

**Mediolanum Group**  
**Green, Social and Sustainability**  
**Bond Framework**



July 2022

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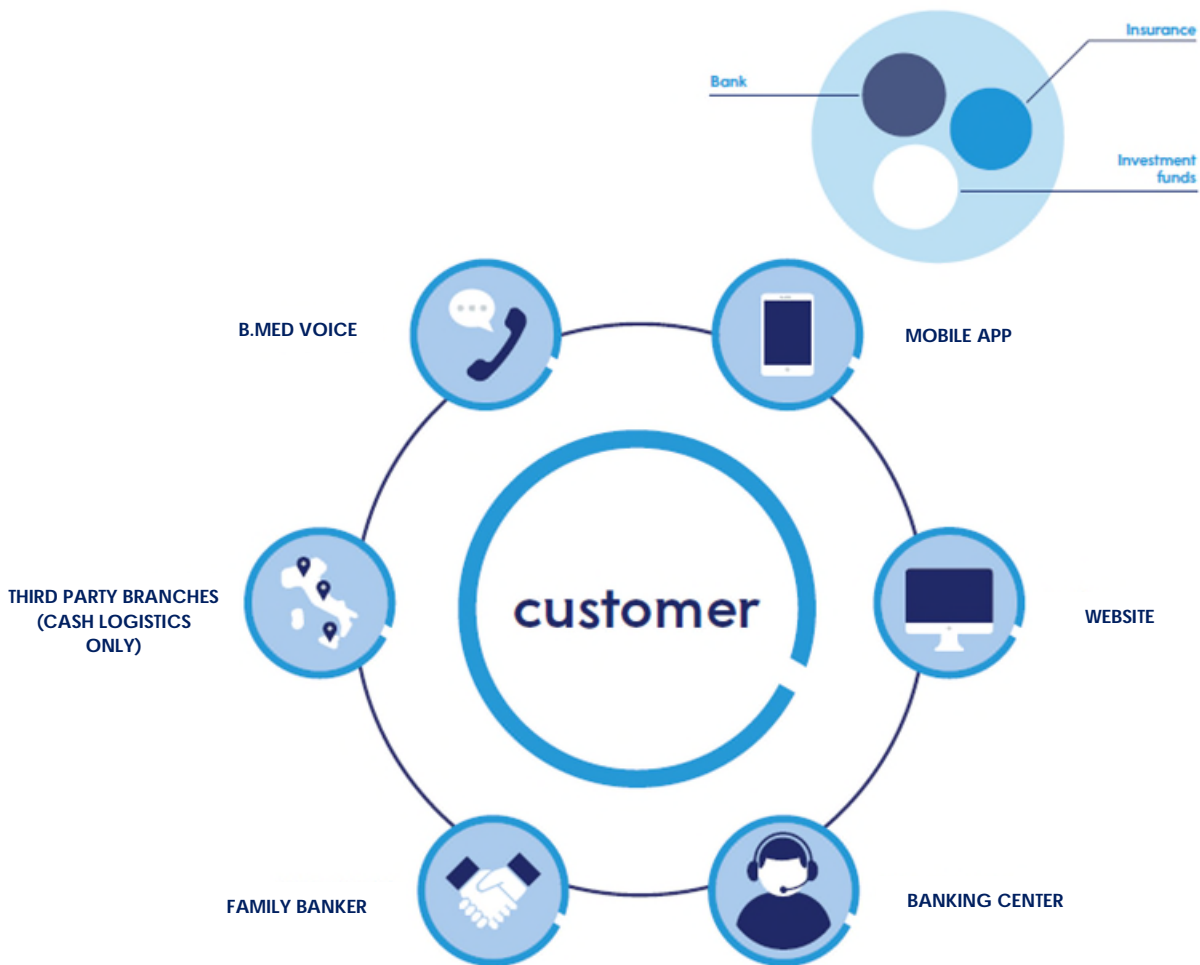
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## 1. Mediolanum at a Glance

Banca Mediolanum (“**Mediolanum**” or the “**Group**”) provides solutions that best fit all the financial needs of households, whether in the form of investments, insurance policies or banking products. Established in 1982 as a network of financial advisors - following the partnership between Programma Italia and Fininvest - in 1997 Mediolanum consolidated its innovative business model with the launch of an integrated multi-channel bank. Mediolanum, equipped with a state-of-the-art tech platform, no branches, and paired with one of the largest and most experienced financial advisors’ network in Italy, is able to fulfill all-round clients’ financial needs.

All Mediolanum’s financial advisors, a.k.a. Family Banker, are Chartered Financial Advisors who are professionals able to closely support customers with tailor-made financial solutions by leveraging their expertise in economics, taxation, and financial regulation.

The bank that is “built around the client” with an integrated business model



The Group, with more than 3,000 employees, over 5,800 financial advisors and 2.3 mn customers, fosters a corporate culture based on integrity and respect and promotes responsible behaviors to best serve all its stakeholders.

## 2. Sustainability at Mediolanum

### a. Sustainability Governance

Sustainability is an integral part of the Values & Culture of Banca Mediolanum, and is expressed by its way of doing business, the attention the Group dedicates to its customers, the support it gives to its employees & Family Bankers, as well as the respect it pays to the environment by contributing to the Community where it operates. The strategic approach is expressed in four responsibilities linked to (i) the economic system; (ii) the customers; (iii) the community and the environment, and (iv) the employees and Family Bankers. In general, Mediolanum strives to act responsibly as this is ingrained into the Group's DNA: Mediolanum has always been a people-centered bank.

