

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green, Social and Sustainability Bond Framework

Banca Mediolanum S.p.A.
29 July 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green, Social, Sustainability debt instruments¹
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG) (06.2021)
Scope of verification	<ul style="list-style-type: none">• Banca Mediolanum Green, Social and Sustainability Bond Framework (as of 20.07.2022)• Banca Mediolanum Selection criteria (as of 20.07.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

¹ Including public or private placements, senior preferred, senior non-preferred and subordinated bonds in various formats and currencies.

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SCOPE OF WORK

Banca Mediolanum (“the Issuer” or “Mediolanum”) commissioned ISS ESG to assist with its Green, Social, Sustainability debt instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Mediolanum’s Green, Social and Sustainability Bond Framework (20.07.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Green and Social Bond Principles (GBP, SBP), and Sustainability Bond Guidelines (SBG).
2. The Selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
3. Green, Social, Sustainability debt instruments link to Mediolanum’s sustainability strategy – drawing on Mediolanum’s overall sustainability profile and issuance-specific Use of Proceeds categories.

MEDIOLANUM BUSINESS OVERVIEW

Mediolanum is classified in the Asset Management & Brokerage industry, as per ISS ESG’s sector classification.

Banca Mediolanum S.p.A. is a financial conglomerate based in Italy. It is a parent company to over 15 Italian, Irish, and Spanish companies such as Mediolanum International Funds Ltd, , and Mediolanum Pensiones S.A. S.G.F.P. It is active in the areas of banking, insurance, asset management and investment, and other third-party products. Founded in 1981, it has total assets under management (AUM) worth € 106.10 bn (as of 31 March 2022).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part 1:</p> <p>Alignment with GBP, SBP, SBG</p>	<p>The issuer has defined a formal concept for its Green, Social, Sustainability debt instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.</p>	Aligned
<p>Part 2:</p> <p>Sustainability quality of the Selection criteria</p>	<p>The Green, Social, Sustainability debt instruments will (re-)finance eligible asset categories which include: green buildings, clean transportation, energy efficiency, SME financing, financing of third sector and affordable housing.</p> <p>The use of proceeds categories have a significant contribution to SDGs 1 'No poverty', 8 'Decent work and economic growth', 10 'Reduced inequalities', 11 'Sustainable cities and communities', and 13 'Climate action'. They also have a limited contribution to SDG 7 'Affordable and clean energy'.</p> <p>The remaining use of proceed categories improve the company's operational impacts and mitigate potential negative externalities of the issuer's financed sector on SDGs 7 'Affordable and clean energy', and 13 'Climate action'.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Positive
<p>Part 3:</p> <p>Green, Social, Sustainability debt instruments link to issuer's sustainability strategy</p>	<p>The Use of Proceeds financed through this Green, Social, Sustainability debt instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green, Social, Sustainability debt instruments is clearly described by the issuer.</p> <p>At the date of publication of the report, the issuer is not exposed to any controversies.</p>	Consistent with issuer's sustainability strategy

² ISS ESG's evaluation is based on the Mediolanum's Green, Social and Sustainability Bond Framework (20.07.2022 version), and on the ISS ESG Indicative Corporate Rating and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA GREEN AND SOCIAL BOND PRINCIPLES, AND SUSTAINABILITY BOND GUIDELINES

This section describes ISS ESG’s assessment of the alignment of the Mediolanum’s Green, Social and Sustainability Bond Framework (dated 20.07.2022) with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.

ICMA GREEN AND SOCIAL BOND PRINCIPLES, AND SUSTAINABILITY BOND GUIDELINES	ALIGNMENT	ISS ESG’S OPINION
1. Use of Proceeds	✓	<p>ISS ESG considers the Use of Proceeds description provided by Mediolanum’s Green, Social and Sustainability Bond Framework as aligned with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines, Criteria are defined in a clear and transparent manner. Environmental and social benefits are described and quantified.</p> <p>Furthermore, Mediolanum excludes financing certain activities, in line with best market practices.</p>
2. Process for Project Evaluation and Selection	✓	<p>ISS ESG considers the Process for Project Evaluation and Selection description provided by Mediolanum’s Green, Social and Sustainability Bond Framework as aligned with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p>
3. Management of Proceeds	✓	<p>ISS ESG finds that the Management of Proceeds proposed by Mediolanum’s Green, Social and Sustainability Bond</p>

