A photograph of a courtyard with arches, a fountain, and greenery. The scene is captured in a classic architectural style, featuring a series of arches supported by columns. In the foreground, there is a paved area with a small fountain. The background shows a building with large windows and a circular window. The overall atmosphere is serene and well-maintained.

Mediobanca Green Bond Report

September 2022



MEDIOBANCA



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1. Mediobanca's Inaugural Green Bond

On 1 September 2020 Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”) launched its inaugural Green Bond, following a series of investor calls to introduce its Green and Sustainable Bond Framework (“the framework”)¹ drafted in accordance with ICMA’s Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines (2018).

Mediobanca’s inaugural green transaction has worked towards the achievement of the following Sustainable Development Goals:



- SDG 7: Affordable and clean energy;
- SDG 11: Sustainable cities and communities; and
- SDG 13: Climate Action.

Mediobanca’s inaugural green bond is a proceed-based transaction where funds are used to refinance a pool of green assets selected according to the Issuer framework.

Helped by Mediobanca’s strategic ESG goals and ambitions, the transaction benefited from a meaningful participation from SRI investors, a clear sign of appreciation for the newly established framework.

The transaction generated interest from investors across Europe, with an extreme well-diversified orderbook, composed by more than 220 accounts for a total size in excess of €3.5bn. Non domestic investors accounted for 85% of the final allocations, led by France (25%) and followed by Germany and Austria (15%), UK (14%), Nordics (10%) and Spain (10%).

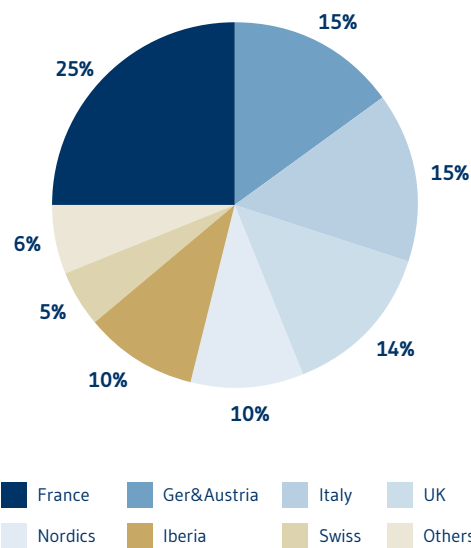
In terms of investor type, 61% was allocated to funds, followed by banks (25%), CB and OIs (10%) and insurance and pension funds (3%).

1. Reference date for this report is 30 June 2022. Data reported and categories eligibility refer to the Mediobanca Green and Sustainable Bond Framework released in June 2020 and available at this link <https://www.mediobanca.com/en/investor-relations/financing-rating/green-social-and-sustainability-bond-framework.html>.

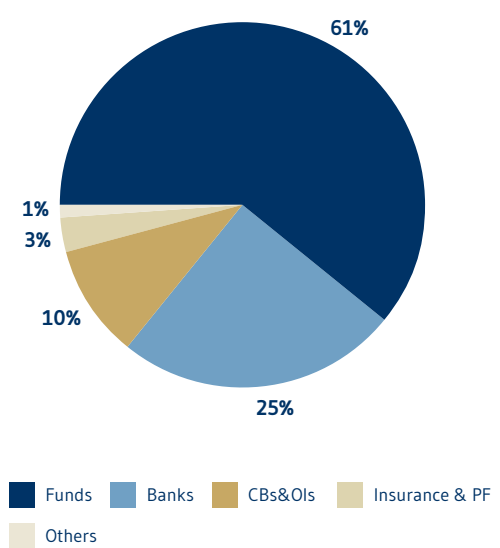
TRANSACTION HIGHLIGHTS

Bond Type	Senior Preferred Green
Pricing Date	1 September 2020
Tenor	7 years
IPT	Mid swap +165 bps
Re-offer spread	Mid swap +135 bps
Amount	€500m
ISIN	XS2227196404
Use of proceeds	Refinancing of eligible Green Assets
NIP	-8 bps
Over-subscription	~7.0x

Allocation by Geography



Allocation by Investor Type



ISS-ESG provided a second party opinion, that confirmed the soundness and validity of the framework (based on the ICMA's Principles), the selected asset pool and Mediobanca's overall sustainability performance².

