

## **STATUTORY AUDIT COMMITTEE'S REPORT**

as required under Article 153 of Italian Legislative Decree 58/98

Dear Shareholders,

This report, which has been prepared as required under Article 153 of Italian Legislative Decree 58/98 as amended (the "Italian Consolidated Finance Act"), refers to the activities carried out by the Statutory Audit Committee (the "Statutory Audit Committee") of Mediobanca S.p.A. ("Mediobanca", the "Bank" or the "Company") during the financial year ended 30 June 2023, in accordance with the relevant regulations, and taking into account the Rules of Conduct for Statutory Audit Committees for Listed Companies issued by the Italian national council of chartered accountants and accounting experts ("CNDCEC").

During the course of the year, the Statutory Audit Committee met on a total of 37 occasions, 18 of which with the Risks Committee; it also took part in 10 Board meetings, 5 Executive Committee meetings, 6 Related Parties' Committee meetings, and 11 Remuneration Committee meetings. In the twelve months it has also participated in meetings of the Appointments Committee in connection with the process of submitting the list of candidates for appointment to the Board of Directors.

Finally, the Statutory Audit Committee members also took part in the induction programme for members of Mediobanca's governing bodies. In particular, the training involved a total of six induction sessions and four training sessions on Group strategies, with reference in particular to the internal capital and liquidity adequacy assessment processes (ICAAP/ILAAP); Group ESG risks monitoring; the consumer credit market and Compass risks; revisions to the AML regulations and green-washing issues; FY 2023-24 budget and RAS; new products and operations: processes and controls; digital Euro, technology and the disruption of the European banking model; implications of developments in technology for cyber-security issues; sustainability issues relevant to the Group's principal activities; and finally, developments in the geopolitical scenarios.

### **1. Supervision of compliance with law and Articles of Association**

The Statutory Audit Committee has received regular information from the Directors, *inter alia* through participating in meetings of the Board of Directors, Executive Committee and the other Board committees, and on the occasion of the meetings with the chairpersons of the Statutory Audit Committees of the Group legal entities and other members of the management of the Bank and Group legal entities, on the activities carried out, the management actions performed, and based on the information available, the Committee is able to provide reasonable confirmation that these transactions have been carried out in compliance with the provisions of the law and the company's Articles of Association.

Significant events during the twelve months under review which the Statutory Audit Committee considers appropriate to recall here in view of their relevance to assessment of the Bank's solidity and the consistency of the management decisions made with the strategic guidelines established in the 2019-23 business plan include the following:

- Substantial confirmation of the SREP prudential requirements, in view of the Group's operating performance;
- Approval by the Board of Directors, on 23 May 2023, of the Guidelines of the new Strategic Plan 2023-26 "One Brand-One Culture";

- Acquisition of an investment in fintech company HeidiPay subject to significant influence;
- Acquisition of fintech company Soisy, fully consolidated.

The following agreements should also be noted, which will become effective with regard to the scope of consolidation starting from the next financial year:

- The strategic agreement with the partners of Arma Partners LLP and US Arma Partners, with the objective of acquiring control of the two entities and fully consolidating them;
- The agreement to acquire 100% of HeidiPay Switzerland AG, owned by parent company HeidiPay, specializing the Buy Now Pay Later (BNPL) business;
- The agreement to sell Revalea S.p.A. to the Banca Ifis group, after the “NPL Management” business unit had been spun off to the company, as part of a broader co-operation agreement entered into with the counterparty in the NPL management area.

With reference to relations with the Supervisory Authorities (ECB, Bank of Italy and Consob), the Statutory Audit Committee has at all times been kept updated by the relevant company units – in particular the Compliance unit with regard to the activities of the Consob and the Bank of Italy on money-laundering issues – and by the Chairpersons of the Statutory Audit Committees of the Group Legal Entities, on the requests made and checks carried out, including in relation to inspections activity and with regard to the correspondence exchanged between them.

In particular, the Risk Management unit has reported to the Statutory Audit Committee once a month on the various activities performed by the ECB and by the Bank of Italy, presenting the results of these activities, and reporting on the remediation actions completed or in the course of being implemented, regarding the various points raised by the Authorities.

The Statutory Audit Committee has also arranged specific meetings with the relevant members of the company’s management, and taken part actively in meetings with the company units involved, to prepare the written answers and responses to the enquiries made to the Bank by the Authorities, and to the Committee itself, including as a result of direct discussions with them.

## **2. Monitoring compliance with principles of proper management**

The Statutory Audit Committee has been informed regarding, and has monitored, the Bank’s compliance with the principles of proper management, by obtaining information from the heads of the control units and the Head of Company Financial Reporting (the “Head of Company Financial Reporting”), and through meetings with the external auditors involving the mutual exchange of relevant data and information. It also met with the Chief Executive Officer and Group General Manager and other senior management figures of the Bank in the course of meetings of the Board of Directors and the Board Committees, as well as in *ad hoc* meetings, on several occasions in the course of the financial year, to obtain information on the operating performance, internal controls system and the principal risks facing the company. During these meetings the Committee noted complete willingness to engage in dialogue, and found that the reporting flows from the main company units and the Group legal entities had been regular, and that the Board of Directors had been kept informed on an ongoing basis regarding the Bank’s and the legal entities’ activities.

The Statutory Audit Committee may therefore reasonably affirm that the operations performed have been carried out in accordance with the principles of proper management, and that the

operating decisions have been taken on the basis of adequate reporting flows being made available and with awareness of the risks involved.