		<p>Framework is aligned with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Moreover, the Issuer defines an expected allocation period and is transparent with regard to temporary investments, in line with best market practices.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>ISS ESG finds that the allocation and impact reporting proposed by Mediolanum’s Green, Social and Sustainability Bond Framework is aligned with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Mediolanum explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>Additionally, Mediolanum commits to publish an annual impact report, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN, SOCIAL, SUSTAINABILITY DEBT INSTRUMENTS TO THE UN SDGs

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green, Social, Sustainability debt instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings The acquisition of new or existing residential or commercial buildings built before December 31st, 2020 with energy efficiency class A</p>	<p>Significant contribution³</p>	 
	<p>Limited Contribution⁴</p>	

³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

⁴ This project category is assessed as having a significant contribution to SDG 11, beyond the SDGA proprietary methodology.

<p>Green Buildings</p> <p>a) The acquisition of new or existing residential or commercial buildings built before December 31st, 2020 which are aligned with current environmental regulation and belong to the top 15% in Italy in terms of most carbon-efficient buildings (kg CO₂e/sqm);</p> <p>b) The acquisition of new or existing residential or commercial buildings built after December 31st, 2020 with Primary Energy Demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB);</p>	<p>Significant contribution⁵</p>	
<p>Green Buildings</p> <p>Renovation projects with an improvement in energy efficiency resulting in a minimum of 30% of energy savings</p>	<p>Limited Contribution⁶</p>	
<p>Green Buildings</p> <p>The acquisition of new or existing residential or commercial buildings built before December 31st, 2020 with energy efficiency class B;</p>	<p>Significant contribution⁷</p>	
<p>Green Buildings</p> <p>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".</p>	<p>Limited Contribution⁸</p>	
<p>Green Buildings</p> <p>The acquisition of new or existing residential or commercial buildings built before December 31st, 2020 with energy efficiency class B;</p>	<p>Limited Contribution⁹</p>	
<p>Green Buildings</p> <p>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".</p>	<p>Limited Contribution¹⁰</p>	 
<p>Clean Transportation</p> <p>a) Electric or Hybrid vehicles with CO₂ emissions lower than 50g CO₂/km;</p> <p>b) Charging points dedicated to foster the adoption of clean transportation;</p>	<p>Limited Contribution</p>	 
<p>Financing of SMEs in response to the Covid-19 pandemic crisis¹¹</p>	<p>Significant Contribution</p>	

⁵ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

⁶ This project category is assessed as having a significant contribution to SDG 11, beyond the SDGA proprietary methodology.





⁷ Ibid.

⁸ This project category is assessed as having a significant contribution to SDG 7, beyond the SDGA proprietary methodology.

⁹ This project category is assessed as having a significant contribution to SDG 11, beyond the SDGA proprietary methodology.

¹⁰ This project category is assessed as having a significant contribution to SDG 11, beyond the SDGA proprietary methodology.

¹¹ 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")

	Limited Contribution	
Financing of SMEs	Significant Contribution ¹²	
Microfinance	Significant Contribution	
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: Healthcare and scientific research, Education, Clean transportation and environmental protection, Art, culture and recreational activities (including also amateur sports, tourist activities of social and cultural interest, etc.), Solidarity and Social Activities (including also welcoming and integrating migrants, inclusiveness of disadvantaged workers by law, animal protection, etc.), Fair Trade and international cooperation for the sustainable development, human rights and peace	Limited Contribution ¹³	
Social Housing for low-income population¹⁴ a) Investments in financing to social housing real estate including low rent housing, affordable housing, cooperative housing; b) Financing related to activities that increase the access to social housing aiming to support people living in social and economic difficulties and those living without adequate housing.	Significant Contribution	

¹² This project category is assessed as having a significant contribution to SDG 8, beyond the SDGA proprietary methodology.

