



MB GROUP

ITALIAN SUSTAINABILITY DAY 2021

**Sustainability within the business model:
a long term growth pillar**

July 2021



MEDIOBANCA



AGENDA

1. **Executive summary**
2. **MB Group: a diversified specialized business model**
3. **Mediobanca ESG profile**
4. **Mediobanca ESG – What’s new**
5. **What’s next**

Annexes

1. Mediobanca – ESG Indexes and Rating
2. Summary of Mediobanca Green and Sustainable Bond Framework and Inaugural Issuance
3. Mediobanca Long-Term Incentive plan



MEDIOBANCA

EXECUTIVE SUMMARY

Section 1



EXECUTIVE SUMMARY

Section 1

- ◆ **2020 and 2021 will be unforgettable for Covid pandemic and ESG rise.** After several years of messy development of metrics, operators, and ratings **in the last 2 years we have seen a converging process promoted especially by European Commission.** We strongly believe that in a few years we will be able to manage ESG with clear and standardized data as we do with financial information. **Until then we stick to our approach focused on consistency, investing and developing projects we deem to be crucial to approach the future of ESG**
- ◆ In FY21 we have started several projects to **respond to the new European ESG regulatory context** and to **assess our disclosure to align in the next future to the requests of SASB and TCFD** while maintaining our focus on **improving MB Group rating (Vigeo from 49 to 60)**
- ◆ **Environment**
 - ◆ **Principle for Responsible Banking:** we are now signatory to the Principles
 - ◆ **Carbon neutrality:** greenhouse gas emissions reduction and offset (Scope 1 and 2)
 - ◆ **Green Bond:** 500m euros green bond issued in September 2020
- ◆ **Social**
 - ◆ **Stakeholders:** engagement of external stakeholders to update the Group materiality matrix
 - ◆ **Employees: enhanced training program and HR initiatives to foster engagement and satisfaction.** Self assessment diversity project to **develop new initiatives to address gender diversity and pay gap**
 - ◆ **CheBanca! with Progetto Arca onlus foundation** for delivering food parcels and necessity goods to thousand families in economic difficulties
- ◆ **Governance**
 - ◆ **New BoD:** formed by 15 members, 13 o/w taken from the slate proposed by the BoD (that gathered 2/3 of the votes of the AGM) and 2 members from the slate proposed by Assogestioni. **Considered the most suitable for the delivery of FY 2019-23 BP targets**
 - ◆ **Article of Association: all BoD members eligible for CEO position after any restriction removal** by 2020 AGM

MB GROUP: A DIVERSIFIED SPECIALIZED BUSINESS MODEL

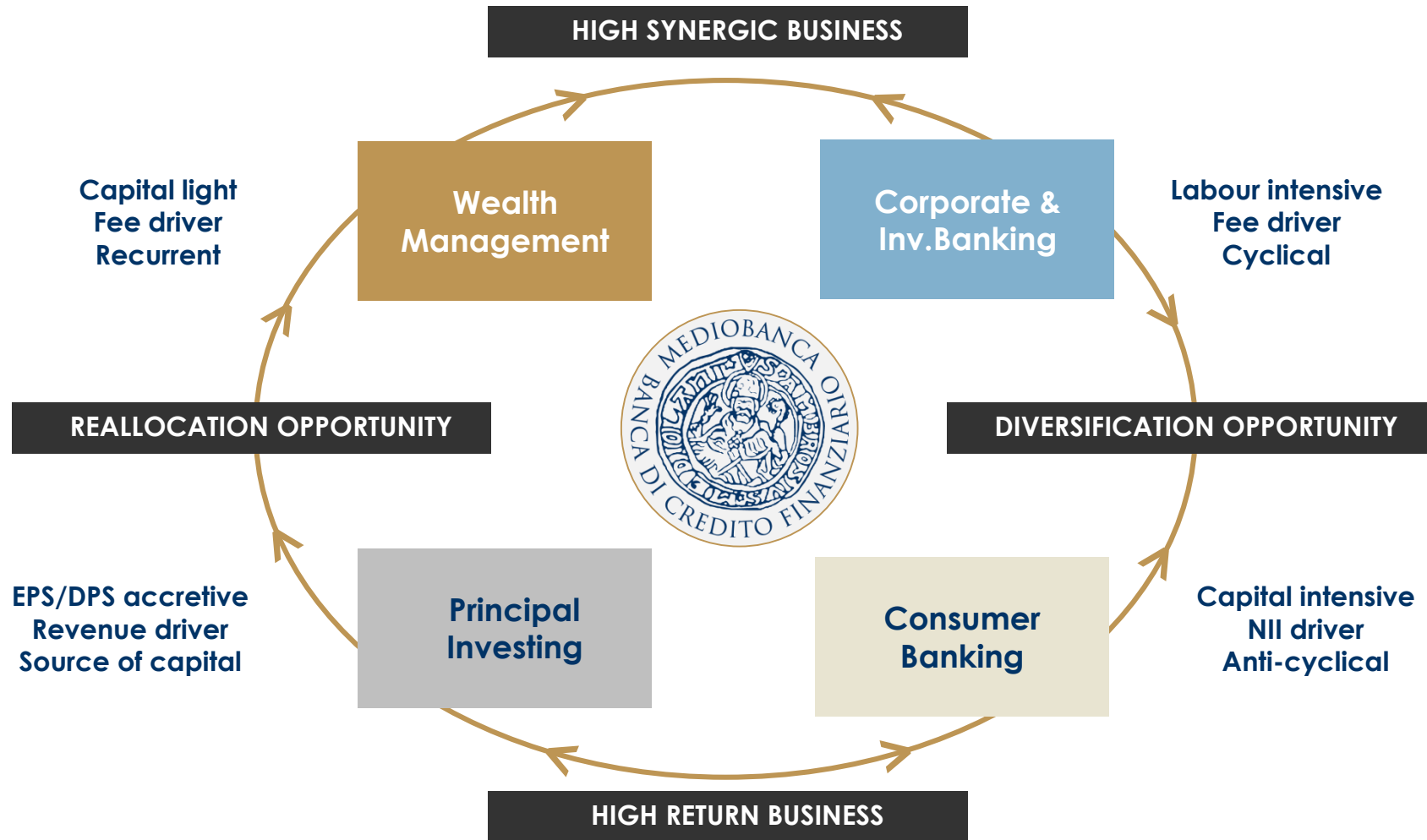
Section 2



MEDIOBANCA GROUP: AN INTEGRATED BUSINESS MODEL ...

MB Group: a diversified specialized business model

Section 2

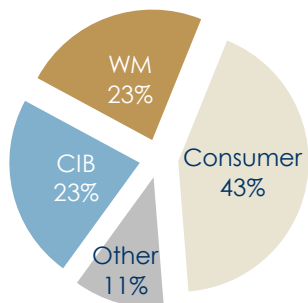


... WITH SOLID FINANCIALS AND STABLE PROFITABILITY ...

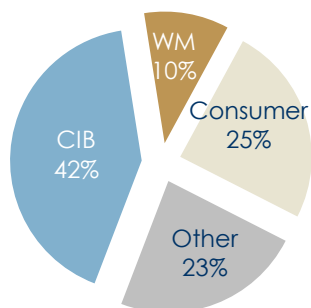
MB Group: a diversified specialized business model

Section 2

Revenues¹



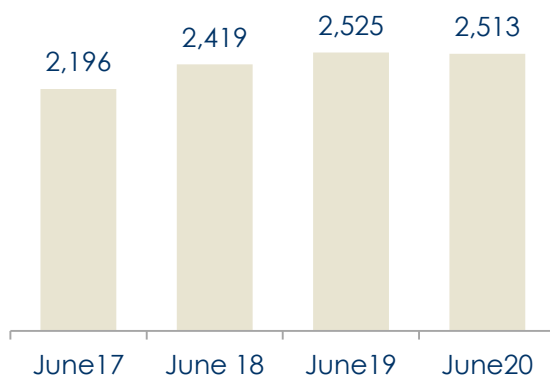
RWAs¹



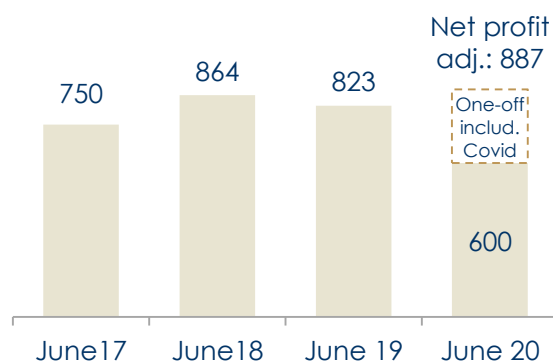
Key financial information (June20)

Revenues:	€2.5bn	CETI : 16.1%, Tot. Cap: 18.8%
Net profit:	€600m	Moody's rating ³ Baa1
ROTE adj:	10%	S&P rating ³ : BBB
C/I ratio:	47%	Fitch rating ³ : BBB-
Total assets:	€79bn	DPS20: €0 ⁴
Loan book:	€47bn	Payout FY21: 70% ⁵
TFA:	€64bn	Loan/funding ratio: 85%
No. of staff:	4.9k	Market cap. ³ : €8.6bn

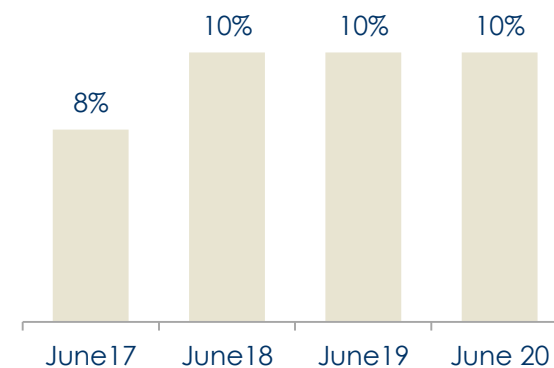
Revenues (€m)



Net profit (€m)



ROTE adjusted²



1) Figures referred to FY20 period (June-end 2020 annual period)
 2) ROTE based on net profit adjusted calculated as GOP net of LLPs, minorities and taxes, with normalized tax rate (33% for Affluent, CIB, Consumer and HF; 25% for PB and AM; 2% for PI). Covid-related impact excluded for FY20
 3) As at 13 May 2021
 4) In accordance with ECB guidance on Covid crisis
 5) Pending the removal of ECB ban, after Sept.21

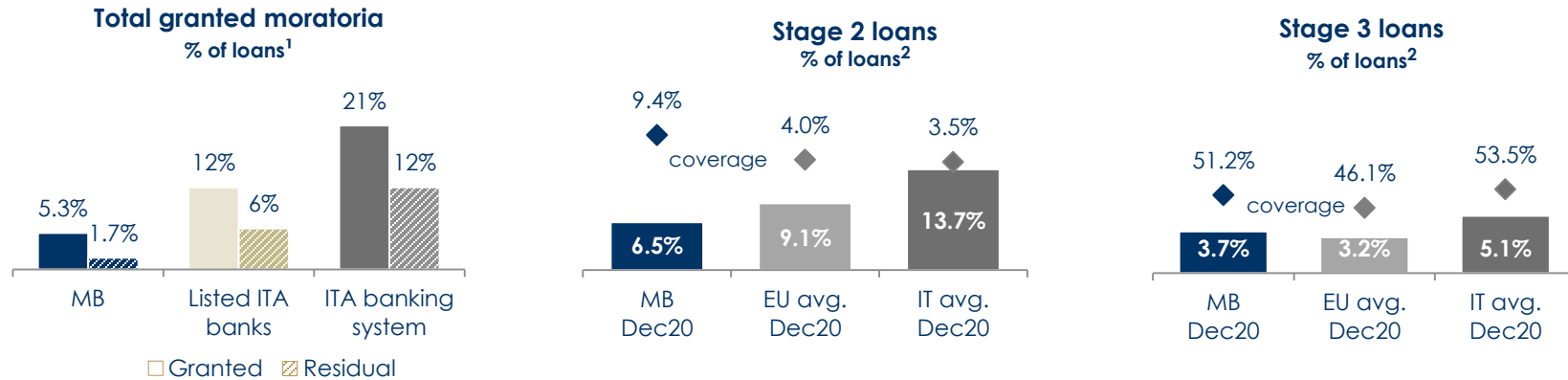


...COUPLED WITH A LOW RISK PROFILE ...

