



Group Sustainability 2021-2022



MEDIOBANCA



The qualitative and quantitative data and information in this brochure refer to the Mediobanca Group's performance for the financial year ended **30th June 2022**

Introduction

The Mediobanca Group continued on its growth path in the twelve months, with strong business and profitability performances despite the worsening market instability.

This has been made possible by the effectiveness of its business model, distinctive positioning, and diversified activities. These features together have enabled the Mediobanca Group to significantly **outperform** the Italian and European banking sector despite the difficulties linked first to the pandemic and now to the Russia/Ukraine conflict.

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

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

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

“ Climate change represents a financial risk for the global economy. The banking system as a whole has a fundamental role to play in the green transition. ”

We are convinced that long-term economic growth cannot be achieved without **valorizing human capital**, **increasing social welfare** and **protecting natural resources**.

Our sustainability strategy is focused on



Sustainable growth over time



Valorizing our human capital



Sensitivity to social issues



Reducing our direct and indirect impact on the environment



Identity

Our solidity and stability, along with ability to innovate, professionalism and proper conduct, care and respect for our clients and partners, are the values which have guided us from our inception and have been the drivers of our recent solid and healthy growth.

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

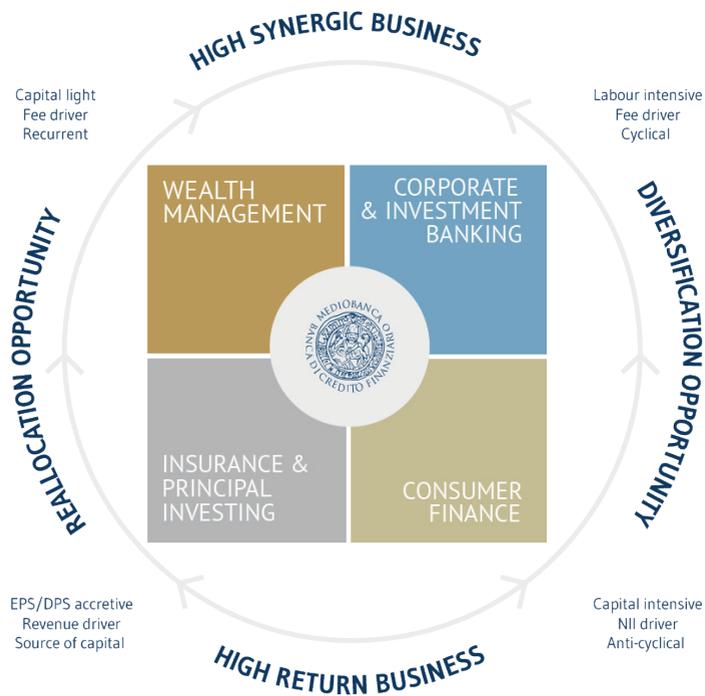


MEDIOBANCA



Identity

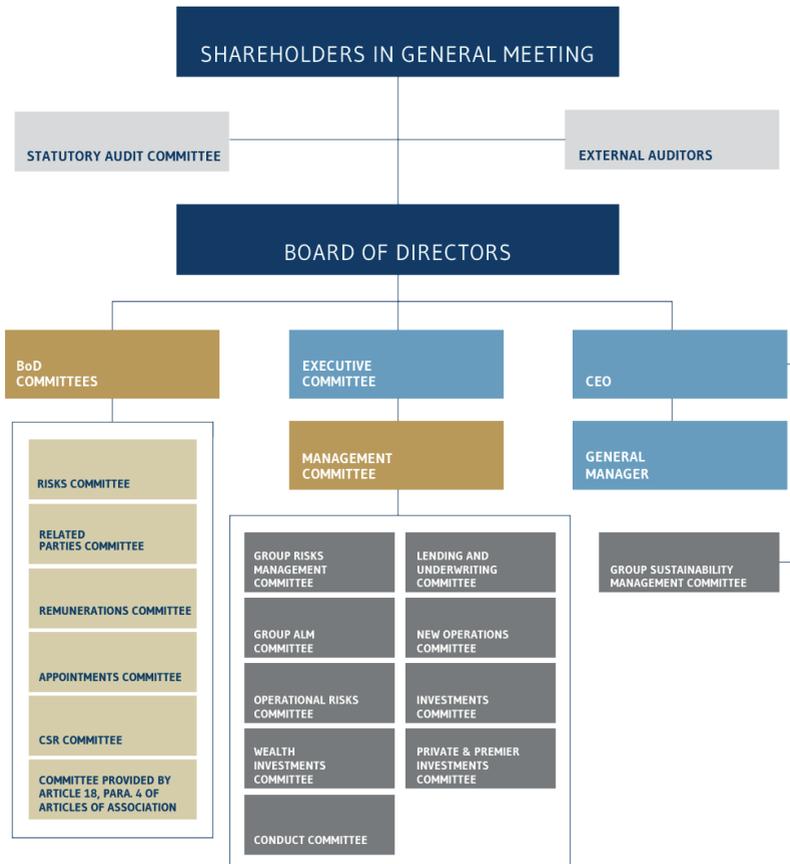
The business model is based on highly specialized businesses





We are distinguished by our **prudent and selective approach to risk management**, our excellent asset quality and high capitalization levels which are comfortably above the minimum requisites, among the highest of any Italian banks reported.

We have 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.





Group sustainability is led by our Chief Executive Officer, supported by a management **Sustainability Committee** consisting senior management and a dedicated Sustainability unit.