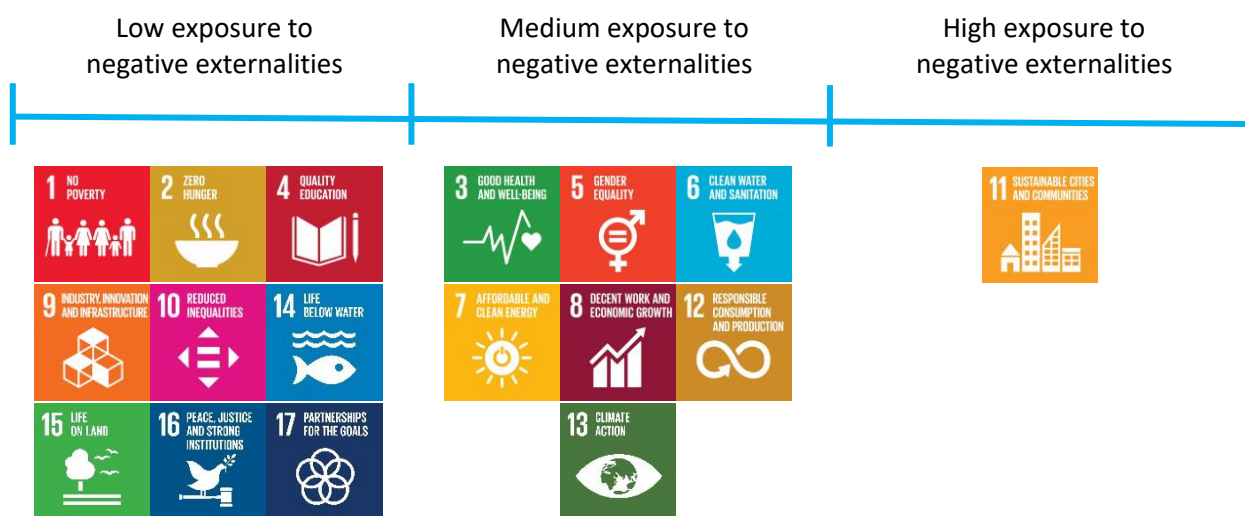
¹³ This project category is assessed as having a significant contribution to SDG 10, beyond the SDGA proprietary methodology.

¹⁴ Ibid.

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities¹⁵ in the Real Estate Industry (which Mediolanum finances) are the following:



USE OF PROCEEDS (Processes) OPERATIONAL IMPACT IMPROVEMENT¹⁶ SUSTAINABLE DEVELOPMENT GOALS

Energy Efficiency¹⁷

Financing related to the adoption of (and/or upgrades to) equipment or technology such as: Smart grids, District heating and cooling, Energy storage; and Efficient LED lighting appliances and systems



¹⁵ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3of the SPO.

¹⁶ Limited information is available on the scale of the improvement as no threshold is provided. ISS ESG only displays the direction of change.

¹⁷ The energy efficiency projects financed under this framework could improve the energy efficiency of both manufacturing and/or non manufacturing sites

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

The table below presents the findings of an ISS ESG assessment of the Selection criteria against ISS ESG KPIs. The entirety of the assets are and will be located in Italy.

ASSESSMENT AGAINST ISS ESG KPI

ESG guidelines into lending and investing process

Banca Mediolanum has set up an ESG Commission focused on the issue of Responsible Finance. The ESG Commission monitors investing activities by examining the ESG assessments of products and the overall positioning of Management Companies on the basis of sustainability metrics. The objective of the Commission's work is to ensure investments are constantly aligned with the guidelines adopted by the Bank and to identify the need for any repositioning (or withdrawing) action.

There is a "Responsible Products Operational Policy" in place. This outlines Mediolanum Group's approach to the development, management, and distribution of ESG-themed products, and to ESG investing.

In 2022, Mediolanum has created an internal ESG Materiality Matrix, and Rating Model to continuously evaluate and monitor the sustainability profile of banking, credit, and insurance products it offers, including the ones under this Framework. Mediolanum also uses third-party ESG Rating data to complement the analysis. For assets with a low ESG rating, mitigation measures are taken on a case-by-case basis and Mediolanum can replace, reduce or even maintain them (justifying the choice). ISS ESG notes that, according to Mediolanum's third party ESG rating, assets with a low ESG rating represent a small minority of the portfolio (less than 0.5%).

Health & Safety and Labour standards

- ✓ As all assets financed will be located in Italy, high health & safety and labour standards are ensured by the relevant national legislation and the European Union mandatory social standards.

Biodiversity and Community dialogue

- ✓ All assets financed will be in Italy. Thus, the issuer ensures that its environmental impacts and impacts on the communities have been mitigated and reduced as it aligns to the European Union standards in terms of Environmental and Social Impact Assessment.

