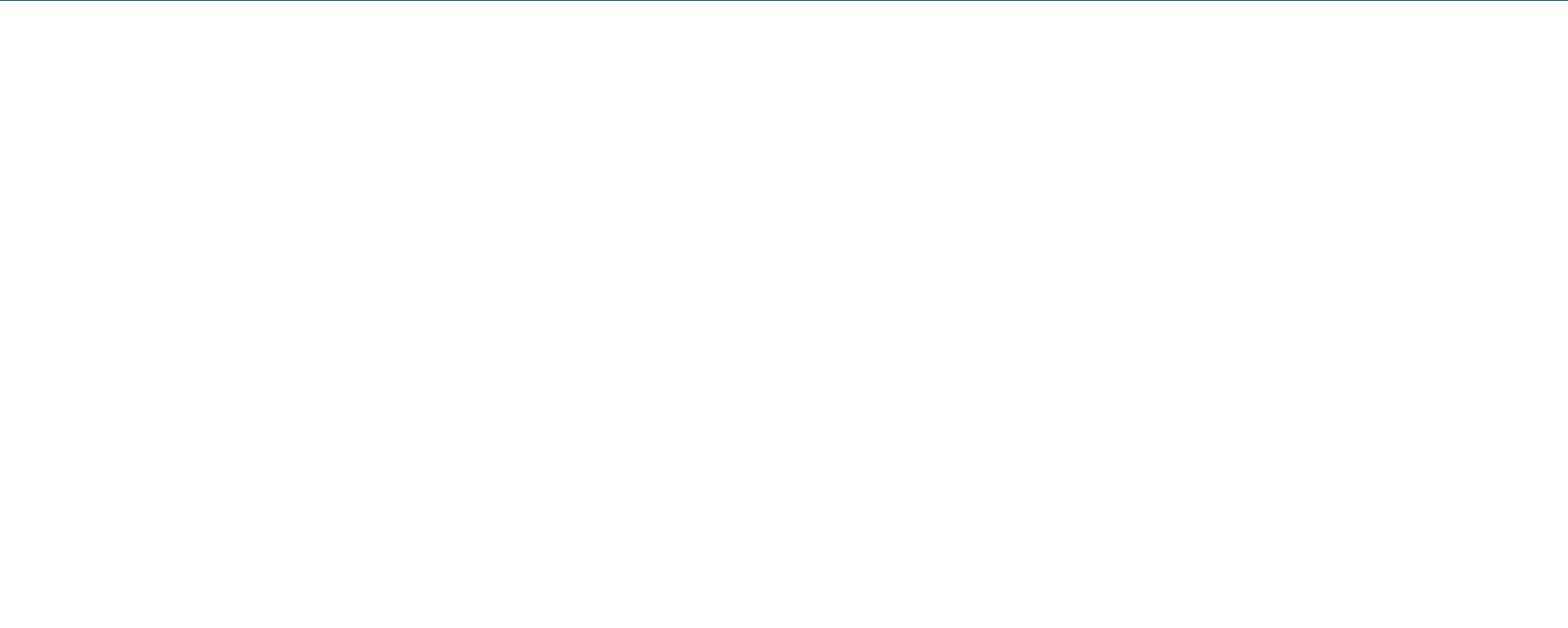
According to the most recent shareholder analysis, SRI investors account for approx. 11% of the free float.



1. Institutional investor breakdown by geographical source: Nasdaq Shareholder Analysis, August 2022  
 2. No provision made for commitments either in terms of lock-up or voting rights over shares syndicated. The agreement governs the means by which shareholders meet to share reflections and considerations regarding the Group's performance, in accordance with the principle of parity of information versus the market

In the reporting year, the Investor Relations team has taken part in almost 200 meetings and conference calls, meeting with some 600 analysts, most of whom (80%) non-Italian.







# Community



MEDIOBANCA



# 7. Community

## 7.1 Economic value generated and distributed

[GRI 201-1]

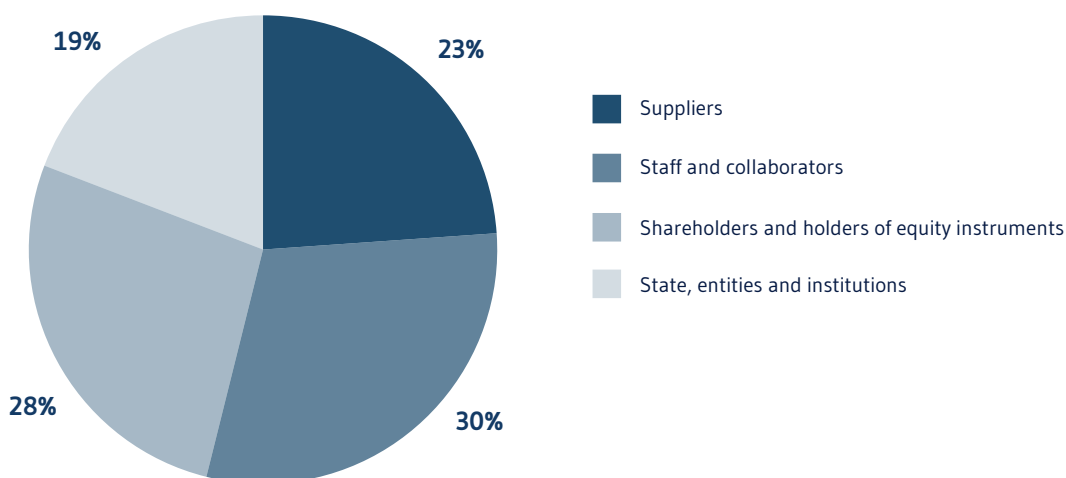
The Mediobanca Group recognizes the importance of a balanced distribution of the value created from the activities it carries out versus its own stakeholders, value which the stakeholders themselves have directly or indirectly contributed towards creating.

The table below shows a list containing a quantification of the wealth generated by the company and its impact on the main categories of stakeholder with which Mediobanca dialogues in the course of its business.

In FY 2021-22, more than 99.5% of the wealth produced by the company was distributed to its own stakeholders; in particular staff and collaborators and shareholders were among the categories of stakeholder that benefited the most from the wealth generated by Mediobanca, receiving 30% and 28% of the total wealth distributed respectively.

### ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE GROUP (€'000)

	2021-2022	2020-2021
<b>Economic value generated</b>	<b>2,281,124</b>	<b>2,294,832</b>
<b>Economic value distributed</b>	<b>2,270,680</b>	<b>2,092,605</b>
Staff and collaborators	671,474	636,708
Suppliers	516,640	486,878
Third parties	2,677	1,623
State, entities and institutions, community	443,098	390,912
Shareholders and holders of equity instruments	629,164	569,164
Collective and the environment	7,627	7,320
<b>Economic value withheld</b>	<b>10,444</b>	<b>202,227</b>



## 7.2 Entities and Public Institutions

[GRI102-12], [GRI 102-13]

The Group seeks to entertain constructive, ongoing and transparent relations with all its stakeholders, including entities and public institutions.

Relations with the regulatory authorities, institutions and public entities are based on principles of proper conduct and transparency, with respect to the different roles and excluding behaviour and attitudes which seek to obtain improper and/or undue influence on conduct or which may even only appear to do so, thereby frustrating every form of bribery and corruption.

Mediobanca does not make charitable donations to political movements or organizations, and any personal involvement by staff in political organizations has no relation to the function performed by them within the Group and is conducted in accordance with the provisions of the regulations in force.

Since 2015 Mediobanca has been registered in the Transparency Register run by the European Commission. The Register is a database that lists organizations in order to control lobbying activities by interest representatives across the European Union, and provide information on civil society, to ensure open and transparent dialogue between the politicians and decision-makers in Europe.

Mediobanca, as a result of its desire to ensure that any lobbying activity is tracked properly, has signed up to the code of conduct instituted in respect of the Transparency Register, a database listing the organizations that seek to influence the legislative process and the process of implementing the EU institutions' policies. The Register highlights which interests are pursued, who is pursuing them and with what funding. In this way public control is made possible, allowing citizens and other interest groups the possibility of monitoring lobbyists' activities.

The estimated annual cost of activities relating to the Transparency Register's scope of application is between €50,000 and €99,999.

With reference to activities addressed to the community in the last financial year, the Group has worked closely and from a position of trust with local and national entities and institutions to develop initiatives and events in the cultural, artistic, social and sporting arenas. This commitment underlines the Group's





desire to support our communities in positive fashion, not merely by the traditional means of making firms more competitive but also through a serious and ongoing commitment to the priorities and needs of the areas themselves, in which the Group offers the skills and resources typical of a financial institution to support them in their growth.

Some of the main institutions which the Group partners and works with in the financial services area are as follows:

- ◆ **ABI - Italian Banking Association:** the association's membership comprises directly or indirectly the entire universe of Italian credit institutions and credit institutions operating in Italy, along with virtually all of the financial intermediaries;
- ◆ **ABI Lab:** the research and innovation centre for banks promoted by ABI intended to create a hub for banks and ICT and energy partners to meet and exchange ideas;
- ◆ **AFME - Association for Financial Markets in Europe:** the European association for financial intermediaries operating in wholesale banking;
- ◆ **ASSOFIN - Association for Consumer Credit and Mortgage Lending:** Italian association for the leading banking and financial operators in the areas of consumer credit and mortgages.
- ◆ **ASSOGESTIONI** - Italian fund managers' association, representing most Italian and non-Italian fund managers operating in Italy, as well as banks and insurance companies operating in individual and collective asset management services;
- ◆ **ASSONIME:** an association of Italian listed companies founded in 1910, which serves as a focus for analysis and discussion of problems which directly or indirectly regard the interests and development of the Italian economy;
- ◆ **ASSOSIM:** the Italian association of brokers operating on financial markets carries out research and training activities, and represents its members in the consultations and round tables launched by Consob and the Bank of Italy on regulatory and financial issues;
- ◆ **Conciliatore Bancario Finanziario:** this non-profit organization specializes in the mediation of disputes arising in banking, financial and corporate matters;
- ◆ **European Issuers:** pan-European organization which represents the interests of publicly quoted companies from all sectors to the EU institutions;
- ◆ **International Capital Market Association (ICMA):** non-profit organization and category association for participants in capital markets;
- ◆ **Net Zero Banking Alliance (NZBA):** alliance promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), the UN Programme section devoted to financial institutions, set up with the objective of accelerating the sustainable transition of the international banking sector;
- ◆ **Principles for Responsible Banking (PRB):** launched by the United Nations in 2019 to support sustainable development by banks, aligning it with the UN 2030 Agenda and Paris Climate Agreement 2015 objectives;
- ◆ **PRI – Principles for Responsible Investment:** launched by the United Nations in 2006, to promote the adoption of sustainable and responsible investment by institutional investors;



- ◆ **Task Force on Climate-related Financial Disclosures (TCFD):** set up in December 2015 by the Financial Stability Board (FSB) – the international body that monitors the global financial system – the TCFD issues recommendations to develop more effective climate-related disclosures;
- ◆ **United Nations Global Compact:** a UN initiative devised to encourage companies across the world to adopt sustainable policies and comply with corporate social responsibility obligations and to publish the results of the actions they have taken in this area.

### 7.3 Impact on and investments in the community

The Mediobanca Group plays an active role in the community in which it operates and pursues growth and value creation objectives which are sustainable over the long term for all its stakeholders and are respectful of people, the environment and society as a whole.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
Community	Inadequate/wrong planning and management of project initiatives to support the communities where the Group operates, including as a result of partnerships with third parties not in line with the ethical, environmental and social standards for which the Group is known, with possible adverse impact in reputational terms, or discrimination in community support activities, or inability to identify categories most at risk of financial/ social exclusion and in need of significant help	<p>Group Board CSR Committee</p> <hr/> <p>Management Sustainability Committee, Group Sustainability unit, and ESG working groups</p> <hr/> <p>Co-ordination and monitoring of the Group's corporate citizenship activities</p> <hr/> <p>Monitoring of sponsorships and donations in connection with the provisions of the Organizational Model instituted pursuant to Italian Legislative Decree 231/01</p>

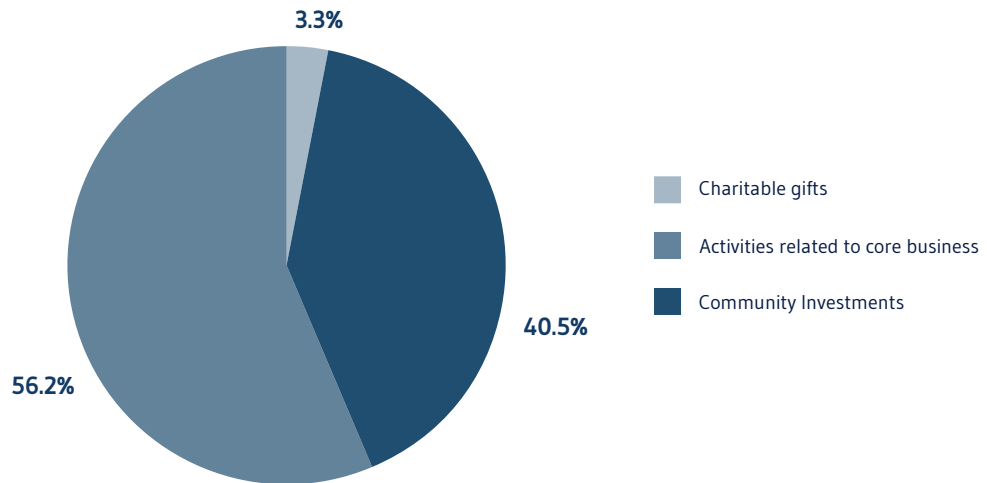
To this end it promotes numerous initiatives with social impact, including via donations by providing solidarity and support, both in Italy itself and the other countries in which it operates.

The Group also encourages its staff to be actively and concretely involved in projects to support the local community. During the year under review, and despite the medical emergency, some 275 members of staff devoted around 12,400 hours of volunteering during working hours.

The Group's aggregate contribution to the community for the year amounted to over **€7.6m**, higher than last year, due to the one-off donation of €1.5m to the work of Fondazione Opera San Francesco per I Poveri.

The calculation was made using management data in part based on estimates, whereas the type of analysis is based on the Guidance issued by the **London Benchmarking Group (LBG)**, the global standard in measuring and managing corporate community investment.

In accordance with the LBG model, to measure and represent the Group's commitment, the contributions provided have been split into three categories (charitable gifts, community investment and activities related to core business).



In its selection of projects for development, the Group has also identified certain selection criteria and in particular three areas in which to concentrate its involvement: environment and territory; culture, research and innovation; and social inclusion.

### 7.3.1 Environment and territory

The Mediobanca Group is aware of the rapid changes affecting the climate and environment as a whole. In a scenario of where environmental impact management is becoming increasingly crucial, the Group acknowledges the importance of protecting the environment as the primary resource of well-being for both current and future generations. For this reason the Group is committed to managing its resources responsibly to reduce its own carbon footprint and the impact generated on the environment as a result of its businesses.

In 2021 too, the Mediobanca Group was **carbon neutral (Scope 1 and 2)**, by offsetting its remaining CO<sub>2</sub> emissions following the domestic mitigation actions undertaken, equivalent to 3,437 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>eq), representing a sharp reduction compared to last year. The carbon neutralization project was made possible by acquiring carbon credits generated from two international carbon offset projects: one hydroelectric, in India, and one REDD+ (Reducing Emissions from Deforestation and forest Degradation), in Brazil, to generate clean energy and promote conservation of an area of the Amazonian forest.

This international certified project has been complemented by our commitment to local forestation which involves acquiring, planting and maintaining 1,000 trees, to be planted by members of the Group's staff in the Parco delle Madonie in the province of Palermo, which was devastated by fires during the autumn of 2021.

The **Mediobanca Innovation Services (MIS) offices** are fitted with various "green" technologies, including its heating and ventilation systems; the original system used to insulate the building's exterior has enabled substantial reductions in greenhouse gas emissions, driving a major reduction in the Group's consumption and emission levels.



Other initiatives in this area include:

- ◆ **Fondo Ambiente Italiano:** is one of the “FAI 200”, a group of generous patrons who, with their companies, support the FAI (Fondo Ambiente Italiano) in its mission to protect, care for and valorize the historical, artistic and environmental heritage of Italy.
- ◆ **Urban reforestation:** this project, implemented by CheBanca! and Compass, in collaboration with the Rete Clima association, is intended to offset the environmental impact caused by publication of their respective branch magazines (109C Magazine and Incontro Magazine). The trees planted by staff members will neutralize the entire amount of CO<sub>2</sub> emissions generated by the two publications over their whole life cycle.
- ◆ **The Living Sea:** CheBanca! has chosen to support this environmental education and sustainable development project compiled by Marevivo Onlus and Focus on Nature (FON) in the form of a photographic exhibition at the Natural History Museum of Venice and a series of meetings on issues related to the problems facing the sea and the threats to marine biodiversity.

Outside Italy **RAM AI** offers investors innovative solutions with clear and ambitious climate objectives. In 2020, with the launch of the RAM Stable Climate Equities Fund, the company has taken a step forward on the path to transition. The fund’s carbon footprint is offset through support projects certified by the UNFCCC to reduce or eliminate the release of greenhouse gases into the atmosphere. In particular, the contributions have been earmarked for renewable energy or energy efficiency projects in developing countries with positive impacts on the local and global communities.

### 7.3.2 Culture, research and innovation

The Mediobanca Group’s commitment to culture and research bears out our awareness of the responsibility which our company has on a civic and social level as well, in the knowledge that our role is bigger than merely the pursuit of economic gain. From as early as the years following its inception, Mediobanca has promoted important publishing initiatives, and has been committed to valorizing its architectural and archival heritage. Equally important is the attention we devote to scientific and economic research which is a core feature of the Group’s identity.

