

MEDIOLANUM GROUP
CONSOLIDATED NON-FINANCIAL
STATEMENT



Contents

1. CEO's Letter to Stakeholders	2
2. Note on methodology	5
3. Identity and Profile	7
3.1 History of the Group: milestones	7
3.2 2020 Highlights	9
3.3 Group Structure	10
4. Business model and Governance	11
4.1 Vision, Mission and Values	11
4.2 Business model of the Mediolanum Group	16
4.3 Governance, risk management, compliance and the supply chain	17
4.4 Governance of sustainability	41
5. Sustainability at Mediolanum	45
5.1 Materiality analysis	47
5.2 Stakeholder engagement	56
6. Economic responsibility	72
6.1 Financial performance and solidity	72
6.2 Responsible business	74
6.3 Procurement and supplier rating policies	79
7. Responsibility to customers	82
7.1 Centrality of the Customer	84
7.2 Responsible Finance	95
7.3 Innovation	102
7.4 Cybersecurity and responsible data usage	105
8. Responsibility towards personnel	112
8.1 Growth of human capital	117
8.2 Protection of human capital	125
8.3 Diversity and inclusion	131
9. Responsibility towards the community and the environment	133
9.1 Financial inclusion	135
9.2 Community support	137
9.3 Direct environmental impacts	144
10. Annexes	152
11. Table of GRI indicators	182
12. Auditors' Report on the Non-Financial Statement	192

1. CEO's Letter to Stakeholders

2020 will be remembered as the year of the Covid-19 pandemic, which has profoundly changed the way we work: individuals and companies alike. In this emergency situation, Banca Mediolanum has given concrete answers to its stakeholders, thanks to a strong awareness of its role and its underlying values. **During 2020, we all saw at first hand the extent to which digitalisation has changed our organisation and working methods. At Mediolanum, we have laid strong foundations, so that we are ready to face the challenges of the future.** I am of course referring to Flowe - which in just 7 months has been well-received by more than 660,000 new customers - and to the other new initiatives we launched in the early part of 2021, such as Selfy.

During the major process of stakeholder engagement we undertook in 2019, what emerged was the intention to strengthen the concept of the centrality of the individual. This process has led Mediolanum to develop its own value strategy, to include a new Vision, a new Mission and an evolution of the Group's guiding Values, while maintaining the focus on sustainability that has always been an integral part of the ethos of Banca Mediolanum.

For us, sustainability essentially means responsibility: economic responsibility, creating enterprise value by operating ethically and sustainably; responsibility towards customers, by offering them a bank which is based on freedom and the human touch, while constantly innovating in order to offer even better services; responsibility to our staff, by providing a positive, rewarding and well-organised working environment in which they can express their talent for customer service and teamwork; responsibility towards the public and the environment, by working to create a better life for the community with a focus on people and on the planet.

Banca Mediolanum demonstrates **its economic responsibility** through its solid business model, thanks to which the Group has posted one of the best net profits in its history: EUR 434 million, notwithstanding the serious repercussions of the Covid-19 pandemic, also on the financial markets. The investments we have made over the years in digitalizing our processes wherever possible meant that we could keep working even during the months of the strictest lockdowns, without reducing the level of customer service, and while keeping our employees, Family Bankers and contractors safe thanks to remote working. All the business lines made a significant contribution. Thanks to the excellent commercial results, the impact on the 2020 balance sheet was positive and this has enabled the Group to achieve record net assets, with Administered and Managed Volumes of EUR 93.3 billion. Our lending operations were never interrupted, with a total of over EUR 3 billion of loans and mortgages granted during the year, taking the total Customer Loans to EUR 12.1 billion with the Cost of Risk at 16 basis points, a truly exceptional level for the banking industry.

In terms of the Group's solidity, the Common Equity Tier I ratio was 20.4% on 31 December, which is the maximum level.

Our responsibility to our customers drove the Group to support a number of initiatives during the Covid-19 pandemic, in the awareness of our responsibilities during this long, drawn-out emergency, about which there is much still to be discovered. We have provided support packages such as loans and guarantee funds to help our sole-trader and small business customers.

The Group has also launched **responsible banking** products, in line with the ESG principles (Environmental, affecting the environment and land; Social, an area that includes projects with a social impact; Governance, relating to issues within the company and its administration) which combine

the search for value on the equity markets over the long-term with a vision that is economically sustainable, and responsible from a social and environmental standpoint.

2020 saw the birth of **Flowe**, *abetter-being corporate platform* dedicated to the constant improvement of innovative, full-digital banking services for everyone who cares about sustainability, individual wellbeing and social and environmental progress. Flowe, essentially, is a commitment made today for a better tomorrow. The company's bylaws cover not only its responsibility for the income statement, but also its social and environmental impact, which is defined by the achievement of specific objectives for the common good: promoting an awareness of wellbeing and educating the new generations about "innovability" (innovation and sustainability).

Responsibility to our staff takes the form of full protection of their rights and health, which are priorities in a context such as the one generated by the pandemic. The Group has made considerable efforts to implement and extend various internal activities and processes which were necessary for the swift, successful implementation of changes to working methods, while also guaranteeing operativity and keeping the working environment safe. A number of initiatives have been designed and introduced in order to provide financial, psychological and organisational support to families.

The priority has been to guarantee safety across all our offices and working areas, by implementing safety rules and guidelines for more than 2,800 staff in the 4 different countries in which the Group operates. Equally important is the work we have done to upgrade the tools we use to manage staff performance and development, by expanding the provision of training to employees and our Family Bankers.

Our responsibility towards the public and the environment takes the form of concrete actions and projects designed to support the community and protect the environment in which the Group operates. In the current economic climate, in which the areas of vulnerability are increasing all the time, the Group's fundraising and donation programme has contributed to scientific research, and has helped to buy equipment needed by Italian hospitals working on the front line of the public health emergency. Meanwhile, in relation to finance with a high social impact, the Group has continued its commitment to microcredit and anti-usury projects with the objective of facilitating financial inclusion, and has also made a concrete commitment to its rescue lending activity. **As of 31 December 2020, the revolving fund made available by Banca Mediolanum amounted to EUR 2,150,000, with loans disbursed totalling EUR 1,438,840.31.**

In 2020, the non-profit Mediolanum Foundation NPO - whose objective is to support disadvantaged children through projects related to basic education, career prospects and the meeting of primary needs such as food, accommodation, vaccines and medical care - **delivered a total of EUR 3,667,534, which is an increase of 18% on the previous year.**

Environmental protection is a fundamental part of corporate responsibility, as it favours the use of innovative solutions within business processes in order to minimise consumption or utilise resources with a lower environmental impact, while maintaining high standards of efficiency and safety. All the Group companies have invested in adopting and applying measures, policies and behaviours directed towards protecting the environment, and have introduced plans and activities designed to reduce impact through projects that target the responsible use of resources.

In general, the concrete actions taken by Banca Mediolanum over time in connection with environmental sustainability require the adoption of behaviours aimed at safeguarding the environment, also by people outside the company. This involves **the selection of our suppliers, as we favour those whose activities are geared towards environmental and social sustainability.**

The actions taken and the results achieved in 2020, as described in our Consolidated Non-Financial Statement, give an account of the extent of the Group's commitment to sustainability. This factor is now increasingly at the heart of the decisions and evaluations made by our stakeholders, and is an incentive for us to proceed in this direction, to offer a better future.

Massimo Doris
Chief Executive Officer
of Banca Mediolanum S.p.A.

A handwritten signature in black ink, consisting of a stylized 'M' followed by 'Doris'.

2. Note on methodology

Italian Legislative Decree no. 254/2016, which enacted **the Directive 2014/95/EU**, introduced into Italian law an obligation for public interest entities and large companies or groups to report on environmental, social, staffing and human rights issues and on the fight against active and passive forms of corruption, where these topics are relevant to their activities and profile.

The Mediolanum Group, being a public interest entity that meets the criteria for the legal reporting requirement, began publishing a Non-Financial Statement ("NFS" or Sustainability Report) from the 2017 financial year, in order to conform to the requirements of Legislative Decree 254/16.

This Non-Financial Statement for 2020 was prepared in accordance with the **"Global Reporting Initiative Sustainability Reporting Standards"**, which were defined in 2016 by the Global Reporting Initiative (GRI), according to the **"in accordance - Core" option**. It also takes into consideration the "Financial Services Sector Disclosures" defined by the GRI in 2013, and the "Guidelines on the application within banks of the GRI (Global Reporting Initiative) Environmental Standards" published by ABI Lab (December 2020 version).

The process of collecting data and information for this document was managed in collaboration with the various departments of the company. Data was collected using an IT tool, according to the principles of balance, compatibility, accuracy, timeliness, clarity and reliability, as defined in the GRI guidelines.

The **scope of the information in the NFS** extends to all the entities consolidated on a line-by-line basis in the consolidated accounts of the Mediolanum Group to 31 December 2020, including Flowe S.p.A., which for the first time has been included in the perimeter of economic, social and environmental data. Any exceptions other than those indicated below are expressly highlighted in the text:

- › in terms of the management policies and supply chain data, the perimeter includes Banca Mediolanum S.p.A., as the purchasing volumes of the other companies are not considered to be significant;
- › Bankhaus A. Lenz & Co. AG has not been included in the scope of the data on the environment, the sales network or the customer volumes, as the divestments of the retail operations on the German market are to be concluded.

Compared to the previous editions of this Statement, the Mediolanum Group has **restructured the content by material topic** in order to simplify the structure of the document, and also to make it easier for stakeholders to read. **Boxes have been included at the start of each main section, to describe the main actions** taken by the Group **to manage the relevant impacts of Covid-19**. The **"Annexes", which contain detailed, mainly quantitative information**, remain an integral part of the NFS as they provide full disclosure of the material GRI topics and associated indicators. Unless indicated otherwise, the information and data contained in this NFS refer to the 2020 financial year (1 January until 31 December 2020) and to the activities performed by the Mediolanum Group as a whole during the year. To allow the comparability of data over time, and for the purposes of assessing the trend in the Group's operations, a comparison has been given with the previous year where possible. In order to accurately represent our performances and to ensure the reliability of data, the use of estimates has been limited as far as possible. Where present, any estimate will be based on the best available methodologies and will be appropriately highlighted. Annexed to this statement is the "GRI Content Index", which contains the relevant GRI indicators and is a useful pointer for the reading of this document.

This document contains the GRI 207 disclosure on taxes, which describes the strategy, policy, control and management of risk, stakeholder engagement, and the management of key tax-related issues. *For more information see section 6.2.3.*

The Consolidated Non-Financial Statement for 2020 is a separate document from the Report on Operations, which is produced and published annually and is one of the requirements of Art. 5 of Legislative Decree 254/16. For more information about the Non-Financial Statement, please contact the Sustainability Office by email, at: csr@mediolanum.it. The NFS is also available online, at bancamediolanum.it.

This Statement was submitted for examination and assessment by the Risks Committee on 25 February 2021, and was then approved by the Board of Directors of Banca Mediolanum S.p.A. on 3 March 2021.

The NFS also undergoes a “limited assurance engagement” (based on the ISAE 3000 Revised standard) by PricewaterhouseCoopers S.p.A., in accordance with the procedures indicated in the “Auditors’ Report” included in this document.

3. Identity and Profile

3.1 History of the Group: milestones

1982

Ennio Doris founded Programma Italia S.p.A. in partnership with the Fininvest Group. This was the first network in Italy to offer global advice on investments.

1996

Mediolanum S.p.A. was formed, as the holding company for all banking activities. It was listed on the Milan Stock Exchange on 3 June 1996.

1997

Establishment of Banca Mediolanum, an innovative multi-channel bank that fully exploits the opportunities of tech and multimedia. Establishment of Mediolanum International Funds, a Dublin-based product manufacturer.

2000

Mediolanum offers its first online trading services. Banca Mediolanum arrives in Spain, with the acquisition of the Fibanc Banking Group. Mediolanum acquires a stake in Mediobanca, with whom it forms Banca Esperia, a leading joint venture in the provision of private banking services.

2006

The Family Banker® is born, as an evolution of the Global Advisor. In addition to fulfilling the role of Financial Advisor (a role regulated by law) the Family Banker® has become the distinguishing feature of the Bank's sales network, and is the point of reference for our customers.

2009

Mediolanum Corporate University becomes an operational entity of the Mediolanum Group. Our leading training centre combines tech expertise with a capacity for high-level training.

2013

Acquisition of the non-life insurer Mediolanum Assicurazioni S.p.A., which joins the Mediolanum Group. Banca Mediolanum is the first to offer a smartphone cash transfer service, winning the "ABI" prize for innovation in banking services.

2014

Mediolanum S.p.A. becomes the Banking Group's parent company. Support continues for customers hit by regional natural disasters. Our commitment is recognised by the "ABI" award for innovation in banking services, and EUR 160 million is paid out in the form of donations.

2015

On 30 December 2015, Banca Mediolanum becomes the parent of the Banking Group, and of the Mediolanum Financial Conglomerate. Banca Mediolanum adopts the circle as its new logo - representing the centrality of the customer and our values of solidity, reliability and security. Launch of the new Mediolanum Best Brands Socially Responsible Collection, with the objective of extending our offer of asset management products.

2016

2016 is a year marked by the growing importance of solidity and financial stability. Banca Mediolanum underwent a Comprehensive Assessment by the European Central Bank. The assessment consisted of two parts: an Asset Quality Review and a Stress Test. The results confirmed Banca Mediolanum's absolute solidity, with the Group's capital requirements being well above the minimum thresholds set by the European Central Bank and the Bank of Italy. The Common Equity Tier I Ratio on 31 December 2016 was 20.0%. Following several natural disasters and specifically the earthquake that rocked Central Italy, Banca Mediolanum again demonstrated its proximity to its customers and workforce, by paying EUR 5,630,700 in the form of non-repayable grants.

2017

The focus on solidity and financial stability continued, with the Common Equity Tier I reaching 21.9% on 31 December 2017. The PIR (individual saving plan) funds launched by the Group provide tangible support to Italian SMEs. Banca Mediolanum is the top investor in absolute terms on AIM Italia, and the first national investor (fifth in absolute terms) on the STAR segment, reserved for outstanding Italian industries. The sale of Banca Esperia is finalised in April. November sees the acquisition of EuroCQS S.p.A. - a company operating in the sector of salary-backed loans - which joined the Mediolanum Banking Group.

2018

This year marks a decade since the Lehman Brothers crisis, when Mediolanum intervened to protect its customers by taking the losses on Mediolanum policies tied to the securities of the US investment bank. For Mediolanum, "being there for you" is not just a slogan: it is our concept of

Advisory. Just as we were a decade ago: we are advisors, always. The Investment Banking Division is born, with the aim of helping Italy's SMEs and business customers in every aspect of corporate finance.

2019

2019 is Mediolanum's best-ever year in terms of profits, which increased by 121% compared to 2018. The Bank and its customers enjoyed extraordinary results thanks to the successful combination of various strategic decisions implemented from 2019 onwards, and the optimal market trends during the year. Consequently, Mediolanum paid a special dividend to shareholders, with a bonus of EUR 2,000 to the 2,900 employees and 5,000 Family Bankers who contributed to these results. A stakeholder engagement project was rolled out during the year, which led to the new materiality matrix used to guide the Group's sustainable approach to business.

2020

This was the year of the COVID-19 pandemic and the sudden collapse of the markets. But it was also a year of business records.

The impact of the pandemic shock was mitigated by the great efforts made in previous years in terms of digitalising our processes and products, not only in the Family Banker-Customer relationship, but also in the remote management of day-to-day activities. Together with our unique approach to customer advice, this allowed us to post record inflows of EUR 10.9 billion, 60% up on 2019.

Flowe Società Benefit is born: an innovative banking platform that resonates with the younger generations. It unites full-digital banking with sustainability, individual wellbeing and social evolution, and has been an unprecedented success.

3.2 2020 Highlights

Net profit

434 Million
Euro

Net inflows

7.7 Billion
Euro

Assets under administration

93.3 Billion
Euro

CET I

20.4 %

Liquidity
coverage ratio

382 %

Ratio of
impaired loans to
total lending

0.56 %

Number of
Customers

over 1,530,000

Number
of staff

8,550

Total training hours
for employees
and Family Bankers

over 687,000

Monetary value of
environmental loans

141.5 Million
Euro

Non-repayable grants
disbursed by Banca
Mediolanum

over 234 Million
Euro

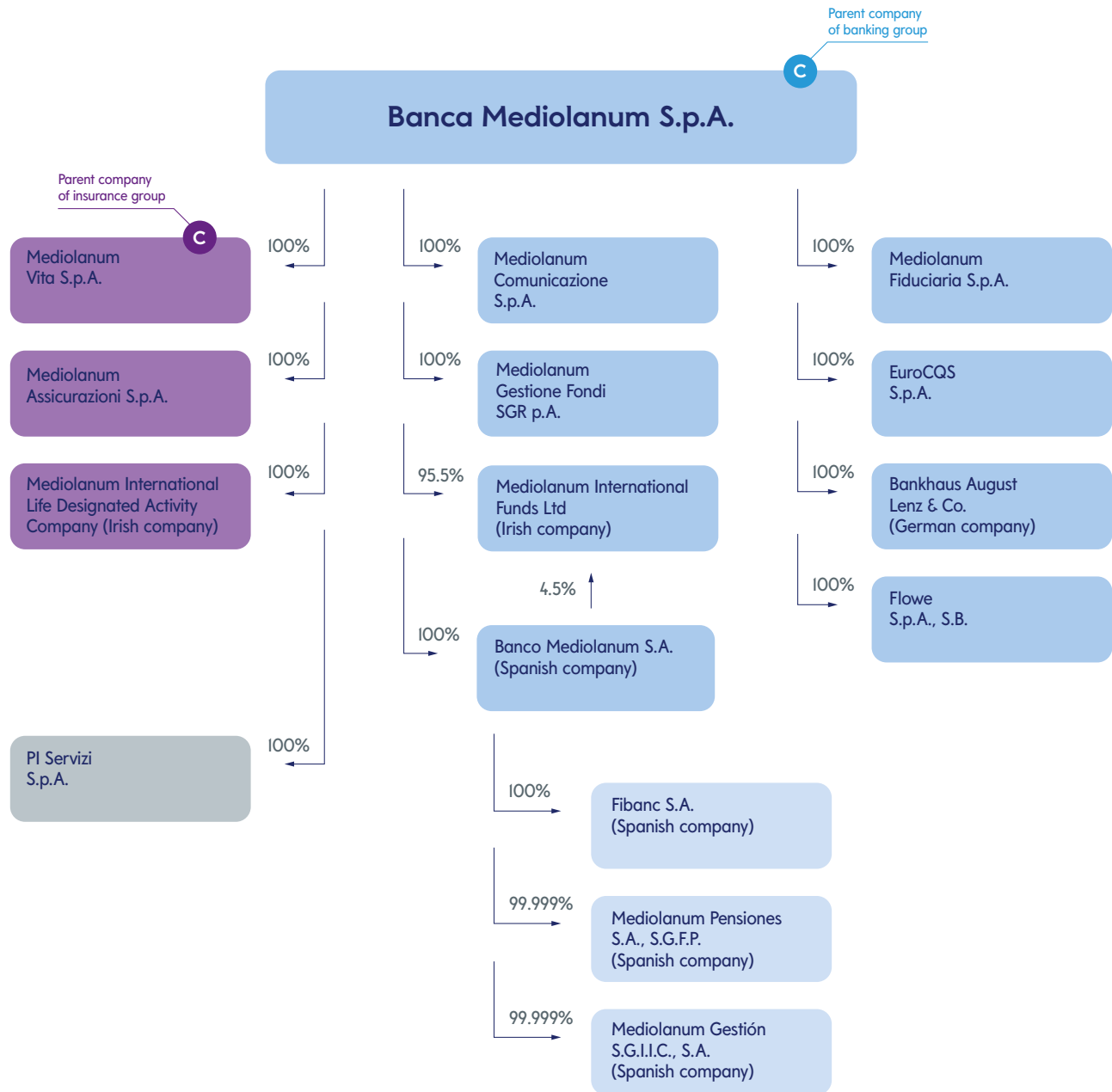
since 2008

Non-repayable grants
disbursed by Mediolanum
Foundation NPO

over 20.5 Million
Euro

since 2005

3.3 Group Structure



* During the reporting period Bankhaus A. Lenz & Co. AG will complete the divestment of its retail operations on the German market.

4. Business model and Governance

4.1 Vision, Mission and Values

Our Vision, Mission and Values **have been updated to strengthen the concept of the centrality of the Individual** and the related responsibilities, and have also been brought into line with the present and future context for Mediolanum.

The new **Vision** of Banca Mediolanum is pushing the company towards an **awareness of wanting to make a contribution towards improving the condition for humanity and the planet**, in the awareness that this objective can be reached by having a clear vision of market events, with a constant focus on the centrality of the individual in a mutually beneficial relationship.

As described in the **Mission**, we need to build **a deep relationship, founded on loyalty, reliability and transparency**. The answer can be found in the advice offered by Mediolanum, which provides solutions that cover a person's entire lifetime. Mediolanum people need to act innovatively and sustainably, for the wellbeing of all our stakeholders. This is "Banking for Freedom".

In this context, our **Values** are evolving in terms of their content and definition. We are moving from four values to five, which underpin all our behaviours and activities:

- > Freedom
- > Relationship
- > Responsibility (previously "Commitment")
- > Sustainable innovation (previously "Innovation")
- > Positivity (our new value).

All this speaks of **Mediolanum's intention** to strengthen its corporate and social responsibility in order to improve its own condition and that of its stakeholders and of the community.

VISION

We believe in building a better world day by day, for humanity and for the planet. We believe in human relations, and in a deep-rooted relationship based on freedom. We believe that our informed, positive vision of the world and of life is what really makes the difference.

MISSION

Building well-informed, long-lasting relationships with people, founded on loyalty, integrity and transparency. Providing unique, customised advice and effective solutions that cover the entire lifetime of our customers. Acting innovatively and sustainably for the wellbeing of the individual, families and the community. Banking for Freedom.

VALUES



FREEDOM

There is no greater value than freedom.

This is the value which Mediolanum has used to change the very idea of banking. The freedom of a sincere, genuine relationship with people. Truly feeling free to reach goals and fulfil dreams.



RELATIONSHIP

It's all about the individual.

Human rapport is the fundamental principle for everyone who works at Mediolanum. Building relationships helps us to understand people's plans, help them manage their savings, and achieve wellbeing. Becoming a point of contact for a customer means we can grow together.



RESPONSIBILITY

We are people, for people.

We are fully aware of the social role we play. We know how to act ethically and transparently, even if that means making decisions that go against the trend. We are committed to solidarity, education and development projects that leave a tangible legacy and have a high social impact.



SUSTAINABLE INNOVATION

We believe in constant improvement.

We anticipate and respond to people's challenges, backed by our history and roots. We develop innovative solutions that encourage sustainable behaviours in the interests of the community. Sustainable innovation is our commitment.



POSITIVITY

Positivity is about making the impossible possible.

Underneath our philosophy of life and business is the knowledge we have gained, our experience, and the certainty of what we are doing. It is about keeping true to this value and transferring this spirit to others. It is about seizing opportunities where nobody else sees them.

4.1.1 Code of Ethics and Code of Conduct

The Group's Code of Ethics and Code of Conduct set out the rules that govern our activity.

In 2002, Banca Mediolanum and the Group companies adopted a **Code of Ethics** in order to (i) mitigate operational and reputational risks, and (ii) foster a culture of internal controls, and prevent the crimes governed by Legislative Decree 231/2001. The Code contains a series of corporate governance rules designed to recommend, promote or prohibit certain behaviours, beyond and independently of the legal requirements.

The Code of Ethics, which is the result of a process of consultation and active participation by stakeholders, is designed to disseminate the ethical values with which the company identifies, and to provide concrete responses to our stakeholders: staff, suppliers, customers, partners, communities and local institutions, by indicating our specific commitments in terms of rules of behaviour and control, in the various areas of relationship. In a reciprocal relationship, our stakeholders are also asked to commit to the same values we have adopted.

The Code has two sections: the first is about values, and the second is about rules of conduct: specific commitments that everyone is asked to follow in order to help build a business culture that reflects our underlying values. This structure is designed to emphasise the values that underpin the business activities of Banca Mediolanum S.p.A. and of its Group companies, as well as the rules through which these values are implemented in our day-to-day operations. The ethical values of our managerial actions were determined according to the entrepreneurial spirit which our Group has always had: "Believing it's possible to be successful while being useful to people".

The **Code of Conduct** of Banca Mediolanum S.p.A. sets out in more detail the rules that the Parent Company Bank employees are required to observe in the context of their day-to-day activities.

These principles relate, among other things, to:

- › non-disclosure obligations concerning private, confidential or insider information;
- › specific limitations on personal transactions in financial instruments;
- › an obligation to disclose any situations or activities of significant personal convenience, in other words situations in which personal interests may conflict with those of the company, of existing or potential customers and/or of the assets under administration;
- › a prohibition on receiving benefits from third parties, which may by their nature or amount induce people to act in a way that conflicts with the company's interests;
- › online rules of conduct.

4.1.2 Human rights

The Mediolanum Group is committed to respecting and promoting human rights in the context of its activities, and to preventing any violation directly caused by its actions.

The Mediolanum Group exercises its economic and business activities by prioritising the direct or indirect impact on human beings. The Group has defined the areas of **responsibility towards employees, customers, suppliers and the community**, and has always been committed to promoting - within its own organisation and towards its staff and contractors - a business culture that corresponds to current legislation and is aligned with international best practices, and which can also guarantee the satisfaction

of its own employees and the attention paid to customers. This culture translates into the pursuit of respect for the rules, privacy and ethics, and is based on the value of the individual, while promoting behaviours that are inspired by cohesion, transparency, fairness and mutual trust in full accordance with the Group's Code of Ethics.

On 29 July 2020, the Board of Directors approved the **"Policy on Human Rights"** which sets out the commitment of Banca Mediolanum and its Financial Conglomerate towards protecting human rights according to the highest international standards, specifically the "2011 United Nations Guiding Principles on Business and Human Rights".