- Since 2001, with the constitution of the Mediolanum Foundation NPO, the Group aims to provide an effective response to requests and inquiries coming from the Third Sector (or 'Terzo Settore')
- In 2008, during the financial crisis, approximately 1% of Mediolanum customers held Lehman Brothers securities underlying their investment products. Mediolanum made the decision to absorb the losses of those clients with a final cost of € 85 mn entirely born by the two majority shareholders, with no impact on minority shareholders and the banking Group itself
- In March 2020, even before any legislative decrees were issued, Banca Mediolanum took action in favour of its customers, employees & Family Bankers in response to the Covid-19 emergency by suspending the repayments on outstanding loans (€ 41.6 mn) and by granting 'State of Emergency' loans (€ 2.3 mn). In the following months, the Group decided to join all initiatives put in place by the Italian Government and the Italian Banking Association (ABI) to contrast the effect of the pandemic, such as the loan moratoria (€ 12.4 mn), State-guaranteed loans (MCC & SACE; € 125.9 mn) and Redundancy Fund payment advance (€ 2 mn). Similar initiatives were also carried out in favour of the Spanish customers
- In the same year, the benefit company Flowe was launched. Flowe represents an innovative '*platfirm*' that integrates banking services into a sustainable ecosystem allowing clients and partners to grow. Strongly focusing on educational and sustainability themes, with a net-zero emissions policy since its creation, Flowe obtained the B-Corp certification in December 2021
- In 2021, the Group's business performance and key financials hit new records in terms of net inflows, lending activity and Group's consolidated net profit. Banca Mediolanum has been included in the 40 stocks making up the new MIB ESG index launched in October 2021 by Euronext and Borsa Italiana, which combines the measurement of economic performance with environmental,

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social and governance impacts, in line with the principles of the UN Global Compact.

In 2019, Mediolanum approved its internal Sustainability Policy which has been updated in 2021 and contains the main objectives and the commitment towards sustainability in all its different aspects (e.g. attitude towards environment, human capital, customers and community). On the back of this parent policy, other specific policies have been issued by Banca Mediolanum and other entities in the conglomerate:

- Policy for the preparation of the Consolidated Non-Financial Statement (NFS)
- Environmental policy
- Community Support policy
- Human rights policy
- Diversity and inclusion policy
- Policy on donations
- Operational policy on responsible products
- Policy for responsible investment
- Operational policy on sustainable events management.

Mediolanum develops and coordinates all sustainability projects through its Sustainability Office within the Innovability & Value Strategy Department. The Sustainability Office, in liaison with other Group departments, is also responsible for ensuring the Group's strategy is applied according to the Sustainability Policy.

The ESG Commission is a working group presided by the Director of Investment and Insurance Services Department. It is composed of the representatives of different offices of Banca Mediolanum and other entities of the Conglomerate who are involved in responsible finance matters. The ESG Commission:



- oversees the analysis and the monitoring of the ESG positioning of investment products both captive and of third-party asset managers
- monitors the evolution of regulation regarding sustainability in investment and advisory
- shares common guidelines among its members.

Finally, the Group has recently established a new GSS Bond Framework Commission: an internal cross-functional platform consisting of members from the Top Management, the Group Treasury, the ESG Commission and all relevant departments that contribute to the origination of Green and Social Eligible Assets as defined in this Framework. The GSS Bond Framework Commission will meet on an annual basis. The activities and tasks performed by the GSS Bond Framework Commission - concerning this Framework - are reported in paragraph 3.c.

## b. Commitment to the UN SDGs and UN Global Compact

In 2021, Banca Mediolanum joined the UN Global Compact, a United Nations initiative that encourages businesses all over the world to create an economic, social and environmental framework capable of promoting a healthy and sustainable global economy.

In this regard, Banca Mediolanum is committed to applying a set of fundamental principles linked to human rights, labor standards, environmental protection and the fight against corruption in all its operations.

SDGs	UN Global Compact Principles	Material Topics	Banca Mediolanum Initiatives
 <p>Ending world poverty in all its forms</p>	1 <sup>st</sup> and 2 <sup>nd</sup>	<p>Community Support</p> <p>Financial Inclusion</p>	<p><b>Rescue loan:</b> by entering into agreements with foundations and local charitable associations, Mediolanum acts to provide assistance and charitable contributions in order to support anyone suffering from debt, in order to prevent usury. The purpose of the agreement is to identify and provide credit to low income families and/or those on the poverty line, to allow them to cope in an emergency.</p> <p><b>Casa+ initiative:</b> offering of mortgages and subsidised loans aimed at property renovations.</p> <p><b>Initiatives for staff</b> during the public health emergency.</p> <p><b>Collaborazioni with Foundations and Associations,</b> in particular with the NPO Mediolanum Foundation which supports projects for disadvantaged children, and with Mediolanum Aproxima through partnerships and support for NGOs.</p>
 <p>Guaranteeing a healthy lifestyle and promoting well-being for everyone of all ages</p>	7 <sup>th</sup> and 8 <sup>th</sup>	<p>Protection of Human capital</p> <p>Community Support</p>	<p><b>Inclusive company welfare</b> policies designed to encourage a positive work life balance and guarantee individual well-being. Services and projects aimed at all employees were activated, such as the company crèche, as well as subsidised services and partnerships.</p>