In particular, with regard to the most significant earnings, financial and capital transactions executed by the Bank and supervised by the Committee, the latter is able to reasonably confirm that the transactions referred to are compliant with the provisions of the law and the company's Articles of Association and are not manifestly imprudent, reckless, or such as to compromise the integrity of the company's capital. The transactions in which Directors had interests were approved in accordance with the provision of the law, regulations, the Articles of Association in force and the internal regulations. The disclosure required under Article 150 of the Italian Finance Act was made by the Chief Executive Officer and the Head of Company Financial Reporting in the disclosure provided in connection with the annual and interim financial statements.

Based on the financial reporting and the information received in the course of the meetings of the Board of Directors and the information provided by the Head of the Group Audit Unit, the Statutory Audit Committees of the directly-owned subsidiaries, and the external audit firm, the Statutory Audit Committee also noted that no atypical and/or unusual transactions have been entered into with Group companies, third parties or related parties, that is to say, no transactions that could give rise to doubts over the accuracy and/or thoroughness of the information contained in the financial statements, over conflicts of interest, the safe keeping of the company's capital, or shareholder protection.

Our meetings with members of the main Group companies' Statutory Audit Committees, and our review of their annual reports on the companies' financial statements, have revealed no critical issues.

### **3. Supervisory activity of the adequacy of the Bank's organizational structure**

The Bank's organizational structure has not changed materially during the twelve months under review. Work has continued on activities regarding adherence to the co-operative compliance regime, which has required a Tax Control Framework to be devised. Project activities have also been launched with regard to the implementation of Directive (EU) 2022/2464 as regards corporate sustainability reporting (the "CSRD").

The Bank has also approved the revised version of the Group IT Regulations, the previous version of which had been approved by the Board of Directors on 20 December 2018; the changes introduced in the new version of the Regulations are regulatory in nature, to align the document with the provisions of Bank of Italy Circular no. 285/2013, fortieth update (the "Circular no. 285").

Mediobanca currently operates in the United Kingdom through its London branch office on a cross-border basis. In this connection, it should be noted that on 3 August 2023, the Bank received authorization from the Financial Conduct Authority (FCA) to continue operating via its London branch office under the cross-border mode regime in line with the provisions approved by the Brexit Steering Committee. The company informed the ECB of the authorization thus received in a timely manner.

The Statutory Audit Committee has also supervised the performance of the parent company's activities of co-ordination and control over the Group companies. The Bank has adopted Group Regulations to define the organizational architecture, co-ordination mechanisms and governance instruments, and the areas for which the parent company's central units have jurisdiction and responsibility. Each individual legal entity's Board of Directors must also

approve the Group Regulations, as well as any internal regulations of its own insofar as these are consistent with those of the Group.

The parent company performs its activities of direction and co-ordination through: a) issuing strategic guidelines for the Group as a whole and for each individual legal entity; b) issuing Group Policies, Regulations and Directives compiled by the central units at parent company level; c) centralized coverage of the principal risks facing the Group. The individual legal entities' control units, where these have not been centralized, also report in functional terms to the equivalent units at parent company level.

The Committee has also monitored the adequacy of the instructions given by the company to its subsidiaries, as required by Article 114, paragraph 2 of the Italian Finance Act.

#### **4. Corporate governance**

The Statutory Audit Committee has assessed the ways in which the Corporate Governance Code (version 2020) operated by Borsa Italiana and adopted by Mediobanca on the terms illustrated in the "Annual statement on corporate governance and ownership structure" is implemented. In particular, the recommendations made by the Chairman of the Corporate Governance Committee in the letter dated 25 January 2023 were brought to the attention of the Board of Directors (at a meeting held on 23 March 2023) and incorporated as part of the self-assessment process.

The Lead Independent Director, appointed in April 2022, worked closely with the Chairman of the Board of Directors to ensure the Directors received exhaustive and timely flows of information for the discussion of issues regarding the Board's functioning and for the preparation of the annual timetable of induction and training sessions. She also met with and chaired meetings of the independent Directors, and acted as spokesperson for the self-assessment process of the Board and its Committees. She worked alongside the Appointments Committee in the process of submitting the Board's list of candidates for appointment to the Board of Directors.

In view of the governing bodies' reappointments, the Committee took part in meetings of the Appointments Committee, to supervise the process for submitting the Board's list of candidates and ensure it was performed correctly, as required by Consob reminder no. 1/2022, in view *inter alia* of the provisions of the Articles of Association and the Corporate Governance Code.

On 27 June 2023, the Board of Directors completed its own self-assessment exercise, as required by the Supervisory Instructions for banks in the area of corporate governance and the relevant EU regulations, on the Board's functioning, size and composition and those of the Committees set up by it. The results of this exercise are described at length in the Annual Statement on Corporate Governance and Ownership Structure. The activity also served for the preparation of the Report on the qualitative and quantitative composition of the Board of Directors.

The self-assessment process involved all Directors (in relation to their membership of both the Board itself and the Board committees) and Statutory Auditors, and was performed with the support of an external consultant by means of answering a questionnaire.

In accordance with the Supervisory Instructions and with the recommendations made in the Conduct Regulations for the Statutory Audit Committees of Listed Companies instituted by the Italian national association of chartered accountants, the Committee has carried out its own

self-assessment of the collective suitability of the Committee's composition, including with reference to the qualitative and quantitative assessment in July 2022, and having regard to the process for appointment of the next Committee. The Committee concluded that its collective composition conformed to the regulatory requirements and is in line with the composition identified as optimal in the report just referred to, and meets the requisites in terms of professional qualifications, competence, integrity, absence of situations of incompatibility, proper conduct and independence, and the other requisites set, in particular regarding time commitment and situations of potential conflict of interest involving individual members.