Mediolanum respects people's fundamental rights, and protects their moral integrity while guaranteeing equal opportunities. In our internal and external relations we do not allow any behaviour that discriminates on the basis of political opinions or trade union membership, religion, race, nationality, age or gender, sexual orientation or health, or any other form of discrimination against any personal characteristic of a human being. **Diversity is seen as an opportunity on a cultural, personal and professional level, and is promoted** through dialogue and the exchange of opinions, ideas and experiences.

The Mediolanum Group is also committed to reducing **reputational, social and environmental risks by maximising the positive impact on human rights**, in the awareness that our objective is not only to build value for customers and shareholders, but also to contribute to the growth of the communities and countries in which we operate.

All our staff and contractors are part of a working environment that does not tolerate any form of discrimination on the grounds of personal characteristics or opinions; appropriate strategies are adopted in order to combat any potentially vexatious behaviours, and all our staff and contractors are asked to play an active part in forging a working environment that is inspired by these values. **The application of laws and best practices in the countries in which our Group is operational, represent an adequate guarantee for the safeguarding of this issue**, and mitigate the related risks. Together with the Risk Management team, periodic risk assessments are conducted on the basis of our mapped processes and the risks/controls matrix. The main risks which are identified and monitored pertain to legal affairs, employee health and safety, and reputation.

As required by law, the Mediolanum Group has adopted an **internal whistleblowing system**, through which our personnel can report any acts or events that may represent an infringement of the regulations governing their activities (**"Whistleblowing"**). Through the available channels, employees can make circumstantiated reports of: potential or actual offences, acts or events that could constitute real or potential infringements of the regulations on banking, financial or insurance activities, and matters concerning market abuse or the prevention of money-laundering and the financing of terrorism.

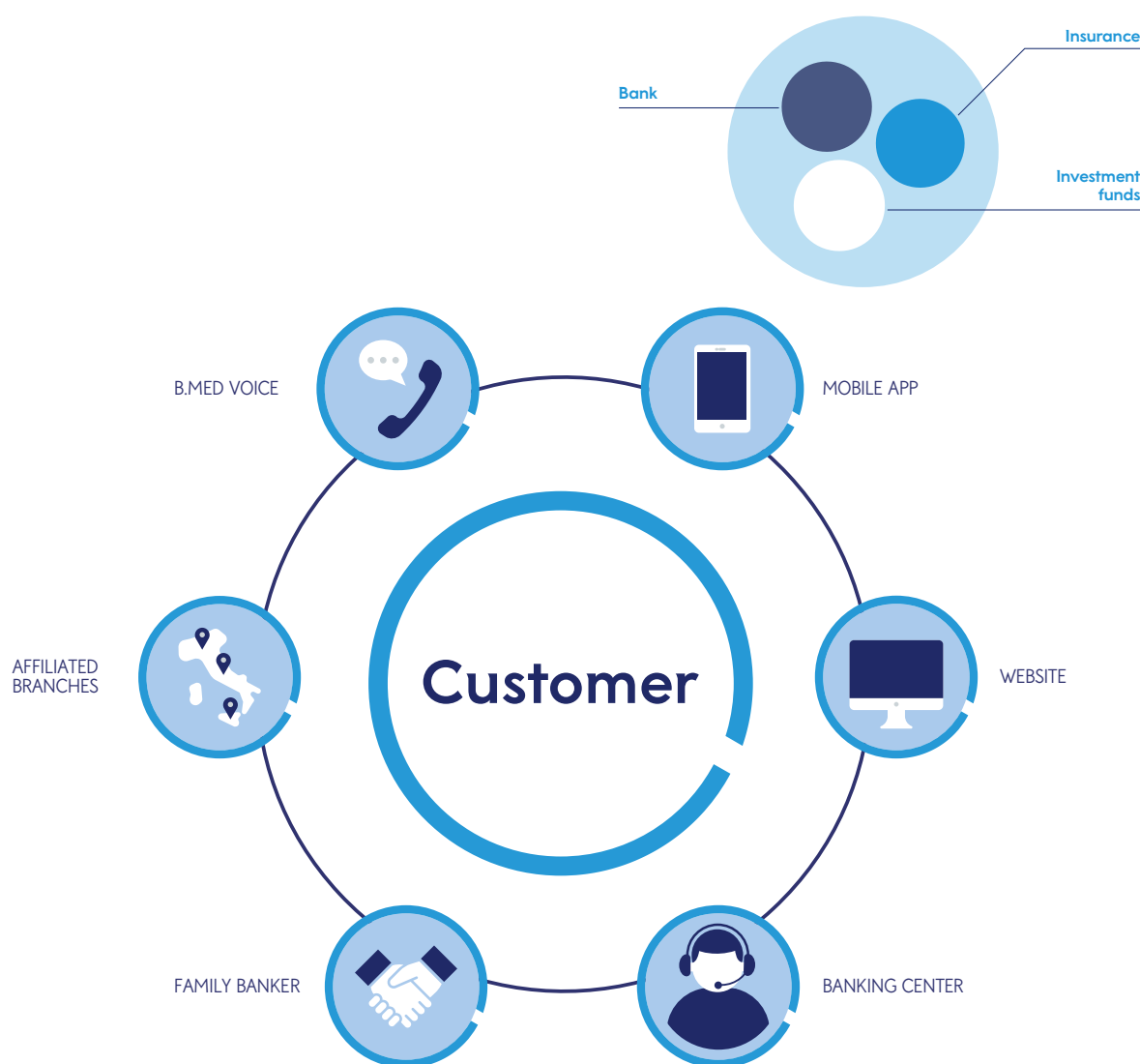
4.1.2.1 Sanctions and disciplinary measures

During 2020, no infringements were reported and therefore no sanctions and/or measures were taken in relation to Human Rights.

4.2 Business model of the Mediolanum Group

The business model of Banca Mediolanum has been built in order to meet the extrinsic and intrinsic needs of individual customers. Thanks to a large number of communication channels, our customers can choose how to "use" their bank, by deciding the contact time and method of relationship that suits them best in each case. Banca Mediolanum offers straightforward, easily accessible products and services that meet the needs of individuals and families, who are its main target market. Through its Family Bankers, who are listed on the Register of Financial advisors, the Bank offers its customers assistance with managing their savings and investments, in combination with the regular banking products and services. Banca Mediolanum does more than sell products: it offers solutions. This principle allows us to operate in the various areas of financial services with the competence and flexibility required in order to best respond to the ever-changing economic, fiscal, financial and regulatory scenarios. Our investment strategy is the result of a thorough study of global markets and the high level of expertise that Mediolanum has built up in the management of savings, which means that we can limit the risks on the concentration of investments.

Bank built around the customer An integrated business model



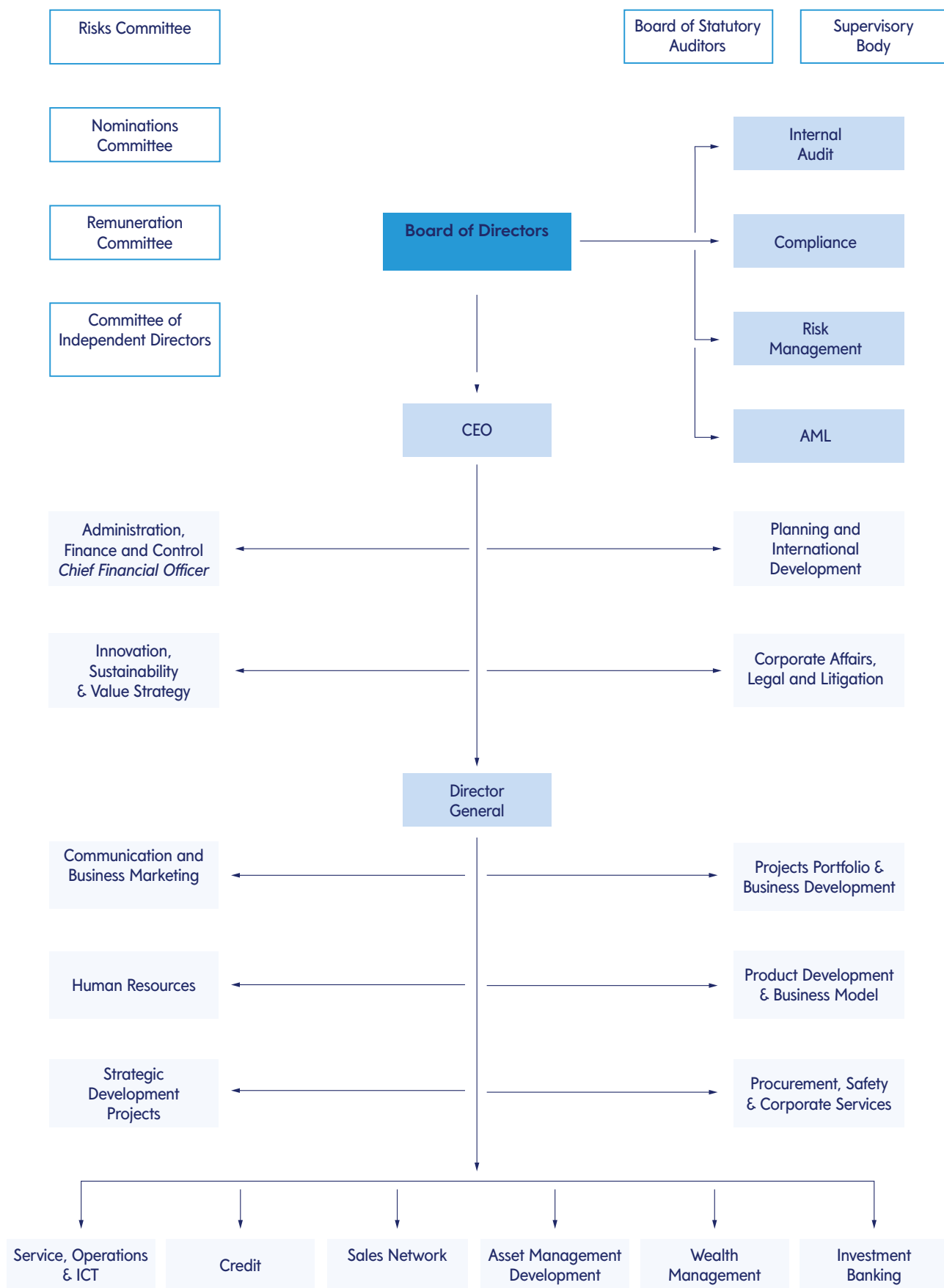
4.3 Governance, risk management, compliance and the supply chain

4.3.1 Organisational structure

The organisational structure of Banca Mediolanum is formed of Departments, Divisions, Sectors, Offices and Managerial Support units based on the following framework:

- › **four business control functions reporting directly to the Board of Directors:** Internal Audit, Compliance, Risk Management and AML (Anti-Money Laundering);
- › **four Departments on the staff of the CEO:** Administration, Finance and Control headed by the Chief Financial Officer, Planning and International Development, Corporate Affairs, Legal and Litigation, and Innovation, Sustainability & Value Strategy;
- › **six Departments on the staff of the Director General:** Communication and Business Marketing, Projects Portfolio & Business Development, Product Development and Business Model, Human Resources, Procurement, Safety & Corporate Services and Strategic Development Projects;
- › **six Departments reporting directly to the Director General:** Service, Operations & ICT, Credit, Sales Network, Asset Management Development Wealth Management and Investment Banking.

The principal tasks and responsibilities of the Bank's operational units are set out in the Bank's "Service Ordinance", which is periodically updated by the relevant company offices.



4.3.2 Board of Directors of Banca Mediolanum

As the **body** with the **function of strategic supervision**, it defines the overall governance system and approves the organisational structure of the Bank, checking that this is implemented correctly. It also implements prompt corrective measures if there are any inadequacies or deficiencies.

This body is required to **govern the risks** faced by the Bank, and to promptly identify the sources, potential dynamics and necessary controls. In addition, it must:

- i) approve the organisational and corporate governance structure of the Bank, making a clear distinction between functions and duties, and preventing conflicts of interest;
- ii) approve the reporting and accounting systems;
- iii) oversee the Bank's process of public disclosure and communications;
- iv) assure an effective dialogue with the management function and with the heads of the main company departments, duly verifying their decisions and choices.

The Board of Directors of Banca Mediolanum has **13 members**, who were appointed by the shareholders' meeting on 10 April 2018 in accordance with the provisions of the bylaws in force at that time. It will remain in office, as per the Meeting resolution, until the date of the meeting called to approve the financial statements for the year ending 31 December 2020.

The **Chairman** plays an important role in terms of organising the work of the Board of Directors and circulating information. In order to fulfil his position effectively the Chairman holds a non-executive role, and does not perform any management function, not even on a de facto basis. He may, in exceptional cases, take on supplementary duties of the executive members of the Board, or, following a binding proposal of the executive bodies in urgent cases, he may take decisions within the remit of the body of which he is the chair, and will report on his actions at the next available meeting.

The Board has appointed a **Vice-chairman** in accordance with the Bylaws. The Vice-chairman has the power to represent the Company and will stand in for the Chairman if he is absent or unable to act.

The **CEO** is appointed by a resolution of the Board of Directors who will determine the limits of his authority. The CEO has the power to represent the Company.

In line with the provisions of law and in application of the code of self-governance for listed companies, the CEO, as the body responsible for implementing the strategic guidelines and the Risk Appetite Framework (RAF), as well as the policies for governing risk as defined by the body responsible for strategic supervision. The CEO also takes any measures which are necessary to ensure the conformity of the organisation and the system of internal controls, by monitoring continuous compliance.

The CEO is responsible for the executive, and for making sure that the organisational, administration and accounting structure of the bank and of the subsidiaries is consistent with the size and activities of the Group, by implementing specific powers.

Composition of the Board of Directors

Surname and Name	Position	Executive	Non executive	Independent	Male	Female	Year of birth
Doris Ennio	Chair		•		•		1940
Pirovano Giovanni	Vice Chair		•		•		1951
Doris Massimo Antonio ⁽¹⁾	CEO	•			•		1967
Doris Annalisa Sara	Director		•			•	1970
Bianchi Bruno	Director		•		•		1938
Durante Paola ⁽²⁾	Director		•	•		•	1969
Frasca Francesco Maria ⁽²⁾	Director		•	•	•		1943
Gavazza Alessandro ⁽²⁾	Director		•	•	•		1974
Notari Mario ⁽²⁾	Director		•	•	•		1964
Omarini Anna Eugenia ⁽²⁾	Director		•	•		•	1967
Pierantoni Roberta ⁽²⁾	Director		•	•		•	1971
Sarubbi Giacinto Gaetano ⁽²⁾	Director		•	•	•		1963
Tusquets Trias de Bes Carlos Javier	Director		•		•		1951

⁽¹⁾ Executive Directors.

⁽²⁾ Independent Directors as defined in Art. 148 para. 3 and in the Code of Self Governance.

The main legislative and regulatory changes are brought to the attention of the Board of Directors of Banca Mediolanum mainly by the Compliance Department and the Corporate Affairs Division, who work with the Chairman of the Board in order to provide the Board members with greater knowledge of their sector of activity.

The Chairman of the Board of Directors, assisted by the relevant offices, organised **two board induction sessions** in 2020 for the directors and statutory auditors of the Issuer and of the other Group companies. The sessions were attended by qualified speakers. **These sessions dealt with the key aspects of sustainability topics and the use of AI technology in risk management.**

Board Committees

Without affecting the obligation to set up certain committees, in accordance with the regulations applicable to the Company in order to enable an efficient system of reporting and consultation that gives the Board of Directors of Banca Mediolanum a better understanding of some of the topics it is responsible for, advisory and proposing committees have been set up, with limited structures diversified according to the sector of competence.

The organisation and function of each committee is determined in a decision of the Board of Directors, which is made at the time the committee is formed. These decisions can be altered by a subsequent Board decision. There are currently **4 Board committees**:

NOMINATIONS COMMITTEE

It has proposing, advisory and preparatory powers, which take the form of making proposals, recommendations and opinions in order to enable the Board of Directors to pass its decisions with greater knowledge (for example, when electing directors). In performing its duties, the Committee aims to avoid the domination of any decision-making process of the Board of Directors by a single person or groups of people, which could harm the Bank.

RISKS COMMITTEE

It supports the Board of Directors in relation to risks and the system of internal control. In this area, particular attention must be paid by the Committee to any activity which is necessary or useful in order to allow the Board to make an accurate, effective determination of the RAF and of the risk governance policies.

REMUNERATION COMMITTEE

It provides support to the Board of Directors with regard to remuneration, assuring that the criteria which underpin the Bank's and Group's pay and bonus system are consistent with the management of its risk profile, capital and liquidity.

COMMITTEE OF INDEPENDENT DIRECTORS

It performs an evaluatory and propositive role with regard to internal controls, in relation to the management of transactions with related parties of Banca Mediolanum and with parties connected to the Mediolanum Banking Group, and the acceptance and management of equity interests. It also provides general support to the Board of Directors on any other issues considered to be significant with regard to management of the company.

Self assessment

The Board of Directors, assisted by the Nominations Committee, assesses the size, composition and functioning of the Board itself, and of any board-internal committees. The assessment is designed:

- › to assure the **proper, effective functioning** of the body, and that its composition is adequate;
- › **to guarantee material compliance with the regulatory requirements** on corporate governance and with the aims of those requirements;
- › **to update the internal regulations** in order to control the functioning of the body so that the regulations are adequate, also in the light of any changes resulting from evolution of the business or of the operating context;

- › **to identify the main weaknesses** and to promote debate within the body, as well as to define the corrective actions to be taken;
- › **to strengthen the relationship of collaboration and trust** among the members, and between the strategic supervision function and the management function;
- › **to encourage the active participation** of the individual members, ensuring that they are fully aware of their specific roles and responsibilities;
- › **to stimulate an improvement in the process of self-assessment** and the ongoing performance of the Board.

Rules of the process of Self Assessment of the Board of Directors

As specified in the “**Regulation on the process of self-assessment of the Board of Directors of Banca Mediolanum**”, the roles responsible for the self-assessment will record the results of the process in the “Outcome of the self-assessment of the Board of Directors”, which illustrates:

- › the methods and phases of the process;
- › the people involved, including any external advisors;
- › the results obtained, highlighting any strengths and weaknesses;
- › any corrective actions or improvements that may be necessary or possible.

An account of the implementation or progress of these measures must be given in the next self-assessment.

This Regulation is approved by the Board of Directors, and where required is submitted to the Bank of Italy. At the end of 2020 the Board of Directors instructed the relevant parties to start the process of self-assessment; independent advisors were also used in this process, and the necessary documentation was prepared and collected. The results of the self-assessment process will be brought to the attention of the Nominations Committee and of the Board of Directors during a Board meeting held in the early part of 2021.

4.3.3 Shareholders’ Meeting

The shareholders’ meeting is regulated as to its functioning, and as to the rights of the shareholders and the way they can exercise those rights under the existing primary and secondary legislation. This is set out in the company bylaws. The ordinary meeting of shareholders has the responsibilities stipulated in the current provisions of law. At the meeting of shareholders on 23 November 2015, the Company adopted a “**Regulation on the conduct of shareholders’ meetings**”, which became effective from the start of trading of the Issuer’s shares on the MTA (30 December 2015) and is available at www.bancamediolanum.it under the Documents heading of the Corporate Governance section.

4.3.4 Pay and bonus system

The Group's **pay and bonus policies** as defined by the parent company in accordance with the provisions of the Bank of Italy relating to Policies on pay and bonuses (Title IV Chapter 2 Section I of Circular 285) are intended to attract and retain individuals with professional expertise and skills that are adequate for the needs of the business, and to provide an incentive to increase their commitment in order to improve the company's performance through the satisfaction and motivation of personnel.

The application of pay policies assures a greater alignment between the recipients and the shareholders of the bank and of the group, both in the short-term, by maximising the creation of value for shareholders, and also over the medium to long-term through the careful management of business risks and the pursuit of medium/long-term strategies.

The **pay and bonus criteria are based on objective performance-related parameters in line with the strategic, financial development and salability objectives of the business**. They are the tools that will best stimulate the commitment of all employees, while also responding to the interests of the Group.

The Group is **committed to pursuing the gradual integration of issues of environmental and social sustainability and governance within its strategy for risk management, and within the remuneration processes** by promoting a systemic, inclusive, transparent approach that also guarantees respect for the principles of plurality, equal opportunities, fairness and non-discrimination of gender.

The Bank's Board of Directors prepares and reviews the Group's pay and bonus policies at least once a year, with the support of the Remuneration Committee. It is responsible for the proper implementation of these policies. Once drafted the policies are sent to the bank's meeting of shareholders for approval and are made accessible within the organisation, also by means of publication on the parent company's website. The parent company identifies the key personnel with the involvement of the relevant company departments, also in relation to the teams of financial advisors. This activity encompasses all employees, the group directors and also the foreign branches and sales networks.

Pay structure for Directors and Statutory Auditors

Under the existing bylaws, it is the shareholders' meeting which is responsible for determining the overall remuneration and the allocation of bonuses or other emoluments to the **directors**. If this amount does not include the remuneration for Directors with specific offices, this will be determined by the Board of Directors after consulting the Board of Statutory Auditors. The Board of Directors also distributes among its members the global remuneration decided by the shareholders' meeting, for all the directors. No variable remuneration is paid to the non-executive members of the Board of Directors, or to the members of the Board of Statutory Auditors.

Pay structure for employees

The pay structure for **employees** includes the following elements:

- › a **fixed component** that covers the role of the employee and the breadth of their responsibility, reflecting the experience and capabilities required for each position, and the level of excellence demonstrated as well as the overall quality of the contribution to the business results;
- › an eventual **variable component** which is designed to reward the results achieved, by establishing a direct link between pay and results of the individual and the company over the short and medium-term, in accordance with the defined risk profile.

Pay structure of the sales network

The remuneration of the sales network consisting of financial advisors is made up of **various types of commission**. The commission depends on the type of activity, the range of investment products, and the distribution agreements with the product manufacturers. The remuneration system responds to the need to pay financial advisors a salary that is **proportionate to the company's income**, avoiding any discrimination or potential conflict-of-interest situation.

The remuneration of financial advisors is mainly **variable, and is structured** according to the different advisor roles.

4.3.5 System of Internal Controls

The system of internal controls (the "SIC") is defined as the **"set of rules, procedures and organisational structures" that allow** the conduct of a **sound, fair business activity in line with the set objectives**, by means of an adequate process of identification, measurement, management and monitoring of the main risks. An effective system of internal controls helps to safeguard the company's assets, the efficiency and efficacy of its operations, the reliability of its financial information, and compliance with laws and regulations. A control environment is that part of the corporate culture that determines the level of sensitivity of the directors and management, to the need for control. It forms the basis for all the other components of the SIC. The factors which influence the control environment are: the integrity, ethics and competence of staff, the philosophy and style of Management, the way in which responsibilities are delegated, the organisation, professional development and commitment to provide guidance on the part of the Board of Directors. Within the Group, the various companies work to implement a well-structured, efficient system of internal controls within their business units. They take into account the various sets of regulations and diverse areas of activity, in accordance with the guidelines received from the parent company. A fundamental role is played by the **Risks Committee** of Banca Mediolanum, which is the parent company of the financial conglomerate; this is an opportunity for debate and study, in order to elaborate an overall view of the various risks, correlated to the different types of business, and to discuss the actions taken to control the identified risks.

Structure of the system of internal controls

From a structural point of view, the **Group's internal control system is structured into several levels**, which involve:

- › **line controls (Level 1 controls)**: aimed at ensuring that the operations are performed correctly. These controls are done by the business units themselves (for example, hierarchy, systematic and sample checks), by teams who work exclusively on control tasks and report to the managers of the business units (these are done in the context of back office). Where possible these controls are incorporated into the IT procedures. In this configuration, the operational units are the first line of responsibility in the process of risk management.
- › **checks on risks and compliance ("Level 2 controls")**: designed to assure compliance with the operational limits set for the various functions, the correct implementation of the risk management process and the conformity of the company's operations to laws and regulations, including rules of self-regulation. As required by law, the functions responsible for the Level 2 controls are separate from the production units, and they help to define the governance of risk, and the process of managing risk.
- › **internal audit (Level 3 controls)**: designed to identify any breaches of procedure or regulation, and to periodically evaluate the completeness, adequacy and functionality (in terms of efficiency and efficacy) and the reliability of the system of internal controls and of the information system, at pre-set intervals depending on the nature and intensity of the risk.

Risk Management

The **Risk Management** (or risk control) function of Banca Mediolanum is **responsible for implementing the policies of governance and risk management**. The risk control function is responsible for:

- › **monitoring** the exposure of the Bank and of the Group to financial and credit risks,
- › **assessing** the financial impact of the operational risks and the effect on reputation, while keeping under constant control the capital adequacy and the adequacy of the liquidity position in relation to the activity performed,
- › **exercising a role of guidance** and coordination on issues relating to the institutional tasks of risk control and management (current and forward-looking), while guiding the Bank to an acceptance of risk that is well-informed and consistent with its risk appetite.

The Parent Company's Risk Management function thus **defines and maintains the framework of control and management for all the risks of all the companies in the Banking Group** (for more information, see paragraph 4.3.6 *Management of risk*), and is responsible for controlling the "pillar 1" risks (credit, market and operational). It performs quali-quantitative assessments on the "pillar 2" risks (interest rates, liquidity and other risks) in accordance with the Board of Directors guidelines and the applicable provisions of law. This Function works with the unit of the IT sector that oversees the level I controls in order to define the methods for **assessing and controlling the IT risk**, and to supplement the work done in connection with the framework of control of operational risks, to include the findings of the IT risk assessment process. The Risk Management Function is also responsible for controlling the **outsourcing risk**, on the basis of the tasks and activities indicated in the internal and external regulations in respect of the outsourcing of activities and services to third parties.

It will also define the methods for **evaluating and controlling reputational risk**, working with the other control functions where necessary. It prepares the internal policies, regulations and procedures relating to all risks configured to be significant, and identifies and develops quantitative methodologies designed to manage these risks, which are inherent in the activities of the Bank and of the Group companies. On behalf of the Banking Group, it continuously verifies the adequacy of the risk appetite framework, and assists the company bodies with regard to the coordination of the ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment), and with preparing the Recovery Plan and in respect of all the other activities specifically laid down in relation to the respective internal processes, in the internal Regulation.