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	<p>End hunger, achieve food security, improve nutrition, and promote sustainable agriculture</p>	<p><b>Collaboration</b> with the <i>Irish Coolmine Therapeutic Community</i>, which is a centre for drug and alcohol rehabilitation for mothers and children.</p>	
	<p>Ending world poverty in all its forms</p>	<p>With the project "<b>Let's stop poverty</b>" the Mediolanum Foundation has offered food and school support, health assistance and psychological support to 770 children and families in a situation of economic vulnerability.</p>	
	<p>Guaranteeing inclusive, equal education and promoting lifelong learning opportunities for all</p>	<p>7<sup>th</sup> and 8<sup>th</sup> Supporting communities Growth of human capital</p>	<p>The partnership with <b>Centodieci</b> places human capital at the forefront. It takes the form of events held across Italy, specific training and educational opportunities featuring guest speakers who reflect the values of Banca Mediolanum. There is also an online magazine which explains all the projects and events run by Centodieci, and which offers an outlet for cultural discussion with a blog covering issues such as innovation, technology and common values.</p>
	<p>Achieving gender equality and empowerment for all women and girls</p>	<p>6<sup>th</sup> Diversity and inclusion</p>	<p>Projects dedicated to the <b>promotion of female talent</b> such as "DonneMediolanum" for employees, and the "Women in Med" project for Mediolanum's Family Bankers. The project "<b>Be Mediolanum: the value of diversity</b>" project aims to develop initiatives which promote diversity &amp; inclusion in order to build on diverse expertise and attitudes and integrate them into the company.</p>
	<p>Assuring access to energy which is affordable, reliable, sustainable and modern for all</p>	<p>8<sup>th</sup> Direct environmental impacts Responsible Finance</p>	<p><b>Trigeneration</b> plants allow the self-generation of electricity and energy used in heating and cooling. In 2021, these plants covered more than 44.61% of the electricity requirement, and further reduced CO<sub>2</sub> emissions.</p> <p><b>Global Impact</b> funds, to generate a positive impact for the environment and the need for resources.</p>

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			Mediolanum Flessibile Futuro Sostenibile qualifies as an art. 8 product under EU Reg. 2019/2088. It is a fund that prefers investments in issuers with high ESG (Environmental, Social and Governance) standards, with particular attention to environmental ones (carbon footprint).
 <p>Promoting durable, inclusive, sustainable economic growth, full and productive employment, and dignified work for all</p>	3 <sup>rd</sup> , 4 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> and 9 <sup>th</sup>	Responsible Finance	<b>SRI investments</b> such as Best Brand Socially Responsible and Mediolanum Innovative Thematic Opportunities.
 <p>Building strong infrastructure, promoting inclusive, sustainable industrialisation, and promoting innovation</p>		Cybersecurity and responsible data usage Innovation	<p><b>Privacy policies to safeguard the protection and management of customer data.</b></p> <p>Process activated to optimise the management of any <b>Data Breach</b>.</p> <p><b>Access to the company's IT resources</b> is granted through Multi Factor Authentication.</p> <p>Development of innovative products that bring significant benefits for customers and influence the efficiency and efficacy of internal processes.</p> <p><b>Mediolanum Digital Program training course launched</b> to develop further knowledge and skills in digital and innovation.</p>
 <p>Guaranteeing sustainable models of consumption and production</p>	7 <sup>th</sup> and 8 <sup>th</sup>	Procurement and supplier rating policies	<p>Responsible selection of <b>suppliers</b>, using an assessment that also includes social criteria.</p> <p><b>Global Impact funds:</b> investing in companies that can generate a positive socio-environmental impact.</p>
 <p></p>	7 <sup>th</sup> , 8 <sup>th</sup> and 9 <sup>th</sup>	Direct environmental impacts	In 2016, in order to disseminate an environmentally friendly culture within the company, the Group launched a project whereby a <b>tree is planted</b> whenever a Mediolanum employee has a baby.



## Mediolanum Group Green, Social and Sustainability Bond Framework

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Adopting urgent measures to combat the effects of climate change

The list of company cars in the **Policy and Operating Procedure on the Allocation, Use and Management of Company Cars** comes with a set of maximum limits on CO<sub>2</sub> emissions and mileage. The fleet includes cars powered by alternative fuels and with hybrid, electric or green engines, and these models are preferred when the company fleet is upgraded.

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**Global Impact funds:** guaranteeing a focus on the environment and the need for resources.



Promoting a peaceful, inclusive society for sustainable development, providing access to justice for all, and building efficient, responsible, fully inclusive institutions

4<sup>th</sup>, 6<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup>

Responsible Business

Banca Mediolanum is committed to **fighting all forms of corruption** in the public and private sector, as defined in national legislation, certain provisions of which have implemented the UN Convention Against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Guidelines.

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Banca Mediolanum has its own 231/01 Model. One of the most important documents in the body of internal regulations is the **Policy on the Fight Against Money Laundering and the Financing of Terrorism**.

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In June 2022, to further underline its commitment towards sustainable finance, Banca Mediolanum became Signatory to the Principles for Responsible Banking (PRB) and member of the United Nations Environment Programme Finance Initiative (UNEP FI). UNEP FI and its members work to strategically position the financial sector for the transition to a low-carbon, sustainable and inclusive economy under three industry frameworks – (i) Principles for Responsible Banking, (ii) Principles for Sustainable Insurance and (iii) Principles for Responsible Investment. By joining this Programme, Banca Mediolanum is committing to contribute to the alignment of the banking sector with the UN Paris Agreement on Climate Change and Sustainable Development Goals.

### c. EU Taxonomy Regulation

In line with the regulatory requirements, Mediolanum has set up an interdepartmental working group aimed at complying with the EU Taxonomy disclosure requirements and identifying actions for improvement.

The Green Asset Ratio (GAR), meaning the proportion of eligible exposures out of total balance sheet assets, came to 23.90% for the year 2021, with retail exposures (i.e. residential real estate loans or home improvement loans) representing more than 99% of the total.