In September 2019, the Board of Directors instituted a **CSR Committee** with responsibility for prior analysis of sustainability issues to be submitted to the Board itself, among which ESG strategy at the Chief Executive Officer's proposal.

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

Our **Group Sustainability Policy** is sub-divided into four areas held to be priorities:



Tackle bribery and corruption



Human rights



Diversity and inclusion

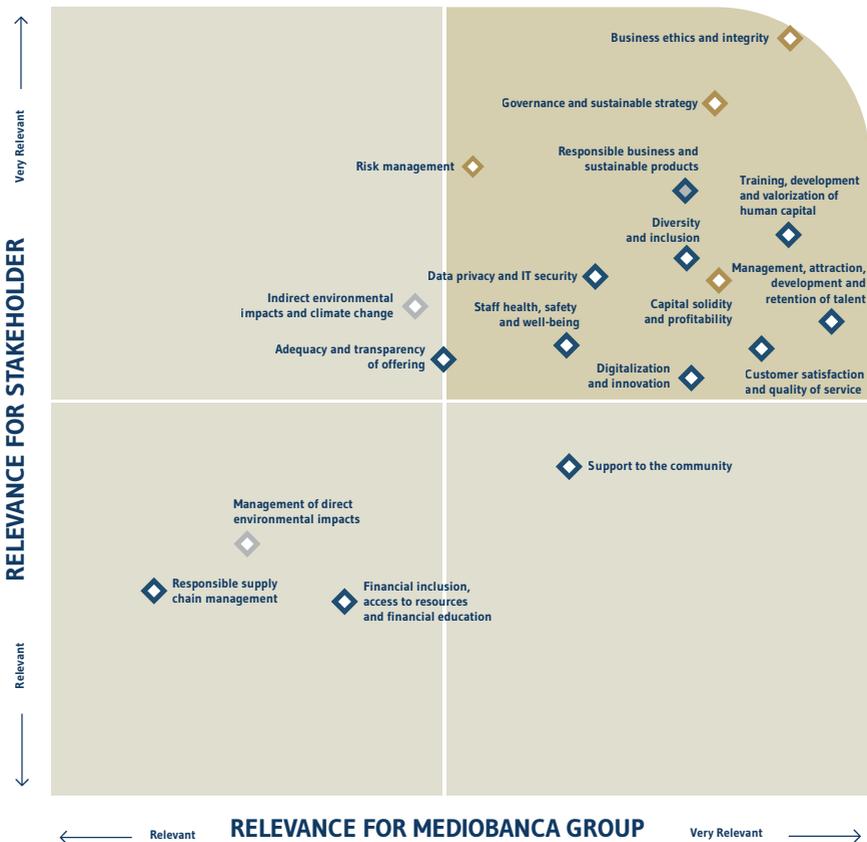


Climate change and environment



In 2022 we updated both axes of our **materiality matrix**, engaging internal and external stakeholders plus senior management with the objective of incorporating their vision into the materiality definition process of the issues proposed.

Materiality Matrix 2022



Performance

- ECONOMIC
- SOCIAL
- ENVIRONMENTAL

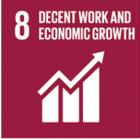


We intend to contribute to promoting the **universal principles** contained in the **Global Compact**, of which we are a member, and to realization of the **Sustainable Development Goals (SDGs)** set out in the **United Nations' 2030 Agenda**, supporting and encouraging new sustainable growth and development prospects at the global level.





Being aware of the close connection between some of the Sustainable Development Goals and our own business, we have defined **CSR targets in our Strategic Plan**, with the intention of contributing to six of the seventeen SDGs.

SDG	AREA	OBJECTIVES TO 2023	30/06/2022
	Quality education	Avg. training hours: up 25%, to enhance employees' competences	Up 71% vs 30/6/19
	Gender diversity	<p>Approx. 50% of female candidates to be considered for new hirings</p> <p>All suitable female candidates to be considered for internal promotions</p>	Procedures implemented and new quantitative targets identified to FY 2026-27 and to FY 2030-31
	Responsible investing	<p>AM: 100% of new investments screened using ESG as well as financial criteria</p> <p>40% of total affluent¹ clients' portfolios now invested in qualified ESG funds (SFDR Article 8/9)²</p>	99.3% 61%
	Contributing to growth	€700m to be invested in outstanding Italian SMIs	€400m already invested

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

2. 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	30/06/2022
 11 SUSTAINABLE CITIES AND COMMUNITIES	Support to local community	€4m per year in projects with positive social/environmental impact	Over €7,6 mln in FY 2021-22
		MB Social Impact Fund: AUM increase \geq 20%	AUM up 33% versus 30/6/19
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable procurement	40% of procurement expenses screened using ESG criteria	58% of procurement expenses screened using ESG criteria ³
	Clients	Customer satisfaction: <ul style="list-style-type: none"> ◊ CheBanca!: CSI on premier segment⁴ @75, NPS @30⁵ ◊ Compass: CSI @85, NPS @65⁶ 	CheBanca!: CSI @80, NPS @40 Compass: CSI @90,6 NPS @66
 13 CLIMATE ACTION	Reducing direct impact on environment	94% ⁷ energy from renewable sources	94% energy from renewable sources
		11% ⁸ reduction in CO ₂ emissions	CO ₂ emissions down 17%
		Hybrid cars @72% ⁹ of the Mediobanca Group's float in Italy	41% of hybrid cars
	Supporting transition to clean energy	Green bond issued: €500m	€500m green bond issued
RAM AI: carbon neutral to be issued		<i>RAM Stable Climate Global Equities</i> carbon neutral fund issued	
CheBanca! green mortgages up 50%		Green mortgages up 109% versus 30/6/21	

3. 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.