In view of the end of its own term of office, the Committee prepared a Report on the qualitative and quantitative composition of the Statutory Audit Committee, which outlines the individual and collective qualitative profile that Statutory Auditors must reflect relative to the regulatory and legal provisions in force. The Report has been brought to the attention of the Board of Directors and has been made available to shareholders on the Bank's website.

## **5. Supervision of transactions with related parties**

The Statutory Audit Committee has reviewed the Procedure in respect of related parties, its compliance with the regulations in force, and its application in practice. It has taken part in all meetings of the Related Parties Committee, instituted under the procedure referred to, and has received regular information on the transactions that have been performed. The Statutory Audit Committee is not aware of any intra-group transactions or deals with related parties carried out in conflict with the interests of Mediobanca.

During the year under review, no transactions qualifying as "most significant" under the terms of the Procedure were executed.

The Statutory Audit Committee checked that adequate information had been provided on transactions with related parties by the Board of Directors in its Review of Operations and the notes to the accounts, in view of the requirements set in the regulations in force.

The scope of Related Parties was revised in line with the provisions of the Regulations governing Transactions with Related Parties and their Associates approved in June 2021.

The Statutory Audit Committee, having examined the activities performed by the various units involved in the Related Parties procedure, and in particular the results of the checks carried out by the Group Audit Unit, considers that transactions with related parties are managed adequately, and as far as the Committee is aware, the procedure has been applied accurately in practice.

## **6. Supervision of the internal control and risk management system**

The Statutory Audit Committee has monitored the adequacy of the internal control and risk management system, by:

- Holding meetings with the Bank's senior management to examine the internal control and risk management system;
- Holding regular meetings with the Group Audit, Compliance, AML and Risk Management units (the "Control Units") to evaluate the methods used for planning activities based on identification and assessment of the principal risks involved in the various processes and organizational units; particular attention has been devoted to the

operations of the London branch office, including through meetings with the Local Compliance Officer, who among other things illustrated the implementation plan for the new UK Consumer Duty regulations to the Committee;

- Review of the control units' reports and regular information on the outcome of monitoring activity and the status of corrective actions (follow-up) highlighted;
- Receiving information from the heads of the various divisions of the company;
- Obtaining information on the control processes implemented by Group Legal Entity CMB Monaco through meetings held on the occasion of the on-site visit by the Committee itself and the Risks Committee on 18 April 2023;
- Meetings with the heads of the supervisory bodies of the leading Group companies, in accordance with the provisions of Article 151, paragraphs 1 and 2 of the Italian Consolidated Finance Act, in the course of which the Statutory Audit Committee obtained information on developments involving the Group companies and the internal controls system considered to be significant;
- Discussion of the results of the work performed by the external auditors;
- Taking part in meetings of the Risks Committee, and through the organization of joint meetings between the Statutory Audit Committee and the Risks Committee.

The Statutory Audit Committee has also monitored observance of the remuneration policies in force with reference to the compensation paid to the control units, taking part in all meetings of the Remunerations Committee and of the Risks Committee.

Mediobanca has adopted and regularly updates its Group Policy on the Internal Controls System in July 2021. This Policy defines the internal control system's structure, the roles and responsibilities of the governing bodies and the control units, and the means of co-ordination between these units. The Mediobanca internal controls system is compliant with the recommendations of international progress as applied in Italy by Bank of Italy Circular no. 285. The control system is structured across three levels: the first refers to line controls intended to guarantee that operations are performed correctly; the second level to control of risks and compliance with the regulations; and the third level to identifying breaches of procedures and internal regulations. To complete the framework in place for the internal controls system and in line with the regulatory provisions in force, specific control duties are assigned to certain units not strictly attributable to the second- and third-level controls described above (e.g. relating to financial disclosure and IT risk).

Regarding the first-level controls, Mediobanca has instituted operational procedures (or process flows) which cover all activities performed and define, in accordance with the company process tree, the relevant activities, roles, instruments and line controls. These procedures are updated by Group Organization – with which the Statutory Audit Committee has met regularly to receive updates on its activities – on a regular basis, to bring them in line with any changes in the external or internal regulations, changes to the Bank's organizational structure and operating methods, and to incorporate suggestions for improvement which emerge from the activities performed by the control units themselves.

As far as regards the second and third levels, in the performance of its control activities, the Statutory Audit Committee has maintained constant dialogue with the Control Units.

The Statutory Audit Committee duly notes that the annual Reports by the Control Units conclude with a positive overall verdict of the company's internal controls system.

The Group Audit Unit prepared the Letter on the Group Internal Controls System based on the annual Reports received from all the Control Units, which shows that the coverage of risks is

substantially adequate in terms of the thoroughness, adequacy, functioning, and reliability of the internal controls system.

Based on the activities performed, the information obtained, the contents of the Control Units' quarterly and annual reports, and in particular the overall favourable opinion expressed by the Group Audit Unit on the internal controls system, the Statutory Audit Committee believes there are no critical issues that could jeopardize the Group's internal controls and risk management system.