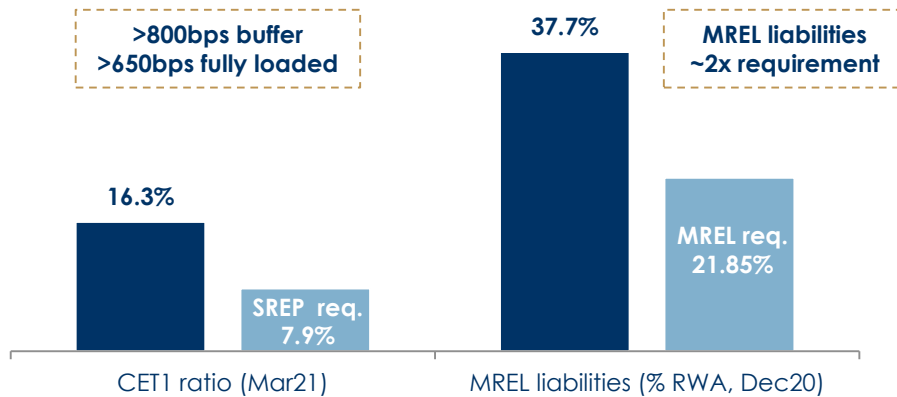
MB Group: a diversified specialized business model

Section 2

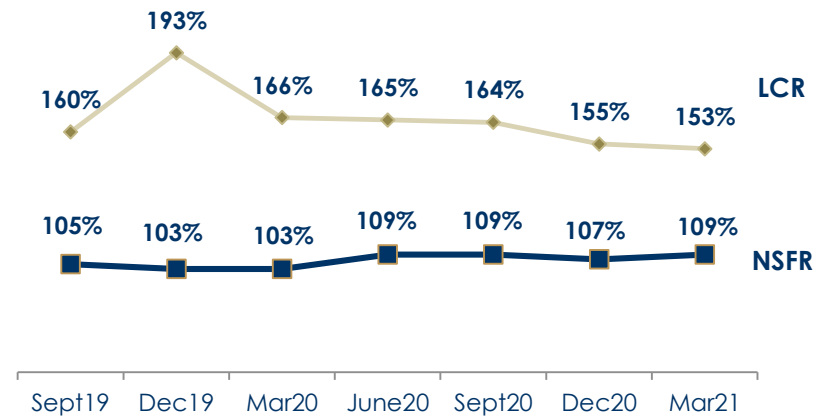
Loans under moratoria well below Italian average, Stage 2 high coverage, stage 3 aligned to EU averages



MB: buffers well over SREP and MREL requirements



MB: liquidity and funding ratios at strong levels



1) MB as at March21. Source: Bank of Italy, as of 5 May 2021; Listed ITA banks' March21 results presentations, reports and pillar 3
 2) Source: EBA Risk Dashboard – Data as of December 2020- %of loans (histogram) and coverage ratio (dots)

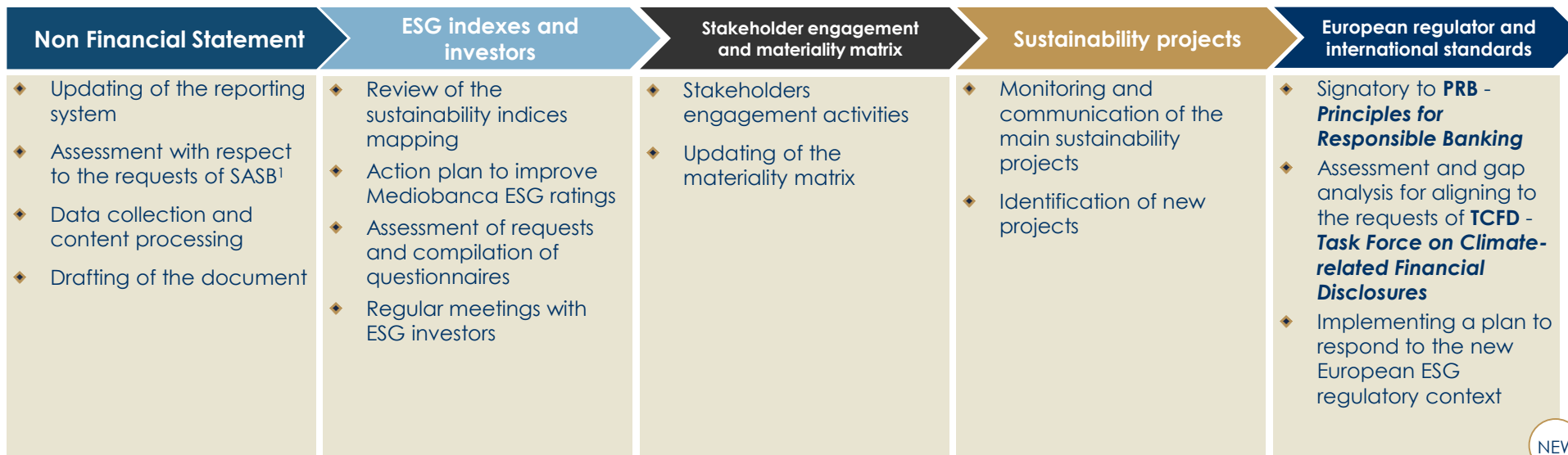


... FOSTERED BY ESG DEVELOPMENT ... STRATEGY, REPORTING AND COMPLIANCE

MB Group: a diversified specialized business model

Section 2

Monitoring of the CSR targets integrated in the Strategic Plan



NEW

Our sustainability path

2016-2017	2017-2018	2018-2019	2019-2020
<ul style="list-style-type: none"> Group Sustainability unit Group Sustainability management Committee Group Sustainability Policy First Materiality Matrix First Group sustainability reporting 	<ul style="list-style-type: none"> Directive on responsible investing Multi-stakeholder forum to update materiality matrix Signed up to UN Global Compact First Consolidated Non-Financial Statement 	<ul style="list-style-type: none"> New Policy on responsible lending and investing Responses to leading ESG Index questionnaires E-learning course on <i>Sustainability and Human Rights</i> Second Consolidated Non-Financial Statement 	<ul style="list-style-type: none"> CSR objectives included in the 2019-23 Strategic Plan and in the LTI for top management BoD CSR Committee Revised version of Group Sustainability Policy Signed up to <i>Principles for Responsible Investing</i> Third Consolidated Non-Financial Statement

1) Sustainability Accounting Standards Board is a US non-profit organization whose mission is to develop and disseminate sustainability reporting standards that help companies disclose material and useful information to investors in order to make decision



... AND BY A DISTINCTIVE CULTURE AND POSITIONING

MB Group: a diversified specialized business model

Section 2

Stable Board and management in the last 15Y

Indepth knowledge of business environment
Long-term approach to business
Strong risk management as part of DNA

Responsible business approach

Strong brand value
Reputable, trusted, high-quality player
Talent-driven organization

Specialization and Innovation

Private-Investment Bank of choice for Italian entrepreneurs
Innovative, long-standing profitable consumer bank
Unique human-digital bank for affluent customers

Strong positioning in businesses whose growth is driven by long-term trends

Leading investment bank in Southern Europe
One of top 3 operators in Italian Consumer Banking
Distinctive player in WM

High capital generation, high asset quality content

CET1@16%
Last capital increase in 1998
Unrivalled asset quality
Low operational gearing

Limited exposure to ITA macro and adverse regulation

Low exposure to Italian spread and govies
Low NII sensitivity to interest rates and GDP
Solid loan book/TFAs growth over the whole cycle

Governance progressively evolving

Institutional investors @50% of the shareholders base
Board quality steadily improved/improving in number, mix of competences, independence

Comprehensive ESG approach

CSR involving the whole organization
Remuneration policy, including also ESG targets, fully aligned with stakeholders' interests

ENVIRONMENT FRIENDLY CORPORATE LENDING FOOTPRINT...

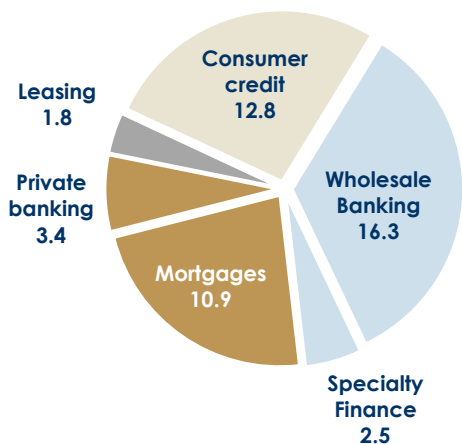
MB Group: a diversified specialized business model

Section 2

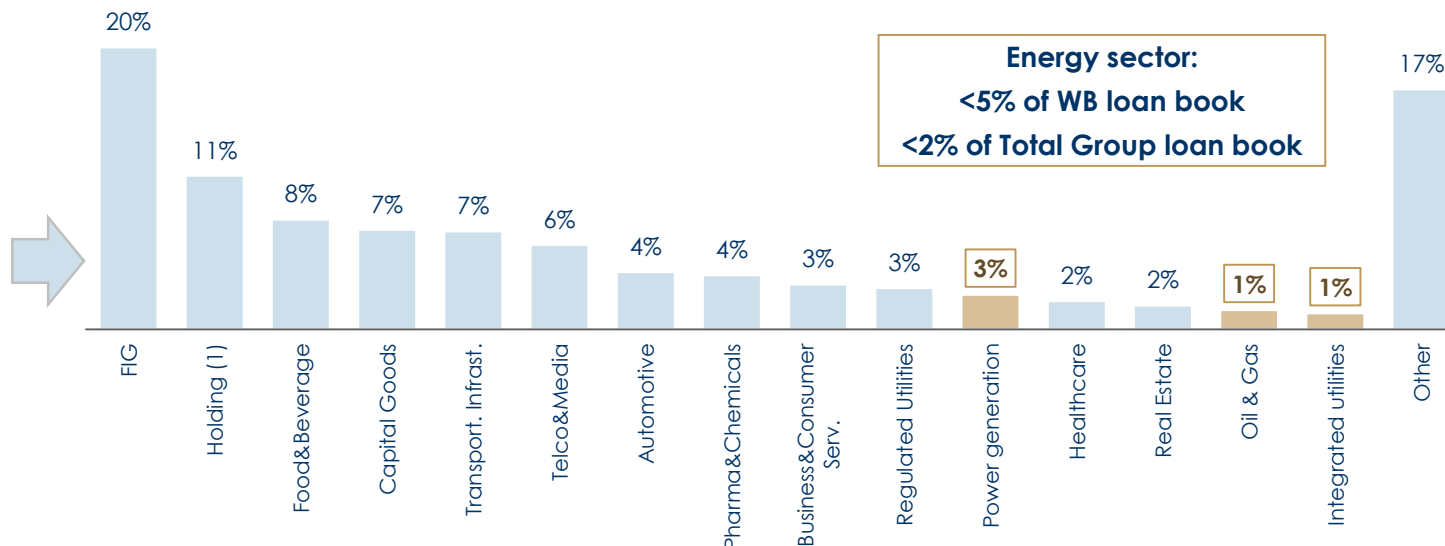
Group loan book

(as at Mar.21)

€47.7bn



WB loan book by sector (as at Mar.21)



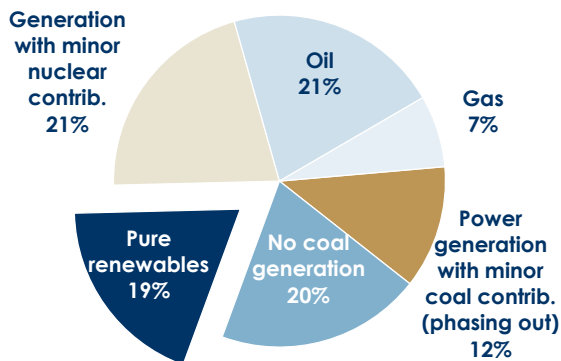
Energy sector:
 <5% of WB loan book
 <2% of Total Group loan book

Energy sector (see above: Power Generation, Oil&Gas, Integrated Utilities) exposure:

- ◆ 1/5 pure renewables
- ◆ 4/5 minor/residual exposure to coal (phasing-out) and nuclear

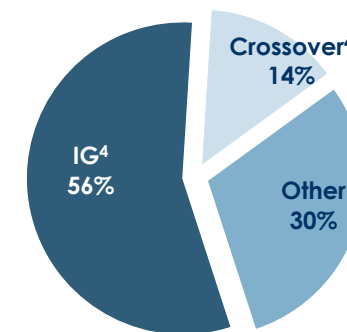
No exposure to mining and coal mining sectors

Energy sector exposure by power source⁵



Loan book by rating

High quality corporate portfolio with almost 70% IG+crossover



1) Excluding holding with underlying assets in oil&gas and power generation, which instead are included in the relative sector
 2) Includes energy supply chain and transportation only
 3) "Other" includes sectors with exposure below 2%: Apparel, Building Materials, Construction, Consumer Goods, Containers&Packaging, Energy Services, Gaming, Infrastructure, Lodging&Leisure, Luxury, Metal, Paper, Restaurants&Catering, Retail Food and Non-Food, Transportation, and other
 4) Investment grade (IG) including rating classes from AAA to BBB-, crossover including BB+ rating bucket
 5) As of Dec20



... AND STRONG COMMITMENT TO ESG DEVELOPMENT

MB Group: a diversified specialized business model

Section 2

INVESTMENTS

- ◆ **Distribution (CheBanca!): ESG funds¹ in clients portfolio almost 40%** (+45% in last 18 months)
- ◆ **Asset Management:**
 - ◆ **ESG criteria in investment evaluation included and integrated**
 - ◆ **RAM - almost all AUM already including ESG criteria with:**
 - ◆ 8 funds representing >80% of total AUM ex SFDR art.8
 - ◆ 1 fund (Stable Climate Global Equities Fund, **Ram's first carbon-neutral fund**) representing 3% of total AUM ex SFDR art.9
 - ◆ **MB SGR - 3 ESG funds** (ESG European Equity, ESG US Equity & Social Impact) representing 13% of managed funds ex SFDR art.8

