

Group Sustainability Policy



MEDIOBANCA



Contents

1.	Introduction	5
	1.1 Scope of application	5
	1.2 Sustainability governance	6
	1.3 General principles	6
	1.4 Monitoring and reporting	7
2.	Measures to tackle bribery and corruption	9
3.	Human rights	11
4.	Diversity and inclusion	13
	4.1 Diversity policy for governing bodies	14
5.	Climate change and the environment	15

1. Introduction

Growth and sustainability are features of the Mediobanca Group's DNA. Our strategy is based on the conviction that ethics and profit are not necessarily in opposition to each other, because long-term economic growth has to go hand-in-hand with social and environmental progress.

The Group is convinced that fair, transparent and responsible conduct increases and protects our reputation, credibility and consensus over time, all of which are prerequisites in order to deliver sustainable growth for the business with a view to creating and protecting value for all our stakeholders.

In line with this commitment, the Group has adopted a strategy focused on sustainable growth over time, valorization of our staff, sensitivity to the societies in which we operate, and reducing our direct and indirect impact on the environment.

To pursue these objectives, the Group has adopted an approach based on identifying, assessing, preventing and reducing direct impact in reputational and operational terms, as governed by the provisions of this Policy, and also the indirect impact as a result of lending and/or investing in activities considered to be serious risks for the environment and society.

In order to regulate our indirect impact, the Mediobanca Group has adopted a **Group Policy on Responsible Lending and Investing**¹, which defines the general principles and guidelines for assessing environmental and social factors as well as financial ones in lending, investment and advisory activities.

This Policy was approved by the Board of Directors on 26 March 2020, and will be adopted by the Group companies in due course.

The Group Sustainability Policy is divided into four sections based on areas considered to be priorities:

- ◆ Measures to tackle bribery and corruption;
- ◆ Human rights;
- ◆ Diversity and inclusion;
- ◆ Climate change and the environment.

1.1 Scope of application

The Group Sustainability Policy applies to the whole Mediobanca Group in the countries where 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 where applicable, and all other policies, guidelines,

1. The document has been published on the Mediobanca institutional website under Sustainability (Responsible Investing).

procedures, directives and provisions related to the areas covered by this Policy defined at Group level and locally.

The Group also encourages its suppliers to adopt the principles and provisions of this Policy.

1.2 Sustainability governance

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 in connection with it, including the institution of a managerial **Sustainability Committee** with various business and staff units represented on it.

On 19 September 2019, the Board set up its own **Corporate and Social Responsibility (CSR) Committee**, with responsibility for processing the items to be submitted to the attention of the Board of Directors itself.

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

Group Sustainability is responsible for preparing and updating this Policy.

1.3 General principles

As proof of the Group's commitment to integrating CSR issues into its business and financial strategies, Mediobanca has included sustainability targets in its four-year strategic plan, with a view to helping to deliver on six of the seventeen **Sustainable Development Goals**², and so contributing to generating a positive change globally.

The commitments made by the Group have been structured into measurable qualitative and quantitative targets focusing on certain priority areas:

- ◇ Responsible investing;
- ◇ Equal opportunities;
- ◇ Support in energy transition;
- ◇ Reduction of direct environmental impact;
- ◇ Contribution to economic growth;
- ◇ Support for local community,

In defining this Group Sustainability Policy, Mediobanca has based itself on the Ten Principles of the UN **Global Compact** of which it is a signatory.

The United Nations Global Compact encourages companies across the world to create an economic, social and environmental framework which is suitable for promoting a healthy, sustainable world economy able to guarantee that all have an opportunity to share in its benefits. To this end the Global Compact requires the companies and organizations that adhere to it to share, support and apply a series of principles in their own respective spheres of influence. The principles are universally shared in the sense that they

2. The Sustainable Development Goals (SDGs) are a series of objectives agreed by the United Nations. The 17 goals, structured into 169 targets, aim to put an end to poverty, tackle inequality and promote social and economic development. They also include issues of fundamental importance to the achievement of sustainable growth, such as addressing climate change and building peaceful societies by the year 2030.

are derived from the **Universal Declaration of Human Rights**, the **ILO's Declaration on Fundamental Principles and Rights at Work**, the **Rio Declaration on Environment and Development** and the **United Nations' Convention Against Corruption**.