### **Group Audit Unit**

The Group Audit Unit's operations are based on three-year and one-year audit plans. The three-year Group plan sets the objectives, and serves also to co-ordinate and direct the work for the three-year and one-year plans prepared by the individual companies. In the space of three years assurance is provided for all processes identified in the risk assessment used to define priority of audit. The one-year plan establishes which activities and processes are to be analysed in accordance with the three-year plan and from a risk-based perspective. The plans are approved once a year by the Board of Directors.

The dialogue between the Statutory Audit Committee and the Group Audit Unit has been ongoing during the year. In addition to the regular scheduled meetings, the Unit is in any case bound to inform the Committee promptly if any negative evidence emerges in the course of its audit activity.

The activities planned for the year under review substantially covered the scope of activities which the unit had undertaken to execute, and also the target in terms of mix of audits to be carried out was basically met. No significant critical issues emerged from this activity. The audit and follow-up activities performed (including at Group level) in any case highlighted the need for the relevant organizational units to implement the residual actions identified, in order to mitigate the risks inherent in certain operating processes and practices without prejudicing the reliability of the internal controls system which as a whole continues to be adequate.

In planning its activities, the Committee agreed the annual audit plan for matters relating to various issues including the RAF, Most Significant Transactions and the Recovery and Resolution Plan with the Group Audit Unit. The results of these controls were then brought to the attention of the Statutory Audit Committee, which analysed the work done by the unit, and the various suggestions made from a continuous improvement perspective, while monitoring the state of progress on the various activities in progress.

The Group Audit Unit has continued to provide support to the Supervisory Authorities, primarily the ECB, on the occasion of its on-site inspections and deep-dives, in filling in the various questionnaires and templates, and in sending the regular reporting flows required.

### **Compliance unit**

The Compliance unit presides directly over those regulatory areas considered to present the highest reputational risks (e.g. MiFID II, MiFIR, EMIR, product governance, market abuse, transparency, of banking and financial products, conduct, and ESG), and also, by means of a "graduated" model, the areas of regulations covered by other specialist units.

Following the recent changes to the regulations on covered bonds, the Bank has revised its ten-year covered bond issuance programme ahead of a new issue. Having reviewed the documentation presented, the Committee expressed a positive opinion on: (i) the issue's compliance; (ii) its impact on the Bank's earnings and financial equilibrium; and (iii) the suitability of the risk management procedures adopted.

The unit has submitted its institutional and regular reports for the year ended 30 June 2023 to the Committee, along with its action plans for the twelve months ending 30 June 2024, as required under the Bank of Italy's Supervisory Instructions and Consob's Regulations for Intermediaries. In particular it was reported to the Statutory Audit Committee that the Compliance unit's activities for the Private Banking Division were focused, *inter alia*, on: *ex-ante* analysis of the illiquid products offering; (ii) support in the progressive roll-out of the new Armudia front office system, including revision of the rules and criteria for performing the MiFID regulatory controls; (iii) raising awareness among the private bankers of the need for compliance with the main company processes.

The Committee has received regular updates on the actions taken to enhance the measures and controls put in place in response to the cause of fraud committed against a client of Mediobanca Private Banking and Spafid in connection with payments made in relation to investments in third party funds.

The annual Report also contains information on the Key Risk Indicators (KRIs) which have been comprehensively overhauled, based among other things on new classification and reporting methods, in synergy with the Group. No significant issues emerged from the KRIs monitoring. The number of complaints received remains low (11), and the instances of whistleblowing (1) revealed no major issues.

### **AML unit**

Anti-money-laundering activities are managed via a mixed model headed up by the Group AML unit based at Mediobanca S.p.A.

In particular, for the Italian Group companies, governance is assured by a centralized approach, while for the non-Italian companies a decentralized approach is followed, with the unit functioning as co-ordinator. Organizationally it is part of the Compliance & Group AML unit. The unit has submitted its annual and regular reports to the Committee in the year ended 30 June 2023, along with its action plan for the 2023-24 financial year as required by the Bank of Italy supervisory regulations.

With regard to new regulations, reference is made to the revised version of the AML Manual which incorporates various regulatory and organizational changes, and the new controls carried out by the unit, plus the Group AML Unit Regulations which has been updated to include the changes to the reporting flows.

Regarding the *ex-post* controls carried out to ensure that the AML procedures have been complied with, the unit has completed all the activities contained in the annual plan of activities and controls. The situation recorded was found to be generally adequate.

As a result of the Russia-Ukraine war, the numerous international sanctions handed down against Russia and Belarus have assumed particular importance, including in view of their impacts on the operations of banks and financial intermediaries. The unit has continued to



monitor relations potentially falling within the scope which would require reporting to the Authority.

During FY 2022-23, the unit has completed the actions required in response to the findings of an inspection performed by the Bank of Italy regarding “compliance with the regulations on money laundering and terrorism financing”, which involved Mediobanca both as the direct recipient of the AML obligations and also in its capacity as Parent Company.

Training activity has continued via e-learning, and the percentage of completion rate for courses has been adjudged satisfactory.

With reference to the AML risk self-assessment, there were no changes in Mediobanca’s exposure to money-laundering and terrorism financing risk which remains at a “Low” level.

### **Risk Management unit**

The Risk Management unit manages and monitors the principal risks to which the Bank is involved with reference to credit risk, financial and market risks and operational risks. This activity revealed no critical issues worth reporting.