	Eligible		Ineligible	
	Total carrying amount	% of total assets	Total carrying amount	% of total assets
<b>Assets covered*</b>	€9,164,440,715.65	23.90	€8,534,002,870.29	22.25
Trading book and on-demand interbank loans	-	-	€219,905,045.00	0.57
Exposures to central governments, central banks and supranational issuers	-	-	€19,848,150,687.00	51.76
Derivatives	-	-	€62,918.00	0.0002
Exposures to undertakings not obliged to publish non-financial information**	-	-	€580,798,045.06	1.52

\* Covered assets have been calculated on the basis of the total carrying amount of balance sheet assets, considering the guidance provided in Article 7(1-2-3) of Delegated Regulation 2021/2178, and therefore excluding exposures to central governments, central banks and supranational issuers; derivatives, the trading book; on-demand interbank loans and exposures to undertakings not obliged to publish non-financial information. The percentages reported were calculated as the ratio of the total carrying amount of eligible and ineligible exposures, respectively, to the total carrying amount of balance sheet assets, as required by Article 10(3a) of the Delegated Regulation.

\*\* Exposures to undertakings not obliged to publish non-financial information have been calculated as the difference between total exposures to corporate counterparties and total exposures to undertakings obliged to publish non-financial information.

### d. Responsible Finance

Banca Mediolanum offers products and services built around the real needs of individuals and households. As stated in Banca Mediolanum's Operational policy for responsible products, ESG factors are integrated into all the stages of the "production process": from the concept of a new product to the engineering of post-selling services passing through subscription facilities available to customers. Banca Mediolanum aims at delivering the best value possible taking into account environmental, social and governance risks and opportunities related to its offering. With specific regard to sustainable finance, Banca Mediolanum, as well as the other companies in the conglomerate acting as Financial Market Participants, have issued their own Responsible Investment Policies according to which ESG factors are

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integrated into the investment process evaluating and constantly monitoring the ESG positioning of products, investee companies and financial partners (third party asset managers).

Since 2022, as a result of the project realized in collaboration with Università Cattolica del Sacro Cuore in Milan, Banca Mediolanum has created a proprietary ESG materiality matrix and an ESG Rating Model allowing to continuously evaluate and monitor the sustainability profile of all banking, credit and protection products offered to the customers. On top of MSCI ESG, which provides an ESG rating to Mediolanum's investment products since 2019, the Group owns a complete coverage and mapping of its offering from a sustainability point of view.

### **SUSTAINABILITY-ORIENTED PRODUCTS:**

Mediolanum promotes a wide range of products that specifically address sustainability issues:

#### **Investment:**

- **Mediolanum Best Brands Energy Transition Fund by Mediolanum International Funds Ltd** (Article 9 of EU Regulation 2019/2088): global equity fund established in 2022 whose primary objective is to invest in clean energy companies and to contribute to the transition towards low-carbon emission energy sources
- **Mediolanum Best Brands Multi Asset ESG Selection Fund by Mediolanum International Funds Ltd** (Article 8 of EU Regulation 2019/2088): multi asset fund established in 2022 with a flexible investment approach to pursue maximum diversification among securities meeting high ESG standards
- **Mediolanum Best Brands Circular Economy Opportunities Fund by Mediolanum International Funds Ltd** (Article 9 of EU Regulation 2019/2088): global equity fund established in 2022 whose primary objective is to invest in companies that generate social and/or environmental change and contribute to the transition towards the circular economy
- **Mediolanum Best Brands Global Impact Fund by Mediolanum International Funds Ltd** (Article 9 of EU Regulation 2019/2088): global multi-manager equity fund launched in October 2020 as a sub-fund of Mediolanum Best Brands. This fund pursues two equally important objectives, namely (i) providing attractive long-term investment returns and (ii) contributing to create a more sustainable and inclusive world
- **Mediolanum Best Brands Socially Responsible Collection of Mediolanum International Funds Ltd** (Article 8 of EU Regulation 2019/2088): sub-fund of Mediolanum Best Brands established in 2015. As a multi-asset multi-manager fund, it mainly invests in socially responsible and sustainable global equities and, to a lesser extent, in fixed-income securities
- **Mediolanum Best Brands Innovative Thematic Opportunities** (Article 8 of EU Regulation 2019/2088): a sub-fund of Mediolanum Best Brands established in 2018. As a multi-manager fund, it mainly invests in global equities. Its investment

policy focuses on growth by selecting companies whose businesses are well-positioned to take advantage of megatrends

- **Mediolanum Flessibile Futuro Sostenibile by Mediolanum Gestione Fondi SGR p.A.** (Article 8 of EU Regulation 2019/2088 since October 2020): part of the Mediolanum Fondi Italia System, is a flexible fund that prioritizes investments in players that meet high environmental, social and governance (ESG) standards, in particular focusing on their carbon footprint
- **In Spain:**
  - In addition to the sustainable products promoted by Mediolanum International Funds, Banco Mediolanum, the Spanish branch, offers a selection of third-party funds, including both Article 8 and Article 9 funds, through the **MyWorld** service
  - **Fondo Compromiso Mediolanum FI:** Banco Mediolanum distributes the Compromiso FI Fund created by Mediolanum Gestión, the Spanish Group's asset management company. With this investment fund, customers can choose an NGO from those participating in the Mediolanum Aproxima solidarity initiative. Mediolanum Gestión will then donate annually 30% of its management fee to the organization selected, according to the procedures described in the product prospectus.