In this area the following activities should be noted:

- ◆ **MB Research Area:** The Research Area is a centre which specializes in economic and financial analysis and research, with a focus on manufacturing enterprise and the industrial economy, issues to which Mediobanca has always ascribed substantial importance, including in connection with its own core business. The area has its own database input with the results of individual restatements of balance-sheet acquired exclusively from official and primary sources. Having proprietary data available has enabled the area to construct coherent and consistent historical series, some of which date back to the early 1970s in the case of company data and to the 1930s for the stock market figures. Research activity is currently focused on two main strands: the former covers areas of excellence in Italian production activities, in particular health, which ranges from food on the one hand to hospital facilities on the other, with a focus on the medium-sized segment of mainly family-owned companies.

The second is focused on production activities at the technology frontier: ranging from internet



and software companies to those operating in media and entertainment, from TLC players to the world of fintech.

Much of the data thus processed is available free of charge at the area's website ([www.areastudimediobanca.it](http://www.areastudimediobanca.it)). Engagement activity included media presentations and taking part in events promoted mainly by universities and institutional entities. The outlay incurred annually by Mediobanca for the Research Department's activity, measured exclusively by giving-back criteria, amounts to around €3.5m.

The Mediobanca Research Area also offers a generous number of internships to candidates looking for an opportunity to acquire basic skills in economic and financial analysis and in analysis of industrial sectors.

- ◆ **"Vincenzo Maranghi" Historical Archive:** the objective of Mediobanca's historical archive is to preserve the Bank's wealth of documents and make it accessible. The archive has been open to scholars since November 2019 can now be consulted online via the new website which went live in April 2022. Documents for the period from the Bank's foundation until 31 December 1966 are available. In 2014 the Archive was given the status of being "of particularly important historical interest". In the publishing area, the Historical Archive has now published a total of five monographs, all of which may be downloaded from the new website free of charge, and printed versions are also available. The most recent publication is a collection of source material entitled *Mediobanca e le aziende alimentari del Gruppo Fidia: Bertolli, Cora, De Rica e Samis*. The first such volume of source materials, a volume on the rescue of Olivetti in the 1960s (*Mediobanca e il salvataggio Olivetti. Verbali delle riunioni e documenti di lavoro, 1964-1966*), was followed in 2021 by the publication of *Mediobanca e le relazioni economiche internazionali dell'Italia. Atlantismo, integrazione europea e sviluppo dell'Africa, 1944-1971*, by Giovanni Farese.
- ◆ **Mediobanca Historical Library:** set up in 2014, the Historical Library gives the public access to the Bank's holdings of rare and precious volumes on the history of Italian and international economic analysis, collected over the years by Enrico Cuccia, Vincenzo Maranghi and Ariberto Mignoli. The collection holds over 12,000 volumes.
- ◆ **Istituto Europeo di Oncologia:** the IEO was founded in Milan at the initiative of Mediobanca which is a leading shareholder almost 25% of the share capital. The IEO is the leading private comprehensive cancer centre in Italy, combining clinical work with research. It also owns the Istituto Monzino, the leading specialist cardiology centre in Milan. The IEO-CCM Foundation, which supports the research carried out by the Istituto Europeo di Oncologia and the Centro Cardiologico Monzino directly, has raised over €46m to support research from 2000 to the present date. Each year the Foundation awards grants to young researchers to carry out clinical and experimental research (206 new grants have been made in the last five years), to allow medical and paramedical staff to go on refresher courses, and to help in the acquisition of cutting-edge equipment and machinery to allow more lives to be saved and enable cancers and cardiovascular illnesses to become easier to cure.

For several years now Mediobanca has also been supporting the work of various cultural organizations such as: **Civita**, which works to promote and protect Italy's cultural and environmental heritage; **ISPI, the Italian Institute for International Political Studies**, which carries out research and analysis into the risks and opportunities at world level for companies and institutions; and the **Ugo La Malfa Foundation**, whose mission is to carry out analysis and research into issues and



problems of economic importance and national and international policy.

**CheBanca!** has always been aware of the talent represented by younger generations, and to this end has renewed its partnership with the **National Theatre** of Milan, a prestigious institution in terms of its social and cultural value which is committed to supporting and staging shows, musicals, concerts and various initiatives, and to training the new generations in these arts.

Outside Italy, **CMB Monaco** has shown substantial commitment in the area of culture, sponsoring a variety of local institutions over the years, such as the **Grimaldi Forum**, Monaco's leading cultural and tourist centre, hosting a wide range of shows and events, including the sixth Art Monte Carlo art fair, and a major exhibition on Christian Louboutin. In the twelve months CMB Monaco also sponsored the **Monaco Inter Expo** and the **Dubai Pavilion**, which in the United Arab Emirates has seen more than 920,000 visitors, with the objective of representing and promoting the Principality of Monaco throughout the world.

In the United Kingdom, **Cairn Capital** has decided to measure its own carbon footprint with the aim of offsetting it. Between 2019 and 2021, the Scope 1 and 2 emissions and part of the Scope 3 emissions (commuting and work-related travel) were reduced by 444tCO<sub>2e</sub> or 56% of the total emissions. Cairn Capital is presently climate-neutral, as a result of its support for three offset projects: a wind energy project in Brazil, a solar energy project in Namibia, and a forestry protection project in Colombia.

In Switzerland, **RAM AI** is involved in the **RAM Active Philanthropy Foundation**, supporting numerous projects in the areas of medical and scientific research, including: the **Italian MS Association (AISM)**, which supports, directs and finances scientific research into this terrible disease; the **CANSEARCH Foundation**, which has created the first research platform specifically focused on paediatric oncology-haematology, based in Geneva; and the **ARTC – Association pour la Recherche sur les Tumeurs Cérébrales**, set up with the main goal to promote brain tumour research through fellowships or scholarships to young researchers and through direct support of research projects at an early stage.

### 7.3.3 Social inclusion

The Mediobanca Group is convinced that an inclusive society must be based on mutual respect and solidarity, guaranteeing equal opportunities and a decent standard of living for all.

To be inclusive is a way of coexisting based on the conviction that each individual is of value and belongs to the community. Defined thus, inclusion may be implemented in a variety of settings.

In the sporting environment, Mediobanca, Compass and CheBanca! have joined forces to show their support for the core values traditionally associated with sport: honesty, responsibility, determination and team spirit. The many initiatives supported by the Group include:

◆ **INSIEME /TOGETHER**: a long-term project devised in conjunction with CUS Milano Rugby and the Milan city council, to promote opportunities for sport among young people forming part of the weakest areas of society at risk of exclusion in certain peripheral areas of Milan. The initiative, which began in 2017 in the Milanese suburb of Quarto Oggiaro, has subsequently extended to the Via Padova area and Baggio areas.





The sports activities themselves (rugby, volleyball and athletics in particular) will be assisted by the presence of a psychologist to provide support in cases involving the most difficult family situations. Several volunteers from the Group also took part in the activities on the pitch.

The Group has also financed the refurbishment of the sports facilities most in need of upgrade in the areas involved and has renewed its support for a second three-year period (2020-23).

- ◆ **Mediobanca Group Sport Camp:** a multi-sport camp developed in conjunction with the Milan City Council and run at the “Cesare Beccaria” Institute in Milan to give young offenders an opportunity to spend a week playing sport in a healthy environment which promotes competition, respect for the rules and fair play. The project has also involved improvement of the facilities themselves, with the installation of rugby posts and new goal posts for football. In 2022, the camp was run for the sixth year at the start of September, once again with the direct involvement of some of our own staff participating in the activities and assisting the Camp trainers in the course of the week.

On the back of their ongoing focus on young people at risk of social exclusion, Mediobanca and CheBanca! have renewed their long-term partnership with Associazione Cometa to run a project under the name of **Accademia del Legno** (the “Academy of Woodworking”), now in its sixth year of activity, an organization to be run according to a social business model which facilitates the inclusion of young people coming from situations of social, economic and personal difficulties in the workplace, with the objective of becoming a sustainable and self-standing business, which develops services and products of excellence in the furnishing and interior décor sector. There are therefore two sides to the Academy: on the one hand it focuses on training, which is essential for the growth and future career of the students enrolled in the “Oliver Twist” school run by Cometa; while on the other, it functions as a genuine, artisanal start-up venture, manufacturing products of high value in quality terms to be marketed in Italy and exported to international markets. The project has been confirmed for the next three years (2021-24).

In 2022, Mediobanca has confirmed its support for VIDAS, a charity which provides complete healthcare and assistance free of charge to patients suffering with terminal cancer, both at home and in the Casa Vidas hospice in Milan. Mediobanca has decided to focus its support on funding the construction of the **Casa Sollievo Bimbi** which provides care and relief for children and young people at advanced stages of incurable cancer and their families.

In the area of inclusive education, the partnership with Fondazione Mission Bambini has been confirmed, with a new initiative to redevelop outside areas of schools for children and young people in socially vulnerable environments. Volunteers from the Mediobanca Group will once again be involved in the project, which also includes the provision of psychological and emotional support for the school children within a dedicated area, plus enhancement of the schools’ computer equipment.

In the second half of the year, a three-year agreement was also signed with the charity **Opera San Francesco per i Poveri** to develop a new day respite centre as part of a facility for the neediest members of society located in the suburbs of Milan.

As a result of the humanitarian crisis that has developed in Ukraine, an internal fund-raising campaign was launched, to which Mediobanca itself made a sizeable contribution. The sum raised was donated to the **CESVI Foundation**, a charity which is involved in supporting refugees from the war.



The gift matching programme has also continued, by which Mediobanca annually supports a variety of solidarity initiatives, in some of which staff members themselves have taken part as proof of our commitment.

The initiative to donate 1x1,000 of new funds deposited in the tied deposit accounts from the promotion has also continued, enabling **CheBanca!** to make regular donations to the most vulnerable members of society. In the last year the bank has confirmed its support for **Fondazione Progetto Arca**, to help families in economic difficulties by further strengthening the Food Emergency project, through which 14,600 food parcels have been distributed in nineteen cities.

CheBanca! has also chosen to support the **Italian league against cancer** for the Milan-Monza-Brianza area, by strengthening the Childcare programme for children and young people with cancer and their families, with the objective of providing them with care and assistance throughout the entire period in which they are in hospital.

In the United Kingdom, **Cairn Capital** has made a contribution to **Save the Children** for the situation in Ukraine, where the NGO is engaged in providing essential humanitarian aid, including cash, food, personal hygiene items and blankets to support children and their families.

In Monte Carlo, **CMB Monaco**, including with the involvement of its own staff, again took part in the No Finish Line marathon for charity to support the **Children & Future** association which helps to protect children and ensure that their rights are respected. A generous donation was also made to the Monégasque branch of the **Red Cross**, an organization which has always been in the front line in tackling the largest global disasters. During the year, CMB Monaco has also supported **Monaco Disease Power**, an association that helps children with physical and mental disabilities, and **Sauvez le Coeur des femmes**, a charity involved in the fight against cardiovascular diseases in women.

In Switzerland, **RAM AI**, through the **RAM Active Philanthropy Foundation**, supports numerous social projects, including the following:

- ◆ **Children of the Dawn**: an organization based in South Africa which supports initiatives for children who are orphans as a result of their parents dying from AIDS.
- ◆ **1001Fontaines**: an association which seeks to improve the health of the rural populations in India, Cambodia and Madagascar by offering them sustainable and independent access to safe drinking water.
- ◆ **Terres des Hommes Valais**: a Swiss organization which, as part of a specialized care programme, welcomes children with diseases and malformations who require specialized operations, using advanced technologies not available in their country of origin.







# Environment and climate change



MEDIOBANCA





# 8. Environment and climate change

## 8.1 Relevant policies and risks

*[GRI 102-11], [GRI 102-15], [GRI 103-1], [GRI 103-2], [GRI 103-3]*

The Mediobanca Group is sensitive to the need to protect the environment, and climate change, as the primary resource of human well-being, and its decisions are geared towards ensuring compatibility between economic initiative and environmental requirements in accordance with the regulations and codes of conduct in force.

The Group, as stated in the Group Sustainability Policy, is aware of the impact deriving from the company's activities, and of the role which it can play in the promotion of responsible behaviour. Accordingly, it intends to manage the risks and rise to the challenges deriving from climate change which could materially impact on the development of its business and its ability to generate value over the long term. To this end, acknowledging its impact on the environment, direct and indirect, it identifies and assesses the associated risks, and seeks to promote sustainable business through its own initiatives intended to limit impact related to its business.

To improve its environmental performance, the Group has identified the following areas with specific targets integrated into the 2019-23 Strategic Plan:

- ◇ Reduction of direct impact on the environment: energy savings, increase in energy from renewable sources, cutting CO<sub>2</sub> emissions and promoting sustainable mobility through increasing the percentage of hybrid cars as part of the company fleet;
- ◇ Supporting the energy transition: increase in green mortgages and issue of new environmental products;
- ◇ Reduction of indirect impact on the environment: environmental, social and governance criteria integrated into the screening process for new investments/loans and purchasing and supplier selection processes based also on ESG criteria.

With reference to assets covered by leasing contracts which return to the company's ownership (e.g. because they have not been redeemed or have been collected following contract terminations), i.e. assets held as part of real estate funds, all necessary measures are taken to mitigate any environmental risks. The services of leading companies specializing in decontamination and waste disposal may be used to perform such activities.

Climate change risks have also been assessed as part of the ESG risk assessment process described in Section 3.3. These risks have been identified using the approach proposed by the TCFD, with a distinction made between physical and transition risks, with the latter more material for the Group. The table below lists the environmental and climate change risks identified in the ESG Risk Assessment process:



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIONS
<p><b>Management of direct environmental impact</b></p>	<p>Inadequate management of energy resources, raw materials and waste; failure to reach objectives in terms of reducing emissions and sourcing energy, and/or failure to set measurable material sourcing objectives</p>	<p>Group Procurement Committee</p> <hr/> <p>Group organizational unit for selecting suppliers</p> <hr/> <p>Group organizational unit for facility management and managing suppliers in this area</p> <hr/> <p>Mobility Manager to co-ordinate staff mobility issues</p> <hr/> <p>Group Sustainability Policy promoting sustainable business limit impact generated</p> <hr/> <p>Home-Work Commute Plan, drawn up for the city of Milan</p> <hr/> <p>Definition of measurable sustainability objectives in order to reduce energy consumption</p> <hr/> <p>Awareness initiatives through providing information (company intranet) and training (e-learning courses)</p> <hr/> <p>Initiatives to minimize energy consumption during refurbishments, and other initiatives to ensure waste is minimized and managed properly</p> <hr/> <p>Renewable energy sourced for Italy and the international branch offices</p> <hr/> <p>Sourcing of FSC-certified paper (in Italy 100%)</p> <hr/> <p>Gradual reduction of plastic food packaging</p>
<p><b>Indirect environmental impacts and climate change</b></p>	<p>Physical risk: risk deriving from the occurrence of extreme climate events (such as floods, landslides, tornadoes, etc.), more gradual climate changes (e.g. increases in temperature, rising sea level, loss of biodiversity, etc.) due to climate change, with financial implications in terms of direct impact (e.g. material damage to properties, including leased properties, and/or reductions in productivity), or at the same time representing factors triggering various existing categories of risk (e.g. operational risk)</p>	<p>Group organizational unit which defines guidelines and implements action in the physical security area</p> <hr/> <p>Crisis Unit</p> <hr/> <p>Existence of a Group Business Continuity Management (BCM) office to supervise business continuity</p> <hr/> <p>Group Sustainability Policy</p> <hr/> <p>ESG training activity for staff</p> <hr/> <p>Monitoring the climate risk relevance level for the geographical areas in which the company's offices and buildings are located</p> <hr/> <p>Screening the level of climate risk coverage in insurance policies</p>





## 8.2 Managing the business's impact on the environment

[GRI 103-3], [GRI 307-1]

The Mediobanca Group is committed to limiting the impact on the environment generated by its operations, through:

- ◇ Ongoing monitoring and improvement of environmental efficiency, with reference in particular to the consumption of resources;
- ◇ Developing initiatives to improve energy management, including by sourcing energy from renewable sources and through the use of innovative, lower-impact technologies and solutions;
- ◇ Rationalization of use of resources (e.g. electricity, paper and water);
- ◇ Improvement in waste management by using sustainable disposal methods where possible;
- ◇ Maintenance of properties and equipment so as to progressively improve environmental performances;
- ◇ Prior assessment of the environmental impact of the new processes, new systems/equipment, and structural and organizational changes.

As in previous years, no significant sanctions have been received for failure to comply with environmental laws or regulations.

## 8.3 Support for climate transition

Climate change poses significant challenges that require concrete actions and immediate solutions to promote the transition towards a low-carbon emissions economy. The financial system has assumed an increasingly central role in this decarbonization process, through its ability to direct capital towards investments considered to be sustainable.

The Mediobanca Group is aware of its responsibility to meet this objective, which has been sub-divided into individual ESG targets contained in the 2019-23 Strategic Plan, and for this reason has launched a series of initiatives to raise awareness at the organizational level of the risks and opportunities deriving from climate change.

As confirmation of our commitment, in November 2021 the Mediobanca Group became a member of the **Net-Zero Banking Alliance**, the global alliance of multiple banks committed to aligning their portfolios with zero emissions by 2050, in line with the targets set by the Paris Climate Agreement.

As a signatory to the NZBA, the Group has assumed specific obligations which include the following:

- ◇ Set scenario-based interim portfolio decarbonization targets for 2030 and 2050, for given economic sectors of counterparties;
- ◇ Set an objective for at least one sector within 18 months of signing, and reporting annually thereafter; such objectives must be consistent with the aim of limiting global warming to +1.5°C up to 2100;
- ◇ Annually publish emissions and emissions intensity reporting;
- ◇ Disclose progress against a Board-level reviewed transition strategy.



