



Consolidated Non-Financial Statement 2019 - 2020

In accordance with Legislative Decree No.254 of 2016



MEDIOBANCA



Contents

1.	Methodology	5
1.1	Reporting standards applied	6
1.2	Scope of reporting	7
1.3	Reporting process	8
2.	Strategy	13
3.	Identity	17
3.1	Mediobanca Group	18
3.2	Governance model	25
3.3	Compliance, internal control and risk management	27
3.4	Sustainability governance	30
3.5	Stakeholder engagement	32
3.6	Material issues and areas covered by Italian Legislative Decree 254/16	33
3.7	Sustainable Development Goals	35
4.	Ethics and integrity in business and anti-corruption measures	39
4.1	Policies and initiatives to prevent and tackle corruption	40
4.2	Relevant risks in the area of corruption	45
5.	People and Human Rights	49
5.1	Relevant policies and risks	50
5.2	Mediobanca Group staff: job creation and protection	55
5.3	Diversity, inclusion and equal opportunities	59
5.4	Protection of Human Rights	61
5.5	Professional training and development	63
5.6	Managing, attracting, developing and retaining talent	65
5.7	Staff incentives, benefits and remuneration	68
5.8	Staff commitment, engagement and satisfaction	71
5.9	Staff health, safety and welfare	73
6.	Market	79
6.1	Clients	80
6.1.1	Relevant policies and risks	80
6.1.2	Group clients	85
6.1.3	Customer satisfaction and quality of service	89
6.1.4	Transparency of information on products and services	91

6.1.5	Financial inclusion, access to financial resources and education	92
6.1.6	Responsible investing and sustainable products	94
6.1.7	Innovation, multi-channel approach and digitalization	98
6.1.8	Personal data protection and data security	100
6.2	Responsible supply chain management	104
6.2.1	Relevant policies and risks	104
6.3	Investors and shareholders	107
7.	Community	111
7.1	Entities and Public Institutions	112
7.2	Impact on and investments in the community	113
7.2.1	Environment an territory	115
7.2.2	Culture, research and innovation	116
7.2.3	Social inclusion	117
8.	Environment	121
8.1	Relevant policies and risks	122
8.2	Managing the business' impact on the environment	124
8.3	Energy consumption and CO ₂ emissions	124
8.4	Sourcing and consumption of sustainable products	129
8.4.1	Water consumption	129
8.4.2	Paper consumption and waste management	130
9.	Objectives and future commitments	135
10.	GRI Content Index	141
11.	Independent report on limited assurance of Consolidated Non-Financial Statement	151
12.	Contact details	158

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 Global Reporting Initiative Sustainability Reporting Standards (the “GRI Standards”) published in 2016 by the Global Reporting Initiatives (GRI), which are currently the most widely used and internationally-recognized standards in non-financial reporting.

To facilitate stakeholders in locating information within the document, the GRI Content Index is reproduced on p. 142 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:

- ❖ **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 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 2020. 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 2019-20¹.

Companies with no employees or which are not operative or in liquidation are excluded from reporting non-financial data.

COMPANIES EXCLUDED FROM SCOPE OF CNFS REPORTING

PROMINVESTMENT S.P.A.
CMB ASSET MANAGEMENT S.A.M.
CMB WEALTH MANAGEMENT LIMITED
MB FUNDING LUXEMBOURG S.A.
QUARZO S.R.L.
QUARZO CQS S.R.L.
MEDIOBANCA COVERED BOND S.R.L.
MEDIOBANCA INTERNATIONAL IMMOBILIÈRE S. A R.L.
CAIRN CAPITAL GUARANTEE LIMITED
CAIRN CAPITAL INVESTMENTS LIMITED
CAIRN INVESTMENT MANAGERS LIMITED
AMPLUS FINANCE LIMITED
COMPASS RENT S.R.L.
MB CONTACT SOLUTIONS S.R.L.

1. A full list of consolidated companies is provided on p. 118 of the notes to the Financial Statements – Section A



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 2019-20, and are compared with those for the two previous financial years.

With reference to the data for FY 2018-19, it has been decided to update some of the figures that have proved to be inaccurate in this year's CNFS. The updated figures are shown and highlighted in section 8.3 *Energy consumption and CO₂ emissions*.

1.3 Reporting process

The Mediobanca Group's CNFS as at 30 June 2020 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 2020;
- ◆ Approval of the Statement by the Board of Directors, called to adopt the accounts for the financial year ended 30 June 2020, 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 also 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. In particular the programme involved an initial assessment phase to identify points requiring attention, which, based on the results produced, will continue throughout 2020 as well, with the activities of defining, testing and formalizing controls in terms of objectives, instruments and owners.



Table to show intersections between areas covered by the Decree, material issues and GRI Standards²

		IMPACT SCOPE		
AREAS COVERED BY ITALIAN LEGISLATIVE DECREE 254/16	MATERIAL ISSUES IDENTIFIED BY MEDIOBANCA	GENERAL DISCLOSURES AND RELEVANT TOPIC-SPECIFIC GRI STANDARDS	GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS
CORRUPTION	Ethics and integrity in business	Ethics and integrity (GRI 102-16) Anti-corruption (GRI 205)	Whole Group	Community
	Stability, regulation and resilience of financial system	(*)	Whole Group	
	Systematic risk and brand reputation management and assessment	(*)	Whole Group	Clients
	Business model and strategy	(*)	Whole Group	
	Transparency of information on products and services	Marketing and labelling (GRI 417)	Whole Group	Clients
SOCIAL	Customer satisfaction and quality of service	(*)	Whole Group	Clients
	Data security and protection	Privacy (GRI 418)	Whole Group	Clients
	Innovation, multi-channel approach and digitalization	(*)	Whole Group	Clients
	Contribution to economic system and to society	(*)	Whole Group	Community
	Financial inclusion, access to resources and financial education	(*)	Whole Group	Clients Community
STAFF	Impact on and investment in the community	(*)	Whole Group	Community
	Training and professional development	Training and education (GRI 404)	Whole Group	
	Managing, attracting, developing and retaining talent	Employment (GRI 401) Training and education (GRI 404)	Whole Group	
	Employment creation and protection	Employment (GRI 401)	Whole Group	

2. The most significant areas for the Group are in bold, as per the top right-hand square of the Materiality Matrix (Section 3.5. *Material issues and areas covered by Italian Legislative Decree 254/16*).



			IMPACT SCOPE	
AREAS COVERED BY ITALIAN LEGISLATIVE DECREE 254/16	MATERIAL ISSUES IDENTIFIED BY MEDIOBANCA	GENERAL DISCLOSURES AND RELEVANT TOPIC-SPECIFIC GRI STANDARDS	GROUP INTERNAL IMPACT	GROUP EXTERNAL IMPACTS
STAFF	Staff commitment, engagement and satisfaction	(*)	Whole Group	
	Diversity, inclusion and equal opportunity	Diversity and equal opportunities (GRI 405)	Whole Group	
	Staff incentives, benefits and remuneration	Employment (GRI 401)	Whole Group	
	Staff health, safety and well-being	Health and safety (GRI 403)	Whole Group	
ENVIRONMENT AND HUMAN RIGHTS	Responsible investments and sustainable products	(*)	Whole Group	Clients
ENVIRONMENT	Management of environmental impacts (direct and indirect) linked to business	Acqua (303) Rifiuti (306)	Whole Group	Environment
	Energy consumption and CO₂ emissions	Energia (GRI 302) Emissioni (GRI 305)	Whole Group	Environment
	Purchase and consumption of sustainable products	Materiali (GRI 301)	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.





Strategy

[GRI 102-14]



MEDIOBANCA



2. Strategy

The financial year under review was marked by the unprecedented shock caused by **Covid-19 pandemic**, which besides major consequences in human and social terms brought the leading world economies to a halt, forcing them into recession.

The Mediobanca Group's **integrated and diversified business model** and its **solidity and low risk profile** have been fundamental in dealing with a crisis which is without parallel in modern times.

The Group's solid and effective **technology platform** has enabled Mediobanca to adapt seamlessly working from home, meaning its staff can remain safe with no interruptions to the service offered to clients, which continue to be provided both through branch offices and via remote channels.

In terms of financial performance, despite the emergency situation the Mediobanca Group posted solid results for FY 2019-20: **revenues stable at €2.5bn** (up 3% net of one-off Covid-related items), a **net profit of €600m**, lower than the €823m posted last year chiefly relating to a series of non-recurring items totalling approx. €285m, roughly 80% of which were due to Covid-19. Net of these items, **consolidated net profit totalled €887m**, with earnings per share up 3%.

At divisional level there was significant progress made by Wealth Management and further consolidation in Consumer Banking; while the contributions of the Corporate & Investment Banking and Principal Investing divisions remained high and positive.

The twelve months under review also saw the presentation of the Group's new **2019-23 Strategic Plan**, which for the first time included certain quantitative sustainability targets, with the intention of contributing to six of the seventeen **Sustainable Development Goals** set by the **United Nations**.

The Group's participation in the **Global Compact** and the **Principles for Responsible Investment** promoted by the **United Nations** is further confirmation of its commitment to generating positive change at global level.

In line with the commitments entered into in the Strategic Plan, the Group has adopted a **strategy** focused on **sustainable growth over time, valorizing its staff, sensitivity to the societies in which it operates, and reduction of direct and indirect impact on the environment**.

To govern the Group's efforts to deliver **responsible growth**, the Board of Directors has set up its own **Corporate Social Responsibility Committee**, with responsibilities for processing sustainability issues.

Mediobanca's corporate social responsibility has been further strengthened with the new **Group Sustainability Policy** governing **direct social and environmental impacts**, and the **Policy on Responsible Lending and Investing**, recently adopted, governing **indirect impacts**, and outlining the general principles and guidelines for assessment of ESG (Environmental, Social e Governance) factors in lending, investment and advisory activities.



People are an essential resource and strategic priority for the Group's competitiveness. As such Mediobanca is committed to staff training and development, and to promoting equal opportunities and human rights in every area of its activities.

"Mediobanca is a bank to be proud of", was one of the key themes to emerge from the most recent staff engagement exercise, which emphasized among other things the quality of the Group's management as one of its main strengths.

The Group promotes **diversity** as a fundamental value of personal growth and of cultural and professional enrichment.

For the second year running Mediobanca has been included in the **Bloomberg Gender-Equality Index (GEI)** which tracks the performances of listed companies committed to gender equality based on development, representation and transparency policies.

*"Mediobanca has always sought to promote a corporate culture based on diversity, which we see as a key factor to add value, and which expresses itself in all areas of our business" says **Alberto Nagel, Mediobanca Group CEO**. "We chose to strengthen this commitment further in our 2019-23 Strategic Plan, making explicit our focus on equal opportunities in the area of gender: and we intend to strengthen the career development possibilities for the talented women employed by Mediobanca still further through the adoption of gender equality remuneration policies". //*

The Group's focus on inclusion is also reflected in the support expressed for the **communities** and **regions** in which it operates. Further confirmation of Mediobanca's social commitment was provided with the initiatives implemented to tackle the health and social crisis caused by Covid-19, with donations totalling approx. €2.6m, with staff, Directors and Statutory Auditors all contributing.

Protecting the environment and **preventing climate change** are the Group's other main priorities, based on an awareness of the impact of its activities and of the role it is able to play in promoting responsible behaviour.

The convictions and commitment described above are illustrated in more detail in the rest of this document, our Group's third **Consolidated Non-Financial Statement**.

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.

The Bank's solidity and stability, along with its ability to innovate, its professionalism and proper conduct, care and respect for its clients and partners, are the values which have guided Mediobanca from its very inception and have been the drivers of our recent solid and healthy growth.

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 Group aims to achieve growth in all segments in which it operates, by leveraging on its distinctive features:

- ❖ 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 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: lending and investment banking, consumer credit and wealth management.

The Mediobanca Group today is based on three highly specialized and diversified activities:

	WEALTH MANAGEMENT	CONSUMER BANKING	CORPORATE & INVESTMENT BANKING
Business model based on highly specialized activities	Business with highly specialized content addressed to families	Historical business launched in the 1960s	Business historically part of Mediobanca's identity addressed to companies
	Recurrent fee-based and low capital-absorption activity	Specialist domestic business with high entry barriers addressed to families	Client-driven, highly specialized business
	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
	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 e CMB Monaco³). This division also comprises the product factories (Mediobanca SGR, Cairn Capital, RAM Active Investment and Mediobanca Management Company) grouped under **Asset Management** 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:

3. On 22 July 2020, at the Board of Directors' proposal, the shareholders of Compagnie Monégasque de Banque S.A. gathered in extraordinary general meeting approved an amendment to the company's Articles of Association changing its name from "Compagnie Monégasque de Banque" to "CMB Monaco"



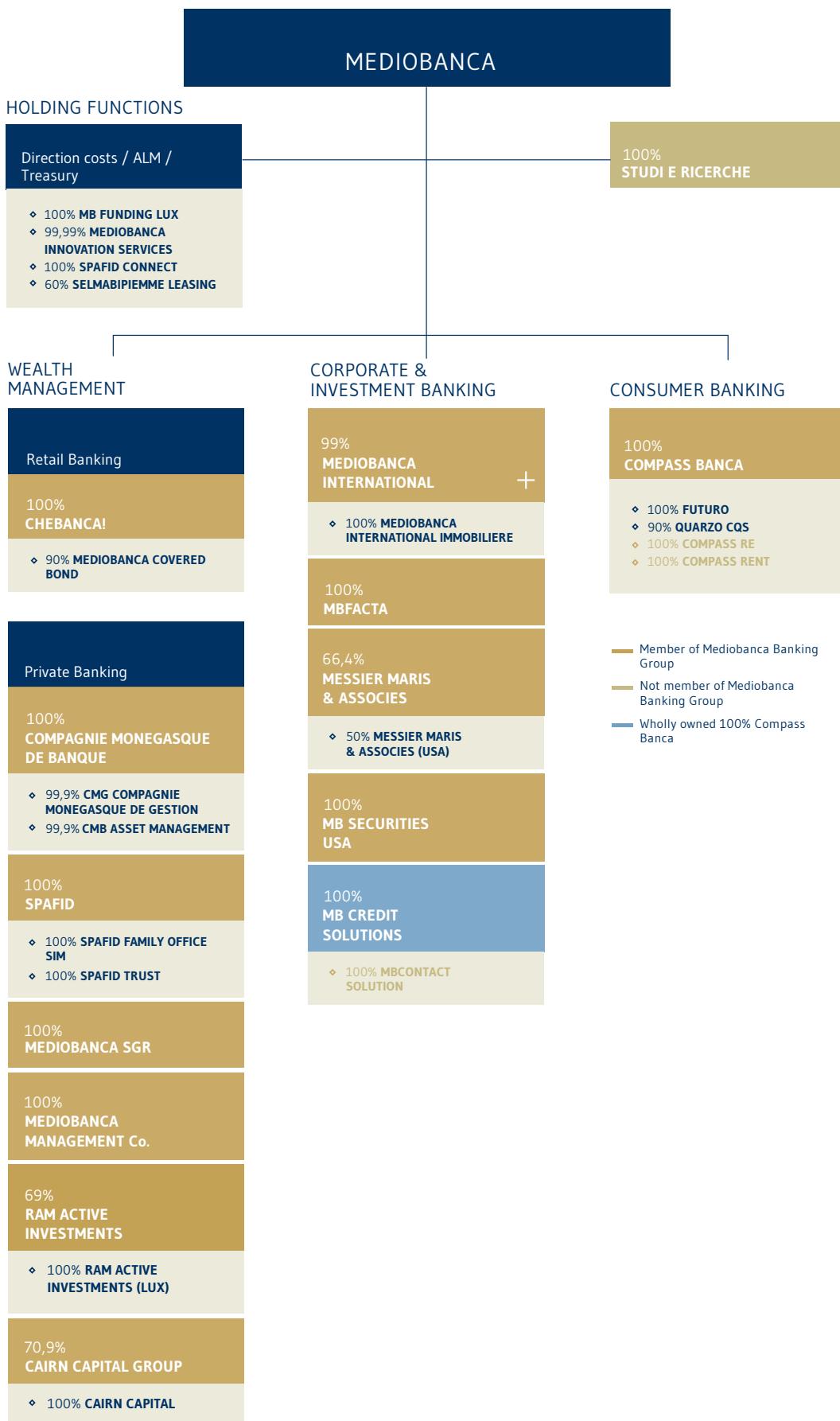
personal and special-purpose loans, and salary-backed finance (Compass Banca and Futuro). The division also includes Compass RE, which reinsures risks linked to insurance policies sold to clients, and the newly-incorporated Compass Rent, which allows customers to hire assets, in particular second-hand vehicles.

- ❖ **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 Maris et Associés);
 - ❖ **Specialty Finance:** factoring and credit management (including acquisition and management of NPL portfolios), performed by MBFACTA and MBCredit Solutions and the newly-incorporated MBContact Solutions.
 - ❖ **Holding Functions:** this division includes SelmaBipiemme Leasing, MIS, Spafid Connect⁴, Ricerche e Studi, and Prominvestment, and all costs relating to central Group functions (including Group treasury and ALM (with the aim of optimizing funding and liquidity management on a consolidated basis, including the securities held as part of the banking book⁵), 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.