### Lending:

- **Mutuo Casa+, Prestito Casa+:** the underlying goal of Casa+ products, launched in October 2013, is to upgrade the energy rating of buildings and reduce their environmental impact by investing in alternative energy solutions
- **Mediolanum Eco+:** advantageous terms and reduced spread on first mortgages linked to high-energy-efficiency residential properties (B, A or A+ rating), since March 2019
- **Mediolanum Young:** Mediolanum Young mortgages, launched in July 2017, are targeted to customers under 35 who are planning to buy a home. The maximum LTV is extended to 90% and a gradual reduction of the spread is applied every 5 years, if regular repayments are made
- **Mutuo Mediolanum Fondo di Garanzia Prima Casa:** in December 2021, Banca Mediolanum joined the Fondo Prima Casa of Consap, a state-guaranteed fund dedicated to the purchase of the primary residence with up to 100% LTV and favourable pricing. Eligible customers include low-income households, single-parent families, people under the age of 36
- **Superecobonus/Ecobonus Loans:** in October 2020, Banca Mediolanum launched a series of loan products for retrofitting of buildings based on the superecobonus/ecobonus tax breaks, for customers who choose to transfer the relative tax credit to the Bank:
  - **Mediolanum Superbonus Loan 110+:** for those property renovations eligible for tax credits (110% of the value of the work) over a 5-year time period
  - **Mediolanum Bonus+ Loan:** for those property renovations eligible for tax credits over a 10-year time period
- **Mediolanum Bonus+ Top Loan:** launched in October 2020, specifically addresses high-value customers, for property renovations eligible for tax credits (100% of the value of the work) over a 5 or 10-year time period

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- **Mediolanum Eco+ Mobility Loan (Italy) & ECO Loan (Spain):** Mediolanum offers a favorable spread on loans to fund the purchase of new hybrid or electric cars, bicycles, and motorcycles. The first one has been launched in September 2019, while in Spain the product has been launched one year later
- **Instant Credit and Shop for You:** in 2021, the “Selfy” project was expanded to include the digital loan products (i) “Instant Credit” (a personal loan) and (ii) “Shop for You” (a consumer credit loan). Selfy is a project addressing the acquisition of DIY customers who choose Banca Mediolanum without being assigned to a Family Banker
- **Hipoteca Freedom Green:** Banco Mediolanum's mortgage dedicated to top customers for the purchase of high-energy-efficiency properties, since September 2020
- **Integration of Next-Gen Fund state incentives:** Banco Mediolanum's mortgages and loans dedicated to the retrofitting (energy efficiency) of properties, with favorable conditions also permitted by EU Next-Gen funds. It was launched in November 2021.

### Banking:

- **SelfyConto:** Banca Mediolanum has confirmed its commitment toward digitalization and dematerialization with SelfyConto. The registration process is fully paperless, and account holders under the age of 30 pay no account-keeping fees
- **Conto Mediolanum – Young:** it provides young customers with the benefits of a Family Banker's all-round assistance coupled with the fully digital banking services of the mobile app. Account holders under the age of 30 pay no account-keeping fees
- **Conto Mediolanum – Natural Disasters:** Banca Mediolanum has always been at the forefront in supporting customers affected by natural disasters with dedicated initiatives. Conto Mediolanum – Natural Disasters provides a whole series of advantages until two years from the opening of the account (or from the change of the agreement), including no account-keeping fees, no annual credit card fee, no stamp duty, and no charges for using the main banking services
- **Mediolanum Card – debit card:** Mediolanum Card is made of polylactic acid (PLA), a non-food corn derivative that reduces the use of fossil-based plastic by over 80% during the production process.

### FLOWE:

Flowe, launched in 2020, is the e-money institution dedicated primarily to the younger generation. Flowe was recognised as a Carbon Neutral BCorp in 2021. As a benefit company, Flowe's bylaws cover not only objectives related to profitability, but also broader goals aimed at creating a positive impact for the community and the environment.

Flowe's bylaws incorporate two specific “benefit” goals:

1. to educate and inform young people about the principles of sustainability and innovation. Flowe users, who are known as *Flomes*, have access to the Flowe

app, which includes a range of inspiring content related to the environment, innovation and entrepreneurship (i.e. videos of speeches made by businesspeople and partners of Flowe). Among the partners, there are companies and associations that help to create value for all users thanks to their specific knowledge and services. The education system plays an important role in the achievement of this first “benefit goal”: in this regard, Flowe promotes educational projects such as “Drops of Sustainability”, which is designed for secondary school pupils throughout Italy, with ad hoc content and opportunities for discussion available on a “Digital Education” platform recognized by the Ministry of Education;

2. to promote socio-economic wellbeing by educating young people to heighten the awareness and management capabilities of their own finances. Several educational materials, webinars and digital tools are employed for this purpose. One important aspect in this regard is the partnership with Doconomy, a startup fighting climate-change that quantifies the CO<sub>2</sub> footprint of users’ spending. Increased awareness of well-being is provided by “Healthy Virtuoso”, which tracks clients’ daily step count and workout minutes. Finally, Arcadia is the section designed to encourage *Flomes* to improve their hard skills. It is based on a gaming logic and offers rewards such as badges, level-ups and gems: a virtual currency that users can spend within the app to take advantage of discounts or other offers.

Although Flowe is a fully-digital banking service, clients have the option to pair a physical MasterCard payment card and exploit the latest security features. The card is designed to avoid any impact on the environment as it is made from wood and recycled plastic. Moreover, through the partner “zeroCO<sub>2</sub>”, the issuance of each payment card is coupled with a tree planted in Guatemala. The tree will be named after the cardholder who can watch it grow over time, and then assigned to local families who run small businesses in the field of agriculture so they can exploit the economic value enshrined in the tree’s fruits or berries.