4. Premier, i.e. clients in the affluent (with deposits of between €50,000 and €500,000) and the Wealth Management segment (deposits >€500,000).

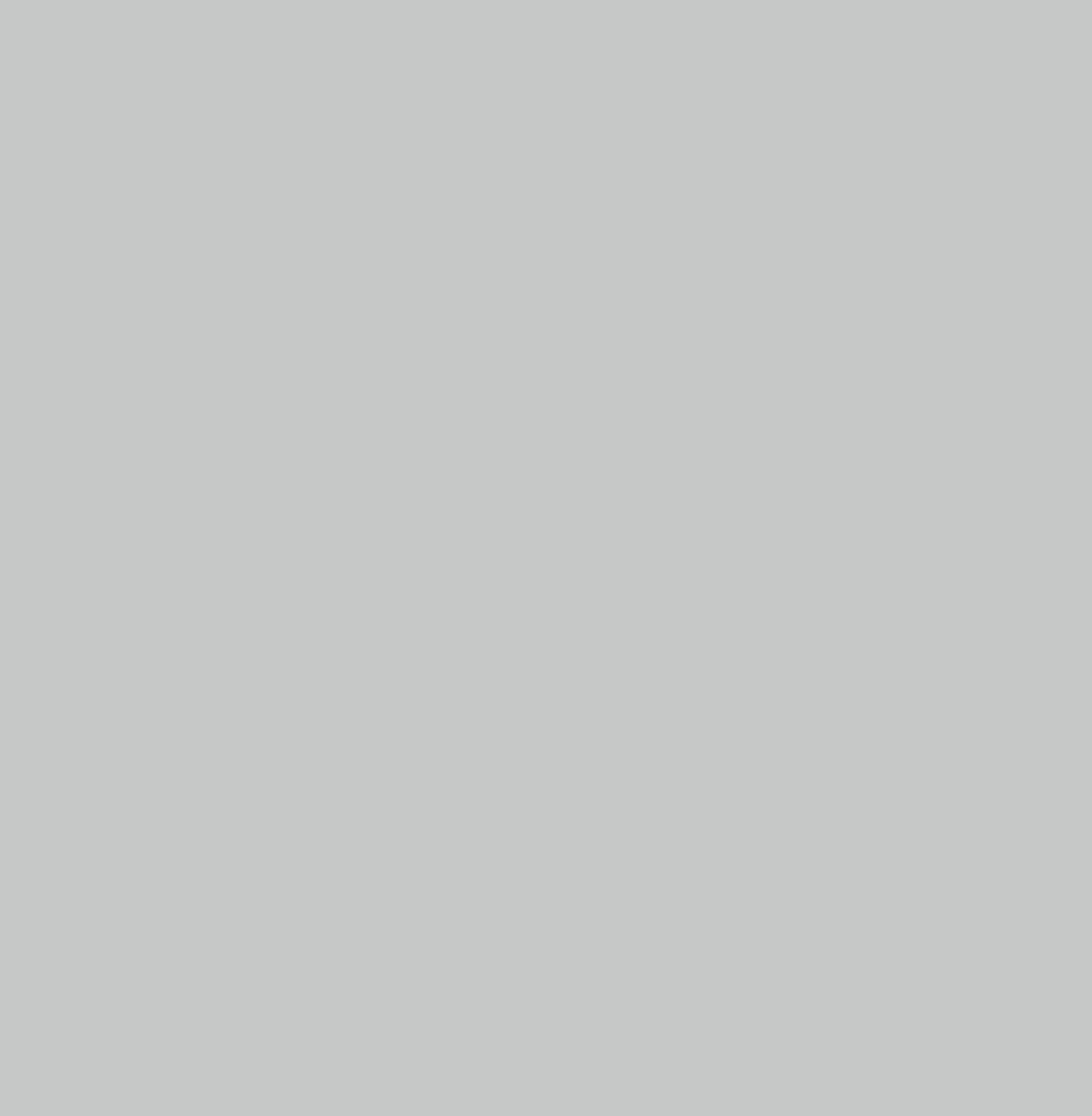
5. CSI and NPS revised upwards versus original targets: CSI (Customer Satisfaction Index) @73, NPS (Net Promoter Score) @25.

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

7. Target adjusted from the original (92%).

8. For Scope 1 + Scope 2 Market-based, named users. Target adjusted from the original (15%) because of delays in the delivery of hybrid vehicles and the use of fuel cards being extended to the entire commercial segment and car fleet.

9. Target adjusted from the original figure of 90% due to delays in the delivery of electric and hybrid vehicles as a result of first the pandemic then the war.





Ethics and integrity in business and anti- corruption measures

We believe that responsible, proper and transparent conduct grows and protects a company's reputation, credibility and consensus over time, laying the foundation for sustainable business development which aims to create and protect value for all stakeholders.

This is why we are committed to conducting our business in accordance with the highest ethical standards, and does not tolerate any form of corruption, whether active or passive.