Inclusion

- ✓ The issuer states that the activities financed under the category Support to the third sector will be free to access or subsidized for the targeted vulnerable populations. Activities will also be carried out in partnership with charitable foundations, or non-profit organisations.

Data protection and information security

- ✓ The issuer conducts IT and cybersecurity risk assessments, it has clear responsibilities on the topic (Privacy Office, IT Security, Operation & Network Office, IT Risk & Security Support Unit), training and awareness initiatives, and has plans in place in the event of

data breaches. In addition, it has adopted ISO 27001 management system. Moreover, it has taken steps to adapt its processes to the European GDPR.

Responsible treatment of customers with debt repayment problems

- ✓ The issuer has implemented various measures to deal responsibly with clients having debt repayment problems. For example, Mediolanum offers flexibilities to borrowers struggling with repayment, implements conservative loan-to-value ratio (standard maximum LTV for new retail mortgages is set to 80%), and procedures to monitor the ability to take up additional debt.

Sales practices

- ✓ The issuer's family bankers are non-employees Chartered Financial Advisors that deal with a stable portfolio of clients. Sales incentives are based on a variety of factors including volume, a proper application of policies, and an appropriate products diversification, amongst other things. There are measures in place to ensure the quality of the offer. Incentives for the sales personnel are not linked to the distribution of specific products. The Issuer has implemented a three-levels control framework for its distribution activities and sales network with the aim of: guaranteeing a proper conduct and compliance with the operational limits set and the general rules, and conducting internal audits on the activities to identify potential operational or reputational risks and prevent malpractices. The Bank does not carry out customer acquisition via lending products.

Responsible marketing

- ✓ The issuer is committed to being transparent in its marketing activities. It has guidelines in place on clear and correct pricing, and the provision of complete and understandable information. Sales personnel should be able to provide clients with information on products risk.

Exclusion criteria

The issuer policies exclude companies with strong environmental impact or active in the production of weapons, exceptions are to be evaluated by the board of directors. Additionally, investments in sectors and/or operations that could expose the issuer to reputational risks (e.g. weapons) or that are in a status of economic depression are excluded. For the purpose of the Green, Social and Sustainability Bond Framework further sectors are excluded: fossil-fuel energy, nuclear energy, gambling, tobacco, alcohol, and animal abuse.

PART III: GREEN, SOCIAL, SUSTAINABILITY DEBT INSTRUMENTS LINK TO MEDIOLANUM’S SUSTAINABILITY STRATEGY

A. MEDIOLANUM’S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer’s industry

The issuer is classified in the Asset Management & Brokerage, as per ISS ESG’s sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Customer and product responsibility
Employee relations and work environment
Social and environmental impacts of products and services
Sustainable investment criteria

ESG strengths and points of attention related to the issuer’s disclosures

Leveraging ISS ESG’s Research, ISS ESG identified the following strengths and points of attention¹⁸:

STRENGTHS	POINTS OF ATTENTION
The company has provided a detailed code of ethics and procedures to deal with issues such as money laundering, insider dealings, conflict of interest, antitrust violations, etc.	The company conducts risk assessments of customers to reduce the risk of tax evasion and tax avoidance, and to limit offshore banking services. However, there is no clear commitment to prohibit these activities.
The company has responsible investment products and services including themed products and impact investments. Additionally, the company invests in issuers with high ESG	The company has not provided clear commitment to refrain from commission payment and from setting sales targets.

¹⁸ Please note that Mediolanum is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Asset Management & Brokerage sector, based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research’s methodology.

standards, particularly with high environmental standards to reduce carbon footprint.	
The company has adopted ISO 27001 as the standard for its information security and management system.	The company has provided limited information of negative and positive screening. Further, inclusion and exclusion criteria and controversial sectors are not clearly defined.
The company maintains healthy employee relations and a sustainable work environment by providing facilities such as creche, workplace flexibilities, and special working hours for parents. Further, it has also initiated measures for mental health awareness and the general well-being of its employees.	The company's application procedures of environmental and social guidelines for asset management and own investments are also limited, i.e., responsibility structures, evaluation tools, and divestment processes are not available.
The company integrates relevant ESG approach, such as climate change, protection and development of human capital, responsible business, and corporate governance in its own investment as well as in its products.	

