

Group Sustainability Policy

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MEDIOBANCA



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1. Introduction

Growth and sustainability are features of the Mediobanca Group's DNA. Its 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 its 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 its stakeholders.

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

To pursue these objectives, the Group has adopted an approach based on identifying, assessing, preventing and reducing direct impact in reputational and operational terms, as governed by the provisions of this Policy, and also the indirect impact as a result of lending and/or investing in activities considered to be serious risks for the environment and society.

In order to regulate our indirect impact, Mediobanca has adopted a **Group ESG Policy**¹, which defines the general principles and guidelines for assessing environmental and social impacts as well as financial ones in lending, investment and advisory activities.

1.1 Scope of application

The Group Sustainability Policy is divided into five sections based on areas considered to be priorities:

- ◇ Measures to tackle bribery and corruption;
- ◇ Human rights;
- ◇ Financial health and inclusion;
- ◇ Diversity, equity and inclusion;
- ◇ Climate change and the environment.

The Group Sustainability Policy applies to the whole Mediobanca Group in the countries where 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 where applicable, and all other policies, guidelines, procedures, directives and provisions related to the areas covered by this Policy defined at Group level and locally.

1. https://www.mediobanca.com/static/upload_new/pol/politica-esg_eng_23.pdf

The Group also encourages its customers and suppliers to adopt the principles and provisions of this Policy, which is available to all stakeholders in the “[Responsible Banking](#)” section of the official Mediobanca website.

1.2 Sustainability governance

The Board of Directors of Mediobanca since 2017 mandated the Chief Executive Officer to take charge of activities regarding sustainability and the actions to be implemented and monitored in connection with it, including the institution of a managerial **ESG Committee** with various business and staff units represented on it.

On September 2019, the Board set up its own **Sustainability Committee**, with responsibility for processing the items to be submitted to the attention of the Board of Directors itself.

The Board of Directors on 26th March 2020 approved this Policy, subsequently updated; this Policy is submitted to the Group companies for its adoption within corporate regulatory body.

Furthermore, in view of the increasing importance being devoted to issues of diversity, equity and inclusion, the Chief Executive Officer set up a management **DE&I Committee** on 3 May 2022, consisting of representatives of the main business lines and of some of the operations and staff units.

The **Group Sustainability Unit** reports to the Chief Executive Officer, supporting him in all issues relating to sustainability and ensuring the Group is positioned correctly on these issues in its various areas of operation.

Group Sustainability is responsible for preparing and updating this Policy.

1.3 General principles and reference regulations

In defining this Policy, Mediobanca has based itself on the Ten Principles of the **UN Global Compact** of which it is a signatory, committing itself to share, support and apply a series of principles in their own respective spheres of influence. Such principles are universally shared in the sense that they are derived from the **Universal Declaration of Human Rights**, the **ILO’s Declaration on Fundamental Principles and Rights at Work**, the **Rio Declaration on Environment and Development**, and the **United Nations’ Convention Against Corruption**.

In prioritizing sustainability factors, Mediobanca also bases itself on the following principles and regulations:

- ◇ **UN Guiding Principles on Business and Human Rights;**
- ◇ **Corporate Sustainability Reporting Directive**, which emphasizes the principle of double materiality according to which companies must report both the impact of ESG factors on their financial performance, and that which their own activities have on the environment and society, in particular on human rights;
- ◇ **European Taxonomy of Sustainable Investments**, which, in establishing the criteria for determining whether an economic activity is environmentally sustainable, identifies the environmental objectives to be pursued, and requires that minimum safeguards be guaranteed;
- ◇ **European Pillar of Social Rights**, which defines the social factors, setting out the 20 key principles in the areas of: equal opportunities, fair working conditions, and social protection and inclusion;
- ◇ **Final Report on Social Taxonomy by the Platform on Sustainable Finance**, which proposes a structure

for a social taxonomy within the EU in order to establish which economic activities can be considered socially sustainable.

1.4 Monitoring and reporting

The Group undertakes to monitor and report transparently on its performances in these areas, raising awareness of such issues among its employees by running information and training programmes, and assessing its suppliers according to sustainability criteria.

The environmental and social reporting is published annually in the Consolidated Non-Financial Statement, drawn up in accordance with the Global Reporting Initiative Reporting Standards, in the Basel III Pillar III Disclosure to the Public on ESG Risks, in the TCFD (Task Force on Climate-related Financial Disclosures) Report, and in the UN Principles for Responsible Banking Report. All these documents are available on the [Mediobanca website](#).



2. Measures to tackle bribery and corruption

The Mediobanca Group is committed to conducting its business in accordance with the highest ethical standards, does not tolerate any form of corruption, whether active or passive, and operates in compliance with all applicable laws and regulations in this area.