Compliance

The model adopted to control compliance risk (**the compliance model**) requires **direct control by the Compliance Function of the regulations which are more significant in terms of the compliance risk**, such as those governing the exercise of the banking and intermediation activity, the management of conflicts of interest, transparency towards customers and consumer regulations in general, and overseeing any regulations for which there are no specialist forms of control within the Bank (specialist units) or risk that are not within the scope of competence of other Company Control Functions. With regard to the control assured by the specialist units, the Compliance department is responsible for assessing the adequacy of the risk of non-compliance, in collaboration with the specialist functions.

The Compliance department is also responsible for providing specialist advice in order to assess the risk of compliance, it provides regulatory alerts and gap analysis, carried out checks on the adequacy and functioning of business structures and processes designed to prevent the reach of mandatory rules of law of self-governance, and it also monitors the adoption of the proposed corrective measures. In the context of **relations with regulatory bodies**, the Compliance function is responsible for overseeing relations with these bodies and with the **industry associations**, on issues within its direct remit. This area includes the control of the correct management of requests from the regulatory bodies, and the relations with extrajudicial dispute resolution bodies it also participates in work groups on specialist issues.

The Compliance function of Banca Mediolanum **performs the supervision and coordination of the counterpart "local" functions**. To this end they prepare adequate reports at the pre-agreed intervals, in relation to the planning of their activities, the audits they have carried out, and in relation to any other information which may be relevant in terms of controlling the risk of compliance with the regulations.

The Function also controls the compliance risk on behalf of the Group companies with which the Bank has entered into service agreements.

Finally, the Compliance function reports periodically to the CEO and 2 other corporate bodies, to the boards of directors and to the other Company Control Functions.

On 27 February 2020 the Board of Directors of Banca Mediolanum S.p.A. approved the updated **"Compliance Policy"**, which sets out the guidelines and identifies the requirements to be met when preparing the model for controlling and managing compliance. The main changes to this update related to the production of a **control model which includes the adequacy and efficacy checks**, by means of planning based on company processes and on the review of the formal results of these assessments, which are contained in a single report. The decentralised compliance risk model has also been amended by the Specialist Units, to reflect *market best practices*.

The guidelines, organisational structure and processes adopted by the Compliance Function to fulfil its mission and the responsibilities/interactions of the various offices of the Function are **described in the "Regulation of the Compliance Function"**.

AML

The AML function uses a risk based approach to control the risk of money laundering and the finance of terrorism, and to adapt processes to reflect changes in the regulatory and procedural context in this area.

This area verifies on an ongoing basis that the business procedures reflect the objective of **preventing and combating any breach of external laws or regulations**, and any breaches of rules of **self-governance** with regard to money-laundering and the financing of terrorism.

It pays particular attention to the adequacy of the internal systems and procedures with regard to customer due diligence and record-keeping, and in relation to the systems used to record, assess and report suspicious transactions.

It deals with the analysis and periodic assessment of the risks of money-laundering and the financing of terrorism, by identifying appropriate actions to mitigate the identified risk level.

Within its sphere of competence it prepares, validates and updates the internal regulations, policies and rules on money-laundering and anti-terrorism measures and, where necessary, prepares the related Group guidelines.

The AML Function reports directly to the Board of Directors and has access to all the Bank's information and to any information that is relevant to its duties.

Internal Audit

The Internal Audit Function of Banca Mediolanum carries out "Level 3" controls in order to check that operations are carried out correctly, and to assess the evolution of risks. It assesses the completeness, adequacy, functionality and reliability of the structure of the company, and structure of the other components of the system of internal controls. The Function **brings to the attention of the company bodies any areas for improvement, with particular reference to the system of internal controls, the RAF, the risk management process and the tools used to measure and control these risks.** On the basis of the results of these controls, it formulates recommendations to the Company Bodies. Using a **risk-based approach**, it prepares a **multi-year plan and annual plan of the control activities** to be carried out during each financial year. Both of the above documents are submitted for examination and approval by the relevant company bodies.

In 2020 the Function performed its control activity on the basis of the approved plan, for Banca Mediolanum and also for the Group Companies who delegated their internal auditing activities under a specific service agreement. In relation to the business model adopted by the Group particular attention was paid to the auditing of the work of the sales network, which from 1 January 2020 was centralised within the Internal Audit Function. With regard to the subsidiaries with their own internal control function, the Function performed its guidance and supervision activity by monitoring the implementation of the local internal audit departments' activity plans, and by arranging periodic meetings.

Finally, the internal audit function is committed to an **internal programme of monitoring and continuous improvement of quality** ("PAMQ") in accordance with the International Professional Practice Framework of the Institute of Internal Auditors.

4.3.6 Management of risks

The world of risk is changing. The **need** is emerging for a risk management function that is **flexible** and is oriented towards the evolution not only of the economic and financial context but also to the changes in ESG, which entail **environmental, social and corporate governance risks** for the various business lines and their management.

Risk Appetite Framework "RAF"

The risk appetite framework is the **framework of reference that expresses the Bank's risk appetite** with regard to all the significant risks of its activity. It is a global approach that **includes the policies, processes, controls and methodologies used to define, communicate, manage and reassess the risk appetite** of the bank, compatibly with the maximum acceptable risk, the business model and the strategic plan. Consequently, the **risk governance policy** is a strategic component of the RAF as it can be reconciled with the overall economic and financial plan and thus allows the achievement of the objective of sustainable growth. For this reason the RAF is the result of a complex process which involves various business units, each within the extent of the responsibility, specifically the risk management and planning and control units.

The Group's risk appetite is revised each year to take into account the continual changes in the internal and external environment, and also any developments in the expectations of our various stakeholders. The economic and financial values which are estimated when the economic and financial plan is drawn up are reconciled against the maximum risk appetite as stated in the RAF updating process, and will determine any revision or adjustment of the threshold and limits that was set during the previous financial year. Within the RAF document, the **risk indicators**, structured into the 3 levels of observation: risk appetite, risk tolerance and risk capacity, are defined, assessed and approved. They are classified according to

the reference areas (capital adequacy, credit risk, financial risk, operational risk, market risk and so on) and thus are designed to support Top Management in its pursuit of strategic financial objectives and to monitor the group's capital and financial solidity both in ordinary situations and in potentially adverse situations. They therefore undergo a periodic review process, which is integrated with the planning and budgeting process.

Reputational risks

In order to safeguard the perception of the bank's image in its operational context, also in order to continuously mitigate the risk to reputation, Banca Mediolanum has always been committed to disseminating a corporate culture that is inspired by ethical, sustainable, professional principles and behaviours based on solid financial expertise and good professional practice.

Reputation risk, as governed by the industry regulations, is one of the "other risks" that is difficult to measure, which is why banks put in place adequate control and mitigation systems. It is generically defined as the **present or future risk of a decline in profits or capital due to a negative perception of the Bank's image** by customers, counterparties, shareholders, investors and/or the regulatory authority. Partly because there is no "complete and single" definition, reputational risks are **often generated by other types of risk which have not been adequately managed**; therefore, the factors that can generate reputational risk are divided into:

- › **endogenous factors**: This category includes all the risks directly linked to the processes and activities performed by the Bank or to the operational and business decisions it makes (for example the occurrence of an operational risk event, failure to comply with a law or regulation, or inaccurate news about the company, about the behaviours of its staff or resulting from inadequate management of official communications);
- › **external or exogenous factors**: This category includes comments and discussions held in the media, on social networks, blogs or other digital communication tools, which relate to information or opinions which could harm the reputation of the bank or of the group.

The group has adopted a **specific policy to manage the risk to reputation, and constantly monitors the behaviours of its financial advisors** to ensure that their actions, with regard to laws and regulations, is at all times fair and transparent in their relations with customers, and thus reduces the risk of any fraudulent, disloyal or abusive behaviour by financial advisors that could cause a loss – sometimes significant – to the image and reputation of the Group or more generally to the confidence placed in the Group by its customers, which would have an adverse effect on its capital and financial situation.

In the context of identifying operational risks, the process involves **collecting and analysing data about losses caused by the behaviour of financial advisors, as well as ex ante assessments of the exposure to such a risk**, and the related controls.

Continuous **ex post controls** are also implemented at monthly intervals on the risk as a whole, and checks are also carried out at least once a year on specific clusters of advisors, where there is evidence of irregularities in the customer portfolios.

Risk management for the purposes of Legislative Decree 254/16 (ESG) and framework

Article 1 paragraph 1073 of the 2019 Budget Act introduced an amendment to Decree 254/16, by requiring companies to illustrate their principal risks, and their management, in their non-financial reporting. In this regard the Group adopted its own procedural and organisational model in 2019, for the identification, assessment and management of risks relating to non-financial material topics.

During 2020, the process of identifying, assessing and managing ESG risks involved:

- I. **The identification and mapping** for the whole of the Mediolanum Group, of 119 risks linked to non-financial material topics (reference: *5.1 Materiality analysis*), of which 40% is generated

internally and the remainder is external. Compared to last year, 5 new risks have been identified, which have an impact on the material topics pertaining to Responsible Business and Centrality of the Individual.

2. **The allocation** of these risks to a total of 30 **risk owners**, among the Division and Department heads.

Overall, the management of ESG risks is about the pursuit of structured, effective standards of control and monitoring, highlighted by a level of qualitative impact that stands at medium to low values 95% of the entire Framework. In this sense, the adoption of mitigation actions by the individual risk owners seems to be consistent, with **a coverage of around 80% on the individual material topics**, reaching almost 50% on the total risks.

The biggest gap in terms of containment and mitigation of risks is linked to the material topic of responsible finance. In this regard, **Banca Mediolanum is committed to defining a model for the offer of sustainable products**, at the level of Financial Conglomerate. Specific initiatives have been launched as part of the 2020 Sustainability Programme. They involve all the functions and companies of the conglomerates who are involved in the manufacture of products/services aimed at defining the operational guidelines for the manufacture and monitoring of the product and service range.

Below is the framework of representation for the ESG risks which have been identified and managed, in line with the material topics.

Financial performance and solidity

Risk borne	—	► (Business)	—	► Risk of liquidity and solidity that generates low capacity to attract and retain customers	—	► Levels 2 and 3 of System of Internal Controls Risk Appetite Framework Policies for the management of financial, market, credit, liquidity, insurance and operational risks	—	► Banking Insurance

Responsible Business

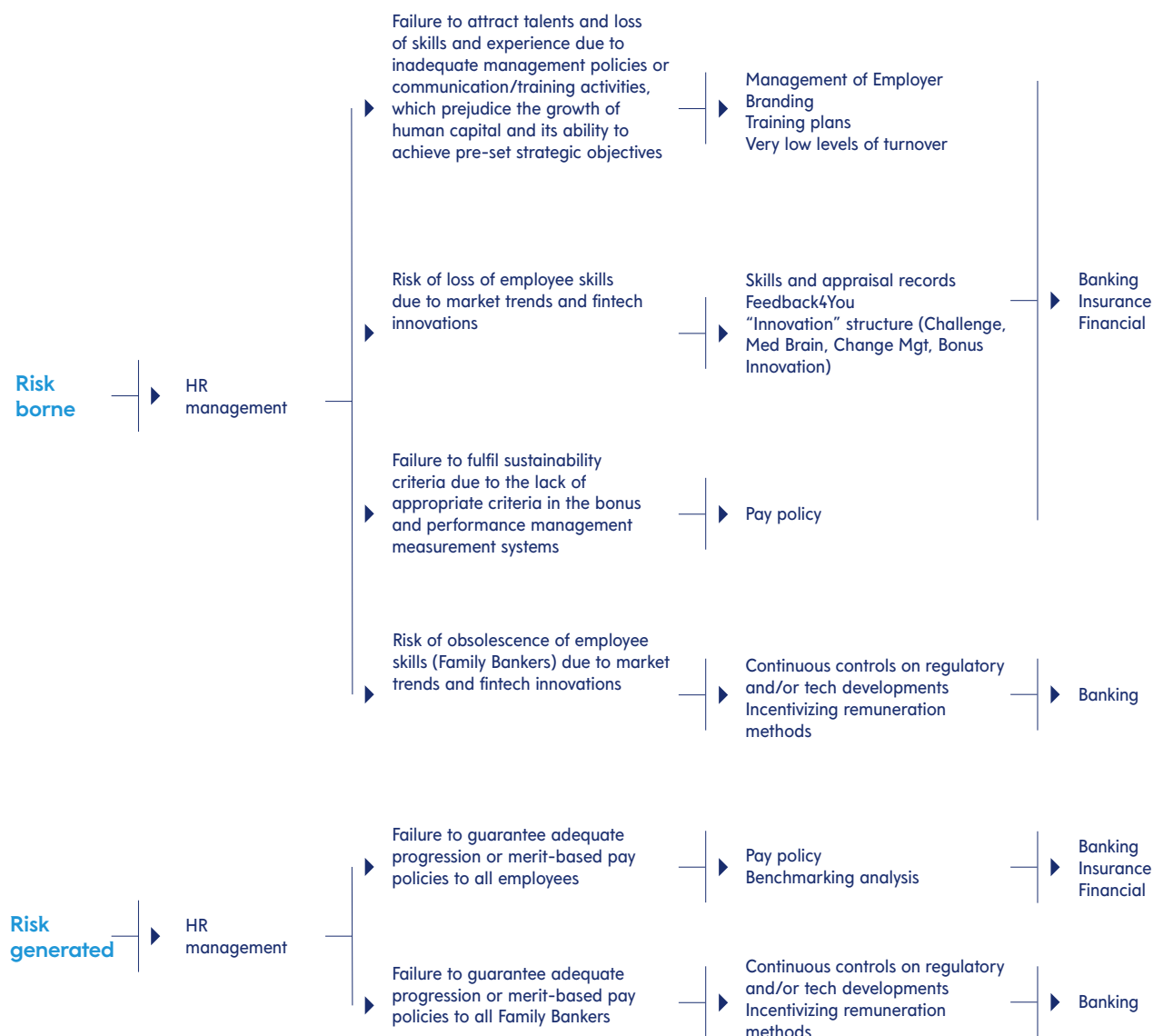
Risk borne	—	► Fight against corruption	—	► Risk of corruption within company operations deriving from non-compliance with internal and external regulations	—	► Code of Ethics Organisation, Management and Control Model under Legislative Decree 231/2001	—	► Banking Insurance
				► Risk of failing to prevent Decree 231 offences, in particular with regard to the areas mentioned in Legislative Decree 254/2016 such as corruption, environment, health and safety, due to non-compliance with the related internal and external regulations	—	► Risk Assessment 231 Model Controls performed by the Supervisory Board		
		► All	—	► Inadequate consideration of scenario variables, sustainability priorities and stakeholder expectations in strategic planning and in decision-making and operational processes	—	► Policy on sustainability Sustainability programme Stakeholder engagement ESG Assessment rating		
			—	► Deficiencies in the composition of governance bodies, in the processes of communication with management and stakeholders and in the delegation of responsibilities for sustainability	—	► Risks Committee Nominations Committee System of Internal Controls		
	—	► Social aspects, Anti-corruption	—	► Risk of poor governance or scandal relating to the top management of the company	—	► System of Internal Controls	—	► Banking
				► Breach of current regulations on employee privacy and data protection	—	► Policy on the fight against money-laundering and the financing of terrorism Internal regulations and operating procedures	—	► Banking Insurance Financial
	—	► Social aspects	—	► Risk of non-compliance with internal or external regulations	—	► System of Internal Controls Mandatory training	—	► Banking

	Areas of Leg. Decr. 254/2016	Description of risk	Management of risk	Areas of intervention
Risk generated	▶ All	▶ Assure that company events are managed in accordance with the principles and criteria approved in the policy on sustainable events management	▶ Regulation of the process of organising corporate events, Operating Policy on sustainable events management, Operating Policy on the Identification and evaluation of aspects of sustainable development, Operating Procedure on "Review of the system for sustainable events management"	▶ Banking
	▶ Social aspects	▶ Risk of non-conformity of the system of controls to protect human rights	▶ Policy on human rights ▶ An internal due diligence project is in progress	▶ Banking

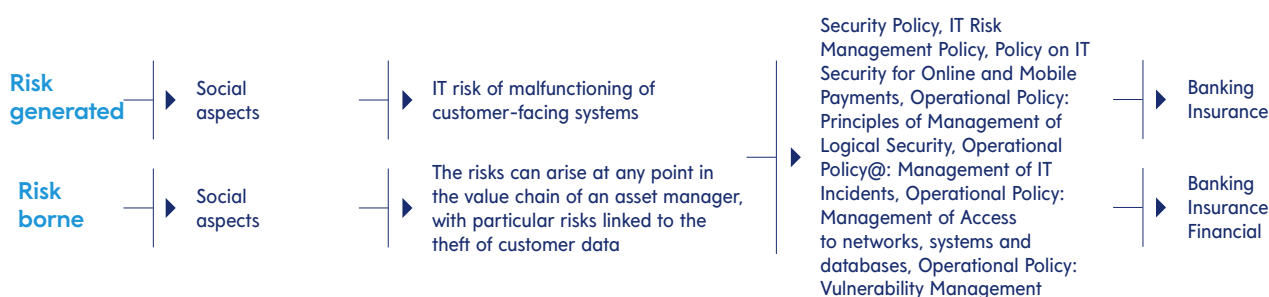
Centrality of the individual

Risk generated	▶ Social aspects	▶ Non-compliance with regulations, standards and codes of self-governance concerning transparency, inadequate information about products and services which impacts the level of customer satisfaction and has a risk of incurring financial losses or reputational damage	▶ Internal operational procedures and practices	▶ Banking
		▶ Risk of losing customers due to inappropriate offer and/or cases of inadequate conduct by the Bank and the sales network	▶ Sales Control and Network Support (CCSR) ▶ Single Performance Rating (RUP) ▶ Active Supervisor Control (CAS) ▶ Levels 2 and 3 of System of Internal Controls	▶ Banking ▶ Insurance
		▶ Risks from operational errors and service levels	▶ Internal operational process and control procedures ▶ Service agreements with outsourcers	
		▶ IT risk of malfunctioning of customer-facing systems	▶ Level I control system ▶ Contingency Plan	▶ Banking
		▶ Risk of losing customers due to reallocation to a new Family Banker who does not meet adequate quality criteria.	▶ Control procedures and quality ranking matrix	▶ Banking
	▶ All	▶ Risk of inadequate brand promotion and differentiation strategies, compared to competitors, of inadequate communications and engagement on sustainability issues and/or inconsistencies between statements and actions (greenwashing)	▶ Internal operational procedures and practices	▶ Banking ▶ Insurance

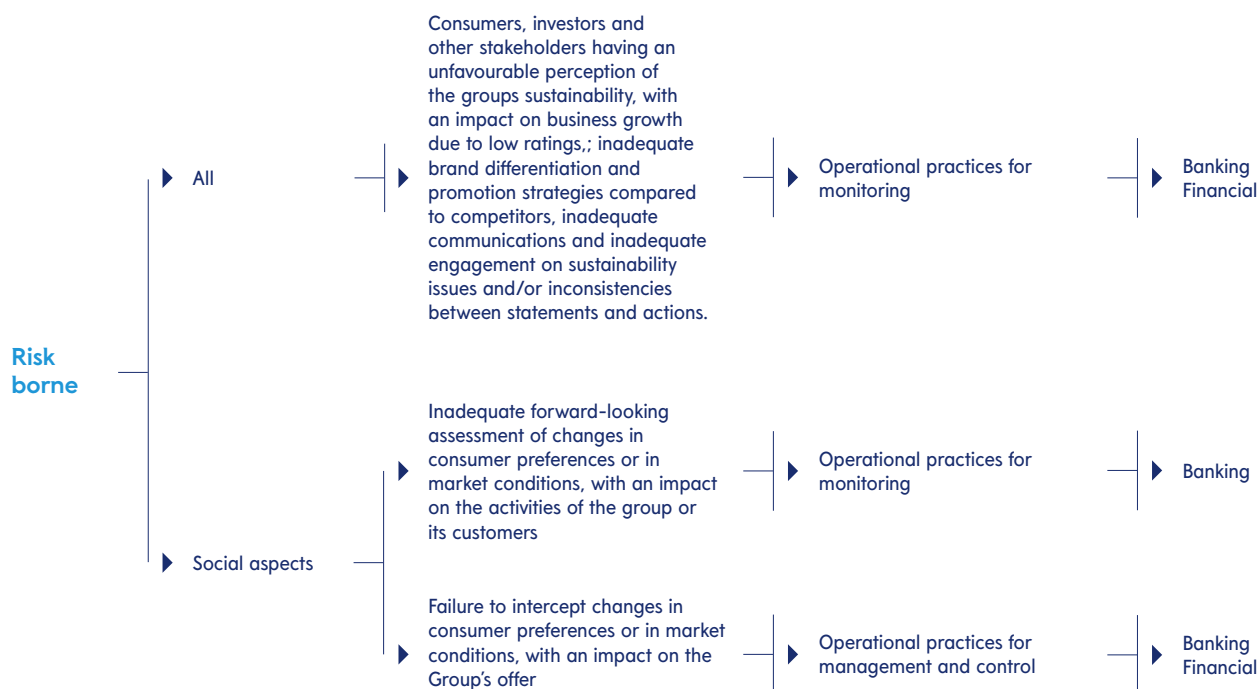
Growth of human capital



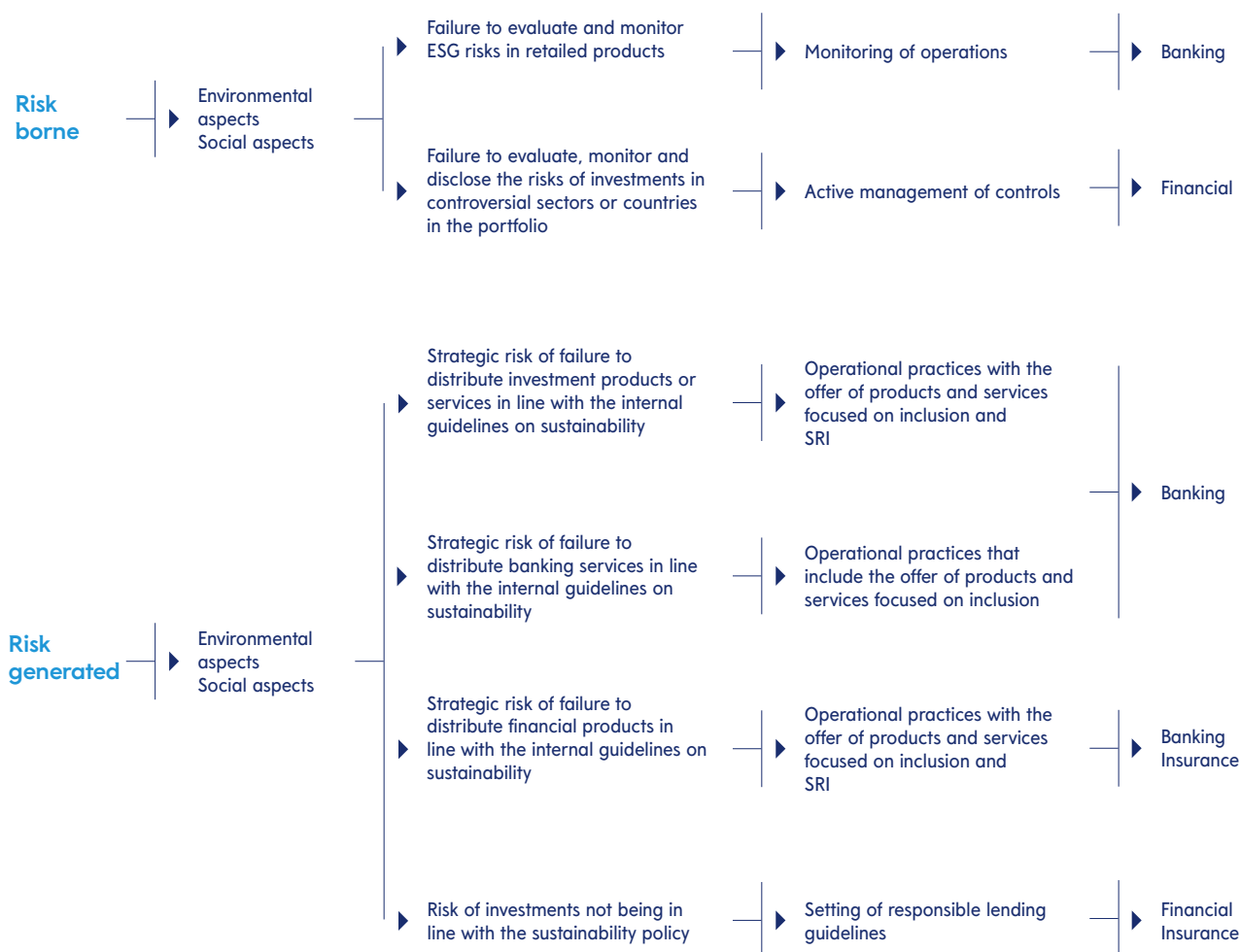
Cybersecurity and responsible data usage



