



# Consolidated Non-Financial Statement 2020 - 2021

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”). Besides, as from this year’s version of the CNSF, the standards developed by the Sustainability Accounting Standards Board (“SASB”) have also been taken into consideration, where applicable. Further changes for FY 2020-21 have included the introduction of GRI 207 Tax (see section 4.3 *Approach to tax and tax compliance issues*) and of GRI 201-1 on the economic value generated and distributed by the Mediobanca Group (see section 7.1 *Economic value generated and distributed*).

To facilitate stakeholders in locating information within the document, the GRI Content Index is reproduced on p. 147. 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. 33, 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, thus allowing performance 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], [GRI 102-51]*

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 June 2021. 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 2020-21<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:

- ◇ merger of Futuro into Compass Banca;
- ◇ liquidation of Prominvestment and CMB Wealth Management Limited;
- ◇ Ricerca & Studi – R&S has been placed in liquidation, with the key staff having been transferred to the Mediobanca Research Area;
- ◇ the Frankfurt branch, which was Mediobanca's only office in Germany, has been closed.

### COMPANIES EXCLUDED FROM SCOPE OF CNFS REPORTING

AMPLUS FINANCE LIMITED  
CAIRN CAPITAL GUARANTEE LIMITED  
CAIRN CAPITAL INVESTMENTS LIMITED  
CAIRN INVESTMENT MANAGERS LIMITED  
CAIRN CAPITAL NORTH AMERICA INC  
CMB ASSET MANAGEMENT S.A.M.  
COMPASS LINK S.R.L.

1. A full list of consolidated companies is provided on p. 113 of the notes to the Financial Statements – Section A



### COMPANIES EXCLUDED FROM SCOPE OF CNFS REPORTING

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.

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 2020-21 and are compared with those for the two previous financial years.

For FY 2020-21, the definition of *Top Management* was revised, with the scope now including three Board members (Chairman, CEO and Group General Manager) plus 21 *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 June 2021 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 June 2021, with the exception of the *Country by Country Reporting* data which refer to the financial statements for the year ended 30 June 2020 (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 June 2021, 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 *PricewaterhouseCoopers* 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 Group launched a process to strengthen the internal controls system for non-financial information in the course of 2019, with the aim of formalizing the main risks, responsibilities and controls. The project was completed with the development of a matrix of controls, which was attached to the new *Group Directive on the Reporting Process for Consolidated Non-Financial Information*, in force since 21 June 2021.

## Table to show 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	GENERAL DISCLOSURES AND RELEVANT TOPIC-SPECIFIC GRI STANDARDS	IMPACT SCOPE		
			GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS	
<b>CORRUPTION</b>	<b>Ethics and integrity in business</b>	Ethics and integrity (GRI 102-16) Anti-corruption (GRI 205)	Whole Group	Community	
	<b>Capital solidity and profitability</b>	(*)	Whole Group		
	<b>Risk management</b>	(*)	Whole Group	Clients	
<b>SOCIAL</b>	<b>Governance and sustainable strategy</b>	(*)	Whole Group		
	<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	
	Data privacy and IT security	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	
	Support to the community	Direct economic value generated and distributed (GRI 201-1)	Whole Group	Community	

2. 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	GENERAL DISCLOSURES AND RELEVANT TOPIC-SPECIFIC GRI STANDARDS	IMPACT SCOPE		
			GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS	
STAFF	Training, development and valorization of human capital	Training and education (GRI 404)	Whole Group		
	Managing, attracting, developing and retaining talent	Employment (GRI 401) Training and education (GRI 404)	Whole Group		
	Diversity and inclusion	Diversity and equal opportunities (GRI 405)	Whole Group		
	Staff health, safety and well-being	Health and safety (GRI 403)	Whole Group		
ENVIRONMENT AND HUMAN RIGHTS	Responsible lending and investing and sustainable products	(*)	Whole Group	Clients	
ENVIRONMENT	Management of direct environmental impacts	Materials (GRI 301) Energy (GRI 302) Water (GRI 303) Effluents and waste (GRI 306)	Whole Group	Environment	
	Indirect environmental impacts and climate change	Energy (GRI 302) Emissions (GRI 305)	Whole Group	Environment	
SUPPLY CHAIN	Responsible supply chain management	(*)	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 considered to be material in the document itself.

ANGA



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GOVERNMENT OF MADHYA PRADESH



# Strategy



MEDIOBANCA



## 2. Strategy

[GRI 102-14]

The past twelve months have reflected a complex scenario, still strongly affected by the pandemic and its social and economic consequences.

Despite the continuing pandemic, the Group's diversified business model, coupled with ongoing enhancement of the growth initiatives and rigorous asset quality governance, enabled Mediobanca to deliver **record results in terms of revenues**, of **€2.6bn** (up **5%** on last year) and return swiftly to pre-Covid levels.

The results reflect **robust commercial activity**, a **low cost of risk**, and **net profit up 35%** to **€808m**. The divisions also continue to show improvement in terms of positioning, revenues and profitability.

In addition to financial considerations, a growing awareness is becoming established that environmental, social and governance (ESG) issues are fundamental to the long-term performance of a company, and that investment decisions can be one way in which to finance sustainable growth but not at the expense of profit.

At international level, the **central banks** are working to incorporate risks related to climate change in their valuations, as these could impact on both economic growth and the stability of the financial system as a whole.

The **European Commission** has adopted an ambitious package of measures to encourage the flow of capital towards sustainable activities throughout the European Union.

Against the backdrop of such a strongly and quickly changing regulatory scenario, the Group has launched a **programme of ESG risk integration**, disclosure and financial sustainability of products, plus alignment to the European taxonomy regulation.

In accordance with this programme, a new **Group ESG Policy** has been defined, which includes detailed sector guidelines expanding the Policy's scope of application.

The twelve months under review have also seen the issue of the Bank's first **green bond**<sup>3</sup>, confirmation of its commitment to reduce the direct and indirect impacts of its business, by promoting ESG investment products and through initiatives to improve energy efficiency and reduce consumption.

Mediobanca's recent adhesion to the **Principles for Responsible Banking**, promoted by the United Nations, the PRB serve to direct the banking sector towards the Sustainable Development Goals, complements its existing adherence to the Global Compact and the **Principles for Responsible Investment**<sup>4</sup>, as further confirmation of the Group's commitment to generating positive change at a global level.

3. For the green bond issued on 8 September 2020, reference is made to the Green Bond Report compiled by Mediobanca for which PwC has issued limited assurance, available at: <https://www.mediobanca.com/en/investor-relations/financing-rating/green-and-sustainable-bond-framework.html>

4. The *Principles for Responsible Investment* have been adhered to by Mediobanca SGR, Cairn Capital and RAM Active Investment



As **Alberto Nagel, Mediobanca Group CEO**, has said,

*“We want to play an active part in reaching the United Nations’ Global Agenda. We are aware of the important contribution that financial institutions can make in the area of sustainability issues, which is why we made sure that sustainability criteria were integrated into our business model as outlined in our 2019-23 Strategic Plan: a concrete commitment to creating value in the long term for our clients, colleagues and stakeholders.”*

The Bank’s commitment to the environment has been realized with the Group becoming **carbon neutral** by offsetting its direct CO<sub>2</sub> emissions (Scope 1 and 2), beating, in so doing, the objective to reduce its impact on the environment included in the Strategic Plan.

The Group is committed to its human resources as well as to natural resources: **people** are our essential human capital, and the creation of an inclusive workplace, which promotes the full expression of individual potential, is a strategic driver for Mediobanca in reaching its corporate objectives.

The value placed on **diversity** and the promotion of **inclusion policies** have found concrete expression in a project to identify the main issues and to structure an action plan in the following areas: talent selection and retention; career development pathways; remuneration and communication.

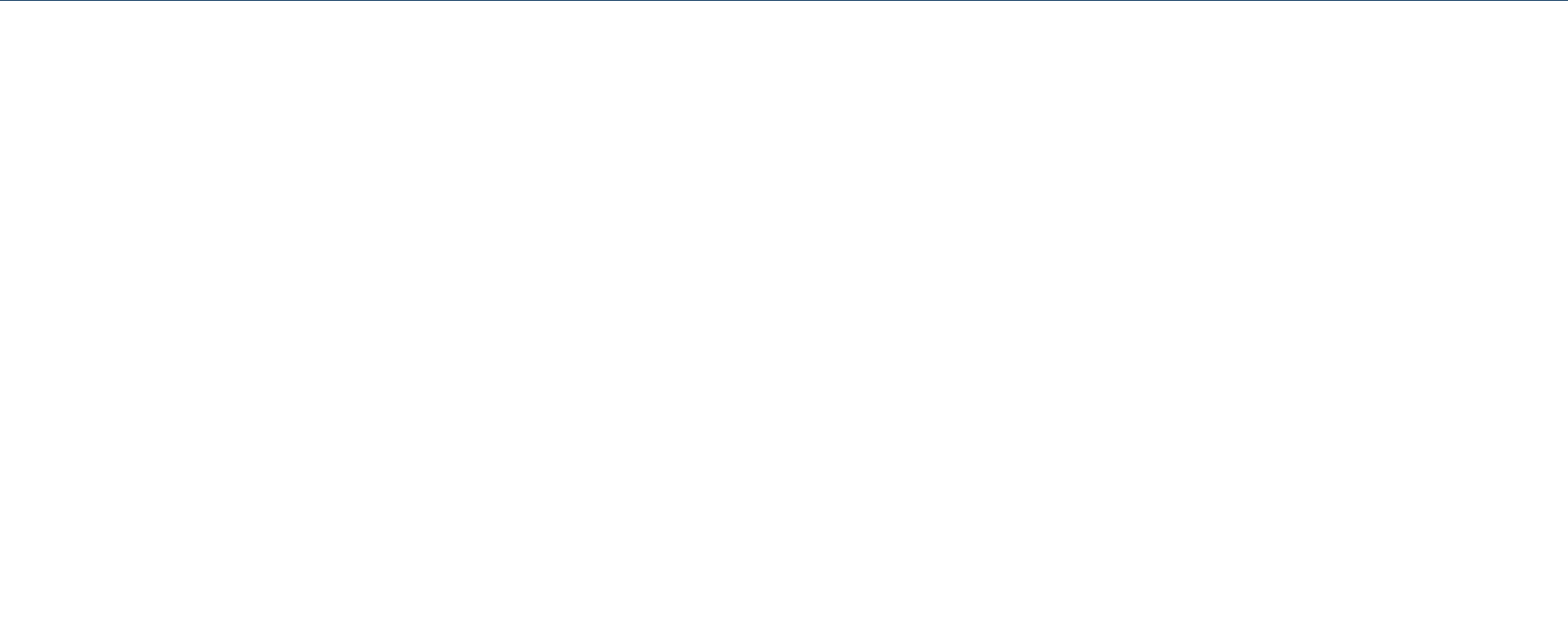
Mediobanca was recognized for its commitment to these issues, when it was included for the third year running in the **Bloomberg Gender-Equality Index (GEI)**.

The focus on inclusion is also shown in the support the Group has expressed to the **community** and **local area** in which it operates, having contributed, in continuity with the roadmap, to a series of new initiatives to address the social and economic emergency exacerbated by the ongoing pandemic situation.

In the financial year under review, the Group’s aggregate contribution to the community amounted to approx. **€7.3m**.

The activities and commitment described above are illustrated in more depth in the rest of this document, which is the Mediobanca Group’s **fourth Consolidated Non-Financial Statement**.

The framework is completed by a section devoted to the inclusion of ESG targets in the Strategic Plan, for the purpose of achieving the **Sustainable Development Goals**, a first self-assessment in connection with the recommendations made by the **Task Force on Climate-related Financial Disclosures (TCFD)**, plus some of the standards developed by the **Sustainability Accounting Standards Board (SASB)**, where considered applicable.



# Identity



MEDIOBANCA



# 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:

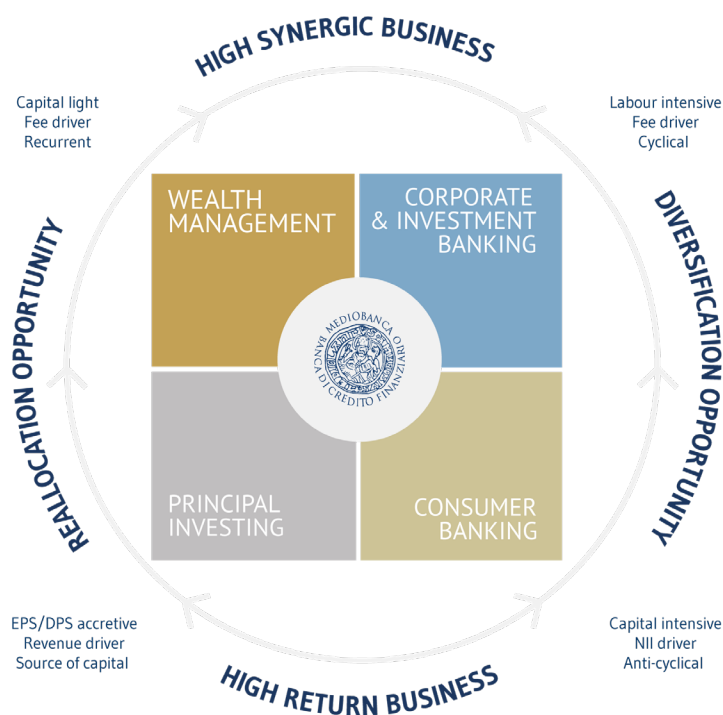
- ◆ focus and positioning in highly specialized, highly profitable market segments driven by long-term trends;
- ◆ strong capital resources;
- ◆ ongoing investment in talent, innovation and distribution.

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 Banking, Corporate & Investment Banking, and Principal Investing.



### Business model based on highly specialized activities

WEALTH MANAGEMENT	CONSUMER BANKING	CORPORATE & INVESTMENT BANKING	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 activity	Specialist domestic business with high entry barriers addressed to families	Client-driven, highly specialized business	The substantial legacy portfolio has been gradually unwound
Solutions business, profitable, albeit not on a large scale	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 which stabilizes revenues and earnings
Private banking synergistic with Corporate and Investment Banking	Credit risk highly fragmented	Business well diversified by source, product and by geography	
Strategy: organic growth accelerated as appropriate by increasing the number of FAs in Italy and acquiring small/medium-sized product factories			

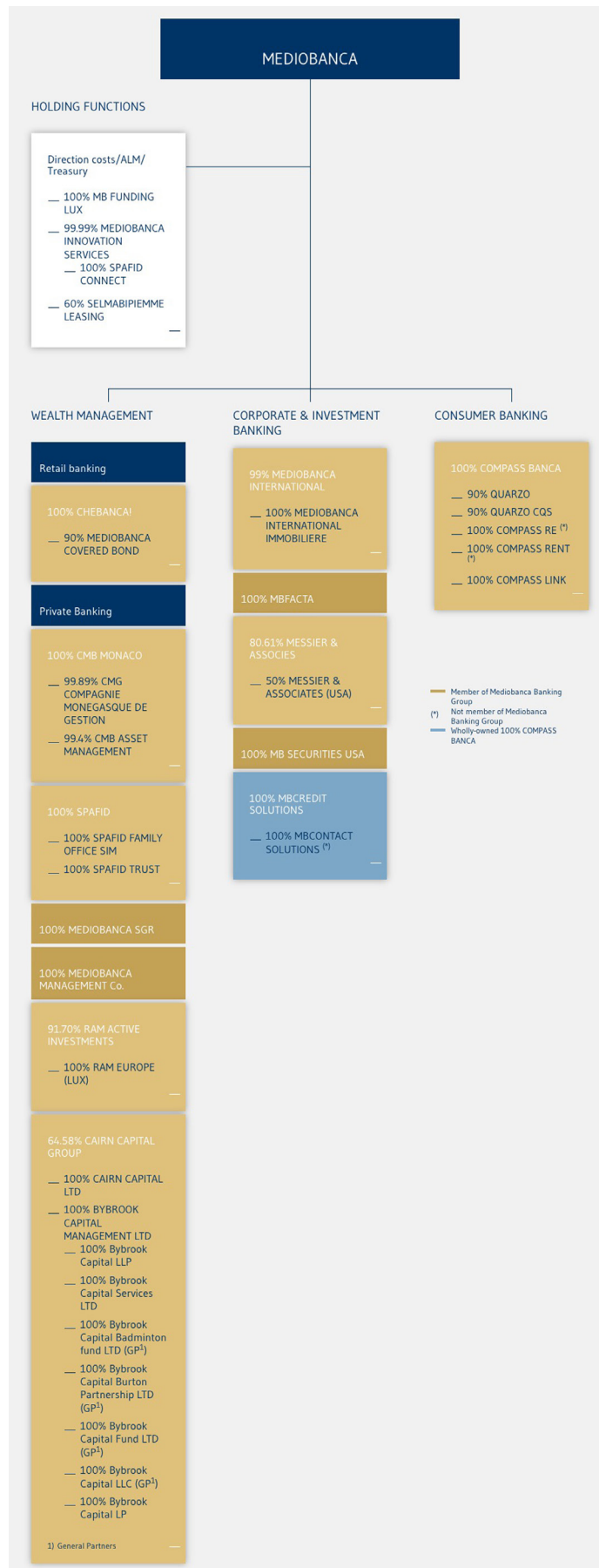


- ◆ **Wealth Management:** this division brings together all asset management services offered to the various client segments:
  - ◆ **Affluent & Premier:** (CheBanca!);
  - ◆ **Private Banking** (Mediobanca Private Banking and CMB Monaco). This division also comprises the **Asset Management** companies (Mediobanca SGR, Cairn Capital, RAM Active Investment and Mediobanca Management Company) in addition to Spafid, Spafid Family Office SIM and Spafid Trust fiduciary activity.
- ◆ **Consumer banking:** 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 (including acquisition and management of NPL portfolios), performed by MBFACTA and MBCredit Solutions and MBContact Solutions.
- ◆ **Principal Investing:** this division manages the Group's portfolio of equity investments and holdings, in particular the stake in Assicurazioni Generali.
- ◆ **Holding Functions:** this division includes SelmaBipiemme Leasing, MIS, Spafid Connect and Ricerche e Studi<sup>5</sup>, 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>6</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.

5. This company was wound up in July and removed from the Companies' Register on 30 July 2021.

6. 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.





## COVID-19 EMERGENCY

### Coronavirus, Mediobanca's solution: internal structure and close relations with clients.

The Mediobanca Group, with its strong governance structure and a solid, effective technology platform, has adapted rapidly to the new ways of working remotely imposed by the pandemic.

Technology has allowed the Group's staff to work in safety from home, without having to interrupt the service offered to our clients both in the branch offices themselves and through remote channels.

To manage the emergency, when the first hotspot emerged on 28 February 2020, Mediobanca promptly established a Crisis Unit with the aim of adapting the Group's operations to align with the decree laws issued, taking steps to adopt all restrictions imposed by the institutions, and updating staff promptly through dedicated newsletters. The **Crisis Unit** met less frequently, but still promptly, in the course of 2021, to adopt any changes in the regulations.

The Group also expressed strong solidarity with the community and the region in which it operates, contributing— as it has in the past – to new initiatives to address the social, medical and economic emergency situation caused by the ongoing pandemic. The various initiatives implemented by the Group are described in more detail in the following sections.