Furthermore, as concrete support for climate transition, in 2021 the Group was again **climate neutral (Scope 1 and 2)**, achieved through offsetting the equivalent of its direct CO<sub>2</sub> emissions (3,437 tCO<sub>2e</sub>). As described in section 7.3.1 *Environment and territory*, this was made possible by acquiring carbon credits generated from two international carbon offset projects: one hydroelectric, in India, and one REDD+ (Reducing emissions from deforestation and forest degradation), in Brazil.

The Group is convinced of the importance of transparent disclosure of the approach taken to integrate climate risk into its strategy, has also drawn up its first **TCFD Report** in line with the recommendations made by the **Task force on Climate-related Financial Disclosures (TCFD)**.

The report is structured into four main areas as required by the framework:

- ◆ **Strategy:** the Group's strategy is based on various sustainability principles, including: the values of the UN Global Compact, Sustainable Development Goals (SDGs), the Principles for Responsible Banking (PRB), the Principles for Responsible Investment (PRI), and the Italian Stewardship Principles set by Assogestioni. The strategy has been given concrete form in these years through our participation in a variety of climate-related initiatives promoted at global level: support for the Task Force on Climate-related Financial Disclosures (TCFD), becoming a signatory to the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAIM), participating in the Partnership for Carbon Accounting Financials (PCAF), and adherence to the Non-Disclosure Campaign promoted by the Carbon Disclosure Programme (CDP).
- ◆ **Governance:** as described in section 3.4 *Sustainability governance*, the Board of Directors has delegated the Chief Executive Officer with responsibility for supervising activities relating to sustainability, approval of strategy, and monitoring its implementation in practice. The Board has also assigned responsibilities in the sustainability area to the Board CSR Committee, which is supported in its activities by the management Sustainability Committee and the Group Sustainability unit.
- ◆ **Risk Management:** the Mediobanca Group has integrated climate risk into its risk management processes, in order to evaluate and to quantify the impact of climate change on its operations and portfolio. To this end a Climate Risk Assessment has been developed, which consists of three specific projects:
  - ◆ Analysis of the Corporate and Investment Banking (CIB) division's lending and proprietary investment portfolios, through the Group ESG Heatmap;
  - ◆ Definition of measurable physical risk indicators for CheBanca! retail mortgage exposures;
  - ◆ Climate risk assessment for the Group's assets and operations.
- ◆ **Metric and Targets:** as a member of the Net Zero Banking Alliance, the Group has set climate objectives for its proprietary credit exposure in the Power and Automotive sectors, for both Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA. The targets, which are aligned with a 1.5°C climate ambition and hence with the Paris Agreement objectives, are shown in the table below. The scenario used for defining them is the Net Zero Emissions 2050, International Energy Agency (2021).



SECTOR	TARGET METRIC	BASELINE (2021)	INTERMEDIATE TARGET (2030)	NET ZERO TARGET	NET ZERO TARGET YEAR
Power	tCO <sub>2e</sub> /MWh	0.24	0.08	0	2040
Automotive	gCO <sub>2</sub> /km	208	115	4	2050

To perform the analysis, Mediobanca has chosen the **PACTA (Paris Agreement Capital Transition Assessment)** tool developed by 2 Degrees Investing Initiative (2DII), integrated with the data on emissions intensity supplied by provider Asset Resolution.

Progress towards reaching the targets will be monitored over time and annual disclosure will be given.

As required by the NZBA and its own strategy, the Group is committed to designing a plan for transition which is able to direct its proprietary lending portfolio towards achieving the climate objectives presented.

This plan will be supported by the results of the portfolio alignment analysis carried out based on production metrics and technology mix (percentage of production from powertrain technology and percentage of electricity generated from different sources).

Finally, the portfolio targets for certain sectors are also complemented by calculations of emissions financed (Scope 3, Cat. 15 GHG Protocol) for the majority of the portfolio, based on the Standard and Global GHG Accounting and Reporting Standard for the Financial Industry (November 2020) developed by the **Partnership for Carbon Accounting Financials (PCAF)**. Emissions will be reported annually, and changes in them will be monitored.

Counterparties' Scope 1 and 2 emissions have been calculated for 82% of the on-balance banking book portfolio (equity, bond and loan) of Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA. Counterparties' Scope 3 emissions meanwhile have been calculated for 63% of the same portfolio as at 31 December 2021.

TOTAL EMISSIONS [Million tCO <sub>2e</sub> ]	SCOPE 1	SCOPE 2	SCOPE 3
8.5	2.3	0.2	6.0
EMISSION INTENSITY [tCO <sub>2e</sub> /Million € invested/borrowed]	SCOPE 1	SCOPE 2	SCOPE 3
	94.8	10.1	318.9

For further information see section 5.1 *Financed Emissions* of the Group's TCFD Report.



## 8.4 Energy consumption and CO<sub>2</sub> emissions

[GRI 302-1], [GRI 302-2], [GRI 302-3], [GRI 302-4], [GRI 305-1], [GRI 305-2], [GRI 305-3], [GRI 305-4], [GRI 305-5], [GRI 305-6], [GRI 305-7]

The Group's energy consumption is linked primarily to its use of heating and air-conditioning systems, the functioning of its data centre and server rooms, to office lighting systems and to business-related travel by staff.

Currently the whole Mediobanca Group in Italy uses energy deriving from renewable sources, under the terms of a framework agreement under which renewable electricity certified by a "Guarantee of Origin" is acquired from CVA Trading. The electricity used for the data centre also comes from 100% renewable sources.

Outside Italy, the Bank's London, Paris and Madrid offices used electricity from renewable sources, as do Group legal entities Cairn Capital, Mediobanca International, and Mediobanca Management Company. CMB Monaco too has attained EGEO certification stating that its electricity comes from renewable sources and the e+ label for its sites.

The Group monitors its own direct emissions, deriving from direct consumption of energy, i.e. natural gas and diesel for heating and fuel for its company fleet management (Scope 1), indirect emissions deriving from consumption of electricity acquired from third parties (Scope 2, Market-based and Location-based), and transfers of its staff members and collaborators by train and by air (Scope 3).

The Mediobanca Group is committed to improving energy management, and to this end has carried out various initiatives in FY 2021-22 in order to reduce consumption:

- ◇ Launch of work on heating and air-conditioning systems at Mediobanca offices in Piazza di Spagna in Rome;
- ◇ Launch of work on heating systems using VRV technology<sup>59</sup> on the first- and second floors of the offices in Via Filodrammatici 3;
- ◇ Replacement of light fittings for lift landings at the MIS building;
- ◇ Photocopiers continue to be set to turn off automatically in order to save electricity;
- ◇ Launch of process to replace the Group's printers in Italy with the latest models, generating savings on electricity and lower emissions;
- ◇ Equipment configured with power saving settings: around 3,000 VOIP telephones go into power saving mode between the hours of 6.00 p.m. and 6.00 a.m., PC monitors after 5 minutes of being idle, laptops after 15 minutes of being idle.

Energy monitoring systems have also been installed at the premises of Mediobanca (Via Filodrammatici), Compass, CheBanca! and MIS.

In order to reduce its CO<sub>2</sub> emissions, the Group has promoted the following initiatives:

- ◇ Use of video-conference facilities, to reduce staff travel and CO<sub>2</sub>;
- ◇ Training courses via e-learning methods;

59. Variant Refrigerant Volume is a system which allows for varying degrees of cooling in more specific areas.



- ◇ Reduce the use of individual means of transport, through provision of a company shuttle bus service to the Milan Compass headquarters (from underground station Lotto to head office in Via Caldera), a special deal with local transport provider ATM offering discounts on season tickets for CheBanca! staff, and a bus shuttle service on order for MIS staff (Mediobanca MISposto);
- ◇ Management of the company car fleet using criteria that promote respect for the environment. The Group's fleet is comprised of vehicles with low CO<sub>2</sub> emissions. Hybrid plug-in vehicles have also been included in the grids, the aim being to reach the stage where 72% of the company car fleet use hybrid energy, as stated in the Strategic Plan;
- ◇ Appointment of a company Mobility Manager,<sup>60</sup> the principal objective of which is to design solutions that combine people's wellness and sustainability in the workplace, creating the Home-to-Work Mobility Plan (HWMP) to reduce the use by staff of private vehicles to come to work, and to support initiatives to optimize working hours, offering the best alternative transport solutions with the lowest environmental impact.

To promote electric mobility, some 30 charging stations for electric and plug-in hybrid cars have been installed at Compass's office in Via Caldera, in addition to those already available within the Group (there are five at Mediobanca headquarters, and four at the offices of MIS).

Energy consumption and the related CO<sub>2</sub> emissions are shown in the table below:

DIRECT ENERGY CONSUMPTION				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Direct energy consumption<sup>61</sup></b>	<b>GJ<sup>62</sup></b>	<b>52,279.88</b>	<b>49,742.23</b>	<b>58,061.53</b>
<b>From non-renewable sources</b>		<b>29,415.95</b>	<b>26,606.01</b>	<b>23,602.82</b>
Diesel		60.51	3.60	-
Natural gas <sup>63</sup>		29,355.44	26,602.41	23,602.82
<i>From unnamed users</i>		19,063.75	16,928.16	13,679.90
<i>From named users</i>		10,291.69	9,674.25	9,922.92
<b>From company cars<sup>64</sup></b>		<b>22,863.93</b>	<b>23,136.22</b>	<b>34,458.71</b>
Diesel		15,748.77	17,858.91	28,354.15
Petrol		7,115.16	5,277.30	6,104.56

60. Under Italian Decree Law 34/20, as converted into Italian Law 77/20, in particular Article 229, the figure of Mobility Manager was mandatorily extended to all companies with 100 or more staff located in municipalities, provincial and regional capitals and metropolitan cities with populations of 50,000 or more inhabitants.

61. For direct energy consumption, where figures are not available estimates have been used: for natural gas in cases involving shared building expenses of which the precise share cannot be calculated, consumption has been estimated on the basis of the floor space in the building actually occupied, or thousandths of the property owned. For bills still to be received, consumption has been estimated based on the previous year's figures. Data on fuel consumption by company cars which is not available has also been estimated using a similar method.

62. Gigajoule.

63. Consumption by Cairn Capital Group Limited at its former premises was not monitored (no details were available for consumption by the building at which its offices were located). Since October 2020, when the company transferred to its new offices in London, there has been no gas consumed.

64. Data on fuel consumption for CMB is unavailable as fuel consumption is paid directly by the employees with no refund.



There was also a slight increase in indirect energy consumption in FY 2021-22, which totalled 88,051.77 GJ for the twelve months. This trend was also matched by an increase in consumption of renewable energy (at the expense of energy from renewable sources), attributable in part to the transfer of the Paris and London branch offices to different buildings.

<b>INDIRECT ENERGY CONSUMPTION</b>				
	<b>UNIT</b>	<b>2021/2022</b>	<b>2020/2021</b>	<b>2019/2020</b>
<b>Indirect energy consumption<sup>65</sup></b>	<b>GJ</b>	<b>88,051.77</b>	<b>86,309.16</b>	<b>88,435.55</b>
<b>Electricity</b>		<b>86,436.12</b>	<b>85,325.40</b>	<b>87,236.38</b>
From non-renewable sources		662.65	757.02	1,917.39
From renewable sources		85,773.47	84,568.38	85,318.98
<b>Heating</b>		<b>1,615.65</b>	<b>983.76</b>	<b>1,199.17</b>
From non-renewable sources		399.92	250.02	219.88
From renewable sources		1,215.73	733.74	979.28

The Group's commitment to transitioning to electricity generated from renewable sources continues.

65. Where indirect energy consumption figures are not available estimates have been used: for shared building expenses of which the precise share cannot be calculated, consumption has been estimated on the basis of the floor space in the building occupied. For bills still to be received, consumption has been estimated based on the previous year's figures.





DIRECT AND INDIRECT CO <sub>2e</sub> EMISSIONS <sup>66</sup>				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Direct emissions (Scope 1)<sup>68</sup></b>	<b>tCO<sub>2e</sub></b>	<b>3,403.18</b>	<b>3,258.38</b>	<b>3,928.80</b>
From non-renewable sources (natural gas, diesel)		1,706.12	1,539.07	1,368.05
From company cars (petrol and diesel)		1,697.06	1,719.31	2,560.76
<b>Indirect emissions (Scope 2) – market based</b>		<b>62.74</b>	<b>65.06</b>	<b>162.89</b>
From electricity and heating		62.74	65.06	162.89
<b>Indirect emissions (Scope 2) – location based</b>		<b>6,503.18</b>	<b>6,818.51</b>	<b>7,527.66</b>
From electricity and heating		6,503.18	6,818.51	7,527.66
<b>Indirect emissions deriving from company mobility (Scope 3)<sup>69</sup></b>		<b>774.59</b>	<b>112.82</b>	<b>1,527.12</b>
<b>Air travel</b>		<b>703.94</b>	<b>83.24</b>	<b>1,370.37</b>
<i>National flights</i>		154.94	40.22	298.52
<i>International flights</i>		549	43.02	1,071.85
<b>Train travel</b>		<b>63.03</b>	<b>27.24</b>	<b>137.37</b>
<i>High speed</i>		55.88	25.26	124.95
<i>Other types of train travel</i>		7.15	1.98	12.42
<b>Third-party car services</b>		<b>7.63</b>	<b>2.34</b>	<b>19.38</b>

The increase in the supply of electricity from renewable sources has generated a reduction in Scope 2 market-based emissions. The Group reported an increase in Scope 3 emissions compared to last year, because of business-related travel picking up again following the pandemic.

From FY 2020-21, a change to the methodology used to calculate the company car fleet's emissions was introduced. The new "manufacturers methodology",<sup>70</sup> which replaces the **ABI** methodology previously used, enables the increasing efficiency of the car fleet's emissions to be monitored more accurately.

As a result of the change in this methodology, a reduction in emissions has been recorded, due in part to the gradual replacement of the older vehicles in the fleet with lower-emission ones, and the reduction in mileage because of the pandemic.

The Group has recorded the following emission levels for ozone-depleting substances: 100.5 kg of ODS

66. The following climate change gases are included in the calculation: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

67. For direct emissions (Scope 1), indirect emissions (Scope 2) and company cars (Scope 3), we have used the emission factors recommended in the "Guidelines on application of GRI (Global Reporting Initiative) environmental indicators in banks" released by the Italian banking association (ABI) and compiled in the Italian Greenhouse Gas Inventory 1990-2019 – National Inventory Report 2021 – by ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale). For direct emissions deriving from air and train travel, we have used the emissions for each individual route published by the travel agencies. Where these are unavailable, we have used the emissions factors recommended in the ABI guidelines compiled respectively by the ICAO (International Civil Aviation Organization) and the UIC (Union Internationale des Chemins de Fer) via Ecopassenger.

68. Refrigerant gas losses are excluded from the calculation of direct emissions (Scope 1), whereas gases harmful for the ozone layer are included in the calculation.

69. For indirect emissions (Scope 3), estimates have been used in cases where no data was available for recent months, based on the consumption figures recorded in the months prior to that, or using the consumption figures for the same period in the previous year.

70. This methodology involves, for company cars without fuel cards, the use of annual km travelled and the number of months of actual usage, converting g/km emissions into g/l by using the parameters supplied by the lease firm, which take into consideration the individual model's features (diesel, petrol, hybrid), reflecting the impact of the introduction of electric vehicles to the company car fleet which has reduced consumption.



(66.20 kg of which R-410A<sup>71</sup>), 869.31 kg of nitrogen oxides, and 16.53 kg of sulphur oxides.<sup>72</sup> The increase in R-410A emissions is due to the higher number of breakdowns to the air-conditioning systems. NOx and SO<sup>2</sup> emissions were in line with last year.

ENERGY INTENSITY <sup>73</sup>				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Direct energy intensity</b>	Kwh/m <sup>2</sup>	87.99	84.10	95.65
<b>Indirect energy intensity</b>		148.19	145.93	145.68
EMISSION INTENSITY <sup>74</sup>				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Emission intensity (Scope 1)</b>	tCO <sub>2</sub> /e	0.0206	0.0198	0.0235
<b>Emission intensity (Scope 2) – Market based</b>		0.0002	0.0003	0.0009

## 8.5 Water consumption

[GRI 303-1], [GRI 303-2], [GRI 303-3]

The Group, on account of the sector in which it operates, does not consume large amounts of water. At the Group's premises, the main source of water consumption is the use of the toilet facilities. The type of activity performed does not require large amounts of water to be used. For this reason the Group calculates its total water withdrawals by source rather than by areas with water stress.

The 18% increase in water consumed versus FY 2020-21 is due to several factors, including the following: for mains water, the increased calculation area (with the new Compass and CheBanca! Branch offices being opened) and the increase in consumption of water from unnamed accounts/multi-tenant properties; and, for water drawn from wells, adjustments as a result of water meters being replaced, and, staff returning to work after the pandemic, plus some offices that had previously been closed for renovation reopening.

WITHDRAWAL OF WATER				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Water consumed<sup>75</sup></b>	<b>m<sup>3</sup></b>	<b>304,086</b>	<b>257,016</b>	<b>204,533</b>
of which from mains		119,330	104,960	109,345
of which from wells <sup>76</sup>		184,756	152,056	95,188

71. Refrigerant gas used for air conditioning systems: these are refills made during the year following maintenance work.

72. NOx and SOx emissions are calculated on the basis of gas, diesel, GPL and energy from non-renewable sources in accordance with the guidelines issued by ABI. The company car fleet is never included in the calculation. In view of the type of business performed by Mediobanca, pollutants deriving from the company car fleet are not included in the calculation.

73. Ratio between energy consumption and the total surface area of the Group's premises (sq. m).

74. Ratio between emissions and the total surface area of the Group's premises (sq. m).



## 8.6 Consumption of materials

[GRI 301-1], [GRI 301-2]

The Mediobanca Group is aware of its impact on the environment and is committed to managing its consumption of natural resources responsibly, promoting the use of FSC certified paper and gradually eliminating plastic from its offices.