2. https://www.mediobanca.com/static/upload_new/med/mediobanca_iss-esg-spo.pdf

2. Framework Summary

In July 2022, Mediobanca published the “Mediobanca Green, Social and Sustainability Bond Framework”, updating the version previously in force. However, since the reporting period is prior to the publication of the updated Framework, the current Report complies with the criteria and processes set out in the 2020 version, as reported in the following Summary.

Use of Proceeds

Renewable energies:



generation of energy from renewable sources (for example: wind, solar, biogas, biomass, thermal, waste-to-energy, hydro), manufacture of components of renewable energy technology and equipment, transmission and distribution of energy for projects relating to renewable energy assets.

Energy efficiency:



energy storage, smart grid, district heating, efficient lighting, energy optimization infrastructure, energy efficient retail equipment.

Sustainable mobility:



hybrid and electric vehicles, sustainable mobility, public and freight sustainable transportation.

- **Green and energy efficient buildings:**



financing – including retail mortgages – or refinancing for construction, purchasing, development and renovation of buildings which have environmental standard certifications as LEED (gold), BREEAM (Good); or comply with energy efficiency class A or B; or new or existing residential buildings belonging to the top 15% low carbon buildings in the region; or renovation projects with an improvement in terms of energy efficiency of at least 30% or achieving energy efficiency class B.

- **Waste management and circular economy:**



recycling and environmental remediation.

- **Environmentally sustainable management of living natural resources:**



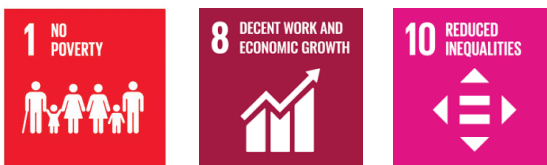
sustainability criteria in the agriculture, forestry, farming or fishing sectors.

- **Sustainable water:**



water treatment and collection.

- **SME financing and microfinancing:**



SME financing, financial literacy and banking access and services to underserved areas.

Project Evaluation and Selection

- **Green and Sustainable Bond Committee:** the Green and Sustainable Bond Committee is incorporated in the CSR Committee and it is composed of members of Group Treasury, ESG team, Corporate and Investment Banking division and all relevant legal entities that contribute to the origination of Green and Sustainable Assets. The Green and Sustainable Bond Committee approves and validates the pool

of eligible assets and will have the power to exclude assets as well and will meet on an annual basis.

- **Selection activity:** the originating unit performing the lending activity will initially assess the compliance of any project with the framework criteria: Corporate loans (Mediobanca S.p.A. lending unit; Retail mortgages (CheBanca!); Consumer credit (Compass Banca); Leasing and factoring financing (SelmaBipiemme Leasing S.p.A and MBFacta S.p.A).

Reporting and External Review

Annual reporting on allocation of the bond's proceeds to framework categories and impact reporting on the environmental benefits of projects financed.

Mediobanca has appointed an external auditor which has carried out an independent review of the use of proceeds associated with the framework categories, and adherence to the asset selection process and reporting metrics.



3. Allocation Reporting

Allocation summary

The inaugural Green Bond served the purpose of refinancing an initial portfolio of eligible projects of €528m (balance as at 30 June 2020).

Over the FY 2021-22 a portion of our eligible pool equivalent to €68m naturally repaid (€19m mortgages, €35m consumer loans and €14m corporate loans respectively), versus an annual growth of new financing of €316m (€129 corporate loans and €187 mortgages. No additional new contribution was registered by consumer credit financing due to the inclusion, for this reporting period, of only electric and hybrid vehicles which comply with the 50 gCO₂/km tailpipe specific emissions threshold introduced by the EU Taxonomy as explained in the consumer credit section of the report).