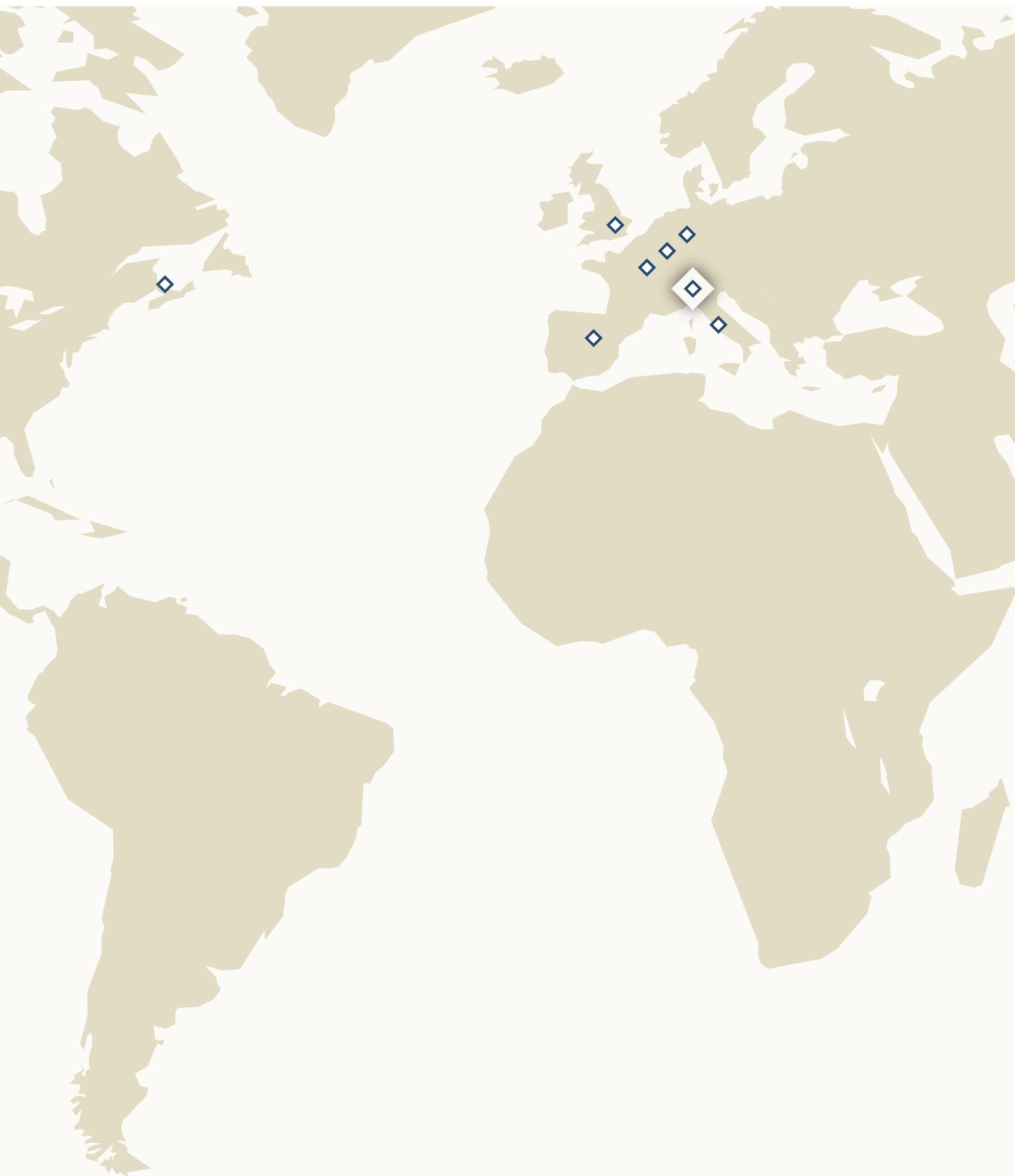
4. As from 1 January 2019, following the sale of the Market Connect business unit

5. 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 circumstances.

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.

Much attention was also paid to the Group's local communities and their institutions. In the course of the emergency, first the healthcare crisis itself followed by the social and economic crises, the Group has donated over €2.6m to entities, institutions and associations involved in the fight against Covid-19.

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
Stability of regulations and resilience of financial system	Systemic risk posed by pandemic to the real economy, liquidity and credit market and effects of potential second wave in autumn 2020	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
Stability of regulations and resilience of financial system	Systemic risk posed by pandemic to the real economy, liquidity and credit market and effects of potential second wave in autumn 2020	<p>New deals structured to guarantee financial flexibility and keep the shareholder structure solid</p> <p>Impacts and/or risks to extraordinary Corporate Finance and Equity Capital Markets transactions in progress managed</p> <p>Consumer understanding of extraordinary measures launched by the Italian government to facilitate rapid access to available instruments</p>
Business model and strategy	Lack of and/or inadequate business continuity models sufficient to tackle the crisis	<p>Crisis Unit established, chaired by the Group General Manager with representatives from Operations, Risk Management, HR, Compliance and Communications to manage the emergency</p> <p>Daily reporting system instituted with the Crisis Unit briefed regularly</p> <p>Body of internal regulations on business continuity, and updated to include a scenario for pandemic-related events</p> <p>Preparation of a Group Directive on Crisis Management</p> <p>Security measures in branches and offices, with working from home incentivized</p> <p>IT infrastructure and multichannel offering enhanced</p>



3.2 Governance model

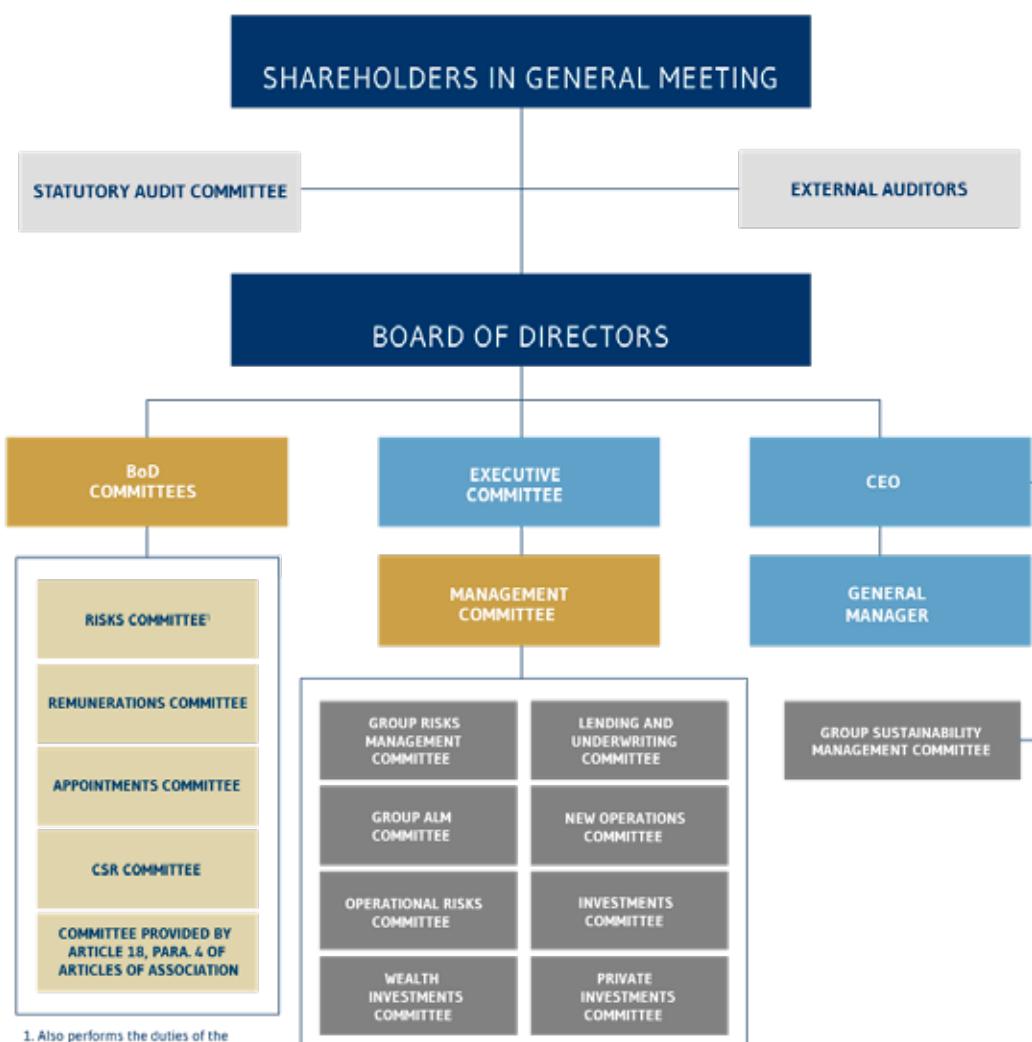
[GRI 102-18], [GRI 102-22], [GRI 102-24], [GRI 405-1]

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:



1. Also performs the duties of the Related Parties Committee



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 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 are chosen from among staff members who have been members of Group companies' senior management for at least three years. At least one-third 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.

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.

Mediobanca, in reiterating the importance of the Board's collective suitability and hence of its members, executive and non-executive, being collectively able to take informed decisions, has expressed the desire that candidates for the position of director should have the required capabilities to be able to ensure an optimal combination of profiles, so as to encourage the progression of internal debate, efficient functioning and the overall suitability of the Board itself and its various committees.

The Board of Directors currently in office consists of 15 members – two of whom were appointed by shareholders at the Annual General Meeting held on 27 October 2018 following the resignation of two of the Directors appointed at the AGM held on 28 October 2017 – one-third of whom are women, more than half of whom 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.

Breakdown of Board members by age	AGE BRACKET	NUMBER OF DIRECTORS
	Below 30 years	0
	30-50 years	3
	Over 50 years	12

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, 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 2017 and in office for the 2018, 2019 and 2020 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 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 Bank's capital, 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 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, allows 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 e 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 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. For the Group 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, a Group AML unit has been established with the objective of preventing and tackling breaches of the regulations on money laundering and terrorist financing⁶. The head of the Group Compliance 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 (e.g. IT 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 and Risks Committee meetings, providing support to the Committee in its 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, liquidity risk and operational risk (including IT risks and cyber risks) also include non-financial risks.

The management and ongoing monitoring of such risks is a necessary prerequisite to generate and protect value in a way that is sustainable over time with consequences 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.

6. The Italian Group companies have outsourced their AML activities to the Mediobanca S.p.A. AML unit, whereas the non-Italian Group companies have identified an AML officer reporting in functional terms to the head of Group AML



In FY 2018-19, the Group Risk Management unit, in conjunction with the Operational Risk Management unit, and with the support of the Group Sustainability unit, initiated a set of projects with the ultimate objective of defining a risk assessment and reporting framework for ESG and climate change risks.

These projects continued in FY 2019-2020, with the objective of updating the methodology and outcomes of the risk assessment and reporting processes, with a view to achieving ongoing improvement and integration.

The projects have been structured into the following phases:

- ◆ Analysis of changes in the reference scenario, in order to identify the ESG and climate change risks potentially impacted by changes to the regulations, by definition of the Group's 2019-23 Strategic Plan, and by the impact of the Covid-19 pandemic;
- ◆ Consolidation of the risk assessment methodology;
- ◆ Identification and assessment of emerging risks, update of the list of risks and their respective mitigation actions, through one-to-one interviews, workshops and surveys with risk owners and specialists at parent company level and at the principal Group companies;
- ◆ Consolidation of the risk assessment results, with evidence of how the risks are linked to sustainability issues and objectives and also to the relevant SDGs⁷;
- ◆ Preparation of an integrated reporting flow to the Group Chief Risk Officer and Group Sustainability.

This activity has impacted materially on the Group's non-financial reporting, allowing information on risks linked to the main issues, management models and tracking of the principal mitigation initiatives to be included in the disclosure from FY 2018-19.

The various company areas being involved during the risk assessment phases has also helped to improve the risk culture on ESG and climate-related issues, and has enabled the activities of managing, controlling and monitoring risks and opportunities linked to such issues to be integrated into the responsibilities of the three lines of defence.

During FY 2019-20 Mediobanca also launched projects to explore the impact of ESG and climate change issues on the Group's portfolio of loans and investments and on services provided to clients

The first project assessment phases concentrated on analysing the principal ESG risk factors to which the proprietary portfolio (loans and investments) is exposed, and on identifying changes to the relevant regulations on these issues that will come into force in the next few years. In the coming months the assessment will be followed by activities to define and then implement policies, methodologies, rules and responsibilities with a view to ensuring that ESG and climate change issues are increasingly integrated into the Group's core businesses.

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



3.4 Sustainability Governance

[GRI 102-18]

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
Business model and strategy	Ineffectiveness of internal control and ESG/ climate change risk management systems	<p>Group CSR Committee set up by BoD, chaired by the CEO</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Internal directive defining the process for non-financial information reporting</p> <p><i>Group policy on responsible lending and investing</i></p> <p>ESG Risk Assessment Framework (ESG risks and climate change) to improve internal controls system</p> <p>Ongoing co-ordination between holding functions and legal entities by Group Sustainability</p> <p>Quantitative data for CNFS uploaded to IT platform used for Group operations and accounts</p>
Business model and strategy	<p>Ineffective communication to financial stakeholders on:</p> <ul style="list-style-type: none"> • Sustainability strategy in medium and long term • Group management models in ESG and climate change area • Risk prevention activity in this area 	<p>Group CSR Committee set up by BoD, chaired by the CEO</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Group Investor Relations handling relations with analysts, proxy advisors, shareholders and potential investors (including ESG)</p> <p><i>Group Policy on sensitive information</i></p> <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 Angela Gamba, Maximo Ibarra and Elisabetta Magistretti. The Group General Manager, Committee Secretary, and Head of CSR also take part in the meetings, along with other Group representatives invited by the Committee Chairman based on the items included on the agenda.

Management of these activities is one of the factors taken into consideration in evaluating the Chief Executive Officer's performance.

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.

In March 2020, the Mediobanca Group updated its **Group Sustainability Policy** first adopted in 2017, 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*.

In 2020, Mediobanca was also ranked in the top ten of the **Integrated Governance Index**⁸ – an index which assesses the degree to which sustainability is integrated into a company's strategies – for the first time.

8. The Integrated Governance Index (IGI), now in its fifth year, is a quantitative index constructed on the basis of a questionnaire addressed to companies. The benchmark panel for the survey includes the 100 top listed companies, the companies which publish non-financial statements in accordance with Italian Legislative Decree 254/16, and the top 50 unlisted and industrial companies in the Mediobanca rankings.



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 ⁹ 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
Staff	Climate analysis Performance assessment processes Company intranet Internal communication instruments Company volunteering
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

9. 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)



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]

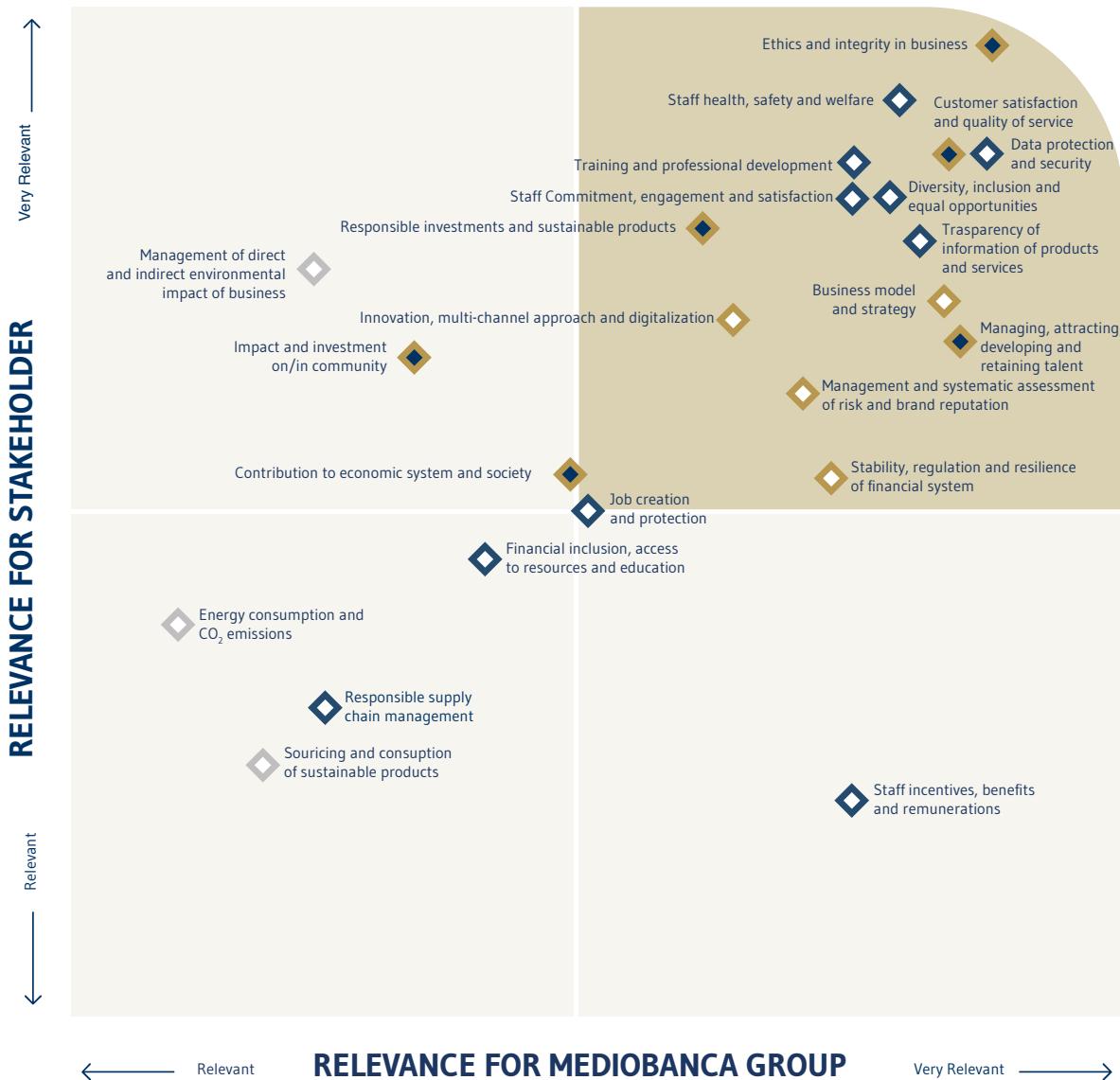
“Material issues” are defined as aspects which reflect significant economic, environmental and social impacts by the organization or which could substantially influence stakeholder assessments and decisions. These aspects are also important with regard to risk management and strategy, and form the basis 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 the heads of 15 different Group units and companies identified more than 50 material issues as having the potential to impact on the financial sector;
- ❖ In 2018, the first multi-stakeholder forum was held with the objective of updating the Materiality Matrix. The meeting with internal and external stakeholders, identified with the support of the relevant company units, involved shareholders and investors, clients, staff, entities and institutions and representatives of the third sector;
- ❖ In 2019, with the objective of updating the Materiality Matrix from the internal stakeholders' perspective, the heads of the 18 Group units responded to a questionnaire on sustainability issues. The material issues were then revised internally to reflect their relevance to the Group, and the results were integrated with those collected from the external stakeholders in 2018;
- ❖ In May 2020 a group of stakeholders was asked to vote on the material issues, with the objective of incorporating their vision into the materiality definition process, and so updating the matrix from an external perspective. The stakeholders involved, including shareholders and investors, clients, entities and institutions, third sector organizations, staff and suppliers, were sent a letter describing the sustainability path undertaken, and presenting the themes already included in the matrix, asking them to vote, using an online tool, on the materiality of each theme based on their own experiences, knowledge and expectations of the Group;

These activities enabled the Materiality Matrix to be updated, with 14 of the 23 issues proving to be more material for the Group. In particular, the issues which reporting a **significant increase in materiality** were as follows: *Staff health, safety and welfare, Management of direct and indirect environmental impact of the business, and Diversity, inclusion and equal opportunities*. Those which **reduced in materiality** were: *Staff incentives, benefits and remuneration, Contribution to economic system and society, and Job creation and protection*.