To ensure compliance with the regulations in force, the Group: prepares its own internal rules, procedures and controls, drawing inter alia on the regulations in force in the various countries in which it operates; arranges regular training; and carries out checks and audit activities.

In this connection, the Group refuses any form of benefit, gift, or value item which could improperly and/or unduly influence the conduct and independence of judgement of the parties involved. The approach it adopts is intended to prevent instances of corruption occurring in the structuring and execution of transactions or commercial agreements.

Coverage of corruption risk is enhanced through the processes of reviewing and selecting suppliers and collaborators, including advisors and interns. With this in mind, it is forbidden for employees to:

- ◇ Offer or promise, including indirectly, cash or other value items with the purpose of obtaining an improper or unjust advantage;
- ◇ Accept cash or other value items in breach of an employee's own duties versus the Bank or its clients;
- ◇ Offer, promise or make, directly or indirectly, payments or compensation, in any form, in order to induce, facilitate or reward a decision, the performance of an official act, or otherwise, contrary to the official duties of a public officer or person appointed to perform a public service. The foregoing includes facilitation payments, i.e. payments made with the intention of speeding up an administrative process but without influencing its result.

The Group, by virtue of the close attention which it pays to ethical conduct and the integrity of its own operations, is committed to promoting behaviour which is opposed to corruption, acknowledging the high value which such an approach has for all its own stakeholders and the market in which it operates.

Mediobanca also carries out self-assessment activity of the bribery and corruption risks to which it is exposed, and updates the activity on a regular basis. The results of this self-assessment process help to define the areas that are most at risk, for which additional measures to tackle bribery and corruption are developed.

2.1 Money-laundering and terrorist financing risk management

The Group adopts procedures and control measures to ensure the regulations in force in the area of money-laundering and terrorist financing are complied with.

Enhanced measures are applied in the cases with the highest risk in terms of money-laundering and terrorist financing, whether these are required mandatorily under the applicable regulations², or whether they derive from the client profiling model adopted internally³.

2. E.g. clients who are PEPs, commercial relations and transactions involving high risk third countries included in the European Commission list.
3. Including specific internal authorization processes with senior management involvement and ongoing enhanced due diligence measures.

3. Human rights

The Group believes that respect of human rights is a fundamental prerequisite to its operations. 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 its relations with clients, suppliers and commercial partners, as well as in its relations with its own employees and the community.

The Group identifies and assesses the risks related to the protection of internationally recognized human rights, in particular in connection with scenarios, situations and operations with the potential for being affected by conflicts or breaches. To this end it seeks to develop relations of trust and mutual satisfaction with its clients, suppliers and commercial partners, and avoids engaging in relations with parties implicated in unlawful activities which could lead to potential breaches of abuses of human rights.

Mediobanca adopts a reputational risk framework to assess the main primary risk dimensions, the mitigation actions for the them, and the residual risk remaining after their application, that could generate events with reputational implications. Within this framework, the Group Risk Management Unit carries out a regular second-level assessment of the exposure to residual reputational risks, including those that derive from non-alignment with the principles of protecting human rights and reports on the results to the Non-Financial Risks Committee, illustrating any material residual exposures for which mitigation actions are necessary.

The objective of protecting human rights is pursued in a variety of ways, including through training and action to raise awareness of different issues.

The Group has made a commitment regarding the following principles and rights for all categories of stakeholders: tackling bribery and corruption, compliance with the regulations applicable to international sanctions, and the protection of personal data.

In particular, in providing its services, the Group is committed to the protection of personal data, guaranteeing the confidentiality, availability and integrity of data, designing and implementing data privacy procedures and standards in accordance with the principles laid down by Regulation (EU) 2016/679, the national data privacy regulations, and the guidance issued by the competent national and EU authorities.

Various types of information are managed, including significant aspects such as: transactions, contracts, and confidential supplier, client and staff data. The Group undertakes to ensure such data is protected from unauthorized or accidental changes, from loss and from unauthorized disclosure.

Further information on the approach adopted for individual categories of stakeholders is provided in the following sections.

3.1 Employees

Respect for each employee'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 geography and area in which the Group operates.

Mediobanca guarantees that all its employees will be treated without distinction, exclusion, restriction or preference, direct or indirect, based on: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including adoption), personal convictions, political opinions and/or trade union affiliations or activities.

The Group is respectful of the right to family life, which it expresses through work-life reconciliation policies and to an adequate standard of living and welfare. To this end it guarantees its staff receive fair compensation and safeguards their social security by ensuring employees receive a fair contribution to their complementary pension provision.

It also safeguards the right and freedom of association and collective bargaining; 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.