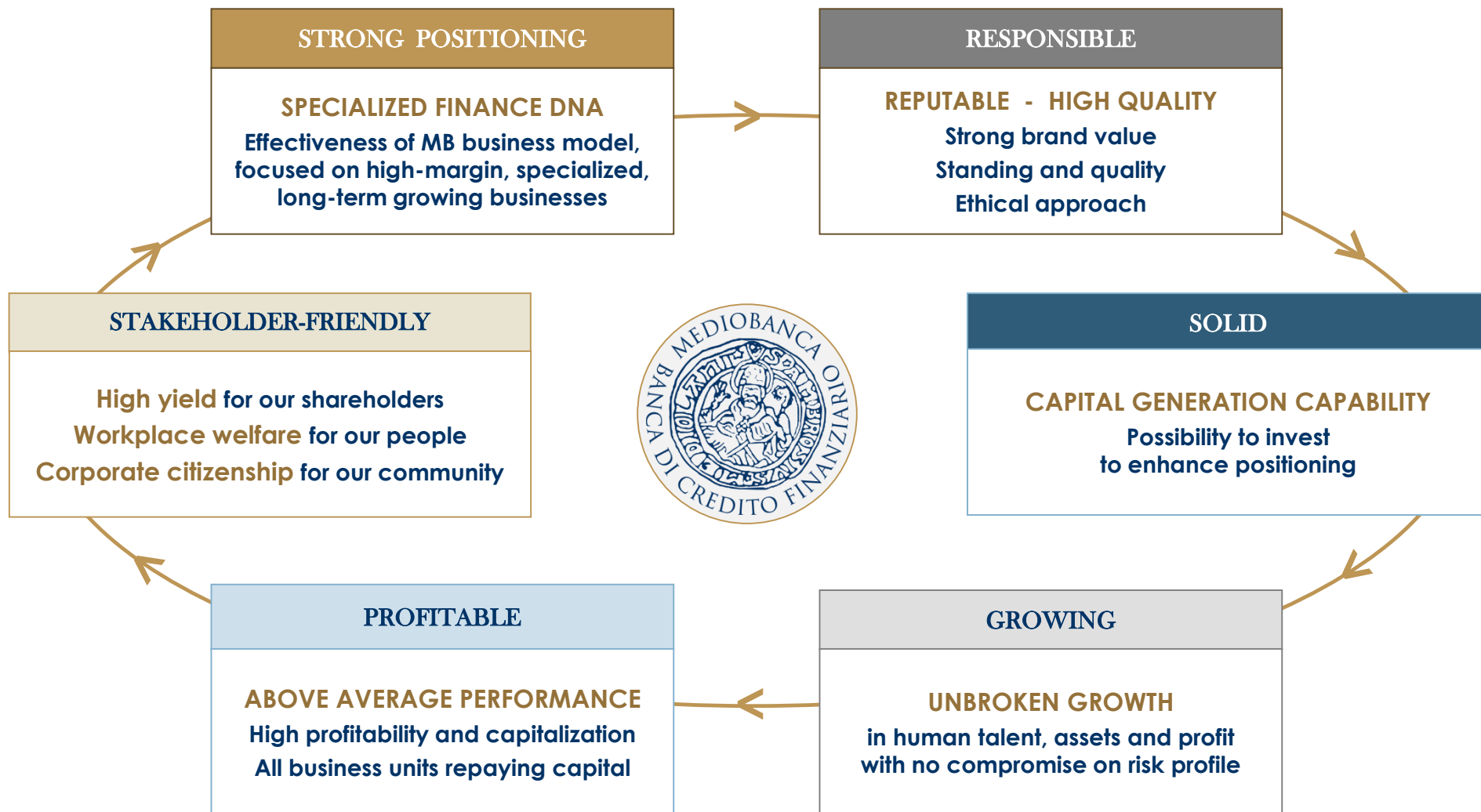
CREDIT

- ◆ **Consumer:** green volumes still limited (approx €20m in last quarter) but growing (2X YoY)
- ◆ **Mortgages:** green new production at €40m per quarter, growing fast

MB ACCRETIVE VALUE CYCLE NOW EFFECTIVELY INCLUDING ...

MB Group: a diversified specialized business model

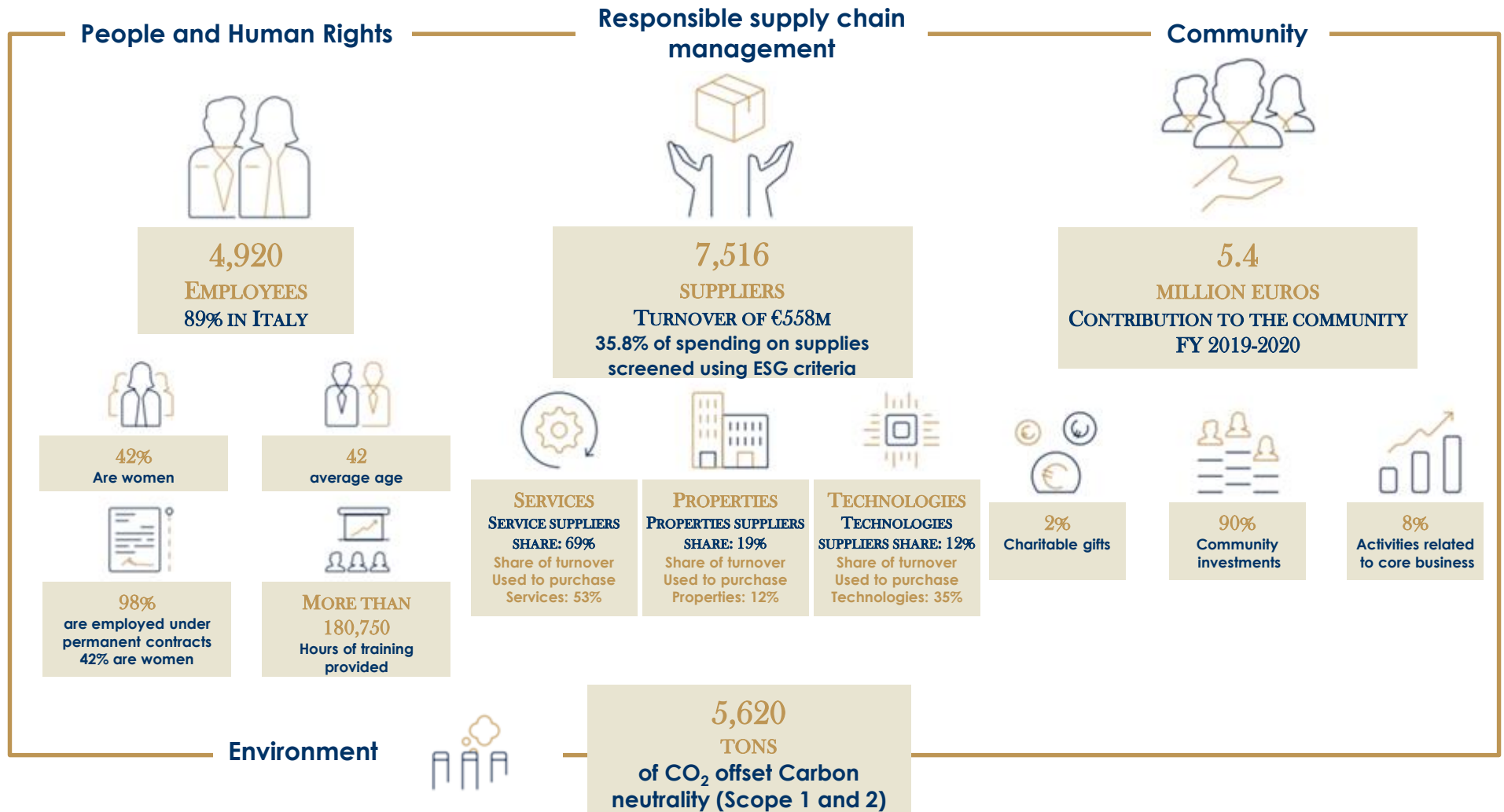
Section 2



... ENHANCED NON FINANCIAL RESULTS AND ...

MB Group: a diversified specialized business model

Section 2



... CSR/ESG TARGETS, EMBEDDED IN MANAGEMENT LTI PLAN

MB Group: a diversified specialized business model

Section 2

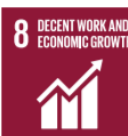
CSR FY23 targets as at Nov.19



Avg. training hours up 25%, to enhance employees' competences



~50% of female profiles to be considered for external selections
All suitable female profiles to be considered for internal promotions and/or vacancies



AM: 100% of new investments screened also with ESG criteria
€700m investments in Italian excellent SMEs
ESG qualified products in clients' portfolio +30%



€4m per year in projects with positive social/environmental impact
MB Social Impact Fund: AUM increase at least by 20%



Sustainable bond issue: €500m
40% of procurement expenses assessed with CSR criteria
Customer satisfaction: CheBanca! CSI¹ on core segment² @73, NPS¹ @25 Compass: CSI @85, NPS @55



Energy: 92% from renewable sources, CO₂ emissions down 15%; hybrid cars @90% of MB fleet
RAM: first issue of a carbon neutral fund
CheBanca! Green mortgages up 50%

Where we are

Employee competences enhanced with **avg. training hours up 95% YoY** (FY20) in part to deal with Covid-19 emergency

Procedure adopted to reach targets for equal opportunities, including specification in head-hunter mandates

AM: procedure started to include ESG criteria in investment evaluation
€100m investments in outstanding Italian SMEs
ESG qualified products in clients' portfolio up 20%

€5.4m in FY20 for social/environmental proj.
MB Social Impact Fund: AUM up 29% (BPTarget23: up 20%)

ESG bond issue: target achieved
36% of procurement exp. assessed with CSR criteria
Customer satisfaction: CheBanca! CSI¹ in core segment² @74, NPS¹ @28 ; Compass CSI¹ @81, NPS¹ @35

Energy: target achieved with carbon neutrality
RAM: target achieved with the launch of Stable Climate Global Equities Fund

MEDIOBANCA ESG PROFILE

Section 3



SUSTAINABILITY AT MEDIOBANCA

Mediobanca ESG profile

Section 3

Growth and sustainability are features of the Mediobanca Group's DNA. Our strategy is based on the conviction that **ethics and profit are not necessarily in opposition to each other**, because long-term economic growth has to go hand-in-hand with social and environmental progress

The Group is convinced that **fair, transparent and responsible conduct** increases and protects our reputation, credibility and consensus over time, all of which are prerequisites in order to deliver sustainable growth for the business with a view to **creating and protecting value for all our stakeholders**

In line with this commitment, the Group has adopted a **strategy** focused on sustainable growth over time, valorization of our staff, sensitivity to the societies in which we operate, and reducing our direct and indirect impact on the environment

*We're convinced that long-term economic growth cannot be achieved without **increasing social welfare and protecting natural resources***



A STRONG GOVERNANCE APPROACH RELYING...

Mediobanca ESG profile

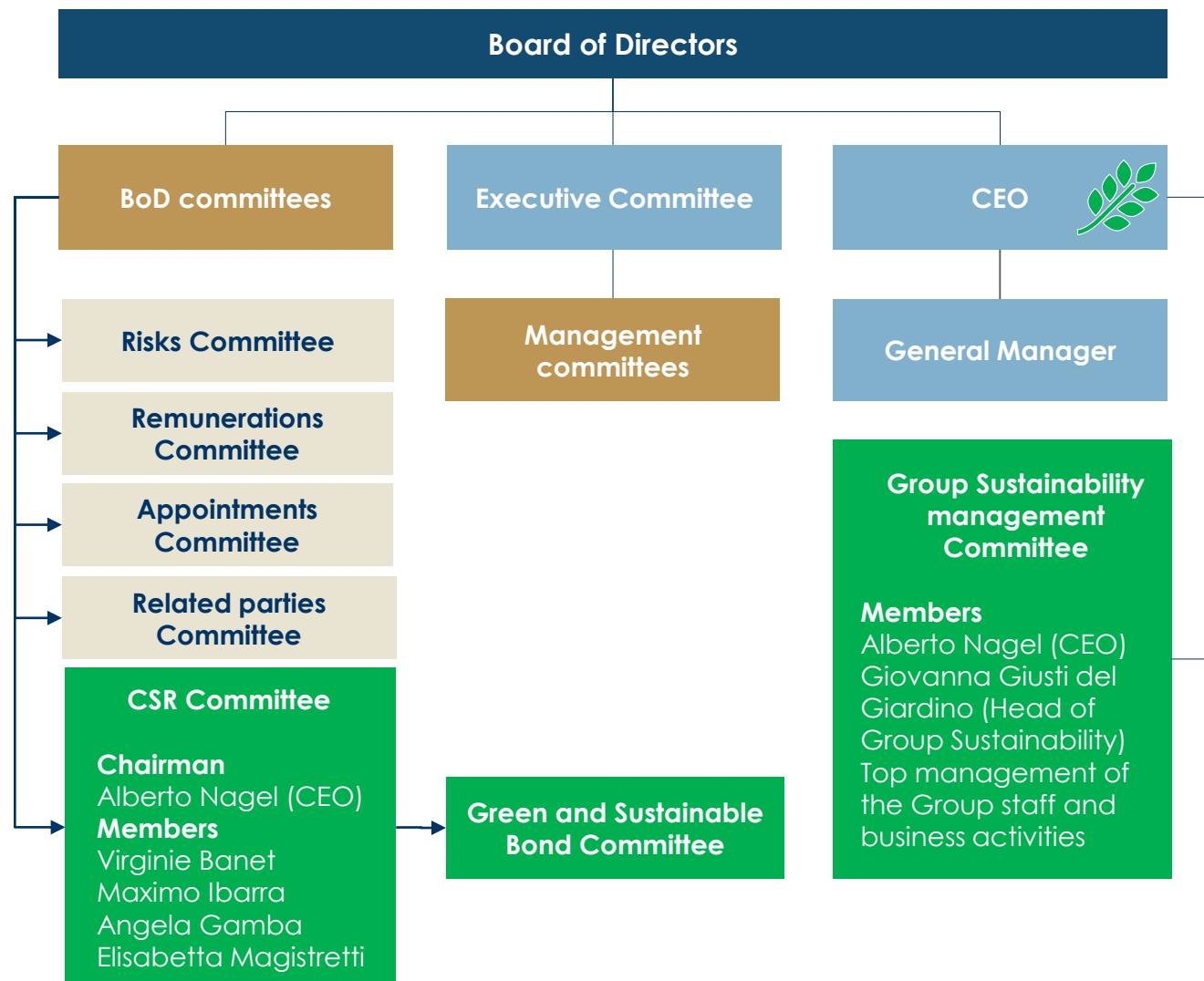
Section 3

CEO in charge of sustainability.