The Ten Principles are arranged into sections based on human rights, labour standards, protection of the environment, and measures to tackle bribery and corruption. Companies which sign up to the Principles are asked to:

1. Support and respect the protection of internationally proclaimed human rights;
2. Make sure that they are not complicit in human rights abuses;
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Eliminate all forms of forced and compulsory labour;
5. Effectively abolish child labour;
6. Eliminate discrimination in respect of employment and occupation;
7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility;
9. Encourage the development and diffusion of environmentally friendly technologies;
10. Work against corruption in all its forms, including extortion and bribery.

1.4 Monitoring and reporting

The Group undertakes to monitor and report transparently on its performances in these areas, raising awareness of such issues among its collaborators by running information and training programmes, and assessing its suppliers according to the same criteria.

The environmental and social reporting is published annually in the Consolidated Non-Financial Statement, drawn up in accordance with the Global Reporting Initiative Sustainability Reporting Standards, and available on the Mediobanca website.



2. Measures to tackle bribery and corruption

The Mediobanca Group is committed to conducting its business in accordance with the highest ethical standards, does not tolerate any form of corruption, whether active or passive, and operates in compliance with all applicable laws and regulations in this area.

To ensure compliance with the regulations in force, the Group: prepares its own internal rules, procedures and controls, drawing inter alia on the regulations in force in the various countries in which it operates; arranges regular training; and carries out checks and audit activities.

The Group initiates 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 an improper advantage.

In this connection, the Group refuses any form of benefit, gift, or value item which could improperly and/ or unduly influence the conduct and independence of judgement of the parties involved. The approach it adopts is intended to prevent instances of corruption occurring in the structuring and execution of transactions or commercial agreements.

Coverage of corruption risk is enhanced through the processes of reviewing and selecting suppliers and collaborators, including advisors and interns. With this in mind, it is forbidden for employees to:

- ◆ Offer or promise, including indirectly, cash or other value items with the purpose of obtaining an improper or unjust advantage;
- ◆ Accept cash or other value items in breach of an employee's own duties versus the Bank or its clients;
- ◆ Offer, promise or make, directly or indirectly, payments or compensation, in any form, in order to induce, facilitate or reward a decision, the performance of an official act, or otherwise, contrary to the official duties of a public officer or person appointed to perform a public service. The foregoing includes facilitation payments, i.e. payments made with the intention of speeding up an administrative process but without influencing its result.

The Group, by virtue of the close attention which it pays to ethical conduct and the integrity of its own operations, is committed to promoting behaviour which is opposed to corruption, acknowledging the high value which such an approach has for all its own stakeholders and the market in which it operates.



3. Human rights

The Group believes that respect of human rights is a fundamental prerequisite to its own sustainability. 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 its relations with clients, suppliers and commercial partners, as well as in its relations with its own collaborators.

The Group identifies and assesses the risks related to the protection of internationally recognized human rights, in particular in connection with scenarios, situations and operations with the potential for being affected by conflicts or breaches. To this end it seeks to develop relations of trust and mutual satisfaction with its clients, suppliers and commercial partners, and avoids engaging in relations with parties implicated in unlawful activities which could lead to potential breaches or abuses of human rights.

The objective of protecting human rights is pursued in a variety of ways, including through training and action to raise awareness of different issues.

To this end, the Group has prepared a training course on Sustainability and Human Rights, with the objective of explaining the concept of sustainability to all its staff members, along with the implications this has for the financial sector, focusing on the issue of the indirect impact of investments, and the risk of breaching human rights.

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 geography and area in which the Group operates.

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

It also safeguards the right and freedom of association and collective bargaining; 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 form 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.



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4. Diversity and inclusion

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 success factors.

No distinction may be used with reference to the following areas specifically: access to work, assignation of duties or qualifications, transfers, disciplinary measures, promotion and professional training, including professional and career advancement, and conditions of employment, which include remuneration, complementary pension forms and other benefits.

The Group is therefore committed to preventing any form of undesirable behaviour whether expressed physically, verbally or non-verbally, which has the aim or effect of violating the dignity or freedom of an employee and/or of creating an intimidatory, hostile, degrading, humiliating or offensive environment. Internal regulations have been drawn up specifically in order to ensure that inappropriate behaviour is prevented, reported and punished.

The Group works hard in order to ensure that a correct balance between genders is maintained at all levels of the company, focusing in particular on senior and management positions where the gender gap is most felt.

Every announcement regarding selection processes encourages individuals to apply on the basis of the professional qualifications and/or experience possessed by them and required for the position concerned. Assessment of candidates for opportunities that open up within individual companies (promotions from one organizational unit to another) or within the Group as a whole (intra-Group promotions) is also based on the same principle.