Performance

◆ **ECONOMIC**

◆ **SOCIAL**

◆ **ENVIRONMENTAL**

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 Plan¹⁰, 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.

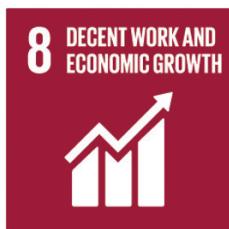


The Group promotes and runs financial education and training via a series of instruments and ventures for clients and vulnerable areas (section 6.1.5, *Financial inclusion, access to financial resources and education*). It also provides specialist training to its staff, helping them develop and maintain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

10. For details on the targets and state of progress made, see section 9. *Objectives and future commitments*.



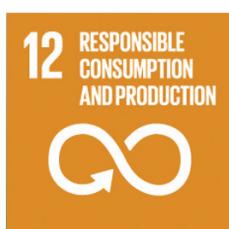
The Group is a signatory to the Valore D manifesto, a programmatic and strategic statement of intent to deliver increased diversity and gender inclusion within the company organization (section 5.3 *Diversity, inclusion and equal opportunities*). In the Strategic Plan, the Group has committed to valorizing 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 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 providing support of different kinds, in Italy and the other countries where it operates. In its Strategic Plan, the Group has set itself the target of making a consistent annual contribution for projects with positive social and environmental impact, and of increasing the amount of AUM by the Mediobanca Social Impact fund, which donates two-thirds of its management fees to charitable institutions (cf. 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 CO₂ 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 measures¹¹



MEDIOBANCA

11. 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



4. Ethics and integrity in business and anti-corruption

4.1 Policies and initiatives to prevent and tackle corruption

[GRI 102-16], [GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 205-2]

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 anti-corruption policies and procedures. In particular, the Italian companies have adopted their own organizational, management control models pursuant to Italian Legislative Decree 231/01; the London branch office and the companies incorporated under English law have adopted their own anti-bribery and corruption regulations to incorporate the provisions of the UK Bribery Act.

Mediobanca, in its pursuit of a zero-tolerance approach to corruption, has adopted internal regulations to tackle such phenomena. The regulations are listed below and are 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). The Model, which is approved by the Board of Directors, was updated in July 2018.

◆ **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 contains references and guidance which complements the legal requirements and self-regulation obligations, with a view to ensuring that behaviour is consistent and compliant with the Group's mission and its fundamental values.

The Code of Ethics lays down principles, models and regulations in terms of behaviour which the Group undertakes to pursue in all its businesses:

- ◊ Fairness and honesty
- ◊ Impartiality
- ◊ Professionalism and valorization of staff
- ◊ Confidentiality
- ◊ Conflicts of interest
- ◊ Transparency and full disclosure of information
- ◊ Health and safety
- ◊ Environment
- ◊ Copyright and intellectual property
- ◊ Use of company assets

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 administrative and management units and their various divisions undertake to circulate the Code of ethics and promote its observance. In particular, each recipient is obliged to:

- ◊ Refrain from behaviour which is contrary to the Code and to comply with the company's body of regulations;
- ◊ 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 is the document which, along with the Code of Ethics, sets out the fundamental principles on which the company's reputation is based, and contains the values which underlie its everyday operations, also describing the standard of conduct required of all Mediobanca's staff and collaborators. 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 (jointly, 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:

- ◊ Comply with the external and internal regulations applicable to their activities and role;
- ◊ 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, If they do not carry out their powers of supervision with due care, 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 is approved by the Board of Directors and was revised in July 2018.

❖ **Group anti-corruption directive**

This Group directive, which was issued in November 2019, supplements the regulations already adopted to tackle bribery and corruption, setting 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 behaviour 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.

❖ **Introducers directive (previously Agents directive)**

The Directive, which represents a development of what was formerly known as the Agents Directive, updated in November 2018, defines the procedure for appointing agents, i.e. persons who procure potential clients or business opportunities for Mediobanca, introducing criteria and controls to take into account the risks of bribery and corruption.



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.

In particular, in January 2020, in conjunction with the release of the Group anti-corruption directive, a video message was published on the intranet by the Head of Compliance at Mediobanca S.p.A., to raise awareness among staff members on this issue and inform them of the principles on which the internal regulations are based.

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 4,725 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 4,228 staff participating, or 86% of the company's population. The anti-corruption policies and procedures have been sent to all the Directors and the Group's workforce with the exception of certain long-term absentees¹².

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;

❖ **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.

12. Messier Maris & Associés postponed the training scheduled for its staff members in France because of Covid-19. The course will be held in the last six months of 2020



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

CATEGORIES OF STAFF	FY 2019-20		FY 2018-19		FY 2017-18	
	NO.	%	NO.	%	NO.	%
Top management¹³	11	100%	11	100%	11	100%
Management	395	93%	366	89%	312	87%
Middle management	1,808	90%	1,762	94%	1,565	88%
White collars	2,387	97%	2,430	99%	2,340	95%
TOTAL	4,601	94%	4,569	96%	4,228	92%

GEOGRAPHICAL REGION	FY 2019-20		FY 2018-19		FY 2017-18	
	NO.	%	NO.	%	NO.	%
Italy	4,369	100%	4,124	97%	3,924	94%
France	49	100%	16	100%	17	77%
Spain	24	100%	20	100%	25	100%
Germany	3	100%	7	100%	12	100%
United Kingdom	89	62%	158	100%	108	65%
Rest of world	67	20%	244	78%	142	66%
TOTAL	4,601	94%	4,569	96%	4,228	92%

Group employees who have participated in anti-corruption training activities¹⁴

CATEGORIES OF STAFF	FY 2019-20		FY 2018-19		FY 2017-18	
	NO.	%	NO.	%	NO.	%
Top management	11	100%	4	36%	2	18%
Management	372	88%	251	61%	69	19%
Middle management	1,692	84%	723	38%	275	15%
White collars	2,153	87%	534	22%	388	16%
TOTAL	4,228	86%	1,512	32%	734	16%

13. "Top management" refers to the eleven strategic managers identified under the Consob regulations in force

14. These activities, i.e. refresher courses for staff who have already received training and/or basic training for new recruits, does not generally involve all employees in the course of a single financial year, given that the refresher courses are scheduled following significant amendments to the regulations or substantial changes in the Group's organization



GEOGRAPHICAL REGION	FY 2019-20		FY 2018-19		FY 2017-18	
	NO.	%	NO.	%	NO.	%
Italy	4,007	92%	1,382	32%	647	16%
France	9	18%	2	13%	5	23%
Spain	24	100%	6	30%	15	60%
Germany	3	100%	2	29%	5	42%
United Kingdom	89	62%	102	65%	40	24%
Rest of world	96	29%	18	6%	22	10%
TOTAL	4,228	86%	1,512	32%	734	16%

4.2 Relevant risks in the area of corruption

[GRI 102-15], [GRI 205-1], [GRI 205-3]

Further to the details provided in the previous section, with reference to 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 the regulations instituted in order to tackle corruption, active and passive.

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 area, 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 42 of the Group companies' business lines (roughly 88% of the total).

The Group Audit Unit performs audits of the various legal entities which also include checks on the risk of corruption. Such checks include: 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.



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	<p>Organizational model according to which company management and local compliance teams are involved in tackling corruption</p> <p>Adoption of internal anti-corruption regulations by all Group companies</p> <p>Checks and balances put in place at various levels for most significant areas in terms of corruption and for non-compliance risk generally</p> <p>Monitoring reports by local compliance teams</p>
Ethics and integrity in business	Conflicts of interest	<p><i>Group Policy for Managing Conflicts of Interest</i>, which defines roles and responsibilities for preventing and managing conflicts</p> <p>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</p>
Ethics and integrity in business	Inadequate staff training on internal procedures on anti-corruption	<p>Regular training activities on issues pertaining to Italian Legislative Decree</p> <p>Co-operation between local compliance teams and Group HR in defining an appropriate training programme and monitoring its usage</p> <p>Basic e-learning course on Organizational Model instituted under Italian Legislative Decree 231/01 (Mediobanca)</p>
Systematic Management and systematic assessment of risk and brand reputation 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	<p>Managerial committees with responsibility for assessing whether there is compromising evidence on the business counterparty</p> <p>Due diligence procedure, by Group AML unit</p> <p><i>Group Purchasing Processes Management Directive</i> which lays down the qualification and monitoring process for suppliers</p> <p>ESG self-assessment questionnaire added to supplier qualification process</p>





People and Human Rights



MEDIOBANCA



5. People and Human Rights

5.1 Relevant policies and risks

[GRI 102-15], [GRI 103-1], [GRI 103-2], [GRI 103-3]

In a competitive scenario where the business and consumption models are undergoing constant and indepth 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 in July 2020, 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.

- ◊ **Health and safety:** the Mediobanca Group guarantees high standards of protection of health and safety in the workplace.
- ◊ **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**

As well as monitoring the decrees that have been issued and adapting its operations accordingly, the Bank has kept its staff up to date at all times as the emergency situation develops by sending out regular newsletters.

- ◊ **Security measures introduced to branches and offices**

The Bank maintains close contact with the company doctor and the healthcare facilities used by the Group, to ensure that all necessary measures are implemented in order to guarantee maximum safety at its offices and branches.



◊ **Health and safety in the workplace and organization**

- ◊ Focus group: qualitative surveys to collect opinions or attitudes to new products, processes or communications via group discussion.
- ◊ All health and safety protocols have been activated to protect staff and clients.
- ◊ Large-scale incentivization for staff to work from home.
- ◊ IT infrastructure and central networking enhanced to support Group staff working from home.
- ◊ Electronic signature technology introduced for the Private Banking universe to allow contracts to be signed digitally.
- ◊ Communication and collaboration platform released for all Group staff to allow them to manage video calls and chats and to share documents with the aim of facilitating remote working.
- ◊ All work-related journeys and travel within and outside Italy cancelled, and online or remote meeting tools facilitated.
- ◊ Reduction of working hours at branch offices to mornings only (CheBanca!) and by appointment only (CheBanca! and Compass), with digital channels strengthened accordingly.
- ◊ Flexitime options increased for most of the units at MBCredit Solutions.

◊ **Welfare**

- ◊ Additional Covid-related healthcare coverage for Group staff and FAs, and range of welfare instruments expanded to include new options
- ◊ Remote medicine and consultation services included in the healthcare policy.
- ◊ Counselling and psychological support channel activated for all Group staff, operating 24 hours a day, 7 days a week.

◊ **Information and communications**

- ◊ Dedicated section of Mediobanca and Group intranets, updated in real time with information and documents relating to the emergency.
- ◊ Legal newsletter: ongoing information on legal and regulatory impact of Covid-19 situation.
- ◊ Security alerting: systematic security reminders to notify Group users of phishing campaigns intended to steal credentials (user ID and passwords).



◊ Training

- ◊ Webinars on various issues for managing emotions and work-related issues: mindfulness, resilience and communication in times of crisis.
- ◊ Video tutoring for parents with children aged 0-6 years and teenagers.
- ◊ Webinars on managing online meetings, working by objectives, and posture/safety when working from home.
- ◊ Course on cyber-security.

◊ Regular reporting and briefings

To allow the Crisis Unit to perform its monitoring and management activities during the emergency situation as effectively as possible, a daily reporting system on key indicators has been introduced, along with regular updates on more general issues.

MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Managing, attracting, developing and retaining talent	Loss of key figures, slump in motivation (also because of Brexit), staff turnover, and lack of specific programmes to attract young talent	<p>Selection by the Appointments Committee of a limited number of members of the Group's senior management considered able to succeed the CEO, GM and executive Directors</p> <p>Preparation and ongoing monitoring of emergency plans to reappoint company management</p> <p><i>Group Policy on selection, appointment, succession and assessment of the adequacy of company representatives and key function holders</i></p> <p>Ongoing updating of map of competences for specific key positions</p> <p>Staff selection, management and training unit 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>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Managing, attracting, developing and retaining talent	Loss of key figures, slump in motivation (also because of Brexit), staff turnover, and lack of specific programmes to attract young talent	<p>Development of partnerships with universities to identify talent and dedicated recruitment programmes</p> <p>Employer branding strategies and campaigns to promote the Mediobanca brand</p> <p>Preparation and monitoring of performance evaluation systems to which career advancement, remuneration, incentives and benefits are linked</p> <p>Use of new channels (e.g. podcasts, Telegram etc.) to facilitate communication with staff, in particular millennials</p>
Diversity, inclusion and equal opportunities	Lack of effectiveness of programmes focused on gender diversity & inclusion issues	<p>Group BoD CSR committee chaired by the CEO</p> <p>Management Sustainability Committee and Group Sustainability unit</p> <p>Staff selection ,management and training unit within the Group HR division, which, in conjunction with the Group Sustainability unit, promotes an inclusive culture that rules out any kind of discrimination</p> <p>Diversity & Inclusion manager appointed with specific responsibilities</p> <p><i>Human Resource Management Policy and Sustainability Policy</i> protecting diversity and equal opportunities</p>
Training and professional development		<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>
Job creation and protection		Existence of a staff selection, management and training unit within the Group HR division
Innovation, multi-channel approach and digitalization	Insufficient staff training initiatives, with reference in particular to: innovative/digital instruments and technologies, ESG and sustainable finance, and compliance	<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>



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Training and professional development		Specific training initiatives to ensure effective process innovations are implemented among Group staff
Job creation and protection	Insufficient staff training initiatives, with reference in particular to: innovative/digital instruments and technologies, ESG and sustainable finance, and compliance	Preparation and ongoing monitoring of staff development and training programmes (technical and managerial)
Innovation, multi-channel approach and digitalization		Monitoring the effectiveness of process innovations assigned to the various business areas and to Group HR, and assessment of impact on employment by HR
Staff commitment, engagement and satisfaction		Staff selection, management and training unit within the Group HR division
Managing, attracting, developing and retaining talent	Reduced motivation among staff members and reduced sense of belonging to the Group	Structure and tools of internal communication redefined (now managed within Group HR)
		<i>Human resource management Policy</i> , describing the roles and responsibilities of all bodies involved in the staff management process
		Staff climate analysis to analyse the degree of satisfaction among the corporate population
		Use of new channels (e.g. podcasts, Telegram etc.) to facilitate communication with staff, in particular millennials
		Team-building activities and engagement initiatives.

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]

At the end of the financial year under review, the Mediobanca Group had a total of 4,920 staff on its books, 3% higher than last year, 42% of whom are women. The majority of the Group's staff, some 89%, is based in Italy, confirming our strong local roots. The most-represented professional category is that of "white collars", which accounts for 50% of the total.

The Group has had to move some staff from the United Kingdom to Italy, France and Spain as a result of Brexit.



Employees by geography and contract type (permanent and temporary)

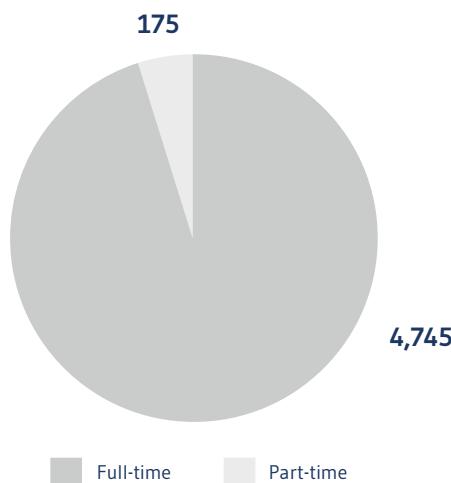
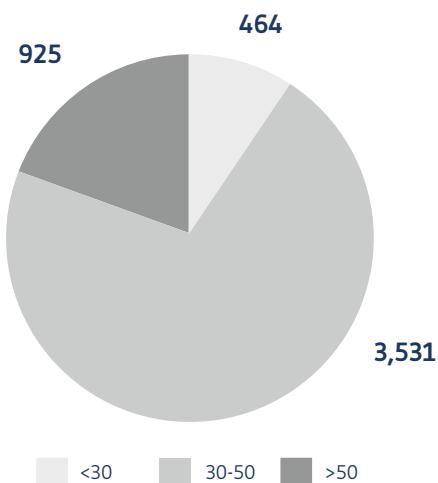
CONTRACT TYPE	FY 2019-20		FY 2018-19		FY 2017-18	
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
Italy	4,271	98	4,140	116	4,032	123
France	49	0	16	0	22	0
Spain	24	0	20	0	25	0
Germany	3	0	7	0	11	1
United Kingdom	143	0	158	0	165	2
Rest of world	317	15	302	9	202	12
TOTAL	4,807	113	4,643	125	4,457	138

Employees by category and gender

CATEGORY OF STAFF	FY 2019-20			FY 2018-19			FY 2017-18		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	10	1	11	10	1	11	10	1	11
Management	358	66	424	352	59	411	309	49	358
Middle management	1,360	656	2,016	1,255	626	1,881	1,198	586	1,784
White collars	1,134	1,335	2,469	1,144	1,321	2,465	1,118	1,324	2,442
TOTAL	2,862	2,058	4,920	2,761	2,007	4,768	2,635	1,960	4,595

Employees by category and age

CATEGORY OF STAFF	FY 2019-20			FY 2018-19			FY 2017-18		
	<30	30 – 50	>50	<30	30 – 50	>50	<30	30 – 50	>50
Top management	-	36.4%	63.6%	-	36.4%	63.6%	-	36.4%	63.6%
Management	-	62.3%	37.7%	-	66.7%	33.3%	-	66.8%	33.2%
Middle management	6.3%	69.5%	24.2%	6.0%	70.8%	23.2%	5.7%	72.7%	21.6%
White collars	13.7%	75.4%	10.9%	14.2%	75.9%	9.9%	14.3%	76.7%	9.0%

**FULL-TIME AND PART-TIME EMPLOYEES****EMPLOYEES BY AGE BRACKET**

Women represent 40% of the Group's full-time employees (1,890), and 96% of the staff employed part-time (168).