Monitoring of paper and waste is an important issue, allowing the Group to intervene with campaigns and initiatives to reduce their consumption by staff members.

The use of paper relates chiefly to the need to print and deliver documentation and/or presentations to the Group's clients and stakeholders. The Group is committed to developing initiatives to reduce the consumption of paper and printing, to the dematerialization of all processes, to raising awareness among staff of the environmental impact of their daily actions, and to promoting virtuous habits.

To this end, the Group is committed to sourcing paper from responsibly managed sources, for example, Ecolabel or FSC (Forest Stewardship Council) certified paper, which states that the wood pulp used to make the paper has come from forests that are managed to rigorous environmental, social and economic standards.

The initiatives in particular should be noted in this connection:

- ◇ All newly-supplied computers are certified to international standards;
- ◇ All credit cards provided to Mediobanca Group staff members since November 2019 have been in PLA (polylactic acid), which is 90% natural being made from biological materials derived mainly from corn; since May 2021, the credit cards issued by Compass branch offices have been manufactured in recycled PVC plastic, and similarly, all related paper materials (envelope) have been manufactured from 100%-recycled paper.

Toner for printers is another material of which consumption is significant, which this year totalled around 6.8 tons.<sup>77</sup>

To reduce consumption and promote the use of sustainable materials, the Group has continued to maintain the initiatives already adopted:

- ◇ "Follow me": for all printers at the various offices, which involves printing via a shared printing queue at centralized printers. Every time a staff member wants to print a document, they have to go to the shared printer and enter an access code directly. The campaign has led to a significant reduction in the amount of printing (especially in the number of mistakes or printouts which are forgotten), raising awareness among staff of the issues of sustainability and responsible uses of paper;
- ◇ Printers default configured to double-sided printing;
- ◇ Staff have been encouraged to make greater use of virtual PowerPoint presentations and electronic systems during meetings with clients and stakeholders, to reduce the number of printed copies;
- ◇ Increased digitalization in commercial activities in retail banking, through paperless statements and pdf information prospectus;

<sup>77</sup> The figure is in fact the quantity of printer toner acquired, which is assumed to be equal to the quantity of toner consumed.



- ◇ CheBanca! and Compass have advanced electronic signature service using graphology techniques, which enable customers to sign off instructions and carry out certain investment activities online;
- ◇ Use of iPads by the Boards of Directors of Mediobanca S.p.A., MIS, Compass, CheBanca!, Futuro, MB SGR, MBFACTA and MBCredit Solutions to replace paper-based documentation;
- ◇ Recycled paper used for some communications with Compass customers; since June 2018 has used certified Ecolabel<sup>78</sup> paper for paper-based credit card statements;
- ◇ Recycled paper used for all CheBanca! advertising and commercial material;
- ◇ Uncertified 80 gr paper has been replaced with FSC-certified 75 gr paper at the Italian offices;
- ◇ An “Environment” section has been added to training courses to increase staff awareness in this area (virtuous conduct, best practice, etc.);
- ◇ Dematerialization of supporting documentation for expense claims, i.e. claims are uploaded to the system and thereafter managed in exclusively electronic format;
- ◇ Use of electronic lunch vouchers at Group level to replace the paper-based system previously in use.

PAPER CONSUMPTION <sup>79</sup>				
	UNIT	2021/2022	2020/2021	2019/2020
<b>Total paper</b>	<b>ton</b>	<b>427.87</b>	<b>388.93</b>	<b>363.34</b>
Paper consumed (A4)		172.84	169.93	209.81
Paper consumed (A3)		1.92	1.57	3.78
Paper consumed (A5)		-	-	0.02
Paper for commercial uses (business cards and headed paper)		253.12	217.43	149.72

Of the A4 office paper used, 99.83 % is FSC-certified (100% in Italy), and recycled paper is used for part of the commercial purposes. There was a slight, 2% increase in the consumption of paper for office use (A4 and A3) compared to last year, as indeed there was in the consumption of paper for commercial uses.

## 8.7 Waste management

[GRI 306-1], [GRI 306-2], [GRI 306-3], [GRI 306-4], [GRI 306-5]

The main products used to provide services to clients are related to office activities, hence the waste generated may be classified as follows: toner, paper, IT materials (e.g. computers, phones), and bulky

78. This brand distinguishes products and services with reduced environmental impact throughout their lifecycle, thus helping to protect the environment by reducing the quantity of waste and pollution, energy and water consumption, and reducing or eliminating the use of dangerous chemical substances.

79. For paper consumption, estimates have been used where data for recent months is unavailable, basing the estimates on the consumption figures recorded in the months prior to that.



waste. Surgical and N95 masks have been added to the categories of waste products in the last year, because of the pandemic.

The Group's commitment to reduce the amount of waste it produces has taken the following forms in practice:

- ◇ Plastic cups and spoons at the hot drink vending machines have been replaced with cups made out of recyclable paper and wooden spoons;
- ◇ Large plastic water bottles have been replaced with mains-fed water coolers at Mediobanca head office and in 28 CheBanca! branch offices;
- ◇ Plastic water bottles in the automatic vending machines have been replaced with aluminium cans for sparkling water and eco-friendly disposable bottles for still water.

	WASTE PRODUCED <sup>80</sup>			
	UNIT	2021/2022	2020/2021	2019/2020
<b>Waste produced</b>	<b>ton</b>	<b>54.97</b>	<b>67.54</b>	<b>58.28</b>
<b>Dangerous waste<sup>81</sup></b>		<b>10.20</b>	<b>16.99</b>	<b>14.96</b>
Toner		6.81	5.99	8.36
Other: electronic devices, batteries, surgical masks, etc.		3.39	11.00	6.59
<b>Non-dangerous waste</b>		<b>44.77</b>	<b>50.55</b>	<b>43.32</b>
Paper wrapping and cardboard		4.67	9.27	2.80
Bulky waste, food and general waste		40.10	41.28	40.52

It should be noted that for toner the data refer to volumes acquired, while for the other categories the volumes have been derived from the waste treatment forms completed.

80. At present waste disposal data is not specifically monitored by the Group.

81. For dangerous waste, methods based on estimates have been used where data is unavailable.

WASTE TREATMENT METHODS	UNIT	2021/2022	2020/2021
<b>Untreated waste<sup>82</sup></b>	<b>ton</b>	<b>46.89</b>	<b>61.58</b>
<b>Dangerous waste</b>		<b>3.14</b>	<b>11.03</b>
Amount recycled		0.02	-
Amount recovered		3.11	11.03
<b>Non-dangerous waste</b>		<b>43.75</b>	<b>50.55</b>
Amount recycled		4.15	-
Amount recovered		39.60	50.55
<b>Waste due for treatment<sup>83</sup></b>		<b>8.08</b>	<b>5.96</b>
<b>Dangerous waste</b>		<b>7.06</b>	<b>5.96</b>
Other		7.06	5.96
<b>Non-dangerous waste</b>		<b>1.02</b>	<b>0</b>
Other		1.02	0

The management of waste such as plastic, paper, glass and aluminium includes use of the recycling facilities implemented by the local authorities. Accordingly, waste of this kind is collected by the local services.

The supply and disposal of toner is governed by a framework agreement with Kyndryl; for companies not covered by this agreement, the relevant identification form (Formulario Identificazione Rifiuto, or FIR) is submitted.

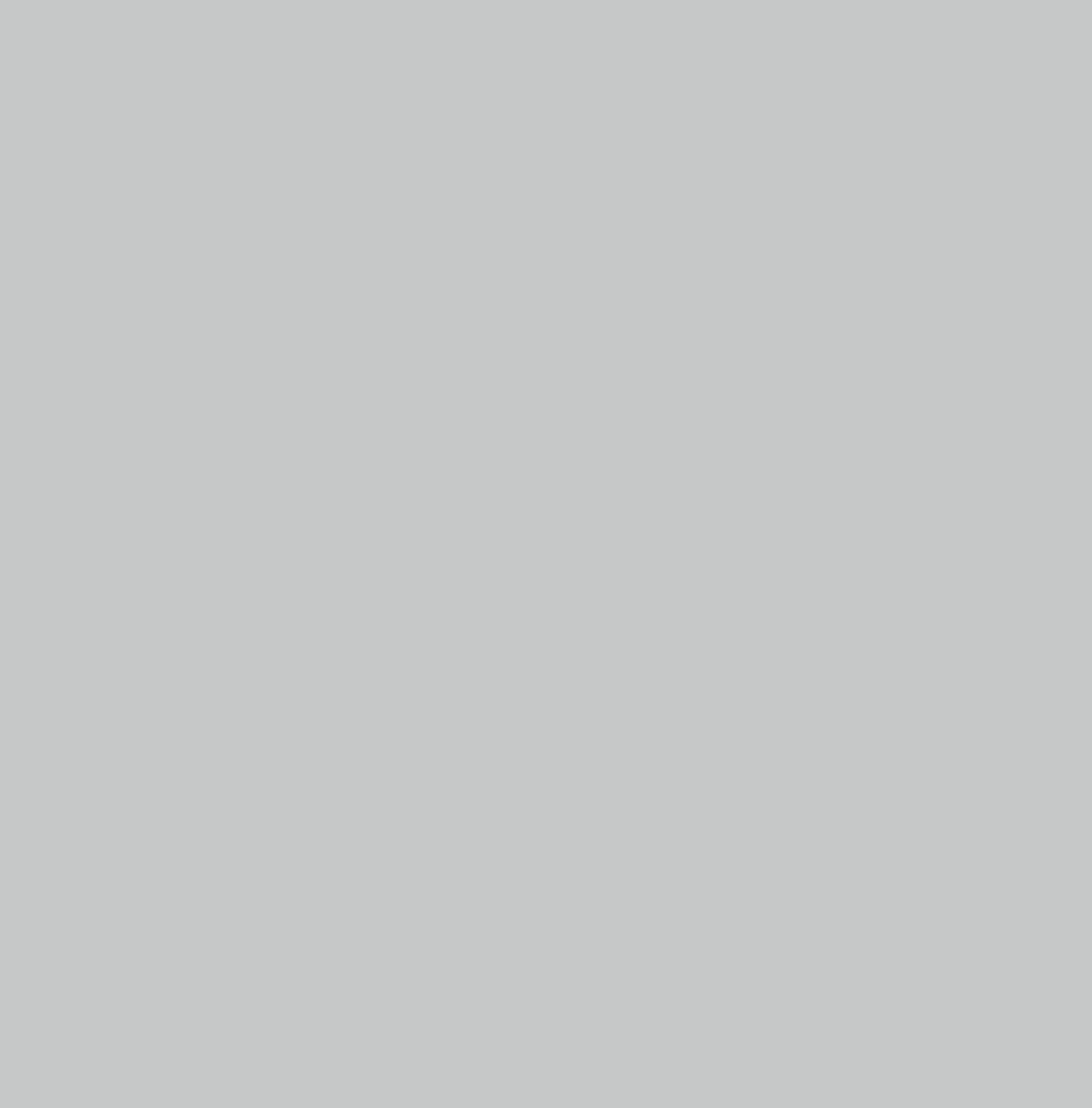
In Italy the Group does not acquire regenerated materials (such as toner) or recycled materials with the exception of paper.

The disposal of computer material, bulky items and surgical masks is managed by specialist firms that issue the requisite FIR forms when the items referred to are collected. For each type of waste treated, the forms contain a specific section entitled "destination, in which it is specified whether the waste is recovered or disposed of.

82. At present the Group has no information on the means by which untreated waste is recovered.

83. At present the Group has no information on the type of treatment carried out. However, it is known that this category includes a small percentage of surgical face masks for disposal, equal to 0.03 tons, while the other 0.121 tons are recycled.







# Objectives and future commitments







MEDIOBANCA

# 9. Objectives and future commitments

The CSR objectives integrated into the 2019-23 Strategic Plan to demonstrate the Group's strong commitment to sustainability issues are listed below.

Some of the commitments made by the different units and divisions of the Mediobanca Group are also listed below.

## CSR OBJECTIVES – STRATEGIC PLAN 2019-23

SDG	AREA	OBJECTIVES TO 2023	30/06/2021
	Quality education	Avg. training hours: up 25%, to enhance employees' competences	<b>Up 71%</b> vs 30/6/19
	Gender diversity	Approx. 50% of female candidates to be considered for new hirings All suitable female candidates to be considered for internal promotions	Procedures implemented and <b>new quantitative targets</b> identified to FY 2026-27 and to FY 2030-31
	Responsible investing	AM: 100% of new investments screened using ESG as well as financial criteria 40% of total affluent <sup>84</sup> clients' portfolios now invested in qualified ESG funds (SFDR Article 8/9) <sup>85</sup>	<b>99.3%</b> <b>61%</b>
	Contributing to growth	€700m to be invested in outstanding Italian SMIs	<b>€400m</b> already invested
	Support to local community	€4m per year in projects with positive social/ environmental impact MB Social Impact Fund: AUM increase ≥ 20%	Over <b>€7.6m</b> in FY 2021-22 AUM <b>up 33%</b> versus 30/6/19

84. Affluent segment: deposits between €50,000 and €500,000.

85. Target revised upwards from the original (30% of client portfolios to consist of ESG products) which was comfortably achieved, even following the introduction of the SFDR obligations.



SDG	AREA	OBJECTIVES TO 2023	30/06/2021
	Sustainable procurement	40% of procurement expenses screened using ESG criteria	<b>58%</b> of procurement expenses screened using ESG criteria <sup>86</sup>
	Clients	Customer satisfaction: ♦ CheBanca! CSI or premier segments <sup>87</sup> @75, NPS @30 <sup>88</sup> ♦ Compass: CSI @85, NPS @65 <sup>89</sup>	CSI @80, NPS @40  CSI @90.6 NPS @66
	Reducing direct impact on environment	94% <sup>90</sup> energy from renewable sources	<b>94%</b> energy from renewable sources
		11% <sup>91</sup> reduction in CO <sub>2</sub> emissions	CO <sub>2</sub> emissions down 17%
		Hybrid cars @72% <sup>92</sup> of the Mediobanca Group's float in Italy	41% of hybrid cars
	Supporting transition to clean energy	Green bond issued: €500m	€500m green bond issued
		RAM AI: carbon neutral to be issued	<i>RAM Stable Climate Global Equities</i> carbon neutral fund issued
	CheBanca! green mortgages up 50%	Green mortgages up 109% versus 30/6/21	

86. Suppliers that have completed the CSR section of the form contained in the Group's List of Suppliers. This involves merely recording information which does not affect the choice of supplier when decisions are made regarding them.

87. Premier, i.e. clients in the affluent (with deposits of between €50,000 and €500,000k) and the Wealth Management segment (deposits >€500,000).

88. CSI and NPS revised upwards versus original targets: CSI (Customer Satisfaction Index) @73, NPS (Net Promoter Score) @25.

89. NPS revised upwards versus original target: NPS @55.

90. Target adjusted from the original (92%).

91. For Scope 1 + Scope 2 Market-based, named users. Target adjusted from the original (15%) because of delays in the delivery of hybrid vehicles and the use of fuel cards being extended to the entire commercial segment and car fleet.

92. Target adjusted from the original figure of 90% due to delays in the delivery of electric and hybrid vehicles as a result of first the pandemic then the war.



## FUTURE COMMITMENTS

SDG	COMPANY	COMMITMENT	STATUS	2021/22	2022/23
<b>Staff</b>					
	<b>Mediobanca Group</b>	Prevention and Protection Service audit for headquarters and branch offices	In progress	◇	◇
	<b>Mediobanca Group</b>	Revision of document on work-related stress for the Group	In progress	◇	◇
<b>Responsible business</b>					
	<b>Mediobanca SGR CheBanca!</b>	SFDR regulations incorporated and gradual alignment of related investment and advisory processes	In progress	◇	◇
<b>Clients</b>					
	<b>Group (Italy)</b>	Implementation of technological measures to protect personal data	In progress	◇	◇
<b>Suppliers</b>					
	<b>Group</b>	In FY 2022-23, the scope of suppliers covered by Group Procurement will be analysed by an external source with a view to obtaining ESG certification	To be launched		◇
<b>Environment</b>					
	<b>Group (Italy)</b>	Multi-function printers to be replaced with low-emissions products with limited energy consumption	Launched	◇	◇
	<b>CheBanca! MIS</b>	Installation of new recharging points for company electric cars: 15 at CheBanca! and 10 at MIS	To be launched		◇
	<b>Compass</b>	Relamping of 100 Compass branch offices with low energy consumption LED lightbulbs	To be launched		◇
	<b>Mediobanca</b>	Heating systems replaced with VRV technology at head office in Via Filodrammatici 3, and air conditioning and heating systems replaced at the Rome office in Piazza di Spagna	Launched	◇	◇
	<b>CheBanca!</b>	Green stationary used in CheBanca! branch offices	To be launched		◇



SDG	COMPANY	COMMITMENT	STATUS	2021/22	2022/23
<b>Tax</b>					
	<b>Tax risk management and control</b>	Implementation of tax control framework (cf. Italian Legislative Decree 128/2015)	In progress	◇	◇





The background of the entire page is a close-up photograph of an ornate, dark green metalwork structure, possibly a gate or a decorative wall. The metalwork features intricate scrollwork, floral motifs, and a central panel with a grid pattern. The lighting is dramatic, highlighting the textures and curves of the metal.