MEDIOBANCA



Ethics and integrity in business and anti-corruption

To ensure corruption is tackled effectively and guarantee compliance with all applicable laws and regulations, we have prepared our internal regulations, procedures and controls, arrange regular training, and carry out checks and audit activities, adopting the following documents in particular:

- ◇ Organizational Model pursuant to Italian Legislative Decree 231/01
- ◇ Code of Ethics
- ◇ Code of Conduct
- ◇ Tax conduct principles
- ◇ Non-compliance risk management policy
- ◇ Whistle-blowing policy
- ◇ Group anti-corruption directive
- ◇ Gift directive
- ◇ Directive on relations with the public administration



TRAINING ON ANTI-CORRUPTION ISSUES



TOTAL HOURS OF TRAINING

1,949

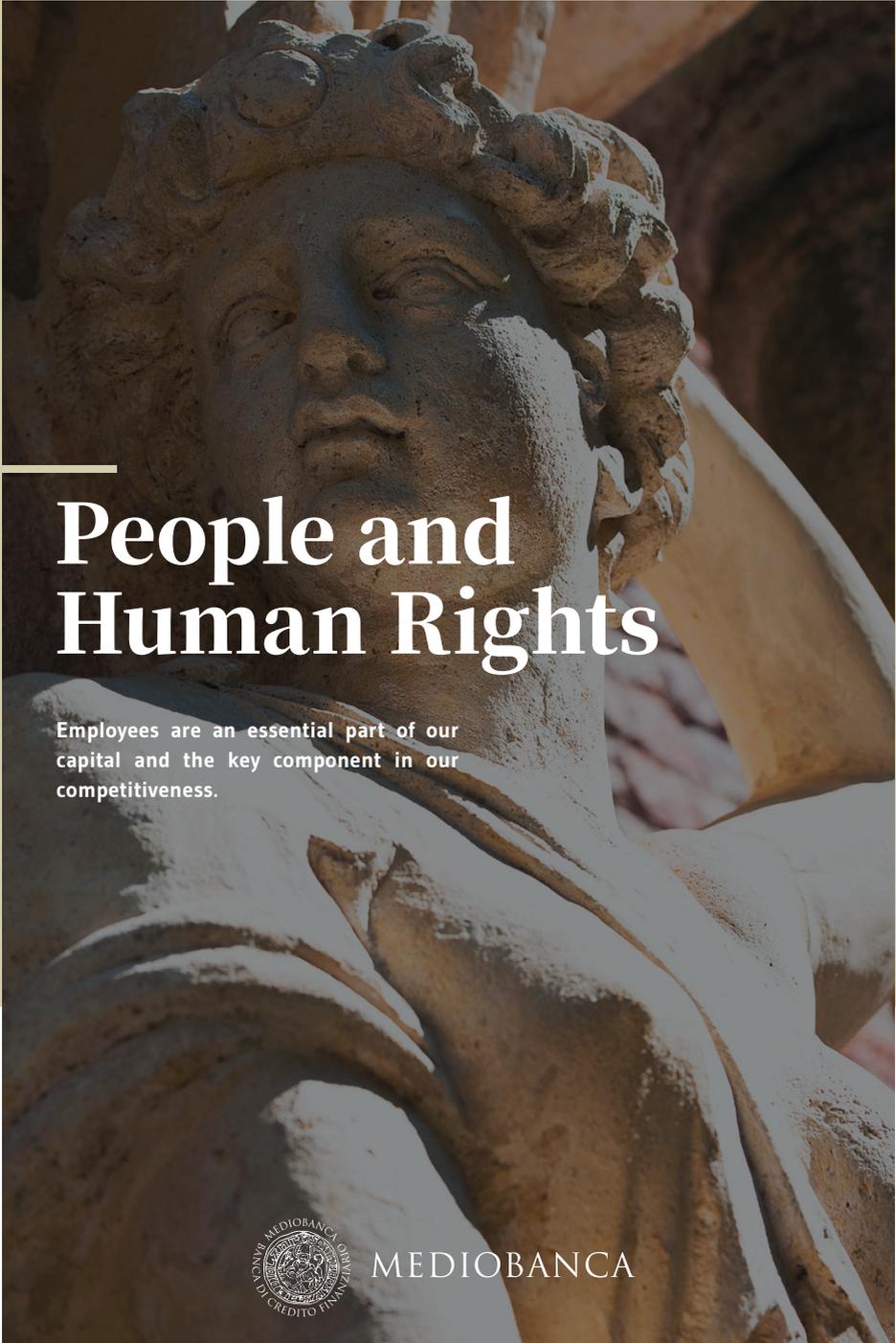


STAFF PARTICIPATING

3,633

The anti-corruption policies and procedures have been sent to all the Directors and the Group's workforce.





People and Human Rights

Employees are an essential part of our capital and the key component in our competitiveness.



MEDIOBANCA



People and Human Rights



5,016
Employees

89% OF WHOM IN ITALY



42%

OF THE
WORKFORCE
ARE WOMEN



43 years

AVERAGE AGE



98%

OF STAFF ARE
EMPLOYED ON
PERMANENT
CONTRACTS
(42% WOMEN)



157,425

HOURS OF
TRAINING



We are convinced that **diversity of gender and thought** is an advantage to be leveraged, as a source of cultural and professional enrichment.

On March 2022, the Chief Executive Officer launched **toDEI**, a corporate cultural change programme designed to create an even more inclusive working environment.

As a Group we are committed to helping to reduce the gender gap, and to this end for the first time have set **quantitative objectives** to achieve this goal.