The Staff Remuneration and Incentivization Policies adopted by the Group include a commitment on the part of the Group to offer a fair level of compensation reflecting the competences, capabilities and professional experience of each staff member, guaranteeing that the principle of equal opportunities is applied with the objective of pursuing a fair wage, and monitoring any shortcomings in this area.

The Group also seeks to promote a healthy work-life balance, starting from listening to its staff and their needs, and then promoting solutions which enable them to reconcile the demands of their private and professional lives to the extent permitted by the provisions of the law, collective contracts and negotiated agreements (such as working part-time, flexitime, various forms of leave, etc.).

The Group is consistently committed to including people with disabilities of various kinds in its workforce, in accordance with the regulations in force, and incentivizing the various organizational units to integrate

them as appropriate. The success of this initiative is guaranteed by the ongoing attention paid by the Group to provide working instruments and environments which are appropriate to the needs of its employees, and to encouraging participation in training and social initiatives, all of which with the necessary support.

The Group also places high importance on the contribution of those staff members who have been working for it to high professional standards for a long time. We have an ongoing focus on refreshing skills, managerial training, and involvement in more innovative projects. The professionalism of long-serving staff, allied to their experience, is a factor which contributes to the growth and enrichment of staff who have only recently entered the workplace, and who have an opportunity to work closely alongside them.

The increasingly international projection of the Group's operations gives us an opportunity to meet talent and recruit staff from different nations, cultures and religious traditions. Each new staff member will find a positive and healthy working environment in which the rights of all people are respected.

The Group is committed to promoting all possible inclusion initiatives, and to devoting the attention which any new needs that may emerge will require in the future.

Gender equality and diversity are issues which affect all staff in contact with the Group at all levels. However, the principles and provisions of this Policy are addressed to the following in particular:

- ◇ Directors;
- ◇ Statutory Auditors;
- ◇ Staff employed under all forms of contract;
- ◇ Interns;
- ◇ Collaborators employed under temporary or staff leasing arrangements;
- ◇ Consultants otherwise linked to the Group, including financial advisors.

The provisions of this Policy apply equally to the categories referred to above (jointly, the "Employees") and to visitors, clients and suppliers.

To strengthen its commitment to diversity and inclusion, as part of Group HR, a **Group Diversity and Inclusion Manager** has been appointed, to work together with Group Sustainability and reports regularly to the CSR Committee on these matters.

4.1 Diversity policy for governing bodies

Mediobanca acknowledges and welcomes the benefits of diversity at Group level and as part of its own governing bodies, in all of its aspects including gender, age, qualifications, competences, and training and professional profile.

In its Articles of Association, provision is made for members of the Board of Directors and the Statutory Audit Committee to be reserved to the least represented gender. Mediobanca, in acknowledging the issue of the Board's collective suitability and hence the importance of its members, executive and non-executive, being able to take decisions collectively, seeks to promote candidates for appointment to the position of Director with the capabilities required to enable an optimal combination of profiles, in order to ensure the appropriate level of internal debate, smooth functioning and collective suitability of the Board itself and the various committees instituted by it. A suitably diverse Board of Directors should include members with a wide range of different competences, capabilities, qualifications, knowledge, educational backgrounds, professional experience, genders, ages, geographical provenance, and other qualities that will enrich the Board and improve the level of internal debate and decision-making process. The same considerations also apply to the Statutory Audit Committee.

5. Climate change and the environment

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 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 improve its performance in environmental issues, the Group has identified the following priorities and set the following specific targets in its 2019-23 strategic plan:

- ◆ **Reduction of direct environmental impact:** energy savings, increase in electricity sourced from renewable sources, CO2 emissions to be cut, and promotion of sustainable mobility through increasing the presence of hybrid vehicles as part of the company fleet;
- ◆ **Supporting energy transition:** increase in "green" mortgages and issue of new environmentally friendly products
- ◆ **Reduction of indirect environmental impact:** environmental as well as social and governance criteria to be integrated into the assessment processes for new investments/loans, reappraisal of purchase processes, and selection of suppliers based on ESG criteria;
- ◆ **Responsible management of natural resource consumption:** reduced consumption, use of recycled and/or FSC certified paper, and gradual elimination of all plastic.

To ensure consistent improvement, assess its own impact, and identify the environmental risks deriving from its activities, the Group monitors its energy consumption and the emissions it produces, water and paper consumption and waste production levels.

3. "Green" mortgages are mortgages with subsidized interest rates financing the purchase, refurbishment or construction of low environmental impact properties.



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