Corporate Social Responsibility Committee (including the CEO and 3 independent BoD members) has responsibility for prior analysis of sustainability issues to be submitted to the BoD

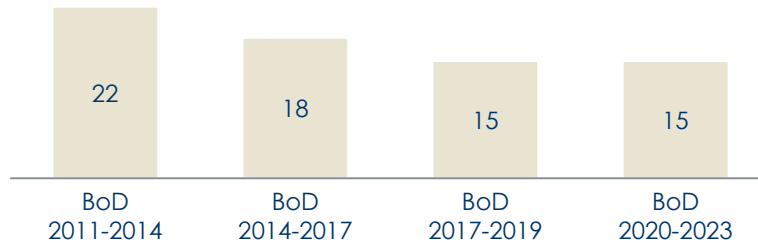
The **Group Sustainability Management Committee** remains responsible for defining policies and implement practices within the Group

Green and Sustainable Bond Committee is composed by Group Treasury, ESG team, CIB division and all relevant legal entities that contribute to the origination of the Eligible Assets

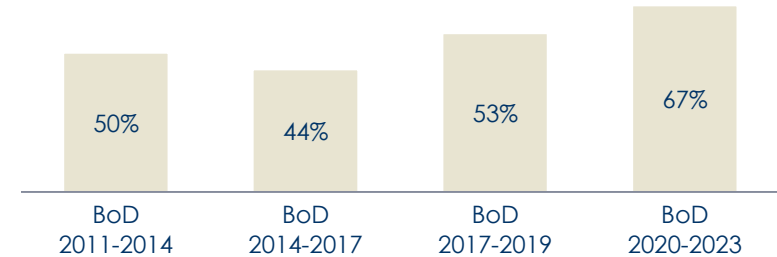


...ON A STEADILY ENHANCING BoD AND ...

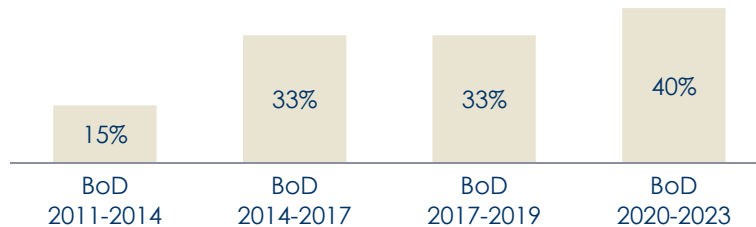
Reducing number of BoD members coupled with ...



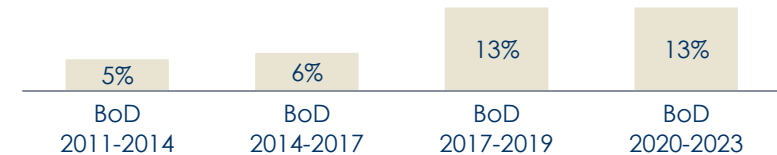
... increasing independent members ...



... increasing gender diversity ...



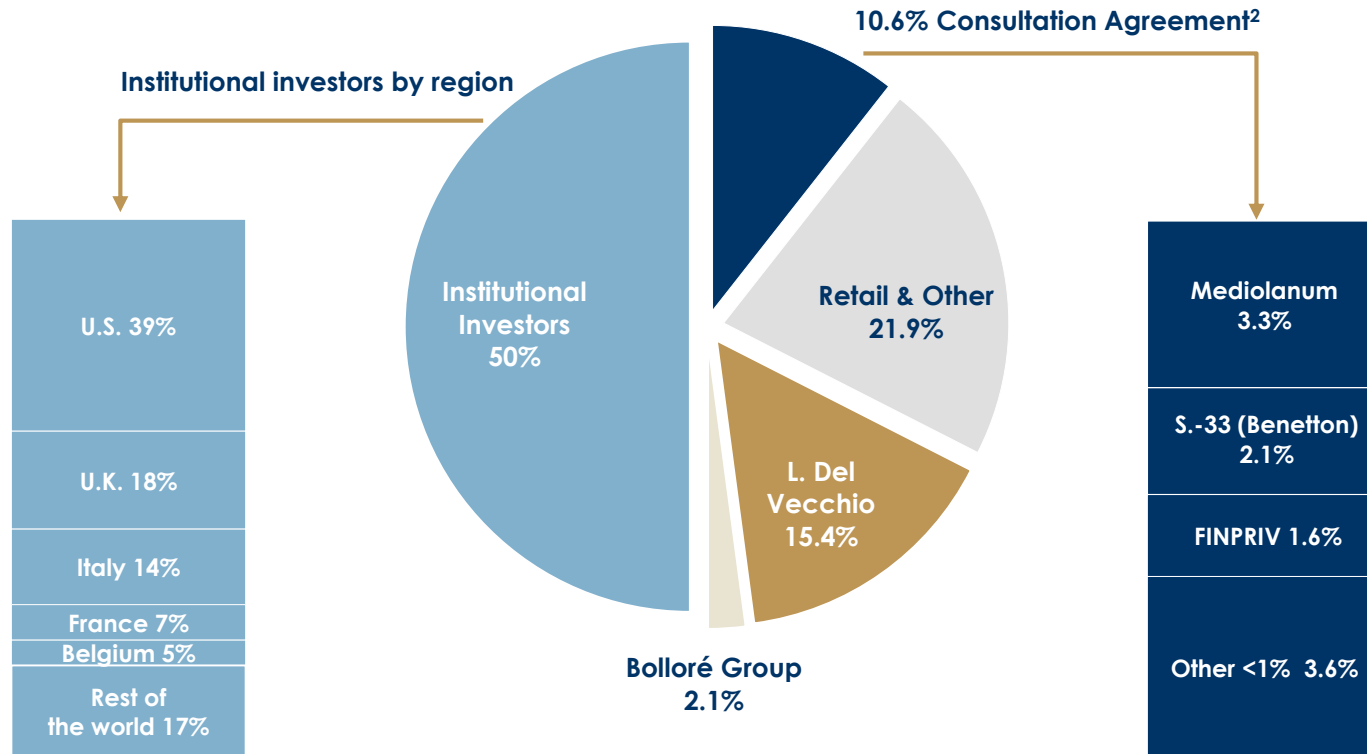
...and increased minority representation



- ◆ **The current BoD, considered the most suitable choice for the delivery of FY 2019-23 BP targets, was renewed in 2020 AGM** and formed by 15 members, 13 o/w taken from the slate proposed by the BoD (that gathered 2/3 of the votes of the AGM) and 2 members from the slate proposed by Assogestioni
- ◆ **BoD, enhanced every renewal, has been:**
 - ◆ **right sized** according to business development and regulators recommendation
 - ◆ **fostered by increasing presence of independent Directors, higher diversity and minority representation**
 - ◆ **all BoD members eligible for CEO position after any restriction removal**

... ON A DIVERSIFIED SHAREHOLDER BASE

Mediobanca shareholders' structure¹

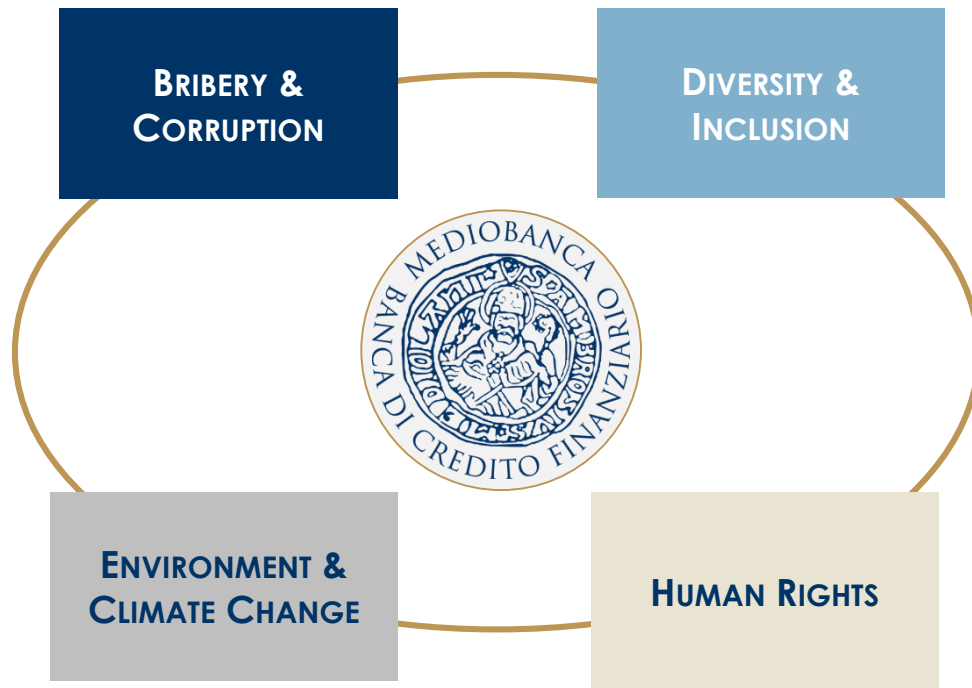


- ◆ **Historical syndicated pact expired.** A new consultation agreement was signed in December 2018, gathering 10.6% of capital, lasting 3Y, with no restrictions on shares
- ◆ **Institutional investors account for 50%**, stably split by geographical region: U.S. (39%), U.K. (18%) and Italy (14%)

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

OUR SUSTAINABLY PRIORITIES ARE REFLECTED ...

The Group Policy, in line with the principal international standards and declarations, is sub-divided into four areas held to be priorities: **measures to tackle bribery and corruption, human rights, diversity and inclusion and environment and climate change** with the objective of driving improvement in the Group's conduct and direct impact in all these areas.



We are committed to conducting our business in accordance with the highest ethical standards and we do not tolerate any form of corruption, whether active or passive

We promote diversity as a value that forms the basis of personal growth and cultural and professional enrichment

We believe that respect of human rights is a fundamental prerequisite to our own sustainability

We are sensitive to the need to protect the environment, and climate change, as the primary resource of human well-being

... IN OUR EVOLVING GROUP INVESTMENT POLICY...