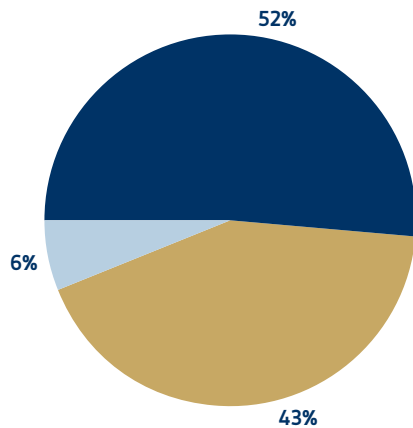
INCREMENTAL NEW FINANCING (€/mIn)	JUN20	JUN21		JUN22	
	POOL	NEW FINANCING	REPAYMENTS	NEW FINANCING	REPAYMENTS
Corporate Loans	344.32	44.00	0.00	129.10	14.00
Retail Mortgages	138.62	134.25	20.70	186.74	19.09
Consumer Credit	45.21	62.74	19.36	0.00	34.65
Total	528.15	240.99	40.06	315.84	67.74

Eligible projects portfolio statistics evolved as follows, with an annual growth of 34% registered in FY 2021-22

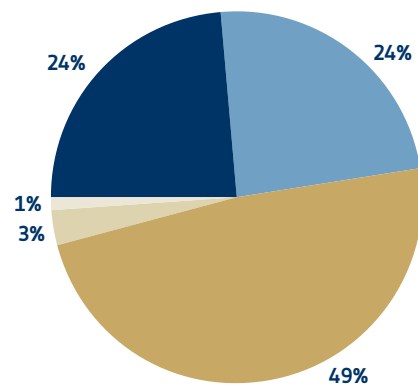
GREEN POOL ASSET TYPE (€/mIn)	JUN20	JUN21	JUN22
Corporate Loans	344.32	388.32	503.42
Retail Mortgages	138.62	252.17	419.82
Consumer Credit	45.21	88.59	53.94
Total	528.15	729.08	977.18

GREEN POOL CATEGORY TYPE (€/mln)	JUN20	JUN21	JUN22
Sustainable mobility	211.48	277.01	234.52
Renewable energy	161.57	162.69	233.02
Green buildings	138.62	252.17	478.92
Energy efficiency	13.76	18.14	24.58
Sustainable water	2.72	19.07	6.14
Total	528.15	729.08	977.18

Green Pool Asset Type % - Jun22



Green Pool Category Type % - Jun22



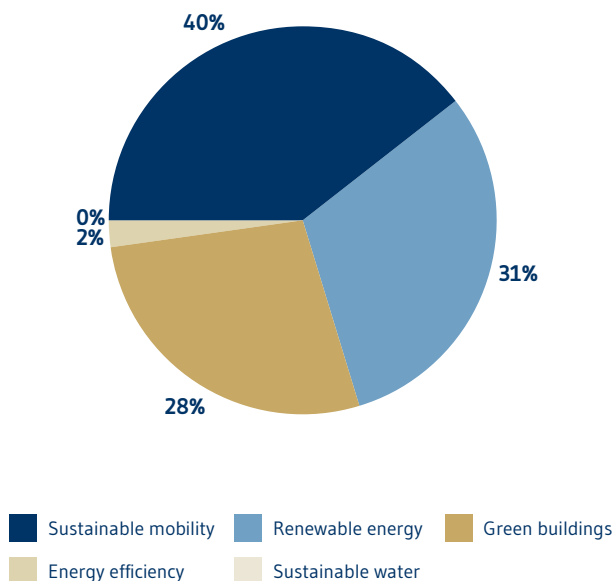
■ Corporate Loans
 ■ Retail Mortgages
 ■ Consumer Credit

■ Sustainable mobility
 ■ Renewable energy
 ■ Green buildings
 ■ Energy efficiency
 ■ Sustainable water

As per bond's allocation, Mediobanca's inaugural green bond has kept its initial exposure, financing €344m of corporate loans, €139m of a portfolio of retail mortgages and the remaining, €17m, attributable to a granular portfolio of consumer credit items as described in the next section. Attributable bond's proceeds invested in eligible projects are € 500m.