### 3. Mediolanum Green, Social and Sustainability Bond Framework

#### a. Rationale for a Green, Social and Sustainability Bond Framework

Mediolanum acknowledges the pivotal role that financial markets play in tackling climate change and ensuring a more inclusive and just society. As a well-positioned financial institution, Mediolanum is eager to leverage its ability and influence to promote decarbonization efforts and clean energy solutions along with wellbeing, adequate living standards, health, safety and sustainable communities.



## Mediolanum Group Green, Social and Sustainability Bond Framework

Mediolanum Green, Social and Sustainability Bond Framework (the “**Framework**”) has been established according to the Green Bond Principles 2021 and Social Bond Principles 2021 as well as the Sustainability Bond Guidelines 2021, which are overseen by the International Capital Market Association (ICMA). This Framework represents a sustainable financing tool that ensures transparency on the use of proceeds and promotes the integrity of the sustainable bond market.

Mediolanum Green, Social and Sustainability Bond Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review.

Mediolanum Green, Social and Sustainability Bond Framework encompasses three different types of sustainable bonds, namely:

- **Green Bonds:** any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance projects with clear environmental benefits and which are aligned with the four core components of the Green Bond Principles (GBP) administered by the ICMA
- **Social Bonds:** aligned with the four core components of the Social Bond Principles (SBP) overseen by the ICMA and financing projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for a target population(s)
- **Sustainability Bonds:** any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance a combination of both Green and Social projects. Sustainability Bonds are aligned with the four core components of both the GBP and SBP with the former being especially relevant to underlying Green projects and the latter to underlying Social projects.

Green, Social or Sustainability Bonds can be issued as different debt instruments, including public or private placements, senior preferred, senior non-preferred and subordinated bonds in various formats and currencies. Further details will be provided in the applicable documentation related to the specific transaction.

Mediolanum aims to actively monitor the ESG debt market and commits to periodically reviewing this Framework to ensure alignment with best market practices and other voluntary standards.

This Framework, as well as any future updates, will apply to any Green, Social, Sustainability Bond issued by Mediolanum as long as any such instrument is still outstanding.

### b. Use of Proceeds

An amount equivalent to the net proceeds raised from the Green, Social and Sustainability Bonds issued under this Framework is dedicated to financing and/or refinancing, in whole or in part, new and/or existing loans, projects and investments (“Eligible Assets”) belonging to the following categories:

- Green buildings
- Clean transportation
- Energy efficiency
- Employment generation (SME financing)
- Support to the Third Sector
- Affordable housing.

The proportion of the proceeds used for refinancing will be provided in the allocation reports of the bonds.



#### Eligible Green Assets:

GREEN BUILDINGS	
Eligibility Criteria	Financing related to: <ol style="list-style-type: none"> <li>i. The acquisition of new or existing residential or commercial buildings built before December 31<sup>st</sup>, 2020:                             <ol style="list-style-type: none"> <li>a. with energy efficiency class A or B</li> <li>b. which are aligned with current environmental regulation and belong to the top 15% in Italy in terms of most carbon-efficient buildings (kg CO<sub>2</sub>e/sqm)</li> </ol> </li> <li>ii. The acquisition of new or existing residential or commercial buildings built after December 31<sup>st</sup>, 2020 with Primary Energy Demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)</li> <li>iii. Renovation projects with an improvement in energy efficiency resulting in a minimum of 30% of energy savings</li> <li>iv. The acquisition of tax incentives related to investments in energy efficiency renovations and improvements introduced by Italian or other EU governments, such as the Italian law decree 2020/34 (decreto rilancio) “Misure urgenti in materia di salute, sostegno al lavoro e all’economia, nonché di politiche sociali connesse all’emergenza epidemiologica da COVID-19”<sup>1</sup></li> </ol>
EU Environmental Objective	Climate Change Mitigation

<sup>1</sup> <https://www.gazzettaufficiale.it/eli/id/2020/07/18/20G00095/sg>





## Mediolanum Group Green, Social and Sustainability Bond Framework

<p>Contribution to UN SDGs</p>	<p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums            11.C: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials            13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries            13.2: Integrate climate change measures into national policies, strategies and planning</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="555 674 753 869" style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div data-bbox="991 674 1189 869" style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<p>Environmental benefits</p>	<p>To achieve energy savings through increasing the portfolio of energy efficient buildings</p>

CLEAN TRANSPORTATION	
<p>Eligibility Criteria</p>	<p>Financing related to the adoption, maintenance and upgrades of low-energy and low-carbon transport assets, including:</p> <ul style="list-style-type: none"> <li>i. Electric or Hybrid vehicles with CO<sub>2</sub> emissions lower than 50g CO<sub>2</sub>/km</li> <li>ii. Charging points dedicated to foster the adoption of clean transportation</li> </ul>
<p>EU Environmental Objective</p>	<p>Climate Change Mitigation; Pollution Prevention and Control</p>

## Mediolanum Group Green, Social and Sustainability Bond Framework

<p>Contribution to UN SDGs</p>	<p>9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="520 678 719 875" style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div data-bbox="1070 678 1270 875" style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div>
<p>Environmental benefits</p>	<p>To achieve GHG and pollutant emissions reduction by participating to the development of low carbon transport</p>


### ENERGY EFFICIENCY

<p>Eligibility Criteria</p>	<p>Financing related to the adoption of (and/or upgrades of) equipment or technology such as:</p> <ol style="list-style-type: none"> <li>i. Smart grids<sup>2</sup></li> <li>ii. District heating and cooling<sup>3</sup></li> <li>iii. Energy storage</li> <li>iv. Efficient LED lighting appliances and systems</li> </ol>
<p>EU Environmental Objective</p>	<p>Climate Change Mitigation</p>