The risks in relation to the pandemic are illustrated in the table below.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIONS
Capital solidity and profitability	Systemic impact of pandemic risk on real economy, liquidity and market	Simplified procedures adopted to speed up ordinary processing times
		Stress testing carried out based on shrinking GDP/demand and offering scenarios as a result of the pandemic and the restrictions issued by government bodies
		Similar measures to the extraordinary legislative measures to support the economy (Moratoria), extending assistance to categories other than those provided for by the regulations
		Measures promoted to facilitate companies' liquidity
		Exchange rate, credit and equity risk assessment and mitigation strategies finalized and executed



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIONS	
Capital solidity and profitability	Systemic impact of pandemic risk on real economy, liquidity and market	Impacts and/or risks to extraordinary Corporate Finance and Equity Capital Markets transactions in progress managed	
		Understanding and implementation of the extraordinary measures launched by the Italian government to facilitate rapid access to instruments available to Consumers	
Risk management	Lack of and/or inadequate business continuity models sufficient to tackle the crisis	Body of internal regulations on business continuity, and updated to include a scenario for pandemic-related events	
		Preparation of a Group Directive on Crisis Management	
		Security measures in branches and offices, with working from home incentivized	
		IT infrastructure and multichannel offering enhanced	



### 3.2 Governance model

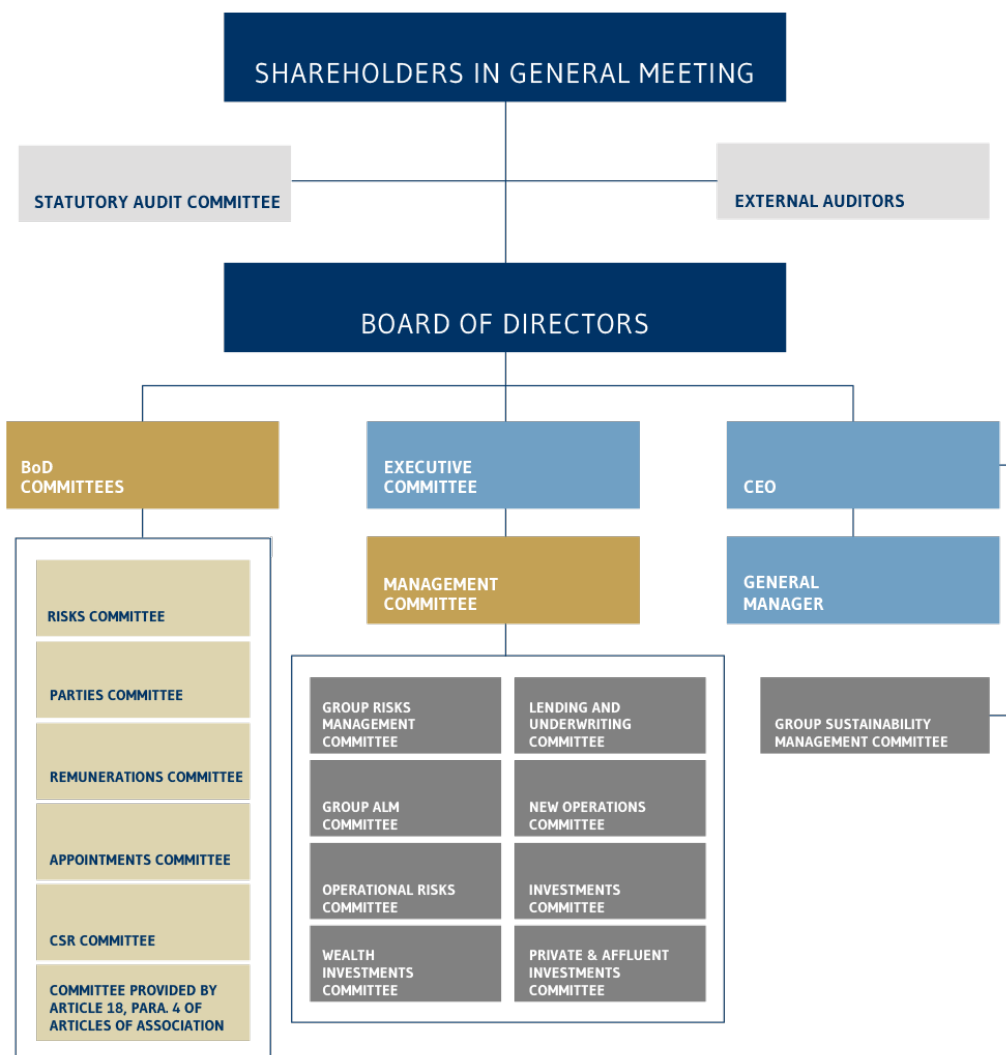
[GRI 102-18], [GRI 102-22], [GRI 102-24], [GRI 405-1]

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;
- ◆ 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 Statutory Audit Committee is vested with duties of control.

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 214/11. Three Directors, or two if the number of Directors to be appointed is thirteen or under, are chosen from among staff members who have been members of Mediobanca Banking Group companies' top management for at least three years. The majority of the Directors must qualify as independent according to the definition provided in Article 19 of the Articles of Association, and no-one over the age of 75 may be appointed. The Board's composition also complies with the law on equal gender representation.

According to a report prepared by a **think-tank set up jointly by the Bank of Italy and Consob**, on the presence of women on the management and supervisory boards of Italian companies, **Mediobanca was voted best in class** for its reference market in terms of female representation on the new Board of Directors (40%, compared with an average of 37% for listed banks and 15% for unlisted banks).

Mediobanca acknowledges and welcomes the benefits of diversity at Group level and also at the level of its own governing bodies, in every aspect including gender, age, qualifications, competences, and training and professional profile.

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. 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 by Borsa Italiana in its Code of Conduct for Listed Companies and with the Bank of Italy's Supervisory Instructions on corporate governance, the Board of Directors has instituted a Risks Committee, Related Parties Committee, Remuneration Committee and Appointments Committee, all of which consist entirely of non-executive Directors, the majority of whom are independent, from which a Chair is appointed and the CSR Committee, which consist of a majority of independent and non-executive 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 comes second in terms of the number of votes is appointed Chairman of the Statutory Audit Committee.



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, and in its Annual Report.

### 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 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 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 Group Audit Unit operates on behalf of all the Group companies, and 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>7</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 controls 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, 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.

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 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.

7. Based on a centralized approach for all Italian companies



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>8</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, the sustainability objectives and the related SDGs<sup>9</sup>.

In 2021, the ESG and climate change risks were revised directly by the Operational Risk Management unit, which reassessed the potential risks previously identified on the basis of changes in the regulations and the effectiveness of the mitigation instruments implemented.

At the same time, at the start of 2021 an **ESG Programme** was launched, to gradually adapt the Group's operations to the new regulations in the ESG area.

Based on the business areas affected by the regulations, three main strands were identified for project activities: *Proprietary*, *Clients and Markets*, and *Non-Financial Disclosure*.

- ◆ In the **Proprietary** strand, activities are focused on the following areas:
  - ◆ self-assessment and gap analysis relative to the *ECB Guide on climate related and environmental risk*, the document issued by the European Central Bank which outlines the means by which banks are to integrate climate-related and environmental risks into their governance and risk management frameworks; structuring of a short-term and long-term action plan;
  - ◆ preparation of a *Group Long-Term Plan on Climate and Environmental Risks*, addressing the gaps identified in the course of the self-assessment process, approved by the BoD on 11 May 2021;
  - ◆ implementation of a model for assessing the ESG risks for the investment portfolio and loan book (CIB clients): based on the data reported by the United Nations Environment Programme Financial Initiative (UNEPFI) and the Principles for Sustainable Insurance (PSI), a heat map was developed in order to identify the impact on ESG issues at the economic sector level. The ESG risk assessment process for the portfolio entails integrating this information with the data for the specific risk related to the individual counterparty, obtained via a dedicated questionnaire;
  - ◆ extension of such assessment model to SME, Private Banking Retail clients with a focus on environmental issues;
  - ◆ integration of ESG criteria into the lending and investment management processes.
- ◆ Activities for the **Clients and Markets** strand, chiefly in order to incorporate *Regulation (EU) 2019/2088*, break down as follows:
  - ◆ publication on the Bank's website of policies which incorporate sustainability issues in the provision of individual/collective portfolio management services and investment advisory services;

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

9. An indepth description of the SDGs (Sustainable Development Goals) is provided in section 3.7 *Sustainable Development Goals*



- ◇ ESG alignment of remuneration policies;
- ◇ adaptation of pre-contractual information;
- ◇ development of qualitative methodologies, pending adoption of the relevant RTS<sup>10</sup>, to assess the adverse sustainability impacts of investment and investment advisory decisions.
- ◇ Activities in the area of **Non-Financial Disclosure** are as follows:
  - ◇ definition of criteria and guidelines for applying the European classification at Group level (Regulation (EU) No. 2020/852)<sup>11</sup>;
  - ◇ identification of the business lines most impacted by the classification;
  - ◇ internal training activities for the main stakeholders.

### 3.4 Sustainability governance

[GRI 102-18]

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES	
Governance and sustainable strategy	Ineffectiveness of internal control and ESG/ climate change risk management systems	ESG Programme: adaptation of risk management frameworks	
		BoD Group CSR Committee, chaired by CEO	
		Management Sustainability Committee and Group Sustainability unit	
		Internal directive defining the process for non-financial information reporting	
		Group ESG policy	
		ESG Risk Assessment Framework (ESG risks and climate change) to improve internal controls system	
Governance and sustainable strategy	Ineffective communication to financial stakeholders on: <ul style="list-style-type: none"> <li>• Sustainability strategy in medium and long term</li> <li>• Group management models in ESG and climate change area</li> <li>• Risk prevention activity in this area</li> </ul>	Quantitative data for CNFS uploaded to IT platform used for Group operations and accounts	
		BoD Group CSR Committee, chaired by CEO	
		Management Sustainability Committee and Group Sustainability unit	
		Group Investor Relations handling relations with analysts, proxy advisors, shareholders and potential investors (including ESG)	
		Group Policy on sensitive information	

10. Regulatory Technical Standards

11. Classification of economic activities that could be defined as sustainable



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
<b>Governance and sustainable strategy</b>	<p>Ineffective communication to financial stakeholders on:</p> <ul style="list-style-type: none"><li>• Sustainability strategy in medium and long term</li><li>• Group management models in ESG and climate change area</li><li>• Risk prevention activity in this area</li></ul>	<p>Roadshows, one-to-one meetings, calls and engagement activities with investors (including ESG); dialogue with ESG rating agencies and monitoring the ratings assigned; 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, for instance: Group CSR policies; short- and medium-term sustainability objectives; monitoring initiatives promoted by the management committee to implement the policies; consolidated non-financial statement; assessment of degree of achievement of CSR objectives set by the Remuneration Policy or scorecards.

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, Committee Secretary, and Head of CSR also take part in the meetings, which are held once a quarter along with other Group representatives invited by the Committee Chairman 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 is responsible for approving the CNFS, subject to prior review by the Board's own CSR Committee. 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 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*, which was updated in 2020, is sub-divided into four areas held to be priorities: measures to tackle bribery and corruption, human rights, diversity and inclusion, and 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 *Group Sustainability 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
Shareholders and investors	The eMarket SDIR platform and eMarket STORAGE mechanism <sup>12</sup>
	Meetings, conference calls and dedicated meetings
Clients	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
Staff	Training programmes
	Internal climate analysis
	Performance assessment processes
	Company intranet
	Internal communication instruments
	Company volunteering

<sup>12</sup>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)



STAKEHOLDER	CANALI E MODALITÀ DI COINVOLGIMENTO	
Trade union organizations	Regular meetings with trade union representatives	
Entities and institutions	Initiatives and events	
	Meetings with representatives	
	Working groups	
Community	Initiatives and events	
	Meetings with representatives	
	Working groups	
Suppliers and partners	Portal to manage purchasing by Mediobanca Group	
Agents and promoters	Regular training activities in financial products and new regulations	

### 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:

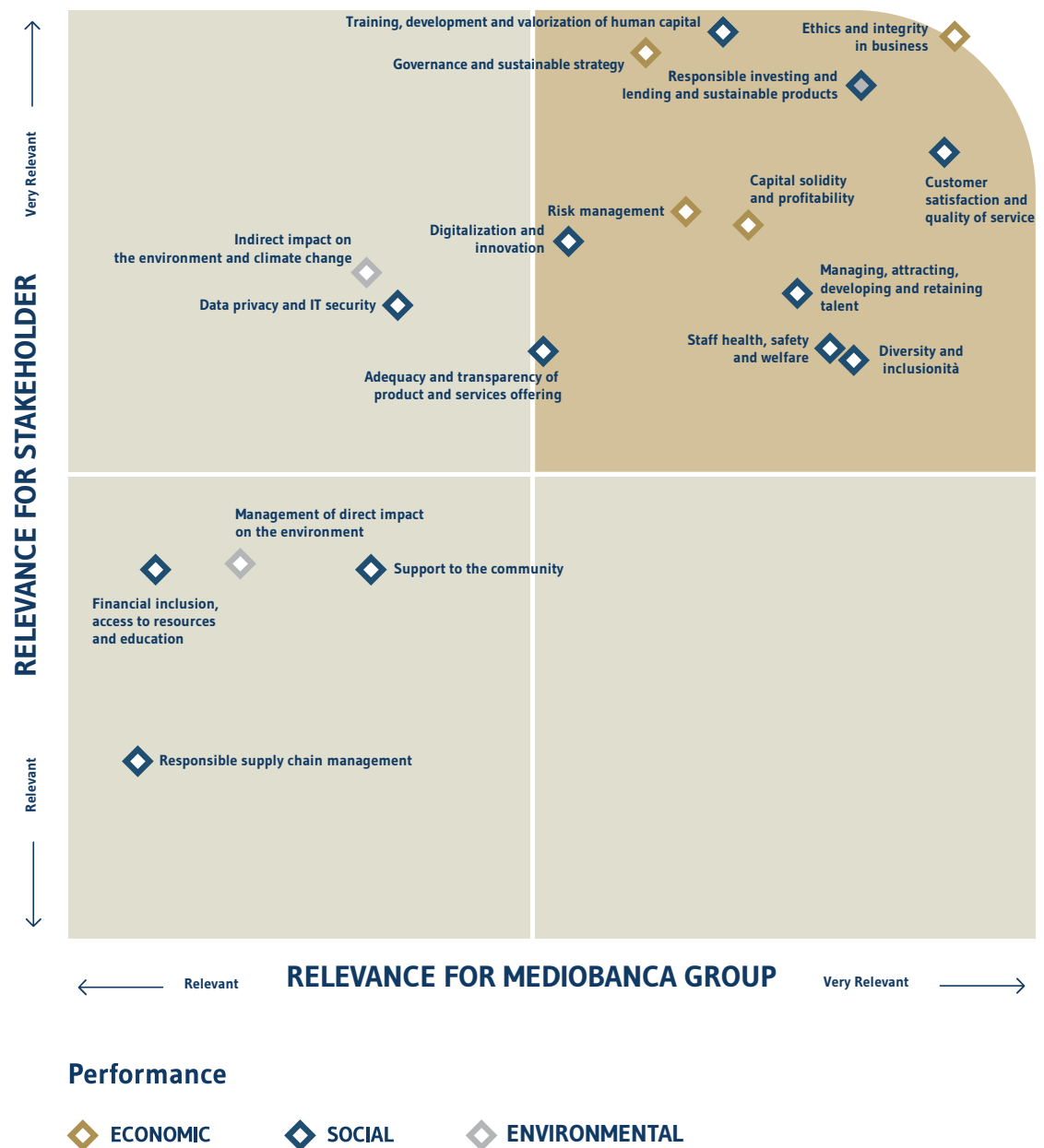
- ◆ in 2017, benchmarking analysis was carried out and sustainability guidelines were developed; the results were shared with the heads of fifteen different units and Group legal entities;
- ◆ in 2018, the first multi-stakeholder forum was held with the objective of updating the Materiality Matrix, with 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. Over 120 stakeholders were contacted (response rate: 47%), along with 19 senior management representatives, who were all asked to vote, using an online tool, on the materiality issues proposed, to prioritize the issues perceived to be most



material to the Group. The issues voted for were aggregated in part (from 23 to 18) and redefined in line with best 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 a **significant increase in materiality** were as follows: *Indirect environmental impacts and climate change, Responsible investing and lending, Managing, attracting and retaining talent, Governance and sustainable strategy*. Those which **reduced slightly in materiality** were: *Data protection and IT security, Adequacy and transparency of offering, Support to the community, and Staff health, safety and wellness*.





### 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>13</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.

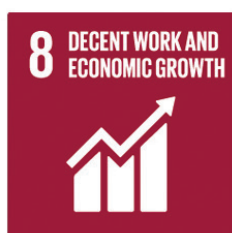


The Group promotes and runs financial education and training via a series of instruments and ventures for clients and vulnerable areas (section 6.1.5, *Financial inclusion, access to financial resources and education*). It also provides specialist training to its staff, helping them develop and maintain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

13. 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. Mediobanca has also adhered to the “Women’s Charter” promoted by the Italian Banking Association ABI, and is a signatory to the Valore D manifesto, a programmatic and strategic statement of intent to deliver increased diversity and gender inclusion within the company organization (section 5.3 *Diversity, inclusion and equal opportunities*). In the Strategic Plan, the Group has committed to valorizing female candidates for new positions and internal promotions (cf. section 9. *Objectives and future commitments*).



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*).



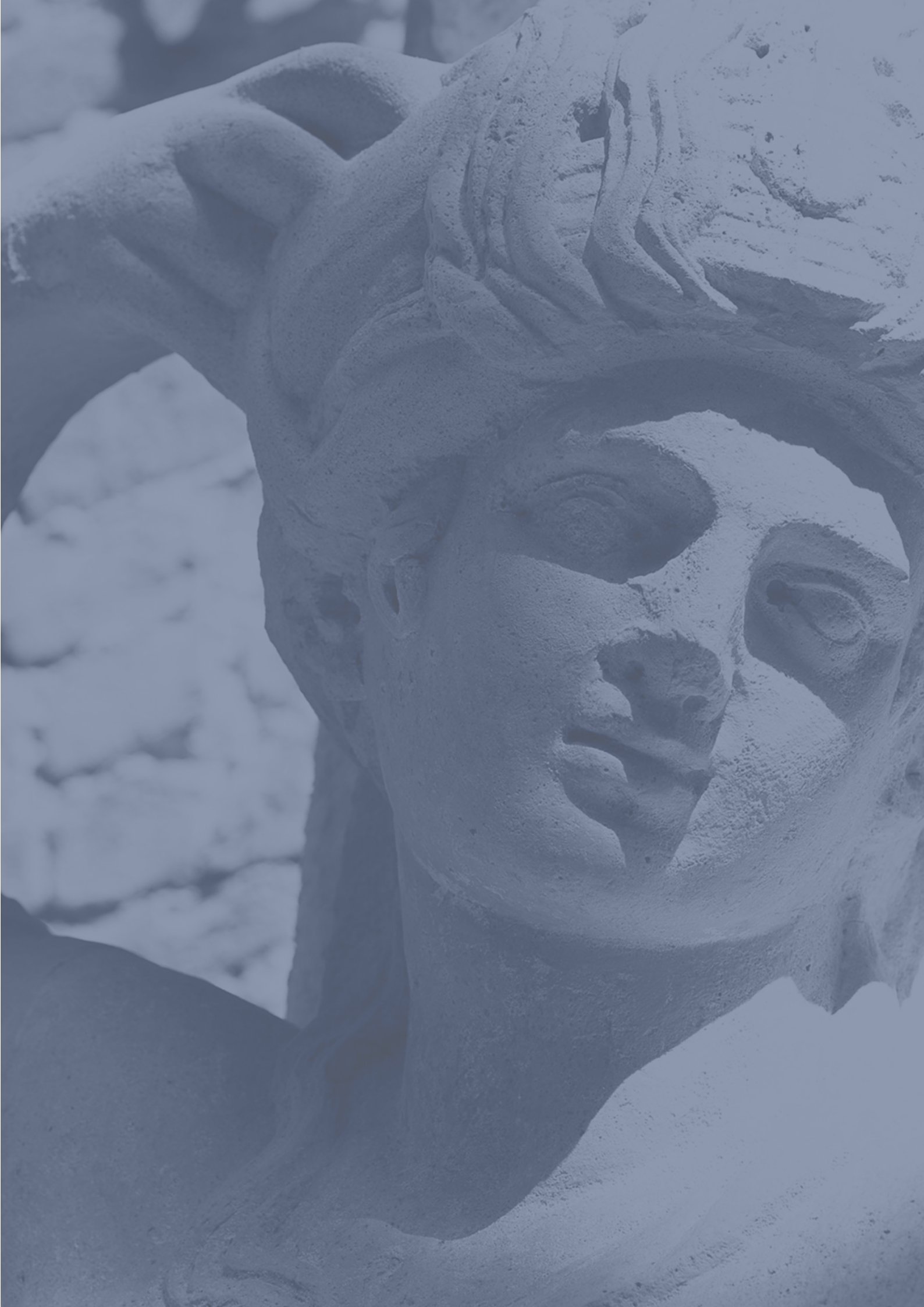
The Group promotes numerous initiatives with social impact, including through donations and support, in Italy and the other countries in which it operates. In its Strategic Plan, the Group has set itself the target of making a constant annual contribution to projects with positive social and environmental 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*).