During the year under review, the Risk Management unit has implemented the Independent Price Verification Policy and Directive, with the objective of independently verifying prices in addition to the daily mark-to-market or mark-to-model, and of establishing and maintaining sufficient systems and controls to provide valuation estimates. It has also been formalized that the Quantitative Risk Methodologies Market unit will be responsible for validating the quantitative methods employed in the Independent Price Verification process.

The Statutory Audit Committee has reviewed the project for the new operations for trading in government securities on the screen-based market (BTP Specialist), finding that the approval process for the new activities and products presented to the New Operations Committee had been followed correctly, and recommending careful assessment of the risks involved and implementation of adequate control systems.

During the year under review, the strengthening of the Risk Management unit and processes continued at Group level, with more precise definition of the governance, interactions and information flows between the local and central teams, and the integrated Group processes. With the implementation of the fortieth update of Circular no. 285, the unit has finalized the organizational structure for the second-level controls for ICT and security risk management, a category which includes cyber risk. A new ICT & Security Risk team has been set up as part of the Non-Financial Risk unit for this purpose. The new team will be responsible for defining the reference framework for managing these risks, in terms of identifying, assessing and mitigating them in accordance with the Bank’s risk appetite.

The Committee has examined the internal capital adequacy assessment process (ICAAP) which quantifies the internal capital, current and future, to be held to cover the risks faced by the Group, and the internal liquidity adequacy assessment process (ILAAP), which assesses the adequacy of the liquidity held by the Bank, both of which were approved by the Board of Directors at a meeting held on 27 October 2022, *inter alia* on the basis of the updated reports received from the Validation and Group Audit units which conclude that the regulatory provisions have been complied with.

The Statutory Audit Committee has reviewed the annual reports by the Validation and Group Audit units on Mediobanca's Corporate Rating system. Both conclude with an overall positive judgement of the adequacy of the Bank's Corporate Rating system, which has demonstrated that it meets the regulatory requisites set for the IRB approach, including the capability to generate accurate and reasonable estimates.

### **Business continuity and IT risk**

IT risk analysis is performed annually, in accordance with the provisions of the Group Policy on IT and Security Risk Management, and consists of an assessment of the risk related to the principal applications and infrastructure technology resources. In line with regulatory provisions, which require that the analysis must be extended to include non-critical systems at least once every three years, the Group IT unit has analysed all the applications included in the scope for Mediobanca, regardless of the level of importance.

Against a general backdrop of risk profile governance and careful monitoring of any developments in the profile, the IT and security risk analysis for the Bank for FY 2022-23 did not detect any "critical" or "high" risk levels.

The IT and security risk analysis process considers the potential impact of cyber threats and their frequency of occurrence, and also the trend in the main cyber-attacks at national level and the capability of both Mediobanca and the Group in terms of identifying and tackling such events effectively.

The IT and security risk analysis has confirmed for this financial year has confirmed once again that the IT system's main vulnerability regards applications and infrastructure obsolescence, which is cross-divisional and applies equally to all Group Legal Entities. With reference to this issue, systematic and continuous progress is being made in implementing and executing the relevant plan, in order to mitigate the risk of external threats and materially reduce the obsolescence itself.

With reference to business continuity, the tests scheduled have all been run successfully, and the results overall have been positive.

### **7. Supervision of the administrative and accounting system and the financial reporting process**

The Statutory Audit Committee, in its capacity as the committee responsible for internal control and auditing pursuant to Article 19, paragraph 2, letter C) of Italian Legislative Decree 39/10, has monitored the process and reviewed the effectiveness of the internal controls and risk management systems with reference to the issue of financial reporting, ascertaining compliance with the general principles on financial reporting adopted by the Mediobanca Group pursuant to the Group Disclosure Policy.

Financial reporting is monitored by the Head of Company Financial Reporting, in accordance with the Group Disclosure Policy, adopting Models based on the best market practices (the COSO Report and the CobIT Framework) which provide reasonable assurance over the reliability of the financial reporting, the effectiveness and efficiency of the business operations, and compliance with the provisions of the law and the internal regulations. The processes and controls are revised and updated annually.

Work continued in FY 2022-23 on ensuring that the mapping of processes is aligned with the project initiatives undertaken, the new forms of operation commenced and the organizational changes that have taken place in the twelve months.

The Group's administrative and accounting model instituted in connection with Italian Law 262 has been reinforced during the year. In this area, the internal regulations regarding the Head of Company Financial Reporting have been updated (Group Regulations and Directive), and synergies have been identified with the Tax Control Framework.

This framework, instituted as a result of project activity carried out with the newly-established Group Tax unit, entails a structured system in order to detect, measure, manage and control tax risk. After the Tax Control Framework was adopted, and in accordance with the Tax Conduct Principles approved by the Board of Directors on 11 May 2021, in June of this year the Bank submitted an application to adhere to the tax compliance co-operation regime being instituted by the Italian revenue authority.

The Committee has met regularly with the Head of Company Financial Reporting, the head of the Financial Reporting Management at Tax unit and the external auditors, with which it discussed and analysed the activities implemented.

Controls to ensure that the Italian Law 262 Model is functioning correctly are guaranteed by a series of self-assessments made by the individual process owners which are subsequently audited on a sample basis by the Group Audit Unit.

The Statutory Audit Committee has regularly exchanged information with the Head of Company Financial Reporting on the reliability of the administrative and accounting system, for purposes of representing operations, and has reviewed the Head of Company Financial Reporting's Reports containing the results of the tests of the controls performed and the main issues noted in the application of Italian Law 262/05.