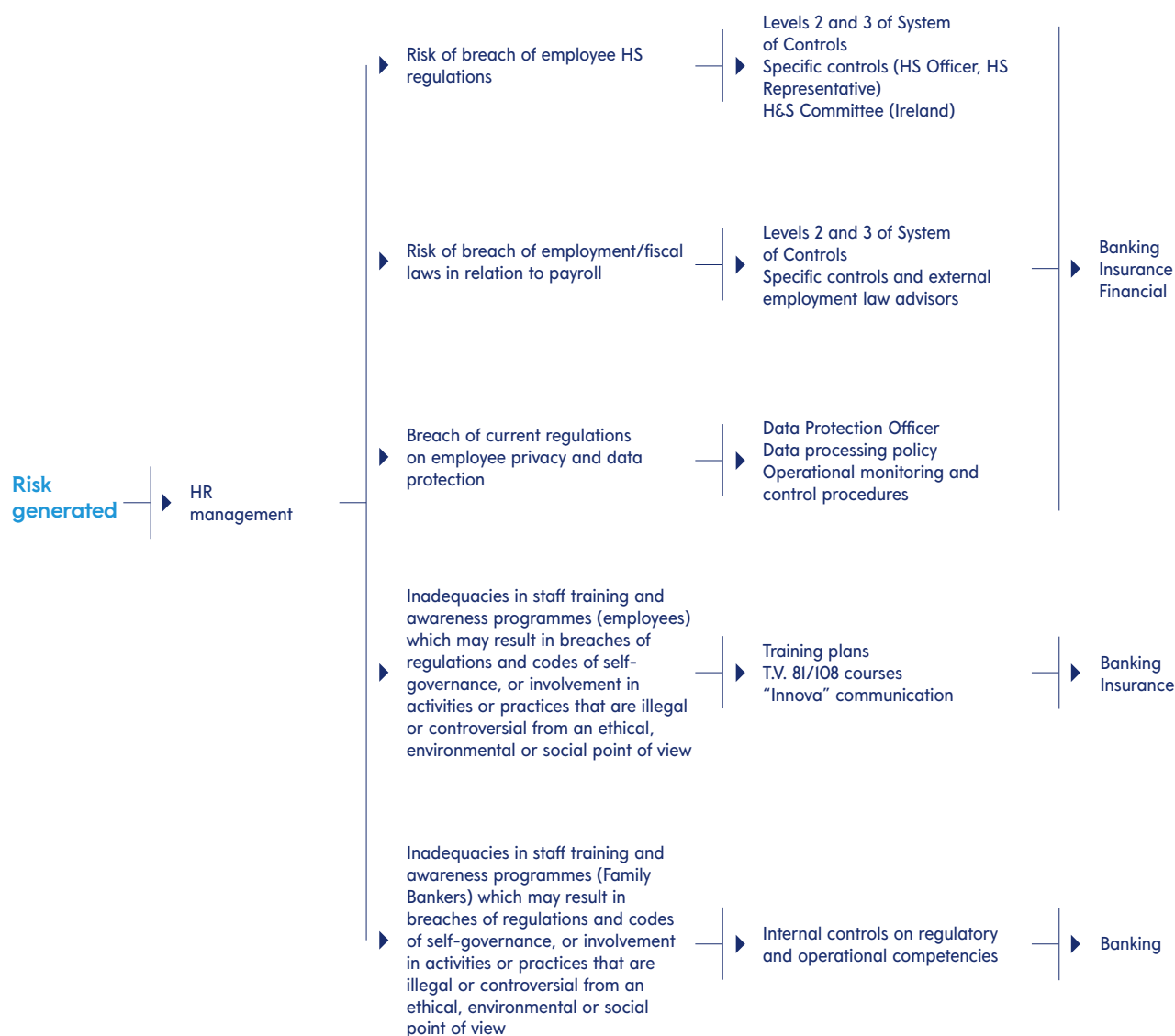
Innovation



Responsible Finance



Protection of human capital



	Areas of Leg. Decr. 254/2016	Description of risk	Management of risk	Areas of intervention
Risk borne	HR management	▶ Risk of work interruptions due to failure to provide a comfortable working environment for staff	▶ UNI standards and current legislation	▶ Banking Insurance
		▶ Risk of work interruptions due to failure to provide a comfortable psychological working environment for staff	▶ Safety management (model) ▶ Periodic analysis and surveys ▶ Dialogue between manager/employee	
		▶ Inadequate management of diversity or equal opportunities, with particular reference to gender diversity, with possible impact on the Bank's reputation and the fulfilment of its strategies and targets	▶ Appraisal records ▶ Pay gap model	
		▶ Inadequate industrial relations, resulting in discontent, tension or unrest, with a potential impact on the fulfilment of company strategies and targets	▶ CIA ▶ Ordinary management of company trade union representation	▶ Banking
		▶ Inadequacies in staff training and awareness programmes (Family Bankers) which may result in breaches of regulations and codes of self-governance, or involvement in activities or practices that are illegal or controversial from an ethical, environmental or social point of view	▶ Internal controls on training updates and regulatory/operational skills	

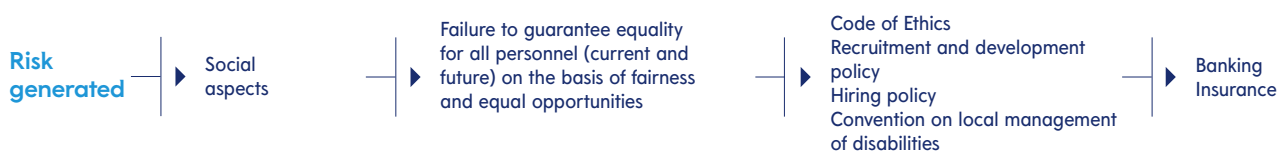
Financial inclusion

Risk borne	▶ Social aspects	▶ Partnerships with third parties not aligned with the Group's financial inclusion targets	▶ Proactive management with system of internal controls	▶ Banking
Risk generated	▶ Social aspects	▶ Risk of inaccurate identification of customers, employees and Family Bankers to whom support initiatives should be addressed	▶ Proactive management with system of internal controls ▶ Operational practices	▶ Banking
		▶ Risk of developing digital platforms that do not include certain categories of user (e.g. visually impaired, foreigners)	▶ System of Internal Controls	▶ Banking Insurance

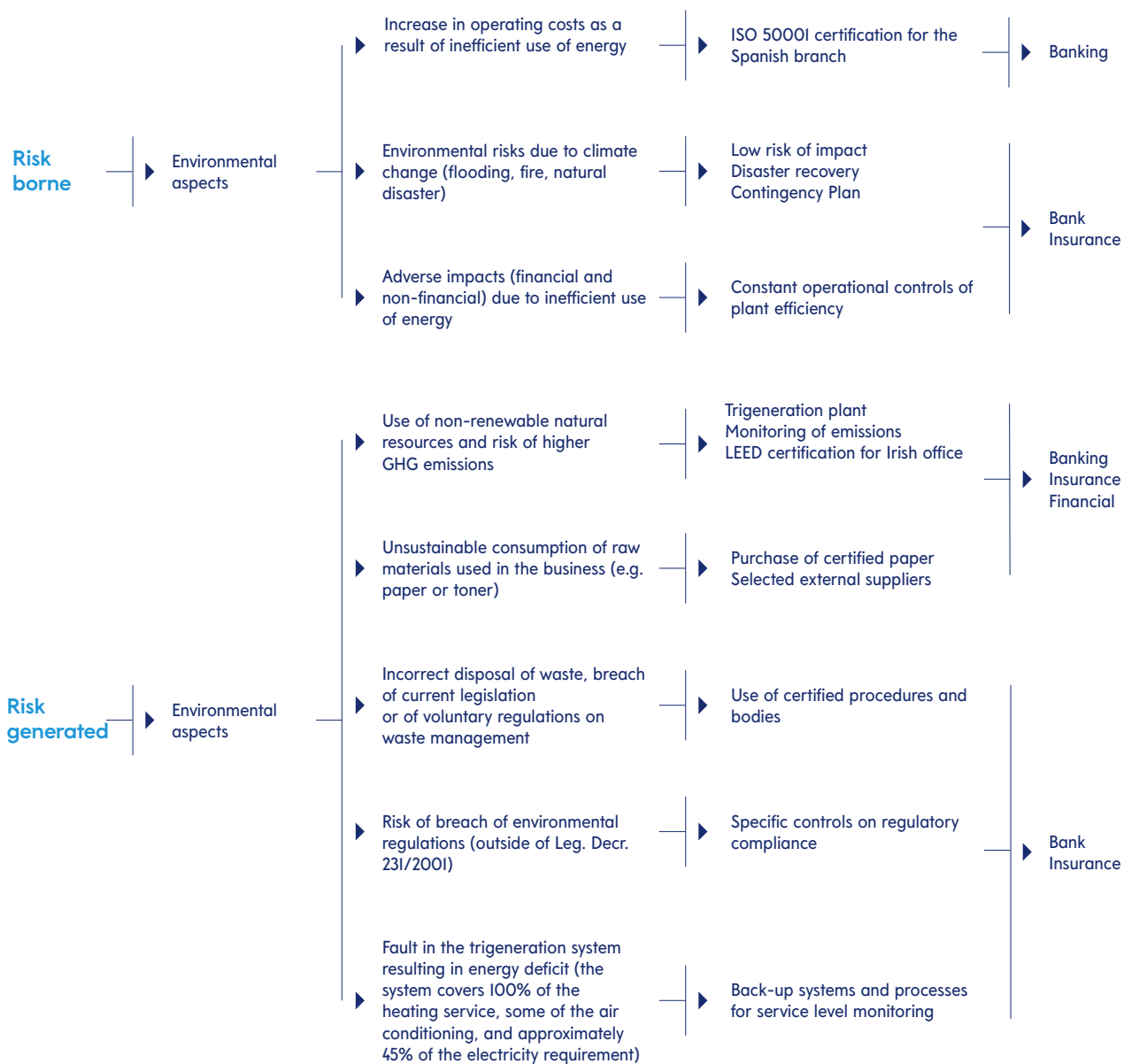
Community support



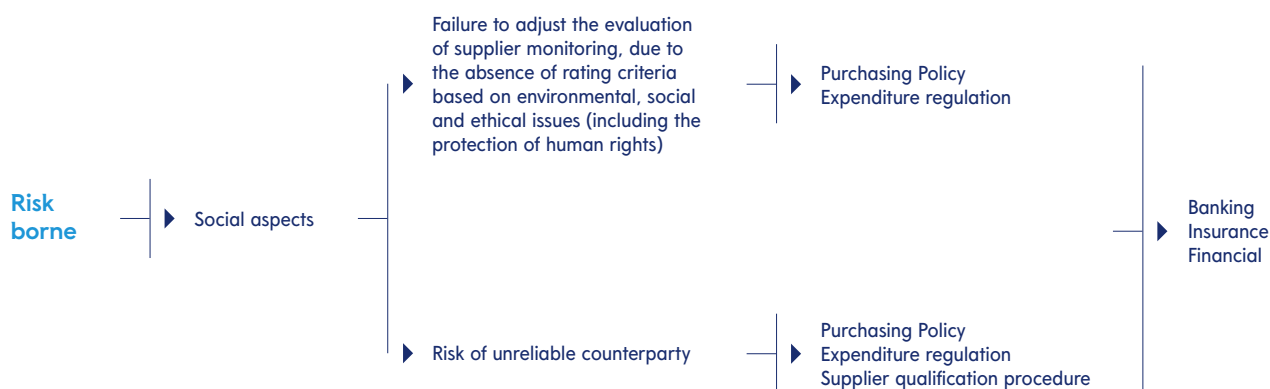
Diversity and inclusion



Direct environmental impacts



Procurement and supplier rating policies



4.3.7 Climate change risks

The growing attention focused on climate change by so many government, economic/financial and social institutions has triggered a whole series of initiatives, also in the financial services arena, to raise awareness about the **risks connected to climate change**.

In consideration of all the recommendations and guidelines published by the various international bodies and European regulators in relation to this issue, in its assessment and consideration of risks, **Banca Mediolanum has identified and mapped out the risks of climate change:**

- › **the physical risk:** this refers to the economic impact on people who may be exposed to extreme natural phenomena. One example of this is the loss of physical capital as a result of environmental disasters, which can increase the number of non-performing loans in the portfolios of banks who are particularly exposed to such risks, as they work with families or businesses located in the most at-risk areas; This can also induce such banks to limit their lending offer, which naturally renders ineffective a nation's credit brokering mechanism, and its monetary policy. If these effects appear on a large-scale, they can actually threaten the overall stability of the financial system, with inevitable consequences in terms of the decline in investments in production.
- › **the transition risk:** this stems from the commitments made by the international community in order to stabilise the atmospheric concentration of GHG at a level that will maintain the temperature increase below 2°C, and with the stated objective of limiting the increase to below 1.5°C compared to the pre-industrial level. A poorly regulated transition towards a low carbon economy could drastically reduce the value of energy reserves, and of the connected infrastructure. This could trigger a race to sell the stocks of energy companies, on the part of leading investment firms, with the result that there could be a negative impact on the natural trend of growth in the global economy and production. The transition could also have an inflationary effect, as climate policies may require the use of alternative energy sources, which are currently more expensive, or it may lead to the introduction of special tariff systems that influence pricing and economic activity.

During 2020, as part of its risk management activity, Banca Mediolanum studied the possible impact of physical risk on its credit portfolio.

With regard to transition risk, the Mediolanum Banking Group has already undertaken and adopted a number of organisational solutions and initiatives with a greater focus on climate issues and respect for the environment, and has in fact anticipated the short or medium-term requirements that may be imposed by the European and/or national regulators. In this area, apart from the current offer of funds that already concentrate on green investments, the Group's product manufacturing companies are already defining investment lines in managed products with an eco-sustainable focus. These examples are significant expressions of Banca Mediolanum's conscious attention towards environmental issues, which is evolving towards the **careful, targeted management and mitigation of the climate risks that characterise areas of ESG concerns, and which has resulted in this type of risk being incorporated into the RAF.**

4.3.8 Supplier risks and management of supplier relations

The company considers the role played by suppliers to be fundamental in this regard, as they contribute to fulfilling the objective of satisfying needs connected to the purchase of goods and services. For this reason, **to control the potential risks connected to supplier activities**, Banca Mediolanum not only verifies the service levels and reliability of its suppliers but has also extended its Supplier Register to include specific **questions and requirements** in order to evaluate the sustainability of each supplier. The 4 **areas of action used as a basis for the rating of a supplier** are:

- › **ENVIRONMENTAL:** the requesting, checking and monitoring of specific certifications including ISO14001 Environment management system, ISO50001 Energy management system, Ecolabel, FSC, Remade in Italy etc.
- › **SOCIAL:** Collection of the HS documents required under Legislative Decree 81/08 to verify the technical and professional qualifications of the supplier and its staff. "Interference Risk Report" (D.U.V.R.I.) which was fully digitalized in 2018. Collection, verification and periodic updating of the "Single Contributions Certificate" (DURC) for suppliers accredited in the single register.
- › **ETHICS:** the use of standard forms of contract produced by a team made up of several business units including Safety, Compliance, Organisation and Legal; the contractual clauses require the acceptance of anti-corruption and anti-collusion clauses (Law 231), the signing of the Group's Code of Ethics, and the application of provisions which regulate contracting, subcontracting, and the GDPR.
- › **FINANCIAL:** economic/financial screening which requires a study to be carried out by the Credit office with regard to the supplier's financial solidity; other data obtained includes the percentage of sales made with the main references provided by the supplier.

4.4 Governance of sustainability

Banca Mediolanum, parent company of the financial conglomerate, has adopted a **Code of Ethics** in order to disseminate the values underpinned by professional integrity and compliance with laws and regulations. The code sets out the behaviours to be followed, and it has been distributed to the subsidiaries, for adoption by them. The Code of Ethics complements the **Code of Conduct** which is addressed to the members of the administrative bodies, to staff and financial advisors qualified for distance selling, and to contractors. It is adopted respectively by Banca Mediolanum S.p.A. and by Mediolanum Gestione Fondi SGR S.p.A., The Italian companies within the category which are qualified as "authorised intermediaries"; similar codes are adopted by the foreign Companies, in accordance with the local laws.

The Code of Ethics and the Code of Conduct are duly distributed within the group together with information about the regulations, behavioural and procedural rules to be followed in order to ensure that the business activities are conducted in accordance with the principles of ethics and integrity.

The Code of Ethics and the Code of Conduct, where required, also contain the fundamental elements of the **231/OI Organisation, Management and Control Model**, which was adopted by the Bank and the companies in the Mediolanum Group, and must therefore be adopted.

The **Board of Directors** of Banca Mediolanum has the function of strategic supervision; one of its duties connected to the definition of the organisational and governance structure, is the approval of the code of ethics, to which the members of the company bodies, employees and contractors are required to adhere in order to mitigate the Bank's operational and reputational risks and in order to favour the dissemination of a culture of internal controls. In particular, it is responsible for the conglomerate's sustainability strategy and for the related sustainability policies, and for approving the non-financial statement which forms an integral part of the group's consolidated financial reports.

The **Risks Committee** of Banca Mediolanum supports the decisions of the Board of Directors in relation to sustainability issues connected to the exercise of the company's activity. These decisions may relate to the verification of key issues (the materiality matrix) and all related risks, and issues concerning the dynamics of the Group's interaction with all stakeholders. Among its functions, it oversees the recipients' compliance with the ethics and rules of conduct indicated in the code of ethics; Through the relevant departments, it coordinates initiatives for the dissemination, training and communication of these values and rules of conduct as promoted by Banca Mediolanum and by the companies in its banking group. It also pre-assesses the consolidated non-financial statement (NFS) prior to the Board of Directors' meeting.

The company Mediolanum Vita, as the parent company of the Mediolanum insurance group, has a similar committee for internal control and risk. With specific regard to the Italian companies in the same group, it performs identical functions in the context of sustainability and ethics related to the company's activities. Within the **Innovation, Sustainability & Value Strategy Department** of Banca Mediolanum, the staff of the CEO includes the **Sustainability Office**, which is responsible for working on the company's sustainability projects. Its main areas of responsibility include coordinating all activities pertaining to sustainability, ensuring that the strategy is applied, in collaboration with all the group divisions and in particular, it is the point of contact for the control of non-financial risk (connected to the material topics); it manages the social and solidarity projects of Banca Mediolanum and prepares the NFS.

4.4.1 Policies for sustainability

Sustainability Policy

In 2019 the Board approved the Group's sustainability policy, which outlines the strategy and objectives with which the group intends to work in order to generate added value for its stakeholders, in the management of the material areas (as defined in section 3 under the heading "Materiality Matrix"). The policy also acts as a guide for the conglomerate companies in the management of risks related to environmental, social & governance factors (ESG risks).

The aim of this Policy is to:

- › support the process of defining strategic decisions relating to sustainability, which are set out in the policy for the management of related risks (such as policies on environmental sustainability, management of investments and the management of purchasing);
- › Coordinate the risk management activity required by legislative decree 254/16 (ESG risks) for the group;
- › Increase the level of engagement of the groups stakeholders, through Mediolanum's commitment in relation to the policies and the reaching of the "material" results;
- › facilitate the process of non-financial reporting;
- › diffuse a culture of sustainability;
- › Highlight the role of the players involved in the process, whether they be internal or external, defining their interactions, management activities, and the timing involved in the various phases of the process as well as the related checking and approval stages;
- › Identify the tools used to support the process of logging, compiling, managing and archiving information.

Policy for the preparation of the Consolidated Non-Financial Statement (NFS)

The policy describes the principles of the NFS as defined in Directive 2014/95/EU, which was enacted in Italy by legislative decree 254 of 30 December 2016. The document was adopted by the parent company and by the fully consolidated entities in the financial conglomerate.

The principles referred to in this policy are thus implemented in the process regulations, which define in more detail the duties, operational and control activities that underpin the fulfilment of the regulatory requirements.

The aim of this Policy is to:

- › Highlight the role of the players involved in the process whether they are internal or external to the bank;
- › Define the management activities and the interactions between the many players involved, as well as the timing of the various phases of the process and the related checking and approval steps;
- › Identify the tools used to support the process of logging, compiling, managing and archiving information.

Environmental Policy

The Group has an environmental sustainability policy, which was approved by the Board of Directors in 2019. It is an operational document that relates to Mediolanum's responsibility for: the purchase and consumption of sustainable products; energy and climate change; The management of waste and the development of an internal culture of environmental sustainability.

Human rights policy

On 2020 July 2011, the Board of Directors approved the **"Policy on Human Rights"** which defines the commitment of Banca Mediolanum and its Financial Conglomerate towards protecting human rights according to the highest international standards, in particular the "2011 United Nations Guiding Principles on Business and Human Rights".

Policy on donations

2018 saw the issue of the 1st edition of the **"Donations policy"** (for the concept of donation, see Book II of the Italian civil code) and is intended to highlight the principles underlying the provision of donations by Banca Mediolanum, by identifying the roles, responsibilities and areas in which such donations are made. Donations can be paid: to individuals including customers who find themselves in particularly difficult circumstances (for example, in situations created as a result of natural disasters or catastrophes); In support of solidarity projects covered by the scope of this policy; to non-profit organisations or other charitable entities. *For more information, visit www.bancamediolanum.it*

Policy on Responsible Products

In 2020 the **"Operational policy on responsible products"** was issued. It defines the basic principles and guidelines on sustainability, and is designed to pursue the integration of ESG (environment, social, governance) criteria in investment decisions. *For more information see the material topic Responsible Finance.*

Responsible Investment Policy of Mediolanum International Funds

In 2020 Mediolanum International Funds continued the development of its responsible investment policy with a rollout whose main objective was to integrate ESG principles into the investment process. Climate change is a global risk that requires immediate action through acceptance of the EU's legislative framework, through production and through responsible consumption in order to align with some of the objectives in the UN SDGs, in particular: 7, 13 and 12.



Operational policy on sustainable events management

The policy which was approved in 2020 sets out the environmental, social and economic sustainability criteria need to be considered at every stage of an event, by providing a description of the principles adopted by Banca Mediolanum S.p.A. with regard to sustainable events management according to the ISO 20121 international standards.

Environmental, social and economic sustainability criteria need to be considered at every stage of an event; these stages can be identified as follows:

- › preparation and promotion: This covers all the activities ranging from the creative concept of the format through to the formation of the team who will organise and hold the event and the creation of a production plan, the choice of suppliers and promotional materials, paying attention to their eco-compatibility;
- › set-up and running: This includes all the variables linked to the transport of organisers, materials and participants through to catering and accommodation. On the basis of the decisions taken in the previous step, sustainability criteria may be considered such as the geographical proximity of the participants in the event, the use of eco-friendly or low-energy

- materials and stands;
- › closure and dismantling: During closure of the event, attention must be paid to the proper disposal of waste and to the optimisation of transport to remove the setup material.

4.4.2 Scoring of internal ESG projects using indicators

In 2019, Banca Mediolanum developed a tool that was able to use a scoring indicator to define the sustainability of its projects by effectively measuring the related risks and benefits, using ANASF methodology. In so doing it has **increased the internal awareness of environmental ESG impacts, by integrating them into the process of evaluating an individual project**. During 2020 the Bank extended its commitment in this regard by introducing an ESG scoring measurement for its functional and tech projects as well.

5. Sustainability at Mediolanum

Sustainability is an integral part of the values and culture of Mediolanum, with the aim of developing a solid business which is sustainable in the long-term.

This commitment is demonstrated by the intention to generate added value for all stakeholders. The success of our stakeholders guarantees the sustainability of the group's business. This approach to responsible business management materialises in our way of operating, in our focus on the centrality of the customer, and the way in which Mediolanum supports its employees, respect the environment and contribute to the development of local communities.

Progress of sustainability actions

Below are details of the progress made on some of the initiatives anticipated last year:

- › Human rights policy approved in 2020;
- › Updating and extension of the framework of non-financial risks linked to ESG material topics;
- › Updating of the ESG scoring perimeter for Banca Mediolanum projects;
- › Development of the multi-year sustainability programme;
- › Issue of operational Policy on Responsible Products

For more details, see the relevant topic sections of this document.

In 2019 a **multi-year sustainability programme** was launched with the aim of involving the company in supporting the evolution of Banca Mediolanum towards an increasingly sustainable approach. This programme, which involves **projects with a strategic, tactical and operational impact**, is built on material topics which are defined by means of the materiality analysis.

In 2020 the number of projects in this programme rose to 25; they relate to material topics such as:

- › Responsible business and centrality of the individual, for example with regard to the project that led to the **evolution of the value strategy** with a definition of the Group Vision, Mission and Values;
- › Responsible finance, with projects relating to the **offer of products and services** available to customers with a focus on the positive and negative impacts on the community and on the environment;
- › Community support with the creation of the **"Mediolanum Insieme"** project to support nonprofit organisations locally but also a project to develop the company volunteer programme;
- › Diversity and Inclusion, with further progress in projects devoted to the promotion of female talent such as **"DonneMediolanum" for staff**, and the **"Women in Med"** project for our Family Bankers;

- › Direct environmental impacts, with the planning of **projects for the measurement of environmental impacts**;
- › Procurement and **supplier rating policies**, with a project to increase the level of knowledge of Mediolanum's partners, also with regard to their **ESG performance**.

This programme was supported by external communication activities so that stakeholders could be informed of new developments regard to new products and services; it was also supported by internal communications to increase awareness among the internal community (employees and Family Bankers) of the pathway undertaken by Banca Mediolanum and knowledge of the sustainable development goals (SDGs).

5.1 Materiality analysis

The Mediolanum Group, in line with its mission, has always placed its stakeholders at the forefront, with a service model based on its relationship with customers, Family Bankers and staff as catalysts in creating value. For this reason, opportunities for debate and feedback on sustainability are organised, to cover the issues which are considered to be most important and aligned with the objectives of the Group.

2020 was a year characterised by instability in the socio-economic context triggered by the Covid-19 pandemic, the short-term impact of which may have influenced the company's performance, also in relation to the non-financial indicators.

Given the unusual nature of the year 2020 and the correlation between the material topics and the medium-term strategy of the Mediolanum Group, **the materiality matrix already identified in 2019 was confirmed again for 2020**. The reason behind this decision is to guarantee a precise comparison of the performances against the previous year, to allow transparency of information and to highlight the impact of the Covid-19 pandemic on the Group's non-financial performance.

The materiality matrix as a strategic lever in creating value

Materiality is the first step in the preparation of a non-financial statement (NFS) according to the GRI Standards, which were used in the preparation of the statements, and according to Italian legislative decree 254/16. It can be seen as a strategic lever for the creation of value: For the groups strategic sustainability plan and for the description of the main material topics to be reported on, in the NFS.

The launch of the stakeholder management programme in 2020, the year following the last update of the materiality analysis, has given the group the chance to put into practice the first actions which will be useful in implementing a proactive, programmatic approach for the next update of the materiality matrix and of the medium-term strategic plan.