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

The issuer provided ISS ESG with the revenue breakdown of its products/services portfolio, based on audited information. Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

Environmental Impact of Product Portfolio

Banca Mediolanum S.p.A. invests, insures, and manages assets in Italy, and Spain. The company has an ESG integration approach and offers thematic products; however, the details of assets under management or portfolio holdings on various ESG factors are not available to estimate the contribution to environmental SDGs. Hence, it is difficult to estimate the significance of the environmental impact on the product portfolio and is therefore considered neutral.

Social Impact of Product Portfolio

Banca Mediolanum S.p.A. invests, insures, and manages assets in Italy, and Spain. It invests in companies that can generate a positive socio-environmental impact. However, limited details are available to estimate the contribution to social SDGs. Therefore, the social impact of its product portfolio is considered neutral.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Asset Management & Brokerage industry are as follows: Failure to mitigate climate change impacts, Failure to prevent deforestation/illegal logging and Failure to conduct human rights due diligence.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN, SOCIAL, SUSTAINABILITY DEBT INSTRUMENTS WITH MEDIOLANUM'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Mediolanum Sustainability Governance's strategic approach is expressed in four responsibilities:

- Economic system
- Customers
- Community and environment
- Employees and Family Bankers (financial advisors)

In the past 20 years, the bank has developed several initiatives that demonstrate its commitment to sustainability, with examples like the constitution of Mediolanum Foundation NPO (supporting the third sector), absorbing their customers' losses from Lehman Brothers securities in 2008 or more recently during the pandemic, putting forward several actions to aid their customers, by suspending repayments or granting 'state of emergency' loans, among other examples.

These examples show the backbone of Mediolanum's approach to sustainability, as laid out in their Sustainability Policy launched in 2019 and updated in 2021 with commitments towards environment, human capital, customers and community. In 2021, it has joined the UN Global Compact and committed to apply a set of fundamental principles linked to human rights, labor standards, environmental protection and fight against corruption. In 2022, Mediolanum has become a signatory of the principles for responsible banking

Furthermore, Mediolanum promotes a wide range of products that specifically address sustainability issues, such as a variety of funds to contribute to the transition towards low-carbon emission energy sources and the circular economy or focusing on players that meet high ESG standards, among others. It's also contributing to raise awareness to sustainability topics like environment, innovation and entrepreneurship through Flowe, an e-money institution, recognized as Carbon Neutral BCorp in 2021, whose bylaws incorporate two specific goals: educate young people about principles of sustainability and innovation and promote socio-economic wellbeing.

Rationale for issuance

Considering Mediolanum's sustainability approach, the company 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.

By issuing three different sustainable bonds (green, social and sustainability bonds) the company aims to support its sustainable finance activity and the variety of products targeting sustainability challenges, aiming to achieve:

- energy savings through increasing the portfolio of energy efficient buildings
- GHG and pollutant emissions reductions by promoting the transition to low carbon transport
- Energy savings and GHG emissions reduction by fostering energy-efficient infrastructures

- Wider availability of job opportunities and economic growth for the target population by supporting the generation of employment opportunities
- Positive socio-economic outcomes in sensitive areas and/or for socially vulnerable people by fostering a more inclusive and sustainable society
- Wider availability of affordable basic infrastructures by increasing investments in affordable projects and initiatives

Contribution of Use of Proceeds categories to sustainability objectives and key ESG industry challenges

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective
Clean Transportation	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Employment Generation (SMEs Financing)	✓	✓	Contribution to a material objective
Support to the Third Sector	✓	✓	Contribution to a material objective
Affordable Housing	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the Issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green, Social, and Sustainability Bonds is clearly described by the issuer.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG GREEN AND SOCIAL KPIS

The ISS ESG Green and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Mediolanum’s Green, Social, Sustainability debt instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green and Social Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Mediolanum (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Mediolanum’s Green, Social, Sustainability debt instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Mediolanum commissioned ISS ESG to compile a Green, Social, Sustainability debt instruments SPO. The Second Party Opinion process includes verifying whether the Green, Social and Sustainability Bond Framework aligns with the ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines and to assess the sustainability credentials of its Green, Social, Sustainability debt instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

Mediolanum's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green, Social, Sustainability debt instruments to be issued by Mediolanum based on ISS ESG methodology and in line with the ICMA ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines.

The engagement with Mediolanum took place in June and July 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

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