The majority of employees, some 72%, 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 (38% of the Group population), representing a good level of loyalty retention among staff.

Some 98% of the contracts are permanent (4,807), improving compared to the previous year, 42% of which are in respect of women (2,013).

As at end-June 2020, a total of 220 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.

There were also 412 financial advisors linked to the CheBanca! network and 92 agents linked to the Futuro sales network.

	FY 2019-20		FY 2018-19		FY 2017-18		
	EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GENDER AND AGE	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP
TOTAL	416	296	408	322	642	521	
Men	275	197	281	219	395	328	
Women	141	99	127	103	247	193	
< 30	179	66	181	56	185	71	
30-50	210	175	200	186	344	337	
> 50	27	55	27	80	113	113	



EMPLOYEES HIRED AND EMPLOYEES LEAVING THE GROUP BY GEOGRAPHICAL AREA	FY 2019-20		FY 2018-19		FY 2017-18	
	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP	EMPLOYEES HIRED	EMPLOYEES LEAVING THE GROUP
TOTAL	416	296	408	322	642	521
Italy	325	211	323	242	598	454
France	10	7	4	8	5	10
Spain	4	-	3	7	3	1
Germany	-	4	2	7	1	6
United Kingdom	27	42	26	35	19	3
Rest of world	50	32	50	23	16	16

TURNOVER RATE BY GENDER AND AGE	FY 2019-20		FY 2018-19		FY 2017-18	
	RECRUITMENT RATE ¹⁵	DEPARTURE RATE ¹⁶	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
TOTALE	8%	6%	9%	7%	14%	11%
Men	10%	7%	10%	8%	15%	12%
Women	7%	5%	6%	5%	13%	10%
< 30	39%	14%	39%	12%	41%	16%
30-50	6%	5%	6%	5%	10%	10%
> 50	3%	6%	3%	10%	15%	15%

RECRUITMENT AND TERMINATION RATE BY GEOGRAPHICAL AREA	2019/2020		2018/2019		2017/2018	
	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE	RECRUITMENT RATE	DEPARTURE RATE
TOTALE	8%	6%	9%	7%	14%	11%
Italy	7%	5%	8%	6%	14%	11%
France	20%	14%	25%	50%	23%	45%
Spain	17%	-	15%	35%	12%	4%
Germany¹⁷	-	133%	29%	100%	8%	50%
United Kingdom	19%	29%	16%	22%	11%	20%
Rest of world	15%	10%	16%	7%	7%	7%

15. Number of staff recruited as a percentage of the total number of staff employed as at 30/6/20

16. Number of staff departing the Group as a percentage of the total number of staff employed at 30/6/20

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



The total staff turnover (outgoing) was 6%; 4.25% of the exits occurred on a voluntary basis.

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

Of the positions vacant, 24.3% of those open during the twelve months were filled by internal candidates (internal moves).

5.3 Diversity, inclusion and equal opportunities

[GRI 405-1]

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.

In the area of gender equality, Mediobanca's involvement in **Valore D** should be noted. **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.

In 2019 the Group 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 second 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.



Mediobanca was also among the 200 winners in the ***Italy's Best Employers for Women 2020*** exercise conducted by German quality institute ITQF in conjunction with Repubblica *Affari&Finanza*. The survey analysed some 2.5 million online comments made in relation to the working environment for women, corporate culture, professional training and equal opportunities.

Still in the area of inclusion, the 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.

The ongoing internationalization process for the Group offers an opportunity to meet and include talented people from different nationalities, cultures and religious traditions, each of whom is guaranteed a positive working environment marked by respect for the rights of all persons.

The Group undertakes to offer a fair level of compensation reflecting the skills, abilities and professional experience of each staff member, thus guaranteeing that the principle of equal opportunities is applied in practice.

The Group also places high importance on the contribution of its elder staff members who have been working for Mediobanca for a long time. We have an ongoing focus on refreshing skills, managerial training, and involvement in more innovative projects. The professionalism of long-serving staff, allied to their experience, is a factor which contributes to the growth and enrichment of those who have only recently entered the workplace, and who have an opportunity to work closely alongside them. The Group also seeks to manage the employment of differently-abled people in accordance with the regulations in force, by encouraging the different areas of the company to employ staff with different abilities, whose inclusion is ensured by the Group's ongoing focus on providing working instruments and environments that are suitable for their needs, and on guaranteeing participation in training and social initiatives with the necessary support. As at 30 June 2020, a total of 277 differently-abled people were employed by the Group.

To manage diversity and inclusion issues, a **Group Diversity & Inclusion Manager** has been appointed within HR, with responsibilities for monitoring and promoting diversity among staff members within the Group.

In the area of work-life balance, CheBanca!, Compass and Futuro have all 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 three 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 in cases where children with learning difficulties require assistance, and for periods where children are starting kindergarten or infant school for the first time.

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:

- ◆ **Collective training/information courses:** the aim is to help women manage the changes that come with motherhood 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;
- ◆ **Fathers' group:** group meetings for fathers, providing an opportunity to develop the psychological and relational challenges posed by the prospect of becoming a father.

On the topic of parenting, Mediobanca and MIS have launched **Working Parents**, a course dedicated to helping employees who have become parents in the last two years reconcile the respective spheres of parenting and working. The idea behind this project is that supporting people at such an important stage of their lives is an essential part in helping them to grow which in turn creates value for the company. The programme has been enhanced with a session dedicated to parents of teenagers.

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; it also safeguards the right and freedom of association and collective bargaining¹⁸; it guarantees high standards of protection of health and safety in the workplace, seeking to raise awareness of risks and promoting responsible behaviour, including via information and training activities. Protection of workers' health and wellness is achieved by adopting specific programmes of prevention and protection, thereby ensuring that all levels of the company take responsibility for this area.

The Group rejects forced labour and child labour and any form of harassment, whether physical, verbal, sexual or psychological, abuse, threatening or intimidatory behaviour in the workplace, guaranteeing working conditions which are respectful and favourable in the countries in which it operates.

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 Policy on Responsible Lending and Investing*, 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

In June 2019 a training course was launched on Sustainability and Human Rights, initially for staff of Mediobanca in Italy and elsewhere and later 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 course of the year one reporting was received, following which disciplinary measures were taken against the person concerned for offensive and undesirable behaviour.

18. 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



The episode was managed promptly, as provided by the *Group Human Resource Management Policy* and the *Group Sustainability Policy*, and the appropriate correction measures were taken during the course of the year, to demonstrate the focus placed by the Group on these issues.

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.

The Group also promotes the practical involvement of its staff in its company volunteering programme as a means of harnessing their talent, hunger and commitment in the pursuit of the various environmental and social initiatives supported by the Group.

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. An analysis and development programme was constructed for initiatives to encourage wellness in the workplace, techniques for



managing stress, conflicts and emotions, and achieving a healthy work-life balance, with targeted initiatives to support colleagues who are parents.

During FY 2019-20, a total of 180,758 hours of training were provided, much higher than the 92,141 hours in the previous year, of which 56% to white collars, 38% to middle management, and 6% to management. The main increase in training hours was in the white collars' category. Management and specialist training courses are classroom-based, whereas the compulsory courses and language lessons are provided via e-learning activities. Following the outbreak of Covid-19, training activities were carried out online. The activities themselves involved, among other things, training in compliance and regulation (72%), health and safety (11%), specialist training (5%) and language learning (5%).

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 19,542 hours' training..

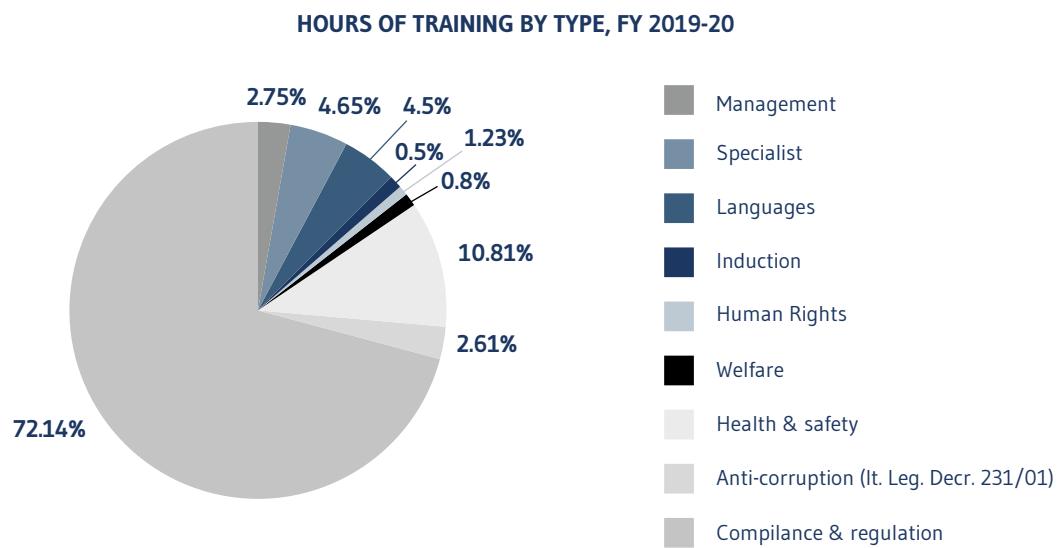
Training was also provided during the year under review on compulsory issues, such as data privacy, anti-corruption, anti-money-laundering, data protection, market abuse, information security and business continuity.

The significant increase in the number of hours' training compared to last year is due chiefly to the larger number of initiatives run during the lockdown period, plus the new mandatory courses on MiFID II, IVASS¹⁹ and the revised version of the organizational model instituted pursuant to Italian Legislative Decree 231, as well as to new types of course being provided. The inclusion of Mediolanum SGR and the Private Banking division in the scope of reporting for this year is also relevant in this connection.

Average hours of training by gender and contract type

CATEGORY OF STAFF	FY 2019-20			FY 2018-19			FY 2017-18		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	1.30	-	1.18	14.62	1	13.38	9	-	8.18
Management	23.40	19.27	22.76	26.58	24.32	26.26	8.05	22.45	10.02
Middle management	36.26	30.38	34.35	21.49	21.94	21.64	12.23	12.59	12.35
White collars	42.64	40.07	41.25	17.20	15.76	16.43	10.71	9.78	10.20
TOTAL	37.07	36.30	36.74	20.34	17.93	19.32	11.06	10.92	11

19. The IVASS training hours for CheBanca! and Compass have been reported starting from FY 2019-20



In addition, the 412 CheBanca! FAs received training as stipulated by the regulations for a total of 22,230 hours, plus a further 316 hours' optional training, including on cyber security.

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

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 General Manager) and non-executive, Statutory Auditors and Key Function Holders, and contain 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 General Manager, the Appointments Committee is tasked with selecting a limited number of persons 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 General Manager in office, Group HR, and specialized consultants if considered appropriate.

This select number of management is kept informed at all times, so that, if need be, the Appointments Committee can make swift proposals to the Board of Directors or to shareholders in general meetings. With regard to the Key Function Holders, i.e. non-Board members with significant influence over the



Bank's management, a total of fourteen key functions (covered by fourteen staff members) have been identified, for which the skills required by such roles have been defined and formalized. The functions thus identified are the heads of the control units (Group Audit, Group Risk Management, Compliance and Group AML), the head of company financial reporting, the heads of the Mediobanca Group business areas and/or Group companies (Corporate and Investment Banking, Consumer Banking-Compass, Wealth Management Affluent-CheBanca!, Mediobanca Private Banking, Principal Investing, CMB, MAAM, Mediobanca SGR), and the Group HR Director.

The Chief Executive Officer and General Manager, with the support of Group HR, identify internal staff able to guarantee short- and medium-term succession for them (the "senior talent pool"), while continuing to monitor the market at all times. Growth and development pathways are identified for the senior 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. This year 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 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 is building its 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 recognized as one of the **Most Attractive Employers** in Italy and as **Most Associated with Professional Training and Development** by Universum, a Swedish market research company and leader in employer branding, which each year compiles a league table of the most attractive employers for Italian professionals.

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.

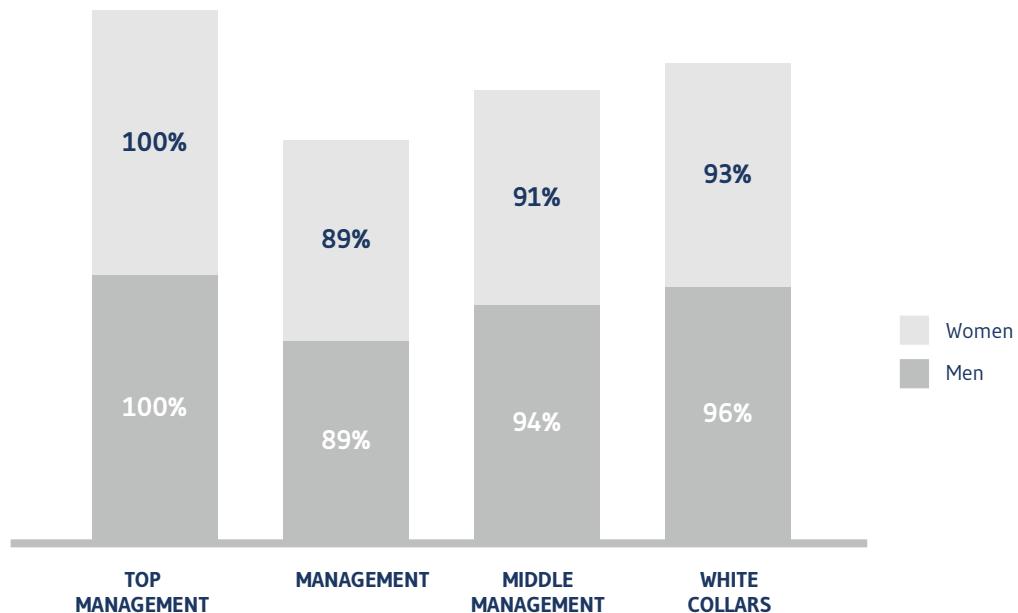
This year for the first time, participation in one of the CSR initiatives promoted by the Group has been included in the personal development objectives, with the aim of incentivizing staff involvement in these activities, and so making the man integral part of personal and professional growth for our 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.

During the year under review a total of 4,598 employees were assessed (59% men and 41% women), equal to approx. 93% of the company population.



STAFF EVALUATED, FY 2019-20



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.

5.7 Staff incentives, benefits and remuneration

[GRI 401-2], [GRI 401-3], [GRI 405-2]

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 remuneration policies are approved by shareholders each year.

Remuneration packages are structured so as to:

- ◆ Balance the fixed and variable remuneration components over time (pay mix);
- ◆ Implement a flexible approach to remuneration;
- ◆ Help gear compensation towards performance in view of the significance of the role played within the company without encouraging risky and/or short-term behaviour;
- ◆ Annual assessment of the staff compensation package's positioning relative to its reference market, including with the assistance of outside advisors.

Ratio of basic salary and remuneration of women to men by professional category²⁰

BASIC SALARY TO REMUNERATION FOR MEN/WOMEN	FY 2019-20		FY 2018-19		FY 2017-18	
	BASIC SALARY	REMUNERATION	BASIC SALARY	REMUNERATION	BASIC SALARY	REMUNERATION
Management	79%	76%	74%	71%	74%	73%
Middle management	91%	87%	90%	87%	87%	90%
White collars	105%	104%	99%	99%	97%	94%

The ratio between basic salary and remuneration for men/women shows differences according to seniority and role. In the last year there has been an improvement both in basic salary, especially in the management segment, demonstrating the Group's commitment to diversity in order to support talented women in leadership positions. Among the employees, which is the largest segment in terms of number of staff and the most balanced in terms of the ratio of men to women, the ratio is in fact above 100%, as the effect of the different seniority levels and role has less of an impact.

Furthermore, based on the awareness that corporate welfare makes a significant contribution to the implementation of CSR, 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.

From this viewpoint and in line with the market, the remuneration package is complemented by a series

20. Information on the remuneration of top management is not stated exhaustively for reasons of confidentiality, hence the figures cannot be ascribed to individual recipients



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;
- ◆ **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, Life insurance policy, and Long-term care insurance policy:** the first of these policies guarantees coverage to staff in the event of their having an accidents either work- or non-work-related, is in operation 24 hours a day and has no restriction in terms of geographical application; the second entitles claimants to a guaranteed capital sum in the event of an employee's death; and the third pays out an annuity in the event of permanent incapacitation.
- ◆ **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 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, in accordance with environmental sustainability criteria.

With reference to payment in the form of equity instruments, performance shares schemes, have been launched in connection with the remuneration policies.

During the year under review, a total of 144 staff belonging to various professional categories took up parental leave (100% of those entitled to do so). The rate of return to work after parental leave was 95%²¹, and the retention rate²² 97%.

21. Ratio between the number of staff taking parental leave and those who return to work afterwards

22. Ratio between staff still employed by the Mediobanca Group twelve months after returning to work after taking parental leave and those who returned to work after taking parental leave during the previous financial year



Employees who took up parental leave

EMPLOYEES WHO TOOK UP PARENTAL LEAVE	FY 2019-20			FY 2018-19			FY 2017-18		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	-	-	-	-	-	-	-	-	-
Management	-	3	3	-	2	2	-	3	3
Middle management	3	36	39	2	31	33	2	28	30
White collars	3	99	102	1	103	104	2	142	144
TOTAL	6	138	144	3	136	139	4	173	177

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:

- ◊ 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 2019, 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.