Materiality analysis: the process

The materiality analysis is the process used to define the company's strategic topics, by evaluating the positive or negative impact that the organisation may generate for the economy, the environment and classical society through its actions.

In 2019 the materiality analysis was conducted using a methodology which was defined in order to fully comply with the regulatory requirements as contained in legislative decree 254/2016, by taking as a benchmark the main standards and national and international guidelines on non-financial reporting, specifically:

- › Communication of the European Commission 2017/C 215/01 "Guidelines on non-financial reporting" (2017)
- › Sustainability Reporting Standards of the Global Reporting Initiative (2016)
- › AA1000 Stakeholder Engagement Standard (AA1000SES)

The importance of these topics for the Group was assessed from two points of view:

- › importance to the company
- › the importance for stakeholders, by using a series of engagement and feedback activities involving key partners, as described in the chapter on stakeholder engagement.

There are 3 main stages of the methodology:

- › Identification of key issues for the company and for the stakeholders

- › Prioritisation of potentially important topics
- › Selection and validation of important topics for the materiality matrix

In order to evaluate the priority of each topic, the interests of the company with regard to the business objectives and strategies as contained in the "Importance for the company" line of the materiality matrix were considered along with the interests of stakeholders, with regard to their expectations and needs, as stated in the "importance for stakeholders" line of the same matrix. In both cases the topics were assessed on a scale of 1 to 5 in which 1 indicates a low interest in terms of the business strategies or expectations of stakeholders, and 5 expresses the maximum interest.

The results of the materiality analysis are represented in a graph known as the materiality matrix which indicates the company's interest on the horizontal axis, and the stakeholders' interest on the vertical axis.

The results of the materiality analysis are represented in a graph known as the materiality matrix which indicates the company's interest on the horizontal axis, and the stakeholders' interest on the vertical axis.

The materiality analysis allows the focus of debate and feedback to be placed on the most important "material" topics, by:

- › Identifying the priorities for stakeholders, in terms of the economic, environmental and social impacts of the organisation;
- › Identifying the input which can be used in reading and managing these priorities, by strengthening and legitimising the integration of sustainability into the main business lines in order to define a materiality matrix for the group.

Materiality matrix

The materiality matrix, combined with the groups business model, allows the identification of the strategic lines along which the company bases its sustainable business. It is thus discussed by the CEO with the whole of Management and is then evaluated by the Risks Committee, then approved by the Board of Directors.

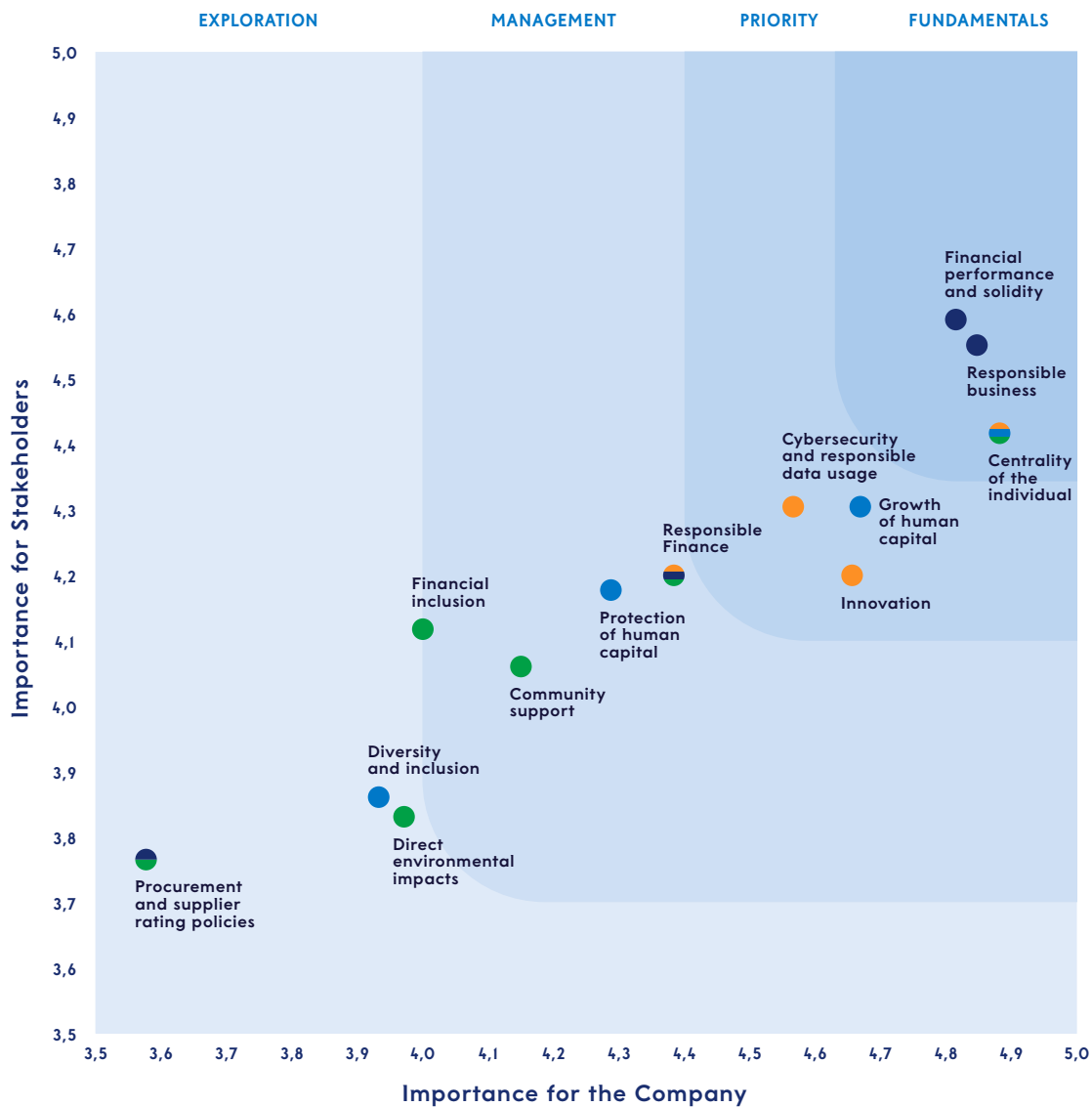
The preparation of the 2019 materiality analysis highlighted the **cross-cutting nature of certain material topics**, which led to the regrouping of the previous 6 pillars (Governance and Compliance; Responsibility to the customer; Social responsibility; Environmental responsibility; Responsibility to staff; and Economic Responsibility), into four pillars:

- › Economic responsibility, which in relation to the topic of responsible business, includes topics relative to "Governance and Compliance";
- › Responsibility to customers;
- › Responsibility to staff, which relates to Mediolanum's commitment to its employees and to the Family Bankers;
- › Responsibility towards the community and the environment, which groups together social responsibility and environmental responsibility.

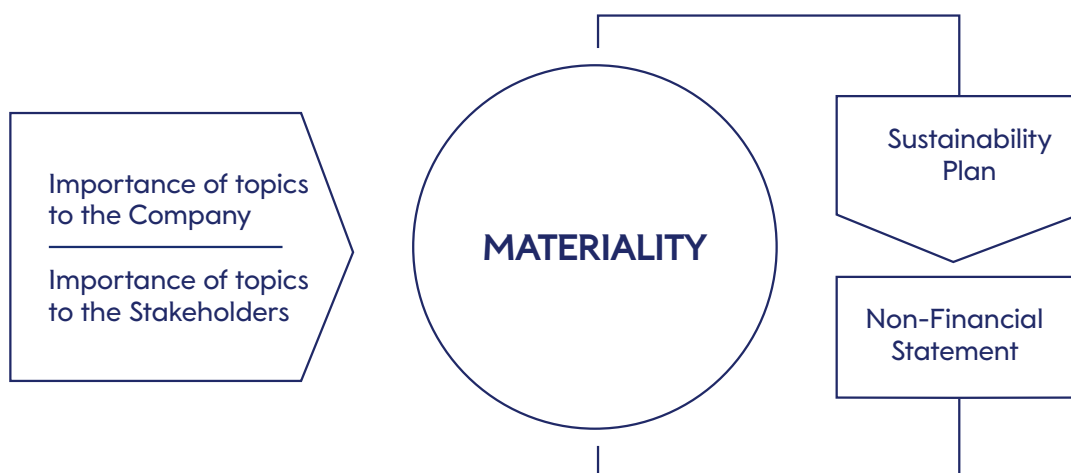
Specifically, the **material topics that cross over several pillars** are:

- › Centrality of the individual, as a topic that expresses, in all areas, the central importance of the community, of customers and of staff, in the development of the group's strategic decisions and which relates to responsibility to customers, responsibility to staff and responsibility towards the community and the environment. Within the document, this topic is broadly discussed in the "Responsibility to customers" section, in the highlighting of the *centrality of the customer* as per the integrated business model of the group, whose byline is *"the Bank built around the customer"*;

- › Responsible Finance is included in "responsibility to customers", economic responsibility and responsibility to the community and the environment", as this is a cross-cutting topic; in order to offer a complete overview of the products and services available to customers, also in the area of sustainable finance, the topic is dealt with in the pillar on "Responsibility towards customers";
- › The policies on supplier rating and procurement are included in economic responsibility and responsibility towards the community and the environment, and specifically, these policies are dealt with in the section on the pillar "Economic responsibility".



- Responsibility to Customers
- Responsibility towards the community and the environment
- Responsibility towards personnel
- Economic Responsibility



Material Topics

FINANCIAL PERFORMANCE AND SOLIDITY

Evaluate the economic and financial performance and the direct/indirect impact of transactions and cash flows between the organisation and its stakeholders. Assure financial solidity, quality of assets and balanced funding mix.

RESPONSIBLE BUSINESS

Adopt standards, business models and codes which are designed to assure the integrity of the company's actions, and to maintain compliance with regulations on anticorruption, anti-money-laundering, anti-trust and fiscal matters in order to protect third parties, the market and the brand reputation.

PROCUREMENT AND SUPPLIER RATING POLICIES

Define and use socio-environmental criteria to rate suppliers according to the socio-environmental impact of their products and services by assessing the characteristics of the supply chain, also in terms of respect for and protection of human rights, using contractual clauses that exclude the risks of corruption, and ensure that the policies applied to suppliers with regard to their respect for human rights and workers, and the right to health and safety, are respected.

CENTRALITY OF THE INDIVIDUAL

Assure the central focus on the community, customers and personnel, paying attention to people and the planets, in all decisions and strategies. Through an in-depth understanding of customers' needs, commit to looking after their well-being and supporting them in realising their goals, by providing transparent information and clarity regarding the products and financial services we offer, and compliance with laws and regulations in all activities relating to the communication and promotion of our products and services.

RESPONSIBLE FINANCE

Include the socio-environmental criteria in making assessments of investments, and in the processes of designing and implementing products and services for the development and promotion of socially responsible investments (SRI), also by means of socio-environmental screening in asset management, and by introducing ESG (Environmental, Social and Governance) topics into the risk framework.

INNOVATION

Develop innovative products that bring significant benefits for customers, by introducing innovations that positively influence the efficiency and efficacy of internal processes, thus making sure that financial products and services are easy to understand for the consumer, and are in line with the needs of specific market segments. Develop online and mobile banking platforms, new payment

technologies and apps that respond to the dynamics of the increased digitalisation of financial services.

CYBERSECURITY AND RESPONSIBLE DATA USAGE

Guarantee systems to protect the confidentiality of data and of customer transactions by assuring compliance with laws and regulations concerning the sale of financial and services, including digital services.

GROWTH OF HUMAN CAPITAL

Develop training and education programmes for employees and for the sales network, and adopt hiring, employment and pay policies that guarantee opportunities for professional development and talent retention.

PROTECTION OF HUMAN CAPITAL

Protect the health and safety of employees by adopting suitable health and safety measures and by providing the relevant education and training. Promote company welfare policies and tools, work-life balance solutions and guarantee relations with trade unions, industry associations, and the right to strike.

DIVERSITY AND INCLUSION

Guarantee, manage and promote diversity and equal opportunities in the workforce (disability, ethnic origin, gender, age, minorities and other diversity indicators depending on the local requirements and restrictions).

FINANCIAL INCLUSION

Develop and implement financial services and products aimed at disadvantaged groups, using financial advisors or digital platforms for financial management, thus facilitating inclusion.

Also provide educational campaigns outside the organisation in order to increase financial expertise and knowledge, for a safe, responsible approach to the world of finance.

COMMUNITY SUPPORT

Develop and implement corporate citizenship programmes, donations, multi-year sponsorships and partnerships and promote training and education activities in order to positively influence the indirect economic impact of economic growth, employment, development, innovation, infrastructure and services in the context of the local communities.

DIRECT ENVIRONMENTAL IMPACTS

Work to minimise the environmental impact of the business's operations, by adopting policies designed to optimise consumption and the management of natural resources and waste.

Topics of the 254/2016 Decree	Sustainability Topic Areas for the Mediolanum Group	Material topics for Mediolanum	GRI Standards topics
Environment	Responsibility towards the community and the environment	Direct environmental impacts	Materials, Energy, Emissions
		Responsible Finance	Product portfolio
		Procurement and supplier rating policies	Socio-economic compliance (2016)
Personnel, Human and Social Rights	Responsibility towards personnel	Protection of human capital	Employment, health and safety in the workplace
		Growth of human capital	Training and education
		Diversity and inclusion	Diversity and equal opportunities
	Responsibility towards the community and the environment	Procurement and supplier rating policies	Socio-economic compliance and social rating of suppliers
		Community support	Local communities
Anti-corruption	Economic responsibility	Responsible Business	Anti-corruption Socioeconomic compliance
	Responsibility towards the community and the environment	Procurement and supplier rating policies	Socioeconomic compliance
Other important topics for the Mediolanum Group	Responsibility to the customer	Centrality of the individual	Labelling of products and services
		Innovation	N/A
		Cybersecurity and responsible data usage	Customer privacy
	Economic responsibility	Financial performance and solidity	Financial performance
		Responsible Business	Taxes
	Responsibility towards personnel	Centrality of the individual	Personnel
	Responsibility towards the community and the environment	Centrality of the individual	Local communities
		Financial inclusion	Local communities

The commitments of Banca Mediolanum to the UN Sustainable Development Goals (SDGs)

On 25 September 2015 the United Nations approved the Global Agenda for sustainable development (Agenda 2030) and the related 17 Sustainable Development Goals (SDGs), which are divided into 169 Targets to be achieved by 2030.

The deployment of Agenda 2030 requires a high level of engagement by all members of society, from businesses to the public sector, civil society and charities. It also requires concrete actions that will guarantee a stable future for the new generations.

For this reason, **Banca Mediolanum has also chosen to adopt more sustainable behaviours and to contribute to the implementation of SDGs.** Our mission, which is in line with our ethics and responsibilities, is based on values that are aligned to those promoted by the United Nations. Our approach to banking reflects the respect and commitment that Mediolanum has demonstrated through its actions and initiatives which are increasingly showing the path towards a sustainable future.

Flowe and its partners also actively support the 17 Sustainable Development Goals. For example, it is involved in reforestation projects (SDGs 13 and 15) and water procurement (SDG 6) in Asia and Central America: these goals contribute to economic support (SDG 1) and the provision of food (SDG 2) for families in these countries.

SDGs	Material Topics	Initiatives of Banca Mediolanum
 Ending world poverty in all its forms	Community support — Financial inclusion	Rescue loan: By entering into agreements with foundations and local charitable associations, we act to provide assistance and charitable contributions in order to support anyone in a situation of indebtedness, 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. Basic account: for financially vulnerable sectors; the result of a collaboration between MEF, Bank of Italy, ABI and Poste Italiane, as well as PSP associations. Hardship initiatives for customers and contractors. Collaborazioni with Foundations and Associations, in particular with the NPO Mediolanum Foundation which supports projects for disadvantaged children, and with Mediolanum Aproxima through partnerships and support for NGOs.



Guaranteeing a healthy lifestyle and promoting wellbeing for everyone of all ages

Protection of human capital
—
Community support

Inclusive company welfare policies designed to stimulate the work-life balance and guarantee individual wellbeing. Services and projects have been set up for all staff, such as the company creche and a range of extra-curricular cultural and sporting activities.

Collaboration with the Irish *Coolmine Therapeutic Community*, which is a centre for drug and alcohol rehabilitation for mothers and children.



Guaranteeing inclusive, equal education and promoting lifelong learning opportunities for all

Supporting communities
—
Growth of human capital

Our work with Centodieci 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.

Staff training programmes.



Achieving gender equality and empowerment for all women and girls

Diversity and inclusion

Projects devoted to the promotion of female talent such as “DonneMediolanum” for staff, and the “Women in Med” project for our Family Bankers.



Assuring access to energy which is affordable, reliable, sustainable and modern for all

Direct environmental impacts

Trigeneration plants allow the self-generation of electricity and energy used in heating and cooling. In 2020, these plants covered more than 43% of the electricity requirement, and further reduced CO₂ emissions.

Global Impact funds, to generate a positive impact for the environment and the need for resources.



Promoting durable, inclusive, sustainable economic growth, full and productive employment, and dignified work for all

Financial performance and solidity
—
Responsible Finance

Personal savings plans (PIR) to contribute to the recovery of Italy's economy.

SRI investments such as Best Brand Socially Responsible and Mediolanum Innovative Thematic Opportunities.



Building strong infrastructure, promoting inclusive, sustainable industrialisation, and promoting innovation

Cybersecurity and responsible data usage

—
Innovation

Privacy policies to safeguard the protection and management of customer data.

Developing of innovative products that bring significant benefits for customers and influence the efficiency and efficacy of our internal processes.



Guaranteeing sustainable models of consumption and production

Procurement and supplier rating policies

Responsible selection of suppliers, using an assessment that also includes social criteria.

Global Impact funds: investing in companies that can generate a positive socio-environmental impact.



Adopting urgent measures to combat the effects of climate change

Direct environmental impacts

In 2016, in order to disseminate a culture of environmental protection within the company, the Group launched a project whereby a tree is planted whenever a Mediolanum employee has a baby.

The list of company cars in the “Policy and Procedure on the allocation, use and management of company cars” comes with a set of maximum limits on CO₂ 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.

Global Impact funds: guaranteeing attention to 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

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.

Banca Mediolanum has its own 231/OI 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.

5.2 Stakeholder engagement

The Mediolanum Group, in line with its mission, has always placed its stakeholders at the forefront, with a service model based on the relationship with customers, Family Bankers and staff which is a catalyst in creating value. For this reason, opportunities for debate and feedback on sustainability are organised, to cover the issues which are considered to be most important and aligned with the objectives of the Group.

During 2019 the Mediolanum Group obtained feedback from its stakeholders on a range of sustainability issues, with the collaboration of the internal company departments who undertake direct relations with all categories of stakeholder on a daily basis. After a competitive procedure was launched, this activity was managed by an independent third party, to ensure that ideas were expressed without undue influence and in line with the AA1000SES standard on stakeholder engagement. The engagement is documented in reports which are prepared in collaboration with, and approved by, the interested parties. Various sustainability topics are proposed to individual stakeholders, and the dialogue is not limited to the issues traditionally associated with each category as this encourages debate and the opening up of new viewpoints, with the involvement of a large number of players.

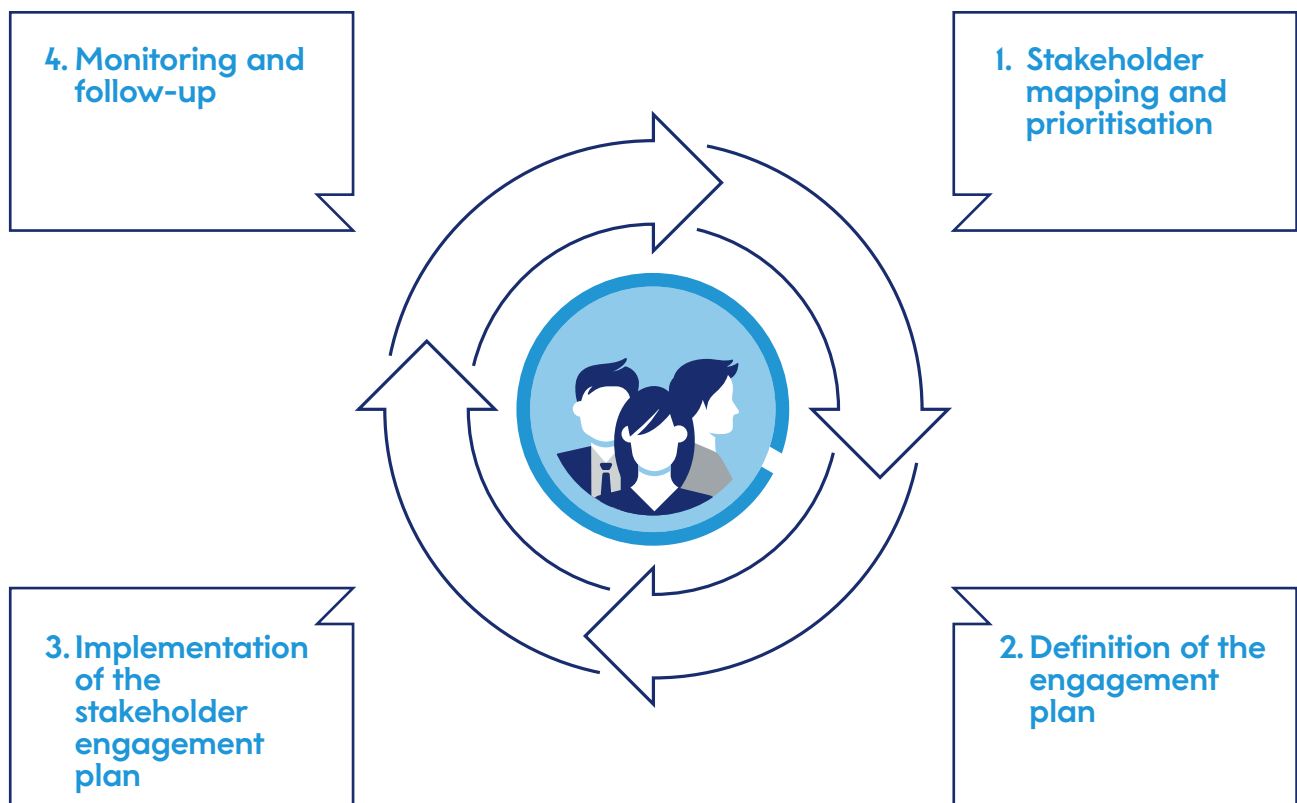
Engagement with internal and external stakeholders took place **by means of:**

- › one-to-one interviews with the directors of the Banca Mediolanum Group;
- › focus groups with the Family Bankers of Milan, Rome and Palermo, representing the whole country;
- › extended telephone interviews with a sample of customers, divided by customer cluster;
- › Focus groups with staff representatives;
- › A survey of shareholders;
- › Detailed telephone interviews with the media/opinion leaders;
- › Detailed telephone interviews with customers representing the community;
- › Detailed telephone interviews with industry associations and consumer associations.

Our engagement projects are summarised, so that we can determine the overall importance of the topics under investigation and identify the most important ones, both for sustainability -related projects and also for those pertaining to the Non-Financial Statement.

In 2020, our stakeholder engagement activity evolved into stakeholder management, in order to manage on a continuous basis our relationship with stakeholders using various engagement methods and continuous feedback mechanisms. This approach has led to the transition from a reactive model (stakeholder engagement) to a proactive, programmatic approach (stakeholder management) to dealing with stakeholders' interests. The project, which has been conducted by the Sustainability Unit with the involvement of various Divisions, has been integrated into the strategic plan in order to:

- › anticipate various risks, including reputational and operational ones;
- › understand the needs and expectations of stakeholders over the medium to long-term, to support our strategic planning;
- › monitor customer satisfaction and reputation, and see if, and to what extent our stakeholders have a positive perception of their relationship with our organisation;
- › transform threats into opportunities, by jointly identifying solutions which create shared value for the organisation and for its stakeholders.



5.2.1 Stakeholder mapping

Our Stakeholder Engagement activity has the following objectives:

- › to embark on and reinforce our stakeholder engagement pathways, by promoting debate in order to facilitate the exchange of opinions, approaches and good practices;
- › to study the opportunities for an effective process of stakeholder engagement;
- › to deepen our knowledge of the tools and methods used to implement the engagement activity and to disseminate the results;
- › to improve the efficacy of the stakeholder engagement process and to encourage the implementation of improvements within the organisation;
- › to foster an interactive approach for the sharing of experiences and visions, in order to make the most of the participants' involvement and discussions;
- › to define a materiality matrix that reflects the above points.

The methodological structuring activity involves:

- › Building a multi-level stakeholder "tree" and identifying the categories;
- › Analysing the categories of stakeholder and the main characteristics of each sub-category, on the basis of various qualitative parameters (such as Influence, dependency and urgency) in line with the AAIOOSES standard;
- › Prioritisation of stakeholders by calculating the Stakeholder Importance for each category, on the basis of the AAIOOSES criteria.

The result of this exercise, which was updated in 2020, produced a map of all the groups of stakeholders, with a quali-quantitative weighting of the importance of their main characteristics and profiles. The stakeholder map is the starting point for the stakeholder management model, as it allows the governance

of relationships with the multiple categories of stakeholder with whom our company interacts, in order to prevent risk and make the most of the related opportunities.

Stakeholder engagement initiatives and communication tools

Below is a description of the communication tools for each category of stakeholder.