3.2 Suppliers

The Group ensures its relations with suppliers are based on proper conduct, transparency and parity of treatment. The Group Procurement unit has adopted specific internal regulations, to ensure its suppliers are selected on the basis of their professional knowledge and expertise, stability in earnings/financial terms, and ESG profile, and based on the best offer in terms of value for money, in accordance with the requirements stipulated by the units that have requested the product/service concerned, thus ensuring that the selection is based on criteria of transparency and objectivity. The Group is also committed to avoiding situations of conflicts of interest.

Suppliers are invited to conduct their business in accordance with standards consistent with those illustrated in the Group's Code of Ethics. All suppliers registered in the Group's procurement portal are required to comply with:

- ◇ Regulations governing the rights of the workers employed in providing the service, in particular the national collective labour contracts for the relevant sector, applying regulatory and compensation terms and conditions that are not inferior to those provided for by the relevant collective contracts and any addenda to them;
- ◇ Legal provisions on tax, pension, accident prevention, social security and employment-related matters, and trade union agreements and collective contracts in force for the relevant sector;
- ◇ Principles set forth in the Group's Code of Ethics and Code of Conduct.

3.3 Clients

In performing its activity, the Group pursues the objective of combining profitability and competitiveness with scrupulous compliance with professional ethics, basing its conduct at all times on principles of professionalism, transparency and loyalty towards its clients.

Mediobanca's activities are geared towards ensuring proper conduct in the performance of its business, in order to minimize the risk that staff conduct, although compliant with the regulations in force might result in damage to the client, both real or potential.

The Group aims to develop and promote products and services that can generate a positive impact in terms of financial health and inclusion, encouraging clients to use them on an informed basis according to their needs, and so contribute to individual prosperity.

3.4 Community

The Group recognizes the importance of balanced distribution of the wealth generated by its own activities versus its own stakeholders, given that the stakeholders themselves have helped contribute to generate it, whether directly or indirectly.

Mediobanca is convinced that an inclusive society must be based on mutual respect and solidarity, guaranteeing equal opportunities and an adequate lifestyle for all.

To this end it promotes numerous initiatives with social impact, including through donations and other forms of support to express solidarity, both in Italy and the other countries in which it operates.



4. Financial health and inclusion

The Group pursues a business model that is respectful of the financial health of its clients, and undertakes to promote the inclusion of the more vulnerable classes of society to ensure that they are not excluded from the credit system.

To this end it seeks to develop savings, lending, banking, insurance and advisory products and services that are able to generate a positive impact in terms of financial health and inclusion, promoting their distribution and accessibility by digital channels and innovative technological solutions.

In defining the financial product and service offering for its clients, the Group:

- ◇ Addresses also parties and organizations that are not yet fully integrated into the financial system, to help them make informed and effective choices, and in this way facilitating social inclusion;
- ◇ Takes account of the need to safeguard its counterparties' financial health, to enable them to meet all their financial obligations comfortably⁴, while maintaining a resilient profile consistent with their own financial planning.

The Group is convinced that financial education is an essential component in this process, as it prevents some of the causes that drive the phenomenon of financial exclusion, by increasing the capability of both private individuals and companies to manage their resources and to use financial products and services.

The Group makes good on its commitment to strengthening and expanding financial capabilities by taking part in training activities for the younger generations, including initiatives promoted by third parties.

4.1 Compass's contribution to inclusion

Compass grants credit to its clients based on their needs and in accordance with their financial sustainability. In particular, leveraging on its indepth knowledge of its customer base and the efficiency of its credit rating system, it adopts a risk-return logic applied to each customer segment, thus ensuring access to regulated credit channels even for the most disadvantaged segments of the population.

Credit monitoring, which is fundamental in picking up any signs of irregularity in relationships with clients in a timely manner, enables prevention strategies to be put in place in order to prevent further deterioration and/or help the client overcome any periods of financial stress.

4. In assessing the sustainability of the commitments entered into by its counterparties, the Group bases its considerations on the information available and/or on self-declarations by its clients.



5. Diversity, equity and inclusion

The Mediobanca Group considers diversity in all its forms – personal characteristics, gender, age, orientation, thought, abilities, and social and cultural characteristics – 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 success factors.

No distinction may be used with reference to the following areas specifically: access to work, assignation of duties or qualifications, transfers, disciplinary measures, promotion and professional training, including professional and career advancement, and conditions of employment, which include remuneration, complementary pension forms and other benefits.

The Group is therefore committed to preventing any form of undesirable behaviour whether expressed physically, verbally or non-verbally, which has the aim or effect of violating the dignity or freedom of an employee and/or of creating an intimidatory, hostile, degrading, humiliating or offensive environment. Internal regulations have been drawn up specifically in order to ensure that inappropriate behaviour is prevented, reported and punished.