INCREMENTAL NEW FINANCING (€/mln)	JUN20		JUN21		JUN22	
	POOL	BOND	POOL	BOND	POOL	BOND
Sustainable mobility	211.48	200.80	277.01	204.47	234.52	197.55
Renewable energy	161.57	154.37	162.69	152.44	233.02	154.12
Green buildings	138.62	138.62	252.17	138.62	478.92	138.62
Energy efficiency	13.76	5.19	18.14	3.49	24.58	7.77
Sustainable water	2.72	1.03	19.07	0.98	6.14	1.94
Total	528.15	500.00	729.08	500.00	977.18	500.00

Bond Allocation by Category % - Jun22



Impact Reporting

Corporate Loans

The share of exposure of the green bond to corporate loans is € 344mln, distributed in three main projects:

Project 1: Renewable Energy Pure Player Financing. The borrower is one of the biggest player in the wind power sector in Europe playing a key role in the energy transition process and establishing itself as a leader in the renewable electricity market. The metrics below are attributable to Mediobanca's share of the exposure with respect to the borrower's medium-/long-term debt³:

- Installed renewable energy capacity: 188 MW
- Electric power output from renewable sources: 369 GWh
- GHG emissions avoided by the electrical energy production from renewable sources of the borrower's power plant portfolio : 193 ktonCO₂

Project 2: Sustainable Mobility Pure Player Financing for purchase and modernization of electric trains and rolling stocks. As reported in the SPO of its green finance framework, the borrower is considered a pure player in high-speed rail transportation using a green all-electric fleet of trains. Under the green loan, initially subscribed by a pool of banks including Mediobanca, eligible projects included the acquisition, maintenance, management and modernization of high-speed electric rolling stocks for public transportation. The proceeds of the loan were used to achieve:

- Overall fleet average specific CO₂ emissions in a pre-Covid19 scenario (i.e. adjusting for the capacity factor from March 2020 onwards) lower than 20 gCO₂/pax*km⁴, around 30% below the European average for passengers' trains of 28 gCO₂/pax*km as of 2015 UIC data.
- For the year 2021, in a context of transition towards normalisation of travel, overall fleet average specific GHG emissions: 23.8 gCO₂/pax*km

3. In accordance with the GHG emissions attribution methodology indicated by PCAF (Partnership for Carbon Accounting Financials): *The Global GHG Accounting and Reporting Standard for the Financial Industry (carbonaccountingfinancials.com)*

4. Ratio of (i) grams of CO₂ emitted by the borrower's trains, and (ii) Total passengers*kilometres (pax.km).

The loan had features enabling the borrower the possibility to exercise an option to adjust the margin upon meeting the targets on 3 KPIs (Key Performance Indicators). In July 2020 the borrower exercised this option and 3 KPI were agreed on (i) CO₂ emissions (gCO₂/pax*km), (ii) customer satisfaction; and (iii) employee training. All the KPIs reached the targets set for year 2021.

Project 3: Sustainable Mobility Financing for R&D and manufacturing of Battery Electric Vehicles (BEV) in Germany. Under its green finance framework, the borrower financed investments related to clean transportation and reported the following metrics:

- Tailpipe GHG emissions avoided vs newly registered cars: 157.9 gCO₂/km (Germany, WLTP)
- Tailpipe GHG emissions avoided vs regulation: 95 gCO₂/km (EU standard under Regulation 443/2009/EC)
- Scope 1 and Scope 2 GHG emissions of the manufacturing: 0 tonCO₂⁵

Mortgages

Mediobanca's inaugural green bond has an exposure of €139m, refinancing a granular pool of eligible mortgages. As of 30 June 2022, the details of the overall pool are as follows (outstanding notional and number of mortgages):

- Amount outstanding: €420m
- No. of mortgages and amount outstanding, energy class A (Energy Performance Certificate⁶) of underlying financed: 1,781 mortgages, €331m outstanding
- No. of mortgages and amount outstanding, energy class B (Energy Performance Certificate) of underlying financed: 574 mortgages, €89m outstanding

Consumer Credit

Consumer credit assets (except the Electric and Hybrid Cars category) have been identified via the application of the Italian government tax deduction scheme initially introduced by Italian Law no. 449 of December 1997 (and more recent initiatives by Italian Legislative Decree no. 63, of 4 June 2013). The purpose of the legislative decree is to promote energy efficiency renovation by facilitating purchases of modern electric equipment, furniture and efficiency-enhancing household items.