Category of stakeholder	Communication tools	Areas of the company involved
Customers 	- Assessment of customer satisfaction - Quarterly customer experience survey - Customer experience surveys on specific issues - Brand reputation survey - Local events - Social networks - MPM/Direct mail	- Sales Department - Investment Banking - Asset Private & Wealth Management Department - Communication and Business Marketing - Innovation, Sustainability and Value Strategy - Chairman - Vice Chairman - CEO
Personnel 	- Intranet - Periodic meetings - Good News - Internal social network - House Organ - Non-work activities - Informative events - Quick survey - Engagement survey - Welfare survey	- HR Department - Communication and Business Marketing Department - Innovation, Sustainability and Value Strategy Department
Shareholders and the Financial Community 	- Activities of the Investor Relations Office - Regular meetings - Telephone contact - Roadshows - Broker conference	- Chief Financial Officer - CEO - Corporate Affairs Division - Chairman
Family Banker network 	- Regular meetings - Company portal (B.medNet) - Text and email campaigns - Network assistance and support (SAS and SARC) - Periodic customer satisfaction and specific brand-reputation surveys for Family Bankers - Experience surveys on relationship channels, for Family Bankers - Events	- Sales Department - Communication and Business Marketing Department - Innovation, Sustainability and Value Strategy Department - Investment Banking - Banking Operations Department - Chairman - Vice Chairman

Media



- Press conferences
- Press releases
- Regular meetings
- Opening of corporate events to the media
- Editorial features
- Publishing products
- Telephone contact
- Social networks

- Communication and Business Marketing Department

Industry associations



- Institutional meetings
- Group representatives in membership bodies

- Institutional Relations Division

Institutions and regulators



- Regular meetings

- Legal and Compliance Division
- Institutional Relations Division

Suppliers



- Regular meetings
- Telephone contact
- Portal
- Questionnaires

- Chief Financial Officer
- Purchasing and Corporate Services Division

Community



- Media Relations
- Public Relations
- Periodic customer satisfaction surveys
- Brand reputation survey
- Brand equity survey
- Survey on the efficacy of advertising communications
- Meetings and events locally and at head office
- Activities of the non-profit Mediolanum Foundation
- Social networks

- Communication and Business Marketing Department
 - Innovation, Sustainability and Value Strategy Department
 - Sales Department
-

5.2.2 Customers

The Covid-19 pandemic has required a complete re-evaluation of our needs and priorities, and therefore a large part of the **content** created by Communication has been **dedicated to: the customer/bank relationship**, the services we provide to our customers and the new measures introduced as a result of the public health emergency, support for employment and for the economy, including payment holidays for mortgage payers and insurance policyholders, advances on the wages guarantee fund, or access to the 110% (Superbonus) tax allowance.

Our communications are processed through **various routes** (direct email, personal marketing, digital events, TV commercials, TV and radio commercials and advertising hoardings), and has mainly related to insurance and credit-related products and services. In tandem with this, we have also promoted concrete solutions designed to make it easier for users to access our digital platforms (Home Banking and App), for example the Instant Credit and Mediolanum Shop for You services, digital payment projects such as the SEPA Instant Transfer, continuous support for payment systems such as Apple Pay, Plick and Bancomat Pay, and the development of the Mediolanum app for Huawei devices.

During the year, our communications projects also addressed the issue of **customers' digital security**. **These initiatives include:** periodic awareness campaigns for customers, relating to phishing and cyber fraud, with the creation of a tutorial on how to protect sensitive personal data, not only in relation to banking activities services but also in the everyday online experience; and specific disclosures on the **PSD2 Directive** – which governs new payment services and guarantees a high level of **consumer protection through strong customer authentication** (SCA) – by means of a message published on the March 2020 statements of account, as well as a dedicated section on the corporate website and the publication of the ABI guide "How online payments are changing with the PSD2" in the Mediolanum magazine.

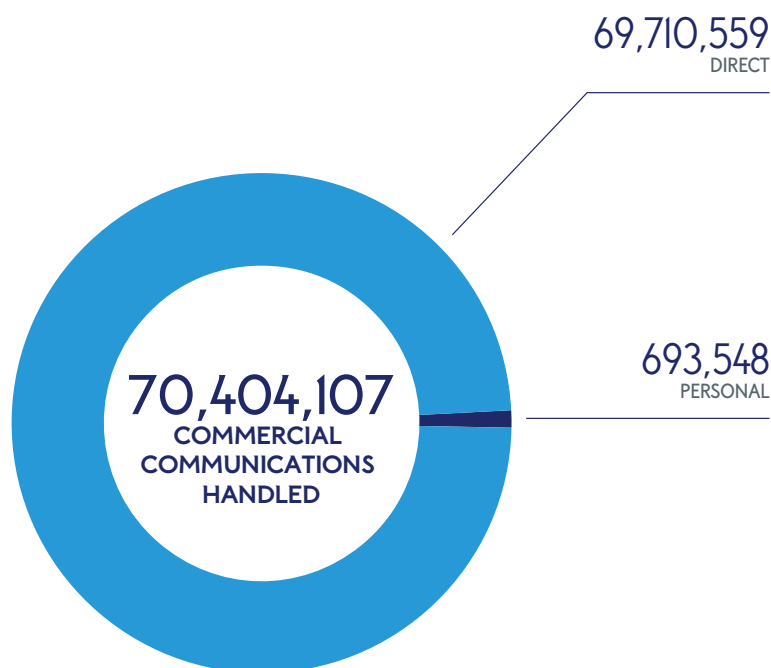
Sustainability is the other main issue which was addressed through communications in 2020:

- › Promotion of sustainable products, including Mediolanum Mutuo Eco+, Mutuo e Prestito Casa+, and of Flow, the new Mediolanum Group company, which provides new, full-digital banking services.
- › Sponsorship and activities related to the Tour of Italy, which for the first time were mainly digital;
- › Partnership with zeroCO2 and contribution to the plans to increase the green spaces in the municipal area of Milan;
- › Support for the Mediolanum Foundation in promoting projects relating to the Covid-19 emergency, and the poverty faced by many Italian families.

During the year, a total of **70,404,107 commercial communications** were handled, of which:

- › Direct: 69,710,559
- › Personal: 693,548

There has thus been a **sharp increase in volumes** compared to 2019, even though all the activities were managed entirely through remote working from March 2020 onwards.

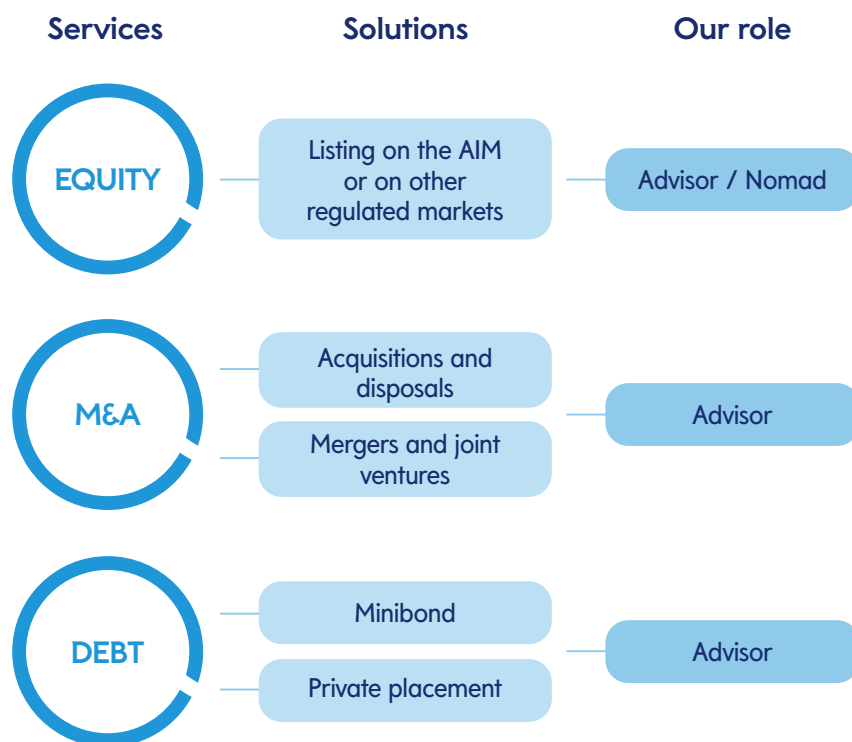


Our desire to reach new customers and meet their needs in a continually evolving world has required us to look at financial issues with fresh eyes, using **new forms of communication**. Banca Mediolanum has made its first venture into the world of cinema, with the **short film "Tell me about me"**, the aim of which is to make customers aware of the importance of proper financial planning and advice. Since October there have been a large number of projects related to the viewing of this film.

Other channels of communication used in 2020 included:

- › **digital events** addressed to existing and perspective customers, which reinforced the more important messages transmitted during 2020 about the public health and financial situations, using the format "together we can do it", and also in relation to the issue of protection, with "Protect your future"; finally, other events related to the essential role of the financial adviser, in the short film "tell me about me".
- › the **Mediolanum magazine – a monthly roundup of information** from Banca Mediolanum – which has consolidated its position as a trait d'union between bank and customer and has exceeded the market average in the Newsletter sector for the opening of B2C banking communications.

Specifically for **business customers**, the Investment Banking Division was set up at the end of 2017. It operates alongside businesses and entrepreneurs, on all strategic matters and on extraordinary finance transactions: From the purchase and sale of companies to the search for financial partners; from Advisory on bond issues, through to stock market listings. We have also verified the adequacy of the solutions we offer in relation to our services portfolio (stock exchange listings, M&A and minibond issues). All this has taken place in accordance with the founding values of the Mediolanum Group, which are based primarily on trust and building a long-term relationship with our customers. Below is a model of the services we offer.



As an Adviser, Banca Mediolanum assist customers in identifying the solution and organising the process, and in executing the operation

5.2.2.1 Customer Satisfaction Italy

Between 4 December 2020-10 January 2021 the Group conducted a market survey in collaboration with the research institute BVA-Doxa. The survey was conducted using the cawi method (online interviews with a structured 20-minute questionnaire), on 949 customers who consider Banca Mediolanum their primary bank.

In parallel with this survey, a similar sample was conducted on a BVA-Doxa panel of interviews with customers of traditional and in-person banks. The sample was made up of 929 interviewees, who were asked about their main bank.

The overall level of satisfaction showed an increase on the previous year, which is reflected in almost all the areas of the survey.

%	2020			2019		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Customer Satisfaction Index	84.2	69.4	77.8	81.1	69.6	77.7
Overall satisfaction	83.0	71.0	77.6	79.7	69.7	76.8
Satisfaction vs expectations	83.4	67.9	75.5	79.6	68.9	75.2
Satisfaction vs other banks	86.9	69.6	80.3	84.5	71.2	80.8

5.2.3 Family Banker

The family banker is the role who acts as a **point of contact between the bank and the customer**. The family banker studies solutions that best meet the savings, investment, pension, insurance or financial requirements of the customer, assisting them where necessary in using the multi-channel features of the bank.

The Family Bankers are included in a **communication system that provides support for their activities** through various tools: the B.MedNet portal, the MyMarketing platform, text and email.

Company portal: The **B.MedNet** portal communicates all the information materials about our commercial, training, informative and incentivising campaigns and provides access to updated content concerning services, products, new developments and professional regulations. In 2020, more than 3,176 content updates were published, with more than 1,364 news items released. Various mini sites were created during the year, for specific commercial canvases.

MyMarketing: this is Banca Mediolanum's new platform for **territorial marketing**, on which the sales network can access all the customised promotional and advertising material. Structured as an e-commerce site, the aim is to convey the values, services and products of Banca Mediolanum in line with the group guidelines, to the sales network. It contains full information on the correct use of our brand identity and a catalogue of all the available materials.

For Banca Mediolanum, territorial marketing actively supports the sales network in local market development, using marketing tools which are designed to increase competitiveness and attraction. 2,505 orders were handled in 2020.

MyMarketing has launched a **sustainability process with all-new materials** so that our Family Bankers can continue to work remotely, using an increasingly digital approach.

Sales network communications: For communications which are of particular interest, importance or urgency, text messages and emails are sent to all Family Bankers or to the target of the communication. In 2020, more than 368 text campaigns were conducted, with a total of 1,273,000 texts sent, and 920 email campaigns with a total of 728,500 emails sent. Volumes peaked significantly during the lockdown period.

Sales Support Center: In Italy this centre is staffed by 124 operatives, who are available by phone and webchat.

From the first few days of the public health emergency, our **Network Communications Office** mobilised its staff and expertise to provide full, ongoing support for the sales team in using the various channels, and it also set up a number of communications campaigns.

As the priority was to ensure that everyone could work in complete safety, from March onwards more than 50% of all personnel were able to work remotely, dedicating themselves to priority activities defined on a case-by-case basis as the emergency situation evolves; that percentage then reached 100%.

In 2020 approximately 315,000 requests were received by the Family Bankers and private bankers; 214,000 of these arrived through the web contact channel, and more than 60% of them were responded to within one working day. Outbound telephone support was guaranteed in all cases for urgent calls, and a gradual re-start plan was also drawn up, again working remotely,

5.2.4 Personnel

The Group's mission, which was revised in 2020, reinforced the concept of the centrality of the individual. During this year of the public health emergency, the Group continued working and growing, in the awareness that during times of crisis it is important to offer staff and customers a continuous service and support which is essential for the peace of mind of families and the community.

Despite the complexity of the public health emergency, the Group quickly launched **a series of campaigns for both staff and contractors** in order to provide socio-economic support for people and their families during this unique moment in history.

The Group has always taken great care to communicate with its employees, and to keep them involved and informed about the company's life and what the Group is doing. With its **new format #NOIDIMEDIOLANUM** a series of videos was launched at the start of the emergency, in order to update all staff about the decisions and actions taken by the company to guarantee their safety at work, and to inform them of all the new measures taken to offer support staff and their family members. During the 45 videos filmed during the year, there were various contributions from the CEO,

the director-general and other managers, who explained the actions being taken by the Company; interviews were held with experts, to explain how people can protect themselves and how to follow all the safety rules; information was provided about all the measures which are keeping us united at this particularly difficult time.

The HR Division sent approximately **200,000 texts to personnel**, providing them with updates, work instructions and solutions in order to deal with the emergency.

One of the initiatives taken by the Bank to protect its staff during the public health emergency which had such a huge impact on 2020 was the April launch of the **"Distanced Wellbeing"** digital area. The online collaborative setting was provided with daily feeds from the Internal Communications area: staff used the space to share tips and advice on mental and physical health, and they also discussed cultural and recreational activities which are available online. It is an interest community created on the company's Microsoft 365 Yammer network.

"Distanced Wellbeing" is easy to access and browse, and allows users to upload materials, links and videos, and gather suggestions and ideas. It facilitates interaction between Mediolanum staff, to keep everybody focused on staying well even while working from home.

The main topics of wellness which were discussed in 2020 related to: physical exercise, online yoga and meditation courses, free apps and websites containing audiobooks, films and videos, online concerts and virtual museum tours, libraries and/or courses, nutritional advice and tips on how to find or regain mental and physical equilibrium; there also many suggestions on how to keep the family entertained and have fun at home.

More than 400 posts have been published since Digital Wellbeing was launched, and it has 1,322 active users with more than 53,400 views.

Forging a sense of belonging and cohesion was the purpose of a series of initiatives designed to reinforce and stimulate employees' sense of belonging, to keep a sense of "being there for each other" despite the distance.

howRU? is a listening channel, which was set up to provide a space for contact with people while staff were working from home, so they can remain in contact with the company and discuss if and how their state of mind has been affected, and how they are adapting to the new way of working. We created a **system of short, rapid surveys** focusing on work and the problems of working remotely during a public health emergency.

In November, a further **12 initiatives were launched, represented by the same number of CARDS**. Some of these were actual challenges, such as the "walking challenge" or "picture challenges", while others were more about socialising and opportunities for discussion such as virtual coffee breaks or lunch meetings. Some of these initiatives focused on rewarding members of staff who particularly deserved recognition, while others were teambuilding actions to keep all teams united, down to the smallest workgroups; other initiatives were designed to give people the chance to meet special guest speakers so they could discuss company issues but also get to know the speaker as a real person.

These initiatives have been developed in order to preserve the sense of belonging, to make sure that everyone feels "at home" at Mediolanum; this has led to the portal "HOMEdiolanum - where you come first": a space where people can spend time together, for the wellbeing of all. This virtual space is where people can share their passions, keep fit and learn to relax thanks to daily exercises led by a trainer, keep the children entertained with specially-devised programmes, and even learn to cook healthy food.

With **#NOIDIMEDIOLANUM INSIEME** (Head Office Convention) the company aims to provide continuity using a form of communication that the Group is well used to, so that people can spend time together and meet the whole of the Mediolanum community. The Convention was held at the end of June. This year's event was held remotely, and the aim was for everyone to share an opportunity to talk about the Group's progress, what has already been achieved in the early part of the year, but most importantly, about the future strategy.

As is the case every year, we could not fail to have the **Christmas party**, as it is an event that is greatly enjoyed by all the company's staff, when they can unwind and celebrate a special time together. The party was held remotely but involved the whole company, and at least people were able to see each other and send virtual hugs.

Each employee received a Christmas gift and another surprise – a voucher to spend on the world's biggest marketplace; this was announced at the end of year event.

The company's radio TV station **BMOOnAir**, born in 2019, kept going throughout the year, broadcasting 39 programmes during the year during the course of 2020. It proved to be an important form of communication during the emergency and social distancing. Apart from providing staff with necessary updates on new products, projects and staff-centred initiatives, there were also more light-hearted, fun moments involving staff, to bridge the distance.

To encourage internal communications in **Spain**, the following tools are available:

- › **House organ “El Apuntador”**: it is published monthly to keep personnel updated about the latest developments at the company and in the industry, with the aim of creating cohesion and a sense of belonging to the Company.
- › **Intranet**: publishes information and news about the company; it also contains all the editions of the house organ.
- › **“Code of Ethics” anonymous email address**: This is a new channel of communication for employees of Banco Mediolanum who want to report breaches of the code of ethics anonymously.
- › **2020 Christmas Gala**: this event was live streamed in order to maintain a sense of community even during such a difficult year. It directly involved staff who produced caricature videos of members of staff who had consented to the use of their images.
- › **2020 Father Christmas Party**: the traditional celebration for workers' children this year involved the donation of an online voucher to all children under the age of 13.

5.2.5 Media

Communications with the Media stakeholder are managed by the Public & Media Relations department, which comprises 2 units: Media Relations and Public Relations.

The **Media Relations** Office holds daily discussions with the media in order to disclose major news stories that concern the Bank, or to follow-up on press reports. These **regular and robust discussions with the press** range from the production, evaluation and analysis of the press file through to the organisation of conferences and meetings with journalists, the organisation of interviews with top management to the production of press releases and press files, and the management of a dedicated Twitter account. The Media Relations Office is open to the risks of this type of activity as it is the primary interface between the press and the Company. To mitigate the risks to the reputation of the Group and its representatives, in 2017 the Media Policy was introduced. This is a guideline addressed to the employees and network of Family

Bankers, which defines the behaviours to be adopted in accordance with the Policy on the management of reputational risks approved by the Bank's Board of Directors, in order to preserve and maintain its reputation and image and create a specific identity.

In 2020, **12,716** press, web, radio and TV reports and articles were dedicated to the Bank, to its top management and key personnel. The articles were divided between:

	2020	2019
	No. of items of content	No. of items of content
Press	2,385	2,877
Web	10,045	8,609
Radio	41	82
TV	245	187
TOTAL	12,716	11,755

Public Relations promote and encourage the participation of key personnel in conventions, discussion groups, seminars and meetings arranged by independent organisers, regardless of whether such events are of international, national, regional or local importance. These events are seen as unique opportunities to meet with selected members of the public, to maintain visibility and to communicate the company mission and values at venues that provide opportunities to obtain information, discuss and debate strategies for business and for the company's success and financial, cultural and economic growth.

The PR team is responsible for **stakeholder relationship management** activities, and monitors and controls the dynamics of its relations that may influence the reaching of its objectives. By segmenting the public into two categories: influencers and stakeholders, the Public & Media Relations team uses different relational models. In the first case, it draws attention and then accelerates the speed at which the objective is reached; in the second case, it speeds up the reaching of the objective. From an organisational viewpoint, the team listens to its stakeholders' expectations before setting its objectives. Specifically, it aims to control the direct relations with certain sectors of the public (opinion leaders, public institutions, industry associations, representatives' associations and interest groups).

5.2.6 Shareholders and the Financial Community

With regard to shareholders and the financial community, the company is committed to maintaining sustainable growth over the short, medium and long-term, and to guaranteeing transparency and the proper management of all economic and financial information.

Since 1996 the stock market listing of Mediolanum S.p.A., the **Investor Relations** team has handled **contacts with shareholders and the financial community**. Its recurring activities include providing an introduction to the history, structure and business model of the Bank to analysts and investors who come into contact with the Mediolanum Group for the first time. It also illustrates the business strategies and of course presents and comments on the quarterly results. This work is performed in conjunction with Top Management but also independently at financial conventions and roadshows arranged by leading brokers in Europe and in the world's main financial markets.

During 2020, great efforts were made to **maintain relations with the financial community and to provide regular updates on the excellent performance of the Group during a year of uncertainty caused by Covid-19**. While on the one hand the commercial results have impressed and reassured analysts and investors, the banking industry has been the subject of great attention, in order to quantify the impact of the suspension of dividend payouts, which has been recommended on several occasions by the European Central Bank and by the Bank of Italy.

From a strictly operational viewpoint, the work of the Investor Relations unit was heavily impacted from March onwards, due to the travel bans imposed as a result of the pandemic: in-person meetings fell by 86% compared to 2019 as they could only be held during the first 2 months of the year. However, **new methods of remote working were quickly introduced in order to keep interaction going**. The activities were redistributed over videoconferencing and online telephony platforms, so that the volume of appointments remained stable compared to 2019, with less involvement from institutional investors but a higher level of contact with financial analysts.

Number of events with investors and analysts

	2020			2019		
	Number of events	Number of investors met	Analysts met	Number of events	Number of investors met	Analysts met
with Top Management	100	234	106	114	289	90
only Investor Relations	201	76	155	189	96	118
TOTAL	301	310	261	303	385	208
% Investor Relations out of total	67	25	59	62	25	57

5.2.7 Industry associations

INDUSTRY ASSOCIATIONS - ITALY

- › **ABI** - Italian Banking Association;
- › **Ania** - National Association of Insurance Firms;
- › **Pri. Banks** - National Association of Private Banks;
- › **ASSBB** - Association for Bank and Stock Exchange Studies;
- › **Assogestioni** - Asset Management Association;
- › **Assoreti** - National Association of Financial Product Placement and Investment Services Firms;
- › **AIPB** - Italian Private Banking Association;
- › **AIFI** - Italian Private Equity Venture Capital Private Debt Association;
- › **Assonime** - Association of Italian Public Limited Companies;
- › **TheProcurement**.

INDUSTRY ASSOCIATIONS - SPAIN

- › **AEB** - Spanish Banking Association;
- › **ICC** - Interbank Cooperation Centre;
- › **INVERCO** - Association of Collective Investment and Pension Fund Institutions.

Banco Mediolanum regularly exchanges information and actively participates in topic groups including the Strategy and Sustainability Committee and the Digital Committee of the Spanish Banking Association.

5.2.8 Institutions and regulators

The Mediolanum Group operates in a heavily regulated industry (with both primary and secondary legislation). It is required to comply with specific laws and regulations and it may undergo periodic inspections by the regulatory bodies.

The **Institutional Relations** unit, which is part of the Vice Chairman's office, is responsible for promoting and managing domestic and international relations with the supervisory and regulatory authorities, and is also responsible for exchanges with industry associations, the public administration, religious bodies and charities, institutional clients, consumer associations, economic and political research centres and academies, international bodies, and national bodies with an international reach.

The **main authorities and bodies of reference** for the Group's Italian companies are: the Bank of Italy, the Institute for Insurance Supervision (IVASS), Consob, the Data Protection Authority (AGCM), the Interbank Deposit Protection Fund (FITD), the Register of Financial Advisors (APF), the Banking and Financial Arbitrator, the Ombudsman, Deutsche Bundesbank and Bafin.

The Bank of Italy, which supervises Italian banks apart from those considered "significant", is part of the Single Supervision Mechanism in which the European Central Bank oversees the activity of banking supervision from a European perspective.

For the Mediolanum Group companies in **Spain**, the main **Authorities and bodies of reference** are Banco de España, Comisión Nacional de Mercado de Valores (CNMV) and Dirección General de Seguros y Fondos de Pensiones (DGSyFP).

The main authority for the Mediolanum Group companies in Ireland is the Bank of Ireland.

5.2.9 Community

The community includes social and cultural enterprises with whom the company has dealings during the course of its business (for example, during opportunities to share its sustainability model in the non-financial statement and sustainability report etc.). Banca Mediolanum is also present in aspects of daily life which are not directly linked to financial services. In this context it arranges events with the aim of disseminating a financial culture, and takes part in social, cultural and sporting activities by offering support in situations where it may be required.

Policy for the management of events promoted by Mediolanum

The process of organising a corporate event differs from the Bank's standard operating processes, which are usually permanent or semipermanent. In view of the different nature of this process and the risks it entails, a **specific approach has been adopted as described in the "Regulation of the process of organising corporate events"**, which was updated on 1 April 2015. The Regulation applies to all corporate events and to all communication initiatives organised across the country and at the Bank's head office, for which the Events Marketing office and Events Production team are responsible.

Events

For the group and the network of Family Bankers these events are an opportunity and channel for transmitting the value of the customer relationship, and for disseminating the "financial culture".

In the first two months of 2020 more than 300 in-person events were organised, with the involvement of approximately 15,000 participants.

The unexpected public health emergency which began in March inevitably halted all in-person events and led to the introduction of a **new way of meeting customers: Digital Events**. 9 national broadcasts were held. They were transmitted on all the Bank's social channels with the involvement of over 570,000 participants. 400 events were organised directly by the Family Bankers across the country.

Once again this year, the sponsorship of the Tour of Italy was an opportunity to maintain our relationship with our customers, despite the unusual circumstances. We were present at various locations across the country and all events were held in strict accordance with safety protocols to assure the protection of everyone involved.

In **Spain, with a series of professional, cultural or sporting events** the Bank is gaining visibility and is strengthening its relations with existing and potential customers, helping to disseminate the values of our company.

ISO20121 sustainable events

From September 2020, in view of the objectives received after the review of sustainable events management, **92 events underwent a quality assessment** in collaboration with the Sustainability Office. The analysis was administered digitally by the Events Organisation office using the Teams platform. **The analysis is an assessment of inclusion in the ISO 20121 categories of interest: Environmental, Social and Economic**. Specific aspects are allocated to each category. When added together these aspects give an overall image of the sustainability of the events which are organised. The assessment sheets are completed after the events of being held, so that the data is reliable.