The Staff Remuneration and Incentivization Policies adopted by the Group include a commitment on the part of the Group to offer a fair level of compensation reflecting the competences, capabilities and professional experience of each staff member, guaranteeing that the principle of equal opportunities is applied with the objective of pursuing a fair wage, monitoring any shortcomings in this area.

The Group also seeks to promote a healthy work-life balance, starting from listening to its staff and their needs, and then promoting solutions which enable them to reconcile the demands of their private and professional lives to the extent permitted by the provisions of the law, collective contracts and negotiated agreements (such as working part-time, flexitime, various forms of leave, etc.).

The Group is consistently committed to including people with disabilities of various kinds in its workforce, in accordance with the regulations in force, and incentivizing the various organizational units to integrate them as appropriate. The success of this initiative is guaranteed by the ongoing attention paid by the Group to provide working instruments and environments which are appropriate to the needs of its employees, and to encouraging participation in training and social initiatives, all of which with the necessary support.

The Group places high importance on the contribution of those staff members who have been working for it to high professional standards 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 staff who have only

recently entered the workplace, and who have an opportunity to work closely alongside them.

The Group is committed to promoting all possible inclusion initiatives, and to devoting the attention which any new needs that may emerge will require in the future.

Gender equality and diversity are issues which affect all staff in contact with the Group at all levels. However, the principles and provisions of this Policy are addressed to the following in particular:

- ◇ Directors;
- ◇ Statutory Auditors;
- ◇ Staff employed under all forms of contract;
- ◇ Interns;
- ◇ Collaborators employed under temporary or staff leasing arrangements;
- ◇ Consultants otherwise linked to the Group, including financial advisors.

The provisions of this Policy apply equally to the categories referred to above (jointly, the “Employees”) and to visitors, clients and suppliers.

To strengthen its commitment to diversity and inclusion, a **Mediobanca Group Diversity, Equity and Inclusion Code** has been published on the Bank’s official website⁵.

5.1 Diversity policy for governing bodies

Mediobanca acknowledges and welcomes the benefits of diversity at Group level and as part of its own governing bodies, in all of its aspects such as gender, age, qualifications, competences, and training and professional profile.

In its Articles of Association provision is made for members of the Board of Directors and the Statutory Audit Committee to be reserved to the least represented gender. Mediobanca, in acknowledging the issue of the Board’s collective suitability and hence the importance of its members, executive and non-executive, being able to take decisions collectively, seeks to promote candidates for appointment to the position of Director with the capabilities required to enable an optimal combination of profiles, in order to ensure the appropriate level of internal debate, smooth functioning and collective suitability of the Board itself and the various committees instituted by it. A suitably diverse Board of Directors should include members with a wide range of different competences, capabilities, qualifications, knowledge, educational backgrounds, professional experience, genders, ages, geographical origins, and other qualities that will enrich the Board and improve the level of internal debate and decision-making process. The same considerations also apply to the Statutory Audit Committee.

5. www.mediobanca.com/static/upload_new/med/0000/mediobanca-group-dei-code.pdf

6. Climate change and the environment

The Mediobanca Group is sensitive to the need to protect the environment and to address climate change. The Group sees the environment as a primary resource for 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 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.

Mediobanca recognizes the key role that the financial system has in supporting the transition to a climate neutral economy and undertakes to ensure that the transition is made fairly, with no-one left behind.

To improve its performance in environmental issues, the Group has identified the following priorities and set the following specific targets:

- ◆ **Reduction of direct environmental impact:** energy savings, increase in electricity sourced from renewable sources, CO₂ emissions to be cut, and promotion of sustainable mobility;
- ◆ **Supporting energy transition:** increase in "green" loans and mortgages⁶, issue of new environmentally friendly products and gradual alignment of the Bank's portfolio to the Paris Agreement objectives;
- ◆ **Reduction of indirect environmental impact:** environmental as well as social and governance criteria to be integrated into the assessment processes for new investments/loans, reappraisal of the Group's main suppliers using ESG criteria, and the introduction of ESG ratings as one of the assessment criteria for purchase processes and for the selection of suppliers;
- ◆ **Responsible consumption of natural resources:** reduced consumption, use of recycled and/or FSC certified paper, and gradual elimination of all plastic.

To ensure consistent improvement, assess its own impact, and identify the environmental risks deriving from its activities, the Group monitors its energy consumptions and the emissions it produces, water and paper consumption and waste production levels.

6. "Green" mortgages are mortgages with subsidized interest rates financing the purchase, refurbishment or construction of low environmental impact properties.



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