Objectives have been included in the Strategic Plan in the area of extending the sourcing of electricity from certified renewable sources, reducing CO<sub>2</sub> emissions, and increasing the number of hybrid vehicles in the company fleet. In terms of indirect impact, the targets included in the Plan include the issue of a green bond and a carbon neutral fund (RAM), plus an increase in green mortgages issued by CheBanca! (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>14</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.

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 checks and 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 Board of Directors of Mediobanca S.p.A has approved a Code of Ethics, which forms an integral part of the Model instituted pursuant to Italian Legislative Decree 231/01 and sets down the set of values which direct the Group's conduct. The Code is a fundamental instrument in defining a good system of corporate governance. The Code of Ethics, 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. The principles and provisions of the Code are binding for Directors, Statutory Auditors, management, staff and collaborators of the Group, and also apply to individuals or entities with which the Group enters into supply or advisory agreements. The internal units undertake to circulate the Code of Ethics and promote its observance. In particular, each recipient is obliged to:

<sup>14</sup>. 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 is based and contains the values which underlie its everyday operations. The Code, which is approved by the Board of Directors, was revised in February 2020. All the Bank's staff members and collaborators, including providers and consultants (the "recipients") must familiarize themselves with the Code of Conduct and ensure their behaviour is based on the principles and values set forth in it. The Recipients 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-operating 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. The Group companies adopt their own Code of Conduct, consistent with the key values and principles expressed at parent company level, while tailoring them to reflect the main characteristics of their own operations.

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

The policy, updated in February 2020, describes the model used for managing the risk of non-compliance with the regulations in force.

#### ◇ **Whistle-blowing policy**

The Whistle-blowing Policy 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 activity. The policy, approved by the Board of Directors and revised in January 2021, allows reports to be made, including anonymously, regarding any malfunctioning in the organizational structure and/or breaches of the regulations which are relevant to compliance issues. Reports can be made via email or internal mail and must be 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. The Group legal entities included in the scope of application have adopted equivalent internal regulations, as required by the local regulations in force in their respective countries.

#### ◇ **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 Group Gift 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 3,228 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 1,592 staff participating, or 32% of the company's population<sup>15</sup>. The anti-corruption policies and procedures have been sent to all the Directors and the Group's workforce.

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.

◆ **Tax conduct principles**, describing the guidelines and conduct principles for the Group in applying the tax regulations in Italy and elsewhere.

◆ **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.

15. The time horizon for the training is typically several years and is related to changes in the regulations or to significant changes in the corporate organization



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

CATEGORIES OF STAFF	2020/2021		2019/2020		2018/2019	
	NO.	%	NO.	%	NO.	%
Top management	22	96%	11	100%	11	100%
Management	376	92%	395	93%	366	89%
Middle management	1,856	89%	1,808	90%	1,762	94%
White collar	2,315	96%	2,387	97%	2,430	99%
TOTAL	4,569	93%	4,601	94%	4,569	96%

GEOGRAPHICAL REGION	2020/2021		2019/2020		2018/2019	
	NO.	%	NO.	%	NO.	%
Italy	4,281	97%	4,369	100%	4,124	97%
France	50	100%	49	100%	16	100%
Spain	29	100%	24	100%	20	100%
Germany	-	-	3	100%	7	100%
United Kingdom	73	63%	89	62%	158	100%
Rest of world	136	43%	67	20%	244	78%
TOTAL	4,569	93%	4,601	94%	4,569	96%



## 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 main Group companies 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 assessments carried out have not revealed material residual risks in the corruption and Italian Legislative Decree 231/01 areas, in view of the measures put in place (as described in the previous section) and the checks carried out. In the year under review, the risk assessment process involved 41 of the Group companies' business lines (roughly 89% of the total).

The Group Audit Unit performs audits of the various 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. None of the seven reports of potential violations received at Group level (six of which were received through the whistle-blowing channel) and analysed involved any alleged of corruption.



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES	
Ethics and integrity in business	Non-compliance by the Group with anti-corruption measures and potential ineffectiveness in the reporting systems	Organizational model according to which company management and local compliance teams are involved in tackling corruption	
		Adoption of internal anti-corruption regulations by all Group companies	
		Checks and balances put in place at various levels for most significant areas in terms of corruption and for non-compliance risk generally	
		Monitoring reports by local compliance teams	
Ethics and integrity in business	Conflicts of interest	<i>Group Policy for Managing Conflicts of Interest</i> , which defines roles and responsibilities for preventing and managing conflicts	
		Internal regulations adopted by the individual Group companies on the various types of conflict of interest, and monitoring the issue through regular reports from the local compliance teams	
Ethics and integrity in business	Inadequate staff training on internal procedures on anti-corruption	Regular training activities on issues pertaining to Italian Legislative Decree 231/01, including tackling corruption, at all corporate levels	
		Co-operation between local compliance teams and Group HR in defining an appropriate training programme and monitoring its usage	
		Basic e-learning course on Organizational Model instituted under Italian Legislative Decree 231/01 (Mediobanca)	
Risk Management  Responsible supply chain management	Non-compliance by business partners or third parties with laws, regulations and/or standards in the areas of ethics and integrity, HSE and/or protection of Human Rights	Managerial committees with responsibility for assessing whether there is compromising evidence on the business counterparty	
		<i>Group Purchasing Processes Management Directive</i> which lays down the qualification and monitoring process for suppliers.	
		ESG self-assessment questionnaire added to supplier qualification process	



### 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]

The Mediobanca Group's tax strategy, which is also published on the Bank's website<sup>16</sup>, is approved and revised periodically by the Board of Directors.

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 of the important contribution that tax revenue can make to the collective well-being in the jurisdictions in which it operates, and is equally convinced that it is essential for it and all its stakeholders that the Group should implement all tax regulations in the correct manner.

The Mediobanca Group maintains conduct which is proper, transparent and responsible, and conducts its business in accordance with all regulations in force, to the highest ethical stands, in order to avoid instances of corruption, whether active or passive. In the performance of its own activities, and those which it performs on behalf of its clients, Mediobanca adopts behaviour to ensure compliance with both form and substance of all tax legislation, regulation and procedures in force at national, international or supranational levels in the countries in which it operates, maintaining transparent relations with the revenue authorities. To this end, the Group co-operates with the competent authorities, in providing the information required by them to ascertain that the tax obligations have been correctly fulfilled, and complies with the provisions instituted to ensure a suitable approach to funds transfer pricing for intra-Group transactions, with the objective of ensuring that the income generated in the countries in which the Group operates is allocated in accordance with the laws in force and in line with the OECD Guidelines in this area.

Senior management takes its decisions following adequate assessment inter alia of the potential tax impact, involving the relevant internal units, in particular the Mediobanca S.p.A. Tax Unit, to ensure that any issues of a tax-related nature are managed thoroughly and correctly at Group level.

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 Model instituted pursuant to Italian Legislative Decree 231/01, establishing the standards of conduct that must be observed by all the Group's staff members. The system of regulations and procedures also meet the tax requirements set by the Bank of Italy, and comply with the principles of conduct set at the highest supervisory levels by the OECD in this area.

In operating terms, the set of measures and organizational procedures, with the assignment of roles and responsibilities, must ensure 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 Chief Financial Officers (or equivalent figures) of the individual Group legal entities are responsible for applying these principles to the decisions taken in the tax area 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.

16. See [https://www.mediobanca.com/static/upload\\_new/pri/principles-of-conduct-with-reference-to-tax-matters.pdf](https://www.mediobanca.com/static/upload_new/pri/principles-of-conduct-with-reference-to-tax-matters.pdf)



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.

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)
Italy	4,369	2,425,096	609,300	588,097	432,596	360,833	188,604
Luxembourg	33	142,732	9,042	33,294	2,078	14,283	10,452
Monaco	251	98,368	38,589	34,561	20,068	5,066	4,764
Switzerland	38	21,911	1,793	3,942	999	1,251	1,155
France	49	35,643	5,591	9,724	662	3,347	3,133
Spain	24	2,509	12,757	2,509	1,775	457	372
Germany	3	163	3,260	163	2,190	228	-
United Kingdom	143	78,590	26,306	26,876	1,801	5,558	6,184
USA	10	938	1,541	(510)	-	100	(157)
<b>TOTAL</b>	<b>4,920</b>	<b>2,805,949</b>	<b>708,179</b>	<b>698,655</b>	<b>462,169</b>	<b>391,124</b>	<b>214,507</b>

The data refer to the financial year ended on 30 June 2020, based on the *Country-by-Country Reporting* (required under Italian Law 208/15, in accordance with the OECD recommendations on *Base Erosion and Profit Shifting (BEPS)*, which is sent to the revenue authorities within twelve months of the relevant tax period closing.

The difference between the notional tax payable calculated based on the earnings/losses reported in the financial statements and the tax accrued in the tax period, is due almost exclusively to the tax exemption of dividends from securities held other than for trading purposes (which reduces the tax rate) and the payment of one-off tax charges after accepting the settlement proposed by the Italian revenue authority following a dispute procedure (which increases the tax rate). For further information, reference is made to the *Mediobanca Group Review of Operations* for the twelve months ended 30 June 2020.





# 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. 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 last July, 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:

- ◆ **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.
- ◇ **Welfare and work-life balance:** the psychological and physical wellbeing of staff, as well as their health, is guaranteed through company welfare systems designed to create healthy working conditions, a close-knit and positive working environment, and one which promotes staff engagement with their work to obtain the best possible results and increase the quality of the work done for the Group.
- ◇ **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 information 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.

## COVID-19 EMERGENCY

From the start of the crisis, the health and safety of workers and collaborators has been the priority of the entire Mediobanca Group, which has adapted rapidly to the new ways of working imposed by the circumstances.

The Crisis Unit set up to deal with the health emergency has put in place a number of activities to protect employees and collaborators:

- ◇ New decrees implemented promptly and staff updated on an ongoing basis.
- ◇ Security measures introduced to branches and offices.
- ◇ Health and safety in the workplace and organization ensured through dedicated protocols and staff being encouraged to work from home.
- ◇ Expansion of the range of welfare instruments available, and complementary healthcare insurance activated to cover the risk of infection from Covid-19.
- ◇ Enhancement of internal information and communications.
- ◇ Increased provision of training.



The documentation on the initiatives listed is revised on a regular basis, to ensure it is aligned with the regulatory provisions in force.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
<b>Managing, attracting, developing and retaining talent</b>	Loss of key figures, slump in motivation (also because of Brexit), staff turnover, and lack of specific programmes to attract young talent	Selection by the Appointments Committee of a limited number of members of the Group's top management considered able to succeed the CEO and GM
		Preparation and ongoing monitoring of emergency plans to reappoint company management
		<i>Group Policy on selection, appointment, succession and assessment of the adequacy of company representatives and key function holders</i>
		Ongoing updating of map of competences for specific key positions
		Staff selection, management and training unit within Group HR
		<i>Human Resource Management Policy</i> , describing the roles and responsibilities of all bodies involved in the staff management process
		Development of partnerships with universities to identify talent and dedicated recruitment programmes
		Employer branding strategies and campaigns to promote the Mediobanca brand
<b>Diversity, inclusion and equal opportunities</b>	Lack of effectiveness of programmes focused on gender diversity & inclusion issues	Preparation and monitoring of performance evaluation systems to which career advancement, remuneration, incentives and benefits are linked
		Use of new channels (e.g. podcasts, Telegram etc.) to facilitate communication with staff, in particular millennials
		BoD Group CSR committee chaired by CEO
		Management Sustainability Committee and Group Sustainability unit
		Staff selection, management and training unit within the Group HR division
		Diversity & Inclusion manager appointed with specific responsibilities
		<i>Human Resource Management Policy and Sustainability Policy</i> protecting diversity and equal opportunities



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY	
Diversity, inclusion and equal opportunities	Lack of effectiveness of programmes focused on gender diversity & inclusion issues	<p>Regular monitoring of corporate climate and balancing of corporate population</p> <p>Support for parents by providing healthcare services and training courses</p> <p>Monitoring the number of women leaving the company to verify that reasons are not related to work-life balance problems</p>	
Training and professional development Digitalization and innovation	Insufficient staff training initiatives, with reference in particular to: innovative/digital instruments and technologies, ESG and sustainable finance, and compliance	<p>Existence of a staff selection, management and training unit within the Group HR division</p> <p><i>Human Resource Management Policy</i>, describing the roles and responsibilities of all bodies involved in the staff management process and policies on training initiatives</p> <p>Gap analysis to map the areas requiring improvement in terms of competences, and monitoring the remediation plans</p> <p>Competence and performance tracking system</p> <p>Specific training initiatives to ensure effective process innovations are implemented among Group staff</p> <p>Preparation and ongoing monitoring of staff development and training programmes (technical and managerial)</p> <p>Monitoring the effectiveness of process innovations assigned to the various business areas and to Group HR, and assessment of impact on employment by HR</p>	
Training and professional development Managing, attracting, developing and retaining talent	Reduced motivation among staff members and reduced sense of belonging to the Group	<p>Existence of a staff selection, management and training unit within the Group HR division</p> <p>Structure and tools of internal communication redefined (now managed within Group HR)</p> <p><i>Human resource management Policy</i>, describing the roles and responsibilities of all bodies involved in the staff management process</p> <p>Staff climate analysis to analyse the degree of satisfaction among the corporate population</p> <p>Use of new channels (e.g. podcasts, Telegram etc.) to facilitate communication with staff, in particular millennials</p> <p>Team-building activities and engagement initiatives</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 4,921 staff on its books, in line with last year, 42% of whom are women. The majority of the Group's staff, some 90%, is based in Italy, confirming our strong local roots. Some staff have been transferred from the London office to Italy, France and Spain as a result of Brexit. The most-represented professional category is that of "white collar", which accounts for 49% of the total.

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

CONTRACT TYPE	2020/2021		2019/2020		2018/2019	
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
<b>Italy</b>	4,331	83	4,271	98	4,140	116
<b>France</b>	49	1	49	0	16	0
<b>Spain</b>	29	0	24	0	20	0
<b>Germany</b>	-	-	3	0	7	0
<b>United Kingdom</b>	115	0	143	0	158	0
<b>Rest of world</b>	301	12	317	15	302	9
<b>TOTAL</b>	<b>4,825</b>	<b>96</b>	<b>4,807</b>	<b>113</b>	<b>4,643</b>	<b>125</b>

### Employees by category and gender

CATEGORY OF STAFF	2020/2021			2019/2020			2018/2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Top management</b>	18	5	23	10	1	11	10	1	11
<b>Management</b>	348	62	410	358	66	424	352	59	411
<b>Middle manag.</b>	1,398	679	2,077	1,360	656	2,016	1,255	626	1,881
<b>White collar</b>	1,097	1,314	2,411	1,134	1,335	2,469	1,144	1,321	2,465
<b>TOTAL</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>	<b>2,761</b>	<b>2,007</b>	<b>4,768</b>



## Employees by category and age

CATEGORY OF STAFF	2020/2021			2019/2020			2018/2019		
	<30	30 – 50	>50	<30	30 – 50	>50	<30	30 – 50	>50
<b>Top management</b>	-	26.1%	73.9%	-	36.4%	63.6%	-	36.4%	63.6%
<b>Management</b>	-	55.4%	44.6%	-	62.3%	37.7%	-	66.7%	33.3%
<b>Middle manag.</b>	6.1%	69.3%	24.6%	6.3%	69.5%	24.2%	6.0%	70.8%	23.2%
<b>White collar</b>	12.9%	75.4%	11.7%	13.7%	75.4%	10.9%	14.2%	75.9%	9.9%

Women represent 40% of the Group's full-time employees (1,900), and 96% of the staff employed part-time (160).

The majority of our employees, some 71%, are between thirty and fifty years of age, while the average age is around 42 years. In terms of length of service, the highest concentration is in the 11-20 years bracket (40% of the Group population), representing a good level of loyalty retention among staff.

Some 98% of the contracts are permanent (4,825), improving compared to the previous year, 42% of which are in respect of women (2,022).

As at end-June 2021, a total of 290 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. The opening of the company MBContact Solutions (specializing in outbound telephone credit recovery activity) led to an increase in the number of staff employed under temporary contractual arrangements.

There were also 465 Financial Advisors linked to the CheBanca! network.

During the course of the year a total of 401 new staff were added, 84% in Italy. A total of 282 staff left the Group's employment during the twelve months under review<sup>17</sup>.

EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GENDER AND AGE	2020/2021		2019/2020		2018/2019	
	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP
<b>TOTAL</b>	<b>401</b>	<b>282</b>	<b>416</b>	<b>296</b>	<b>408</b>	<b>322</b>
<b>Men</b>	238	174	275	197	281	219
<b>Women</b>	163	108	141	99	127	103
<b>&lt; 30</b>	147	58	179	66	181	56
<b>30-50</b>	215	167	210	175	200	186
<b>&gt; 50</b>	39	57	27	55	27	80

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



EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GEOGRAPHICAL AREA	2020/2021		2019/2020		2018/2019	
	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP
<b>TOTAL</b>	<b>401</b>	<b>282</b>	<b>416</b>	<b>296</b>	<b>408</b>	<b>322</b>
<b>Italy</b>	335	187	325	211	323	242
<b>France</b>	16	16	10	7	4	8
<b>Spain</b>	8	3	4	-	3	7
<b>Germany</b>	-	-	-	4	2	7
<b>United Kingdom</b>	5	24	27	42	26	35
<b>Rest of world</b>	37	52	50	32	50	23

TURNOVER RATE BY GENDER AND AGE	2020/2021		2019/2020		2018/2019	
	RECRUITMENT RATE <sup>18</sup>	DEPARTURE RATE <sup>19</sup>	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
<b>TOTAL</b>	<b>8%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>	<b>9%</b>	<b>7%</b>
<b>Men</b>	8%	6%	10%	7%	10%	8%
<b>Women</b>	8%	5%	7%	5%	6%	5%
<b>&lt; 30</b>	34%	13%	39%	14%	39%	12%
<b>30-50</b>	6%	5%	6%	5%	6%	5%
<b>&gt; 50</b>	4%	6%	3%	6%	3%	10%

RECRUITMENT AND TERMINATION RATE BY GEOGRAPHICAL AREA	2020/2021		2019/2020		2018/2019	
	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
<b>TOTALE</b>	<b>8%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>	<b>9%</b>	<b>7%</b>
<b>Italy</b>	8%	4%	7%	5%	8%	6%
<b>France</b>	32%	32%	20%	14%	25%	50%
<b>Spain</b>	28%	10%	17%	-	15%	35%
<b>Germany<sup>20</sup></b>	-	-	-	133%	29%	100%
<b>United Kingdom</b>	4%	21%	19%	29%	16%	22%
<b>Rest of world</b>	12%	17%	15%	10%	16%	7%

18. Number of staff recruited as a percentage of the total number of staff employed as at 30/6/21

19. Number of staff departing the Group as a percentage of the total number of staff employed at 30/6/21

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



The total staff turnover rate (incoming) was 8%, while the outgoing turnover rate was 6%; 2.5% of which occurred on a voluntary basis<sup>21</sup>.

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

Of the positions vacant, 25% 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 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.

Pursuit of the appropriate balance between genders at all levels of the company continues, focusing in particular on 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.

The Group is committed to offering remuneration in line with the market, reflecting the role, competences, contribution to company performance appraised objectively, capabilities and professional experience of every member of staff, thus ensuring that the principle of equal opportunities is applied effectively in practice.