The result was a very high average score, in consideration of the low impact that this type of questionnaire administration has. The results, which showed a **medium to high score**, were sent to the Sustainability Office for aggregation and analysis so that the objectives could be updated and the results improved if necessary.

5.2.10 Suppliers

The **Purchasing Sector** is the part of the company that supports the business units in researching, sourcing and procuring the goods and services they need to ensure the regular fulfilment of the company's activities at the Italian head office. This sector is responsible for managing the Official Register of Suppliers, which is a list of companies from whom we obtain repeat supplies.

The suppliers are registered on a special platform where they provide their details, and then complete a profile of their services and areas of activity, including any major clients. The Official Register is a way of monitoring suppliers who are rated periodically according to KPIs (key performance indicators) correlated to their services the indicators cover commercial and technical aspects.

6. Economic responsibility

Mediolanum seeks to build value by operating in an ethical, sustainable manner while pursuing positive outcomes and shared wellbeing.

Underpinning its activity, Banca Mediolanum has a solid system of ethics consisting of a set of rules which are constantly adjusted in order to implement the best international practices. Everyone working with the Group is required to respect and apply these rules in their day-to-day activities to ensure **that the company acts in a way that guarantees that ethics are a core element of its business, and part of everything it does.**

In the context of good business management, the Group is committed to guaranteeing **performance and solidity** by monitoring the quality of its assets and by controlling costs, as well as through a balanced funding mix.

6.1 Financial performance and solidity

During a year that was characterised by the Covid-19 pandemic, and which had serious repercussions on the financial markets, the solidity of the bank's business model **resulted in one of the best levels of net profit in the history of the Group: €434 million.** The investments we have made over the years in digitalizing our processes wherever possible, have allowed us to keep working even during the months of the strictest lockdowns, without reducing the level of customer service and while keeping our employees, Family Bankers and contractors safe thanks to remote working. All the business lines made a significant contribution. Thanks to the excellent business results, they had a positive impact on the 2020 financial statements. Highlights include the results in terms of **Total Net Funding of EUR 7.7 billion**; this, together with the full recovery of the financial markets in the second half of 2020 allowed the Group to achieve a record level of total capital, with **Administered and Managed Assets of EUR 93.3 billion.** Lending activity continued uninterrupted during the year, totalling over EUR 3 billion including loans and mortgages granted and taking the total Customer Loans to EUR 12.1 billion. The cost of risk remained 16 basis points, which looking at the banking industry as a whole, is an outstanding level.

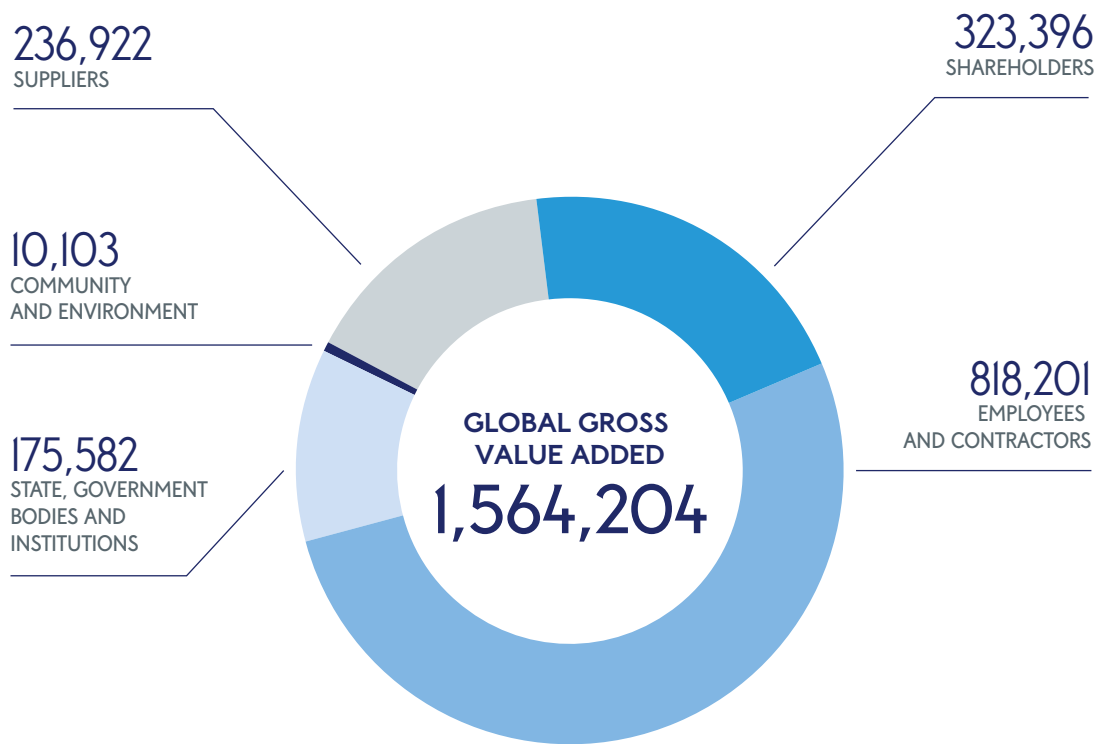
During the year, the Protection Policies business collected **EUR 137 million in premiums**, which is an increase of 29% on 2019.

Strong efficiency-improving measures were applied to our current projects during the year; this allowed us to launch new projects without major cost acceleration. One of these new projects is Flowe, a new e-money bank targeting younger customers, and which is based on the concept of Innovability (Innovation and Sustainability).

In terms of the Group's solidity, **the Common Equity Tier 1 ratio was 20.4% on 31 December.** On several occasions during 2020 the regulator advised Italian banks that they should not distribute dividends, in order to preserve their capital stocks and better absorb any shock impact on their financial statements, due to the pandemic. These restrictions will remain in place until 30 September 2021. The CET I ratio of Banca Mediolanum, which is at the maximum level, has already taken into account the proposal made to the shareholders meeting to pay out dividends of EUR 573 million between May and October 2021, subject to the absence of any new measures and/or recommendations to the contrary, which may be issued by the regulator.

Economic and financial performance

GRI 201-1a - Direct economic value generated and distributed (Euro/thousands)



The total retained economic value stands at EUR 217,969 thousand.

The distribution of economic value generated, in other words Value-Added, is a **reclassification of the income statement which is intended to highlight the value generated by the Group, and its distribution among the main stakeholders.**

The value-added of the Mediolanum Group thus expresses, in monetary terms, the relationship between the bank and the socio-economic system with which it interacts, with particular reference to some of its main stakeholders:

- › the shareholders, in the form of dividends;
- › personnel (staff and contractors) and the sales network, in the form of salaries, social security and pension contributions, retirement payouts and similar, and remuneration of the sales network;
- › the central and peripheral authorities in the form of direct and indirect taxes, contributions to industry associations and regulatory bodies;
- › the community at large, in the form of charitable activities.

6.2 Responsible business

Banca Mediolanum's activities are supported by a solid system of ethics. This system is a dynamic set of rules which always implements the best international practices. Everyone working with the Group is required to respect and apply these rules in their day-to-day activities.

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.

As required by Legislative Decree 231/01, Banca Mediolanum has adopted a prevention model. Its body of internal regulations includes the "Policy on the fight against money laundering and the financing of terrorism.

Finally, the **Group's taxation strategy** is elaborated in accordance with its sustainability objectives, in the awareness that the adoption of proper rules for the management of tax variables is essential for shareholders and for all stakeholders interested in its activities.

6.2.1 Organisation, Management and Control Model under Legislative Decree 231/01

Banca Mediolanum adopted a 231/01 organisation, management and control model in 2003. The Model was developed following a process that identified, within the various areas of operation, the type of offence that could potentially be committed in the execution of the Bank's activities.

The analysis and monitoring of the operational stages of each process identified the work practices and procedures that constitute organisational controls against the risks of the 231/01 Offences being committed. The rules on the corporate liability of corporations resulting from the committing of crimes have been interpreted in the light of the Bank's organisational structure and in consideration of the ABI Guidelines, market best practices, and case law produced over the years.

In addition to crimes peculiar to banks and financial solutions (such as market abuse, money-laundering and relations with the regulators), other crimes which are not exclusive to banks but which nevertheless present aspects of risk (such as computer crime, health and safety breaches and corporate crimes) have also been considered.

The Model is regularly updated to include amendments made by the legislator in regard to "sensitive" areas, and also as a result of major changes to the company's organisation. The Supervisory Body performs its activities through an organised system of reports produced by the company departments that work on sensitive operations. The Board of Directors of Banca Mediolanum S.p.A. has allocated the functions of Supervisory Body to the Board of Statutory Auditors.

An extract from the 231 Model, adopted in accordance with Legislative Decree 231/2001 and approved by the company's Board of Directors, **is published on the company's website** (www.bancamediolanum.it, in the Corporate governance section under the heading Supervisory Body).

6.2.2 Commitment to the fight against corruption

The fight against corruption is necessary to assure the socio-economic growth of an organised community of people. Corrupt practices undermine the relationship of trust which must be maintained at every level with the tuition and among economic operators. They create a system that distorts the positive effects of a market economy, which is designed to protect basic interests and common rights.

The organisation actively participates in the fight against all forms of corruption, both public and private, as referred to in current legislation, certain provisions of which have implemented the **UN Convention Against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Guidelines**.

Banco Mediolanum prohibits any attempt at corruption, any inducement to give promised benefits, or the acceptance of any benefit if the aim is the omission of the duties of the relevant role, or the breaching of obligations of loyalty.

In the conduct of business and commercial relations, it must be remembered that (i) entertainment costs, (ii) the provision of gifts or donations, (iii) sponsorships, and (iv) the granting of special commercial terms can never be improper or go beyond the bounds of normal practice or courtesy. Where permitted, such arrangements must take place in accordance with company procedures. Equally, the receipt or acceptance of gifts or hospitality or any other benefit or utility that breaches the above-mentioned customary practices, is also prohibited if it could be construed as a request to breach official duties or the obligation of loyalty, or as an attempt to influence decisions. Institutional and commercial relations with national or EC public bodies or with public officials or persons in public service or with bodies representing public institutions and regulatory authorities are governed by specific company procedures.

The predicate offences, which are provided for without the name of the above decree, include:

- > Corruption in business
- > corruption
- > Influence trafficking

Banco Mediolanum conducts an annual risk assessments with regard to criminal law compliance, in line with the Spanish Penal Code. Specifically, this takes the form of a list of activities that could result in the criminal offences. The results of this assessment are presented to the Ethics Committee, to the Risks and Control Committee and to the Board of Directors.

Similarly, the action plan of the Bank covers training for directors, executives, staff and the salesforce, on the Code of Ethics. This year, everybody received training, including the Bank and the management company.

A number of other regulators have also introduced organisational controls and measures to counter corruption indirectly: These measures include the principles of traceability and the analysis of suspicious transactions, the fight against unfair business practices and an analysis of market abuse transactions.

6.2.3 Tax Policy

The Group's taxation strategy is elaborated in accordance with its sustainability objectives, in the awareness that the adoption of proper rules for the management of tax variables is essential for shareholders and for stakeholders.

The **fiscal principles** adopted by the Group, as set out in the policy "Principles of conduct in relation to taxation – Taxation Policy", are:

- › Sustainability and legality;
- › Transparency, collaboration and integrity in relations with the financial administration;
- › Tone at the top, which means that the Board of Directors of the Parent Company Banca Mediolanum is identified as the body responsible for defining the Group's taxation strategy;
- › Dissemination of a tax culture within the company.

The taxation strategy of the Mediolanum Group as a **tax risk governance model** mainly draws on the following regulations and practices:

- › at international level: Cooperative Compliance: Framework (OCSE 2013); Cooperative Tax Compliance: building a better tax framework (OCSE 2016);
- › at national level: Legislative decree 128 of 5 August 2015, headed "Provisions on certainty of law in relation to the taxpayer and the tax authorities"; Bank of Italy Circular 285/2013 relating to the management of tax risk;
- › It also refers to the following internal regulations: Code of Ethics; Organisation, management and control model of the Mediolanum Group (Model 231/OI), Sustainability Policy.

Taxation Policy

The Board of Directors of the Parent Company Banca Mediolanum S.p.A. has authorised the adoption of the "Taxation Policy – Rules of Conduct in Taxation Matters" of Banca Mediolanum ("Taxation Policy").

The taxation policy, or taxation strategy, sets out the **guidelines and rules of conduct relating to the management of fiscal variables**, and in particular the risk associated to these variables, in relation to sanctions and reputation. The document also defines the roles and responsibilities in managing taxation risk, and the ways in which guiding principles are applied. The issues contained in the taxation policy have been adopted by Banca Mediolanum and the companies in the financial conglomerate, including the foreign entities.

The organisational model adopted by the Group to guarantee compliance with tax laws and the management of taxation risk requires the **Board of Directors of Banca Mediolanum S.p.A. to approve the taxation policy and its updates**, in the event of any organisational changes, modifications to the regulated processes, and/or in relation to requirements deriving from the evolution of the regulatory framework.

The adoption of the principles as defined in the taxation policy requires that each Group company:

- › respects and applies all the tax regulations in the countries of operation, and that it works transparently with the taxation authorities;
- › fulfils its tax obligations according to the times and methods defined by the taxation authority or regulations;
- › avoids forms of fiscal planning which could be judged aggressive, by the taxation authorities;
- › interprets the rules in accordance with their spirit and purpose, avoiding any form of instrumentalisation of their literal wording;
- › represents the acts, circumstances and transactions it undertakes in a way that allows taxes

- to be levied in accordance with the actual economic substance of the transaction;
- › guarantees the transparency of its operations, and that its income and assets are determined by avoiding the use of any method or corporate structure that could conceal the real beneficiary of cash flows, or the final keeper of the assets;
- › complies with the rules designed to assure appropriate transfer prices for intragroup transactions, so that the income generated is allocated in accordance with the law;
- › does not use artificial structures or companies that are unrelated to its business activity for the sole purpose of evading the tax regulations;
- › offers products and services to its customers that do not allow the gaining of undue taxation advantages that would otherwise be unobtainable, and also that it puts in place appropriate control to avoid any involvement in fiscally irregular operations carried out by its customers.

The taxation strategy includes the following **main strategic priorities**:

- › compliance with tax regulations;
- › safeguarding of the Group's reputation as a responsible taxpayer;
- › the existence of an organisational structure to guarantee adequate taxation management.

The fiscal governance of the Tax Control Framework can be found in the "Taxation Policy – Rules of Conduct in Taxation Matters" of Banca Mediolanum (Taxation Policy) and in the "Regulations of the Compliance and Tax Advisory Sector". The roles and responsibilities in the process of taxation management are clearly allocated, with adequate compliance with the principles of segregation and escalation of decisions.

Compliance with tax regulations and the related control framework is monitored on several levels:

- › the first level is mainly behavioural, as it is represented by Management's awareness and responsibility for putting in place appropriate controls against the risks inherent in its area of activity;
- › Level 2 is organisational, as the bank has set up its own control department, which is the Compliance and Advisory Sector of the Taxation Affairs Division. This sector is responsible for controlling the process of identifying, measuring, managing and controlling taxation risks. The Sector also participates in the compliance process (as defined in the group compliance policy), and assists the Compliance function of the Banking Group and of the Insurance Group, while directly performing some of the activities delegated to it as the Specialist Compliance Unit.
- › Finally, Internal Audit is responsible for providing overall assurance about the design and operation of the system of internal controls and risk management.

Cases of actual or suspected tax fraud can be reported internally or by third parties, *via the Whistleblowing system; see section 4.3.9 Human rights*).

The report on the taxation of Mediolanum and of all the Group companies undergoes an annual review which is part of the overall audit on the individual and consolidated financial statements.

The Mediolanum Group considers that the economic and social development of national and international markets should be supported by taxation practices which are conducted responsibly, and by the elaboration of fiscal regulations that allow healthy competition.

As a member of the national industry associations (ABI, ANIA, Assogestioni etc.), Banca Mediolanum and its subsidiaries regularly participate in discussions on taxation regulations, stating their positions transparently and communicating with all the interested parties.

6.3 Procurement and supplier rating policies

Due to the importance of the responsible procurement policies as far as risk management is concerned, Banca Mediolanum **has enhanced the criteria used to rate suppliers by extending the rating to include an analysis of their socio-environmental impact**. Currently, the process used by the Group to source its suppliers covers an assessment of governance and ethics, as well as aspects connected to human rights, worker health and safety and environmental performance.

6.3.1 Procedure for selecting suppliers and purchasing methods

With a view to **a continuous, responsible, sustainable improvement of its procurement process**, two years ago the Bank partnered with Bureau Veritas, a body which is recognised and accredited by the leading Italian and international inspection, compliance and certification organisations.

This collaboration addresses the topics covered by ISO 20400:2017, which is the first international standard on responsible procurement. It allows companies to take better-informed decisions by introducing criteria and processes for rating suppliers, products and services on the basis of their sustainability performances.

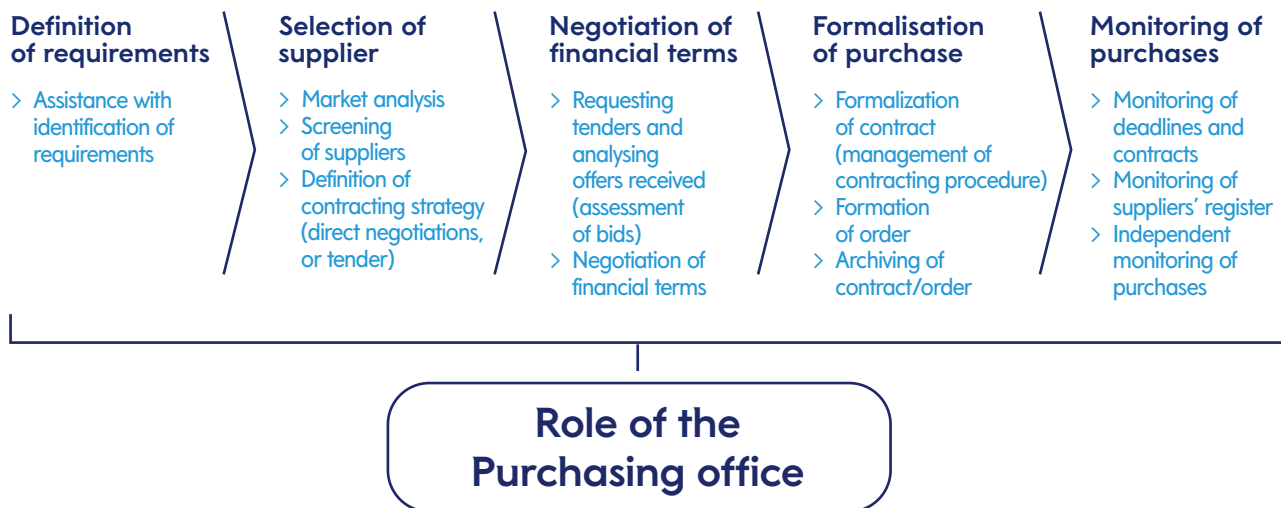
The first results of this collaboration came in March 2020, when the **Purchasing Division upgraded the supplier rating on the existing “Register of Suppliers”**, whereby the supply chain is now also assessed in terms of respect and protection for human rights.

The **screening model extended to sustainability criteria** is also applied during the tendering phase, so that the tender specifications can be extended to include the socio-environmental impact of suppliers' products and services.

The answers given during the tendering stage are included in the **new Scoring Model, adopted from January 2020, which now includes a specific section on sustainability**.

The model contracts now include **a clause accepting the rules against anti-corruption and anti-collusion practices** (Law 231), the signing of the Mediolanum Group's Code of Ethics, and the application of rules governing contracting, subcontracting and the GDPR.

All this reflects the provisions of the Conglomerate Policy, which was updated in 2019 and clearly refers to the importance of using existing and potential suppliers who are aligned with the Conglomerate's principles of sustainability and responsibility.



Banca Mediolanum favours innovative solutions that minimise the consumption of energy resources, or which require the use of low-environmental impact resources while maintaining high standards of efficiency and safety. **Procurement helps with selecting projects that can innovate our business processes in order to reduce the use of these resources, bringing particular benefits to the company and to our customers.**

In 2020, Procurement worked on innovative projects such as :

- > Rollout of an app to manage service hours, and launch of virtual tickets for company shuttle buses;
- > Use of company cars with maximum CO₂ emissions;
- > Use of digital signature for customers and suppliers;
- > Reduction of disposable plastic; selection of a supplier for naturalised water towers connected to the mains;
- > Personalised steel water bottles purchased for all staff;
- > Selection of eco-friendly products for the vending machines in refreshment areas; these include compostable beakers and stirrers, drinks packaged in Tetrapaks or aluminium cans (which are fully recyclable);
- > The packaging used for the staff gift pack is a box made from eco-friendly, 100%-recyclable materials, and all plastics have been eliminated (no adhesive tape, plastic strips or polystyrene);
- > Use of eco-friendly packaging for the birthday gifts of "Prima Fila" customers;
- > Use of certified sanitary products made from recycled paper.

Recertification process completed for ISO 20121 Sustainable Events, in collaboration with the Marketing, Events Organisation and Sustainability Unit.

6.3.2 Suppliers listed on the Official Register of Suppliers

Frequent suppliers, and those with sales of over EUR 100,000 (approximately 300 suppliers in total) are invited to be rated in these areas, for inclusion in the Official Register of Suppliers. In 2020, the Official Register of Suppliers continued its rating of frequent suppliers by introducing a sustainability questionnaire during the second half of the year. The 2020 financial year ended with 460 suppliers – including those already rated or pending approval – with approximately 40% of them having been rated in the second half of the year.

Distribution by commodity sector: Italy

%	2020	2019
EDP and databases	46.28	40.94
General expenses	20.94	20.17
Promotion, advertising and marketing	11.85	16.58
Professional services	9.82	9.11
Property management	3.25	4.05
Utilities	1.39	1.47
Transportation and shipment	2.20	2.99
Insurance	1.89	1.23
Others	2.37	3.46

7. Responsibility to customers

In line with its Vision, Mediolanum **has always offered its customers a relationship based on freedom and the human factor**, and places people at the heart of its business model through its resources, tools and services.

Mediolanum's offer includes **sustainable products and services** as described in more detail in section 7.2 *Responsible Finance*, in order to offer a comprehensive overview of our customer services.

Our commitment to the service offer is based on the importance of high customer satisfaction, by providing increasingly flexible, state-of-the-art services such as **digital** platforms that allow remote customer operations - a factor that has been of primary importance in the context of 2020. Through the **innovation** of products, services and tools, our customers have had instant access to their bank and to the Family Bankers, who are always on hand to provide guidance in their investment decisions.

Customer initiatives during the public health emergency

During the Covid-19 emergency, the Mediolanum Group has **undertaken important initiatives to support its customers**. Specifically:

SUPPORT FOR FAMILIES

- › "Relaunch Decree" 110% support for the Ecobonus
- › Payment holidays on first-home mortgages
- › Advance on wages guarantee fund during the Covid-19 emergency (Decree Law no. 18 of 17/03/2020)

SUPPORT FOR BUSINESSES

- › Financial support measures for micro, small and medium businesses affected by the Covid-19 epidemic, under Article 56 of Decree Law 18 of 17 March 2020, "Cure Italy"
- › "Liquidity Decree", cash loans of up to EUR 30,000
- › Liquidity Decree, cash loans for businesses with turnover of up to EUR 3,200,000

- › "Liquidity Decree", cash loans of up to EUR 5,000,000
- › Liquidity Decree, loans backed by SACE guarantees

INITIATIVES IN HEALTH AND SAFETY

During the Covid-19 emergency, we have undertaken an analysis of the change accelerated by the public health situation during this period, **in terms of the awareness of the importance of health and of the need for individual action in addition to the public protective measures**. The analysis was done in collaboration with Censis and an independent consulting firm specialising in financial education and planning.

In particular:

- › through information provided by experts, we shared with our customers advice on important issues such as a healthy lifestyle, personal care and the evolution of lifestyles, which are issues that have aroused great interest during the public health emergency due to the need to defend individual wellbeing in all its forms, using appropriate tools;

- › together with a well-known reporter and TV presenter, we offered an overview of the growing importance of health and safety in day-to-day life, also in relation to the recently-emerging changes in the socio-economic context.

INITIATIVES IN COMMUNICATIONS

March saw the launch of the **“Together we can do it”** project, the aim of which is to convey a sense of solidarity to people at a difficult time for Italy, and to remember that we have overcome difficult times in the past. Another aspect of the campaign is about **raising funds for Italian hospitals** by continuing with the action already taken to benefit healthcare institutions battling on the front line against Covid-19.

7.1 Centrality of the Customer

Mediolanum was born as **“The bank built around the customer”** and has always placed the customer at the heart of its business model. This strong focus on understanding our customers’ needs is based on the **relationship between the customer and the Family Banker**, which is the role that helps our customers to make the most of their finances and achieve their goals. While maintaining the centrality of the individual as its primary objective, along with customer care and outstanding service, the Group’s strategy is designed to guarantee the **transparency** and **clarity** of information, and a service based on a **multi-channel digital concept**.

7.1.1 Personalisation, security and innovation in financial services

2020 was a year marked by the terrible coronavirus pandemic. Although the pandemic has been extremely dramatic, it has also highlighted the founding values and principles that underpin the existence and validity of the Banca Mediolanum model. **The centrality of the customer relationship** and the acceptance of responsibility, from Top Management down to every single person working within the banking system, has allowed us to mitigate the dramatic impact of Covid-19 wherever possible. The events have acted as a catalyst for the values which, in this emergency situation, have won approval for the Group among customers and prospects.

The general sense of bewilderment in the face of an unknown phenomenon and the need for social distancing has brought into focus and consolidated the value and utility of the Family Bankers.

The Family Bankers have been able to maintain continuity for customers in total safety, thanks to the technology made available by our Company.

Our commitment to guidance and information, which helps customers to understand the complex, congested and hyperreactive dynamics of the capital markets during the lockdown, has given them awareness and confidence in the advice we provide and the strategies we propose.