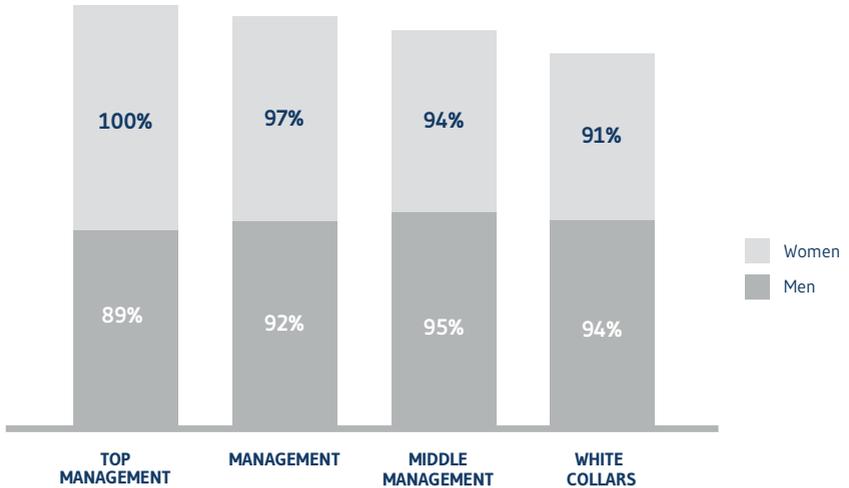
	Objectives	KPIs	As of 30/06/2022	To be
				End of Industrial Plan (2026-27) ▶ End of Industrial Plan (2030-31)
Address gender balance whit long term results	Consolidate female representation in top management and executive positions	% of female members of Mediobanca Key Function Holders	~23%	>30% >40%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

We have instituted the figure of **Group Diversity and Inclusion Manager** and adopted a **Diversity, Equity and Inclusion management committee** to monitor the implementation of the guidelines on diversity and inclusion within



Performance Evaluation is the system which meets the need for objectivity in terms of **assessing individual performances** and defining responsibilities.

EMPLOYEES EVALUATED 2021-2022



We think professional **training** and **refresher courses** for our staff play a strategic role in the development process.

AVERAGE TRAINING HOURS BY GENDER AND CATEGORY

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



HOURS OF TRAINING BY TYPE, FY 2021-2022



68.6%

COMPLIANCE
& REGULATION



4.2%

HEALTH &
SAFETY



11.5%

SPECIALIST



5.9%

LANGUAGES



3.6%

MANAGEMENT



1.2%

ANTI-CORRUPTION
(IT- LEG.DECR.231/01)



4.5%

ESG &
HUMAN RIGHTS



0.4%

OTHER

We consider promotion of **health and safety**, including **mental health**, to be one of the priorities in our way of doing business.

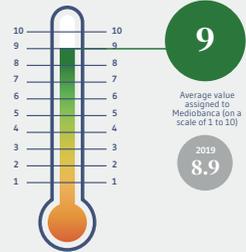


We have conducted a **third engagement analysis** to collect opinions on the activities implemented following the first two survey in 2017 and 2019.

MOVE BEYOND³

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

The values assigned to the main indices remain positive



85.5%

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



METHODOLOGY



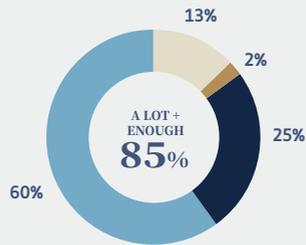
SURVEY

AROUND 76% SURVEY RESPONSE RATE

JOB SATISFACTION

MEDIOBANCA EMPLOYEES (859 cases)

- A lot
- Enough
- Little
- Not at all





Market

- ◇ Clients
- ◇ Responsible supply chain management
- ◇ Investors and shareholders



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Market

Clients

We seek to help **our 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.

In the area of customer relations we pay close attention to **transparency** and clarity of information, defined in the sense of fairness in relations with the market from a long-term perspective.

We have always been keen to promote and develop the **financial awareness** of our clients, promoting a model of financial education based on sharing information on products and services expressed in clear, simple terms.

We are aware that in the long term the variables that impact on the valuations of companies and institutions must also include the **environmental, social and governance** sphere, to create value for the investor and for society as a whole.

Our **Group ESG Policy** applies ESG factors into the decision-making process in the lending and investment areas and includes detailed sector guidelines.

Mediobanca has signed up to the **Principles for Responsible Banking (PRB)** to set sustainable development goals and measure the impacts of our activities on people and the planet.

Mediobanca SGR, RAM AI and **Cairn Capital** adhere to the **Principles for Responsible Investment (PRI)** to develop a more sustainable global financial system.



Responsible supply chain management

We seek to develop relations with our suppliers based on the principles of **fairness**, **transparency** and equal treatment.