# GRI Content Index



MEDIOBANCA

# 10. GRI Content Index

[GRI 102-55]

GRI 102: GENERAL DISCLOSURES 2016			
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organization	Pp. 8, 20	
102-2	Activities, brands, products, and services	Pp. 20-24	
102-3	Location of headquarters	P. 210	
102-4	Location of operations	P. 24	
102-5	Ownership and legal form	Pp. 20-24	
102-6	Markets served	Pp. 20-24	
102-7	Scale of the organization	Pp. 56-57, 98, 128	
102-8	Information on employees and other workers	Pp. 56-58	
102-9	Supply chain	Pp. 119-121	
102-10	Significant changes to the organization and its supply change	Pp. 9-11	
102-11	Precautionary principle or approach	Pp. 25, 28-32, 46-48, 54-56, 84, 91-97, 122-123, 131, 141	
102-12	External initiatives	Pp. 37, 130-131	
102-13	Membership of associations	Pp. 129-131	
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	Pp. 16-17 By internal decision the indicator is described in Section 2 - Strategy	
102-15	Key impacts, risks, and opportunities	Pp. 25, 28-32, 46-48, 54-56, 84, 91-97, 122-123, 131, 141	

## GRI 102: GENERAL DISCLOSURES 2016

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards and norms of behaviour	Pp. 42-44	FN-IB-510b.4
102-17	Mechanisms for advice and concerns about ethics	Pp. 42-44	FN-CB-510a.2 FN-IB-510a.2 FN-AC-510a.2
<b>GOVERNANCE</b>			
102-18	Governance structure	Pp. 26-27, 31-33	
102-22	Composition of the highest governance body and its committees	Pp. 26-27	
102-24	Nominating and selecting the highest governance body	Pp. 26-27	
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	Pp. 33-34	
102-41	Collective bargaining agreements	P. 67	
102-42	Identifying and selecting stakeholders	Pp. 33-34	
102-43	Approach to stakeholder engagement	Pp. 33-34, 79-82, 98-100	
102-44	Key topics and concerns raised	Pp. 33-34, 79-82, 98-100	
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	Pp. 9-10 and P. 113 of the notes to the Financial Statement - Section A	
102-46	Defining report content and topic boundaries	Pp. 34-36	
102-47	List of material topics	Pp. 11-12, 34-36	
102-48	Restatements of information	Pp. 8-11	
102-49	Changes in reporting	Pp. 8-11	
102-50	Reporting period	Pp. 8-11	
102-51	Date of most recent report	Pp. 8-11	
102-52	Reporting cycle	Pp. 8-11	
102-53	Contact point for questions regarding the report	P. 210	
102-54	Choice of "in accordance" option	Pp. 8-11	



**GRI 102: GENERAL DISCLOSURES 2016**

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>REPORTING PRACTICE</b>			
102-55	GRI content index	Pp. 162-170	
102-56	External assurance	Pp. 204-206	

**ECONOMIC PERFORMANCE: TOPIC SPECIFIC STANDARDS**

DISCLOSURE	INDICATOR DESCRIPTION	NUMERO DI PAGINA/NOTE	SASB
<b>GRI 201: ECONOMIC PERFORMANCE</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 128-129	
103-3	Evaluation of management approach	Pp. 128-129	
201-1	Direct economic value generated and distributed	Pp. 128-129	

**GRI 205: ANTI-CORRUPTION**

103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	pp. 42-48	
103-3	Evaluation of management approach	pp. 42-48	
205-1	Operations assessed for risk related to corruption	P. 45	
205-2	Communication and training about anti-corruption policies and procedures	Pp. 42-45	
205-3	Confirmed incidents of corruption and actions taken	Pp. 42-45	

**GRI 207: TAX -2019**

103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 48-49	
103-3	Evaluation of management approach	Pp. 48-49	
207-1	Approach to tax	Pp. 48-49	
207-2	Tax governance, control and risk management	Pp. 48-49	
207-3	Stakeholder engagement and management concerns related to tax	Pp. 48-49	
207-4	Country-by-country reporting	Pp. 48-49	

ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS			
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>GRI 303: MATERIALS</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142, 150-151	
103-3	Evaluation of management approach	Pp. 140-142, 150-151	
301-1	Materials used by weight or volume	Pp. 150-151	
301-2	Recycled input materials used	Pp. 150-151	
<b>GRI 302: ENERGY</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142, 145-149	
103-3	Evaluation of management approach	Pp. 140-142, 145-149	
302-1	Energy consumption within the organization	Pp. 145-149	
302-2	Energy consumption outside of the organization	Pp. 145-149	
302-3	Energy Intensity	Pp. 145-149	
302-4	Reduction of energy consumption	Pp. 145-149	
<b>GRI 303: WATER AND EFFLUENTS – 2018</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142, 149	
103-3	Evaluation of management approach	Pp. 140-142, 149	
303-1	Interactions with water as a shared resource	P. 149	
303-2	Management of water discharge-related impacts	P. 149	
303-3	Water withdrawal	P. 149	
<b>GRI 305: EMISSIONS</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142, 145-149	
103-3	Evaluation of management approach	Pp. 140-142, 145-149	
305-1	Direct (Scope 1) GHG emissions	Pp. 145-149	
305-2	Energy indirect (Scope 2) GHG emissions	Pp. 145-149	



## ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>GRI 305: EMISSIONS</b>			
305-3	Other indirect (Scope 3) GHG emissions	Pp. 145-149	
305-4	GHG emissions intensity	Pp. 145-149	
305-5	Reduction of GHG emissions	Pp. 145-149	
305-6	Emissions of ozone-depleting substances (ODS)	Pp. 145-149	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), or other significant air emissions	Pp. 145-149	
<b>GRI 306: WASTE - 2020</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142, 151-153	
103-3	Evaluation of management approach	Pp. 140-142, 151-153	
306-1	Waste generation and significant waste-related impacts	Pp. 151-153	
306-2	Management of significant waste-related impacts	Pp. 151-153	
306-3	Waste generated	Pp. 151-153	
306-4	Waste diverted from disposal	Pp. 151-153	
306-5	Waste directed to disposal	Pp. 151-153	
<b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 140-142	
103-3	Evaluation of management approach	Pp. 140-142	
307-1	Non-compliance with environmental laws and regulations	P. 142	
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 119-122	
103-3	Evaluation of management approach	Pp. 119-122	
308-1	New suppliers that were screened using environmental criteria	Pp. 119-122	

## SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>GRI 401: EMPLOYMENT</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 52-56	

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS			
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>GRI 401: EMPLOYMENT</b>			
103-3	Evaluation of management approach	Pp. 52-56	
401-1	New employee hires and employee turnover	Pp. 50-60	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pp. 75-79	
401-3	Parental leave	Pp. 66-67	
<b>GRI 402: LABOUR/MANAGEMENT RELATIONS</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 67-68	
103-3	Evaluation of management approach	Pp. 67-68	
402-1	Minimum notice periods regarding operational changes	Pp. 67-68	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY – 2018</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 82-86	
103-3	Evaluation of management approach	Pp. 82-86	
403-1	Occupational health and safety management system	Pp. 82-86	
403-2	Hazard identification, risk assessment, and incident investigation	Pp. 82-86	
403-3	Occupational health services	Pp. 82-86	
403-4	Worker participation, consultation and communication	Pp. 82-86	
403-5	Worker training on occupational health and safety	Pp. 82-86	
403-6	Promotion of worker health	Pp. 60, 76	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pp. 82-86	
403-8	Workers covered by an occupational health and safety management system	Pp. 82-86	
403-9	Work-related injuries	Pp. 82-86	
<b>GRI 404: TRAINING AND EDUCATION</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pag. 52-54, 68-75	
103-3	Evaluation of management approach	Pag. 52-54, 68-75	
404-1	Average hours of training per year per employee	Pp. 68-75	
404-3	Percentage of employees receiving regular performance and career development reviews	P. 71	

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS			
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 52-56, 60-67	
103-3	Evaluation of management approach	Pp. 60-67	
405-1	Diversity of governance bodies and employees	Pp. 26-27, 60-67	FN-IB-330a.1 FN-AC-330a.1
405-2	Ratio of basic salary and remuneration of women to men	Pp. 60-67	
<b>GRI 406: NON-DISCRIMINATION</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 67-68	
103-3	Evaluation of management approach	Pp. 67-68	
406-1	Incidents of discrimination and corrective actions taken	Pp. 67-68	
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 68-71	
103-3	Evaluation of management approach	Pp. 68-71	
412-2	Employee training on human rights policies or procedures	Pp. 68-71	
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 119-122	
103-3	Evaluation of management approach	Pp. 119-122	
414-1	New suppliers that were screened using social criteria	Pp. 119-122	
<b>GRI 417: MARKETING AND LABELLING</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 101-103	

**SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS**

<b>DISCLOSURE</b>	<b>INDICATOR DESCRIPTION</b>	<b>PAGE NO./NOTES</b>	<b>SASB</b>
<b>GRI 417: MARKETING AND LABELLING</b>			
103-3	Evaluation of management approach	Pp. 101-103	
417-1	Requirements for product and service information and labelling	Pp. 101-103	FN-AC-270a.3
417-3	Incidents of non-compliance concerning marketing communications	1 case. P. 59 of Consolidated Review of Operations and p. 203 (Section B)	FN-CF-270a.5 FN-AC-270a.2 FN-MF-270a.3
<b>GRI 418: CUSTOMER PRIVACY</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 114-119	FN-CB-230a.2 FN-CF-230a.3
103-3	Evaluation of management approach	Pp. 114-119	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pp. 114-119	FN-CB-230a.1 FN-CF-230a.1 FN-CF-220a.2
<b>STABILITY, REGULATION AND RESILIENCE OF FINANCIAL SYSTEM</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 90-97	
103-3	Evaluation of management approach	Pp. 90-97	
<b>SYSTEMATIC ASSESSMENT OF RISKS AND BRAND REPUTATION</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 42-45, 90-97	
103-3	Evaluation of management approach	Pp. 42-45, 90-97	
<b>BUSINESS MODEL AND STRATEGY</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 20-21	
103-3	Evaluation of management approach	Pp. 20-21	
<b>CUSTOMER SATISFACTION AND QUALITY OF SERVICE</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 98-101	
103-3	Evaluation of management approach	Pp. 98-101	

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS			
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES	SASB
<b>INNOVATION, MULTI-CHANNEL APPROACH AND DIGITALIZATION</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 112-114	
103-3	Evaluation of management approach	Pp. 112-114	
<b>COMMITMENT, ENGAGEMENT AND STAFF SATISFACTION</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 79-82	
103-3	Evaluation of management approach	Pp. 79-82	
<b>RESPONSIBLE INVESTING AND SUSTAINABLE PRODUCTS</b>			
103-1	Material topic and boundary	Pp. 11-12	
103-2	Management approach	Pp. 105-112	
103-3	Evaluation of management approach	Pp. 105-112	









# TCFD Recommendations



MEDIOBANCA

# 11. TCFD Recommendations

Mediobanca has adhered to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to provide transparent disclosure on information on its impact on the environment through the **TCFD Report**, the first version of which will be published simultaneously with this statement, based on four pillars: Governance, Strategy, Risk Management, Metrics and Targets. The contents of the report and the references to the Group's other publications are summarized below:

TOPICS	TCFD RECOMMENDATIONS	INTERNAL REFERENCES IN PUBLICATIONS
<b>GOVERNANCE</b>	<p>Disclose the organization's governance around climate-related risks and opportunities, describing:</p> <ul style="list-style-type: none"> <li>◆ The Board's oversight of climate-related risks and opportunities</li> <li>◆ Management's role in assessing and managing climate-related risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>◆ TCFD Report: 2 Governance of the Organisation in relation to Climate-related Risks and Opportunities</li> <li>◆ TCFD Report: 2.2 Board oversight</li> <li>◆ TCFD Report: 2.3 Management's role</li> <li>◆ CNFS: 3.2 Governance model</li> <li>◆ CNFS: 3.4 Sustainability governance</li> <li>◆ CNFS: 5.7 Staff incentives, benefits and remuneration</li> <li>◆ CNFS: 9 Objectives and future commitments</li> </ul>
<b>STRATEGY</b>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning, describing:</p> <ul style="list-style-type: none"> <li>◆ The climate-related risks and opportunities the organization has identified over the short, medium and long term</li> <li>◆ The impact of climate-related risks and opportunities on the organization's businesses</li> <li>◆ The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</li> </ul>	<ul style="list-style-type: none"> <li>◆ TCFD Report: 3 Strategy</li> <li>◆ TCFD Report: 3.3 Climate Risk &amp; Opportunities</li> <li>◆ TCFD Report: 3.4 Strategy Resilience: Scenario analysis</li> <li>◆ TCFD Report: 3.5 Strategy Resilience: Incorporating Climate-related issues into strategy</li> <li>◆ CNFS: 3.3 Compliance, internal control and risk management</li> <li>◆ CNFS: 6.1.6 Responsible Business</li> <li>◆ CNFS: 6.1.7 Sustainable products</li> </ul>
<b>RISK MANAGEMENT</b>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks, describing:</p> <ul style="list-style-type: none"> <li>◆ The organization's processes for identifying and assessing climate-related risks</li> <li>◆ The organization's processes for managing climate-related risks</li> </ul>	<ul style="list-style-type: none"> <li>◆ TCFD Report: 4 Risk Management</li> <li>◆ TCFD Report: 4.1 Climate Risk Management Process</li> <li>◆ TCFD Report: 3.5.1 Climate risk in the Group's Risk Appetite Framework</li> <li>◆ CNFS: 3.3 Compliance, internal control and risk management</li> </ul>

TOPICS	TCFD RECOMMENDATIONS	INTERNAL REFERENCES IN PUBLICATIONS
<b>RISK MANAGEMENT</b>	<ul style="list-style-type: none"> <li>◆ How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</li> </ul>	<ul style="list-style-type: none"> <li>◆ CNFS: 8.1 Relevant policies and risks</li> <li>◆ New ESG Policy</li> </ul>
<b>METRICS &amp; TARGETS</b>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material, in particular:</p> <ul style="list-style-type: none"> <li>◆ Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</li> <li>◆ Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</li> <li>◆ Describe the targets used by the organization to manage climate-related risks and opportunities and performances against targets.</li> </ul>	<ul style="list-style-type: none"> <li>◆ TCFD Report: 5 Metrics and Targets</li> <li>◆ TCFD Report: 5.1 Financed emissions</li> <li>◆ TCFD Report: 5.3 Targets &amp; Metrics relative to direct impacts (own operations)</li> <li>◆ TCFD Report: 3.4.5 Portfolio Alignment and Portfolio targets</li> <li>◆ CNSF: 8.3 Energy consumption and CO<sub>2</sub> emissions</li> <li>◆ CNSF: 7.3.1 Environment and territory</li> <li>◆ CNSF: 3.7 Sustainable Development Goals</li> <li>◆ CNSF: 9 Objectives and future commitments</li> <li>◆ Definition of Mediobanca Green, Social and Sustainability Bond Framework and related Second Party Opinion (and issuance of the first Green Bond under the framework)<sup>93</sup></li> </ul>

93. [https://www.mediobanca.com/static/upload\\_new/med/0000/mediobanca\\_green-social-and-sustainability-bond-framework\\_final\\_2022.pdf](https://www.mediobanca.com/static/upload_new/med/0000/mediobanca_green-social-and-sustainability-bond-framework_final_2022.pdf).  
[https://www.mediobanca.com/static/upload\\_new/iss/iss-esg-second-party-opinion.pdf](https://www.mediobanca.com/static/upload_new/iss/iss-esg-second-party-opinion.pdf).





# EU Taxonomy



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# 12. EU Taxonomy

## 12.1 EU Taxonomy (EU Regulation No. 2020/852): scenario and reporting requirements

Regulation (EU) 2020/852 (the European Taxonomy for environmentally sustainable economic activities, or the “Taxonomy Regulation”) forms part of the regulatory framework put in place by the European Union since 2018 with its action plan on financing sustainable growth which was then relaunched in 2019 with the European Green Deal, with the ultimate aim of accepting the challenges posed by climate change and ensuring the continent’s transition towards carbon neutrality by 2050, with an intermediate target of reducing greenhouse gas emissions by 55% by 2030.

Recognizing the decisive role played by the financial sector in mobilizing the funds necessary in order to reach these ambitious objectives, through the Taxonomy Regulation, the European Commission’s intention was to create a common language for the benefit of all market operators, in such a way as to provide a single definition of **environmentally sustainable activities** with reference to the following environmental objectives:

- ◇ Climate change mitigation
- ◇ Climate change adaptation
- ◇ The sustainable use and protection of water and marine resources
- ◇ The transition to a circular economy
- ◇ Pollution prevention and control
- ◇ The protection and prevention of biodiversity and ecosystems.

In particular, under the Taxonomy, economic activities that contribute to at least one of the environmental objectives are considered to be environmentally sustainable, provided they do not materially damage any of the other objectives, are performed in accordance with the minimum guarantees in terms of safeguarding human rights, and meet the criteria set out in the delegated acts to the Taxonomy Regulation.

In June 2021, the European Commission formally adopted the first of these delegated acts (Regulation (EU) No. 2021/2139, or the **Climate Delegated Act**) which includes a list of economic activities referring to different sectors and the related technical assessment criteria which enable it to be ascertained whether they contribute materially to the achievement of the objectives in terms of **climate change mitigation** and **climate change adaptation**. Further delegated acts in respect of the other objectives are expected to be published in the coming months.

Regulation (EU) No. 2021/2178, which supplements Article 8 of the Taxonomy Regulation, further specifies the contents and presentation of the information required of companies subject to the obligation

to publish non-financial information under Article 19-bis or Article 29-bis of Directive 2013/34/EU.

In particular, from 1 January 2022 until 31 December 2023, financial institutions only disclose:

- ◆ The proportion in their total assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities;
- ◆ The proportion in their total assets of exposures to central governments, central banks and supranational issuers and exposures in derivatives;
- ◆ The proportion in their total assets of exposures to undertakings that are not obliged to publish non-financial information;
- ◆ along with certain qualitative disclosures to accompany the quantitative KPIs referred to above.

Credit institutions also disclose the proportion of their trading portfolio and on demand interbank loans in their total assets.

As from 1 January 2024, the scope of the disclosures will be extended to include exposures to economic activities which qualify as “environmentally sustainable” according to the definition provided in the Taxonomy Regulation in their total assets, and further reporting requirements will be introduced for other categories of exposures and earnings/capital ratios.