Group Policy on responsible lending and investing

- ◆ The policy applies to **lending activities, investment of own funds and advisory services on investments provided to clients** by the Mediobanca Group, pursuing an approach which 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

Currently under review

New Group ESG Policy

- ◆ The new policy, that will be released at the end of July, is expected to:
 - ◆ **widen the application** spectrum (covering ECM, DCM, Corporate finance advisory to CIB clients)
 - ◆ articulate more precisely negative and positive screening for **all business areas**
 - ◆ include a policy to protect biodiversity as well as specific lists of exclusion criteria for lending and principal investment applicable to **ESG sensitive sectors** (mining, forestry and use of forested areas, production of agricultural goods, the energy sectors, defence and arms, and infrastructure and transport, excluded materials)

... AND IN OUR AM BUSINESS



Mediobanca SGR, RAM Active Investment and Cairn Capital are signatories to the Principles for Responsible Investment (PRI) launched by the United Nations in 2006 set up to promote a sustainable and responsible approach to investment by institutional investors



MEDIOBANCA
SOCIETÀ GESTIONE RISPARMIO

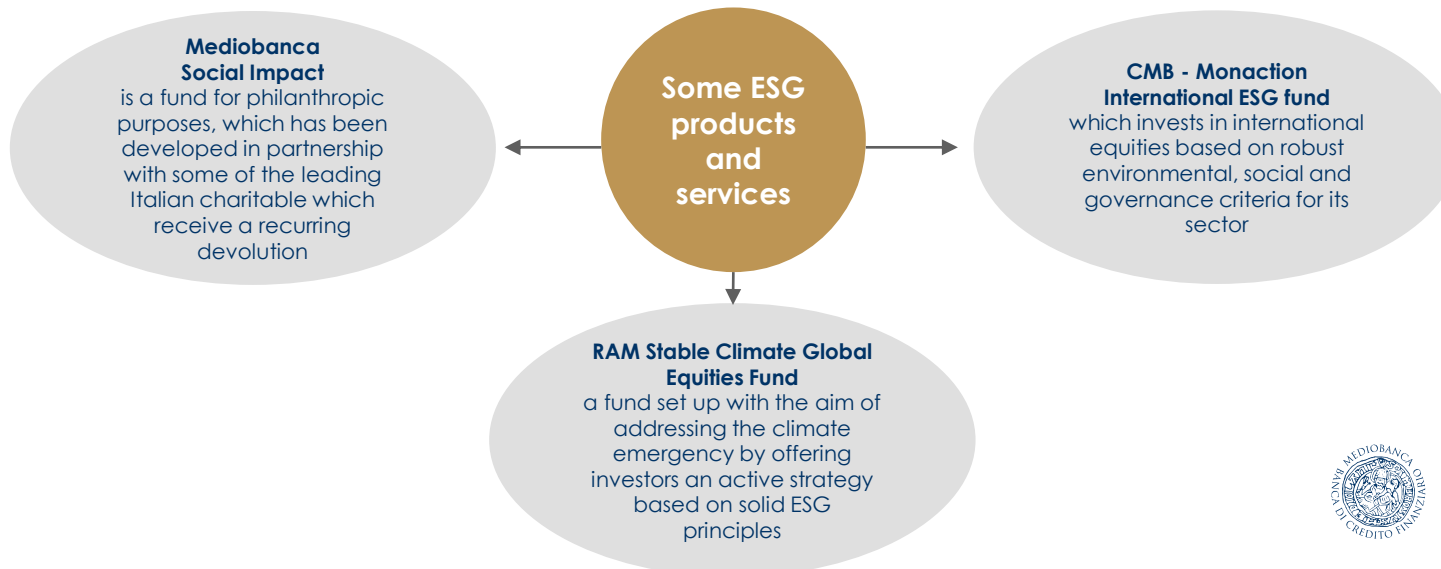
Mediobanca SGR has adopted a Policy on responsible investments, considering the integration of environmental, social and governance criteria within the investment processes as a priority



RAM adopted a **Policy for responsible investing** setting out the investment beliefs, the guidelines, and the approach to consider and incorporate ESG factors into investment process and strategies and a **Policy on climate change**, to tackle climate change risks through investment decisions and direct or collaborative engagements



Cairn Capital has adopted an **ESG policy** based on negative, top-down screening to exclude companies operating in certain sectors, combined with a bottom-up approach to evaluating investments based on ESG criteria specific to each asset

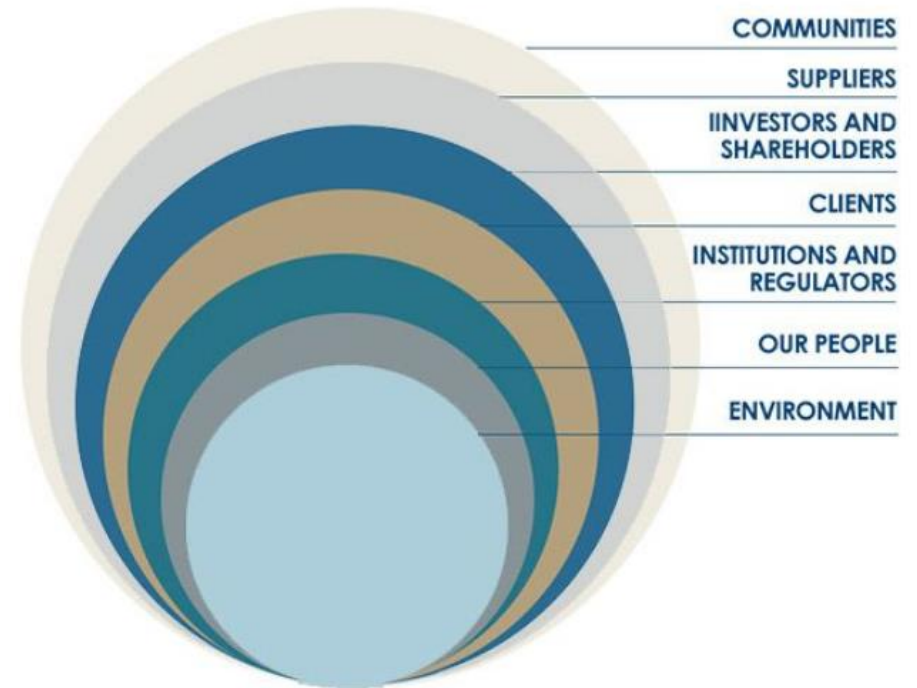


STAKEHOLDER ENGAGEMENT

Our stakeholders are important to us, especially at this time when we are laying the foundations of our sustainability programme

As a Group

- ◆ **we want to communicate with our stakeholders**, and for this reason we held a **multi-stakeholder forum** and our corporate website is steadily up-to-date
- ◆ **we aim to engage with all of our stakeholders**, and to understand their points of view
- ◆ we want to **further develop our dialogue activities** and **involve stakeholders** more
- ◆ **We believe** that proper, transparent and responsible conduct is the key to **creating value** for our stakeholders and to protecting that value in the long term



MATERIALITY MATRIX

2021 stakeholder engagement

involvement of internal/external stakeholders and Group top management with the objective of updating the materiality matrix from both the internal and external perspective

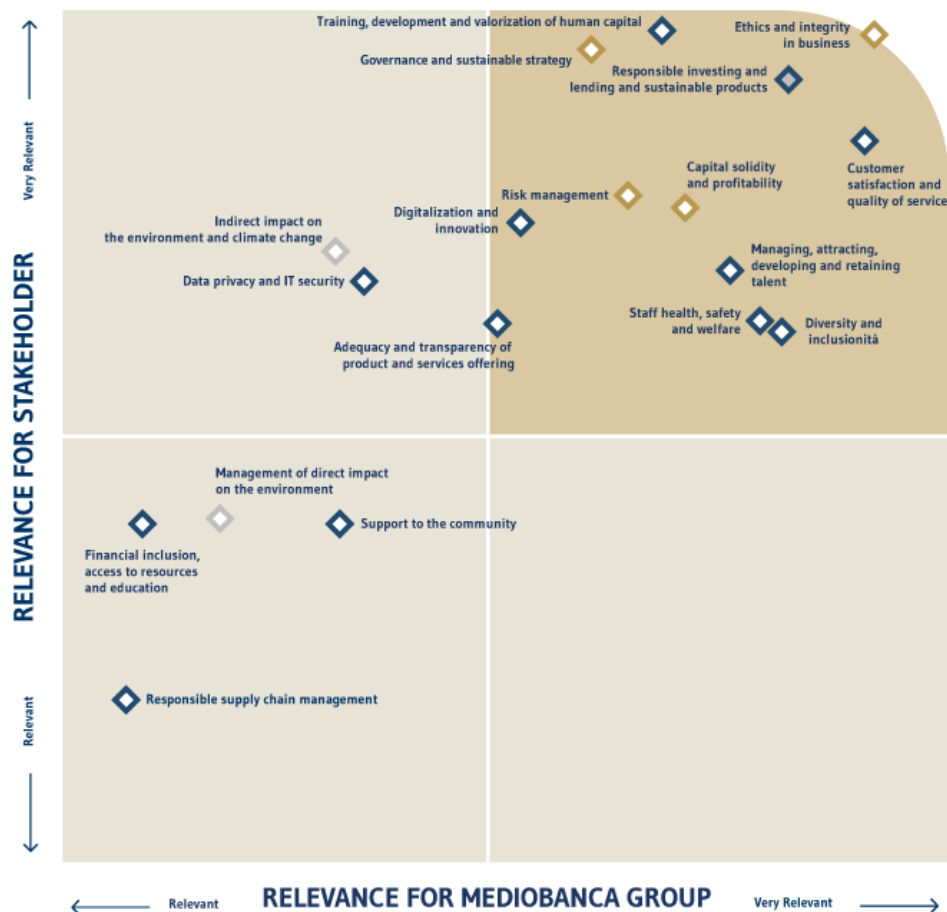
The topics that have registered a significant increase in relevance compared to the 2020 Matrix are:

- ◆ Indirect impact on the environment and climate change (+ 0.52 points)
- ◆ Responsible investments and lending and sustainable products (+ 0.50 points)
- ◆ Managing, attracting, developing and retaining talent (+ 0.94 points)
- ◆ Governance and sustainable strategy (+ 0.67 points)

The themes that have instead registered a significant decrease are:

- ◆ Data privacy and IT security (- 1.29 points)
- ◆ Adequacy and transparency of product and services offering (- 0.74 points)
- ◆ Support to the community (- 0.58 points)
- ◆ Staff health, safety and welfare (- 0.57 points)

Materiality Matrix 2021

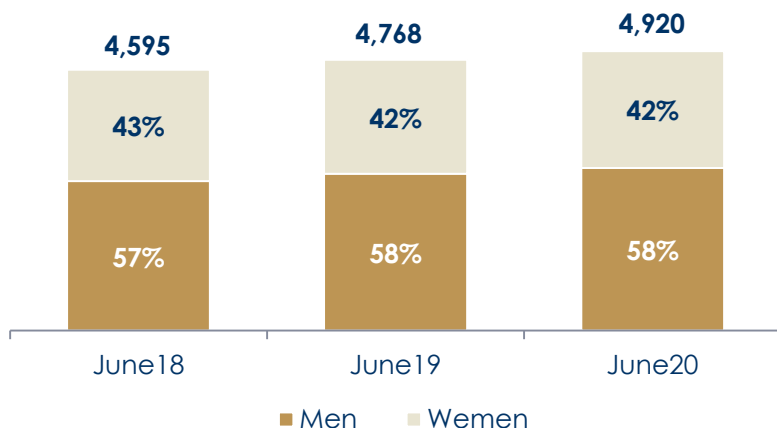


HUMAN CAPITAL - A STRATEGIC ASSET FOR COMPETITIVENESS

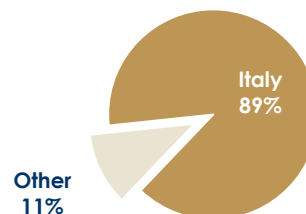
Mediobanca ESG profile

Section 3

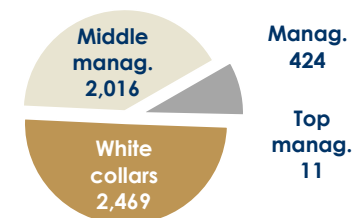
Mediobanca Group staff steadily up in last 10Y
Stable gender mix



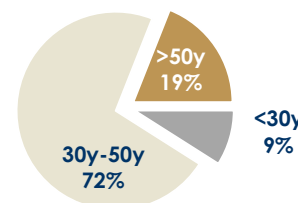
Staff composition by geography



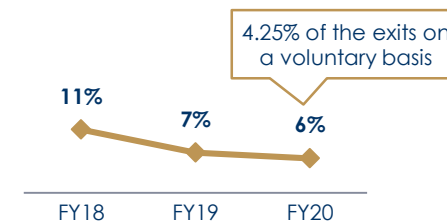
Composition by category



Staff composition by age
average age: 42



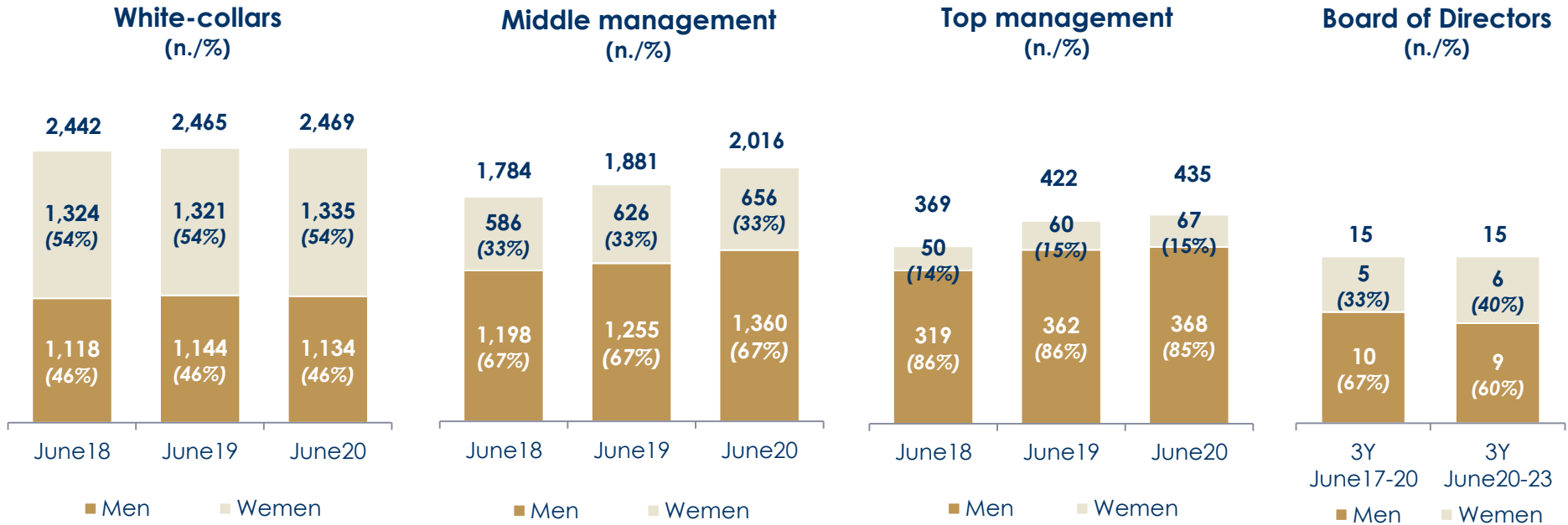
Turnover
(% leave/tot.staff)