77.2%

Partecipation

1,000

Interviews with other
banks'employees

40

Participants
in focus groups



**Bank image
indicator**

9.6

2017/18 **8.7**



9.3

SENSE OF BELONGING
INDICATOR

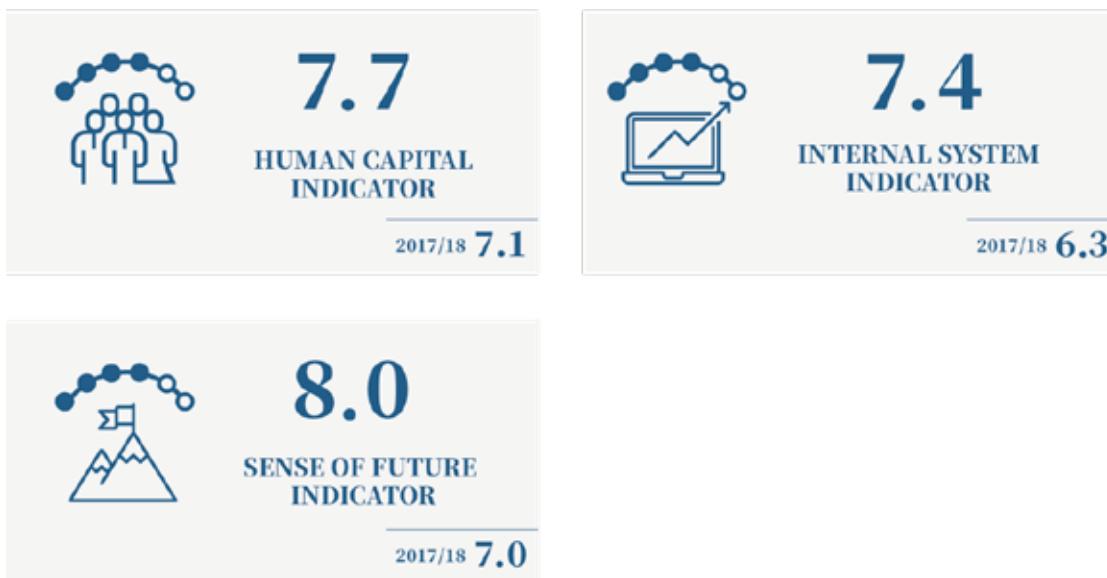
2017/18 **8.8**



9.1

MANAGEMENT AND
LINE MANAGER INDICATOR

2017/18 **8.3**



5.9 Staff health, safety and welfare

[GRI 102-15], [GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4]

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 by the head of the Prevention and Protection unit, an external Company Doctor (CD), a Group Safety Manager internal to the organization, and an employees' security representative (ESR).

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 force²³.

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 devises, use of video terminals, work-related stress, and in the retail area in particular, risk of armed robbery.

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 security meetings, inspections and preparing documents, in addition to representing the workers themselves during trade union meetings. All staff employed by the Italian Group companies may be considered as being represented at the stage of finalizing the formal agreements.

23. The following legal entities are not covered at present: Mediobanca International, Compagnie Monégasque de Banque, MB Securities USA, Cairn Capital Group and RAM Active Investments



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	<p>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)</p> <p>Health and safety training and information programme for all staff</p> <p>Regular checks carried out at the various offices and third-level audit activity</p> <p>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</p> <p>Regular updates to Risk Assessments and DPs in the DVRs</p> <p>Expansion of the benefits package through inclusion of additional healthcare coverage linked to Covid-19</p> <p>Health and safety protocols activated to protect staff</p> <p>Working from home and shift working encouraged to help parents during the medical crisis</p>
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</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 40 accidents were reported Group-wide, eleven of which in the workplace itself (six to men and five to women) and 29 elsewhere (20 men, 29 women), the majority of which (39) in Italy. Compared to last year there was a reduction in the number of accidents, in particular those which took place off the Group's premises, due in particular to the reduction in the number of days spent by staff at the office during the Covid-19 lockdown period.



RATES ²⁴	FY 2019-20			FY 2018-19			FY 2017-18		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accident seriousness rate²⁵	0.10	0.11	0.10	0.10	0.25	0.15	0.11	0.31	0.20
Accident frequency rate²⁶	5.73	4.36	5.16	5.78	12.53	8.61	6.74	8.44	7.45

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 2,33%²⁷, slightly lower than last year, 1,62% of which referred to men and 3,30% to women.

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.

Other major initiatives were carried out during the year, such as: refresher course on the five-year plan for workers and heads of safety appointed under Italian Legislative Decree 81/08; completion of the training programme for new recruits, and refresher courses on health and safety for staff members. The training sessions scheduled for the period from February to June 2020 had to be suspended due to the Covid-19 crisis; they will resume as soon as the situation has normalized.

In FY 2019-20, in addition to the compulsory training on health and safety issues, a total of 1,748 hours' training was provided in the Covid-19 course, addressed to 3,497 staff members.

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:

- ◇ Acquisition of protective material (face masks, hand gel, etc.);
- ◇ Use of Plexiglas in the CheBanca! and Compass to allow staff to work safely;

24. The breakdown of accident rates by geographical region is not relevant, as the majority of accidents take place in Italy

25. 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

26. 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

27. 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



- ◊ 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;
- ◊ Co-operation with Group doctors on a daily basis.





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.

According to the **Business Index on Transparency 2019**, the index that analyses the transparency of the 100 largest Italian companies and their commitment to transparency in their own anti-corruption practices and policies, Mediobanca is one of only three companies with a good level of transparency and is included in category B.



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITY
Responsible 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 Policy on Responsible Lending and Investing, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i></p> <p>Staff training activity</p> <p>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>
Responsible investing and sustainable products Management of direct and indirect environmental impact of business	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 Policy on Responsible Lending and Investing, 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 Customer</i> processes</p>
Ethics and integrity in business	Failure to comply with IT regulations and laws	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



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



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	Communication (webinars, newsletters, etc.) to ensure staff remain updated at all times Security measures adopted in offices and branches, and working from home encouraged Welfare initiatives (e.g. additional healthcare coverage) Enhancement of IT infrastructure and multichannel offering
Data protection and security Business model and strategy	IT risk	Group IT Risk and Cyber Security unit part of the IT Governance area Set of Group policies, directives and procedures on security Annual security awareness training programme and annual training session for the Mediobanca BoD Regular IT risk assessments on technological scope of the company Coverage and revision of the IT Risk and Cyber Security framework Library of controls updated in line with developments in cyber scenarios (financial fraud, attacks, etc.) Scenario risk analysis to include also threats related to new operating models such as working from home, and related enhancement of security controls monitoring
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	Procedures for customer satisfaction analysis Customer satisfaction surveys for the main Group companies Ongoing dialogue with consumer and category associations to identify possible problems and devise specific defence strategies for the most common complaints
Transparency of information on products and services	Communications with customers not in line with expectations	Internal guidelines and procedures for validating communications to customers Standard models for responding to requests from customers and external communications, in accordance with the regulations
Financial inclusion, access to resources and	Failure to offer products/services which meet the community's needs	Group products and initiatives to meet the community's needs (e.g. financial inclusion)



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>Basic account at controlled prices to guarantee increased financial inclusion</p> <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 investments 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 principal investment committees</p> <p>Individual analysis of all clients and all applications for finance</p> <p><i>Group Policy on Responsible Lending and Investing, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i></p> <p>Staff training activity</p> <p>External ESG data providers used by Mediobanca SGR, Cairn Capital, RAM and CMB for portfolio evaluation</p>
Management and systematic assessment of risks and brand reputation	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>
Stability, regulation and resilience of financial system	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
Management and systematic assessment of risks and brand reputation	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 principal investment committees
		Risks Committee and other management committees to manage credit risk
		<i>Group Policy on Responsible Lending and Investing, Mediobanca SGR ESG Investment Policy, Cairn Capital ESG Policy and RAM Responsible Investing Policy</i>
		Mediobanca SGR, Cairn Capital and RAM signatories to the Principles for Responsible Investing (PRI)
		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 260²⁸ 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, **Compagnie Monégasque de Banque** 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 innovative 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 and assisting them in understanding the extraordinary measures introduced by the Italian government and in seeking alternative sources to funding rather than bank finance.

At a time of such high market volatility, the Markets Division too has supported its clients by providing them with dedicated services, identifying asset classes for investments and studying strategies to mitigate interest rate, credit, exchange rate and equity risks too.

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.

A programme has also been launched for all clients (including new ones), with promotional interest rates on new deposits. This initiative serves the dual purpose of supporting the Group's funding and incentivizing the Private Banking division to develop new clients and bring in net new money (NNM).

In the early stages of the medical crisis, **CheBanca!** reduced the opening hours of its branch offices to the public (8.30 a.m. to 1.15 p.m.). Thereafter, as the conditions worsened and the restrictions became more stringent, the access was limited to appointments only and only for certain specific types of operation.

Dal 20 aprile è stata ripristinata l'apertura pomeridiana delle filiali con una ripresa di accessi rispetto alle settimane precedenti.

The branches have been open in the afternoons again since 20 April 2020, and the number of clients entering has increased accordingly compared to the previous weeks.

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;
- ◊ The chebanca.it website was restyled to include a focus on multi-channel approach, digital security, changes to opening hours and topics related to the emergency (e.g. applications for mortgage payment suspensions, layoff schemes, etc.), plus all commercial communications and campaigns not in line with the situation were suspended;
- ◊ 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;²⁹;
- ◊ 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 Italia*, has offered concrete support to its partners by implementing healthcare coverage linked to Covid-19. This involves an insurance policy offered to dealers, agents and their collaborators which is free for insured parties.

Compass has also used its own website to promote the initiatives launched by the insurance companies with which it works, to extend accident and hospitalization coverage to include cases of illness due to Covid-19, for the benefit of clients who take out these policies.

Compass and **Futuro**, in accordance with the provisions contained in the EBA Final Report³⁰, adhered to 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 suspended³¹. 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** ha also introduced the on-phone personal loan and the on-phone credit card, in addition to online loans, 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.

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.

29. 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.

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

31. The moratoria are open to holders of consumer credit contracts who, from 21 February 2020 to 30 June 2020 find 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), 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).



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.

According to the 2019 report by the Italian banking and financial arbitrator (Arbitro Bancario Finanziario, or ABF), the entity responsible for promoting out-of court settlements with consumers, of the top ten groups with settlements in 2019, Mediobanca had the lowest percentage of acquiescence³².

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) and the Net Promoter Score (NPS) indicators with reference to the world of investments especially.

◆ Compass

The customer satisfaction surveys conducted by Compass in the past year have involved around 2,000 people (compared with 1,700 the previous year) and reflect a high trend in customer satisfaction. Salary-backed finance, credit cards and loans are among the areas which received the best feedback.

Compass also performs a customer satisfaction telephone survey to gauge satisfaction levels for the inbound call service. The spontaneous responses given by some 95,000 clients between July 2019 and May 2020 revealed that 94% of those who responded were thoroughly satisfied with the service provided, in line with the previous reporting period.

Research and analysis is based on information collected externally, to explore or examine aspects relating to products, processes or communication.

The listening surveys adopted are addressed to different target audiences, and may be quantitative – addressed to a representative sample of the target audience - or qualitative – 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;

32. Reference to p. 27 of appendix to ABF annual report.



- ◊ 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 CRIF³³ data on 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 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. This monitoring is carried out through all channels, and involves recording the Customer Satisfaction Index (CSI) in its core segments³⁴, which for the year under review was 74, and the Net Promoter Score (NPS) indicator, 28, with a particular focus on the world of investments.

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. Events are also organized regularly throughout Italy, where issues of particular importance to wealth management, creation or protection are discussed.

◊ **Compagnie Monégasque de Banque**

CMB has once again been named Best Private Bank of the Year by World Finance. This prestigious award underlines the value of CMB's strategy focused on clients, and represents recognition of its ability to innovate, competence and the quality of services it offers.

In 2019, **Mediobanca** was again named *Italy's best investment bank* in the Euromoney Awards for Excellence 2019. It was also voted as *Italian Bank of the Year 2019* by *The Banker*, the Financial Times Group magazine. The Bank also won a series of prizes at the Financecommunity Awards 2019, in the following categories: *Professional of the year M&A*, *Professional of the year Equity Capital Market – MTA*, *Professional of the year cartolarizzazioni* and *Professional of the year*

33. Financial risks central database

34. Premier: clients with wealth between €100k and €5m



Private Banking. Mediobanca also won the prize of *Team of The Year Mid-Market M&A* for its leadership roles in some of the most successful deals in the Mid Cap space over the year.

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, as well as 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, in Italian and German; 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 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.

To comply with the provisions regarding Covid-19 moratoria and process requests to postpone instalments, Compass's subsidiary **Futuro**, which provides salary-backed finance, has added a section to its institutional website containing the same information and process guidelines as Compass. The company also publishes the following documents on its website: *Guide to Financial and Banking Arbitration*, *Consumer credit made simple*, *Buying a house: mortgages made simple* (in German and Italian), a table containing the interest rates, annual reports on complaints, an excerpt from the *Policy for Managing Complaints*, and documents on transparency in the relevant section.

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 2019-20 the product governance policies for banking and insurance products were revised further.

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, as well as by the official communications which Mediobanca, as required by law, sends regularly to them.

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. This purchasing model is gaining ground in many countries around the world, allowing customers to pay for items in small monthly amounts with no extra cost, thus replicating the type of purchase experience available online in the store itself. PagoLight allows the item to be paid for in small monthly amounts 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 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 catastrophes³⁵.

◆ **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 events on issues relating to finance, including in prestigious cultural locations. To involve the broadest audience possible in understanding the markets and the principal financial events, 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.

35. These events go beyond the Covid-19 emergency



❖ **Mediobanca Private Banking**

Mediobanca Private Banking offers its clients an online banking service which allows them to consult their accounts and arrange money transfers remotely.

The 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. Specific training events are also organized on relevant issues, such as tax, generational issues and new investment instruments. The online banking service also guarantees straightforward access for customers to statements of their positions.

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 €150m has already been invested, and a further €100m is in the process of being executed.

❖ **Mediobanca SGR**

In April 2016, Mediobanca SGR launched the second *Mediobanca Fondo per le Imprese 2.0* which in two closing dates raised a total of €105m and has made six investments for approx. €48m. The fund helps to finance Italian domestic small and medium-sized enterprises with sound fundamentals, which require financial resources in order to finance their development and growth plans in the medium term.

❖ **Compagnie Monégasque de Banque**

On the back of the successes achieved in previous years, Compagnie Monégasque de Banque has completed the fourth year of its *Academy for women and finance*, a financial education programme aimed at women and run in English. The objective of this programme is to allow the women who participate in it to achieve a higher level of independence in managing their estates and managing their investment strategy.

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 Mediobanca, CheBancal and Compass management, 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.

The first cycle of **Crescere, che impresa**, the project for financial education launched in September 2018 in partnership with Junior Achievement, has just been completed.

The initiative, which once again included involvement by Group staff, focused on schools in certain poorer areas of Puglia, Sicily, Tuscany, Liguria and Lombardy. Some of the new features introduced include:

- ❖ Digital platform: digital content for lessons in the classroom, teaching kit for the class and family activity kit (this section was enriched and revised following the lockdown due to Covid-19);
- ❖ E-learning 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;



- ◊ JA Lab learning laboratories: raising awareness of the programme via a free workshop for young people and their parents.

The objective for the 2019-20 financial year have been reached, despite activities halting due to the pandemic lockdown, with the involvement of a total of: 173 schools (40% higher than last year), 695 classes (up 80%), 17,909 students (up 204%), and 465 volunteers (42% higher), 67 of whom from the Mediobanca Group (up 42%). Furthermore, on the occasion of annual JA DAY event, which brings together the firms and institutions which partner with Junior Achievement in Italy, the Mediobanca Group received the *JA Impact Award 2019*, given to the company which has had the highest impact among students in quantitative and qualitative terms.

6.1.6 Responsible investing and sustainable products

In October 2019 the Board of Directors of Mediobanca approved the ***Group Policy on Responsible Lending and Investing***. The Policy is based on the conviction that environmental, social and governance (ESG) principles are a key factor in pursuing the creation of value in earnings and financial as well as social and environmental terms, hence the need to embrace them in the Group's operating criteria as a matter of priority, to consolidate the trust shown by investors and markets.

The Policy applies to lending activities, investment of own funds and investment advisory services provided to clients by the Mediobanca Group, and is based on a combination of:

- ◊ **Negative screening** through use of exclusion criteria, to identify companies involved in specific activities which therefore cannot be taken into consideration for lending, investment and advice processes;
- ◊ **Positive screening** based on precise inclusion criteria to identify companies that are committed to ESG issues.

A series of other requisites have also been identified that have to be met, excluding from consideration parties directly and significantly involved in the production and/or sale of weapons that violate fundamental humanitarian principles (such as cluster bombs, anti-personnel mines, nuclear, chemical or bacteriological weapons), and parties which have been convicted of Money-laundering, Violation of Human Rights Holding, producing and/or spreading child pornography.

Indepth assessments are also carried out of counterparties and/or key issuers and/or companies operating in sectors considered not to be responsible socially or with ESG ratings, and/or companies with disputes pending deemed able to impact on reputational and risk-return profile.

Criteria are also applied in certain sectors considered to be at risk, namely: mining, nuclear energy, defence and weapons, and electricity generated from coal.

The principles on which the Policy is based are the following: Universal Declaration of Human Rights, the ten principles of the UN Global Compact, the Principles for Responsible Investment and the Sustainable Development Goals (SDGs).

Mediobanca Private Banking implements checks and balances required in order to comply with the regulations in force on financing terrorism and money-laundering, and is extremely careful and selective in its choice of both clients and partners, with which it engages in dialogue and carries



out indepth analysis of the profile of the individuals involved before doing business with them. The Private Banking division liaises with the Compliance and Group AML units on a regular basis to carry out the relevant checks and controls of the parties with whom it comes into contact.

Mediobanca SGR has adopted its own ***Policy on Responsible Investing (ESG)*** based on the conviction of the need to embrace environmental, social and governance principles in its investment process. In line with the parent company's sustainability strategy, Mediobanca SGR promotes ESG practices in its asset management and advisory activities. In September 2019 Mediobanca SGR confirmed its commitment to more responsible and sustainable finance by adhering to the United Nations' the Principles for Responsible Investing (PRI).

Cairn Capital is committed to implementing responsible investment principles, based on the conviction that ESG issues can be a major factor in terms of risk and financial performance, with the objective of meeting the evolving sustainability preferences of clients and investors. Cairn Capital recognizes that the identification and management of ESG issues are fundamental to the long-term success of companies. For this reason, it has adopted an ***ESG Policy*** based on top-down negative screening, i.e. excluding companies operating in certain sectors, combined with a bottom-up approach assessing investments against specific ESG criteria for each asset class. Cairn Capital Group too has signed up the United Nations' Principles for Responsible Investment (PRI).

RAM Active Investments too pursues a responsible investing strategy. To this end it has adopted a ***Policy on Responsible Investing*** defining the guidelines for incorporating environmental, social and governance factors into the investing processes and strategies, both for equities and debt. RAM has also adopted a ***Climate Change Policy***, with the objective of tackling climate risks through investment decisions or direct involvement and/or collaborations.

The Mediobanca Group has also chosen to develop a sustainable and responsible approach to investment by featuring ESG (Environmental, Social and Governance) products in its offering. The ESG criteria pursued by Mediobanca are respectful of the environment, Human Rights and good corporate governance practices.