<sup>2</sup> Including (i) smart meters (ii) smart thermostat systems and (ii) Building Management Systems (BMS) and Energy Management Systems (EMS)

<sup>3</sup> Limited to district heating and cooling systems using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat

## Mediolanum Group Green, Social and Sustainability Bond Framework

<p>Contribution to UN SDGs</p>	<p>7.3: By 2030, double the global rate of improvement in energy efficiency</p>	
<p>Environmental benefits</p>	<p>To achieve energy savings and GHG emissions reduction by fostering energy-efficient infrastructures</p>	

### Eligible Social Assets:

<p>EMPLOYMENT GENERATION (SME FINANCING)</p>	
<p>Eligibility Criteria</p>	<p>Financing related to the support of employment and socio-economic advancement through promotion and expansion of SMEs:</p> <ul style="list-style-type: none"> <li>i. Financing of SMEs in response to the Covid-19 pandemic crisis<sup>4</sup></li> <li>ii. Financing of SMEs<sup>5</sup></li> <li>iii. Microfinance</li> </ul>
<p>EU Social Objective<sup>6</sup></p>	<p>Decent Work</p>

<sup>4</sup> If related to Covid-19 pandemic, these financings fall under Government's SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (the "Decreto Liquidità") and Law no. 27 of 24 April 2020, the "Decreto Cura Italia")

<sup>5</sup> As defined by the European Commission: [https://ec.europa.eu/growth/smes/sme-definition\\_en](https://ec.europa.eu/growth/smes/sme-definition_en)




<sup>6</sup> As per the final draft on a Social Taxonomy published by the EU Platform on Sustainable Finance [Final Report on Social Taxonomy \(europa.eu\)](#).

## Mediolanum Group Green, Social and Sustainability Bond Framework

<p>Contribution to UN SDGs</p>	<p>5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> </div>
<p>Target Population</p>	<p>Populations of low income and disadvantaged groups in economically underperforming areas</p>
<p>Social benefits</p>	<p>To achieve a wider availability of job opportunities and economic growth for the target population by supporting the generation of employment opportunities</p>




<p>SUPPORT TO THE THIRD SECTOR</p>	
<p>Eligibility Criteria</p>	<p>Financing related to the Third Sector (Associations, NGOs, Social enterprises, Social Cooperatives, Foundations etc.) with positive social impact on the society in the following sectors:</p> <ol style="list-style-type: none"> <li>i. Healthcare and scientific research</li> <li>ii. Education</li> <li>iii. Clean transportation and environmental protection</li> <li>iv. Art, culture and recreational activities (including also amateur sports, tourist activities of social and cultural interest, etc.)</li> <li>v. Solidarity and Social Activities (including also welcoming and integrating migrants, inclusiveness of disadvantaged workers by law, animal protection, etc.)</li> <li>vi. Fair Trade and international cooperation for the sustainable development, human rights and peace</li> </ol>

## Mediolanum Group Green, Social and Sustainability Bond Framework

EU Social Objective <sup>7</sup>	Inclusive and sustainable communities and societies
Contribution to UN SDGs	<p>1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p> <p>3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="507 857 707 1055" style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div data-bbox="821 857 1021 1055" style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div data-bbox="1137 857 1337 1055" style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> </div>
Target Population	Vulnerable populations that include unemployed, youth, elderly, undereducated and disabled individuals
Social benefits	To achieve positive socio economic outcomes in sensitive areas and/or for socially vulnerable people by fostering a more inclusive and sustainable society

<sup>7</sup> As per the final draft on a Social Taxonomy published by the EU Platform on Sustainable Finance [Final Report on Social Taxonomy \(europa.eu\)](#)

## Mediolanum Group Green, Social and Sustainability Bond Framework

AFFORDABLE HOUSING	
Eligibility Criteria	<p>Financing related to:</p> <ol style="list-style-type: none"> <li>i. Activities that increase the access to social housing aiming to support people living in social and economic difficulties and those living without adequate housing</li> <li>ii. Investments in Financing to social housing real estate (including low rent housing, affordable housing, cooperative housing)</li> </ol>
EU Social Objective <sup>8</sup>	Adequate living standards and well-being for end-users
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div>
Target Population	Low-income population <sup>9</sup>

<sup>8</sup> As per the final draft on a Social Taxonomy published by the EU Platform on Sustainable Finance [Final Report on Social Taxonomy \(europa.eu\)](#)

<sup>9</sup> As per the income criteria defined by the ISTAT

### Social benefits

To achieve a wider availability of affordable basic infrastructures by increasing investments in affordable housing projects and initiatives

### Exclusion Criteria

To remove any doubt, financing related to the following activities are excluded from eligibility:

- Fossil-Fuel energy
- Nuclear energy
- Gambling
- Tobacco
- Alcohol
- Animal abuse
- Weapons.

### c. Process for Project Evaluation and Selection

Mediolanum ensures that all Eligible (green and social) Assets selected are compliant with official national and international environmental and social standards as well as local regulation, on a best effort basis.

As mentioned in paragraph 2.a, a dedicated GSS Bond Framework Commission has been established to review and update this Framework. The GSS Bond Framework Commission will also be in charge of:

- monitoring and reviewing the Eligible Assets pool
- reviewing and validating new assets/financing to be included in the categories of Eligible green and social Assets as well as inclusion of new potential categories
- assessing, at least on a yearly basis, the impacts stemming from the activities included in the categories of Eligible green and social Assets
- monitoring, on an on-going basis, market trends related to Green, Social and Sustainability Bond best practices in terms of disclosure, reporting, and harmonization
- review and approval of the allocation report
- engaging with auditors and external Second Party Opinion providers.