- ◆ **Mediobanca staff has enjoyed unbroken growth** driven by business growth and no restructuring/massive lay-offs
- ◆ **Almost 5k professionals, ≈60% men and ≈ 40% women, work in Mediobanca Group, mainly in Italy.** 277 differently-abled people were employed by the Group
- ◆ **Staff satisfaction and engagement has increased** (internal survey: FY19 total score @9.6 vs FY17 @8.7, see slide 29) **contribution to reduce Group turnover** (down to 6% in FY20)
- ◆ Due to the staff structural composition **diversity management is focused on gender and age diversity**

GENDER BALANCE - A LONG TERM ACHIEVEMENT

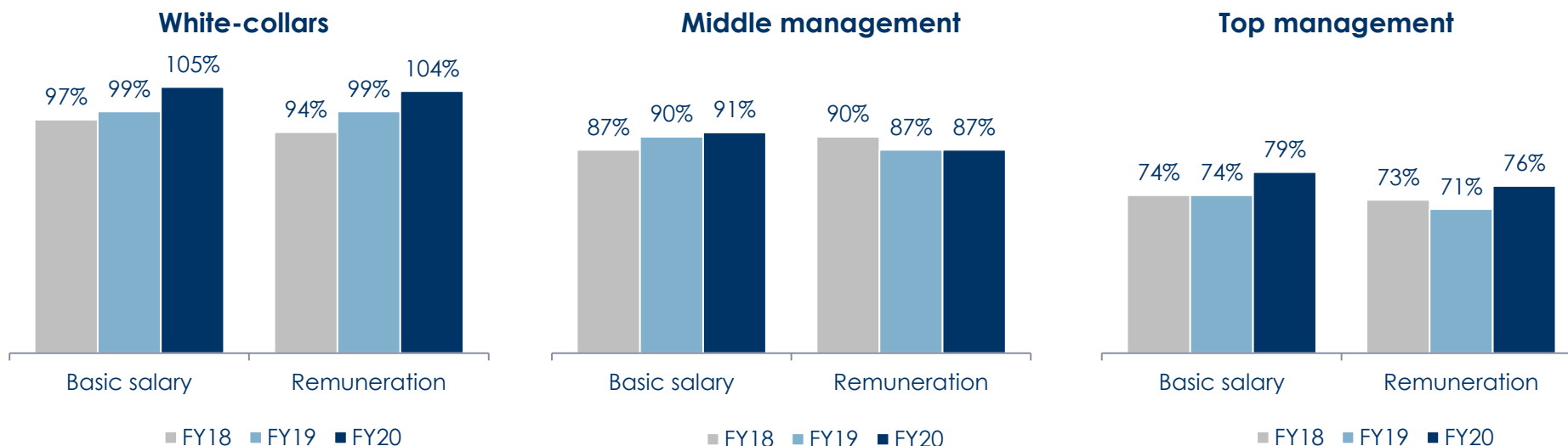
Mediobanca Group staff by category and by gender



- ◆ In the last 3Y Mediobanca staff has grown preserving gender mix, fostering women presence in the top management positions (from 14% to 15% in FY20)
- ◆ At BoD level 40% of Directors (6 over 15) are women (33% in the previous BoD)
- ◆ Mediobanca management and top management gender composition, **although in line with market and peers** (see following slide) **is an issue we are addressing with specific projects**

PAY GAP – POSITIVE EVIDENCE OF GROUP COMMITMENT

Mediobanca Group Ratio of basic salary and remuneration of women to men by professional category



- ◆ The Gender Pay Gap is the difference between men and women compensation. While gender rebalance is a process that requires long time, pay gap is addressable in a more reasonable timeframe
- ◆ **We are in a virtuous country** (with a ~5%¹ pay gap Italy is one of the lowest in EU where the average is ~15%¹) but **high pay gap are still recorded in finance and insurance** (~23%¹ in Italy with a EU avg. of ~25%¹)
- ◆ **Pay gap reduction is testifying Mediobanca commitment to actively address this inequality.** Within the top management category further improvement in pay gap (and gender diversity as well) are expected for the coming years

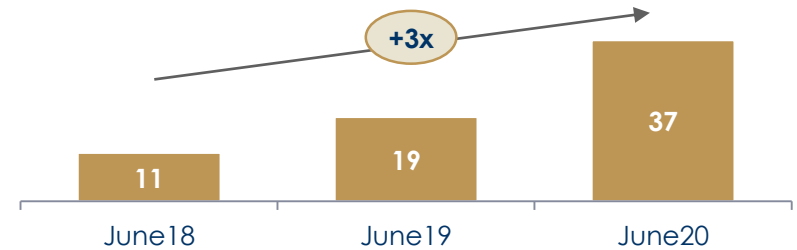
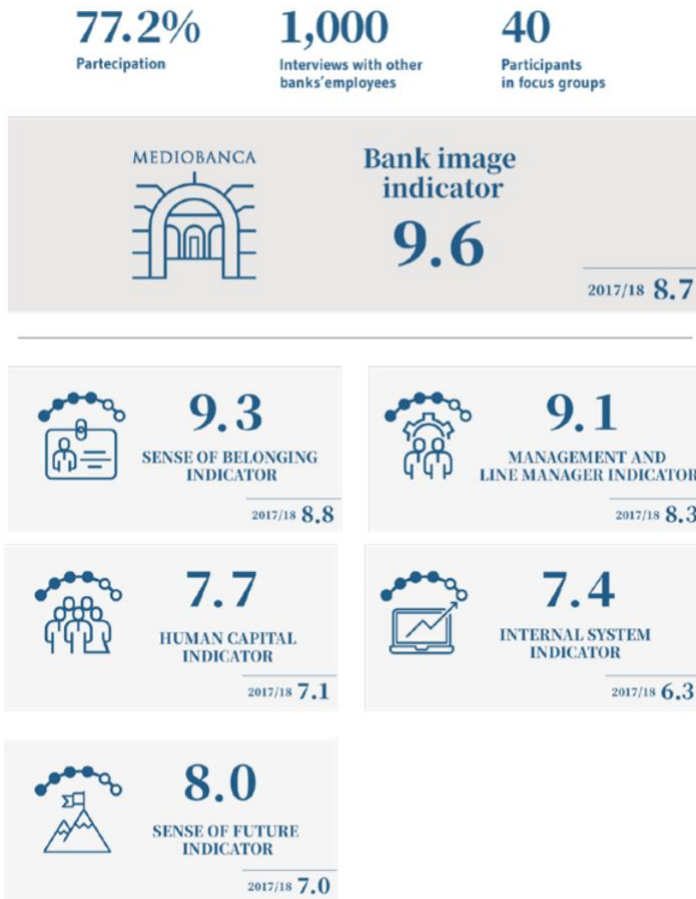
TRAINING, DEVELOPMENT CAREER PROGRESSION AND SATISFACTION

Mediobanca ESG profile

Section 3

Staff commitment, engagement and satisfaction survey (2019, run every 2Y) has shown significant improvement in all indicators (total score has increased from 8,7 to 9.6)

MB Group average hours of training has more than tripled in the last 3Y (hours/per head)



- ◆ **Training: a powerful tool for inclusion.** Refreshing skills, managerial training, and involvement in innovative projects is a way to convey the contribution of elder staff members who can share experience and corporate culture younger staff members
- ◆ **In 2019 MB received the CSR Award 2018** prize assigned to companies that have promoted initiatives to **help provide guidance to young people approaching the workplace**, as recognition for the sensitivity and commitment to the new generations
- ◆ **In 2020 MB 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

MEDIOBANCA ESG - WHAT'S NEW

Section 4



PRB SIGNATORY STARTING FROM FY21

Mediobanca Group has based its Sustainability policy on the following principles



Universal Declaration of Human Rights



Ten principles of the UN Global Compact



UN Sustainable Development Goals (SDGs)



NEW

UN-supported Principles for Responsible Banking ("PRB")

The logo for the UNEP Finance Initiative, featuring the United Nations emblem and the text "UNEP FINANCE INITIATIVE".
PRINCIPLES FOR RESPONSIBLE BANKING

UN-supported Principles for Responsible Investment ("PRI")



CARBON NEUTRALITY

5,620 tons of CO₂ offset

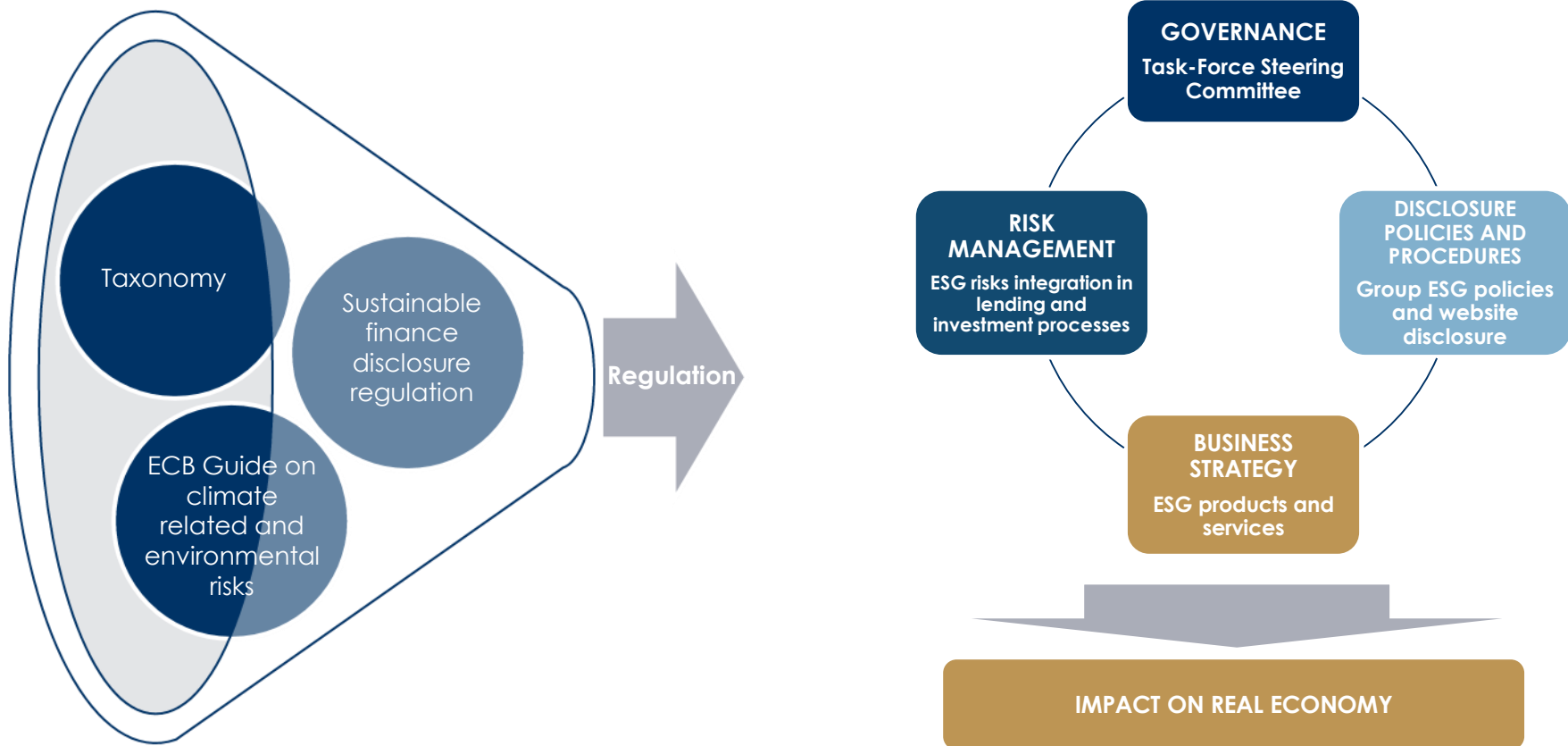


- ◆ The Mediobanca Group has become **carbon neutral** (Scope 1 and 2), following a project to offset our CO₂ emissions remaining after the domestic climate change mitigation action taken, in so doing has beaten the objective to reduce our impact on the environment included in the 2019-23 Strategic Plan
- ◆ This initiative, promoted in conjunction with technical non-profit organization Rete Clima, allows the Mediobanca Group to neutralize its remaining greenhouse gas emissions, which in FY 2019-20 were equivalent to **5,618.81 tCO₂eq** by acquiring carbon credits generated from environmental protection projects in developing countries
- ◆ In particular, the Mediobanca Group is supporting a **wind electricity generation project**, helping to develop and run one of the largest wind farms in the Philippines, with an overall capacity of 150 MW (the Burgos Wind Project)
- ◆ The project addresses three of the **United Nations' Sustainable Development Goals**, on generating electricity from renewable sources, creating jobs, and reducing greenhouse gas emissions, all included in the 2030 Agenda for Sustainable Development
- ◆ This international certified project has been complemented by our commitment to local forestation which involves **donating and maintaining 1,000 trees**, to be planted by members of the Bank's staff in Milan and the surrounding area in the months between spring and autumn 2021

EU REGULATIONS

Business/impact oriented approach to the integration of ESG Regulation changes

- ◆ Mediobanca has set up a dedicated task force transversal to the main Group functions and legal entities impacted by the new European regulations with the aim of complying by the required times and methods
- ◆ The task force is governed by a dedicated Steering Committee whose members cover different business areas and are committed to integrate regulation evolution and translate it into a new way of making business



DE&I – SELF ASSESSMENT PROJECT TO DEVELOP NEW INITIATIVES



Mediobanca 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.