To enable gender-neutral policies to be applied and so as to assess their effectiveness, the Group adopts measurement systems for the organizational positions, reflecting the level of responsibility and complexity managed by individual roles. Adopting the international *Willis Towers Watson* methodology, the Mediobanca Group applies its *Global Grading System* internally, measuring each position within the reference organization. By assigning a weighting to each role, it is possible ensure ongoing monitoring of:

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



- ◊ internal equity, assessing the consistency of employees' remuneration packages by comparing staff employed at the same levels of classification;
- ◊ 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 allows roles and responsibilities to be defined and set payment scales to be applied for fixed remuneration.

With the objective of monitoring application of the remuneration equity criteria more closely, and so ensuring that gender neutrality is maintained, a project was launched during FY 2021-22 to define the methodology for calculating the **gender pay gap** and to develop a business intelligence model. Apart from addressing the regulatory authority's requests to introduce monitoring in this area, the instrument will pick any misalignment between organizational positions of equal value, inter alia between the Italian and other markets, to allow the appropriate remediation actions to be identified and implemented to ensure that the remuneration policies are complied with exhaustively.

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 between basic salary and remuneration for men to women by professional category

RATIO BETWEEN BASIC SALARY AND REMUNER. FOR MEN/WOMEN	2020/2021		2019/2020		2018/2019	
	BASIC SALARY	REMUNER.	BASIC SALARY	REMUNER.	BASIC SALARY	REMUNER.
<b>Top management<sup>22</sup></b>	44%	45%	-	-	-	-
<b>Management</b>	76%	70%	79%	76%	74%	71%
<b>Middle management</b>	88%	83%	91%	87%	90%	87%
<b>White collar</b>	100%	100%	105%	104%	99%	99%

The Group instituted the figure of **Group Diversity and Inclusion Manager** in 2019, who works alongside the Group HR Director to monitor the implementation of the guidelines on diversity and inclusion within the Group.

Cairn Capital has appointed a **Diversity & Inclusion Committee**, to direct the company's strategy on these issues, and to promote a corporate culture that valorizes differences of background, perspectives and ideas, to create an inclusive working environment based on trust, respect and integrity.

As further confirmation of the Group's commitment to diversity and inclusion, in November 2020 a project was launched to assess the company's level of maturity in these areas, and to plan the actions required to make Mediobanca a working environment which is increasingly respectful of all differences.

The project consisted of three phases:

- ◊ analysis of the organizational environment, to assess the company policies, general data records of the

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



work force, and the company perception (through interviews, focus groups and questionnaires);

- ◇ designing idea labs, focusing on aligning the key stakeholders with the results to emerge from the previous analysis phase, to devise and develop a tactical and strategic plan;
- ◇ compiling an action plan to identify the key priority areas on which to work to reach the diversity and inclusion objectives set.

Three priorities to work on in the next three years have been identified, to improve the level of corporate inclusiveness:

- ◇ **Gender:** 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;
- ◇ **Generations:** 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. To this end an employer branding programme will be developed, at international level, to promote the Group's image and raise awareness in areas where Mediobanca is currently less well known.

Attention will continue to be focused on management refresher and training courses for elder members of staff who have worked for the Group for some time. The professional capabilities developed by such staff, enhanced by their experience, is a driver for growth and above all can enrich new recruits who have recently joined the workplace with whom they come into contact.

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 2021, a total of 277 differently-abled people were employed by the Group.

In the area of work-life balance, CheBanca! and Compass have signed agreements with trade unions to promote various solutions to enable staff to reconcile their personal and professional lives:

- ◇ **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.
- ◇ **Working from home:** an experimental phase has been launched for flexible forms of working from home among certain organizational units of the two companies concerned.
- ◇ **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.

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 115 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 122%<sup>23</sup>, while the retention rate was 99%<sup>24</sup>.

### Employees who took parental leave

EMPLOYEES WHO TOOK PARENTAL LEAVE	2020/2021			2019/2020			2018/2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Top management</b>	-	-	-	-	-	-	-	-	-
<b>Management</b>	1	2	3	-	3	3	-	2	2
<b>Middle management</b>	6	26	32	3	36	39	2	31	33
<b>White collar</b>	1	79	80	3	99	102	1	103	104
<b>TOTAL</b>	<b>8</b>	<b>107</b>	<b>115</b>	<b>6</b>	<b>138</b>	<b>144</b>	<b>3</b>	<b>136</b>	<b>139</b>

The Mediobanca Group has also organized a virtual training programme to help parents identify new cohabitation and family care strategies (e.g. reorganizing time at home, supporting children during self-isolation periods at school, helping to anticipate healthcare needs for elderly relatives).

As a result of the difficult period caused by the pandemic, the Group has also launched a dedicated psychological support and counselling service for staff, to allow them to talk to qualified professionals during times of emotional stress. The Group has also launched different training programmes to equip staff with tools and suggestions for self-care, to improve their quality of life, and to address personal relations and working habits more effectively.

23. 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

24. 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



Mediobanca's involvement in "Valore D" has also continued. **Valore D** is 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 a programmatic and strategic manifesto for increased gender diversity and inclusion within organizations.

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.

On the back of its commitment to equal opportunities, Mediobanca has been included for the third 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.

## 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 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 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>25</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'

25. 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



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

#### **TRAINING COURSE ON *SUSTAINABILITY AND HUMAN RIGHTS***

The training course on *Sustainability and Human Rights*, initially for staff of Mediobanca in Italy and elsewhere, has been extended to the other Italian Group companies as well.

The objective of the course, which is compulsory for all staff, is to raise awareness on these issues by illustrating the pathway towards sustainability undertaken by the Group and explaining the concept of sustainability and its implications for the financial sector. Following a brief introduction of certain general concepts linked to sustainability, the course deals with the issue of responsible investing, with particular attention to the question of human rights. Governments, clients and investors today are asking the banking system to take its responsibilities in its financing choices, as a result of which banks have an indirect impact that could have implications in terms of the risk of breaching Human Rights.

During the year two reports of potential episodes of discrimination were received. Mediobanca launched enquiries, which in both cases yielded no evidence, hence the cases were closed with no measures taken.

### **5.5 Professional training and development**

[GRI 404-1]

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 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 develop the following areas: smart collaboration, effective communication, human leadership and public speaking.

During FY 2020-21, a total of 157,224 hours of training were provided, slightly lower than last year, 48% of which to white collar staff, 44% to middle management, and the other 8% to management. The total number of staff involved in training activities was 4,704.

Following the outbreak of Covid-19, all training activities were carried out online. The activities themselves involved, among other things, training in compliance and regulation (71%), specialist (12%), management (9%), and language learning (4%).

In the area of compulsory training, the Group has run courses in the twelve months intended to strengthen and embed a culture of health and safety and risk awareness in the workplace and to promote responsible behaviour by staff, for a total of 3,622 hours' training.

Training was also provided during the year under review on compulsory issues, such as data privacy<sup>26</sup>, anti-corruption, anti-money-laundering, data protection, market abuse, information security, business continuity, MiFID II, IVASS, DAC 6, and complaints.

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.

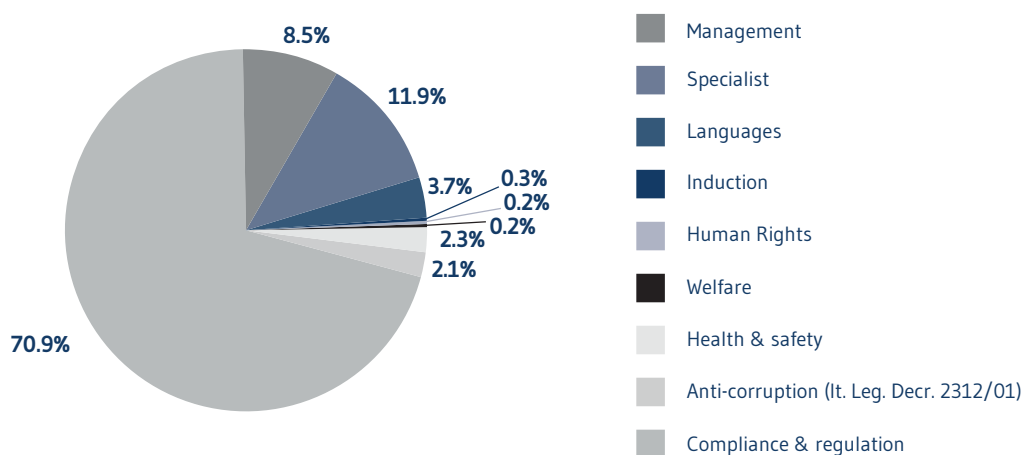
26. Further information on the courses run on data privacy and data breaches is contained in section 6.1.9 *Personal data protection and data security*



#### AVERAGE HOURS OF TRAINING FOR EACH CATEGORY OF STAFF

CATEGORY OF STAFF	2020/2021			2019/2020			2018/2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Top management</b>	12.60	14.00	<b>12.91</b>	1.30	-	<b>1.18</b>	14.62	1	<b>13.38</b>
<b>Management</b>	29.40	26.27	<b>28.93</b>	23.40	19.27	<b>22.76</b>	26.58	24.32	<b>26.26</b>
<b>Middle management</b>	33.92	32.01	<b>33.30</b>	36.26	30.38	<b>34.35</b>	21.49	21.94	<b>21.64</b>
<b>White Collars</b>	31.62	31.37	<b>31.48</b>	42.64	40.07	<b>41.25</b>	17.20	15.76	<b>16.43</b>
<b>TOTAL</b>	<b>32.36</b>	<b>31.38</b>	<b>31.95</b>	<b>37.07</b>	<b>36.30</b>	<b>36.74</b>	<b>20.34</b>	<b>17.93</b>	<b>19.32</b>

#### HOURS OF TRAINING BY TYPE, FY 2020-21



In addition, the 465 CheBanca! FAs received training as stipulated by the regulations for a total of 24,570 hours, plus a further 62 hours' optional training.

Compass has provided training and refresher courses on the obligations deriving from sector regulations, offering mandatory training courses for their own FAs with coverage of 100%.

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.

In accordance with this approach, the *Policies for the selection, appointment, succession and performance assessment of company representatives and Group Key Function Holders* govern 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. 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 have been members of the Group's management for at least three years and who are considered able to succeed to those positions. 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 management 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
Head of Corporate & Investment Banking	Wholesale Banking – CIB	M
Head of Debt Division	Wholesale Banking – CIB	F
Head of Markets Division	Wholesale Banking – CIB	M
Head of Consumer Banking - CEO Compass <sup>27</sup>	Consumer	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 Human Resources Director	Holding Function	F
Chief Financial Officer <sup>28</sup>	Holding Function	M

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

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



ROLE	DIVISION/FUNCTION	GENDER
Head of Company Financial Reporting	Holding Function	M
Head of Group Investor Relations & Strategic corporate development	Holding Function	F
Head of Group Communication & Institutional Relations	Holding Function	F
Head of Group Sustainability	Holding Function	F
Group Technology and Operations Officer (COO)	Holding Function	M
Group Legal & General Counsel	Holding Function	M
Head of Group Governance	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

The Chief Executive Officer and Group General Manager, with the support of Group HR, identify internal staff able to guarantee short- and medium-term succession for them (the “top talent pool”), while continuing to monitor the market at all times. Growth and development pathways are identified for the top talent pool members, including in terms of involving them in specific strategic projects, exposure to the Board/Committees, and international and intra-Group rotation. Selection is based on an assessment of candidates’ professional and technical skills, as shown by their CVs and career records, performances 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 2021, too, the Bank has chosen to participate in a Career Day to facilitate the recruitment of people with disabilities and candidates from protected categories.

Mediobanca also organizes regular events at its own head offices, offering students and new graduates – including the children of its own staff – various opportunities to meet with the Group’s management. In this way, talent young people can engage in dialogue directly with sector professionals, to receive guidance and support in their training and professional choices.

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.

During the year under review, Mediobanca was voted one of **Italy’s best employers 2021**, according to Statista, a German digital platform that collects and processes data, information and research in more



than 170 economic areas. The survey, which was conducted in the months following lockdown, and was published in the *Corriere della Sera*, involved a population of approx. 12,000 workers.

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 in any case the line manager is required to give ongoing feedback to allow their team members to be aware of the expected performance and ensure that each of them has the right skills in order to meet their objectives.

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, as from this year the entire corporate population has been assigned 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.

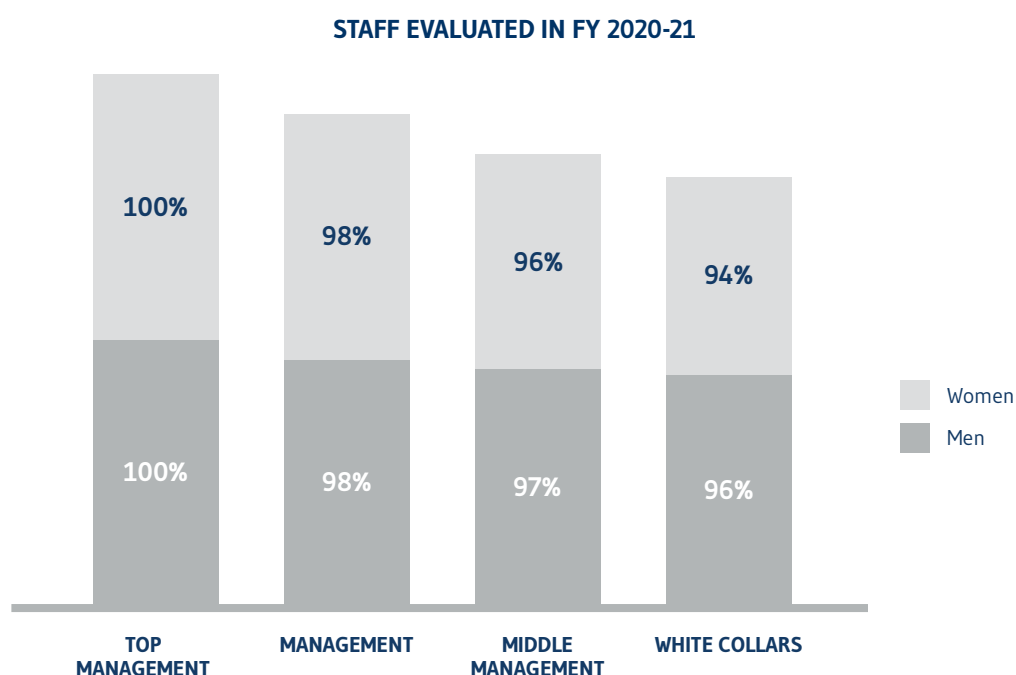
Contributing factors in valorizing staff also include the quality of the skills acquired by them and their individual performance, any previous professional experience acquired outside the company, the internal pathway followed by them guided by their immediate superiors, experience "on the ground", 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 professional development tool, *Continuous Feedback*<sup>29</sup>, is in the process of being launched, which will allow all staff members to receive immediate feedback on activities in which they collaborate, regardless of seniority or whether or not they belong to the same team or Group legal entity.

During the year under review a total of 4,719 employees were assessed (58% men and 42% women), equal to approx. 96% 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.

29. This is in addition to the Performance Evaluation system, and allows all staff to leave and/or request feedback



## 5.7 Staff incentives, benefits and remuneration

[GRI 401-2]

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 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 which have been introduced in the knowledge that conduct which is fair, transparent and responsible increases reputation, credibility and consent and protects them over time, all of these being fundamental prerequisites to achieving sustainable business development with the objective of creating and protecting value for all stakeholders;
- ◇ pre-established, transparent means of treatment for staff in the event of their employment with the Mediobanca Group ceasing;
- ◇ transparency in reporting.

The *Long-Term Incentive Scheme* 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 targets in the area of Corporate Social Responsibility. See section 9, *Objectives and future commitments*, for a detailed description of the objectives. All objectives are public, measurable and quantified.

The annual scorecards for the Chief Executive Officer and Group General Manager of Mediobanca (*Short-Term Incentives*) also contain ESG financial and quantitative sustainability indicators for performance evaluation over the one-year time horizon. Non-financial ESG and CSR objectives are also included.

The following objectives were set as part of the short-term incentivization schemes in Mediobanca for the year ended 30 June 2021: for the CEO, a specific CSR objective focused on diversity, inclusion and employees engagement; for the Group General Manager, development of a project for the full adoption of an agile and smart working platform at all the Group's legal entities consistent with the ESG objectives. In both cases the objectives were achieved in full.

The short-term incentivization mechanisms for the other top figures (strategic management and Material Risk Takers heading up the principal business lines) also include, where appropriate, quantitative and measurable ESG indicators.

As already mentioned, all other staff are assigned a Group objective for performance evaluation by management regarding 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, in accordance with their role and business activities, 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 and increase the quality of work performed in Mediobanca.

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>30</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 2017 Mediobanca, with the support of a leading opinion and market research company, conducted a staff engagement analysis, with the principal objective of gauging staff satisfaction levels.

The feedback to emerge from this first survey was very positive, in particular with reference to the sense of belonging, ability to attract talent, and management capability. At the same time, certain areas for improvement were identified, namely investing in people and internal communication.

In the light of these results, Group HR launched a project to redefine the structure and tools used in internal communication. Work was done on style of communication, to make it more inclusive and dynamic, renewing the language used and extending the forms of engagement, with a view to embedding the corporate culture and values, and to create a working environment that meets the needs of the organization.

The Group recognizes the importance of internal communication as an instrument for sharing institutional information and a channel for staff motivation. From this standpoint, internal communication pursues the following objectives:

30. 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



- ◇ creating a model and style of communication with a view to generating a consistent flow of information for employees;
- ◇ helping people to share more and build team spirit;
- ◇ facilitate understanding of the strategies adopted by the Bank;
- ◇ embedding the Group's identity and values.

A series of initiatives have also been promoted to build relations, such as non-work and relational activities.

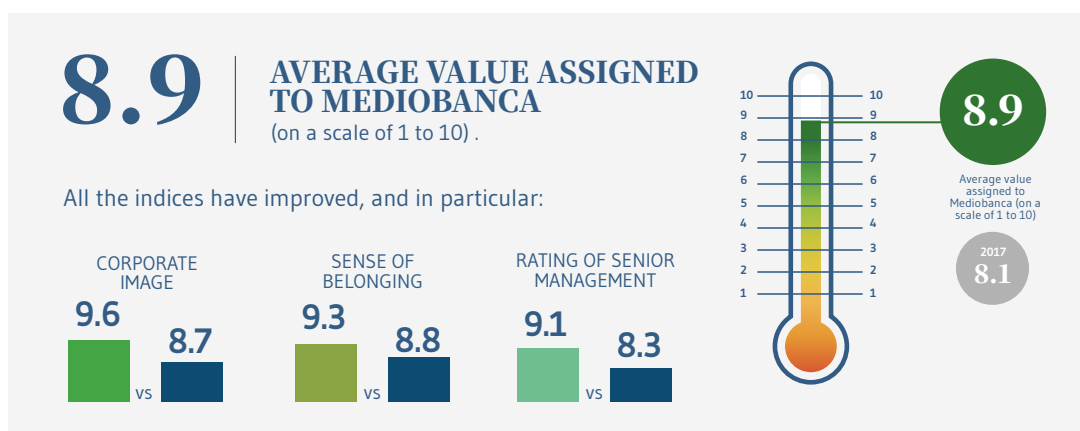
As well as developing internal communication, Group HR has worked on implementing the training courses suggested, increasing the offering in quantitative and qualitative terms, with the objective of developing transferable skills and flexibility so as to allow staff to reach their full potential, both professionally and personally.

A second engagement analysis was conducted in FY 2019-20, to collect opinions on the activities implemented following the first survey. The engagement methods used were the same as the ones used in 2017, and the same external consultancy company was used too. An online questionnaire was distributed, with responses received from over 77% of staff, and different focus groups were set up to explore the issues raised at the listening stage in more depth.

The responses show that the work done by Group HR in the areas of communication and training has been appreciated; as have the company volunteering schemes, in which all the Group companies have participated enthusiastically.