The **debt market** too has evolved towards ESG products, in particular in support of the environment, incorporating the principal EU directives that serve to implement a Green Deal at EU level. The recent agreement on the European Recovery Fund, which allocates part of the funds to responsible investment projects and to address climate change, is also significant.

The drive towards new ESG issues involved the bond market first of all, which is more standardized and consists largely of pension fund and institutions, whose needs are primarily for fixed-income returns.

However, starting from 2019-20, the ESG type has made swift progress in the loan component as well, compensating for the temporary slowdown in the bond segment due to the volatility linked to Covid-19 during 1Q 2020.

Initially the prerogative of government entities or companies in the utility sector with high ratings, the ESG label has widened recently to comprise corporates in the telecoms, real estate and financial sectors, including senior and subordinated notes and also, more recently, leveraged finance deals. Mediobanca has acted swiftly to extend its reach by adapting to these new market trends by:



- ◊ **Making its debut on the ESG funding market, with the issue of the first Mediobanca Green Bond** (September 2020). Green, social and sustainable issues are a funding channel that cannot be ignored. Being able to issue ESG instruments diversifies the Group's funding sources even further, enabling an improved capability to refinance the Bank's green portfolio, in full alignment with the 2019-23 Strategic Plan;
- ◊ **Providing advisory services to our clients on market deals which involve the issue of ESG financial instruments.** The Bank has played a leading role in the Italian market opening up to green bonds, managing the inaugural issue by Hera in 2014, followed by other roles as Joint Bookrunner in issues of senior green/ESG bonds made by leading Italian companies (including traditional utilities such as A2A, Iren, Terna, Snam and Enel, and also green companies such as green come Erg), of subordinated green bonds (Assicurazioni Generali and EDP), and the social housing bond issued by Cassa Depositi e Prestiti. The most recent example of this was the role taken by Mediobanca in our own first green bond issue as Sole Green and Sustainable Structuring Advisor;
- ◊ **Engaging in sustained ESG lending activity to both corporate and retail clients.** On the loan market, Mediobanca has acted as Lead Arranger for a package of green loans for Italo N.T.V. and for various ESG credit lines to domestic corporates (Terna, Snam, A2A) and international counterparties (including Enagas, Telefonica, Merlin, Cellnex and Eiffarie). The Bank's commitment to responsible lending in the retail area is shown by the Consumer Banking division (personal loans to improve the energy efficiency of properties and purchase hybrid and electric vehicles) and CheBanca! (green mortgages to acquire and refurbish energy class A or B properties).

Some 30% of Mediobanca's marketing activities to clients now involves debt activities for ESG purposes (bonds and loans), with the intention being to step up commercial efforts in this direction still further, as the medium-term trends favour the growth of this sector.

In particular:

- ◊ ESG instruments have outperformed traditional assets, due to long-term investors less exposed to short-term price fluctuations. Similarly, the financial terms of the new ESG bonds tend to benefit from having a wider investor base and a structural lack of investment instruments, whereas for loans the interest rates are more favourable to reaching the targets set for the issue;
- ◊ The creation of benchmark indexes focused on the ESG segment intensifies the demand for securities from investors, who increasingly pay closer attention to social trends such as portfolio allocation criteria;
- ◊ The ratings agencies, pending finalization of specific ESG ratings, already incorporate an ESG assessment in their analysis of the strengths and weaknesses of the companies;
- ◊ On 9 March 2020, the European Union defined a transparent, uniform Green Bond Standard, which included the introduction of transition instruments;
- ◊ The EBA recommendations, in force from July 2021, will force banks to assess the ESG risk posed by their lending assets.



Mediobanca will therefore continue with its ESG process, to support responsible investing and sustainable products, and to adapt to the new market standards in line with the principal international players.

Mediobanca SGR offers the possibility of investing in **Mediobanca Social Impact**, a balanced global investment fund, for philanthropic purposes. The fund is structured in such a way as to guarantee each beneficiary has a recurring flow of revenue over time to allow investors to support the recipient on an ongoing basis at no additional cost. Mediobanca SGR credits back two-thirds of its management fees to the beneficiaries, in line with the market and comparable asset management products. During the year under review, approx. €204,000 has been devoted to philanthropic institutions which are parties to the fund.

CheBanca!, has consolidated its interest in financial products that meet environmental, social and economic sustainability criteria, has included financial instruments in its product offering, UCITS³⁶, in particular, which meet these criteria in portfolio selection and management. In particular, as confirmation of its commitment to the environment, CheBanca! has launched green mortgages for people looking to buy or refurbish properties in energy class A or B, with a lower spread than mortgages for other properties.

Furthermore, aware of their clients' increasing sensitivity to these issues and the potential of instruments meeting these criteria, CheBanca! is monitoring certain ESG strategies, including them in the funds they recommend. Some 39.7% of total client assets are invested in funds with a *Morningstar sustainability rating* which is at least average, and 42% have been assigned a High or Above Average rating. The increasing attention being paid to ethical and sustainable products is also discussed at length in the meetings and conference calls with the commercial network.

Outside Italy, **Compagnie Monégasque de Banque**, through its subsidiary **Compagnie Monégasque de Gestion**, manages funds for various institutional investors who have shown they are increasingly demanding when it comes to ESG issues.

In view of this, all funds managed by CMG are analysed according to ESG criteria, through individual reports provided by **CACEIS** in partnership with **Vigeo Eiris**, a leading social and environmental rating agency. These reports assess the non-financial performance and carbon footprint of the portfolios, allowing the products' impact to be measured precisely.

Furthermore, to expand the product offering addressed to its clients, CMG has overhauled its own **Monaction International ESG** fund, which invests in international equities based on robust environmental, social and governance criteria for its sector.

Finally, according to analysis conducted by Trucost (S&P Global group), the **Monaco Eco+** fund has been one of the best performers compared to its peers in terms of environmental impact, CO₂ emissions and risk analysis

RAM Active Investments, incorporates environmental, social and governance (ESG) issues in its analysis processes and investment decisions. With its robust proprietary machine learning infrastructure, RAM adopts a systematic process for selecting companies which combines financial and ESG data, using structured information flows (numerical data) and unstructured ones as well (audio, video and text files, images etc.).



RAM AI has launched ***RAM Stable Climate Global Equities Fund***, a fund set up with the aim of addressing the climate emergency by offering investors an active strategy based 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 intends to provide investors with diversified proposals for investments based on low carbon emissions based on a strategy that selects the best low-emission companies without compromising on overall performance.

RAM 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.

While many managers prefer a one-dimensional approach to managing climate change issues, simply by reducing the weight of investments in the most heavily-polluting companies, RAM's method aims to leverage a myriad of different sources of ESG and non-ESG data to identify the best sustainable investment opportunities in each sector.

In September 2015 RAM AI became a signatory to the United Nations' Principles for Responsible Investment (PRI), and is also an active participant in the **Non-Disclosure Campaign** promoted by the CDP (Carbon Disclosure Project). Since 2018 it has also supported the **Task Force on Climate-related Financial Disclosures (TCFD)**, whose main mission is to promote voluntary publication of financial data linked to climate change, providing vital information to lenders, insurance companies, investors and other shareholders.

6.1.7 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 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 plan is structured around four strategic pillars:

◇ **Digital Business and Automation**

- ◇ Reduce fragmentation of operating systems by digitalizing them and making manual and paper-based activities automatic (Business Process Automation);
- ◇ Apply operating technologies such as AI (chatbots etc.) to front and back office systems;
- ◇ Modernizing work stations (Digital Workplace)

◇ **IT Evolution & Modernization**

- ◇ Simplify the complexity of the applications portfolio and technological and organizational fragmentation



- ◆ Standardize IT processes, as envisaged by the programme to outsource IT infrastructure
- ◆ Reduce the technology gap by updating obsolete infrastructure systems and components

◆ **Exploiting Data Value**

- ◆ Develop the data quality processes and architectures
- ◆ Improve the quality and effectiveness of the regulatory reporting

◆ **Resilience of Systems and Risk Management**

- ◆ Improve the resilience and high reliability of the IT systems (DR consolidation and IT systems resilience)
- ◆ Strengthen the ongoing governance of IT risk and cyber security issues.

The Group has therefore set itself the objective of systematically 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 January 2020 the virtual assistant managed 15% of incoming contacts, while in April, during the Covid-19 emergency, it was managing something like 26%, rising from an average of 800 chats per day to 1,500, with 70% of responses not having to pass via the operator. There was also further enhancement of RPA (Robot Process Automation) in 2020, allowing back office processes to be automated further. At last, 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 expected to launch in September 2020. At last, 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 expected to launch 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 9,700 full digital loans have been granted, involving finance of more than €71m.

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.

The **Private Banking** division, as a result of the emergency situation caused by Covid-19, is accelerating its own digitalization process in order to ensure continuity of the services provided to its clients, on the back of a major effort made in the technology area and a consolidated culture of risk management.

6.1.8 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 collected and 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 not established in the EU but which 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, when processing personal data, comprise **cluster 3**.

Each Group company is responsible for its own data processing and protection, to guarantee which security objectives and principles have been identified.

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 DPO, permitted under 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 2018, 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 central Group Data Protection unit and Group Data Protection Officer;
- ❖ Enhanced the security profiles for IT applications through data masking and encryption;
- ❖ Negotiated agreements on personal data protection with new data processors;
- ❖ Drawn up internal procedures and guidelines on: (i) personal data management for prospective clients, (ii) management of data privacy requirements in relation to suppliers for the Group and for individual companies, (iii) erasure of data; and (iv) profiling for marketing purposes;
- ❖ Continued with implementation of activities to meet data retention requirements;
- ❖ Promoted and enhanced privacy by design activities within the Group.

All Mediobanca Group companies with the exception of those in cluster 3 and Messier & Maris Associés, run a course on data privacy for their staff members.

With reference to personal data protection, during the year under review a total of 520 complaints were received by customers of CheBanca!, Compass Banca, Futuro and MBCredit Solutions, and a further seven directly from the Italian personal data protection authority pursuant to Article 77 of GDPR; with regard to the latter, in four out of the seven cases the authority found insufficient evidence of personal data breaches to justify action being taken, whereas in the other three, the authority's findings are still pending.

During FY 2019-20, the Group recorded six personal data breaches. Only one of these breaches was sufficiently serious to warrant notification being sent to the Italian authority and the data subjects being informed.

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 where necessary access to data is possible only with strong authentication.

Security checks and IT risk analysis activities are performed on an ongoing basis, to ensure adequate organizational and technological controls are in place across the entire Group scope of operations. The Group is committed to increasing its ability to identify threats, by means of an ongoing process to improve its control system and implement cyber intelligence solutions and services.

Since GDPR came into force, all Mediobanca Group staff members are assigned a training course on the subject, which includes a final assessment test.

The Group Data Protection unit regularly holds training sessions and briefings with the Compliance units of the Italian Group companies on specific topics (e.g. data retention, DPIA, complaints to the authority, data breach, balancing of interests, data privacy risk analysis, etc.). The unit has



also carried out a cycle of four training sessions on the new data privacy measures applicable to management of prospective clients for the Mediobanca Private Banking division.

A list of the specific structured policies and directives adopted by the Group to manage risks and at the same time increase the client's 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;
- ◊ **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;
- ◊ **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 **awareness programme** has also been revised to reflect the developments in new cyber threats. The main features of the programme are as follows:

- ◆ Annual compulsory training course on cyber security launched at Group level, including a final test;
- ◆ Extending the programme of training to Group companies in English;
- ◆ Page created in users' "My Area" containing information on proper conduct to be adopted in the information security area.

Regular security bulletins are also sent to Group users advising them of the principal risks and phishing campaigns in progress.

The new methodology and the **IT Risks Policy** have been shared with the Board of Directors of Mediobanca. Some of the main changes include: in corporation of new regulatory guidelines, improved methodology, IT risk analysis process, and more efficient organization to support the risk governance process.

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.

The Italian companies in the Mediobanca Group 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.

During FY 2019-20, Mediobanca SGR e MBRES³⁷ were audited on the structure, functioning and IT systems with reference to alignment with the GDPR.

37. All Group companies (CheBanca!, Compass, Futuro, Mediobanca, MB Credit Solution, MBFacta, MB International, MIS, SelmaBPM, Spafid) were audited in the course of the last financial year on their alignment with the GDPR.



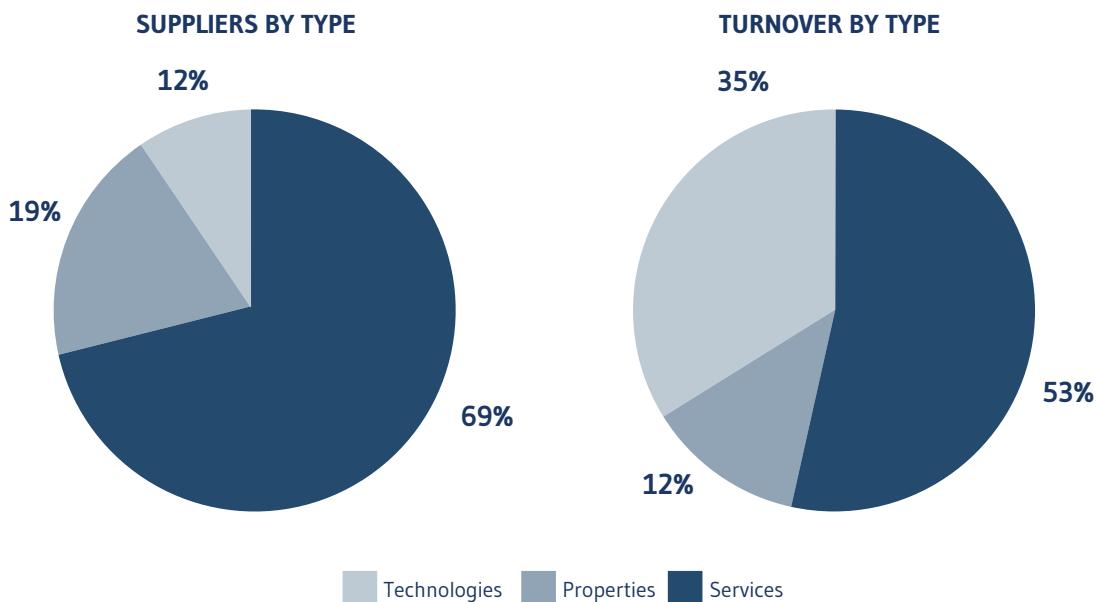
6.2 Responsible supply chain management

6.2. 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 7,516 suppliers with a turnover of €558m.



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 the 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;
- ◆ Developing and implementing strategies to optimize spending at Group level;
- ◆ 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 form of harassment, whether physical, verbal, sexual or psychological, abuse, threatening or intimidatory behaviour in the workplace, guaranteeing working conditions which are respectful and favourable 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."



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIVITIES
Responsible supply chain management	Decentralized management of strategic single sourcers	<p>Group Procurement Committee</p> <p>Group organizational unit responsible for selecting suppliers</p> <p><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</p> <p><i>Group Directive on purchasing process management</i> and specific operating procedures</p> <p>The new <i>Guidelines on Outsourcing Arrangements</i> issued by the EBA have been incorporated into the internal procedures</p> <p>Qualification process for Group list of suppliers, including monitoring of problems and negative aspects</p> <p>Identification of critical suppliers by IT Regulation, IT Compliance & Business Continuity</p> <p>Third-level audit to check that Group directives and procedures on the supplier qualification processes are complied with</p> <p>Suppliers screened at the qualification and assignment phases and while the service is being provided, and ongoing monitoring of strategic suppliers</p>
Ethics and integrity in business Transparency of information on products and services	Insufficient transparency in processes to disburse credit and manage suppliers	<p>Managerial committees and specific procedures to identify beneficiaries of credit and types of loans requested</p> <p><i>Group Directive on purchasing process management</i> and specific operating procedures</p> <p>The new <i>Guidelines on Outsourcing Arrangements</i> issued by the EBA have been incorporated into the internal procedures</p>
Responsible supply chain management	Incompleteness of internal control system for supply chain especially with respect to ESG issues	<p>Group Procurement Committee</p> <p>Group organizational unit devoted to selection of suppliers</p> <p><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</p> <p><i>Group Directive on purchasing process management</i> and specific operating procedures</p>



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	<p>The new <i>Guidelines on Outsourcing Arrangements</i> issued by the EBA have been incorporated into the internal procedures</p> <p>Monitoring suppliers through the <i>Group directive on purchasing process management</i> and based on specific operating procedures</p> <p>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</p> <p>Suppliers have to supply the Group's Code of Ethics and specific clauses on social security, accident prevention, insurance, HSE, Human Rights and employment</p> <p>ESG self-assessment questionnaire added to the supplier qualification process</p>

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.

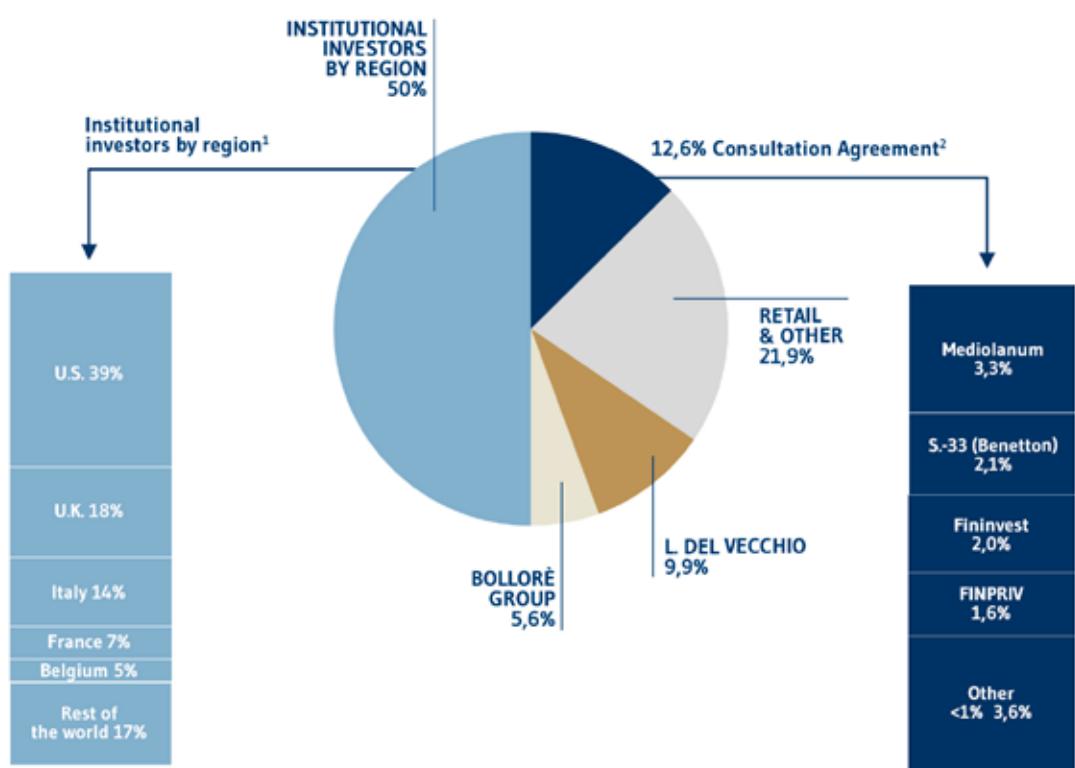
Mediobanca has around 41,000 shareholders, split between institutional and retail investors. Some of the institutional investors, representing approximately 13% of the company's share capital, are parties to a consultation agreement which makes no provision for its commitments in terms of lock-up or 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 (39%), the United Kingdom (18%) and the rest of Europe.