Mediobanca's inaugural green bond has an exposure of €17m, refinancing a granular pool of eligible consumer credit categories. Consumer credit pool details as of 30 June 2022 (outstanding items and amounts financed):

- Number of items financed: 27,451
- Breakdown by categories

5. The energy used by the production facilities is 100% carbon-neutral and partly in-house generated. By additionally compensating other emissions in the process, the complete production is regarded as carbon neutral
6. Legislative Decree 48/2020 implementing Directive (EU) 2018/844

CONSUMER CREDIT (€/mln)	JUN20	JUN21	JUN22
Solar Systems and Shadings	0.94	0.81	0.73
Domestic water softeners and filters	2.72	5.07	6.14
Domestic biomass heating systems	10.63	11.88	12.29
AC Systems (+ other Electric Equipment)	13.76	18.14	24.58
Electric and Hybrid Vehicles	17.16	52.69	10.20
Total	45.21	88.59	53.94

- Average CO₂ specific emissions of electric and hybrid car portfolio financed: 12 gCO₂/km

For the purpose of this Green Bond Report, only electric and hybrid vehicles which comply with the 50 gCO₂/km tailpipe specific emissions threshold introduced by the EU Taxonomy were included: this constraint explains the decrease of the amount referred to this category year-on-year⁷.

⁷ With no application of the 50 gCO₂/km threshold, the exposure to hybrid and electric vehicles would be equal to 104.83 €/mln with average specific emissions of 89 gCO₂/km.



4. Mediobanca Sustainability and CSR Positioning

Growth and sustainability are two of the Group's distinctive traits. Our development strategy is based on the conviction that ethics and profits can and indeed must go hand in hand, as in the long term there cannot be economic growth without social and environmental progress as well.

Responsible, proper and transparent conduct enhances and protects reputation, credibility and consensus over time, laying the foundation to develop further sustainable business practices and create value for all stakeholders.

The Mediobanca Group prioritizes projects targeting growth in the communities in which we operate, based on our conviction that an inclusive society must be founded on mutual respect and solidarity, ensuring equal opportunities for all.

Group Sustainability is led by the Chief Executive Officer, supported by a Sustainability Committee and a dedicated Corporate Social Responsibility unit.

In September 2019 a Corporate Social Responsibility Committee was established within the Board, with responsibility for prior analysis of sustainability issues to be submitted to the Board itself.

Mediobanca has adopted a Group Sustainability Policy, divided into five priority areas: measures to tackle bribery and corruption, human rights, diversity and equal opportunities, environmental issues and responsible investing. 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 the society as a whole. The Mediobanca Group commits to keep sustainability as an integral part of the strategy and operations of its business.

Global Commitment

Since April 2018 the Group has officially been a participant in the **United Nations' Global Compact**: an initiative based on voluntary adherence to a set of principles to promote sustainability values such as human rights.

Since September 2019 Mediobanca SGR (and more recently also RAM Active Investment and Cairn Capital) have all been signatories to the **Principles for Responsible Investment (PRI)** launched by the United Nations in 2006 aiming at promoting a sustainable and responsible approach to investment by institutional investors.

In July 2021 the Group adhered to the **Principles for Responsible Banking (PRB)**, launched in 2019 by the United Nations and designed to embed sustainability in the way banks operate with the aim of incentivizing best practices, scientific approaches and impacts measurement of their own activities on individuals and the planet.