The survey was also useful in order to establish the priorities to be worked on in the next two years. The aim will be to improve staff well-being by working on a variety of initiatives to support the life-work balance. A new survey is scheduled for next year and from then on once every two years.

## MOVE BEYOND





## METHODOLOGY



### SURVEY

AROUND 80% SURVEY  
RESPONSE RATE



### FOCUS GROUPS

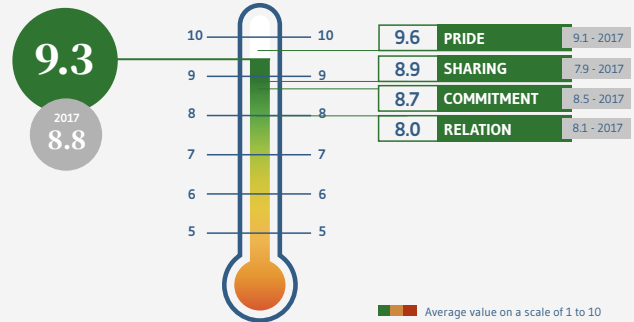
FOUR FOCUS GROUP SESSION  
INVOLVING ABOUT 40  
COLLEAGUES

THE SURVEY WAS CARRIED OUT WITH THE SUPPORT OF SWG, A LEADING MARKET AND PUBLIC OPINION RESEARCH COMPANY.

## WORKING FOR MEDIOBANCA

The **sense of belonging index** is increasing compared to the first engagement analysis, which measures the dedication and pride in **working for Mediobanca**, the level of sharing of the **corporate culture** and the **strategies** undertaken

### SENSE OF BELONGING INDEX



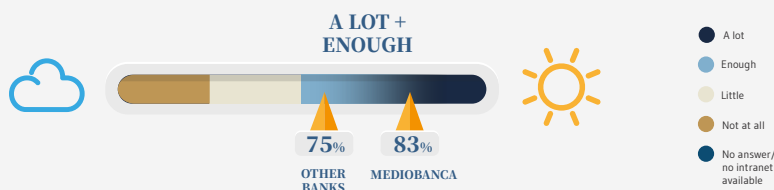
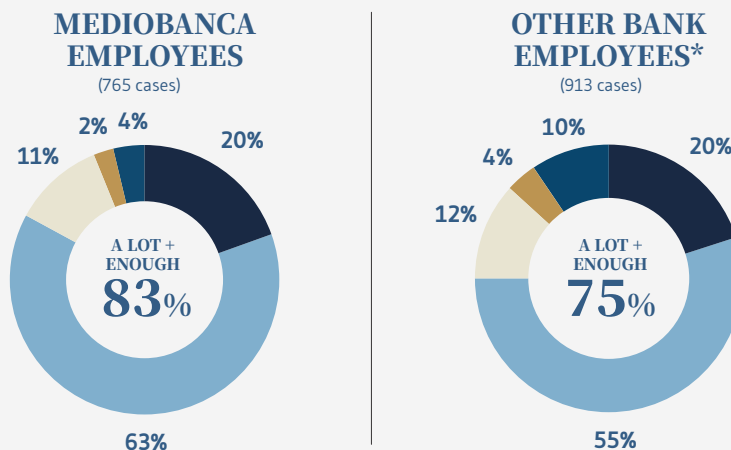
### INCREASING VALUES COMPARED TO THE FIRST ENGAGEMENT ANALYSIS





# MARKET COMPARISON

## WORK SATISFACTION



\*SWG data

In March 2021, at the listening stage of the diversity and inclusion project, all Group staff members were asked to respond to a questionnaire to gauge their perception of the working environment and individual state of wellbeing. A total of 45% of the corporate population responded, 58% of whom were men and 42% women.

The positive feedback received confirmed that the Mediobanca Group is perceived as an open workplace that does not tolerate discrimination, in which people feel appreciated and are free to express themselves. Management appreciation was also confirmed, with positive assessments of their availability, flexibility, openness to dialogue, competence and inspirational qualities.

The Mediobanca Group, a firm believer in the use of technologies to improve operating efficiency and as a tool for developing engagement with its staff, has also launched **HR Transformation 4.0**, a long-term strategic project to implement an integrated HR system for all personnel.

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.

In May 2021 **HR Transformation 4.0** was selected by the *Digital Innovation HR Innovation Practice* thinktank at Milan Polytechnic University as one of the three finalists in the category "HR Management Transformation".



## 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 of its way of doing business. 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 (96%)<sup>31</sup>.

A framework agreement was formalized on 1 July 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 around 30 inspections in four months at 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 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 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.

In drawing up the relevant Risk Assessment Document, 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, and in the retail area in particular, risk of armed robbery.

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 risk assessment documents and related healthcare protocols for the Group legal entities are in the process of being revised and updated, to ensure closer control and monitoring.

Mediobanca is adapting to the obligation to provide Radon risk assessments for all basement and semi-underground working spaces, with the first report required to be prepared by end-August 2022. A Legionella risk assessment has also been commissioned for the Mediobanca buildings in Milan, to ensure that the water systems serving them are controlled and monitored correctly.

During the year, 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.), the objective being to monitor the trends in these indicators.

31. The following Group legal entities are as yet not covered: Mediobanca International, CMB Monaco, MB Securities USA, Cairn Capital Group, RAM Active Investments, Messier & Associés and MB Management Company



The progress of the pandemic has also continued to be analysed, 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. All staff employed by the Italian Group companies may be considered as being represented at the stage of finalizing the formal agreements. In CheBanca! the workers' security representatives have been re-elected, increasing from four to six in number. All the representatives have been actively engaged during the pandemic emergency, through participation in the various Covid-19 Committees set up at all Group legal entities. Since the start of the emergency the Committee has met a total of 35 times.

MATERIAL ISSUE	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Staff health, safety and welfare	Inadequate assessment and management of risks related to health and safety issues	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)
		Health and safety training and information programme for all staff
		Regular checks carried out at the various offices and third-level audit activity
		Regular meetings on security issues with the various stakeholders responsible and discussion of the various risk assessment documents (DVRs) in accordance with the provisions of Italian Legislative Decree 81/08
		Regular updates to Risk Assessments and DPIs
		Expansion of the benefits package through inclusion of additional healthcare coverage linked to Covid-19
		Health and safety protocols activated to protect staff
		Working from home and shift working encouraged to help parents during the medical crisis



MATERIAL ISSUE	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Staff health, safety and welfare	Risk of armed robbery in retail banking	<p>Group Operational Risk unit which monitors operational risks with the support of the Group companies' Operational Risk units</p> <p>Participation in the anti-crime protocol promoted by the Italian banking association (ABI), banks and prefects</p> <p>Specific internal regulations and training initiatives on conduct to be adopted in the event of armed robbery</p> <p>Video surveillance equipment, alarms and automatic/time-locked safe deposits installed (where applicable)</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>32</sup> were reported Group-wide on a total of 7,856,378 hours worked<sup>33</sup>. None of the accidents entailed serious consequences or resulted in fatalities; all of them involved female employees and occurred in Italy.

Compared to last year there was a reduction in the number of accidents in the workplace (from 11 to 6), due to the lower number of days spent by staff at the office because of Covid-19.

The rates are not comparable with those for previous financial years as from FY 2020-21 they are calculated using the new methodology provided by GRI 403 (2018).

RATES <sup>34</sup>	2020/2021			2019/2020			2018/2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accident seriousness rate <sup>35</sup>	-	0.02	0.01	0.10	0.11	0.10	0.10	0.23	0.15
Accident frequency rate <sup>36</sup>	-	1.82	0.76	5.73	4.36	5.16	5.78	12.53	8.61

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 2.04%<sup>37</sup>, slightly lower than last year, 1.53% of which referred to men and 2.75% to women.

No accidents were recorded involving personnel who are not employees.

32. 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

33. 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)

34. 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)

35. 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

36. 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

37. 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

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.

A refresher course for the workers' representatives was arranged in March 2021.

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**.

#### HEALTH AND SAFETY DURING THE COVID-19 CRISIS

The Group promptly activated all health and safety protocols to protect its own staff. Management of Phase 1 (lockdown) allowed the branch offices to continue providing services, by acquiring protective materials and making the agencies themselves safe.

Phase 2 saw staff gradually return to work by facilitating the following initiatives:

- ◇ large-scale acquisition of protective material (face masks, hand gel, etc.);
- ◇ use of Plexiglas in the CheBanca! and Compass to allow staff to work safely;
- ◇ working areas reorganized in the main offices;
- ◇ protocol for returning to work adopted at Group level;
- ◇ establishment of company Covid-19 committees;
- ◇ management of instances of persons either positive or in close contact with persons positive to Covid-19 at company level;
- ◇ provision of online training course on Covid-19;
- ◇ preparation of information notices (leaflets, posters, and documentation in general) at Group level both for head offices and branches;
- ◇ welcome back kits for staff in head office;
- ◇ checklist of controls to be carried out at branches;
- ◇ information notices provided to suppliers and visitors;
- ◇ support provided to non-Italian associate companies in their attempts to contain Covid-19;
- ◇ protocols drawn up to sanitize premises;
- ◇ identification of a manager responsible for security at all Group companies.

The documentation for the initiatives listed has also been revised periodically, to ensure they are aligned with the new regulations available.



A photograph of a large, ornate stone archway set into a light-colored wall. The arch is filled with intricate carvings, including a central pediment with a pinecone-like motif and a frieze with various figures and inscriptions. The arch frames a large, dark, paneled wooden door. To the left of the arch, there is a circular stone relief on the wall. The foreground shows a paved area with a metal grate.

# 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
Responsible lending and investing and sustainable products	Delays by the Group in responding to clients' needs in the area of responsible investing	<p>BoD Group CSR Committee, chaired by CEO</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Management Investments Committee</p> <p>Group Sustainability participates as permanent invited guest in the Wealth Management division's principal investment committees</p> <p><i>Group ESG Policy, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i></p> <p>Staff training activity</p> <p>Adherence to the Principles for Responsible Banking (PRB), plus Mediobanca SGR, Cairn Capital and RAM signatories to the Principles for Responsible Investing (PRI)</p> <p>External ESG data providers used by Mediobanca SGR, Cairn Capital, RAM and CMB for portfolio evaluation</p>
Governance sustainable strategy	Absence of instruments and methodologies to analyse impact in ESG and climate change areas, and increased costs due to changes in regulations	<p>BoD Group CSR Committee, chaired by CEO</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Management Investments Committee</p> <p><i>Group ESG Policy, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i></p> <p>Green or ESG-related products/loans offered to clients</p> <p>Governance and social aspects included in traditional credit analysis and <i>Know Your Client</i> processes</p>
Ethics and integrity in business	Failure to comply with IT regulations and laws	<p>Compliance on IT issues managed in accordance with the guidance issued by the Mediobanca S.p.A. Compliance unit and illustrate in the relevant regulations</p> <p>Training and awareness sessions on specific issues (such as security, business continuity, systems administrators)</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Ethics and integrity in business	Failure to comply with IT regulations and laws	Annual plan of second-level controls for managing risk of IT non-compliance agreed with Mediobanca S.p.A. Compliance unit
		Ongoing monitoring to ensure compliance with external regulations, and initiatives to align regulations in accordance with the Group IT Strategic Plan
Ethics and integrity in business	Risk of IT or physical fraud in payments	Operational risks to which Group companies are exposed monitored by the Group Operational Risk unit
		Annual assessment of operational and security risks for payment services
		IT Risk Policy and other specific procedures
		Compulsory annual training course on cyber security for business units, and information "pills" to increase awareness of all staff members
		Training provided to clients using the websites of the main Group companies
Digitalization and innovation Data privacy and IT security	Data privacy protection, in the retail area in particular	Anti-fraud systems and client authentication systems in home banking for payments via the internet
		Data Protection Officer (DPO) appointed by each of the Group companies incorporated under Italian law
		Policy approved by the BoD for each Italian Group company and consistent policies approved by the Boards of the non-Italian companies
		Internal directives, manuals and operating procedures on personal data protection
		Online courses and dedicated training
Customer satisfaction and quality of service	Ineffective and/or untimely activation of the Crisis Unit and response measures to the Covid-19 pandemic	Crisis Unit established, chaired by the Group General Manager with representatives from Operations, Risk Management, HR, Compliance and Communications to manage the emergency
		Body of internal regulations on business continuity updated to include the introduction of a pandemic-related scenario
		Group Directive on Crisis Management specifically drawn up
		Communication (webinars, newsletters, etc.) to ensure staff remain updated at all times



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY	
Customer satisfaction and quality of service	Ineffective and/or untimely activation of the Crisis Unit and response measures to the Covid-19 pandemic	<p>Security measures adopted in offices and branches, and working from home encouraged</p> <p>Welfare initiatives (e.g. additional healthcare coverage)</p> <p>Enhancement of IT infrastructure and multichannel offering</p>	
Data privacy and IT security	IT risk	<p>Group IT Risk and Cyber Security unit part of the IT Governance area</p> <p>Set of Group policies, directives and procedures on security</p> <p>Annual security awareness training programme and annual training session for the Mediobanca BoD</p> <p>Regular IT risk assessments on technological scope of the company</p> <p>Coverage and revision of the <i>IT Risk and Cyber Security framework</i></p> <p>Library of controls updated in line with developments in cyber scenarios (financial fraud, attacks, etc.)</p> <p>Scenario risk analysis to include also threats related to new operating models such as working from home, and related enhancement of security controls monitoring</p>	
Customer satisfaction and quality of service Ethics and integrity in business	Reduced service quality levels for clients, earnings and reputational impact deriving from litigation, complaints and class action	<p>Procedures for customer satisfaction analysis</p> <p>Customer satisfaction surveys for the main Group companies</p> <p>Ongoing dialogue with consumer and category associations to identify possible problems and devise specific defence strategies for the most common complaints</p>	
Adequacy and transparency of offering	Communications with customers not in line with expectations	<p>Internal guidelines and procedures for validating communications to customers</p> <p>Standard models for responding to requests from customers and external communications, in accordance with the regulations</p>	
Financial inclusion, access to resources and education	Failure to offer products/services which meet the community's needs	<p>Group products and initiatives to meet the community's needs (e.g. financial inclusion)</p> <p>Basic account at controlled prices to guarantee increased financial inclusion</p>	



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Financial inclusion, access to resources and education	Failure to offer products/services which meet the community's needs	<p>Focus on non-Italian clients through specific communications in languages other than Italian</p> <p>Publication of information material addressed to clients for financial education purposes</p> <p>Enhanced possibilities of applying for finance remotely (online and by phone)</p>
Responsible lending and investing and sustainable products	Lending, investments and management of transactions involving companies whose operations impact negatively on the environment and climate	<p>BoD Group CSR Committee, chaired by CEO</p> <p>Management Sustainability Committee chaired by CEO and Group Sustainability unit</p> <p>Group Sustainability participates as permanent invited guest in the Wealth Management division's investment committees</p> <p>Individual analysis of all clients and all applications for finance</p> <p><i>Group ESG Policy, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i></p> <p>Training activity for staff</p> <p>External ESG data providers used by Mediobanca SGR, Cairn Capital, RAM and CMB for portfolio evaluation</p>
Risk management	Absence of structured governance framework for reputational risk	<p>Group Crisis Committee</p> <p>Group Communications monitors the brand reputation of Mediobanca the main Group companies</p> <p>Awareness initiatives aimed at staff on online conduct (or netiquette) with reference to use of social media in particular</p>
Indirect environmental impacts and climate change	Loan impairment and/or reduction in value of assets used as collateral or in leasing due to ESG and climate change issues	<p>Risks Committee and other management committees to manage credit risk</p> <p>Internal guidelines and procedures on assessment of counterparties</p> <p>Ongoing monitoring of counterparty's ability to meet its repayments</p> <p>Geographical diversification strategy for customers and products</p>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Risk Management	Lending, investments and trading involving companies which operate in controversial sectors and which do not observe standards and best practices on human rights and employment conditions	BoD Group CSR Committee, chaired by CEO
		Management Sustainability Committee chaired by CEO and Group Sustainability unit
		Group Sustainability participates as permanent invited guest in the Wealth Management division's investment committees
		Risks Committee and other management committees to manage credit risk
		Group ESG Policy, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy
		Staff training activities
		Adhesion to the <i>Principles for Responsible Banking (PRB)</i> , plus Mediobanca SGR, Cairn Capital and RAM signatories to the <i>Principles for Responsible Investing (PRI)</i>
		Specific procedure in accordance with Italian law 185/90, for transactions with counterparties operating in the arms industry
		Indepth analysis of clients and applications for financing
		Ongoing monitoring of counterparty's reputational risk

### 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 Banking

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 is the Group's consumer credit arm, which operates via 279<sup>38</sup> 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.

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, and with a range of investment strategies, CheBanca! can meet the needs of all private clientele brackets, from the affluent segment to the wealth management world. CheBanca! is distinguished by its digital, multi-channel and innovate character.

### **CLIENT MANAGEMENT DURING THE COVID-19 CRISIS**

The Mediobanca Group adapted rapidly to the new methods of remote working imposed by the lockdown instituted following the Covid-19 pandemic. Technology has enabled the Group's staff to work safely without interrupting the service offered to clients, both in the branches themselves and via remote channels.

In **Mediobanca**, from the start of the crisis caused by Covid-19, the **Corporate and Investment Banking** division has provided full and ongoing support to its clients.

The Investment Banking Division, through the Corporate Finance and Equity Capital Markets teams, has worked closely with its clients in order to:

- ◆ provide assistance on extraordinary deals in progress, helping them to assess and manage the risks caused by the crisis;
- ◆ structure new deals to strengthen the shareholder structure solidity and ensure firms have adequate financial flexibility;
- ◆ identify potential future growth opportunities by acquisitions, in Italy or elsewhere.

The Debt Division has provided assistance to its clients by intensifying dialogue with them and providing them with concrete support, in the form of releasing the funds needed by them to



meet their immediate needs.

The **Private Banking division** has implemented a special focus on its clients during the Covid-19 crisis, stepping up dialogue with them to identify the best solutions to the needs of the different client segments.

**CheBanca!**, after reducing the opening hours of its branch offices to the public, as the restrictions became more stringent, allowed access by appointment only, an arrangement which is still in force despite all agencies reopening.

From the start of the pandemic, **CheBanca!** launched a series of communications initiatives to support clients, in particular as follows:

- ◇ use of digital channels and online payments, with focus on IT security;
- ◇ new means of organizing branches and customer service hours;
- ◇ information on market trends and investment management;
- ◇ some processes were revised to allow services or products previously managed in person to be handled remotely;
- ◇ all advisors were in regular contact with their clients to support them in their operations and advise on their portfolios;
- ◇ a promotion was run on Deposit Accounts to provide a temporary asset management solution at a time of strong volatility, coupled with an initiative to provide support in the healthcare crisis in which 1x1000 of the amounts deposited was set aside to finance specific projects.

Furthermore, to align itself with the guidance issued by the Italian government, **CheBanca!** has taken the following steps:

- ◇ adherence to the Italian banking association ABI convention for advances on layoff payments, allowing its clients to apply for advances on their supplementary income payments;
- ◇ possibility of suspending mortgage instalment repayments for up to 18 months in the event of specific difficulties likely to impact negatively on a household's overall income<sup>39</sup>;
- ◇ adoption of extraordinary measures to support business activities damaged by the Covid-19 epidemic, in compliance with the provisions of Italian Decree Law 18/20 (the "Heal Italy" decree).

**Compass**, in collaboration with Europ Assistance Italy, has offered concrete support to those of its clients who have already taken out a standalone policy by implementing healthcare coverage for specific Covid-related risks. This involves an insurance policy, which is free for insured parties, for clients up to the age of 70.

**Compass**, in accordance with the provisions contained in the *EBA Final Report*<sup>40</sup>, has adhered to

39. Possibility of holders of a mortgage taken out to buy a first home for an amount of no more than €250,000 to suspend repayments through the Solidarity Fund managed by Consap S.p.A.