## 12.2 Taxonomy Regulation for the Mediobanca Group

The Mediobanca Group has begun work on preparing for the Taxonomy Regulation in a timely manner, to gain a fuller understanding of the new obligations and plan the activities required to incorporate the reporting process in its Consolidated Non-Financial Statement.

For purposes of the Taxonomy Regulation, the Mediobanca Group qualifies as a “credit institution”. The Key Performance Indicators (KPIs) provided for by Regulation (EU) 2021/2178 for this type of financial undertaking.<sup>94</sup>

The disclosure is to be considered as “obligatory”, as the KPIs are calculated based on actual data recorded in the Group’s accounting and management system and information made available directly by the counterparties, without the need to use proxies or estimates.

It should also be noted that as required by the regulations, the KPIs have been calculated on the basis of the scope of the Group’s prudential consolidation determined in accordance with Regulation (EU) No. 575/2013, Title II, Chapter 2, Section 2.

<sup>94</sup>. In line with FAQ no. 4 of the set published by the European Commission in December 2021 “FAQs: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy Regulation Article 8 Disclosures Delegated Act?”

## KEY PERFORMANCE INDICATORS (KPIs)

TAXONOMY ELIGIBILITY INDICATORS	DESCRIPTION	VALUE (TURNOVER-BASED)	VALUE (CAPEX-BASED)
<b>Proportion of exposures financing taxonomy-eligible activities as compared to total assets</b>	Exposures financing taxonomy-eligible activities/Total covered assets	25.26%	25.19%
	Exposures financing taxonomy-eligible activities/Total assets	18.78%	18.73%
<b>Proportion of exposures financing taxonomy non-eligible activities as compared to total assets</b>	Exposures financing taxonomy non-eligible activities/Total covered assets	46.24%	46.31%
	Exposures financing taxonomy non-eligible activities/total assets	34.39%	34.44%

OTHER INDICATORS	DESCRIPTION	VALUE
<b>Proportion of exposures to central governments, central banks and supranational issuers as compared to total assets</b>	Exposures to central governments, central banks and supranational issuers/Total assets	15.29%
<b>Proportion of exposures in derivatives as compared to total assets</b>	Exposures to derivatives/Total covered assets	1.27%
<b>Proportion of exposures to undertakings that are not obliged to publish non-financial information as compared to total assets</b>	Exposure to undertakings that are not obliged to publish non-financial information/Total covered assets	15.64%
<b>Proportion of on demand interbank loans as compared to total assets</b>	On demand interbank loans/Total covered assets	2.21%
<b>Proportion of trading portfolio as compared to total assets</b>	Trading portfolio/Total assets	10.35%

With reference to the indicators referred to above, it should be noted that:

- ◇ “Total Covered Assets” represent 74.36% of “Total Assets”, and have been calculated by subtracting exposures to central governments, central banks and supranational issuers and the trading portfolio, from total assets;<sup>95</sup>
- ◇ It has been decided to calculate the KPIs using “Total Assets” as the denominator for the indicators referring to the trading portfolio and to exposures to central governments, central banks, and supranational issuers, as such exposures are not included in the definition of “Total Covered Assets”;

95. As clarified by the European Commission in the FAQs published in February 2022 (FAQ 21).

◇ The values for the exposures refer to the Gross Carrying Amount as at 30 June 2022.

The exposures which go to make up the numerator of the “Proportion of exposures financing taxonomy-eligible activities as compared to total assets” KPIs are as follows:

- ◇ **Exposures to financial counterparties obliged to publish non-financial information**<sup>96</sup>, the Taxonomy-eligible proportion of which<sup>97</sup> has been identified with reference to the indicators reported in the counterparties’ respective FY 2021 Non-Financial Statements;
- ◇ **Exposures to non-financial counterparties obliged to publish non-financial information**<sup>98</sup>, the Taxonomy-eligible proportion of which has been identified with reference to the turnover- and capex-based KPIs reported in the counterparties’ respective FY 2021 Non-Financial Statements;
- ◇ **Loans to householdse**<sup>99</sup> secured by mortgages over residential properties and loans granted to renovate buildings or homes;
- ◇ **Exposures to local public entities**<sup>100</sup> in order to finance public residential building or other types of financing for which the use of proceeds is one of the economic activities listed in the Climate Delegated Act;
- ◇ **Properties used as collateral**, commercial and residential, recovered or held for sale.

It should also be noted that for loans and financing to financial and non-financial counterparties, all exposures for the first year of application have been treated as “general lending”; the eligible percentage therefore relates to the counterparty and not to the projects and/or assets involved in specialized lending.

### 12.3 Taxonomy Regulation in the Mediobanca Group’s corporate strategy and product design

The Mediobanca Group, aware of the material direct and indirect impacts it has, and as proof of its commitment to incorporate sustainability into its industrial and financial strategies, has included qualitative and quantitative sustainability objectives in its 2019-23 Strategic Plan to contribute to achieving six of the 17 Sustainable Development Goals (SDGs): SDG 4 – Quality education, SDG 5 – Gender equality, SDG 8 Decent work and economic growth, SDG 11 – Sustainable cities and communities, SDG 12 – Responsible consumption and production, and SDG 13 – Climate action.

Mediobanca’s determination to pursue ESG objectives, is further demonstrated by its application of the Green and Sustainable Bond Framework, which defines rules and procedures to identify eligible projects and initiatives. The framework is aligned with the **Green Bond Principles (2021)**, the **Social Bond Principles (2021)** and the **Sustainability Bond Guidelines (2021)** issued by the ICMA (International Capital Market Association), and will also pursue, where feasible and on a best-efforts

96. The first step in identifying counterparties obliged to publish non-financial information was the list published by Consob, before other European counterparties meeting all the following conditions were also added: i) EU company; ii) listed company; iii) staff headcount > 500; iv) Total revenues > €40m, or alternatively Total assets > €20m. The final step was to include also other counterparties for which it was possible to establish their status as public interest entities.

97. The eligible proportion, where no distinction is made between turnover and capex, should be assumed to have been included in the calculation of the turnover-based KPIs only.

98. See footnote 95.

99. The eligible proportion of individual exposures to private individuals has been used to compile both the turnover-based and the capex-based KPIs.

100. The eligible proportion of individual exposures to local public entities has been used to compile both the turnover-based and the capex-based KPIs.

basis, alignment with the technical standards laid down in the EU Taxonomy Regulation delegated acts and in any relevant future updates applicable from time to time, including any update to the regulations and/or new standards proposed by the EU authorities.

Numerous organizational and training initiatives have been implemented, to raise awareness and increase capabilities in ESG areas within the Group, including as follows:

- ◆ The **ESG Project**, which in the Disclosure strand includes a specific focus on the Taxonomy Regulation, and which has been the starting point for more indepth reflections on the impact that the Regulation will have on the Group's business;
- ◆ The **ESG Working Group**, which reports to the management Sustainability Committee, includes members from various business and staff units, as well as representatives of the main Group Legal Entities. The Working Group itself is sub-divided into thematic sub-groups, namely Reporting, which is focused on quantifying and monitoring the financial KPIs for ESG products, and Business. The main task of the Business sub-unit is to factor ESG risks and opportunities into strategy, and the first concrete step in this direction was to prepare the Group ESG Catalogue, which is available on the official Mediobanca website,<sup>101</sup> providing an overview of the whole range of sustainable products offered. The Working Group intends increasingly to incorporate the technical standards to be established in the EU Taxonomy Regulation delegated acts into definition of the ESG products included in the Catalogue.
- ◆ **Training**: among the numerous initiatives that have been launched, mention should be made in particular of the cycle of training sessions on the Taxonomy Regulation organized for members of the Mediobanca CIB Debt Division.

101. [https://www.mediobanca.com/static/upload\\_new/esg/esg-catalogo-post-comitato-sost--ita-.pdf](https://www.mediobanca.com/static/upload_new/esg/esg-catalogo-post-comitato-sost--ita-.pdf)









# UNEP FI – Principles for Responsible Banking



MEDIOBANCA

# 13. UNEP FI – Principles for Responsible Banking

In April 2021 Mediobanca became a signatory to the Principles for Responsible Banking (“PRB”) launched by the United Nations Environment Protocol Financial Initiative (“UNEP FI”). The Group’s first self-assessment of the progress made with respect to the Principles it has signed up to maintain is provided below.

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION <sup>102</sup>
<p><b>PRINCIPLE 1: ALIGNMENT</b></p> <p>WE WILL ALIGN OUR BUSINESS STRATEGY TO BE CONSISTENT WITH AND CONTRIBUTE TO INDIVIDUALS' NEEDS AND SOCIETY'S GOALS, AS EXPRESSED IN THE SUSTAINABLE DEVELOPMENT GOALS, THE PARIS CLIMATE AGREEMENT AND RELEVANT NATIONAL AND REGIONAL FRAMEWORKS</p> <p><b>1.1 Describe</b> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Mediobanca is the primary investment bank in Italy and a leader in Southern Europe. The Banking Group headed up by Mediobanca operates at an international level (primarily in the continent of Europe) in Corporate &amp; Investment Banking ("CIB"), Wealth Management (mainly in Italy and the Principality of Monaco), and Consumer Finance (Italy).</p> <p>In addition to these three business areas, the Mediobanca Insurance &amp; Principal Investing division manages the Bank's principal investments, which mainly consist of the stake owned in Assicurazioni Generali. The Group also operates through its Holding Functions division, which comprises, among other activities, the Group's central staffing units and leasing operations (the latter only in Italy).</p>	<p>CNFS FY 2021-22</p> <ul style="list-style-type: none"> <li>◆ 3.1 Mediobanca Group</li> </ul> <p>Description of business model published on the Group's official website<sup>103</sup></p>
<p><b>1.2 Describe</b> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We are aware of the fact that we generate material direct and indirect impacts, both on the local areas in which we operate on a daily basis, and in the countries where we have a footprint. Based on this awareness, and as proof of our commitment to integrating sustainability into the Group's business and financial strategies, <b>qualitative and quantitative sustainability objectives have also been included in our 2019-23 Strategic Plan.</b></p> <p>The targets have also been set with a view to contributing to the achievement of six out of the 17 macro Sustainable Development Goals ("SDGs") instituted to bring about positive change at global level, namely: "SDG 4 – Quality education", "SDG 5 – Gender equality", "SDG 8 – Decent work and economic growth", "SDG 11 – Sustainable cities and communities", "<b>SDG12 – Responsible consumption and production</b>", and "<b>SDG13 – Climate action</b>". The Group provides regular reporting on its state of progress in reaching these objectives and Goals.</p> <p>The Group has also adhered to a series of international initiatives and standards, including: the United Nations' Global Compact, the Principles for Responsible Banking (PRB) and the Principles for Responsible Investment (PRI) promoted by the United Nations Environment Programme Finance Initiative (UNEP-FI), CDP, Task force on Climate related Financial Disclosures ("TCFD"), and Partnership for Carbon</p>	<p>CNFS FY 2021-22</p> <ul style="list-style-type: none"> <li>◆ 3.7 Sustainable Development Goals</li> <li>◆ 9 Objectives and future commitments</li> </ul> <p>Group Sustainability Policy<sup>104</sup></p> <p>Group ESG Policy<sup>105</sup></p> <p>TCFD FY 2021-22</p> <ul style="list-style-type: none"> <li>◆ 3.1.1 Inspiring Principles</li> <li>◆ 3.1.2 Climate Initiatives</li> <li>◆ 3.1.3 The Group Policies</li> <li>◆ 3.2 Net Zero and Other Ambitions, in particular: <ul style="list-style-type: none"> <li>◆ 3.2.1 Portfolio Targets</li> <li>◆ 3.2.2 Own operations targets</li> <li>◆ 3.2.3 Strategic Plan Targets and SDGs</li> </ul> </li> <li>◆ 3.5 Strategy Resilience: Incorporating Climate-related issues into strategy and in particular: <ul style="list-style-type: none"> <li>◆ 3.5.4 Responsible Business: ESG Policies, Exclusion Policies</li> </ul> </li> <li>◆ 5 Metrics and Targets</li> </ul>

102. "CNFS FY 2021-22" refers to this document, the Consolidated Non-Financial Statement FY 2021-22, while "TCFD FY 2021-22" refers to the climate report compiled in accordance with the guidelines issued by the Task Force on Climate related Financial Disclosures available at [ICFD Report](#). Links to the Bank's website or to documents cited are given only on the first occasion on which such reference is made

103. <https://www.mediobanca.com/it/gruppo-mediobanca/modello-di-business.html>.

104. [https://www.mediobanca.com/static/upload/csr/csr-001-17\\_politica-di-gruppo-sulla-sostenibilita.pdf](https://www.mediobanca.com/static/upload/csr/csr-001-17_politica-di-gruppo-sulla-sostenibilita.pdf).

105. [https://www.mediobanca.com/static/upload\\_new/pol/politica-esg.pdf](https://www.mediobanca.com/static/upload_new/pol/politica-esg.pdf).

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPLE 1: ALIGNMENT</b></p> <p>WE WILL ALIGN OUR BUSINESS STRATEGY TO BE CONSISTENT WITH AND CONTRIBUTE TO INDIVIDUALS' NEEDS AND SOCIETY'S GOALS, AS EXPRESSED IN THE SUSTAINABLE DEVELOPMENT GOALS, THE PARIS CLIMATE AGREEMENT AND RELEVANT NATIONAL AND REGIONAL FRAMEWORKS</p>	<p>Accounting Financials ("PICAF").</p> <p>The <b>Group Sustainability Policy</b> set itself the objective of identifying roles, responsibilities and the priority sustainability issues for the Group. Based on the Ten Principles of the UN Global Compact, the Policy is divided into four sections based on areas considered to be priorities (measures to tackle bribery and corruption, human rights, diversity and inclusion, <b>climate change</b> and the environment), and applies to all entities in the Mediobanca Group, in accordance with all other guidelines, procedures, directives and provisions related to the areas referred to. The <b>Group ESG Policy</b> defines the guidelines for integrating ESG criteria into the Group's business, and outlines the principles for doing so, including the negative and positive screening criteria applicable to lending operations, to the services offered by the CIB division, and to investments of own funds and investment advisory services provided to customers. As well as the general principles applicable to all business areas, the Group has also developed diversified positive and negative screening criteria for individual areas of activity (cf. also section 5.1).</p> <p>With reference to SDG 13 <b>Climate action</b>, the Group is committed to reducing its direct and indirect impact on the environment through the promotion of ESG products as well as through energy efficiency and consumption reduction initiatives.</p> <p>In view of its ambition to align its business activities to the Paris Agreement objectives, in November 2021 Mediobanca signed up to the <b>Net-Zero Banking Alliance</b> ("NZBA") promoted by the UNEP-FI, which involved committing to align its lending and investment portfolios in order to reach the zero emissions objective by 2050. The decision to adhere to the NZBA is consistent with the Group's approach to climate issues: in addition to its commitment to addressing the portfolio, the Group has also taken action to manage its emissions, including in terms of its direct impact.</p> <p>Mediobanca also supports the <b>TCFD</b>, and has published (simultaneously with this Consolidated Non-Financial Statement), its <b>first climate report</b> based on the TCFD Recommendations, structured into four pillars: Governance, Strategy, Risk Management, Metrics and Targets. In 2020 the Group issued its first €500m <b>Bond</b> under the Green and Sustainable Framework (in July 2022 this was renamed the <b>Green, Social</b></p>	<p>Description of 2019-23 Strategic Plan contained on the Group's official website which incorporates objectives based on the Sustainable Development Goals Framework<sup>106</sup></p> <p>Mediobanca Green, Social and Sustainability Bond Framework, and related Second Party Opinion<sup>107</sup></p>

106. <https://www.mediobanca.com/en/sustainability/our-commitment/group-sustainability-policy.html>  
<https://www.mediobanca.com/en/sustainability/our-commitment/global-commitments.html>

107. [https://www.mediobanca.com/static/upload\\_new/med/0000/mediobanca\\_green-social-and-sustainability-bond-framework\\_final\\_2022.pdf](https://www.mediobanca.com/static/upload_new/med/0000/mediobanca_green-social-and-sustainability-bond-framework_final_2022.pdf)  
[https://www.mediobanca.com/static/upload\\_new/iss/iss-esg-second-party-opinion.pdf](https://www.mediobanca.com/static/upload_new/iss/iss-esg-second-party-opinion.pdf)