In November 2021 Mediobanca adhered to the **Net-Zero Banking Alliance (NZBA)** confirming our intention to play an active role in the green transition with the commitment to achieve net-zero emissions for the lending and investment portfolios by 2050, in line with the targets set by the Paris Climate Agreement.

Moreover, the Mediobanca Group promotes **Sustainable Development Goals (SDGs) set out in the United Nations' 2030 Agenda**, supporting and encouraging growth and development projects based on these universal principles.

ESG targets have been included in the **2019-23 Strategic Plan**⁸ and in the remuneration policy of the Group⁹, with specific objectives set in the Long-term Incentive Plan for senior management to encourage the creation of long-lasting value for all stakeholders.

The ESG targets are linked to six out of seventeen SDGs. Among these, particular importance has been attributed to **Goal 13 on Climate Action**, as the speed of change in this area risks seriously compromising future generations.



The increasing awareness of risks and opportunities relating to sustainability has also triggered a series of initiatives over the years to equip the Group to face new challenges and to adapt itself to regulatory requirements demanding climate-related and environmental risks to be integrated into governance and risk management frameworks.

8. <https://www.mediobanca.com/en/investor-relations/strategy/2019-23-business-plan/index.html>

9. <https://www.mediobanca.com/en/corporate-governance/remuneration/remuneration-policy.html>

5. External Assurance

Mediobanca will continue to publish an annual report until all outstanding Green and Sustainable Bonds will have matured.



6. Disclaimer

This document has been drawn up by Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”).

This document is being provided for information purposes only and does not represent in any way a public offer of financial instruments, investment advice, accounting, tax or legal advice, or investment research; the document is merely indicative in nature, does not represent an offer to execute a contract and is not intended to create any obligation or commitment for Mediobanca to provide any activity with respect to the financial instruments /transactions mentioned herein, or to take part to such transactions.

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MEDIOBANCA

Independent Auditors' report on the "Mediobanca Green Bond Report September 2022"

To the Board of Directors of Mediobanca S.p.A.

We were engaged to perform a limited assurance engagement on the accompanying "Mediobanca Green Bond Report September 2022" (the "Green Bond Report 2022") of Mediobanca S.p.A. (the "Bank") for the reporting period ended 30 June 2022, prepared for the purposes defined by the "Mediobanca Green and Sustainable Bond Framework June 2020" (the "Green and Sustainable Bond Framework").

Directors' responsibility

The Directors of Mediobanca S.p.A. are responsible for the preparation of the Green Bond Report 2022 in accordance with the criteria provided by the Bank's Green and Sustainable Bond Framework, and for the internal controls as management determines is necessary to enable the preparation of the Green Bond Report 2022, that is free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion on the Green Bond Report 2022 based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain limited assurance whether the Green Bond Report 2022 is free from material misstatement.

Summary of the Work Performed

The procedures we performed were based on our professional judgment and included inquiries, primarily of persons responsible for the preparation of Green Bond Report 2022, inspection of documents, recalculation, agreeing or reconciling with underlying records and other evidence-gathering procedures that are appropriate in the circumstances.

Our limited assurance engagement also included:

- Interviewing the staff of the various Departments of the Bank involved in the preparation of the Green Bond Report 2022, in order to understand the characteristics of the interventions and projects financed and projects refinanced by the Green Bond, the procedures and management systems in place, the data collection process and evaluation of environmental performance;
- assessing the application of the eligibility criteria to projects financed and projects refinanced through the Green Bond as described in the Green and Sustainable Bond Framework;
- assessing the tracking system for the allocation of funds raised with the Green Bond to finance projects and assessing that the investments are aligned with the criteria described in the Green and Sustainable Bond Framework;
- analyzing the procedures for collecting, consolidating, processing and transmitting of the data relating to the sustainability indicators included in the Green Bond Report 2022 and obtaining limited documentary evidence.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that Bank's Green Bond Report 2022 for the reporting period ended 30 June 2022 is not prepared, in all material respects, in accordance with the criteria provided by the Bank's Green and Sustainable Bond Framework.

Milano, 29 September 2022

EY S.p.A.



Davide Lisi
Davide Lisi
(Auditor)