40. EBA/GL/2020 02 - Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis



the moratoria promoted by Assofin, with the objective of guaranteeing prompt access to the support measures available, along with full disclosure and adequate assistance to consumer customers. In cases of specific financial difficulties, clients could apply for repayments on loans with given characteristics to be suspended<sup>41</sup>. Taking up this possibility means that clients could suspend repayment of the entire instalment for a period of up to six months, with the repayment schedule originally agreed being prolonged accordingly.

During lockdown, **Compass** also introduced the on-phone personal loan and the on-phone credit card, in addition to loan finalized via remote channel, defining new corporate processes to support businesses to allow them to apply for products directly by phone or via the web, without the need to actually come to the office. Over the months further action has been taken to fine-tune the processes still further, in order to facilitate increasingly the use of credit via remote or digital channels.

Communications with clients have also been adapted to the emergency conditions, with information on payments, branch opening hours, methods for applying for Assofin moratoria etc. being shared via remote channels.

### 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>42</sup> and the Net Promoter Score (NPS)<sup>43</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 (compared with 2,000 the previous year), and reflect a high trend in

41. The moratoria were open to holders of consumer credit contracts who, initially from 21 February 2020 to 30 June 2020 (which was then extended to 30 September 2020), found themselves in a situation of temporary financial difficulty (e.g. due to having lost their job, whether permanent or "atypical" employment as defined in Article 409(3) of the Italian Code of Civil Procedure, having had their working hours suspended or reduced for at least 30 days, self-employed or freelance workers who have recorded a reduction in their turnover of more than 33% in the three months after 21 February 2020 compared to the last quarter of 2019, and heirs with the characteristics described above of persons who have died having entered into contracts but without taking out credit protection insurance policies

42. 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

43. 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



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 88.5 (out of 100), while the Net Promoter Score was 62, 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 2020 and May 2021 revealed that 88% of those who responded were thoroughly satisfied with the service provided, slightly lower than the previous reporting period. During the period from April to May 2021 two further surveys were carried out: one to ascertain the level of satisfaction with the service provided by the Compass branch offices for customers that had taken out new personal and company loans (*Prestito Personale e Impresa*: out of 4,331 interviewed, 99% said they were satisfied), the other to measure the level of satisfaction with the procedure for applying for personal loans online (*Prestito Personale online*: out of 200 interviewed, 87% gave a mark of 8 or above)<sup>44</sup>. 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 an observatory in 2015 which analyses its POS, collecting their perceptions of the market scenario and future prospects, and also provides an overview of the CRIF<sup>45</sup> data pm vehicle credit and other special purpose loans.

#### ◆ **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

<sup>44</sup>. Mark from 1 to 10

<sup>45</sup>. Financial risks central database



channels. It also guarantees ongoing, structured coverage of complaints, with close monitoring which is shared with the management at regular intervals.

Feedback is collected annually for clients of both CheBanca! and its leading competitors. The responses are compared to identify difficulties and opportunities, degree of customer satisfaction and brand loyalty. In particular, during the year under review the annual customer satisfaction survey was complemented by a quicker and more frequent snapshot to measure the performance in terms of customer satisfaction more accurately and regularly and in greater depth, by focusing on the overall relationship with customers, in terms of both contact channels and interaction with the representative.

The indicators monitored include the Customer Satisfaction Index (CSI) in the premier segment<sup>46</sup>, and the Net Promoter Score (NPS) indicator, which were 81 and 43 respectively, in both cases higher than the previous levels recorded.

CheBanca! also performs a sentiment analysis among the leading social media, to monitor brand positioning and identify possible critical areas which could result in reputational damage to the company's image.

#### ◆ **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. During the emergency period brought on by the pandemic, Mediobanca Private Banking has organized numerous online events to involve clients and keep them informed of the changes affecting the management and value of their assets.

#### ◆ **CMB Monaco**

In 2020, CMB Monaco has once again been named *Best Private Bank* of the Year by *World Finance* in Monaco. This prestigious award underlines the value of the bank's strategy focused on clients, and represents recognition of its ability to innovate, competence and the quality of services it offers. The quality of CMB Monaco's customer service also won the bank an award from *The European*.

**Mediobanca** was again named *Italy's best investment bank* in the *Euromoney Awards for Excellence 2021* and was also named *Best Investment Bank* at the *MF Awards 2021*. The Bank also won recognition in the following categories: *Best Performance Europe*, *Best Distributor Italy* and *Best Performance Italy*, at the *Europe Structured Products & Derivatives Awards 2021*.

The various Group legal entities have set up specific channels (e.g. via post or email) to allow clients to make complaints. These are managed directly by the Group, which undertakes to confirm to the clients that it has received them and to respond to them within the terms set by the applicable regulations. For more precise reporting on complaints received from clients during the year under review, reference is made to the various entities' websites (in the sections entitled Complaints).

46. 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.

**Compass** has always paid close attention to relations with its customers, and sets great store by transparency, defined in the sense of fairness in relations with the market from a long-term perspective.

To this end, on its website it has published the new guide on Consumer credit made easy produced by the Bank of Italy, 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, along with the Italian financial banking arbitration guide, and the Italian banking association (ABI) *Guide on Transfer of Payment Services*; the European Commission leaflet *Your rights when making payments in Europe*; and the *Central Risks Database* guide and the *Buying a House – Mortgages in Simple Language*; 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; and the annual reports on complaints and disputes. An excerpt from the *Group's Policy for Managing Complaints* has also been 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 *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.

On 1 November 2020 **Futuro** S.p.A., which specialized in salary-backed finance, was merged into Compass Banca S.p.A. As a result of this merger Compass took over all the rights and obligations of Futuro deriving from previous operations and replacing it as the controller of the related personal data. The Futuro website now links to a section of the Compass website.

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 200,000 followers), through a media programme which is rich in service content, engagement and financial education.

In FY 2020-21 the governance procedures for financial, insurance-based and pension products were updated further, while revision of the operating procedures for banking and credit products are ongoing.

**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; and events, including online, organized on a regular basis.

**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 takes the form primarily of various commercial communication initiatives in languages other than Italian. The company's website includes different sections in English, Spanish, Filipino and Romanian.

With a view to attracting younger customers with its product offering, in 2020 Compass launched *Pagolight*, a buy now, pay later product which enables the consumer to pay for their purchases by splitting them up into small monthly amounts, which are debited to the client's credit card free of charge, at no extra cost.

Clients with an ISEE (equivalent financial situation indicator) of less than €11,600 who apply for finance are also offered basic current accounts for poorer customers. This account guarantees favourable treatment for customers, e.g. no charges for opening or closing the account, no stamp duty, etc.

CheBanca! and Compass have also adopted the practice of suspending repayments on mortgages and personal loans for customers who have been involved in flooding, earthquakes and other natural catastrophes<sup>47</sup>.

#### ◆ 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.

In order to embed and increase its clients' level of financial awareness, the bank organizes initiatives on issues relating to finance, including in prestigious cultural locations. This activity has been scaled down because of the ongoing pandemic, with the focus being shifted to online events. Furthermore, to involve the broadest audience possible in understanding the markets and the principal financial appointments, CheBanca, with the support of Mediobanca SGR, also publishes a quarterly report (Your Advice) which is sent in electronic format to all the bank's investors; and it will soon be possible to add another one to this one.

47. These events go beyond the Covid-19 emergency



See the *box on Client management during the Covid-19 crisis* for details on the aid initiatives implemented in response to the pandemic emergency.

#### ◆ **Mediobanca Private Banking**

Mediobanca Private Banking 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. During the year under review, the issue of the *Recovery Plan* was addressed in this way, with analysis of its contents, methods of implementation, and impact on markets.

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. To date, a total of €140m has already been invested.

#### ◆ **Mediobanca SGR**

In April 2016, Mediobanca SGR launched the second *Mediobanca Fondo per le Imprese 2.0* which helps to 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 2021, the Fund had made six investments for a total of €48m. The investment period for the Fund ended on 1 January 2021, so investors are now released from their commitment to make new payments.

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.

Teaching in general has undergone a significant change as a result of the lockdown, since which



the initiative has been run exclusively. *Crescere che Impresa!* has supported pupils and their families in this area, equipping them with tools to continue their training in financial issues online.

During the 2020-21 school year, the programme has seen the involvement of a total of 300 schools, 555 classes, 9,834 pupils, 387 teachers, and 106 volunteers, 23 of whom from the Mediobanca Group.

Involvement of families has also continued through use of the “Family Activities” sheets, which have enabled a further 1,530 children throughout Italy to be reached.

### 6.1.6 Responsible business

The Group has recently adhered 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.

Mediobanca SGR, RAM Active Investment 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.

In July 2021, the Board of Directors of Mediobanca approved the *Group ESG Policy*, which develops and builds on the *Group Policy on Responsible Lending and Investing* adopted in 2019.

The new Policy 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.

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/pol/politica-esg\\_eng.pdf](https://www.mediobanca.com/static/upload_new/pol/politica-esg_eng.pdf)).

The criteria laid down in the ESG Policy are complemented by those in the **SFDR**<sup>48</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, di Gruppo, 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>49</sup> are assessed on the basis of an ESG rating and a summary score reflecting involvement in serious controversies.

As at 30 June 2021, virtually all the investments (98.82%) had been analyzed taking the ESG criteria referred to above as well as financial criteria into consideration<sup>50</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 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.

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

48. 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

49. Undertakings for Collective Investment in Transferable Securities

50. 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



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 Investment 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.

RAM AI has also adopted a **Climate Change Policy**, with the objective of tackling climate risks, and committing to decarbonize its portfolios in compliance with the Paris Climate Agreement<sup>51</sup>.

RAM AI, which has supported the **Principles for Responsible Investment (PRI)** since 2015, has adhered to the *Non-Disclosure Campaign* promoted by the **Carbon Disclosure Programme (CDP)**, and since 2018 has supported the **Task Force on Climate-related Financial Disclosures (TCFD)**, which promotes the voluntary disclosure of financial data in relation to climate change.

In July 2021 RAM also adhered to the **Net Zero Asset Managers Initiative**<sup>52</sup>.

**CMB Monaco**, through its subsidiary **Compagnie Monégasque de Gestion**, 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).

51. The Paris Agreement is an agreement between the members of the UN Framework Convention on Climate Change covering the reduction of greenhouse gases and finance starting from the year 2020

52. The Net Zero Asset Managers Initiative aims to galvanize the asset management industry to commit to a goal of net zero greenhouse gas emissions by 2050 or sooner, for all assets under management (AUM), in line with global efforts to limit warming to 1.5 degrees Celsius



### 6.1.7 Sustainable products

The developing market for ESG products, after some years' moderate growth, has seen impressive acceleration in 2020-21, helped by the huge resources set aside under the *EU Green Deal* and the *US Plan for Climate Change* which have improved global positioning in favour of responsible investing.

Even the volatility linked to Covid-19 has been a positive driver for ESG assets, helped by their strong resilience to the crisis and outperforming more conventional instruments.

The **debt market**, which in some ways has anticipated these trends, has developed further, expanding both the instruments proposed and the investor base.

In addition to traditional green instruments, the sustainability scene has seen the arrival of SLB instruments (Sustainability Linked Bonds and loans), which are correlated to the achievement of specific corporate sustainability objectives. Highly versatile and less standard than green bonds, they have helped many issuers to approach the ESG market for the first time.

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**.

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.

As regards Mediobanca's operations with **Corporate & Investment Banking** clients, following a huge commercial drive in the last few years (which started with Hera's first green bond in 2014), proposing ESG-related financing solutions, bonds and loans, is now virtually normal practice, the objective being to raise clients' awareness of the sustainability issue and to explore new areas of potential business. This rests on the consolidated and continually growing technical expertise developed by the product teams in defining and implementing the best ESG funding mix:

- ◆ on the loan market, Mediobanca has lead-managed the syndication of various ESG credit lines in favour of domestic and international corporate borrowers (including Enel, Inwit and Nexi in the case of the former, and Ramsay-GDS in the case of the latter). As at 30 June 2021 loans with green/ESG content by the CLB division's Lending totalled to approx. €1.5bn (€3.8bn, including the amount approved but not disbursed), equal to roughly 10% of the total disbursed and 18% of the total approved;
- ◆ on the bond market, Mediobanca has acted as Bookrunner and/or Structuring Advisor in the placement of ESG bonds (e.g. A2A SLB, Enel SLB, ADR Green and SLB, Snam Transition, EDP hybrid green, and ERG Green). The overall amount of these issues during FY 2020-21 has been approx. €15bn, just under 26% of the total.

In **Consumer Banking**, during FY 2020-21 **Compass** has disbursed finance with environmental sustainability purposes for a total amount of €70.6m, approx. twice the amount recorded 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 2021, the stock of loans with ESG content totalled €87.2m. This, despite still



representing less than 1% of total loans, nonetheless reflects material growth (93%) versus the €45m recorded at end-June 2020.

As for **Wealth and Asset Management** activities:

- ◆ **Mediobanca Private Banking:** as at 30 June 2021, approx. €127m, or more than 20% of the client TFAs invested in mutual investment funds as part of advisory activity, involved SFDR Article 8/9 products.
- ◆ **Mediobanca SGR:** offers the possibility to invest in three SFDR Article 8/9 funds: *Mediobanca ESG European Equity*, *Mediobanca ESG US Equity*, and *Mediobanca Social Impact*.

The first two are equity funds which have the objective of increasing the value of the capital invested over time, taking sustainable finance as well as traditional criteria into account.

*Mediobanca Social Impact*, by contrast, is a balanced bond fund offering 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. €268,000 was donated to participating charitable institutions, while a total of €31m was invested (up 40% on the previous two-year period).

Furthermore, from September 2021 the SFDR Article 8 *Mediobanca Global Multi-Manager 100 ESG* equity fund will be available, the objective of which is to increase the capital invested while at the same time benefiting demographic, environmental and lifestyle trends, and taking ESG as well as traditional factors into account.

As at 30 June 2021, SFDR Article 8 funds accounted some 15% of the €2.3bn managed under collective management arrangements (more than €354m).

Mediobanca SGR also sub-manages the *Global Impact* product, which can be subscribed to by Mediobanca Private Banking clients as part of the individual portfolio management service. The product qualifies as an SFDR Article 8 product, and promotes environmental, social and governance factors in innovative sectors such as: technological innovation, sustainable mobility, and clean energy. As at 30 June 2021, the product had around €4.2m in assets under management.

- ◆ **CheBanca!:** distribution of green mortgages has continued following the launch of the product in November 2019. These are mortgages for people either buying houses in energy class A or B or refurbishing properties to the same category, and have a penetration rate of 6.2% of the total new loans granted during the year (which rises to 9.4% for the combined mortgages granted for property refurbishments as well as purchases). As part of the measures introduced by the "Rilancio" decree law, CheBanca! is taking steps to support its clients in financing expenditure on energy and environmental improvements to properties, which involves acquisition of the "Ecobonus/Sismabonus" 100% tax credit. Overall loans with green/ESG



content as at 30 June 2021 totalled €159m, compared with €27m the previous year, i.e. 1.5% of the stock.

The bank's offering also includes financial instruments, UCITS especially, which meet the ESG portfolio selection and management criteria. As at 30 June 2021, approx. €2.2bn (33.6% of the €6.5bn in TFAs invested by clients in mutual investment funds) involved SFDR Article 8/9 products. The increasing attention focused on ethical and sustainable products is also discussed regularly at meetings and conference calls with the commercial network.

◆ **CMB Monaco:** at end-June 2021, 1.2% of the Wealth Management/Private Banking TFAs (€108m) regarded ESG products, as did 5% (€190m) of the TFAs managed by *Compagnie Monégasque de Gestion*. Of the latter, €40m referred to an SFDR Article 8 debt fund, and more than €110m to the *Monaco Eco+* theme fund<sup>53</sup> and the *Monaction International ESG equity fund* which invests in international equities according to environmental, social criteria that are robust for its sector.

◆ **RAM Active Investments:** incorporates environmental, social and governance (ESG) issues in its analysis processes and investment decisions across its equity fund range. RAM AI fully integrates ESG elements in its systematic approach to stock selection. Leveraging off its deep learning platform, and by marrying structured (numerical data) and unstructured (text files etc.) information flows. *RAM Systematic Equity Strategies* look to identify sustainable alpha opportunities in their dynamic universe of stocks.

As at 30 June 2021, out of €1.7bn of assets managed within RAM funds, approx. 80% 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 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.

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

The Mediobanca Group is aware that technology and digitalization are fundamental to be able to offer an excellent service, has launched transformation of our IT structure, with the objective of being able to meet the changes in the banking sector, regulatory and cyber-security requirements most effectively, and ensuring the sustainability of the business in the long term.

This approach has been consolidated in an **2019-22 three-year plan**, with strong modernizing

53. The *Monaco Eco +* fund is a product which, according analysis carried out by *Trucost* (S&P Global group) has outperformed its competitors in terms of environmental performance, CO<sub>2</sub> emissions and risk analysis



content, involving investments estimated at approx. €250m over four years (compared to the approx. €170m spent in the previous three years), split 53% for strategic initiatives and 47% for regulatory and “keep the bank” work. The digitalization plan has speeded up strongly since the onset of the pandemic, and some of the objectives have been met well in advance of their deadlines.

The four strategic pillars on which the plan is based are listed below, with updates for each of them:

#### ◆ **Digital Business and Automation**

- ◆ Reduction of fragmentation of operating systems by digitalizing them and making manual and paper-based activities automatic (*Business Process Automation*): *Robot Process Automation* continues to be developed: some automatic processes have been introduced in the back office areas for collections and payments and monitoring and credit recovery.
- ◆ Application of operating technologies such as Artificial Intelligence (chatbots etc.) to front and back office systems: ongoing application of A.I. to strengthen the self-operation channels. The virtual assistant added to this channel (Home Banking and app) has proved to be a great help at times when the telephone channel has been saturated.
- ◆ Modernizing work stations (*Digital Workplace*): all employees’ work stations have been made compatible with home and remote working, including the call centre work stations.

#### ◆ **IT Evolution and Modernization**

- ◆ Simplifying the complexity of the applications portfolio and technological and organizational fragmentation: the available applications have been optimized (*new network portal* project and migration of branch management functionalities previously hosted on platforms which are now obsolete).
- ◆ Standardization of IT processes.
- ◆ Reduction of the technology gap by updating obsolete infrastructure systems and components: projects to replace and overhaul the main platforms supporting the front-end applications are now at the executive stage (*Babylon* and *New App* projects).

#### ◆ **Exploiting Data Value**

- ◆ Development of the data quality processes and architectures.
- ◆ Improvement of the quality and effectiveness of the regulatory reporting.

#### ◆ **Resilience of Systems and Risk Management**

- ◆ Improvement of the resilience and reliability of the IT systems (DR consolidation and IT systems resilience).
- ◆ Strengthening IT risk and cyber security governance: dedicated project to overhaul client contact management, enhancement of anti-fraud engine structure, and some work to improve the Bank’s resilience in the event of large-scale phishing attacks

The Group has set itself the objective of observing the development of strongly innovative



technologies, including at the experimental phase when they are potentially disruptive to business models, using a highly selective test-and-learn approach leading to targeted implementation of innovative projects.

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

**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, thus enabling integrated multi-channel interaction. During the financial year under review, work has continued on developing the CheBanca! app, and the virtual assistant or chatbots *EDO* featured on both website and app has been enhanced further. The assistant is able to accompany 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 June 2021, the virtual assistant managed 38% 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 3,200, while including non-working days the average is 2,700 chats per day. The percentage of replies given without passing through the operator is 85%.

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.

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 (June 2018), more than 14,700 full digital loans have been granted, involving finance of more than €87m. 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.

**Mediobanca** has also upgraded its institutional website to include a series of new features to make it easier for persons with different disabilities to use. 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.



### 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 includes electronic data, paper documents and verbal exchanges via phone calls or direct communications.

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**);
- ◇ the non-Italian Group companies not included in the first two clusters which process personal data comprise **cluster 3**<sup>54</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 2020-21, 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, in particular the *Manual on Personal Data Retention*;

54. CMB Monaco and MB USA are included in Cluster 3



- ◇ continued with implementation of activities to meet data retention requirements;
- ◇ promoted and enhanced privacy by design activities within the Group.