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	<p>and Sustainability Bond Framework).</p> <p><i>Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 below are in bold.</i></p>	
<p><b>PRINCIPLE 2: IMPACT AND TARGET SETTING</b>            WE WILL CONTINUOUSLY INCREASE OUR POSITIVE IMPACTS WHILE REDUCING THE NEGATIVE IMPACTS ON, AND MANAGING THE RISKS TO, PEOPLE AND ENVIRONMENT RESULTING FROM OUR ACTIVITIES, PRODUCTS AND SERVICES. TO THIS END, WE WILL SET AND PUBLISH TARGETS WHERE WE CAN HAVE THE MOST SIGNIFICANT IMPACTS.</p>		
<p><b>2.1 Impact Analysis:</b></p> <p><b>Show</b> that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:</p> <p>a) <b>Scope:</b> The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <b>Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/ its major activities lie in terms of industries, technologies and geographies.</p> <p>c) <b>Context &amp; Relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <b>Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the bank has considered the scale</p>	<p>In this first year of disclosure related to the PRB, the Bank has focused its objectives on the impacts generated by its proprietary portfolio of "corporate" and "financial institutions" assets, enquiring to what degree the <b>Mediobanca CIB Division</b> lending and investments portfolio (which constitutes the majority of the proprietary portfolio at the consolidated level) is impacted by ESG factors, developing an "<b>ESG Heatmap</b>" for this purpose. The Heatmap is an instrument which applies international standards and methodologies in order to assign different levels of ESG risk to the sectors to which the assets included in the portfolio refer. This has enabled the potential ESG risk to the portfolio to be measured: as at 31 March 2022, 22% of customer loans was granted to a high environmental risk sector; this percentage falls to 8% for social risk and to 0% for governance risk. The ESG Heatmap was then fine-tuned based on single-name assessment of the ESG risk for the assets included in the portfolio: the exposure to clients attributable to sectors effectively at risk in environmental and social terms declined to 2% and to 0.3% respectively (the figure for governance risk remained near to 0%).</p> <p>This single-name analysis provides an ESG rating, which according to the Group's Credit Guidance, contributes to the assessment of new deals for approval by offering a specific score. This should help achieve a portfolio in which virtually all counterparties are virtuous from an ESG perspective. The analysis is based on information collected from external info providers and from publicly available documentation, and also, to a lesser extent, on information deriving from dialogue with the counterparties themselves (in particular with borrowers), the results of which are included in the "<b>ESG Questionnaire</b>". As at 31 March 2022, 78% of the loans in</p>	<p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 4.2.1 Investment and loans portfolio: Heatmap</li> <li>◇ 3.3 Climate Risk and Opportunities and, in particular:             <ul style="list-style-type: none"> <li>◇ 3.3.3 Climate risks for Mediobanca and risks impacts</li> <li>◇ 3.3.4 Climate opportunities</li> </ul> </li> <li>◇ Strategy Resilience: Incorporating Climate-related issues into strategy and, in particular:             <ul style="list-style-type: none"> <li>◇ 3.5.2 Client engagement</li> <li>◇ 3.5.3 Financing Decarbonization: Mediobanca ESG Products</li> </ul> </li> </ul>



REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
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<p>and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p><i>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</i></p> <p><b>Show</b> that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>◆ Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>◆ Identified strategic business opportunities in relation to the increase of positive impacts /reduction of negative impacts</li> </ul>	<p>volume terms had been subject to single-name analysis.</p> <p>In the next 12 months, Mediobanca has set itself the objective of covering virtually all the CIB lending portfolio, by sending the ESG Questionnaire and/or assessing counterparties' Non-Financial Statements. Counterparties not yet obliged to publish non-financial information will be assigned a sector average rating, revised annually in order to incorporate any changes.</p> <p>The sectors with the highest potential risk (based on ESG Heatmap pre-fine-tuning) were as follows: energy (generation, midstream activities, and integrated utilities); energy infrastructure (gas pipelines and electricity distribution); and automotive.</p> <p>Post-fine-tuning, the exposures to which a higher risk were assigned were: paper production, iron and steel, and freight transport by land.</p> <p>It should be noted that the Bank has no exposure to the following sectors: agriculture, livestock farming and fishing, forestry and use of forest areas, and coal mining.</p> <p>Although the effective ESG risk is negligible (as demonstrated by the impacts recorded by the ESG Heatmap post-fine-tuning), because the potential impact of this factor on the assets represented in the portfolio is not negligible (22% of the loans were to high environmental risk sectors according to the ESG Heatmap pre-fine-tuning), the CIB division has decided to focus its attention on environmental and <b>climate change issues</b>. Please refer to the TCFD for FY 2021-22 for analysis of strategic opportunities to increase positive impacts and/or reduce negative impacts.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis

The Group has identified the first area of material impact for the CIB Division by constructing an ESG Heatmap for its proprietary portfolio. The Group will continue to develop its Impact Analysis in the coming years.

## 2.2 Target Setting

**Show** that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and

The Group's concern to impact positively on the environment and society, and to monitor the impact of its own business, is reflected in the 2019-23 Strategic plan, which includes multiple objectives related to the growth of sustainable financial products. Indeed, several of these objectives have already been reached and/or exceeded:

CNFS 21-22

- ◆ 9 Obiettivi e impegni futuri

TCFD 21-22

- ◆ 3.2 Net Zero and Other Ambition , and, in particular:
  - ◆ 3.2.1 Portfolio Targets
  - ◆ 3.2.2 Own operations targets
  - ◆ 3.2.3 Strategic Plan Targets and SDGs

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<p>Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p><b>Show</b> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><b>Show</b> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>a) Issue of the first €500m green bond (already completed);</p> <p>b) ESG products structured by the Group</p> <ul style="list-style-type: none"> <li>• Launch of the carbon neutral RAM Stable Global Equities fund (already complete)</li> <li>• 20% increase in assets managed by the MB Social Fund (up 33% vs 30/6/19 as at 30/6/22)</li> </ul> <p>c) 100% of investments for clients selected using ESG criteria (more than 99% at end-June 2022)</p> <p>d) Min. 40% of ESG funds (SFDR Article 8/9) in affluent clients' portfolios (61% as at 30/6/22)</p> <p>e) Increase in green mortgages granted by CheBanca!, up 109% vs 30/6/21 as at 30/6/22 (5x FY 2019-20, compared with 2019-23 target of 50%)</p> <p><b>With reference specifically to the objective of tackling climate change</b>, the Group's first TCFD report published simultaneously to the FY 2021-22 Consolidated Non-Financial Statement includes:</p> <ul style="list-style-type: none"> <li>◇ The results of the preliminary analysis to quantify Mediobanca's carbon footprint and to align the CIB portfolio to the Paris Agreement objectives, using the Paris Agreement Capital Transition Assessment ("PACTA") methodology</li> <li>◇ The first interim objectives with reference to the NZBA, plus those published by RAM as a signatory to the Net Zero Asset Management Initiative</li> </ul>	<ul style="list-style-type: none"> <li>◇ 3.4 Strategy Resilience: Scenario analysis and, in particular</li> <li>◇ 3.4.5 Portfolio Alignment and Portfolio targets</li> <li>◇ 3.5 Strategy Resilience incorporating Climate-related issues into strategy and, in particular</li> <li>◇ 3.5.2 Client engagement</li> <li>◇ 3.5.3 Financing Decarbonization: Mediobanca ESG Products</li> <li>◇ 3.5.4 Responsible Business: ESG Policies, Exclusion Policies</li> <li>◇ 5 Metrics and Targets and, in particular:</li> <li>◇ 5.1 Financed emissions</li> </ul>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting

The Group's 2019-23 Strategic Plan includes SMART targets which are reported on annually. The first portfolio decarbonization targets (cf. NZBA) have also been published.

### 2.3 Plans for Target Implementation and Monitoring

**Show** that your bank has defined actions and milestones to meet the set targets.

**Show** that your bank has put

In the coming years the Group will continue to develop its impact analysis, extending it to comprise other divisions and impact areas.

**Regarding the commitment to tackle climate change in particular**, in line with the commitments made when Mediobanca signed up to the Net-Zero Banking Alliance, the Bank will publish targets for the portfolio in the coming years to ensure it is

CNFS 21-22

- ◇ 3.3 Compliance, internal control and risk management
- ◇ 3.4 Sustainability governance

TCFD 21-22

- ◇ 3.2 Net Zero and Other Ambitions, in particular:
  - ◇ 3.2.1 Portfolio Targets
  - ◇ 3.2.2 Own operations targets

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<p>in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>aligned with the Paris objectives, along with the plan for reducing emissions. Accordingly, the GHG Scope 3 emissions quantification analysis will be repeated for the portfolio across a wider scope of observation. This is seen as a pre-condition to determining a solid baseline against which to set decarbonization objectives. The detailed governance arrangements, plus the various management initiatives such as the ESG Programme and ESG Working Group described under point 5.1 below, demonstrate the Group's commitment to implementing an organizational and reporting framework for defining and monitoring the Key Performance Indicators that will be defined in due course.</p>	<ul style="list-style-type: none"> <li>◇ 3.2.3 Strategic Plan Targets and SDGs</li> <li>◇ 3.4 Strategy Resilience: Scenario analysis and, in particular               <ul style="list-style-type: none"> <li>◇ 3.4.5 Portfolio Alignment and Portfolio targets</li> </ul> </li> <li>◇ 5 Metrics and Targets and, in particular:               <ul style="list-style-type: none"> <li>◇ 5.1 Financed emissions</li> </ul> </li> <li>◇ 2 Governance of the Organization in relation to Climate-related Risks and Opportunities</li> </ul>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p> <p>Having identified climate change as an impact area, the Group has set and disclosed its first portfolio decarbonization targets (cf. NZBA). Definition and monitoring of climate change targets will continue in the coming years, and the impact analysis will be extended to identify other impact areas.</p>		
<p><b>2.4 Progress on Implementing Targets</b></p> <p><u>For each target separately:</u></p> <p><b>Show</b> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or explain</b> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><b>Report</b> on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible)</p>	<p>Regarding the disclosure on progress made in implementing the targets, which refers to the ESG objectives set in the 2019-23 Strategic Plan, reference is made to the comments included under point 2.2, and to the detailed state of progress set out in section 9 of the CNFS for FY 2021-22. Since April 2021 (when Mediobanca signed up to the PRBs), the Group has:</p> <ul style="list-style-type: none"> <li>◇ Revised its ESG Policy, providing among other things for more stringent criteria for the struggle against climate change;</li> <li>◇ Updated its Green, Social and Sustainability Bond Framework, incorporating the principal changes in the regulations, and expanding/ structuring the categories and eligibility criteria more accurately;</li> <li>◇ Formalized its adherence to the following commitments/frameworks: TCFD, PICAF, Net-Zero Banking Alliance;</li> <li>◇ Published its first TCFD report, containing: a summary of the work done on the various streams of the ESG project; analysis of the carbon footprint of the Mediobanca portfolio, and alignment of the corporate lending</li> </ul>	<p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 9 Obiettivi e impegni futur</li> </ul> <p>Group ESG Policy, in particular</p> <ul style="list-style-type: none"> <li>◇ 4.2 Additional criteria applied to lending and credit for counterparty credit risk and certain proprietary investments</li> <li>◇ Annex: Specific lending and investment policies</li> </ul> <p>Mediobanca Green, Social and Sustainability Bond Framework, and related Second Party Opinion</p> <p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 2.3.3 ESG Working Group</li> <li>◇ 2.4 ESG Programme</li> <li>◇ 3.1.1 Inspiring Principles</li> <li>◇ 3.1.2 Climate Initiatives</li> <li>◇ 3.2 Net Zero and Other Ambitions, in particular:               <ul style="list-style-type: none"> <li>◇ 3.2.1 Portfolio Targets</li> <li>◇ 3.2.3 Strategic Plan Targets and SDGs</li> </ul> </li> </ul>

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<p>and appropriate, banks should include quantitative disclosures).</p>	<p>and investment portfolios with the Paris objectives; and the first NZBA targets.</p>	<ul style="list-style-type: none"> <li>◇ 3.4 Strategy Resilience: Scenario analysis and, in particular</li> <li>◇ 3.4.5 Portfolio Alignment and Portfolio targets</li> <li>◇ 5 Metrics and Targets and, in particular:</li> <li>◇ 5.1 Financed emissions</li> </ul>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</p>		
<p>Mediobanca has launched numerous initiatives to implement the targets as described in the CNFS FY 2021-22 and the TCFD for FY 2021-22, starting with signing up to the PRB in April 2021, and has met fulfilled all the requirements in line with its recent date of adherence.</p>		
<p><b>PRINCIPLE 3: CLIENTS AND CUSTOMERS</b>            WE WILL WORK RESPONSIBLY WITH OUR CLIENTS AND OUR CUSTOMERS TO ENCOURAGE SUSTAINABLE PRACTICES AND ENABLE ECONOMIC ACTIVITIES THAT CREATE SHARED PROSPERITY FOR CURRENT AND FUTURE GENERATIONS</p>		
<p><b>3.1 Provide an overview</b> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Despite the lack of specific obligations in this area, the Mediobanca Group has adopted a business conduct policy, applying the principles defined at international level to the Group's own areas of operation, and developing an approach based on ensuring that proper conduct is adopted in the course of its business, and so minimizing the risk of staff behaving in such a way that complies with the letter of the regulations, but may in any case result in damages to the client, potential or actual. The Group assigns the utmost importance to managing and maintaining satisfactory relations with its clients. The processes for interacting with customers are therefore fundamental, in order to understand their needs, and react in a timely manner to any dissatisfaction they express. The Group has included customer satisfaction improvement objectives in its 2019-23 Strategic Plan. As at 30/6/22, all these objectives had been met. Transparency is also of fundamental importance: clients receive clear and exhaustive information on the products and services offered by the Group and the terms and conditions applied, to facilitate their comprehension and ensure they make conscious choices. To this end, the Group Legal Entities publish substantial documentation and information on their respective websites, both pre-contractual and regular.</p>	<p>Code of Ethics<sup>108</sup></p> <p>Code of Conduct<sup>109</sup></p> <p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.7 Sustainable Development Goals</li> <li>◇ 4.1 Policies and initiatives to prevent and tackle corruption</li> <li>◇ 6.1.1 Clients – Relevant policies and risks</li> <li>◇ 6.1.3 Customer satisfaction and quality of service</li> <li>◇ 6.1.4 Transparency of information on products and services</li> <li>◇ 6.1.5 Financial inclusion, access to financial resources and education</li> <li>◇ 9 Objectives and future commitments</li> </ul>

108. [https://www.mediobanca.com/static/upload/mb\\_/mb\\_codice-etico.pdf](https://www.mediobanca.com/static/upload/mb_/mb_codice-etico.pdf).

109. [https://www.mediobanca.com/static/upload\\_new/cod/codice\\_condotta.pdf](https://www.mediobanca.com/static/upload_new/cod/codice_condotta.pdf).

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<p><b>PRINCIPLE 3: CLIENTS AND CUSTOMERS</b> WE WILL WORK RESPONSIBLY WITH OUR CLIENTS AND OUR CUSTOMERS TO ENCOURAGE SUSTAINABLE PRACTICES AND ENABLE ECONOMIC ACTIVITIES THAT CREATE SHARED PROSPERITY FOR CURRENT AND FUTURE GENERATIONS</p>		
<p><b>3.2 Describe</b> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Mediobanca is committed to having a positive impact on society, and so supports its clients in their transition processes, while carrying out engagement activities to increase the level of its counterparties' awareness on sustainability issues. Such client engagement takes the form, among other things, of sending them the <b>ESG Questionnaire</b> mentioned in point 2.1 above as part of the origination process and in monitoring loans granted to CIB clients. As proof of its commitment to structuring business opportunities related to sustainability issues as part of its corporate strategy, Mediobanca has recently published an <b>ESG Catalogue</b> on its website, providing an overview of the whole range of sustainable products offered by the Group. As described under point 2.2 above, the Group's objectives in terms of growth in sustainable products and promoting responsible investments have also been translated into <b>business targets included in the 2019-23 Strategic Plan</b> (some of which have already been reached or exceeded).</p> <p><i><b>Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 are shown in bold.</b></i></p>	<p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 6.1.6 Responsible business</li> <li>◇ 6.1.7 Sustainable products</li> <li>◇ 9 Objectives and future commitments</li> </ul> <p>ESG catalogue<sup>110</sup></p> <p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.3. Climate risk and opportunities, and in particular: <ul style="list-style-type: none"> <li>◇ 3.3.3 Climante riks for Mediobanca and risks impacts</li> <li>◇ 3.3.4 Climate opportunities</li> </ul> </li> <li>◇ 3.5 Strategy Resilience: Incorporating Climate-related issues into strategy, and in particular: <ul style="list-style-type: none"> <li>◇ 3.5.2 Client engagement</li> <li>◇ 3.5.3 Financing Decarbonization: Mediobanca ESG Products</li> <li>◇ 3.5.4 Responsible Business: ESG Policies, Exclusion Policies</li> </ul> </li> <li>◇ 4.2.1 Investment and loans portfolio: Heatmap</li> </ul>
<p><b>PRINCIPLE 4: STAKEHOLDERS</b> WE WILL PROACTIVELY AND RESPONSIBLY CONSULT, ENGAGE AND PARTNER WITH RELEVANT STAKEHOLDERS TO ACHIEVE SOCIETY'S GOALS</p>		
<p><b>4.1 Describe</b> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>The Group believes it is fundamental to take the views and expectations of its stakeholders into consideration, i.e. those who, for whatever reason, have an interest or stake in the company's activities. The stakeholders with which the Group comes into contact in the course of its activities have been grouped together into the following categories: "Shareholders and investors", "Clients", "Staff", "Trade union organizations", "Entities and institutions", "Community", "Providers and commercial partners", and "Agents and promoters". Numerous engagement activities have been arranged with each of these categories. In 2017 the Mediobanca Group carried out its first materiality analysis, with the aim of identifying the material issues, for itself and its stakeholders, that impact significantly on its ability to create value in the short,</p>	<p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.5 Stakeholder engagement</li> <li>◇ 3.6 Material issues and areas covered by Italian Legislative Decree 254/16</li> </ul> <p>Group ESG Policy</p> <ul style="list-style-type: none"> <li>◇ Section 5. Engagement activity</li> </ul> <p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.5. Strategy Resilience: Incorporating climate-related issues into strategy, and, in particular: <ul style="list-style-type: none"> <li>◇ 3.5.2 Client engagement</li> <li>◇ 3.5.3 Financing Decarbonization: Mediobanca ESG Products</li> <li>◇ 3.5.4 Responsible Business: ESG Policies, Exclusion Policies</li> </ul> </li> <li>◇ 4.2.1 Investment and loans portfolio: Heatmap</li> </ul>

110. [https://www.mediobanca.com/static/upload\\_new/esg/esg-catalogo-post-comitato-sost-ita-.pdf](https://www.mediobanca.com/static/upload_new/esg/esg-catalogo-post-comitato-sost-ita-.pdf)