Suppliers
7,113
TURNOVER
OF €610M



Services

SERVICES SUPPLIERS
SHARE : 70%

SHARE OF TURNOVER
USED TO PURCHASE
SERVICES: 50%



Goods

GOODS SUPPLIERS
SHARE: 18%

SHARE OF TURNOVER
USED TO PURCHASE
GOODS: 14%



Technologies

TECHNOLOGIES
SUPPLIERS SHARE: 12%

SHARE OF TURNOVER
USED TO PURCHASE
TECHNOLOGIES: 36%



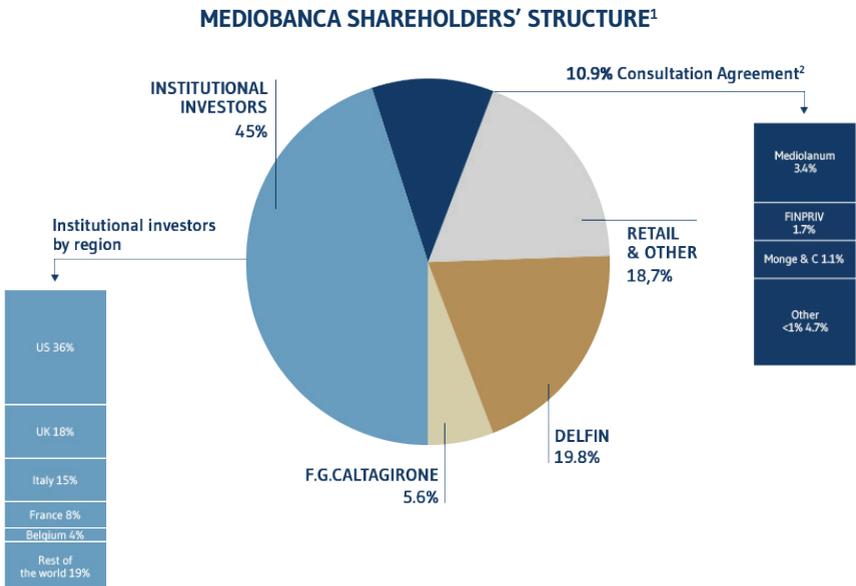
Investors and shareholders

We consider relations with our 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.

We guarantee timely, reliable and comparable disclosure to the market which is comprehensible by all categories of user.

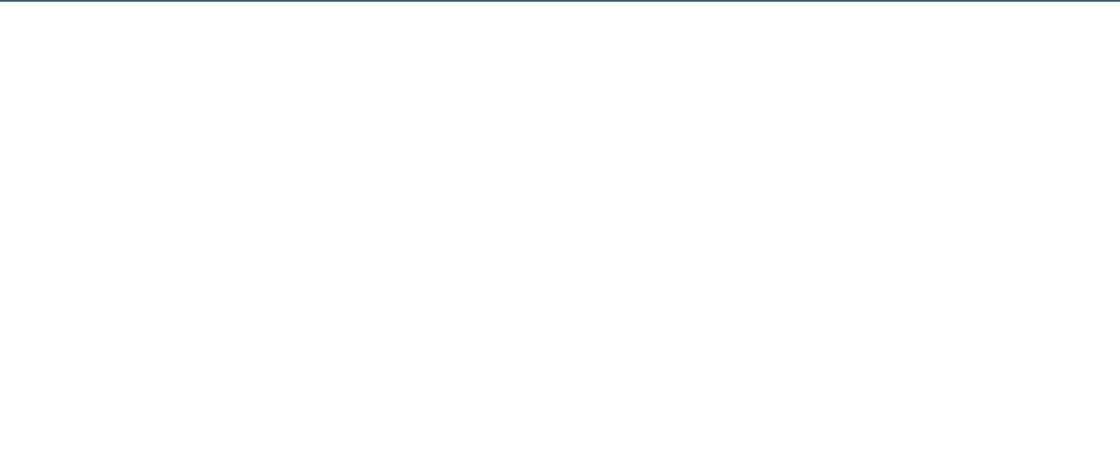
We have more than 45,000 shareholders, split between institutional and retail investors.

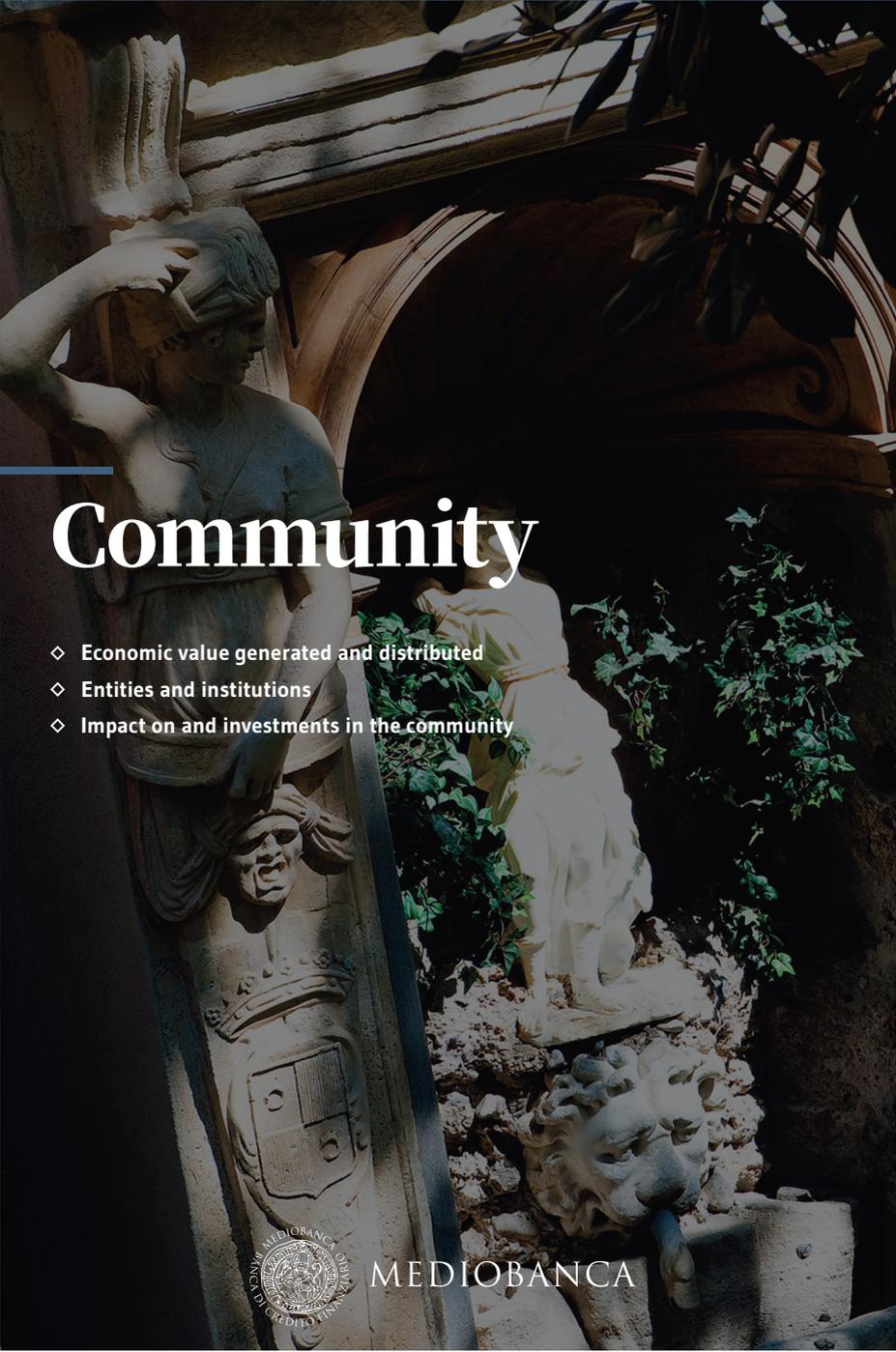
SRI investors account for approx. 11% of the free float.