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 (*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 482 complaints were received by customers of CheBanca!, Compass Banca, and MBCredit Solutions, and a further three directly from the Italian personal data protection authority under Article 77 of the GDPR, in respect of which the authority has found no evidence of breaches of the regulations on personal data protection that would justify action being taken.

In relation to **personal data breaches**, the Group recorded a total of 12 data breaches during the period, three of which notified to the Italian personal data authority as required by Article 33 of the GDPR. Only two cases, however, required the data subjects themselves to be notified as required by Article 34 of the GDPR.

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;
- ◇ **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.

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.

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. Mediobanca and the Italian Group legal entities also run a specific training course on personal data breaches.

The Group Data Protection unit runs regular training and briefing sessions with the Compliance units of the Italian Group legal entities, on topics such as: Data Retention, DPIA, Complaints to the Authority, Data Breach, Balancing Tests for Legitimate Interests, and Data Privacy Risk Analysis.

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 (BoD 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.

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 annual and event-based controls.

In FY 2020-21, the Group Audit Unit performed the following activities for the whole Group:

- ◇ spear phishing simulation, to gauge users’ ability to recognize this type of cyber-attack and to apply the relevant IT security procedures correctly;
- ◇ 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.



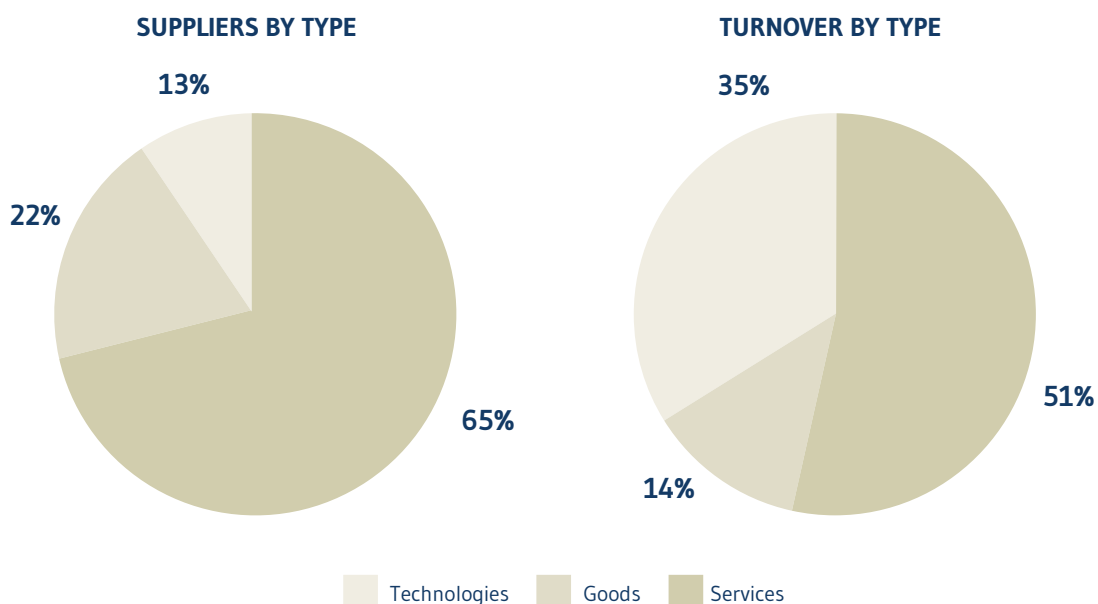
## 6.2 Responsible supply chain management

### 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]

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 6,677 suppliers with a turnover of €587m.



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;
- ◇ reviewing 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;

- ◇ assigning the companies assessed a qualification status, positive or negative;
- ◇ reviewing any spontaneous applications, which may come from other suppliers for inclusion in the list of suppliers;
- ◇ asking active suppliers to update the data and documents entered in the list of suppliers, at regular intervals;
- ◇ managing 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;
- ◇ managing 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."*



Group Procurement is also considering launching a POC (Proof of Concept) with a specialized operator to introduce ESG ratings for the Group's leading suppliers.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
Responsible supply chain management	Decentralized management of strategic single sourcers	Group Procurement Committee
		Group organizational unit responsible for selecting suppliers
		<i>Policy on responsible supply chain management</i> included in the Code of Ethics and Organizational Model instituted pursuant to Italian legislative decree 231/01
		<i>Group Directive on purchasing process management</i> and specific operating procedures
		The new <i>Guidelines on Outsourcing Arrangements</i> issued by the EBA have been incorporated into the internal procedures
		Qualification process for Group list of suppliers, including monitoring of problems and negative aspects
		Identification of critical suppliers by IT Regulation, IT Compliance & Business Continuity
		Third-level audit to check that Group directives and procedures on the supplier qualification processes are complied with
Responsible supply chain management	Incompleteness of internal control system for supply chain especially with respect to ESG issues	Suppliers screened at the qualification and assignment phases and while the service is being provided, and ongoing monitoring of strategic suppliers
		Group Procurement Committee
		Group organizational unit responsible for selecting suppliers
		<i>Policy on responsible supply chain management</i> included in the Code of Ethics and Organizational Model instituted pursuant to Italian legislative decree 231/01
		<i>Group Directive on purchasing process management</i> and specific operating procedures
		The new <i>Guidelines on Outsourcing Arrangements</i> issued by the EBA have been incorporated into the internal procedures



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
Responsible supply chain management	Incompleteness of internal control system for supply chain especially with respect to ESG issues	<div>Monitoring suppliers through the Group directive on purchasing process management and based on specific operating procedures</div> <div>Adequacy checks on documentation and data provided by suppliers, through use of info-provider platforms; further enquiries on any reputational aspects and issues in the areas of human rights/the environment</div> <div>Suppliers have to supply the Group's Code of Ethics and specific clauses on social security, accident prevention, insurance, HSE, Human Rights and employment</div> <div>ESG self-assessment questionnaire added to the supplier qualification process</div>

## 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.

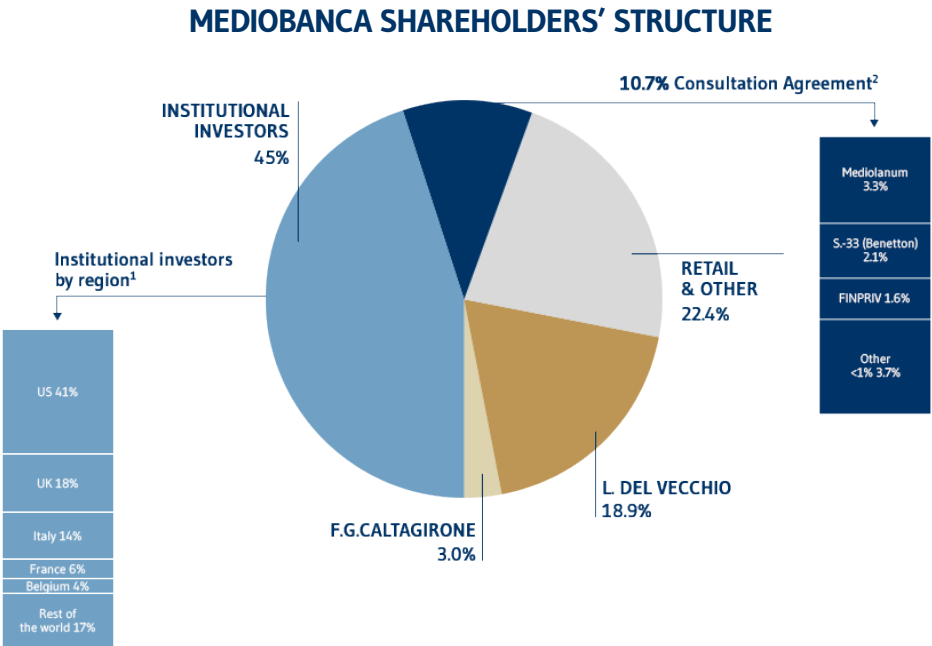
For the transmission and storage of regulated information, Mediobanca uses the eMarket SDIR and the eMarket STORAGE mechanisms.

Mediobanca has more than 40,000 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 14% of the institutional investors are Italian, while the remainder come primarily from the United States (41%), the United Kingdom (18%) and the rest of Europe.

According to the most recent shareholder analysis, SRI investors account for approx. 14% of the free float, much higher than the 12% recorded only last year.



1. Institutional investor breakdown by geography source: Nasdaq Shareholder Analysis, August 2021.  
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 (75%) non-Italian.





A photograph of classical stone sculptures in an archway. In the foreground, a large female figure sculpture is partially visible on the left. In the background, another female figure stands within an arch, surrounded by green foliage. The word "Community" is overlaid in a large, white, serif font across the center of the image.

# 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.

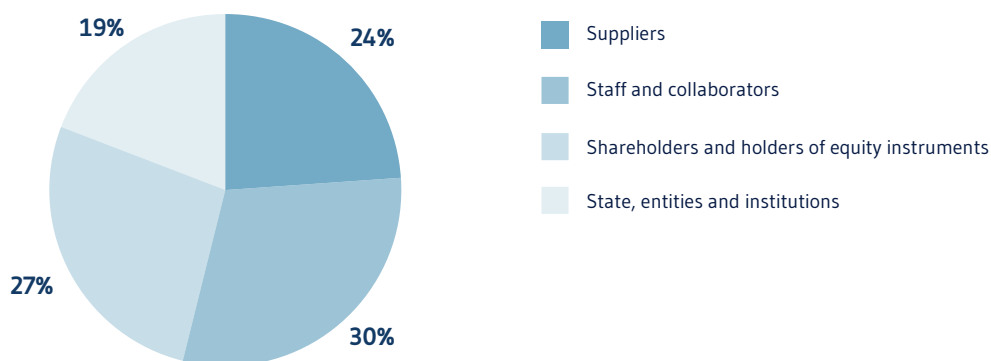
In FY 2020-21, more than 91% of the wealth produced by the company was distributed to its own stakeholders; in particular staff and collaborators and shareholders were among the categories of stakeholder that benefited the most from the wealth generated by Mediobanca, receiving 30% and 27% of the total wealth distributed respectively.

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

	2020-2021	
<b>Economic value generated</b>	<b>2,294,832</b>	
<b>Economic value distributed</b>	<b>2,092,605</b>	
Staff and collaborators	636,708	
Suppliers	486,878	
Third parties	1,623	
State, entities and institutions, community	390,912	
Shareholders and holders of equity instruments	569,164	
Collective and environment	7,320	
<b>Economic value withheld</b>	<b>202,227</b>	



### ECONOMIC VALUE DISTRIBUTED



## 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 is a signatory to the code of conduct instituted in respect of the *Transparency Register*, to ensure that any lobbying activity is properly documented and recorded.

The estimated annual cost of activities relating to the *Transparency Register's* scope of application is between €10,000 and €24,999.

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;
- ◆ **Fondo interbancario di tutela dei depositi:** the interbank deposit protection fund is a mandatory and voluntary consortium recognized by the Bank of Italy which guarantees bearer deposits in the event of default by banks;
- ◆ **International Capital Market Association (ICMA):** non-profit organization and category association for participants in capital markets;
- ◆ **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;
- ◆ **Principles for Responsible Investment (PRI):** launched by the United Nations in 2006, to promote the adoption of sustainable and responsible investment by institutional investors;
- ◆ **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	Ineffective assessment, planning and management of objectives and actions to generate a positive impact on the community (projects in social and/or environmental area)	BoD Group CSR Committee, chaired by CEO	
		Management Sustainability Committee and Group Sustainability unit	
		Co-ordination and monitoring of the Group's corporate citizenship activities by Group Sustainability	
		Monitoring of sponsorships and donations in connection with the provisions of the Organizational Model instituted pursuant to Italian Legislative Decree 231/01, carried out by Group Sustainability and Group Audit	

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.

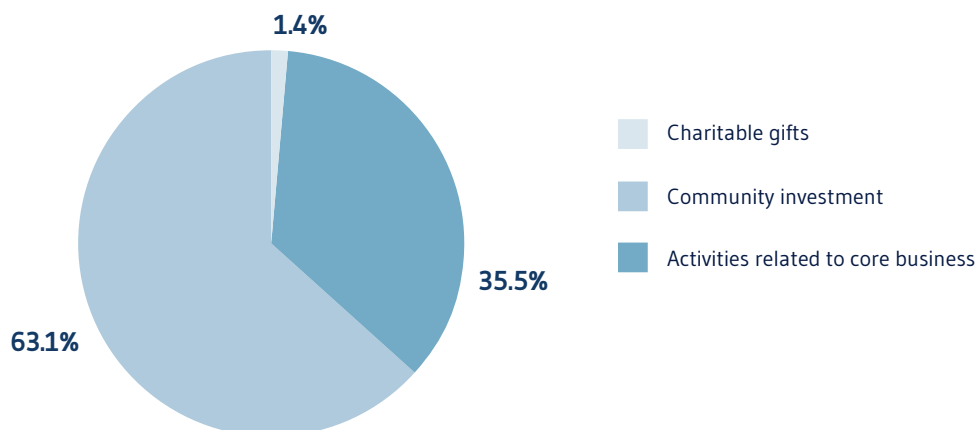
The Group also encourages its staff to be actively and concretely involved in projects to support the local community. During the year under review, and despite the medical emergency, some ninety members of staff devoted around 300 hours of volunteering during working hours.

The Group's aggregate contribution to the community for the year amounted to over **€7.3m**.

This represents a significant increase over last year, due primarily to the inclusion of the Mediobanca Research Area and the company Ricerca & Studi in the scope of calculation.

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).



### COVID-19 EMERGENCY

In this period, which will be remembered above all for the outbreak of the Covid-19 pandemic, the Group has continued to focus its attention on the communities in which it operates and their institutions.

During phase 1 of the emergency, a total of €1.1m was donated to the **Region of Lombardy**, the **Milan municipality fund for mutual assistance**, and the **Luigi Sacco hospital in Milan**, plus a further €950,000 to support the **"Sempre con Voi"** Fund, the **mutual assistance fund of the city of Bergamo**, and the non-profit organization **Mission Bambini**. These donations also reflect the decision on the part of management, directors and statutory auditors to forego or reduce their salaries.

CheBanca! also donated the equivalent of 1x1,000 for new funds deposited in tied deposit accounts to help in the Coronavirus emergency. The first €300,000 was donated to **the "Hope" non-profit association** to buy medical equipment, while a second tranche of €360,000 was donated to the **Progetto Arca** foundation to distribute food parcels to a thousand Italian families in need for a period of twelve months.

Outside of Italy, **CMB Monaco** has played an important role in implementing a system to raise funds for the Princess Grace Hospital Centre (CHPG), donating €100,000 itself directly.

In line with its sustainability roadmap, Mediobanca has also supported new initiatives to address the social and economic emergency accentuated by the ongoing pandemic situation. In particular, the Group's contribution to **Mission Bambini** has been confirmed, in connection with the objective of guaranteeing every child's right to education, by donating information material and refurbishing two schools' premises; **Opera San Francesco per i Poveri** and **Pane Quotidiano**, two non-profit organizations offering food free of charge to the neediest members of the population.

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 2020 the Mediobanca Group became **carbon neutral (Scope 1 and 2)**, by offsetting its remaining CO<sub>2</sub> emissions following the domestic mitigation actions undertaken (equivalent to 5,618.81 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>eq) in FY 2019-20). The carbon neutralization project was made possible by acquiring carbon credits generated from environmental protection projects in developing countries. In particular, we have decided to support a wind electricity generation project, helping to develop and run one of the largest wind farms in the Philippines, the *Burgos Wind Project*, with an overall energy generation capacity of 150 MW.

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 Bank's staff in Milan and the surrounding area in autumn 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 Che Banca! 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.

Outside Italy **RAM Active Investments** 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 funds have been earmarked for projects in India based on the use of biomass to generate electricity with zero-emission fuels, with positive effects for the local as well as 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.

Much of the data thus processed is available free of charge at the area's website ([www.areastudimediobanca.it](http://www.areastudimediobanca.it)) which in FY 2020-21 was visited by over 40,000 users (stable, up 0.2% on the previous year), with nearly 55,000 downloads. 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, plus €1.4m invested in subsidiary Ricerca & Studi – R&S. This company though has now been placed into liquidation, having transferred its key staff to the Mediobanca Research Department, the objective being to increase synergies.

- ◆ **"Vincenzo Maranghi" Historical Archive:** the objective of Mediobanca's historical archive is to preserve the Bank's wealth of documents and make it accessible. It has been open to scholars since November 2019 for consultation of documents for the period from the Bank's foundation until 31 December 1966. In 2014 the Archive was given the status of being "of particularly important historical interest". The first volume of source materials published, a volume on the rescue of Olivetti in the 1960s (*Mediobanca e il salvataggio Olivetti. Verbalì 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. All publications are available free for download from the new Historical Archive website.
- ◆ **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 provided over €25m 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 (250 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. A major exhibition on the works of Alberto Giacometti in the summer of 2021 will give further visibility to this, the main cultural hub in the Principality of Monaco.

In Switzerland, **RAM Active Investments** 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 Banca 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.

Even though training sessions were suspended during the lockdown period, some volunteers from CUS Milano were out distributing food parcels to people in financial difficulty, the elderly, disabled and those suffering from immune disorders, also with the co-operation of Mediobanca staff members.

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).

- ◆ **Italian Paralympic Committee:** since 2016 the Mediobanca Group has been partner to the IPC with the objective of supporting and embedding the values of Paralympic sport as a vehicle for social integration, a sphere which affirms a genuine culture of merit and promotes genuinely open and fair competition.
- ◆ **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. This year, the camp has been run for the fifth time 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 fifth 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 2021, 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.



Furthermore, through the gift-matching, 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. After the first two tranches, which were donated to support the medical and social emergency situation that developed as a result of the pandemic, the third tranche was donated to **Dynamo Camp Onlus**, an association which for years has worked hard to support the right of ill children and teenagers and their families to be happy, by offering and running play therapy programmes.

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. CMB also supports the **Be Safe** charity which combats drunk driving, a phenomenon which is widespread among young people particularly. 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.

In Switzerland, **RAM Active Investments**, 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



MEDIOBANCA

# 8. Environment

## 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 3.2. These risks have been identified using the approach proposed by the *Task Force on Climate-related Financial Disclosure (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	
Management of direct environmental impact	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>The CSR Committee defines measurable objectives in terms of reducing consumption for the Group</p> <p>Group Procurement Committee</p> <p>Organizational unit for selecting suppliers (Group Procurement)</p> <p>Group organizational unit for facility management and managing suppliers in this area (Group Safety, Physical Security &amp; Facility Management)</p> <p>Group Sustainability Policy promoting sustainable business through initiatives to limit impact generated on the environment</p> <p>Specific initiatives to minimize energy consumption in programmed restructuring activities</p> <p>Assessment of initiatives to reduce production of waste</p> <p>Energy sourced in Italy and international branches from renewable sources and progressive transition to FSC paper</p> <p>User awareness raised through publication of sustainability "pills" via the company intranet</p>	
Indirect environmental impacts and climate change Staff health, safety and welfare	Environmental and physical security of properties (with reference in particular to those deriving from leasing contracts)	<p>Group organizational unit which defines guidelines and implements action in the physical security area</p> <p>Crisis Unit established, chaired by the Group General Manager with representatives from Operations, Risk Management, HR, Compliance and Communications to manage the Covid-19 emergency</p> <p>Group Sustainability Policy promoting sustainable business through initiatives to limit impact generated</p> <p>Compliance with regulations on prevention of safety &amp; physical security risks</p> <p>Specific audit and technical assessment procedures, following approvals by the management committees and before leasing agreements are entered into, to ensure that the premises are in order and that there are no manifest environmental risks</p> <p>Insurance policies to support the company in assessing the extent of risks in the ESG area</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.

During the reporting period no significant sanctions were received for failing to comply with environmental laws or regulations.