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	<p>medium and long term.</p> <p>The process of analysing such issues led to the definition of a materiality matrix, which has been updated annually since then through multi-stakeholder forums or online questionnaires, in order to identify issues which are held to be increasingly sensitive and to focus action and reporting on them. The Mediobanca Group believes that meeting ESG criteria is able to generate improved performances for investors over the long term, and so encourages the companies in which it has invested (and in which it intends to invest) to <b>engage openly on its own responsible approach and disclose how ESG affect their activity</b>.</p> <p>The Mediobanca Group is also committed, insofar as it applies to the different types of activity, to the practice of "<b>shareholder activism</b>", actively participating in the Annual General Meetings of the companies in which it has invested, according to the specific voting policies/directives. In particular the <b>ESG questionnaire</b> referred to on several occasions is an opportunity for engaging with CIB lending customers.</p> <p><i><b>Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 are shown in bold.</b></i></p>	
<p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b> WE WILL IMPLEMENT OUR COMMITMENT TO THESE PRINCIPLES THROUGH EFFECTIVE GOVERNANCE AND A CULTURE OF RESPONSIBLE BANKING</p>		
<p><b>5.1 Describe</b> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p><b>Governance structure</b></p> <p>In June 2017, the Board of Directors mandated the Chief Executive Officer to supervise activities relating to sustainability and the actions to be implemented and monitored in this area, with provision for a management Sustainability Committee to be set up comprising members from several business and staffing units. Within the Board of Directors itself, a <b>CSR Committee</b> (Corporate Social Responsibility) was also set up, with responsibility for processing CSR issues (in particular, at the CEO's proposal, defining the <b>ESG strategy</b>) and the proposals for submission to the approval of the Board of Directors. The Group Sustainability unit assists in managing all matters pertaining to social</p>	<p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.3 Compliance, internal control and risk management</li> <li>◇ 3.4 Sustainability governance</li> <li>◇ 6.1.6 Responsible business</li> </ul> <p>Code of Ethics</p> <p>Code of Conduct</p> <p>Group Sustainability Policy</p> <p>Group ESG Policy</p> <ul style="list-style-type: none"> <li>◇ 2 Scope of application</li> <li>◇ 3 Principles of reference</li> </ul> <p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 2.1. Sustainability Governance overview</li> </ul>



REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b> WE WILL IMPLEMENT OUR COMMITMENT TO THESE PRINCIPLES THROUGH EFFECTIVE GOVERNANCE AND A CULTURE OF RESPONSIBLE BANKING</p>		
	<p>responsibility. The Board Risks Committee performs duties of monitoring, processing and support to the Board itself, including in defining the guidelines for the internal control and risk management system, to ensure that the main risks to which the Bank is exposed (<b>including ESG risks, in particular environmental and client risks</b>) are correctly identified and adequately measured, managed and monitored.</p> <p><b>Policies and procedures</b> To embed and promote a corporate culture based on ethics, integrity and sustainability in business, the Group has adopted a Code of Ethics and a Code of Conduct which define the fundamental principles for protecting its reputation, and contain the values underpinning the Group's everyday activities, in addition to the Group Sustainability Policy (cf. Section 1.2.) The PRBs are expressly cited among the reference principles of the <b>Group ESG Policy</b>, approved by the Board of Directors of Mediobanca in July 2021 and adopted by all the Group Legal Entities (cf. again Section 1.2). The Group has also included metrics to monitor <b>ESG risk</b> in its Risk Appetite Framework, approved in June 2022, in particular <b>climate risk, transition risk, and physical risk</b>. ESG risk analysis is integrated into the risk-taking and proprietary investment processes.</p> <p><b>Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 are shown in bold.</b></p>	<ul style="list-style-type: none"> <li>◇ 2.2 Board oversight</li> <li>◇ 2.3 Management's role</li> <li>◇ 2.5 Staff and Business Units responsibilities</li> <li>◇ 3.1 The Framework, and, in particular: <ul style="list-style-type: none"> <li>◇ 3.1.3 The Group Policies</li> </ul> </li> <li>◇ 3.3 Climate Risks and opportunities</li> <li>◇ 3.4 Strategy Resilience: Scenario analysis</li> <li>◇ 3.5.1. Climate risk in the Group's Risk Appetite Framework</li> <li>◇ 4. Risk Management and in particular <ul style="list-style-type: none"> <li>◇ 4.1 Risk Management Process</li> <li>◇ 4.2 Risk Assessment Results</li> </ul> </li> </ul>
<p><b>5.2 Describe</b> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and</p>	<p>A long-term programme was drawn up early in 2021 called the <b>ESG Programme</b>, sponsored by Group Sustainability, with the involvement of numerous units (including Group Risk Management, Compliance, and the CFO unit). The initiative, based on the businesses involved and the reference guidelines, is divided into the following strands: "Proprietary" (<b>ECB Guide on climate related and environmental risk</b>), "Clients and Markets" (SFDR, i.e. Regulation (EU)</p>	<p>CNFS 21-22</p> <ul style="list-style-type: none"> <li>◇ 3.3 Compliance, internal control and risk management</li> <li>◇ 5.5 Professional training and development</li> <li>◇ 5.7 Staff incentives, benefits and remuneration</li> <li>◇ 9 Objectives and future commitments</li> </ul>

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPIO 5: GOVERNANCE E CULTURA</b> ATTUARE GLI IMPEGNI ATTRAVERSO UNA GOVERNANCE EFFICACE E UNA CULTURA DELLA RESPONSABILITÀ BANCARIA.</p>	<p>2019/2088), and "Reporting" (Taxonomy Regulation, i.e. Regulation (EU) No. 2020/852).</p> <p>An <b>ESG Working Group</b> has recently been set up in order to:</p> <ul style="list-style-type: none"> <li>◇ Promote understanding and awareness of sustainability issues within the Group;</li> <li>◇ Facilitate the adoption of a business strategy in order to manage ESG risks and identify ESG opportunities;</li> <li>◇ Map the Group's positioning and define its ESG objectives in terms of impact and products offered.</li> </ul> <p>The ESG Working Group includes members from various different business and staffing units, and comprises representatives of the main Group Legal Entities. It is sub-divided into two thematic sub-groups: Business (whose main duty is to incorporate ESG risks and opportunities into the corporate strategy), and Reporting (which is focused on quantifying and monitoring the financial KPIs for ESG products), and reports to the management Sustainability Committee. Mediobanca organizes <b>training sessions</b> for members of its <b>Board of Directors</b>: in the last 18 months, two meetings on sustainability issues have been organized, on changes in regulations, analysis of the impact of ESG issues on European banks' operations, and risks and opportunities for financial institutions in relation to <b>climate change</b>.</p> <p>Multiple initiatives have been launched to increase <b>staff awareness</b> of ESG issues: the entire headcount of Mediobanca and the leading Group Legal Entities has taken an obligatory course on sustainability and ESG issues.</p> <p>Specialist training sessions to analyse sustainable business issues have also been organized with the help of external consultants and sector experts for certain groups of staff.</p> <p>The <b>Long-Term Incentive Plan</b> related to the 2019-23 Strategic Plan, of which the Mediobanca Chief Executive Officer and Group General Manager are recipients, along with the General Manager and CEO of Compass and CheBanca!, sets public, measurable and quantified Corporate Social Responsibility objectives.</p> <p>The Mediobanca Chief Executive Officer and Group General Manager's annual</p>	<p>TCFD 21-22</p> <ul style="list-style-type: none"> <li>◇ 2.3.3 ESG Working Group</li> <li>◇ 2.4 ESG Programme</li> <li>◇ 2.5 Staff and Business Units responsibilities</li> <li>◇ 2.6 Remuneration</li> </ul> <p>Group Remuneration Policy and Report<sup>111</sup></p>

111. [www.mediobanca.com/static/upload\\_new/b--/b--remuneration-policy-and-report-2022-final-26-settembre.pdf](http://www.mediobanca.com/static/upload_new/b--/b--remuneration-policy-and-report-2022-final-26-settembre.pdf).

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
<p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b> WE WILL IMPLEMENT OUR COMMITMENT TO THESE PRINCIPLES THROUGH EFFECTIVE GOVERNANCE AND A CULTURE OF RESPONSIBLE BANKING</p>		
	<p>scorecards (<b>Short-Term Incentive</b>) also include financial ESG and quantitative sustainability objectives, to be evaluated over a one-year performance time horizon. Provision is also made for non-financial ESG and CSR objectives.</p> <p>All other staff are assigned a Group objective, to evaluate, on a management basis, the performance delivered relative to the adoption of socially responsible behaviours, in line with the Group Social Responsibility, policies, with reference in particular to <b>environmental protection</b>, corporate diversity, and defending human and social rights.</p> <p><i><b>Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 are shown in bold.</b></i></p>	
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p><b>Show</b> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>Sustainability issues, which include the commitments entered into with the PRB, are governed according to the governance structure defined in point 5.1 above, and also by the ESG Working Group described in section 5.2.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles</p> <p>Mediobanca has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		

**REPORTING AND SELF-ASSESSMENT REQUIREMENTS**
**HIGH-LEVEL SUMMARY OF BANK'S RESPONSE**
**REFERENCE(S)/LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION**
**PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY**

WE WILL PERIODICALLY REVIEW OUR INDIVIDUAL AND COLLECTIVE IMPLEMENTATION OF THESE PRINCIPLES AND BE TRANSPARENT ABOUT AND ACCOUNTABLE FOR OUR POSITIVE AND NEGATIVE IMPACTS AND OUR CONTRIBUTION TO SOCIETY'S GOALS.

**6.1 Progress on Implementing the Principles**

**Show** that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

**Show** that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

**Show** that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Mediobanca has published its Consolidated Non-Financial Statement (CNFS) once a year starting from FY 2017-18.

Mediobanca adhered to the PRB in April 2021 (this is the first self-assessment report to be drawn up), and will take best international practices into account to implement the Principles. Since signing up to the PRB and in accordance with the identification of climate change as one of the principal areas of impact, **Mediobanca has adhered to and implemented various initiatives which are cited in Section 2.4.**

**Subjects and initiatives related or otherwise functional to the objectives identified in Principle 2 are shown in bold.**

CNFS 21-22

- ◇ 1.1 Reporting standards applied

Green, Social and Sustainability Bond Framework e relativa Second Party Opinion

Group ESG Policy, in particular

- ◇ 4.2 Additional criteria applied to lending and credit for counterparty credit risk and certain proprietary investments

- ◇ Annex: Specific Lending and Investment Policies

TCFD 21-22

- ◇ 2.4 ESG Programme

- ◇ 2.6 Remuneration

- ◇ 3. Strategy and, in particular:

- ◇ 3.1.1 Inspiring Principles
- ◇ 3.1.2 Climate Initiatives
- ◇ 3.1.3 The Group Policies
- ◇ 3.2 Net Zero and Other Ambition
- ◇ 3.4.5 Portfolio Alignment and Portfolio targets

- ◇ 3.5 Metrics and Targets

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

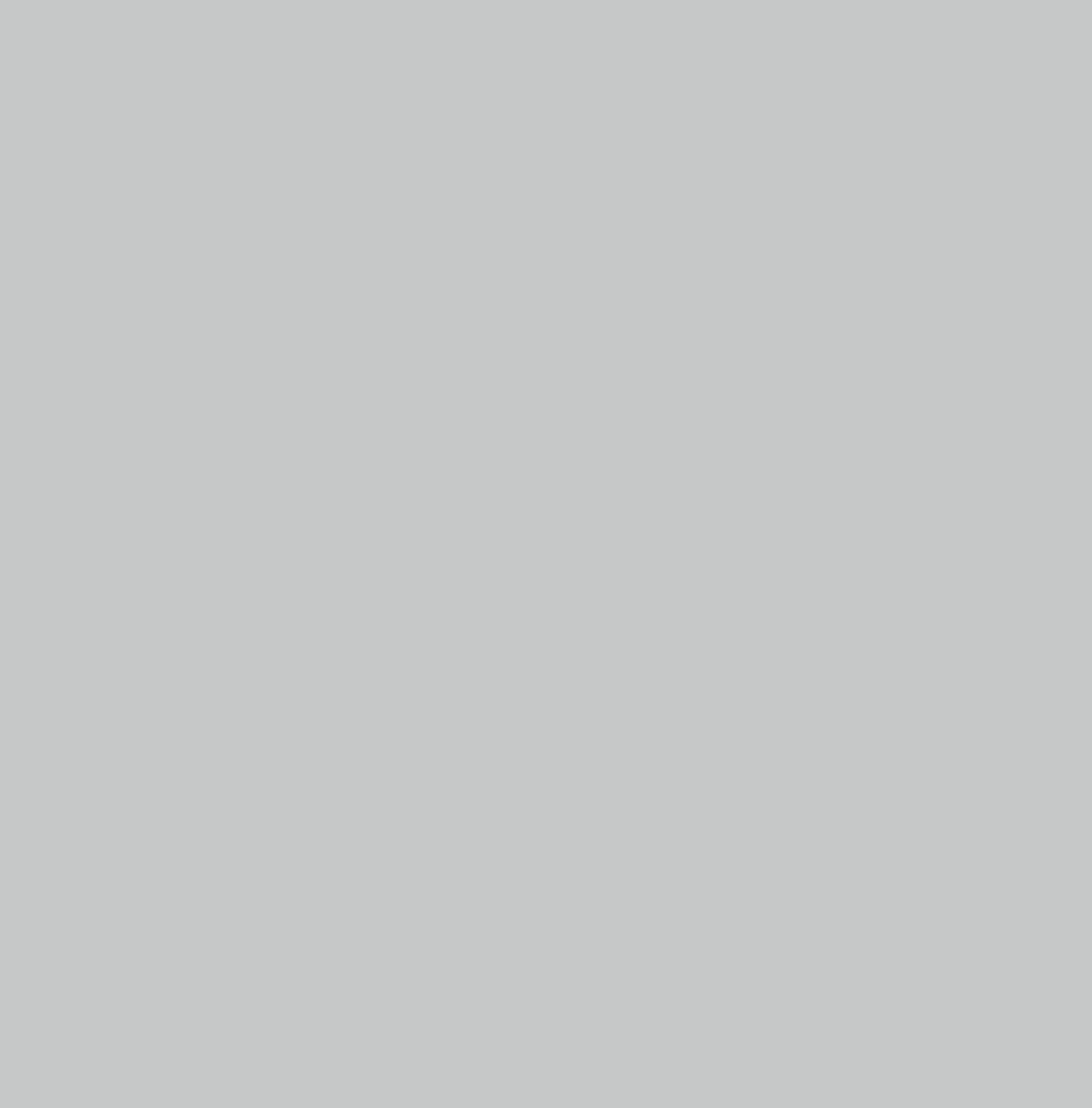
Mediobanca has for several years been strongly committed to ensuring its activities impact positively on society and the environment (as shown by the inclusion of CSR objectives in the 2019-23 Strategic Plan). Its recent adherence to voluntary initiatives such as the NZBA and the TCFD, plus the numerous organizational and training activities undertaken, constitute further proof of the Group's growing commitment to sustainability issues, in view inter alia of its recent adherence to the PRB.

**Annex: Definitions**

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/ the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact (similar to that of “materiality”) is used to: a) ensure banks focus where their actions/business (can) matter most for people, economy and environment; and b) provide a reasonable and practical threshold for what issues need to be considered/included.









**Independent report  
on limited assurance  
of Consolidated  
Non-Financial  
Statement**



MEDIOBANCA

# 14. Independent report on limited assurance of Consolidated Non-Financial Statement

[GRI 102-56]



**Building a better  
working world**

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Independent auditors' report on the consolidated non-financial statement in accordance with art. 3, par. 10, of Legislative Decree 254/2016 and with art. 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018

(Translation from the original Italian text)

To the Board of Directors of  
Mediobanca S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to art. 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and art. 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated non-financial statement of Mediobanca S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended 30 June 2022 in accordance with art. 4 of the Decree approved by the Board of Directors on 22 September 2022 (hereinafter "CNFS").

Our limited assurance engagement does not cover the information included in the paragraph "12. European Taxonomy" of the CNFS, that are required by art. 8 of the European Regulation 2020/852.

## Responsibilities of Directors and Board of Statutory Auditors for the CNFS

The directors are responsible for the preparation of the CNFS in accordance with the requirements of artt. 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards") with reference to selected GRI Standards, as illustrated in the "Table showing intersections between areas covered by the Decree, material issues and GRI Standards" identified by them as a reporting standard.

The directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the CNFS that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the CNFS within the matters mentioned in art. 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the CNFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the CNFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the CNFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the CNFS were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the CNFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the CNFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of art. 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the CNFS with those included in the Company's financial statements Mediobanca Group's consolidated financial statements;
4. understanding of the following aspects:
  - Group's management and organization business model, with reference to the management of the topics indicated in art. 3 of the Decree;
  - policies adopted by the firm related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
  - main risks, generated or suffered related to the matters indicated in the art. 3 of the Decree.



With regard to these aspects, we obtained the documentation supporting the information contained in the CNFS and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the CNFS.  
In particular, we have conducted interviews and discussions with the management of Mediobanca S.p.A. and Mediobanca Innovation Service S.C.p.A., Compass Banca S.p.A. and CheBanca! S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the CNFS.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level,
  - a) with reference to the qualitative information included in the CNFS, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- We have selected the following companies Mediobanca S.p.A., Compass Banca S.p.A., Selmabipiemme Leasing S.p.A. and Compagnie Monegasque de Banque based on their activity, relevance to the consolidated performance indicators and location; we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that CNFS of Mediobanca Group for the year ended 30 June 2022 has not been prepared, in all material aspects, in accordance with the requirements of artt. 3 and 4 of the Decree and the GRI Standards. Our conclusions on the CNFS of Mediobanca Group do not refer to the information included in the paragraph "12. European Taxonomy" of the CNFS itself, that are required by art. 8 of the European Regulation 2020/852.

Milan, 29 September 2022

EY S.p.A.  
Davide Lisi  
(Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*









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# Contact details



MEDIOBANCA

# 15. Contact details

[GRI 102-3], [GRI 102-53]

## Group Sustainability

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MEDIOBANCA

Tutte le foto e le immagini provengono dagli edifici e dalle sedi di Mediobanca