The process for evaluation and selection of the Eligible green and social Assets is as follows:

- each relevant product department will evaluate from their inception whether an asset complies with Eligibility Criteria
- the GSS Bond Framework Commission will perform a second analysis to approve that the assets meet the relevant Eligibility Criteria

## Mediolanum Group Green, Social and Sustainability Bond Framework

- the final decision on the allocation of the bond proceeds to the designated assets is taken by the GSS Bond Framework Commission.

The GSS Bond Framework Commission also examines twice a year the pool of assets already allocated to verify their continued compliance and absence of significant controversy. The occurrence of a potential controversy regardless of its nature can lead to retraction, temporary or permanent, of a project from the list of Eligible Assets. A new asset would then be proposed as a substitute in case the pool of Eligible Assets is lower than the amount of proceeds raised through the issuance of Green, Social and Sustainability Bonds.

Eligible Assets may also be originated by any of the Group's entities. The respective legal entity of the Group will provide relevant information and perform initial selection activity on any other asset originated and potentially eligible according to this Framework.

### d. Management of Proceeds

An amount equivalent to the Green, Social and Sustainability Bond net proceeds will be allocated to disbursement for the portfolio of Eligible Assets. The proceeds raised through Green, Social and Sustainability Bond transactions are managed on an aggregated basis (i.e. portfolio approach). Indeed, the overall portfolio of Eligible Assets is composed of one green Eligible Assets sub-portfolio and one social Eligible Assets sub-portfolio.

Mediolanum commits to reach full allocation within three years following the Green, Social and Sustainability Bond issuance. Mediolanum will monitor and track the net proceeds through its internal accounting system.

Mediolanum also ensures that the amount of Eligible Assets will always exceeds or will at least equal the sum of the net proceeds of outstanding Green, Social and Sustainability Bonds.

Pending the allocation or reallocation, as the case may be, of the net proceeds to Eligible Assets, Mediolanum will invest the balance of the net proceeds - at its own discretion and in compliance with its liquidity policy as well as the Exclusion Criteria reported above - in cash or other liquid marketable instruments.



**e. Reporting**

In accordance with the recommendation of ICMA Green Bond Principles 2021, Social Bond Principles 2021, Sustainability Bond Guidelines 2021, and the Harmonized Framework for Impact Reporting, Mediolanum will publish, on an annual basis and until full allocation, (i) the allocation report of the proceeds raised through the bonds issued under this Framework along with (ii) an impact report of the assets financed by those bonds. Mediolanum will keep its reports readily available for investors on its website <https://www.bancamediolanum.it/corporate/investors> and commits to timely make updates following any material changes that would affect the portfolio of Eligible Assets.

**Allocation Reporting**

Mediolanum will publish an Allocation Report within approximately one year from the date of the issuance of each Green, Social and Sustainability Bond and annually thereafter, at least until the full allocation of the proceeds. The Allocation Report includes:

- the total amount of Green, Social and Sustainability Bonds net proceeds raised through the transactions
- the total amount of Green, Social and Sustainability Bonds net proceeds allocated to Eligible Assets
- the amount of unallocated proceeds, if any
- share of financing versus refinancing
- breakdown of total amount of Eligible Assets per category
- brief description of the asset category.

**Impact Reporting**

In line with ICMA Harmonized Framework for Impact Reporting, Mediolanum commits on a best effort basis to report detailed information on the expected environmental and social impacts linked to the assets financed through Green, Social and Sustainability Bond.

The Impact Report will include quantitative and qualitative impact metrics such as:

Eligible Assets	Impact Metrics
Green Buildings	<ul style="list-style-type: none"> <li>• Number of environmental labels obtained or improved</li> <li>• Total amount of green buildings with a breakdown per EPC level</li> </ul>

## Mediolanum Group Green, Social and Sustainability Bond Framework

<p>Clean Transportation</p>	<ul style="list-style-type: none"> <li>• Number and type of electric / hybrid vehicles purchased</li> <li>• Number of charging points installed</li> </ul>
<p>Energy Efficiency</p>	<ul style="list-style-type: none"> <li>• Type and number of assets installed</li> <li>• Smart meters: number of installed points</li> <li>• Estimated energy saved (MWh)</li> </ul>
<p>Employment Generation (SME Financing)</p>	<ul style="list-style-type: none"> <li>• Number of SMEs financed</li> <li>• Number of employees working in the SMEs funded</li> <li>• Amount and number of microfinance loans provided</li> </ul>
<p>Support to the Third Sector</p>	<ul style="list-style-type: none"> <li>• Total amount and number of loans granted to non-profit organizations</li> <li>• Estimated number of beneficiaries of non-profit organizations, when available</li> </ul>
<p>Affordable Housing</p>	<ul style="list-style-type: none"> <li>• Number of residents benefiting from new/improved affordable housing and social housing schemes</li> <li>• Number and location (when available) of the infrastructure built/refurbished/improved</li> </ul>

The methodology used to calculate impact reporting indicators will be provided by Mediolanum in its consolidated non-financial statement.

### f. External Review

#### **Second Party Opinion**

Mediolanum has engaged a leading Second Opinion Provider to conduct an external review aiming at confirming the alignment of this Framework with the latest ICMA's Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. The Second Party Opinion will be made available on Mediolanum's website (<https://www.bancamediolanum.it/corporate/investors>).

#### **External Verification**

Furthermore, Mediolanum will appoint an independent external auditor to perform a limited assurance of the Green, Social and Sustainability Bonds reporting activity.