The Statutory Audit Committee also reviewed the statements made by the Chief Executive Officer and the Head of Company Financial Reporting as required by the instructions contained in Article 154- *bis* of the Italian Finance Act.

As far as regards the formation of the individual and consolidated financial statements, these have been prepared, as required by Italian Legislative Decree 38/05, in accordance with the IAS/IFRS issued by the IASB (International Accounting Standard Board), which have been ratified by the European Commission as established by Regulation (EC) 1606/2002, and following the guidance released by the Bank of Italy in its Circular no. 262/2005 ("Circular no. 262"). The Statutory Audit Committee duly notes that:

- The Board of Directors, at a meeting held on 27 June 2023, approved the Impairment Policy as required by the joint Bank of Italy/Consob/ISVAP document dated 3 March 2010;
- The Bank has incorporated the changes to its financial statements required by Circular no. 262 in its seventh update of 29 October 2021.
- The Bank has also incorporated the provisions of the ESMA Recommendation of 28 October 2022 "European common enforcement priorities for 2022 annual financial reports", which outlines the priorities on which listed companies should focus in preparing their annual financial statements starting from December 2022. ESMA recommends in particular that IFRS-compliant reporting for 2022 should include

disclosure on: (i) any impacts of the Russia-Ukraine conflict on the financial results or Alternative Performance Measures (APM); (ii) the impacts of the present difficult macroeconomic scenario (end of the pandemic period, inflation, rising interest rates and deteriorating economic prospects); (iii) disclosures relating to the alignment of economic activities with Article 8 of Regulation (EU) no. 2020/852 (the “EU Taxonomy Regulation”); (iv) the effects of climate risks (climate change), with impacts, estimates and strategies used to mitigate them, giving especial importance to ensuring that the valuations and estimates contained in the Notes to the Accounts and the disclosures contained in the Review of Operations and the Consolidated Non-Financial Statement are consistent;

- In the same document, ESMA again states that starting from FY 2022, the obligation to mark-up financial statements and notes to the accounts using iXBRL will come into force in accordance with Commission Delegated Regulation (EU) No. 2019/815 (the “ESEF Regulation”);
- Mediobanca S.p.A. has implemented the process of marking up its annual financial reporting in XHTML (eXtensible HyperText Markup Language) format, using iXBRL (“Inline Extensible Business Reporting Language”) to mark up its consolidated financial statements.

For legal and tax risks, the Statutory Audit Committee has also ascertained that the financial statements contain the relevant information regarding the main Group legal entities obtained by the Committee itself in the course of its exchanges with the Chairpersons of the equivalent Committees at the other companies. In this connection, the Committee refers readers to the notes and accompanying schedules to the consolidated financial statements on the subject of litigation pending which involves Mediobanca.

The representatives of the external auditors, in their regular meetings with the Statutory Audit Committee, have not reported any issues which could affect the internal controls system with reference to the administrative and accounting procedures.

The Statutory Audit Committee has ascertained that the flows provided by the non-EU Group companies of significant relevance are adequate, and allow the activity of auditing the annual and interim accounts to be performed as required by Article 15 of the Regulations for Markets.

Based on the foregoing, no evidence has emerged of deficiencies that could affect the assessment of the internal control system’s adequacy, the process of financial reporting, and the reliability of the administrative and accounting procedures in representing the Bank’s operations.

## **8. Supervision of External Auditors’ activity**

In accordance with the provisions of Article 19 of Italian Legislative Decree 39/10, the Statutory Audit Committee, identified therein as the “Committee for internal control and auditing”, duly carried out the required activity in terms of monitoring the external auditor’s operations.

EY S.p.A. is the company which the shareholders of Mediobanca, at an ordinary annual general meeting held on 28 October 2020, appointed to serve as its external auditors to audit the company’s individual and consolidated financial statements (the “External Auditors”, or “EY”) until the end of the financial year ending on 30 June 2030. This appointment includes the

responsibility for checking that the company's books are kept properly, that operations are recorded correctly in the book entries, reviewing the accounts of the international branches for their inclusion in the individual and consolidated reporting, limited audit of the interim statements, audits relating to signing off tax returns, and the statements to be made to the Italian deposit guarantee fund.

The Statutory Audit Committee met regularly with the External Auditors as appointed *inter alia* pursuant to Article 150 of the Italian Consolidated Finance Act in order to exchange information regarding the latter's activity and in particular to receive knowledge of the audit plan, timescales for activities, and dedicated staff involved. In such meetings the External Auditor has at no stage shown evidence of facts considered to be censurable or other irregularities such as would warrant reporting as required by Article 155, paragraph 2 of the Italian Consolidated Finance Act.

In particular, in the twelve months under review, the Statutory Audit Committee met with EY to obtain information on the audit plan for FY 2022-23, the second year of the firm's engagement to audit the Group's financial statements, and the state of progress made in achieving it. EY updated the Statutory Audit Committee on significant risks, identified, confirming the main ones as credit risk and other types of risks to complex financial instruments and recovering the book value of equity investments, plus assets with undefined useful lives originating from business combinations, plus possible risks of fraud. During these meetings, EY informed the Committee of the changes to the scope of the engagement to audit the financial statements of the relevant Group Legal Entities for purposes of the plan to audit the Group's consolidated financial statements.