1. Institutional investor breakdown by geographical source: Nasdaq Shareholder Analysis, August 2022.

2. No provision made for commitments either in terms of lock-up or voting rights over shares syndicated. The agreement governs the means by which shareholders meet to share reflections and considerations regarding the Group's performance, in accordance with the principle of parity of information versus the market.





Community

- ◇ Economic value generated and distributed
- ◇ Entities and institutions
- ◇ Impact on and investments in the community



MEDIOBANCA



Community

Economic value generated and distributed

We recognize the importance of a balanced distribution of the value created from the activities we carry out versus our own stakeholders, value which the stakeholders themselves have directly or indirectly contributed towards creating.

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

More than 99.5% of the wealth produced by the company was distributed to our own stakeholders.



23%
SUPPLIERS



30%
STAFF &
COLLABORATORS



28%
SHAREHOLDERS
& HOLDERS
OF EQUITY
INSTRUMENTS



19%
STATE, ENTITIES
& INSTITUTIONS



Entities and Public Institutions

We seek to entertain constructive, ongoing and transparent relations with all our stakeholders, including entities and public institutions.

Relations with the regulatory authorities, institutions and public entities are based on principles of proper conduct and transparency.

We do not make charitable donations to political movements or organizations.

Impact on and investments in the community

We play an active role in the community in which we operate, and pursue **growth and value creation objectives that are sustainable over the long term** for all our stakeholders and are respectful of **people**, the **environment** and **society** as a whole.

*We promote **numerous initiatives with social impact**, including via donations by providing solidarity and support and we encourages our **staff to be actively and concretely involved** in projects to support the local community.*



Our contribution to the community in FY 2021-2022 has been measured at over **€7.6m**, split into three categories, in accordance with the **London Benchmarking Group** (LBG) model.



7.6

Million euros

CONTRIBUTION TO THE
COMMUNITY FY 2021-22



3.3%

CHARITABLE
DONATIONS



40.5%

COMMUNITY
INVESTMENT



56.2%

ACTIVITIES
RELATED
TO CORE BUSINESS



In our selection of projects for development, we have identified certain selection criteria and in particular three areas in which to concentrate our involvement:



Environment and territory

We are committed to managing the resources responsibly to reduce our own carbon footprint and the impact generated on the environment as a result of our businesses.



Culture, research and innovation

We support scientific and economic research and we are committed to valorizing our architectural and archival heritage.



Social inclusion

We have launched some initiatives aiming at social aggregation and dissemination of values towards the younger on the conviction that each individual is of value and belongs to the community.





Environment and climate change

Being sensitive to the need to protect the environment and aware of the impact deriving from our activities, and of the role which we can play in the promotion of responsible behaviour, we intend to manage the risks and rise to the challenges deriving from climate change which could materially impact on the development of our business and our ability to generate value over the long term.



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Environment and climate change

To improve our environmental performance, we have identified the following areas:

- ◇ **Reduction of direct impact on the environment:** energy savings, increase in energy from renewable sources, cutting CO₂ emissions and promoting sustainable mobility.
- ◇ **Supporting the energy transition:** increase in green mortgages and issue of new environmental products.
- ◇ **Reduction of indirect impact on the environment:** environmental criteria integrated into the screening process for new investments/loans and purchasing and supplier selection processes based also on ESG criteria.

We have stepped up our commitment to combating climate change by becoming a member of **Net-Zero Banking Alliance (NZBA)**, with the objective of achieving net zero emissions by 2050, in line with the Paris Climate Agreement, and have set our first interim sector targets for indirect emissions in relation to loans.