### COVID-19 EMERGENCY

The spread of the Covid-19 pandemic also affected the Group's environmental performances. The main impacts were linked to the number of people working from home, and the significant reduction in business travel, which was suspended during the months of lockdown, impacting significantly on Scope 3 emissions<sup>55</sup>.

## 8.3 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

<sup>55</sup>. Scope 3 emissions are those which derive from the organization's activities but are outside the organization's control



Group legal entities Cairn Capital, Mediobanca International, Mediobanca Management Company, and RAM's Milan office. 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 2020-21 in order to reduce consumption:

- ◆ human presence detection systems have been installed to regulate the use of lighting in some of the meeting rooms that have been refurbished in Via Filodrammatici in Milan and in the bathroom areas at the building in Foro Bonaparte;
- ◆ replacement doors and windows have been fitted in the building in Foro Bonaparte;
- ◆ photocopiers continue to be set to turn off automatically in order to save electricity;
- ◆ 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 initiatives to:

- ◆ encourage the use of video-conference facilities, to reduce staff travel and emissions. Thanks to this initiative, a total of some 800 tons of CO<sub>2</sub> emissions were saved during the year under review;<sup>56</sup>
- ◆ maintain the provision of training courses via e-learning methods;
- ◆ 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 90% of the company car fleet use hybrid energy, as stated in the Strategic Plan;
- ◆ institute the figure of company Mobility Manager<sup>57</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.

<sup>56</sup> Data refer only to the Cisco video-conferencing systems; it has not been possible to account for the emissions saved through use of Microsoft Teams.

<sup>57</sup> 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



The following initiatives have also been implemented:

- ◇ support for electric mobility through installation of another charging station for electric and plug-in hybrid cars at MIS, in addition to those installed last year (five charging stations at Mediobanca head office, and two others at Compass's office in Milan);
- ◇ use of a 100% electric van for the *MISposto* service and the daily postal services between MIS and the other Group companies' offices.

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

DIRECT ENERGY CONSUMPTION				
	UNIT	2020/2021	2019/2020	2018/2019
<b>Direct energy consumption<sup>58</sup></b>	<b>Gj<sup>59</sup></b>	<b>49,742.23</b>	<b>58,061.53</b>	<b>59,882.74</b>
<b>From non-renewable sources</b>		<b>26,606.01</b>	<b>23,602.82</b>	<b>25,111.42</b>
Diesel		3.60	-	396.21
Natural gas <sup>60</sup>		26,602.41	23,602.82	24,715.21
<i>From unnamed users</i>		16,928.16	13,679.90	ND
<i>From named users</i>		9,674.25	9,922.92	ND
<b>From company cars<sup>61</sup></b>		<b>23,136.22</b>	<b>34,458.71</b>	<b>34,771.32</b>
Diesel		17,858.91	28,354.15	30,530.34
Petrol		5,277.30	6,104.56	4,240.98

A change to the methodology used to calculate the company car fleet has been introduced in FY 2020-21. The new "**manufacturers**"<sup>62</sup> methodology, replacing the **ABI** methodology used since FY 2018-19, enables the increasing efficiency of the car fleets' 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 older vehicles with lower-emission ones, and the reduction in mileage because of the pandemic.

58. 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

59. Gigajoule

60. Consumption by Cairn Capital Group Limited at its former premises were 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.

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

62. According to this methodology, for vehicles with no fuel card, the number of kilometres actually travelled each year out and the number of actual months' use are used, converting g/km emissions into g/l using the parameters supplied by the car hire firms, which take all options for each individual model (diesel, petrol, hybrid) into consideration, and so show the effect of the reduction in consumption deriving from the addition of electric vehicles to the company fleet



INDIRECT ENERGY CONSUMPTION				
	UNIT	2020/2021	2019/2020	2018/2019
<b>Indirect energy consumption<sup>63</sup></b>	<b>Gj</b>	<b>86,309.16</b>	<b>88,435.55</b>	<b>87,866.55</b>
<b>Electricity</b>		<b>85,325.40</b>	<b>87,236.38</b>	<b>86,753.63</b>
From non-renewable sources		757.02	1,917.39	9,586.10
From renewable sources		84,568.38	85,318.98	77,149.53
<b>Thermal energy</b>		<b>983.76</b>	<b>1,199.17</b>	<b>1,130.92</b>
From non-renewable sources <sup>64</sup>		250.02	219.88	1,130.92
From renewable sources		733.74	979.28	-

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

63. 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

64. For FY 2017-18 and FY 2018-19 thermal energy has been reported on a prudential basis as non-renewable, as the supplier has not issued the required certification to guarantee that exclusively non-renewable sources have been used. Starting from FY 2019-20 it has been possible to obtain information as to whether the energy comes from renewable or non-renewable sources



DIRECT AND INDIRECT CO <sub>2</sub> EMISSIONS <sup>65</sup>				
	UNIT	2020/2021	2019/2020	2018/2019
<b>Direct emissions (Scope 1)</b>	<b>Tons CO<sub>2e</sub></b>	<b>3,258.38</b>	<b>3,928.80</b>	<b>4,051.82</b>
From non-renewable sources (natural gas, diesel)		1,539.07	1,368.05	1,463.82
From company cars (petrol and diesel)		1,719.31	2,560.76	2,588
<b>Indirect emissions (Scope 2) – market based</b>		<b>65.06</b>	<b>162.89</b>	<b>918.14</b>
From electricity and thermal energy		65.06	162.89	918.14
<b>Indirect emissions (Scope 2) – location based</b>		<b>6,818.51</b>	<b>7,527.66</b>	<b>7,542.03</b>
From electricity and thermal energy		6,818.51	7,527.66	7,542.03
<b>Indirect emissions deriving from company mobility (Scope 3)<sup>66</sup></b>		<b>112.82</b>	<b>1,527.12</b>	<b>2,753.96</b>
<b>Air travel</b>		<b>83.24</b>	<b>1,370.37</b>	<b>2,548.60</b>
Domestic flights		40.22	298.52	452.10
International flights		43.02	1,071.85	2,096.50
<b>Train travel</b>		<b>27.24</b>	<b>137.37</b>	<b>176.92</b>
High speed		25.26	124.95	164.00
Other types of train travel		1.98	12.42	12.92
<b>Third-party car services</b>		<b>2.34</b>	<b>19.38</b>	<b>28.43</b>

The increase in the supply of electricity from renewable sources has generated a reduction in Scope 2 market-based emissions. The Group also reported a substantial decrease in Scope 3 emissions due to the notable reduction in business-related travel due to the lockdown following the Covid-19 pandemic.

The Group has recorded the following emission levels for ozone-depleting substances: 132.8 kg of ODS (50.8 kg of which R-410A<sup>67</sup>), 800.38 kg of nitrogen oxides, and 15.81 kg of sulphur oxides<sup>68</sup>. The increase in ODS emissions is due to the higher number of breakdowns to the air-conditioning systems. NOx and SO<sub>2</sub> emissions were in line with last year.

65. 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 1990-2015 – National Inventory Report 2017 – 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

66. 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

67. Refrigerant gas used for air conditioning systems: these are refills made during the year following maintenance work

68. 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



ENERGY INTENSITY <sup>69</sup>				
	UNIT	2020/2021	2019/2020	2018/2019
Direct energy intensity	Kwh/m <sup>2</sup>	84.10	95.65	95.65
Indirect energy intensity	Kwh/m <sup>2</sup>	145.93	145.68	150.28

EMISSION INTENSITY <sup>70</sup>				
	UNIT	2020/2021	2019/2020	2018/2019
Emission intensity (Scope 1)	tCO <sub>2</sub> /m <sup>2</sup>	0.0198	0.0235	0.0249
Emission intensity (Scope 2)	tCO <sub>2</sub> /m <sup>2</sup>	0.0003	0.0009	0.0057

## 8.4 Water consumption

[GRI 302-1], [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 activities performed by the Group do not require large amounts of water to be used, and in any case the total amount of discharge water is equal to the number of litres of water withdrawn, so there are no material adverse effects in areas where there are water shortages.

WITHDRAWAL OF WATER				
	UNIT	2020/2021	2019/2020	2018/2019
Water consumed <sup>71</sup>	m <sup>3</sup>	244,730	194,649	224,401
of which from mains		92,673	99,462	107,511
of which from wells <sup>72</sup>		152,056	95,188	116,890

## 8.5 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.

69. Ratio between energy consumption and the total surface area of the Group's premises (squ. m)

70. Ratio between emissions and the total surface area of the Group's premises (squ. m)

71. For water consumption, where 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. Consumption figures for the New York branch office (MB Securities and Messier & Associés) are not monitored. The water consumption figures for Cairn Capital Group Limited were not monitored at its old premises, where no data was available for the shared building's consumption. However, since it transferred to its new office in October, it has been possible to estimate the water consumption based on the share of the surface area occupied by the company in the new building

72. The growing trend in terms of drawing water from wells is due to the water meter being replaced (there were no changes in consumption or in the scope of usage)



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 *Energy Star*-certified by the TPM group;
- ◇ 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 (card carrier and envelope) have been manufactured from 100%-recycled paper.

Toner for printers is another material of which consumption is significant.

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;
- ◇ 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>73</sup> paper for paper-based credit card statements;

73. 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



- ◇ 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 starting from July 2019 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>74</sup>				
	UNIT	2020/2021	2019/2020	2018/2019
<b>Total paper</b>	<b>tons</b>	<b>388.93</b>	<b>363.34</b>	<b>558.37</b>
Paper consumed (A4)		169.93	209.81	269.50
Paper consumed (A3)		1.57	3.78	2.38
Paper consumed (A5)		-	0.02	0.32
Paper for commercial uses (business cards and headed paper)		217.43	149.72	286.16

All A4 paper consumed for office purposes is FSC-certified, and part of the paper consumption for commercial purposes uses recycled paper. There has been a reduction in the consumption of paper for office uses (A4 and A3), in part due to the lower numbers of staff in the office because of the pandemic. Conversely, there has been an increase in the use of paper for commercial purposes compared to FY 2019-20, because this year the branch offices have continued to be open for business the whole time, including during the pandemic.

## 8.6 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 waste. Surgical 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;

<sup>74</sup> 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



- ❖ 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>75</sup>				
	UNIT	2020/2021	2019/2020	2018/2019
<b>Waste produced</b>	<b>tons</b>	<b>67.54</b>	<b>58.28</b>	<b>70.90</b>
<b>Dangerous waste</b>		<b>16.99</b>	<b>14.96</b>	<b>13.00</b>
Toner <sup>76</sup>		5.99	8.36	7.50
Other: electronic devices, batteries, surgical masks, etc.		11.00	6.59	5.50
<b>Non-dangerous waste</b>		<b>50.55</b>	<b>43.32</b>	<b>57.91</b>
Paper wrapping and cardboard		9.27	2.80	5.38
Bulky waste, food and general waste		41.28	40.52	52.53

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.

WASTE TREATMENT METHODS			
	UNIT	2020/2021	
<b>Untreated waste<sup>77</sup></b>	<b>tons</b>	<b>61.58</b>	
<b>Dangerous waste</b>		<b>11.03</b>	
Amount recovered		11.03	
<b>Non-dangerous waste</b>		<b>50.55</b>	
Amount recovered		50.55	
<b>Waste due for treatment<sup>78</sup></b>		<b>5.96</b>	
<b>Dangerous waste</b>		<b>5.96</b>	
Other		5.96	
<b>Non-dangerous waste</b>		<b>-</b>	
Other		-	

75. At present waste disposal data is not specifically monitored by the Group

76. For dangerous waste, methods based on estimates have been used where data is unavailable

77. At present the Group has no information on the means by which untreated waste is recovered

78. At present the Group has no information on the type of treatment carried out. However, it is known that this category includes 0.135 tons of surgical mask

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 IBM; 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.





# Objectives and future commitments





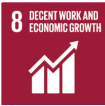

MEDIOBANCA

# 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	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	Procedures to guarantee equal representation in staff selection and promotion processes (including specifications for head-hunters) now implemented	
		All suitable female candidates to be considered for internal promotions		
	Responsible investing	AM: 100% of new investments screened using ESG as well as financial criteria	<b>98.8%</b>	
		40% of total affluent <sup>79</sup> clients' portfolios now invested in qualified ESG funds (SFDR Article 8/9) <sup>80</sup>	<b>+33%</b>	
	Contributing to growth	€700m to be invested in outstanding Italian SMEs	<b>€140m</b> already invested	
	Support to local community	€4m per year in projects with positive social/ environmental impact	Approx. <b>€7.3m</b> in FY 2020-21	
		MB Social Impact Fund: AUM increase ≥ 20%	<b>AUM up 43%</b> versus 30/6/19	





79. Affluent segment: deposits between €50,000 and €500,000

80. 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>40%</b> of procurement expenses screened using ESG criteria <sup>81</sup>	
	Clients	Customer satisfaction: ♦ CheBanca! CSI for premier segments <sup>82</sup> @75, NPS @30 <sup>83</sup> ♦ Compass: CSI @85, NPS @65 <sup>84</sup>	CSI @81, NPS @43  CSI @88.5 NPS @62	
	Reducing direct impact on environment	94% <sup>85</sup> energy from renewable sources	<b>94%</b> energy from renewable sources	
		27% <sup>86</sup> reduction in CO <sub>2</sub> emissions	CO <sub>2</sub> emissions <b>down 15%</b>	
		Hybrid cars @90% of the Mediobanca Group's float in Italy	<b>28%</b> of hybrid cars	
	Supporting transition to clean energy	Green bond issued: €500m	First Mediobanca green bond issued (1/9/2020)	
		RAM: carbon neutral to be issued	<i>RAM Stable Climate Global Equities carbon neutral fund issued</i>	
		CheBanca! green mortgages up 50%	CheBanca! green mortgages >5X vs FY20	

## FUTURE OPERATING COMMITMENTS

SDG	COMPANY	COMMITMENT	STATUS	2020/21	2021/22	
Staff						
	Mediobanca	Compulsory online training course on IT security issues	Reached	♦		
	Mediobanca	Classroom-based training to be balanced with online training, as soon as the emergency situation allows	In progress	♦	♦	
	Mediobanca Group	Course on Covid 19 emergency – Managing work and rules of conduct to be adopted	Reached In progress for new recruits	♦	♦	
	Mediobanca Group	Refresher course on Italian Legislative Decree 81/08	Reached In progress for new recruits	♦	♦	

81. 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

82. Premier, i.e. clients in the affluent (with deposits of between €100,000 and €500,000) and the Wealth Management segment (deposits >€500,000)

83. CSI and NPS revised upwards versus original targets: CSI (Customer Satisfaction Index) @73, NPS (Net Promoter Score) @25

84. NPS revised upwards versus original target: NPS @55













85. Target adjusted from the original (92%)

86. For Scope 1 + Scope 2 Market-based, named users. Target adjusted from the original (15%)



SDG	COMPANY	COMMITMENT	STATUS	2020/21	2021/22
Staff					
	Mediobanca Group	New Prevention and Protection Service Manager appointed on 1 July 2020	Reached		
	Mediobanca Group	Prevention and Protection Service audit for headquarters and branch offices	Launched		
	Mediobanca Group	Refresher course on work-related stress for the Mediobanca Group	Launched		
Responsible business					
	Group	New Group ESG Policy prepared	Reached		
	Mediobanca SGR CheBanca!	SFDR regulations incorporated and gradual alignment of related investment and advisory processes	Launched		
Clients					
	Group (Italy)	Implementation of technological measures to protect personal data	Launched		
	CheBanca!	Development of single network portal to increase application suite efficiency and modernize branch architecture	Reached		
Suppliers					
	Group	Largest suppliers included in Group register (i.e. over €100,000) must answer specific questions on sustainability and diversity and provide additional information on environmental issues and health and safety in the workplace	Reached		
	Group	Launch of a Proof of Concept (POC) with a specialist operator to introduce ESG ratings for the Group's leading suppliers	To be launched		



SDG	COMPANY	COMMITMENT	STATUS	2020/21	2021/22
Environment					
	Group (Italy)	Installation of continuous energy consumption monitoring systems at offices of MIS, CheBanca, Compass and Mediobanca headquarters in Via Filodrammatici now concluded	Reached		
	MIS	New charging station for electric and hybrid plug-in vehicles to be installed	Reached		
	Mediobanca	Installation of energy consumption monitoring system at premises in Foro Bonaparte	To be launched		
	MIS	Light fittings in reception areas to be replaced with more energy efficient systems (LED lighting)	To be launched		
	Group (Italy)	Multi-function printers to be replaced with low-emissions products with limited energy consumption	To be launched		
Tax					
	Group	Tax risk mitigation: implementation of tax control framework (cf. Italian Legislative Decree 128/2015)	To be launched		





# GRI Content Index



MEDIOBANCA

# 10. GRI Content Index

[GRI 102-55]

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GRI 102: GENERAL DISCLOSURES				
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## ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

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SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS				
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# TCFD Recommendations



MEDIOBANCA

# 11. TCFD Recommendations

The Mediobanca Group has launched a process to align its disclosure with the recommendations made by the *Task Force on Climate-related Financial Disclosures (TCFD)*. According to the roadmap embarked on, in this, year 1, a self-assessment exercise was launched for the Group's reporting relative to the TCFD Recommendations. The results of this exercise are shown in the table below; in future years a report will be drawn up in line with the Recommendations.

TOPICS	TCFD RECOMMENDATIONS	INTERNAL REFERENCES IN THIS DOCUMENT
<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>◆ 3.2 Governance model</li> <li>◆ 3.4 Sustainability governance</li> <li>◆ 5.7 Staff incentives, benefits and remuneration</li> <li>◆ 9 Objectives and future commitment</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>◆ 3.3 Compliance, internal control and risk management</li> <li>◆ 6.1.6 Responsible Business</li> <li>◆ 6.1.7 Sustainable products</li> </ul>

TOPICS	TCFD RECOMMENDATIONS	INTERNAL REFERENCES IN THIS DOCUMENT
<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> <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>◆ 3.3 Compliance, internal control and risk management</li> <li>◆ 8.1 Relevant policies and risks</li> <li>◆ New Group 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>◆ 8.3 Energy consumption and CO<sub>2</sub> emissions</li> <li>◆ 7.3.1 Environment and territory</li> <li>◆ 3.7 Sustainable Development Goals</li> <li>◆ 9 Objectives and future commitments</li> <li>◆ Definition of a Green and Sustainable Bond Framework; and issuance of the first Green Bond</li> </ul>





# Independent report on limited assurance of Consolidated Non- Financial Statement



MEDIOBANCA

# 12. Independent report on limited assurance of Consolidated Non-Financial Statement

[GRI 102-56]



## ***Independent auditor's report on the consolidated non-financial statement***

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018*

To the Board of Directors of Mediobanca SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Mediobanca SpA and its subsidiaries (hereafter the "Group" or "Mediobanca Group") for the year ended 30 June 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 23 September 2021 (hereafter the "NFS").

### ***Responsibility of Management and those charged with Governance for the NFS***

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated in 2020 (hereafter the "GRI Standards") identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### ***PricewaterhouseCoopers SpA***

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### **Auditor's Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### **Auditor's responsibilities**

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with “*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (hereafter “*ISAE 3000 Revised*”), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised* (“*reasonable assurance engagement*”) and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Mediobanca Group's Consolidated Financial Statements;
4. understanding of the following matters:
  - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.



With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Mediobanca SpA, CheBanca! SpA and MB Credit Solutions SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following subsidiaries, CheBanca! SpA and MB Credit Solutions SpA, which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we met the management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusions**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Mediobanca Group as of 30 June 2021 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Milan, 1 October 2021

PricewaterhouseCoopers SpA

*Signed by*

Raffaella Preziosi  
(Partner)

*Signed by*

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.*





A photograph of a highly ornate, dark-colored wrought-iron gate in the foreground, featuring intricate scrollwork and a central vase-like finial. The gate is partially open, revealing a perspective view of a classical building with a series of arches and columns. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The overall composition is framed by a dark blue border.

# Contact details



MEDIOBANCA

# 13. Contact details

[GRI 102-3], [GRI 102-53]

## Group Sustainability

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MEDIOBANCA

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