A Group Diversity & Inclusion Manager has been appointed within HR, with responsibilities for monitoring and promoting diversity among staff members.



INTERVIEWS WITH KEY STAKEHOLDERS

8 interviews with MB Group key stakeholders at **group level** and in **CheBanca!, Compass** and **Selmabipiemme** to:

- ◆ Understand their **perspective** on the **meaning of DE&I** within the Group
- ◆ Gather views on current **areas of strength and improvement** related to DE&I and **future vision and objectives**



ANALYSIS OF PEOPLE DATA AND MAIN POLICIES

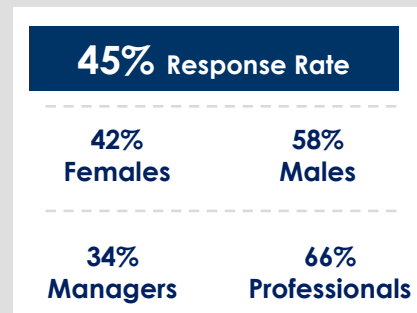
Analysis of **HR Data** and **MB Group policies and procedures** to:

- ◆ Gain quantitative insights on **workforce diversity, equity and inclusion**
- ◆ Map existing **policies and processes** that have an **impact** on creating an **inclusive environment**



DE&I SURVEY FOR MEDIOBANCA GROUP

Launch of a **DE&I survey** on the whole Group to understand **people's perspectives and main needs**



DE&I LAB WITH LEADERS

Two **co-design interactive sessions** with 29 Business and HR leaders as well as board members to:

- ◆ Align **key stakeholders** on the **DE&I purpose and goals**
- ◆ Identify **DE&I priorities** and potential **actions** to enhance the **diverse and inclusive work environment**



DE&I - MAIN FINDINGS FROM THE AS-IS ANALYSIS

The DE&I as-is analysis showed that Mediobanca Group is perceived as a **positive environment**, where **discrimination is not tolerated** and people generally **feel free to be themselves**. The analysis underlined **four key priorities** that are relevant to people, on which the organization should focus on:



PROMOTION OF DIVERSITY IN MEDIOBANCA GROUP

Encourage age diversity and manage the **integration of the new generations**;
Ensure female representation and **equal gender opportunities**;
Promote **diversity of thinking** by integrating people from **different educational and experience backgrounds**



ADOPTION OF INCLUSIVE LEADERSHIP BEHAVIORS

Ensure that leaders and managers adopt **inclusive behaviors** that support the **creation of a work environment where people can fully express themselves**, their ideas and are empowered to grow



PSYCHOLOGICAL SAFETY AND "POSITIVE ERROR CULTURE"

Promote an organizational culture where **people feel free to speak up** candidly about ideas and even to make mistakes, in order to **support experimentation, innovation and continuous improvement**



EFFECTIVE AND EFFICIENT WAYS OF WORKING

Create a work environment where the changes of the new ways of working are leveraged to **promote collaboration within and outside one's team** and to boost people's **sense of belonging and connection**

DE&I TOMORROW: FROM DIVERSITY TO “CONVERSITY1”

Verna Myers, a leading diversity and inclusion expert said:
“Diversity is being invited to the party. Inclusion is being asked to dance”.
We wish to make a step forward creating the conditions for everybody to enjoy the party.
We aim to increase diversity, fostering an inclusive cultures that will reverts in sense of belonging, strong alignment and convergency on business value.

An analytical and organizational project has been launched with the aim **to increase the understanding of the current situation, identify issues, and structure a detailed action plan** in order to:

- ◆ **improve our talent attraction policy**
- ◆ **identify biases and behaviors to workout**
- ◆ **set objectives**
- ◆ **plan the actions for selection, training, career plans, compensation and communication**



1) Intentional focus on commonalities leading to attitudes and behaviors that capitalize on human differences for organizational success. Tim O'Reilly

WHAT'S NEXT

Section 5



WHAT'S NEXT

In FY22 Mediobanca will keep on pursuing the Business Plan ESG targets with a consistent approach to improving and enhancing our business sustainability and stakeholder-friendly approach



Principle for Responsible Banking

- ◆ Assessment to comply to the principle (significant targets, reporting alignment etc.)

New Group ESG Policy

- ◆ application spectrum (previously covering only lending and investing) widened to ECM/DCM/Corporate finance advisory to CIB clients
- ◆ new Biodiversity Policy and ESG sensitive sectors Policy

TCFD and SASB reporting principle alignment

- ◆ Assessment and gap analysis for aligning to the requests of TCFD - Task Force on Climate-related Financial Disclosures and SASB -Sustainability Accounting Standards Board

ESG training for all employees

- ◆ ESG training compulsory for all Group employees on top of the weekly «ESG pill» included in HR newsletter

Business/impact oriented approach to the integration of ESG Regulation changes

- ◆ Set up of a dedicated task force governed by a Steering Committee committed to integrate regulation evolution and translate it into a new way of making business

ANNEXES



MEDIOBANCA - ESG INDEXES AND RATING

Annex 1



ESG PROFILE

Mediobanca – ESG Indexes and Rating

Annex 1

ISS ESG
ISS-oekom

Governance: 4
Environment: 2
Social: 1

S E G
1 2 3 4 5 6 7 8 9 10
lower risk higher risk

Corporate rating: C- (2nd decile)

A B C+ C C- D
excellent medium low


1 2 3 4 5 6 7 8 9 10
high relative perf. (decile) low


FTSE4Good

Included in the index
(percentile rank: 68)

Environment: 4
Social: 3,2
Governance: 4,1

S G E
0 1 2 3 4 5
weak strong


 SUSTAINALYTICS

Rating: 18.3/100 - low risk
Industry rank: 88/734
(Diversified Financials)
Subindustry rank 1/124
(Investment Banking and Brokerage)

negligible **low** medium high severe
0-10 10-20 20-30 30-40 >40

ESG risk exposure: 42,9
low **medium** high
0-35 35-55 >55

ESG risk management: 59,7
low medium **strong**
0-35 35-55 >55

 standard ethics

Rating EE-
Outlook: positive

EEE Compliant
EEE-
EE+
EE
EE-
E+
E Non compliant
E-
F- Negative

 vigeo eiris

Rating: 60/100
Rank in sector: 3/98
Rank in region: 138/1,617
Rank in Universe: 154/4,893

Performance level:
weak limited robust **advanced**
0-29 30-49 50-59 60-100

Environment: 59
Sector average performance: 37
Social: 57
Sector average performance: 39
Governance: 67
Sector average performance: 41

 **CDP**
DRIVING SUSTAINABLE ECONOMIES

Rating D

A A- B B- C C- **D** D-
Leadership management awareness disclosure

 **MSCI**
ESG Research

Rating BB

AAA AA A BBB **BB** B CCC
excellent medium low

Mediobanca score: 4.2
Industry-adjusted score: 3.7


 **S&P Global**

S&P Europe 350 ESG
Included starting from April 2021

 Dow Jones Sustainability Indexes

Not included in the index¹

Score Mediobanca: 53
Average score: 39
Best score: 89

 2019 Bloomberg Gender-Equality Index

Included in the index

 **INTEGRATED GOVERNANCE INDEX**

2021

1) The Index include the top 10% of ITA "most sustainable market caps per industry"

SUMMARY OF MEDIOBANCA GREEN AND SUSTAINABLE BOND FRAMEWORK AND INAUGURAL ISSUANCE

Annex 2



MEDIOBANCA GREEN AND SUSTAINABLE BOND FRAMEWORK

Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2

Mediobanca determination in pursuing ESG targets is further demonstrated by the application of the Green and Sustainable Bond Framework, aligned with the ICMA Green Bond Principles 2018, Social Bond Principles 2020 and the Sustainability Bond Guidelines 2018

Use of Proceeds

- ◆ Finance and/or refinance Green and Sustainable Assets belonging to these Eligible Categories: (a) Renewable energy (b) Energy efficiency (c) Sustainable mobility (d) Green and energy efficient buildings (e) Waste management and circular economy (f) Environmentally sustainable management of living natural resources (g) Sustainable water (h) SME financing and micro financing

Project evaluation and selection

- ◆ Establishment of the Green and Sustainable Bond Committee (GSBC)
- ◆ GSBC selects the eligible assets, monitors the selected pool, updates and maintains the Framework, validates annual reporting for investors and review external auditors' reports

Management of Proceeds

- ◆ Net proceeds will be allocated to eligible assets on a portfolio basis and the aggregate amount of the pool will be monitored and tracked via internal information systems over time

Reporting and External Review

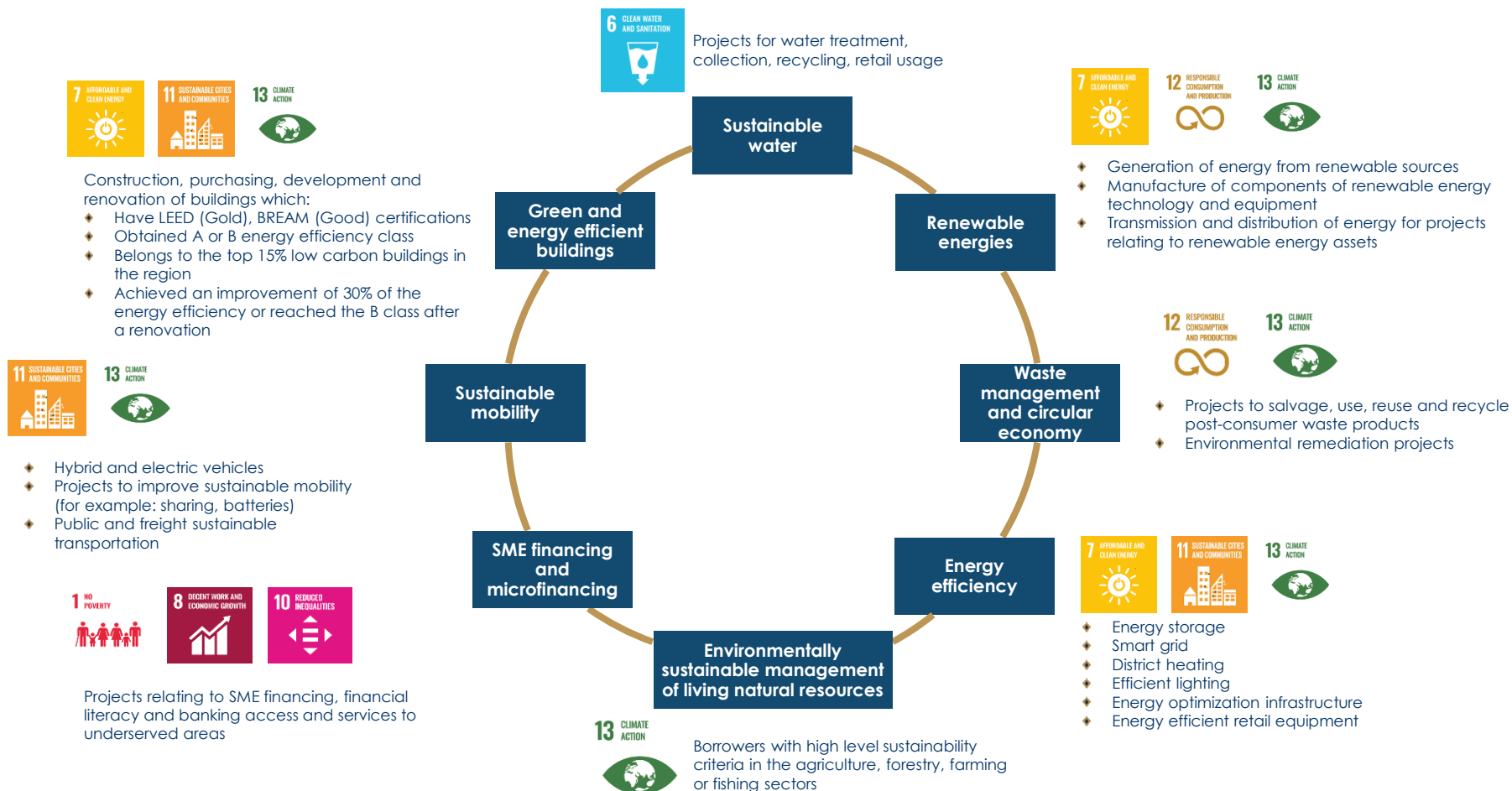
- ◆ Mediobanca will report annually the use of proceeds and impact reporting
- ◆ ISS ESG already issued a second opinion verifying the Framework, a selected portfolio and the overall sustainability performance of the Group
- ◆ Post any potential future issuance, appointment of an external auditor which will carry out an independent review