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

To perform the analyses, the **Paris Agreement Capital Transition Assessment (PACTA)** tool has been selected, which has also been used to carry out initial analysis of the loan book, in order to establish how far it is aligned with the Paris objectives.



We have signed up to the Recommendations made by the **Task Force on Climate-related Financial Disclosures (TCFD)** for transparent disclosure of our impact on the environment. This disclosure is provided in our **TCFD Report**, which includes an initial quantification of the indirect emissions (Scope 3) for our loan book and proprietary investments.

TOTAL EMISSIONS [Million tCO _{2e}]	SCOPE 1	SCOPE 2	SCOPE 3
8,5	2.3	0.2	6.0
EMISSION INTENSITY [tCO _{2e} /Million € invested/borrowed]	SCOPE 1	SCOPE 2	SCOPE 3
	94.8	10.1	318.9

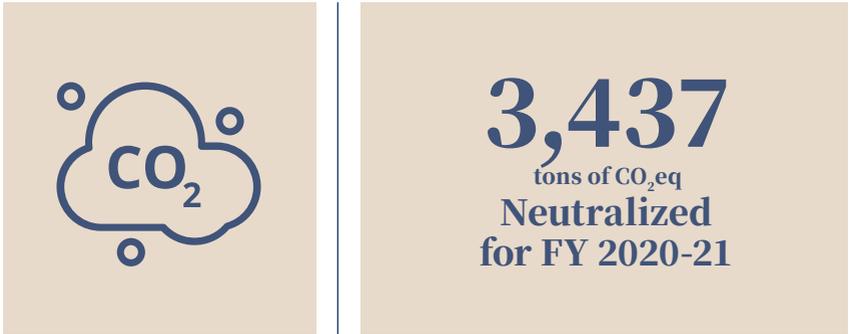
The portfolio calculations of emissions financed for the majority of the portfolio are based on the Standard and Global GHG Accounting and Reporting Standard for the Financial Industry developed by the **Partnership for Carbon Accounting Financials (PCAF)**.



Currently 94% of the electricity we use is from certified renewable sources.

We monitor our emissions produced by the direct consumption of energy, such as gas and oil for heating and fuel for company vehicles (**Scope 1**); emissions produced by the consumption of electricity purchased from power providers (**Scope 2 – market based and location based**); and emissions due to business travel by our employees (**Scope 3**).

Also in 2021 we became carbon neutral (Scope 1 and 2), by offsetting our remaining direct CO₂ emissions following the domestic mitigation actions undertaken.



The carbon neutralization project was made possible by acquiring carbon credits generated from two international carbon offset projects: one hydroelectric, in India, and one REDD+ (Reducing emissions from deforestation and forest degradation), in Brazil.



DIRECT AND INDIRECT CO ₂ ¹⁰ EMISSIONS ¹¹				
	UNIT	2021/2022	2020/2021	2019/2020
Direct emissions (Scope 1)¹²	tCO_{2e}	3,403.18	3,258.38	3,928.80
From non-renewable sources (natural gas, diesel)		1,706.12	1,539.07	1,368.05
From company cars (petrol and diesel)		1,697.06	1,719.31	2,560.76
Indirect emissions (Scope 2) – market based		62.74	65.06	162.89
From electricity and heating		62.74	65.06	162.89
Indirect emissions (Scope 2) – location based		6,503.18	6,818.51	7,527.66
From electricity and heating		6,503.18	6,818.51	7,527.66
Indirect emissions deriving from company mobility (Scope 3)¹³		774.59	112.82	1,527.12
Air travel		703.94	83.24	1,370.37
National flights		154.94	40.22	298.52
International flights		549	43.02	1,071.85
Train travel		63.03	27.24	137.37
High speed		55.88	25.26	124.95
Other types of train travel		7.15	1.98	12.42
Third-party car services		7.63	2.34	19.38

10. The following climate change gases are included in the calculation: CO₂, CH₄ and N₂O.

11. For direct emissions (Scope 1), indirect emissions (Scope 2) and company cars (Scope 3), we have used the emission factors recommended in the “Guidelines on application of GRI (Global Reporting Initiative) environmental indicators in banks” released by the Italian banking association (ABI) and compiled in the Italian Greenhouse Gas Inventory 1990-2019 – National Inventory Report 2021 – by ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale). For direct emissions deriving from air and train travel, we have used the emissions for each individual route published by the travel agencies. Where these are unavailable, we have used the emissions factors recommended in the ABI guidelines compiled respectively by the ICAO (International Civil Aviation Organization) and the UIC (Union Internationale des Chemins de Fer) via Ecopassenger.

12. Refrigerant gas losses are excluded from the calculation of direct emissions (Scope 1), whereas gases harmful for the ozone layer are included in the calculation.

13. 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.



Water consumption: on account of the sector in which we operate, we do not consume large amounts of water. At the Group's premises, the main source of water consumption is the use of the toilet facilities.

Consumption of materials: we are committed to managing our consumption of natural resources responsibly, promoting the use of FSC certified paper and gradually eliminating plastic from its offices.



PAPER
99.83%
of the A4 office paper used, 99.83 % is
FSC-certified (100% in Italy)

Waste management: 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.



CONTACTS DETAILS

Group Sustainability

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MEDIOBANCA

All photos and images come from Mediobanca's buildings and offices