On 29 September 2023 the External Auditor, appointed pursuant to Article 14 of Italian Legislative Decree 39/10 and Article 10 of Regulation (EU) no. 537/2014, issued its reports on the individual and consolidated financial statements for the year ended 30 June 2023. With reference to the opinions and declarations, in its audit report on the financial statements the External Auditors:

- Issued an opinion from which it emerges that Mediobanca's company's individual and consolidated financial statements present a truthful and proper reflection of the company's and Group's capital and financial situation as at 30 June 2023, their earnings results, changes to their net equity and cash flows during the year under review in accordance with the International Financial Reporting Standards adopted by the European Union, and the rulings issued in implementation of Article 9 del Italian Legislative Decree n. 38/2005 and Article 43 del Italian Legislative Decree 136/2015;
- Presented the key aspects of the auditing process which according to its own professional judgement, are most significant and contribute to the formation of the overall opinion on the financial statements;
- Issued their opinion that the Reviews of Operations attached to the individual and consolidated financial statements for the twelve months ended 30 June 2023 are consistent with certain specific information contained in the "Report on Corporate Governance and Ownership Structure" stipulated in Article 123-*bis*, paragraph 4 of the Italian Consolidated Finance Act, responsibility for which lies with the Bank's directors, and have been drawn up in accordance with the legal provisions in force;
- Stated that the Group's individual and consolidated financial statements have been compiled in XHTML format, and that the consolidated financial statements have been marked up on all significant respects in conformity with the provisions of the ESEF Regulation;
- Declared, with reference to the possibility of there being material errors in the Reviews

of Operations, that based on their knowledge and understanding of the company and the scenario in which it operates, obtained as a result of their audit activities, that they had no comment to make in this connection.

- Reviewed the Directors’ approval of the Consolidated Non-Financial Statement.

On 29 September 2023, the External Auditors also submitted the additional report required under Article 11 of Regulation (EU) no. 537/2014 to the Statutory Audit Committee. As an annex to the additional report, the External Auditor also submitted its statement of independence, as required by Article 6 of Regulation (EU) no. 537/2014, to the Statutory Audit Committee, from which no situations emerged that could compromise its independence. The Committee also duly noted the 2022 report on transparency prepared by the external auditors and published on its own website pursuant to Article 18 of Italian Legislative Decree 39/2010.

Mediobanca has adopted a Group Directive for engaging external auditors and their network, which includes a reference model based on which a Principal Auditor is engaged, which is also assigned engagements by the other Group companies, and a Secondary Auditor, which is assigned those duties which, for demonstrable reasons such as regulatory requirements or compulsory terms for engagements, cannot be assigned to the Principal Auditor.

The Directive also establishes a procedure for engaging the audit firm for the parent company and the Group companies, plus additional engagements under the terms of Article 14 of Italian Legislative Decree 39/10. Such engagements, which under the regulations in force must be authorized by the Statutory Audit Committee, and which – where they are not incompatible with the primary audit engagement – may not exceed 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity (the “Fee Cap”). For such engagements, the Directive requires a process to be instituted in order to obtain prior authorization and monitoring from the Statutory Audit Committee, in order to protect the audit firm’s independence, in accordance with the provisions of Italian Legislative Decree 39/10.

As provided by the Directive, the Head of Company Financial Reporting submits a report on the situation regarding the services provided by the Principal Auditor and its network to the Statutory Audit Committee once every six months, along with information on how much of the annual limit set in accordance with the fee cap has been used. The Statutory Audit Committee has performed the duties required of it under the regulations in force in terms of approving the non-auditing services requested of the external auditor and/or the other companies forming part of its network. These services, charged to the profit and loss account and stated in the financial statements as required by Article 149-*duodecies* of the Regulations for Issuers, were as follows:

Type of service	EY €'000	EY €'000
Statements	253	58
Other services	156	—
Total	409	58

Given the non-audit mandates conferred on EY and its network by Mediobanca and the Group companies, their nature and the total fees paid, plus the independence procedures adopted by

EY in general, the Statutory Audit Committee does not consider that there are any critical issues arising with respect to the independence of EY S.p.A.

The External Auditors have also confirmed to the Statutory Audit Committee that no external opinions have been expressed by them as required by law in the course of the financial year under review, in the absence of any grounds for such opinions.

## **9. Omissions, censurable facts, opinions given and initiatives undertaken**

The Statutory Audit Committee has not received any reports under Article 2408 of the Italian Civil Code.

The Statutory Audit Committee is not aware of any facts or complaints to be reported on to shareholders in general meeting.

The Statutory Audit Committee issued opinions or made observations as required by the regulations in force, in particular as follows:

- Opinion required by Article 136 of Italian Legislative Decree no. 385/1993 as amended (the “Italian Banking Act”), subject to approval by the management body, which approved it unanimously with the exception of the representative involved;
- Opinion required under Circular no. 285 as amended regarding the revision of the covered bond issuance programme;
- Opinion on the additional amount payable to the External Auditors as at 30 June 2023 for the issue of its verdict on the conformity of the individual and consolidated financial statements with the provisions of the ESEF Regulation;
- Favourable opinion on the formal approval by the Board of Directors on meeting the requisites to use the internal risk measurement systems;
- Considerations on the annual Report on outsourcing important corporate functions.

In the course of the Committee’s activities and based on the information obtained, no omissions, censurable facts, irregularities or other significant circumstances such as would require the supervisory authorities to be notified or as would warrant inclusion in this report have come to its attention.

## **10. Consolidated Non-Financial Statement**

The Statutory Audit Committee, in the exercise of its functions, has monitored compliance with the provisions of Italian Legislative Decree 254/16 and the Consob regulation implementing the said decree adopted under resolution no. 20267 of 18 January 2018, in particular with reference to the process of drawing up, and the contents of, the Consolidated Non-Financial Statement (CNFS) published by Mediobanca.