USE OF PROCEEDS

Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2



ISS ESG Opinion: "considers the Use of Proceeds description provided by Mediobanca's Green and Sustainable Bond Framework as aligned with the Green and Social Bond Principles and the Sustainability Bond Guidelines. The eligible Project categories align with the Green and Social Bond Principles categories of projects, provide with a clear description of the sustainability objectives and aligns with the broader strategy of the issuer. Furthermore, Mediobanca defined formal exclusion of controversial project categories, which aligns with best market practices"

PROJECT EVALUATION AND SELECTION

Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2

Green and Sustainable Bond Committee (GSBC)

- ◆ Composed by Group Treasury, ESG team, Corporate and Investment Banking division and all relevant legal entities that contribute to the origination of the Eligible Assets
- ◆ Will approve and validate the pool of eligible assets and will have the power to exclude assets as well
- ◆ Will meet on an annual basis

Selection activity

- ◆ While final inclusion and selection of the Eligible Assets is within the remit of GSBC only, the originating unit performing the lending activity will initially assess the compliance of any project with the Eligible Categories' criteria
 - ◆ **Corporate loans and infrastructure projects** - Mediobanca S.p.A. lending unit
 - ◆ **Retail mortgages** – CheBanca!, the retail arm of the Group
 - ◆ **Consumer credit** – Compass Banca, the consumer credit arm of the Group
 - ◆ **Leasing financing** – SelmaBipiemme Leasing S.p.A, the leasing financing arm of the Group

Excluded categories and limitations

- ◆ Mining
- ◆ Nuclear power
- ◆ Defence and weapons
- ◆ Coal-Fired Power and fossil fuel

ISS ESG Opinion: "considers the Process for Project Evaluation and Selection description provided by Mediobanca's Green and Sustainable Bond Framework as aligned with the Green and Social Bond Principles and Sustainability Bond Guidelines. Selection and exclusion criteria are defined for key project categories in the Use of Proceeds part, and responsibilities related to the projects evaluation and selection are clearly described"

REPORTING AND EXTERNAL REVIEW

Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2

Allocation reporting

- ◆ Until full allocation, Mediobanca will publish an annual report on
 - ◆ Net proceeds allocated to the pool of Green and Sustainable Assets
 - ◆ Allocation of net proceeds to each Eligible Category
 - ◆ Balance of unallocated proceeds

Impact reporting

- ◆ The issuer will report some aggregated measure such as
 - ◆ Expected annual renewable energy generation (MWh per year)
 - ◆ Installed renewable energy capacity (MW)
 - ◆ Reduction in energy use (MWh per year)
 - ◆ GHG saving (tons per year) as per low carbon transportation and infrastructure projects and green buildings
 - ◆ Number of items (e.g. electric vehicles)
- ◆ For Eligible Categories, where relevant impact metrics are different from the ones described above, Mediobanca will adhere to best market practices

External review

- ◆ Second party opinion
 - ◆ Soundness and validity of the Framework when compared with ICMA's Principles and Guidelines
 - ◆ Assessment of the selected asset pool
 - ◆ Mediobanca overall sustainability performance
- ◆ External assurance
 - ◆ Mediobanca will appoint an external auditor which will carry out an independent review of the use of proceeds associated with the Eligible Categories, adherence to the selection process of Green and Sustainable Assets, and reporting metrics

ISS ESG Opinion: “finds that the reporting proposed by Mediobanca's Green and Sustainable Bond Framework is aligned with the Green and Bond Principles and Sustainability Bond Guidelines”








OVERVIEW OF SELECTED ELIGIBLE PROJECTS (1/2)

Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2

- ◆ The inaugural issue out of the Mediobanca Green and Sustainable Bond Framework was in Green format, refinancing eligible projects in the categories detailed below
- ◆ 3-year lookback period applied: starting in July 2017 with balance as of June 2020
- ◆ Total size of eligible projects is € 528m with residual maturity of 8.7 years. 79% originated in Italy, 21% in Germany
- ◆ Pool breakdown: 65% corporate loans, 26% retail mortgages, 9% consumer credit

Corporate Loans

Use of Proceeds	Amount Financed	Indicative Impact metrics ¹	Relevant SDGs
Renewable energy generation pure player	€ 150m	MWh of renewable energy production and saving Tons of CO2 greenhouse gas emissions avoided	 
R&D and manufacturing of Batteries for Electric Vehicles	€ 112m	MWh of renewable energy production and saving Tons of CO2 greenhouse gas emissions avoided	 
Purchase & modernization of electric trains and rolling stocks	€ 82m	MWh of renewable energy production and saving Tons of CO2 greenhouse gas emissions avoided	  

OVERVIEW OF SELECTED ELIGIBLE PROJECTS (2/2)





Summary of MB Green and Sustainable Framework and Inaugural Issuance

Annex 2

Retail mortgages

Use of Proceeds	Amount Financed	Indicative Impact metrics ¹	Relevant SDGs
Green residential buildings	Aggregated amount € 138.6m ²	Number of mortgages with an energy efficiency class of A or B	

Consumer credit

Use of Proceeds	Amount Financed	Indicative Impact metrics ¹	Relevant SDGs
Electric & hybrid vehicles Domestic water softeners and filters Solar Systems and Shadings Domestic Biomass Heating Energy efficient home equipments, appliances and AC Systems	Aggregated amount € 45.2m ³	Number of items	   

1) Quantitative impact metrics will be published yearly after the issuance of the first bond under the Mediobanca Green and Sustainable Bond Framework.
 2) Number of mortgages as of June 2020: 865
 3) Number of Items as of June 2020: 16,306

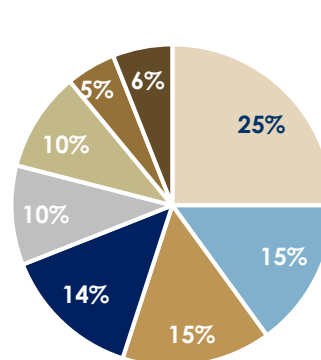
MEDIOBANCA INAUGURAL GREEN BOND

Mediobanca Inaugural Green 7-years € 500m Senior Preferred Issuance:

- ◆ CSR targets are key elements of MB Strategic Business Plan 19-23 and the publication of the Green and Sustainable Bond Framework in June 2020 represents a key pillar of our ESG strategy
- ◆ The inaugural green transaction has been focused towards the achievement of SDG 7 (Affordable Clean Energy), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action)
- ◆ Total size of eligible green projects at the date of the issuance was € 528m, with residual maturity of 8.7 years
- ◆ Breakdown of assets included in the green pool: 65% corporate loans, 26% retail mortgages, 9% consumer credit
- ◆ Thanks to Mediobanca strategic ESG goals and ambitions, the transaction saw a meaningful participation from SRI investors, demonstrating a clear sign of appreciation for the newly established framework

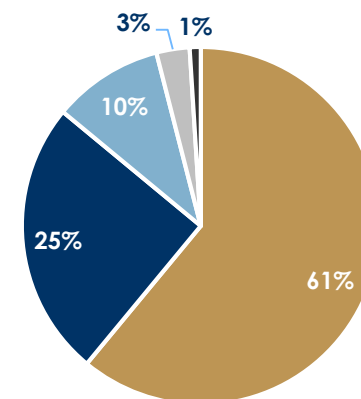
Transaction Highlights	
Bond Type	Senior Preferred Green
Pricing Date	Sept 1 st , 2020
Tenor	7 years
IPT	Mid swap +165bps
Re-offer spread	Mid swap +135bps
Amount	€ 500m
ISIN	XS2227196404
Use of Proceeds	Re-financing of eligible Green Assets
NIP	-8bps
Over-subscription	~7.0x

Allocation by Geography



- France
- Italy
- Nordics
- Swiss
- Ger&Austria
- UK
- Iberia
- Others

Allocation by Investor Type



- Funds
- CBs & OIs
- Others
- Banks
- Insurance & PF

MEDIOBANCA LONG-TERM INCENTIVE PLAN

Annex 3



LONG-TERM INCENTIVE PLAN: MAIN CHARACTERISTICS

Mediobanca Long-Term Incentive plan

Annex 3

Aspects	Comments
Performance evaluation timeframe	The four financial years from FY 2019-20 to FY 2022-23, in tandem with the strategic plan
Beneficiaries	<ul style="list-style-type: none"> ◆ CEO, Mediobanca ◆ General Manager, Mediobanca ◆ CEO CheBanca!/Compass
STI/LTI pay mix	<ul style="list-style-type: none"> ◆ On an annual basis, pay mix maximum 80% STI -20% LTI ◆ Given the 2:1 cap approved by shareholders in AGM, on an annual basis, maximum of 160% STI/40% LTI
Gateways	<p>The same as provided in the Remunerations Policies, to be assessed over the course of the strategic plan as follows</p> <ul style="list-style-type: none"> ◆ Review at closing date of each financial year for capital and liquidity adequacy indicators contained in the RAF ◆ Assessment on an aggregated basis at the end of the plan for earnings indicators
KPIs	<p>The financial/quantitative KPIs have been selected from among the plan's objectives and are linked to the objective of creating value. Non-financial/qualitative objectives have also been set</p>
Means of payment	<p>In accordance with the deferral mechanisms provided in the Remunerations Policies in force (i.e. 60% deferred over a five-year time horizon, 47% cash/ 53% equity) The value of the MB shares has been established based on the average price in the 30 days prior to the LTI plan's approval by the BoD</p>
Malus and clawback	Malus and clawback as per Remuneration Policies

FINANCIAL/QUANTITATIVE INDICATORS, LTI 2019-23

Mediobanca Long-Term Incentive plan

Annex 3

	KPI	Weighting	Target KPI Plan 2023	Assessment criteria	
				KPI threshold	% fixed annual salary – plan time horizon ¹
Growth	EPS Growth	33%	4%	> 5%	40%
				4-5%	30-40%
				4%	30%
				3-4%	20%
				< 3%	0
Profitability	Group ROTE	34%	11%	> 12.1%	40%
				11-12.1%	30-40%
				11%	30%
				10-11%	20%
				< 10%	0
Capitalization	CET 1 ²	33%	13.5%	>13.5%	40%
				13-13.5%	20-40%
				< 13%	0

1) Where a range is stated, the figure is quantified by linear interpolation
 2) Conditional upon shareholder remuneration of up to €2.5bn over four years (€1.9bn cash dividends and €0.3-0.6bn share buyback with cancellation) and assuming no change in regulatory requisites











NON-FINANCIAL/QUALITATIVE INDICATORS, LTI FY 2019-23

Mediobanca Long-Term Incentive plan

Annex 3

The variable LTI component linked to achievement of the financial/quantitative objectives may be adjusted by the Board of Directors based on the achievement of the non-financial/qualitative objectives, by a percentage that ranges from -10% to +15%. The non-financial/qualitative objectives have equal weighting, to be assessed individually. The adjustment to the non-financial/qualitative objectives is applied without prejudice to the annual 40% cap in relation to achievement of the financial objectives

	KPI	Assessment criteria
Corporate Social Responsibility Targets (Global Goals SDG UN)	<ul style="list-style-type: none">  Average hours training up 25%  AM: 100% of new investments selected using ESG and financial criteria  €700m to be invested in outstanding Italian SMEs  30% increase in ESG products in clients' portfolios  €4m per annum earmarked for projects with positive social/environmental impact  Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55  Energy: 92% from renewable resources, CO² emissions to be cut by 15%; hybrid cars @90% of MB fleet  CheBanca! green mortgages up 50% 	<p>- 5% / +7.5%</p> <p>quantitative financial results</p>
Relative performance Total shareholder return	<p>MB stock relative performance vs Total Shareholder Return index (TSR: assumes dividends are reinvested) for 26 leading European banks (Euro Stoxx Banks – code SX7GT-STX), of which Mediobanca is part</p>	<p>- 5% / +7.5%</p> <p>quantitative financial results</p>

MEANS OF PAYMENT AND DEFERRAL STRUCTURE FOR LTI PLAN

Mediobanca Long-Term Incentive plan

Annex 3

Instrument	Long-Term Incentive plan							Total
	Performance evaluation	Payment						
	FY 2019-20 - FY 2022-23	2023	2024	2025	2026	2027	2028	
Cash		20%		13%			14%	47%
Equity			20%		11%	11%	11%	53%

The diagram below the table illustrates the timing of payments. A bracket labeled '4 years' spans from 2023 to 2026, corresponding to the Cash payments. Another bracket labeled '5 years' spans from 2024 to 2028, corresponding to the Equity payments. A larger bracket labeled '9 years' spans from 2023 to 2031, representing the total duration of the plan.

The equity component is valued on the basis of the Mediobanca stock market price at the time when the LTI plan is approved (average price in the 30 days prior to the Board of Directors' meeting held on 19 December). The actual number of shares to be awarded, subject to the other performance/malus conditions and/or holding periods stipulated in the Remunerations Policies in force, will be defined and adjusted when the plan is completed and the variable remuneration component actually accruing has been established

The maximum number of shares allocated are as follows

- ◆ Alberto Nagel: 150,597
- ◆ Francesco Saverio Vinci: 125,496
- ◆ Gianluca Sichel: 62,748

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