According to the most recent shareholder analysis, SRI investors account for approx. 12% of the free float, much higher than the 4% recorded only last year.

MEDIOBANCA SHAREHOLDERS' STRUCTURE



1. Institutional investor breakdown by geography source: Nasdaq Shareholder Analysis

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 500 analysts, most of whom (75%) non-Italian.

In 2020, Institutional Investor published the results of its **All-Europe Executive Team** with nearly 1,200 investors, buy-side analysts, and sell-side researchers from more than 500 firms voting to determine year's results. In the Mid-Cap category Mediobanca was adjudged to be the *most honored company*, with *best IR Program*, *best Investor Day* and *best ESG Metrics*, coming second in *the best CEO* and third as *best IR Team*.





Community

MEDIOBANCA





7. Community

7.1 Entities and Public Institutions

[GRI 102-12], [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 personal any 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.

Mediobanca is also registered in the Transparency register run by the European Commission, making visible what interests are being pursued and giving the possibility to track the activities of lobbyists.

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;
- ◆ **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.

7.2 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
Impact on and investments in the 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)	Group CSR Committee set up by BoD, chaired by the 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



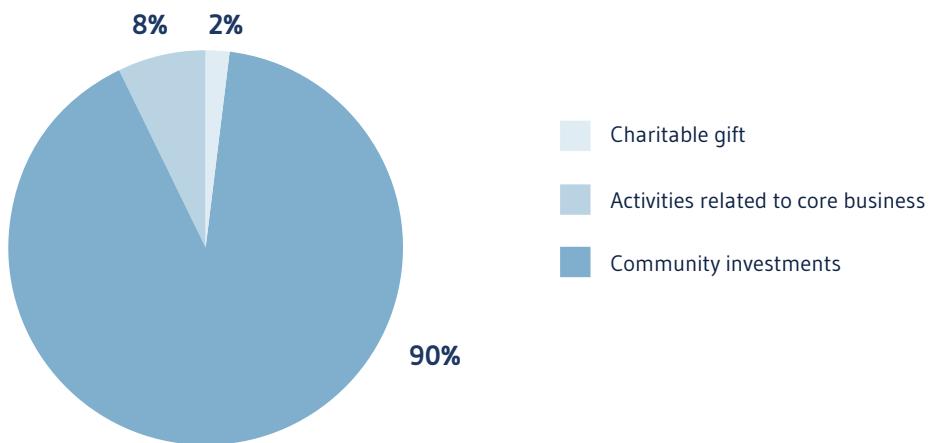
To this end it promotes numerous initiatives with social impact, including via donations by providing solidarity and support, both in Italy itself and the other countries in which it operates.

The Group's contribution to the community for the year under review has been measured at over **€5.4m**.

This represents a 69% increase over last year, due primarily to the extraordinary action taken by the Group to help in the medical and social emergency situation caused by the Covid-19 pandemic.

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 year, 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** also in Milan, collected tank to the combined efforts of the Bank itself and its staff, who participated in an internal fund-raising campaign.

This first initiative was soon followed by others: CheBanca! donated the equivalent of 1x1,000 for new funds deposited in tied deposit accounts in the month of April to help in the Coronavirus emergency. The first €300,000 was donated to the **"Hope" non-profit association** to buy ventilators, portable ultrasound machines, and PPE, while a further €360,000 are in the process of being allocated.

During June, a further €950,000 was donated to three solidarity initiatives selected by the Group CSR Committee: the **"Sempre con Voi" fund** to support the families of doctors and healthcare workers who lost their lives fighting Covid-19; the **mutual assistance fund of the city of Bergamo**, and **non-profit organization "Mission Bambini"** which provides IT equipment to



children in need. These donations also reflect the decision on the part of management, directors and statutory auditors to forego or reduce their salaries³⁸.

Outside of Italy, **Compagnie Monégasque de Banque** has played an important role in implementing a system to raise funds for the Princess Grace Hospital Centre (CHPG), allowing all Monaco-based citizens to participate in this charitable campaign. In the space of one month more than €470,000 was raised, €100,000 of which by CMB itself, allowing the hospital to acquire biological material to perform testing and swab testing, medical equipment and PPE.

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.

7.2.1 Environment and territory

The Mediobanca Group is aware of the rapid changes affecting the climate and environment as a whole. In a scenario 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.

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 the *109C* and *Incontro* branch magazines respectively. The trees planted by staff members will neutralize the entire amount of CO₂ emissions generated by the two publications over their whole life cycle.

Outside Italy **Compagnie Monégasque de Banque**, which committed to defending the environment, has for many supported the Oceanographic Museum of Monte Carlo, the mission of which is to increase attention to the seas and the oceans and contribute to preserving them.

38. Chairman Renato Pagliaro, Chief Executive Officer Alberto Nagel and Group General Manager Francesco Saverio Vinci all waived the emoluments due to them in respect of their positions as Board members, and committed to donating 30 percent of their fixed salaries for May-December 2020 to initiatives linked to the emergency. The statutory auditors of Mediobanca have also elected to support the initiatives, waiving 20% of their annual emoluments.



7.2.2 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:** this comprises the Mediobanca Research Department and Group company Ricerche e Studi – R&S, which have been operative since 1946 and 1970 respectively. The 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.mbrres.it) which last year was visited by over 43,000 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, with around 400 citations on printed paper.
The outlay incurred by Mediobanca for the area's activity, measured exclusively by giving-back criteria, amounts to around €4.8m per year. The area also manages the Bank's libraries of books and documents.
- ❖ **"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". To commemorate the Archive opening, its first volume of source materials was published, namely a volume on the rescue of Olivetti in the 1960s (*Mediobanca e il salvataggio Olivetti. Verbali delle riunioni e documenti di lavoro, 1964-1966*); the volume is available for download free of charge from the Mediobanca 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 €24m 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, 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 launched a series of cultural partnerships which include the following:

- ◆ **Milan Conservatory Orchestra:** the bank's support here has helped to create the Symphonic Orchestra, to serve as a link between the world of education and the workplace. The Orchestra includes Conservatory students among its number, who are asked to take part in all the scheduled productions with the prospect of being directed in the concerts by internationally acclaimed directors;
- ◆ **National Theatre of Milan:** a prestigious institution in terms of its social and cultural value, the theatre supports and stages shows, musical, concerts and a variety of other initiatives.

Outside Italy, **Compagnie Monégasque de Banque** 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.

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.

7.2.3 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 three-year 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. To help families in caring for their children during the summer period, CUS Milano took part in the Summer School run by the Milan municipal council, providing recreational and educational activities. 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 the 2020-23 three-year period.

- ❖ **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 fourth 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 staff in the course of the week.

Those in prison have also been included thanks to the following initiative:

- ❖ **The Prisoners Ask Why:** the project promoted by Mediobanca and the non-profit organization L'Arte di vivere con Lentezza with the co-operation of the Kasa dei Libri, engages with the prison world with the objective of promoting social inclusion through reading. Several major Italian writers took part in the event in the first two years it was run, answering the questions asked by the inmates at a series of meetings held at the prisons which participated in the initiative. The project was scheduled to run for the third time in the spring of 2020, but owing to Covid-19 has been postponed until the autumn, seeing as the writers and volunteers were not able to enter the prisons at the time.

On the back of their ongoing focus on young people at risk of social exclusion, Mediobanca and CheBanca! have entered into a three-year partnership with Associazione Cometa to run a project under the name of **Accademia del Legno** (the “Academy of Woodworking”), now in its third 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 coming year.



In 2020, 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.

In the United Kingdom, **Mediobanca UK** has launched a partnership with **Future Frontiers**, a charitably institution offering young people from disadvantaged backgrounds an opportunity to receive tailored career coaching meetings to help them get into the work place; the partnership involves ten employees participating directly as company volunteers. Following the outbreak of the Covid-19 pandemic the meetings have been held online.

In Montecarlo, **Compagnie Monégasque de Banque**, including with the involvement of its own staff, 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.

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 CO₂ 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), all necessary measures are taken to mitigate any environmental risks. The services of leading companies specializing in decontamination and waste disposal are used to perform such activities.



MATERIAL ISSUES	RISKS IDENTIFIED BY MEDIOBANCA	MITIGATION ACTIONS
Energy consumption and CO₂ emissions	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	The CSR Committee defines measurable objectives in terms of reducing consumption for the Group Group Procurement Committee and organizational unit for selecting suppliers (Group Procurement) Group organizational unit for facility management and managing suppliers in this area (Group Safety, Physical Security & Facility Management) <i>Group Sustainability Policy</i> promoting sustainable business through initiatives to limit impact generated on the environment Specific initiatives to minimize energy consumption in programmed restructuring activities Assessment of initiatives to reduce production of waste Energy sourced in Italy and international branches from renewable sources and
Management of direct and indirect environmental impacts of business		User awareness raised through publication of sustainability "pills" via the company intranet
Sourcing and consumption of sustainable products		Group organizational unit which defines guidelines and implements action in the physical security area 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 <i>Group Sustainability Policy</i> promoting sustainable business through initiatives to limit impact generated
Management of direct and indirect environmental of business	Environmental and physical security of properties (with reference in particular to those deriving from leasing contracts)	Compliance with regulations on prevention of safety & physical security risks 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 Insurance policies to support the company in assessing the extent of risks in the ESG area
Staff health, safety and welfare		



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 reduction in working hours at branch offices, the number of people working from home, and the increase in services provided remotely, all entailed reductions in the consumption of paper and water and in the amount of waste generated. The greatest impact was in terms of business travel, which was suspended during the months of lockdown and strongly reduced even in the months that followed, resulting in Scope 3 emissions³⁹ declining steeply.

8.3 Energy consumption and CO₂ 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, and to office lighting systems.

³⁹. Scope 3 emissions are those which derive from the organization's activities but are outside the organization's control



Currently the whole Mediobanca Group in Italy uses energy deriving from renewable sources, under the terms of a framework agreement whereby renewable electricity certified by a "Guarantee of Origin" is acquired from CVA Energie.

Outside Italy, the London branch office, which already used electricity 100% from renewable sources, since January 2020 has been joined by the Frankfurt, Paris and Madrid branch offices too. Compagnie Monégasque de Banque has also attained EGEO certification stating that its electricity comes from renewable sources and the e+ label for its sites.

The most significant emissions are due to the heating and conditioning systems, along with those linked to company travel.

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 2019-20 in order to reduce consumption:

- ◆ Older systems replaced with others featuring VRV⁴⁰ and obsolete boilers decommissioned. Replacement of the diesel-fuelled boiler in Foro Buonaparte has enabled approx. 10,000 litres of diesel used in heating to be saved, corresponding to approx. 27 tons of CO₂;
- ◆ Human presence detection systems have been installed at the premises of MIS to regulate the use of lighting in the toilet areas;
- ◆ Photocopiers are 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 CO₂ emissions, the Group continues to promote initiatives to:

- ◆ Encourage the use of video-conference facilities, to reduce staff travel and emissions. Thanks to this initiative, a total of some 2,000⁴¹ tons of CO₂ emissions were saved during the year under review;
- ◆ Increase 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);

40. Variable Refrigerant Flow

41. Since March 2020 there has been a reduction in emissions, due to the fact that during lockdown video-conferencing in the narrow sense was replaced by other online meeting systems (e.g. Webex, Teams etc.)



- ◆ Management of the company car fleet using criteria that promote respect for the environment. The Group's fleet is comprised of vehicles with low CO₂ emissions, latest-generation diesel particulate filters (DPFs) and alternative fuels. Virtually all the cars are in line with the Euro 5 and Euro 6 emissions standards; 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.

The following initiatives have also been implemented:

- ◆ Support for electric mobility through installation of five charging stations for electric and plug-in hybrid cars at Mediobanca head office and another two stations at the premises of Compass;
- ◆ 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 CO₂ emissions are shown in the table below:

DIRECT ENERGY CONSUMPTION				
	UNIT	FY 2019-20	FY 2018-19	FY 2017-18
Direct energy consumption⁴²	Gj ⁴³	58,061.53	59,882.74	40,442.27
From non-renewable sources		23,602.82	25,111.42	26,441.02
Diesel		-	396.21	327.78
Natural gas ⁴⁴		23,602.82	24,715.21	26,113.24
<i>From unnamed users</i>		13,679.90	ND	ND
<i>From named users</i>		9,922.92	ND	ND
From company cars⁴⁵		34,458.71	34,771.32	14,001.24
Diesel		28,354.15	30,530.34	10,227.21
Petrol		6,104.56	4,240.98	3,774.03

Adjustments made to the data collection process starting from FY 2018-19 have enabled the consumption of company cars without fuel cards to be monitored as well. This clearly led to a significant increase in consumption levels compared to FY 2017-18.

As for company cars, in FY 2019-20 an increase in the consumption of petrol was recorded, against a decrease in the consumption of diesel; this trend is due to the gradual rise in the number of hybrid vehicles in the company fleet.

42. 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.

43. Gigajoules

44. Consumption by Cairn Capital Group Limited not monitored (no details available for consumption by the building at which its offices are located)

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



There was no diesel consumed for heating purposes in FY 2019-20 following the removal of the diesel boiler from the premises in Foro Buonaparte.

INDIRECT ENERGY CONSUMPTION				
	UNIT	FY 2019-20	FY 2018-19 ⁴⁶	FY 2017-18
Indirect energy consumption⁴⁷	GJ	88,435.55	87,866.55	80,505.95
Electricity		87,236.38	86,753.63	78,552.36
From non-renewable sources		1,917.39	9,586.10	9,188.60
From renewable sources		85,318.98	77,149.53	69,363.76
Thermal energy		1,199.17	1,130.92	1,953.59
From non-renewable sources ⁴⁸		219.88	1,130.92	28.93
From renewable sources		979.28	-	1,924.65

46. Electricity consumption figures have been restated from those published in the Consolidated Non-Financial Statement for FY 2018-19.

47. 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.

48. 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 ₂ EMISSIONS ⁴⁹				
	UNIT	FY 2019-20	FY 2018-19 ⁵⁰	FY 2017-18
Direct emissions (Scope 1)	Ton CO _{2e}	3,928.80	4,051.82	2,568.41
From non-renewable sources (natural gas, diesel)		1,368.05	1,463.82	1,528.12
From company cars (petrol and diesel)		2,560.76	2.588	1,040.29
Indirect emissions (Scope 2) – market based		162.89	918.14	851.22
From electricity and thermal energy		162.89	918.14	851.22
Indirect emissions (Scope 2) – location based		7,527.66	7,542.03	ND
From electricity and thermal energy		7,527.66	7,542.03	ND
Indirect emissions deriving from company mobility (Scope 3)⁵¹		1,527.12	2,753.96	3,004.94
Air travel		1,370.37	2,548.60	2,794.55
Domestic flights		298.52	452.10	666.87
International flights		1,071.85	2,096.50	2,127.68
Train travel		137.37	176.92	191.41
High speed		124.95	164.00	161.53
Other types of train travel		12.42	12.92	29.88
Third-party car services		19.38	28.43	18.98

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 lockdown following the Covid-19 pandemic, the main reduction regarding air travel.

The Group has recorded the following emission levels for ozone-depleting substances: 40 kg of ODS (28 kg of which R-410A)⁵², 786 kg of nitrogen oxides, and 27 kg of sulphur oxides⁵³. NOx and SO₂ emissions were lower than last year, following the reduction in consumption of electricity from non-renewable sources.

49. 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 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.

50. The indirect CO₂ emissions figures (Scope 2) have been restated from those published in the Consolidated Non-Financial Statement for FY 2018-19, following the changes to the consumption of electricity and thermal energy.

51. 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.

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

53. 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 ⁵⁴				
	UNIT	FY 2019-20	FY 2018-19 ⁵⁵	FY 2017-18
Direct energy intensity	Kwh/m ²	95.65	95.65	74.83
Indirect energy intensity	Kwh/m ²	145.68	150.28	145.34 ⁵⁶

EMISSION INTENSITY ⁵⁷				
	UNIT	FY 2019-20	FY 2018-19 ⁵⁸	FY 2017-18
Emission intensity (Scope 1)	tCO ₂ /m ²	0.0235	0.0249	0.0171
Emission intensity (Scope 2)	tCO ₂ /m ²	0.0009	0.0057	0.0228 ⁵⁹

8.4 Sourcing and consumption of sustainable products

The Mediobanca Group is aware of its impact on the environment, and is committed to responsible management of its consumption of natural resources, seeking to reduce the amount of water it consumes, promoting the use of recycled and/or FSC-certified paper, and gradually eliminating plastic from its premises.

8.4.1 Water consumption

[GRI 303-1], [GRI 306-1]

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. To reduce water consumption, special aerators have been fitted to the taps to regulate the flow of water.

WATER CONSUMPTION				
	UNIT	FY 2019-20	FY 2018-19	FY 2017-18
Water consumed⁶⁰	m ³	194,649	224,401	270,850
of which from mains		99,462	107,511	90,928
of which from wells		95,188	116,890	179,922

All runoff water, equal to the number of litres of water consumed, is discharged into the public sewer system.