The CNFS was approved by the Board of Directors at a meeting held on 20 September 2023 as a document separate from the consolidated Review of Operations for the year ended 30 June 2023.

The CNFS for FY 2022-23 also contains a section devoted to the state of progress made in reaching the ESG targets contained in the Strategic Plan in order to achieve the Sustainable Development Goals. The CNFS also includes information on alignment with the EU Taxonomy regulation.

The Bank has renewed its membership of the Global Compact, the Principles for Responsible Banking and the Net-Zero Banking Alliance, and has subscribed to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Bank has adopted the Mediobanca Group Diversity, Equity and Inclusion Code which is published on its website, and which defines the approach in terms of the objectives, strategies and practices adopted in this area.

The External Auditors retained to perform the limited assurance with reference to the CNFS as required by Article 3, paragraph 10 of Italian Legislative Decree 254/16, in its report issued on 29 September 2023, state that no evidence has reached its attention such as to suggest that the CNFS prepared by the Mediobanca Group for the year ended 30 June 2023, has not been prepared in all significant aspects, as required by Articles 3 and 4 of Italian Legislative Decree 254/16 and the Global Reporting Initiative Sustainability Reporting Standards “in accordance” option.

The Statutory Audit Committee is not aware of any breaches of the regulatory provisions.

## **11. Supervisory body (“SB”)**

The Statutory Audit Committee, having been vested with the duties of the SB to be instituted in accordance with the provisions of Article 6, paragraph 4-*bis* of Italian Legislative Decree 231/01 (the “Decree”) on corporate administrative liability, has obtained and reviewed information on the organizational and procedural activities implemented by the Bank in pursuance of the Decree.

The Organizational Model introduced pursuant to Italian Legislative Decree 231/01 (the “Organizational, Management and Control Model”) is updated on a regular basis, in order to incorporate the new predicate crimes introduced by the regulations issued in the twelve months ended 30 June 2023. The changes have been finalized with the assistance of external lawyers.

The SB reported on the activities performed by it during the year ended 30 June 2023, raising no particular issues, describing a situation held to be satisfactory overall and basically in line with the provisions of the organizational, management and control model in force.

In its meetings with the supervisory bodies of the principal Group Legal Entities, no critical issues have emerged regarding these entities.

## **12. Conclusions**

The agenda for the ordinary and extraordinary Annual General Meeting of Mediobanca shareholders to take place on 28 October 2023 includes the following items:

### **Ordinary business**

1. Financial statements as at 30 June 2023, Board of Directors’ review of operations and external auditors’ report; report by the Statutory Audit Committee:
  - a. Approval of financial statements for the year ended 30 June 2023;
  - b. Allocation of profit for the year and distribution of dividend.
2. Appointment of Board of Directors for 2024-26 three-year period:
  - a. Establishment of number of Directors;
  - b. Appointment of Directors;
  - c. Establishment of their annual remuneration.



3. Appointment of Statutory Audit Committee for 2024-26 three-year period:
  - a. Appointment of Committee members and Chairperson;
  - b. Establishment of their annual remuneration.
4. Proposed authorization to buy and dispose of treasury shares.
5. Remuneration:
  - a. Group Remuneration Policy and Report: Section I – Mediobanca Group Remuneration Policy FY 2023-24.
  - b. Group Remuneration Policy and Report: resolution not binding on Section II – Group Remuneration Report FY 2022-23.
  - c. 2023-24 incentivization system based on financial instruments (annual performance share scheme).
  - d. Long-Term Incentive (LTI) Plan 2023-26 based on financial instruments.
  - e. Employee Share Ownership and Coinvestment Plan 2023-26 (“ESOP 2023-26”) for Mediobanca Group Staff.

### **Extraordinary business**

1. Cancellation of treasury shares with no reduction of share capital; Article 4 of the company’s Articles of Association to be amended accordingly and related resolution.
2. Authorization to the Board of Directors pursuant to Article 2443 of the Italian Civil Code to increase the Company’s share capital free of charge through the issue of up to 3 million ordinary shares to be reserved to Mediobanca Group employees who are recipients of the Long-Term Incentive Plan 2023-26 included as item no. 5 d) on the agenda as ordinary business. Amendment to Article 4 of the company’s Articles of Association and related resolutions.
3. Authorization to the Board of Directors pursuant to Article 2443 of the Italian Civil Code to increase the Company’s share capital free of charge through the issue of up to 1 million ordinary shares to be reserved for use in connection with the Employee Share Ownership Plan 2023-26 included as item no. 5 e) on the agenda as ordinary business; amendment to Article 4 of the company’s Articles of Association and related resolutions.
4. Proposal to amend Article 33 of the company’s Articles of Association (interim dividend); related resolutions.

Without prejudice to the specific duties and responsibilities assigned to the External Auditors in terms of auditing the Group’s accounts and appraising the reliability of its financial statements, the Statutory Audit Committee has no observations to make to shareholders in general meeting, pursuant to Article 153 of the Italian Consolidated Finance Act, regarding approval of the financial statements for the year ended 30 June 2023 and the Review of Operations and proposed profit allocation approved by the Board of Directors on 29 September 2023 in view of the amendment made to Article 26 of Italian Decree Law no. 104/2023 in the process of being approved.

Milan, 29 September 2023

The Statutory Audit Committee