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

55. Following the adjustment to the data on consumption of electricity and thermal energy and surface areas stated in the CNFS for FY 2019-20, it has been necessary to adjust the energy intensity data as well

56. Following the adjustment to the data on consumption of electricity stated in the CNFS for FY 2018-19, it has been necessary to adjust the energy intensity data as well

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

58. Following the adjustment to the data on consumption of electricity and thermal energy and surface areas stated in the CNFS for FY 2019-20, it has been necessary to adjust the emissions intensity data as well

59. Following the adjustment to the data on consumption of electricity stated in the CNFS for FY 2018-19, it has been necessary to adjust the emissions intensity data as well

60. 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), Messier Maris & Associés and Cairn Capital Group Limited are not monitored, as no data for the buildings in which they are housed is available.)



8.4.2 Paper consumption and waste management

[GRI 301-1], [GRI 301-2], [GRI 306-2]

Monitoring of paper and waste is an important issue, in that it allows 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 sources⁶¹.

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 Compass Banca staff members since November 2019 have been in PLA (polylactid acid), which is 90% natural being made from biological materials derived mainly from corn;
- ◊ Mediobanca Innovation Services where possible uses electronic devices that have been refurbished, and in so doing have contributed to the planting of 1,250 trees in 2020, equal to 11,687.5 kg of CO₂.

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

To reduce consumption and promote the use of sustainable materials, the Group has promoted a series of initiatives and launched various specific programmes:

- ◊ 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;

61. E.g. Ecolabel paper or paper which is FSC certified (Forest Stewardship Council) to indicate that the wood has been correctly forested according to rigorous environmental, social and economic standards.



- ◆ Use of iPads by the Boards of Directors of Mediobanca S.p.A., MIS, Compass, CheBanca!, Futuro, MB SGR, MBFACTA and MB Credit Solutions to replace paper-based documentation;
- ◆ Recycled paper used for some communications with Compass customers; since June 2018 has used certified *Ecolabel*⁶² paper for paper-based credit card statements;
- ◆ 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 has been introduced at Group level for supporting documentation for expense claims, i.e. claims are uploaded to the system and thereafter managed in exclusively electronic format;
- ◆ Introduction of electronic lunch vouchers at Group level to replace the paper-based system previously in use.

PAPER CONSUMPTION ⁶³				
	UNIT	FY 2019-20	FY 2018-19	FY 2017-18
Total paper	ton	363.34	558.37	352.68
Paper consumed (A4)		209.81	269.50	292.26
Paper consumed (A3)		3.78	2.38	3.77
Paper consumed (A5)		0.02	0.32	0.29
Paper for commercial uses (business cards and headed paper)		149.72	286.16	56.36

All A4 paper consumed for office purposes is FSC-certified, and part of the paper consumption for commercial purposes uses recycled paper. The reduction in paper consumption in FY 2019-20 is primarily due to the Covid-19 pandemic, as well as to digitalization initiatives, such as the one implemented for IPOs by the London branch office which has digitalized the procedure.

During the financial year, the data on waste collected in Italy refers chiefly to toner, quantified at approximately 8.36 tons, slightly higher than the figure reported last year⁶⁴. There was also a reduction in the amount of non-dangerous waste produced, attributable to Covid-19 but also the awareness-raising campaigns undertaken.

62. 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

63. 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

64. The increase in the consumption of toner against a reduction in the amount of paper used is due to the fact that the reporting is based on toner acquired rather than actually used



Some of the activities which the Group has promoted in order to reduce waste products are as follows:

- ◊ The initiative was launched in Mediobanca to replace the plastic cups next to the fresh water distributors, by providing staff with a branded aluminium water bottle has been extended to the offices of MIS, Compass and CheBanca! as well;
- ◊ Two hot drink vending machines have been installed at the office of MIS using bio-degradable cups and wooden spoons.

Waste produced	UNIT	WASTE PRODUCED⁶⁵		
		FY 2019-20	FY 2018-19	FY 2017-18
ton	58.28	70.90	76.79	
Dangerous waste		14.96	13.00	5.44
Toner ⁶⁶		8.36	7.50	5.44
Other: electronic devices, batteries, etc.		6.59	5.50	ND
Non-dangerous waste		43.32	57.91	71.35
Paper wrapping and cardboard		2.80	5.38	ND
Plastic		-	-	0.05
Bulky waste, food and general waste		40.52	52.53	71.30

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

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





Objectives and future commitments



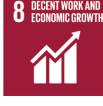
MEDIOBANCA

9. Objectives and future commitments

The CSR objectives integrated into the 2019-2023 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 2019-2023

SDG	AREA	OBJECTIVES TO 2023	STATE OF PROGRESS AS AT 30/6/2020
	Quality education	Avg. training hours: up 25%, to enhance employees' competences	Up 95% vs 30/6/2019
	Gender diversity	Approx. 50% of female candidates to be considered for new hirings All suitable female candidates to be considered for internal promotions	Procedures necessary to achieve objectives have been launched
	Responsible investing	AM: 100% of new investments screened using ESG as well as financial criteria	Project launched to implement ESG criteria (negative and positive screening) for existing products
		30% more ESG products to feature in client portfolios	Up 20% vs 30/6/2019
	Contributing to growth	€700m to be invested in outstanding Italian SMEs	€100m already invested
		€4m per year in projects with positive social/environmental impact	Approx. €5.4m in FY 2019-2020
	Support to local community	MB Social Impact Fund: AUM increase ≥ 20%	AUM up 29%



SDG	AREA	OBJECTIVES TO 2023	STATE OF PROGRESS AS AT 30/6/20
	Sustainable procurement	40% of procurement expenses screened using ESG criteria	35.8% of procurement expenses screened using ESG ⁶⁷ criteria
	Clients	Customer satisfaction ◆ CheBanca! CSI ⁶⁸ for core segments ⁶⁹ @73, NPS ⁷⁰ @25 ◆ Compass: CSI @85, NPS @55	CSI @74, NPS @28 CSI @81 NPS @35
	Reducing direct impact on environment	94% ⁷¹ energy from renewable sources	93% energy from renewable sources
		27% ⁷² reduction in CO ₂ emissions	CO ₂ emissions down 6.10%
		Hybrid cars @90% of the Mediobanca Group's float in Italy	13.4% of hybrid cars
	Supporting transition to clean energy	Green bond to be issued: €500m	First Mediobanca green bond issued (1/9/2020)
		RAM: carbon neutral to be issued	<i>RAM Stable Climate Global Equities</i> carbon neutral fund issued
		CheBanca! green mortgages up 50%	N.A. ⁷³

FUTURE OPERATING COMMITMENTS

SDG	COMPANY	COMMITMENT	STATE OF PROGRESS	FY 2019-20	FY 2020-21
Staff					
	Mediobanca	Online training course on human rights	Reached		
	Mediobanca	Compulsory online training course on IT security issues	Launched		
	Mediobanca	Increased provision of language learning via Language Lab online platform	Reached		
	Mediobanca	Classroom-based training to be transformed to online training	Still to be launched		

67. 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

68. CSI: Customer Satisfaction Index

69. Core: Premier, i.e. clients with wealth of between €100,000 and €5m.

70. NPS: Net Promoter Score

71. Target adjusted from the original (92%)

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

73. Green mortgages account for 6% of total new loans since February 2020



SDG	COMPANY	COMMITMENT	STATE OF PROGRESS	FY 2019-20	FY 2020-21
Staff					
	Group	<i>Course on Covid 19 emergency – Managing work and rules of conduct to be adopted</i>	Launched		
	Group	Refresher course on Italian Legislative Decree 81/08	Launched		
Responsible investing					
	Mediobanca SGR CheBanca!	Mediobanca Social Impact Fund distributed via the CheBanca! network through three channels: digital, branches and FAs	Being rescheduled after interruption in February 2020		
	Group	<i>Group Policy on responsible lending and investing</i>	Reached		
Clients					
	Group (Italy)	Implementation of technological measures to protect personal data and comply with the data retention obligations	Launched		
	CheBanca!	Growth objectives in terms of AUM, client base, number of clients/investors, mortgages granted	Reached		
	CheBanca!	Alignment with PSD	Reached		
	CheBanca!	Chatbot project: implementation of virtual assistant able to process the majority of conversations and chats with clients	Reached		
Supply chain					
	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	Launched		



SDG	COMPANY	COMMITMENT	STATE OF PROGRESS	FY 2019-20	FY 2020-21
Community					
	Group (Italy)	Targets FY 2019-20 targets for <i>Crescere che impara!</i> , the financial education project for schools in poorer areas are: <ul style="list-style-type: none">◊ 17,800 students◊ 35,600 families/parents◊ 464 Junior Achievement volunteers (50 of whom Mediobanca Group)◊ 774 teachers trained	Reached		
Environment					
	Group (Italy)	Installation of continuous energy consumption monitoring systems at offices of MIS, CheBanca, Compass and Mediobanca headquarters in Via Filodrammatici now complete	Launched		
	Mediobanca Paris	100% of electricity now supplied from renewable sources	Reached		
	MIS	New charging station for electric and hybrid plug-in vehicles to be installed	Still to be launched		



GRI Content Index

[GRI 102-55]



MEDIOBANCA

GRI Content Index

GRI 102: GENERAL DISCLOSURES		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
Organizational profile		
102-1	Name of the organization	P. 18
102-2	Activities, brands, products, and services	Pp. 18-22, 85-86
102-3	Location of headquarters	P. 158
102-4	Location of operations	P. 22
102-5	Ownership and legal form	Pp. 18-21
102-6	Markets served	Pp. 18-20, 85-86
102-7	Scale of the organization	Pp. 55, 85-86, 104, 107-108
102-8	Information on employees and other workers	Pp. 55-57
102-9	Supply chain	Pp. 104-105
102-10	Significant changes to the organization and its supply chain	Pp. 7-8
102-11	Precautionary principle or approach	Pp. 27-28, 30, 45-46, 53-55, 74, 81-85, 106-107, 113, 122-123
102-12	External initiatives	Pp. 35, 112-113
102-13	Membership of associations	Pp. 112-113
Strategy		
102-14	Statement from senior decision-maker	Pp. 14-15. By internal decision the indicator is described in Chapter 2 - Strategy
102-15	Key impacts, risks, and opportunities	Pp. 27-28, 30, 45-46, 53-55, 74, 81-85, 106-107, 113, 122-123

GRI 102: GENERAL DISCLOSURES		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	Pp. 40-43
Governance		
102-18	Governance structure	Pp. 25-27, 30-31
102-22	Composition of the highest governance body and its committees	Pp. 25-27
102-24	Nominating and selecting the highest governance body	Pp. 25-27
Stakeholder engagement		
102-40	List of stakeholder groups	P. 32
102-41	Collective bargaining agreements	P. 62
102-42	Identifying and selecting stakeholders	P. 32
102-43	Approach to stakeholder engagement	Pp. 32-33, 71-73, 89-90
102-44	Key topics and concerns raised	Pp. 33-34, 71-73, 89-90
Reporting practice		
102-45	Entities included in the consolidated financial statements	Pp. 7-8 and P. 118 of the notes to the Financial Statements - Section A
102-46	Defining report content and topic boundaries	Pp. 33-34
102-47	List of material topics	Pp. 9-10, 34
102-48	Restatements of information	Pp. 7-8
102-49	Changes in reporting	Pp. 7-8
102-50	Reporting period	Pp. 7-8
102-51	Date of most recent report	Pp. 7-8
102-52	Reporting cycle	Pp. 6-7
102-53	Contact point for questions regarding the report	P. 158
102-54	Choice of “in accordance” option	Pp. 6-7
102-55	GRI content index	Pp. 142-148
102-56	External assurance	Pp. 152-154

ECONOMIC PERFORMANCE: TOPIC SPECIFIC STANDARDS

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 205: anti-corruption		
103-1	Material topic and scope	Pp. 40-46
103-2	Management approach	Pp. 40-46
103-3	Assessment of management approach	Pp. 40-46
205-1	Operations assessed for risk related to corruption	P. 45
205-2	Communication and training about anti-corruption policies and procedures	Pp. 44-45
205-3	Confirmed incidents of corruption and actions taken	P. 45

ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 301: materials		
103-1	Material topic and scope	Pp. 122-124, 130-131
103-2	Management approach	Pp. 122-124, 130-131
103-3	Assessment of management approach	Pp. 122-124, 130-131
301-1	Materials used by weight or volume	Pp. 130-131
301-2	Reclaimed products and their packaging materials	Pp. 130-131
GRI 302: energy		
103-1	Material topic and scope	Pp. 122-127
103-2	Management approach	Pp. 122-127
103-3	Assessment of management approach	Pp. 122-127
302-1	Energy consumption within the organization	Pp. 126-127
302-2	Energy consumption outside of the organization	Pp. 126-127
302-3	Energy Intensity	Pp. 129
302-4	Reduction of energy consumption	Pp. 125-127
GRI 303: water		
103-1	Material topic and scope	Pp. 122-124, 129
103-2	Management approach	Pp. 122-124, 129

ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 303: water		
103-3	Assessment of management approach	Pp. 122-124, 129
303-1	Water withdrawal by source	P. 129
GRI 305: emissions		
103-1	Material topic and scope	Pp. 122-129
103-2	Management approach	Pp. 122-129
103-3	Assessment of management approach	Pp. 122-129
305-1	Direct (Scope 1) GHG emissions	P. 128
305-2	Energy indirect (Scope 2) GHG emissions	P. 128
305-3	Other indirect (Scope 3) GHG emissions	P. 128
305-4	GHG emissions intensity	P. 129
305-5	Reduction of GHG emissions	Pp. 125-126
305-6	Emissions of ozone-depleting substances (ODS)	P. 128
305-7	Nitrogen oxides (NO_x), sulphur oxides (SO_x), or other significant air emissions	P. 128
GRI 306: effluents and waste		
103-1	Material topic and scope	Pp. 122-124, 131-132
103-2	Management approach	Pp. 122-124, 131-132
103-3	Assessment of management approach	Pp. 122-124, 131-132
306-1	Water discharge by quality and destination	P. 129
306-2	Waste by type and disposal method	P. 132
SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 401: employment		
103-1	Material topic and scope	Pp. 50-55
103-2	Management approach	Pp. 50-55
103-3	Assessment of management approach	Pp. 50-55
401-1	New employee hires and employee turnover	Pp. 57-59

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 401: employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time	Pp. 68-70
401-3	Parental leave	P. 71
GRI 403: occupational health and safety		
103-1	Material topic and scope	Pp. 73-76
103-2	Management approach	Pp. 73-76
103-3	Assessment of management approach	Pp. 73-76
403-1	Workers representation in formal joint management-worker health and safety committees	Pp. 73-74
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pp. 74-75
403-3	Workers with high incidence or high risk of diseases related to their occupation	Pp. 73-74
403-4	Health and safety topics covered in formal agreements with trade unions	Pp. 73-74
GRI 404: training and education		
103-1	Material topic and scope	Pp. 50-55, 63-68
103-2	Management approach	Pp. 50-55, 63-68
103-3	Assessment of management approach	Pp. 50-55, 63-68
404-1	Average hours of training per year per employee	Pp. 64-65
404-3	Percentage of employees receiving regular performance and career development reviews	P. 68
GRI 405: diversity and equal opportunity		
103-1	Material topic and scope	Pp. 50-55, 55-61
103-2	Management approach	Pp. 50-55, 55-61
103-3	Assessment of management approach	Pp. 50-55, 55-61
405-1	Diversity of governance bodies and employees	Pp. 26, 56-57
405-2	Ratio of basic salary and remuneration of women to men	P. 69
GRI 406: non discrimination		
103-1	Material topic and scope	Pp. 61-62

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
GRI 406: non discrimination		
103-2	Management approach	Pp. 61-62
103-3	Assessment of management approach	Pp. 61-62
406-1	Incidents of discrimination and corrective actions taken	P. 61
GRI 417: marketing and labelling		
103-1	Material topic and scope	Pp. 80-85, 91-92
103-2	Management approach	Pp. 80-85, 91-92
103-3	Assessment of management approach	Pp. 80-85, 91-92
417-1	Requirements for product and service information and labelling	Pp. 91-92
417-3	Incidents of non-compliance concerning marketing communications	P. 17 of Consolidated Review of Operations
GRI 418: customer privacy		
103-1	Material topic and scope	Pp. 80-85, 100-103
103-2	Management approach	Pp. 80-85, 100-103
103-3	Assessment of management approach	Pp. 80-85, 100-103
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pp. 100-103

MATERIAL TOPICS NOT COVERED BY TOPIC-SPECIFIC GRI STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
Stability, regulation and resilience of financial system		
103-1	Management approach	Pp. 23-24, 80-85
103-2	Management approach	Pp. 23-24, 80-85
103-3	Assessment of management approach	Pp. 23-24, 80-85
Systematic assessment of risks and brand reputation		
103-1	Management approach	Pp. 27-29, 45-46, 80-85
103-2	Management approach	Pp. 27-29, 45-46, 80-85
103-3	Assessment of management approach	Pp. 27-29, 45-46, 80-85

MATERIAL TOPICS NOT COVERED BY TOPIC-SPECIFIC GRI STANDARDS		
DISCLOSURE	INDICATOR DESCRIPTION	PAGE NO./NOTES
Business model and strategy		
103-1	Management approach	Pp. 18-20
103-2	Management approach	Pp. 18-20
103-3	Assessment of management approach	Pp. 18-20
Customer satisfaction and quality of service		
103-1	Management approach	Pp. 89-90
103-2	Management approach	Pp. 89-90
103-3	Assessment of management approach	Pp. 89-90
Innovation, multi-channel approach and digitalization		
103-1	Management approach	Pp. 98-99
103-2	Management approach	Pp. 98-99
103-3	Assessment of management approach	Pp. 98-99
Commitment, engagement and staff satisfaction		
103-1	Management approach	Pp. 71-73
103-2	Management approach	Pp. 71-73
103-3	Assessment of management approach	Pp. 71-73
Responsible investing and sustainable products		
103-1	Management approach	Pp. 94-98
103-2	Management approach	Pp. 94-98
103-3	Assessment of management approach	Pp. 94-98







Independent report on limited assurance of Consolidated Non- Financial Statement

[GRI 102-56]



MEDIOBANCA



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”) for the year ended 30 June 2020 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 16 September 2020 (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 “GRI-Sustainability Reporting Standards” defined in 2016 (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.

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, Compass SpA and Cairn Capital Ltd 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, Compass SpA and Cairn Capital Ltd, which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we interviewed local 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 2020 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 2020

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

Paolo Bersani
(Authorised signatory)

Signed by

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 2020 translation.





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

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All photos and other images are of Mediobanca offices and buildings