All this has translated, year-on-year, into a vertical increase in the main indicators of the activities of Banca Mediolanum: gross total funding, administered deposits, managed deposits, loans disbursed and the use of e-money instruments.

Customer Satisfaction Italy 2020

%	2020			2019		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
A bank that offers a complete range of products and services*	85.4	74.3	79.8	82.1	72.6	79.7

* Market survey conducted in Italy, in collaboration with BVA-Doxa between 4 December 2020 - 10 January 2021.

In **Spain**, since 2012 the independent consulting firm Stiga has produced **Customer Satisfaction Benchmarking** in order to rank the financial institutions operating on the Spanish market in terms of customer satisfaction and commitment. The study looked at various parameters and gathered opinions from the customers of seventeen banks. One of the factors that was considered was customer satisfaction with services such as mobile banking, and the propensity to recommend their bank. The results of the customer satisfaction benchmarking study placed **Banca Mediolanum in the top 3 positions in all 15 indicators**, specifically: 8 in top place, 4 in second and 3 in third place.

7.1.2 Management of digital channels

The guiding principles, architectures and interdependencies that underpin the process of feed-in and updating of our digital channels (for example home banking, mobile app and IVR) for Banca Mediolanum customers; these are the direct channels described in the “**Regulation on the evolution of the digital channels for Banca Mediolanum customers**” (28/09/2016).

7.1.3 Multi-channel banking, Banking Center, Internet and Mobile

2020 was a **year of consolidation for the mobile app**, following the restyling in July 2019. The integration with the Mediolanum Wallet app (completed in September 2019) has enhanced the overall user experience and has streamlined the customer access points. Customers can now access the Bank using just a single app.

According to the latest BVA-Doxa survey (BVA-Doxa – Customer Satisfaction, December 2020 – January 2021 for “Prima Banca” customers), the satisfaction of **customers with the mobile app stood at 88 out of 100**, a score that puts the Mediolanum app at the top of the ranking of major market players (the average is 78.3). The Banca Mediolanum app is always top-rated on the Android mobile store (4.7/ 5) and on Apple (4.4/5).

On the strength of the results posted in the early part of 2020, during the months of lockdown and particularly **from the end of March, a number of actions have been taken in order to encourage customers** to use our digital channels. These actions have been supported by communication campaigns via email, text, the social networks and through other materials including videos, which are available to the sales network. These initiatives have further contributed to the popularity and use of the digital channels: approximately 50,000 customers began to use the app for the first time, or restarted after not having used it for at least 2 months. The level of activity also increased during the lockdown period, up to almost 400,000 accesses per day.

Looking at the new projects in the pipeline, with particular reference to the Customer Marketing and Digital Services Division, a number of initiatives have been fast-tracked in order to improve the delivery of remote products and services to customers. 2020 started with the January release of the project that made the **Mediolanum app compatible with Apple Voiceover, which makes it accessible to our visually impaired customers**.

In March 2020, a project was released that allows the use of customer credit cards on the app and on the website, using the PIN recovery function. It also allows customers to see their available spending limit, geographical areas, and the payment of instalments.

June 2020 saw the rollout of the **Home Insurance** project, which improves the transparency of insurance policies for customers by placing them into a more accessible single-view dashboard. The project is for Banca Mediolanum current account holders, and also for non-account holders who hold policies with Mediolanum Vita or Mediolanum Assicurazioni.

September 2020 saw the release of a number of projects including the **Mediolanum app for Huawei**, which now supports their latest non-Google products, and the instant bank transfer, through which customers can make instant SEPA transfers to member banks, as well as the New Funds Area which has been fully restyled to include a display of investment strategies and facial recognition on Android phones to allow access and the execution of payment transactions.

The month of October 2020 saw the customer launch of the **Insurance Investments Restyle** on the app and online, which provides an enhanced overall experience; there is also a new system for capturing bills using the camera function, so that bills can be paid directly from the customer's phone after entering the data on the payment slip; the performance of this function is far superior to the pre-existing solution.

Finally, November 2020 saw the **conclusion of the roadmap of releases, with the introduction of the new Intelligence Investment Strategy graphic in the Funds area**. This improves the display of the strategy, as customers can see the trend in the fund against the conversions made by the automated feature. The Instant Credit Phase 2 was also rolled out, introducing the management of customised limits and the referencing of online databases for pre-approved customers, which has increased the number of customers in this area by 160%.

In terms of usage, digital channels have always been extremely popular with our customers. **In 2020 there were more than 300,000 accesses per day, three-quarters of them from smartphones, with 45,000 instructions per day.**

In line with the trends seen in past years, mobile is the channel most frequently used by customers: in 2020, two out of three contacts (76% or 86 million) came through the app, which is an increase of 46.3% on 2019.



Mobile app: 7,203 million transactions were executed via the mobile smartphone app in December 2020, an increase of 32% on 2019, and this has confirmed Mobile as the channel with the strongest growth.



Website: in December 2020, web access to the bank represented 20% of the total, which is essentially the same as for the corresponding period in 2019. There were approximately 22.6 million visits to the site in 2020. In terms of execution of transactions, the website is still the preferential choice for customers, with 8.4 million instructions during the period, an increase of more than 870,000 transactions compared to 2019.



Telephone: the number of telephone calls fell compared to 2019, with 4.2 million contacts compared to 4.5 in the same period. Of these, the number of calls passed to Specialist Banking remained the same. The Customer Banking Centre has worked with renewed, full commitment in order to support customers and provide continuity. During the year 64% of calls were answered within 20 seconds, while the average response time during the same period was 82 seconds for all customers.

Customer Satisfaction Italy 2020

%	2020*			2019		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Overall satisfaction with online banking	87.1	78.1	83.0	84.7	77.0	82.6
Overall, website	86.3	77.9	84.0	84.1	77.0	83.4
How would you rate the overall quality of the Banca Mediolanum website?	86.8	78.5	84.4	84.6	77.5	84.2
"And how would you rate the quality of the Banca Mediolanum website compared to your expectations?"	85.6	77.2	83.6	83.7	76.4	82.6
Overall, app	88.0	78.3	82.0	85.4	77.0	81.7
Overall satisfaction with the app	88.2	79.1	82.6	85.7	77.0	82.4
Satisfaction with app vs expectations	87.8	77.3	81.6	85.0	76.5	81.2

* Market survey conducted in Italy, in collaboration with BVA-Doxa between 4 December 2020 - 10 January 2021.

7.1.4 Banking services

With particular reference to the offer of rates on current account deposits and restricted deposits, despite the reference market rates remaining at an all-time low and despite the high instability and volatility, **Banca Mediolanum has continued with the strategy launched at the start of the year aimed at acquiring new customers and volumes**, with a promotional gross annual rate of 2% on current account term deposits for a period of 6 months, made through the contribution of new funds.

With the same **objective, to encourage diversification in the allocations between administered and managed volumes held by customers**, the Bank maintained its offer on credit rates for both the Double Chance segments, Equities and Bonds; this instrument is well-suited to gradual investment on the financial markets as it exploits fluctuations in pricing. During the year the Bank launched various promotions on the Equities segment, with rates of 2% on 3, 6 and 12-month maturities and 1.50% (gross, annual) on the 24-month maturity.

Keeping a **high level of attention on technology and innovation**, which are fundamental values of the Bank's model, during September all customers were able to use the innovative Instant Transfer service, which is a secure, quick way to send and receive cash to and from all member banks, 24 hours a day, 7 days a week, using home banking or the mobile app. In tandem with this, a promotional campaign was launched, offering free use of the service until 31 December 2020.

During the year, **marketing campaigns** were launched in the form of competitions and co-marketing activities, in order to enhance the Mediolanum current account offer for new and existing customers.

In **Spain**, as part of **"Convenzione 2020"** whose key theme is the concept of the "Individual" (at the centre of the Mediolanum model), the **Entrepreneurship Project** was launched. The project consists of a series of products and services aimed at freelance professionals.

This project **includes ILT and Commercial protection and banking products**: a current account encompassing services such as credit and debit cards. The card is 84%-made from non-edible corn-based organic material. Corn starch is converted into PLA resin, and then into bio-sourced paper material (PLA).

The card also includes **exclusive features such as Smart Delay** that provides the cardholder and their travelling companions with special services at airports. Customers holding an account for new entrepreneurs can also access a completely free **legal advice service**.

7.1.5 Credit

Instant Credit and Samsung For You

In 2020 the **"Instant Credit" personal loan**, which is the Bank's only full-digital personal loan product, was upgraded in order to increase its functionality. The aim was to facilitate the take-up process, and expand the number of customers who can request the loan.

This remains an extremely innovative product which can cover the customers' credit needs at all times. The **"Shop For You" loan, which is a zero-rate digital consumer loan over a period of 24 months**, has been developed further to include some of the Instant Credit features and expand the range of loan products.

Regarding the application process for both types of loan: Instant Credit and Shop For You both use a **rapid digital signature**, which meets the need to speed up operations and is also an eco-friendly technology.

Other loan products are discussed in the section 7.2 *Responsible Finance* as they relate to socio-economic aims. Specifically, these products are:

- › Mediolanum Eco+ mortgage
- › Mediolanum Young mortgage
- › Mediolanum Eco+ Mobility loan

Lending in Spain

Guaranteed loan

Banco Mediolanum always puts the customer at the heart of its business model by improving its services, and thus offers loans with guarantees to meet its customers' needs.

The guaranteed loan offer is open to customers who have taken out managed savings products retailed by Banco Mediolanum, and offers a very competitive interest rate.

The loans can be taken out via the website of Banco Mediolanum, if all the documents needed for the operation are uploaded online. The Family Banker manages the customer's application via BMedRed (Commercial Extranet). The customer and their Family Banker receive regular online updates about the progress of the lending process.

Pre-authorised credit cards

To improve the customer experience and streamline the procedure, Banco Mediolanum has made it easier to apply for a credit card via web or app, by conducting a pre-analysis of customers who meet the criteria.

This means that customers who meet the criteria can apply for a credit card, set their credit limit, and select a PIN number. Pre-selection of the PIN number eliminates mailings, saving on printing and postage costs.

Customers receive the credit card within a maximum of 7 days, and the user experience is very positive.

Instant credit

Banco Mediolanum offers its customers instant access to personal finance using filters on the risk criteria. The loan amount is paid instantly into the current account.

Similarly, the Spanish **ECO Loan**, which also has an environmental ethos, is described in the section 7.2 *Responsible Finance*.

7.1.6 Protection

In accordance with the provisions of IVASS Regulation 41/2018 on the cohesion of information in the Information Set, the Companies have reworked the Terms and Conditions to bring them into line with the Supplementary Terms, and to make it even easier for customers to read and understand the document. In the field of marketing and communications, various initiatives have been launched **to educate customers and the Sales network about insurance matters**. Events include digital webinars held in collaboration with well-known, accredited partners.

The very name of the campaign “*Raccontami di me/Tell me about me*” focuses on the importance of Protection in the area of financial services and investments, starting with cover for essential assets such as homes and health.

In the situation that arose from the public health emergency and lockdowns, Banca Mediolanum and its network of sales representatives and Family Protection Specialists have committed to a number of projects **to familiarise customers with the new remote channels** (for example through the videoconferencing app). This provides further support to the Bank’s usual multi-channel approach and guarantees continuity of information and operations for investment portfolios and insurance.

The Group’s insurance companies have provided customers with online reassurance about the full operativity of assistance in relation to their existing policies and the cover which is available, also in relation to illnesses linked to the current public health emergency.

The main **products offered in the Italian protection segment** include:

- › **Mediolanum Capitale Sorriso:** this is a new policy from Mediolanum Assicurazioni S.p.A., designed to provide extensive cover for the reimbursement of dental expenses incurred by the customer and their family members. The policy is accompanied by a healthcare reimbursement policy, which is already in the existing product range, and has been designed to meet the needs of customers not only in the face of major risks, but also in their day-to-day lives.
- › **Mediolanum Life Protection:** with the aim of making it easier to take out Mediolanum Life Protection offered by Mediolanum Vita S.p.A. by offering protection for large amounts of capital, the sum that can be insured solely on the basis of a health questionnaire and without a medical examination has been raised to EUR 400,000.

Protection in Spain

Protection is an integral part of the advice offered by the Family Bankers of Banco Mediolanum, as it is an essential lever in preserving the “human capital” of our customers.

To optimise its customer offer, in 2020 Banco Mediolanum successfully submitted an application to the Spanish Insurance Regulator (DGSFP) to upgrade its status to a Restricted Bancassurance Operator (OBS). This change will allow the Bank to offer its customers an even more comprehensive range of products and insurance companies.

Currently, Banco Mediolanum offers **unit-linked life insurance and non-life insurance**; the first type is with the Group’s Irish insurance company (Mediolanum International Life), and the second with Generali. The forms of cover offered are Accident, Home and Life; the 2020 Convention also includes 2 new products (ILT and commercial), available from 2021.

The life insurance policy offer was extended in 2020 with the introduction of the **Generali product “Vida Universal”**, a policy that offers a plan of annual premiums which are agreed at the time the policy is taken out and which cannot be changed throughout its term.

7.1.7 Protecting our customers

Mediolanum's focus on protecting the principal aspects of our customers' lives is fully integrated into our product and service offer. The offer has been designed to align with the European Banking Authority's guidelines on the governance and control of retail banking products, and with the relevant implementing provisions of the Bank of Italy. To make it easier for customers to relate to the world of finance and understand its main characteristics, Banca Mediolanum fully adheres to the requirements of transparency and fairness, which are helpful in providing the necessary clarity of information.

TRANSPARENCY

Banking transparency is characterised by an extremely varied regulatory framework. The main purposes are the **Protection** of customers thanks to proportionality of the rules and organisational criteria, **Compatibility** of products, thanks to the use of overall cost indicators, and the **Standardisation** and **Simplification** of policy documents.

At the end of 2019 a **specialist unit was set up for the Bank**, with responsibility for the governance and monitoring of the Transparency activities performed by the various departments.

2020 saw the continuation of **projects aimed at strengthening and improving the efficacy of transparency processes related to banking services**; this has brought clear benefits also in terms of controlling the operational risk to the Bank.

The projects which are currently ongoing are designed to raise the quality of the process of creating and revising our informative materials, so that our customer communications are continuously improved. The information we provide to customers is accurate, clear and exhaustive, and is also suited to the channel of communication and to our service and customer profile. As the principle of proportionality may only refer to POG issues and not also to transparency of information, we suggest deleting this to avoid raising concerns in this regard.

The automated procedures for the production of information and documents required under the transparency rules are designed and implemented in order to streamline these activities and make them more efficient and effective.

Finally, we are completing the work involved in **structuring and strengthening the Group rules and regulations on all Transparency processes**.

One of the core principles of Banca Mediolanum is to inform customers – in accordance with contractual autonomy – of the essential elements of the contractual relationship and of any changes to it. Compliance with the rules and with the principles of transparency and fairness in customer relations also mitigates the legal and reputational risks, and contributes to the sound and prudent management of the company. For an overview of our approach to transparency, see the relevant section on the website of Banca Mediolanum SpA.

7.1.8 Management of complaints

In accordance with current regulations, the Mediolanum Group has adopted a **structured, documented process for the management of complaints by customers and prospects**, in order to provide exhaustive responses. The full satisfaction of our customers is not only a priority element of our strategy, but is also an important factor in building and disseminating a positive image of the company on the market.

The **complaints management procedure** allows us to log the basic elements of each complaint we receive, and to keep records of any measures taken on the customer's behalf to resolve the problem. Each complaint we receive is classified according to the service or product it relates to. It is given a unique numerical annual identifying code.

- › For the Group's **Italian companies**, the complaints management cycle includes the phases of acquisition, logging, investigation and preparation of the response to the customer, and the identification of possible actions to improve the services we have provided. Complaints sent to Mediolanum Fiduciaria are dealt with directly by that company for reasons of client confidentiality.
- › Similar procedures have been set up for the Group's **foreign companies** in order to ensure that complaints are properly dealt with; regular reports are provided to the parent company.

The Complaints Office, which is part of the Corporate Affairs, Legal and Litigation Division, is responsible among other things for carrying out investigations in order to identify and implement the best actions for improvement, and it will evaluate the causes that may affect our procedures, products and services. The Office will also draw up the necessary reports and summaries on complaints, for the Board of Directors and the supervisory functions and bodies. In particular, the Complaints Office is responsible for reporting to the Compliance function, preparatory to the "Report on the compliance controls on activities", and will highlight any procedural, organisational or behavioural deficiencies which emerged as a result of this analysis.

During the Covid-19 emergency, complaints management activities have continued as normal, albeit remotely. In any event, due to the extraordinary circumstances created by the public health emergency and the difficult working conditions, the regulators (the Bank of Italy, Consob and Ivass) have also intervened in order to limit the adverse effects of the emergency on procedures and to facilitate our activities. In March 2020, they introduced suspensions and extensions of the deadlines for mediation, assisted negotiation and out-of-court settlement of disputes, as well as for procedures with the Banking and Financial Arbitrator (BFA) and the Financial Disputes Arbitrator (FDA); the deadlines for management of complaints were also extended.

An examination of the complaints received in 2020 did not reveal any procedural, organisational or behavioural deficiencies that would need to be disclosed to the company bodies, although there is ongoing monitoring of mitigation actions in key areas, and in relation to the introduction of improvements to customer processes and services.

In Spain, Banco Mediolanum has a Customer Defence Service, whose function is to resolve any complaints or grievances raised by customers in relation to their legally recognised rights and interests. The service is regulated by its own operating Regulation, which was elaborated on the basis of Order ECO / 734/2004 of 11 March.

Banco Mediolanum also has a complaints and grievances management policy, which has been adopted in accordance with the guidelines of the European regulatory authorities (the ESMA and the EBA). The policy, which is based on equal treatment of customers to ensure the fair and diligent management of complaints, has been implemented not only with the aim of adapting to current regulations, but also with the objective of obtaining important information on how to continuously improve the level of customer service. The adequate control of this process is essential in order to improve the activities and services we offer, as well as the customer-bank relationship.

In accordance with the Real Decreto Ley 1/2017 of 20 January concerning urgent measures for the protection of consumers in the context of "floor" clauses, Banco Mediolanum has implemented a procedure to process claims for the refund of mortgage loan instalments paid by customers which are considered in terms of the "floor" clause. The claims management process corresponds to the "Unidad de Solicitud de Análisis de Aplicación" (RDL 1/2017).

7.1.9 Complaints to the BFA and the FDA (ABF/ACF)

In 2020, 23 ABF complaints were received for the Bank, 8 for EuroCqs and 20 ACF complaints for the Bank.

7.1.10 Customer-oriented communication

Corporate communications in Italy

2020 began with the launch of a full media advertising campaign in **January**, to promote the new Conto Mediolanum offer. In addition to the 2% gross annual rate on new volumes, the campaign is focusing on several key elements of our model, such as the Bank's solidity, which allows Mediolanum to propose a high quality offer, its efficiency ("a technological bank that is always there for you"), and the key role of the Family Banker.

At the end of **April**, a new press campaign was launched in the leading national newspapers, to promote Double Chance, the Banca Mediolanum investment strategy that gives customers gradual entry to the global markets, while mitigating the effects of volatile rates and simultaneously allowing them to benefit from a gross annual yield of up to 2% on the sums in the dedicated account.

In **June**, there was a fourth campaign to attract new customers, by promoting the record results achieved by Banca Mediolanum in the 2019 customer satisfaction survey by BVA-Doxa, which found that our bank was the Italian bank most frequently recommended by customers. In addition, there has been a focus on the Banca Mediolanum model, which combines advanced technology for remote operations with the human factor, thanks to the relationship and advice offered by the Family Bankers. Finally, we have promoted our new campaign "For You Rewarding" which gives exclusive rewards to customers who introduce new current account holders.

16 **October** was the launch date for the "Raccontami di me" project, a communications campaign designed to promote the central importance of advisory services, and the importance of financial planning for individual customers and their families. The project is built on the "Te lo digo a mi" project launched by Banco Mediolanum in 2019, but considers the peculiarities of our positioning on the Italian market. The TV commercial, with Massimo Doris as testimonial, is supported by a short Il' film featuring Anna Foglietta. It is available for viewing at "AscoltaBuoniConsigli.it".

The year ended with a press campaign in leading national newspapers and industry publications. In **December**, the campaign promoted two new sustainable funds: Mediolanum Flessibile Futuro Sostenibile (from Mediolanum Gestione Fondi), and Mediolanum Global Impact (from Mediolanum International Funds). Both the products have an ESG emphasis and they are aimed, among other things, at generating a positive social and environmental impact.

The initiative is a further step forward in the context of the broader project undertaken by Banca Mediolanum in its commitment to sustainability, with the aim of merging the world of investments with a strong focus on the environment.

On **24 December**, a full-page Christmas-themed advert was published in the leading national newspapers, to thank the customers who placed their trust in Banca Mediolanum during this difficult year, and to highlight the importance of listening to good advice in order to make accurate, informed decisions.

Corporate communications in Spain

Banca Mediolanum has been recognised as the bank with the most satisfied customers, according to the 2019 Benchmarking of Customer Satisfaction study conducted by the leading consulting firm Stiga, which analyses Spain's principal banking institutions.

In March and November 2020, two advertising campaigns were launched, entitled "**el banco mejor valorado por sus clientes**" relating to the results obtained from the satisfaction survey.

On 13 April, the advertising campaign "Raccontami di me" was launched: a story of life, money, and how to plan and take good decisions to reach your goals. Our present experience is the result of decisions we have taken in the past.

The campaign ran for 6 weeks, on 3 channels: TV, digital and social networks with a format of 20'' TV commercials, a digital campaign run on TV, advertising networks and commercials with branded content, including the "Raccontami di me" 10' short film, as well as 20'' and 45'' commercials and 10' films on the social networks. The branded content ran until the end of July.

Banco Mediolanum promotes transparency in its commercial communications, and is thus a member of the **no profit association Autocontrol**, whose objective is to ensure that advertising is truthful, legal, honest and fair.

Autocontrol is **responsible for the self-regulation of advertising in Spain**, and Banco Mediolanum obtains pre-approval of its advertisements in order to obtain a guarantee of trust and credibility.

Existing and potential customers of Banco Mediolanum benefit from this self-regulation, as it guarantees responsible communications which conform to all legal requirements. Autocontrol examines the projects and advertising campaigns of Banco Mediolanum before they are released, and approves their legal and ethical content.

It is a priority for the company that customers receive quality advertisements that respond to their needs and concerns. Once again, the communications strategy revolves around the centrality of the customer.

7.2 Responsible Finance

Always attentive to evolution in the industry and to changes in regulatory requirements, in 2019 Banca Mediolanum undertook a **structured programme to consolidate and develop the processes it uses to design and implement sustainable products and services**, and to introduce ESG (environmental, social and governance) factors into its risk appetite framework (RAF). During 2020 the Group conducted a study of the possible impact of physical risk on its lending portfolio, and integrated the ESG risk type into its RAF. Due to the **cross-cutting nature of this issue**, the content has been presented within *Responsibility to customers*, in order to offer a **full overview of the products, banking and sustainable investment services of the Mediolanum Group**.

The issue of **sustainability**, as an **integral part of the values of the Mediolanum Group**, translates into the development of products and services such as the Eco loans and mortgages, responsible investment services, and the creation of a new "green" debit card, which will contribute to reducing the consumption of plastic by 84%.

Customer-facing communications are thus directed towards **promoting our offer** by unleashing a targeted creative approach which on the one hand favours the **recognition of the sustainability value of our projects and on the other hand, highlights the large number of actions taken by the Bank**, including its consolidated green commitments through the partnership with zeroCO2 and its contribution to the plans to increase the amount of green space in the municipal area of Milan.

The **link between sustainability and innovation** also translates into new solutions designed to encourage sustainable behaviours among the general public. This premise has given rise to **Flowe**, the new Mediolanum Group company **which was formed in order to establish a significant, concrete presence in a new market segment – sustainability and individual wellbeing** – by offering an innovative, fully digital banking service.

7.2.1 Products, services and management policies

Some time ago, Banca Mediolanum S.p.A. (the parent company of the Financial Conglomerate) and its subsidiaries launched a **programme of awareness of the role of responsible enterprise**, through its commitment to doing business in a way that respects people and the environment, by placing the customer in a central position, and by pursuing the growth of the communities in which its business is present. In pursuing its programme for sustainable finance, in February 2020 the Group issued its **"Operational policy on responsible products"**, which defines the basic principles and guidelines on sustainability, and is designed to pursue the integration of ESG (environment, social, governance) criteria in investment decisions. The document is addressed to all the members of the Financial Conglomerate indiscriminately, as sustainability is part of the Conglomerate's corporate culture and **applies to all products**.

Banking, credit and protection services

An ESG scoring model is currently being studied in relation to the Conglomerate's banking, credit and protection services.

Relaunching Italy

Once again in 2020, Banca Mediolanum confirmed its commitment to meeting customers' needs by providing an **offer of special-rate loans and mortgages through the "Relaunching Italy"** programme, which is in line with the regulatory framework of the Stability Act, leveraging tax breaks for property refurbishments, energy upgrades and seismic risk improvement works on first homes. The goal is to upgrade energy classes and reduce the environmental footprint by investing in alternative energy solutions and by supporting sustainable building projects. From October 2020 the range of Relaunching Italy products was renamed **Mediolanum Casa+**.

The sums disbursed in 2020 were:

- › **43.8 million** for Relaunching Italy mortgages **equal to 3.1% of total mortgages disbursed**
- › **27.3 million** for Relaunching Italy loans **equal to 4.6% of total loans disbursed**

Mediolanum Eco+ mortgage

Since April 2019, the customers of Banca Mediolanum have been able to apply for mortgages with a special-rate spread backed by a first charge, on homes with high energy efficiency (energy classes B, A and A+), on purchases, sales and subrogation operations. In 2020 (updated to 30/II), 67.5 million Mediolanum Eco+ loans were disbursed, which equates to 4.2% of total loans.

Mediolanum Young mortgage

The targets for the Mediolanum Young mortgage are under-35s planning to buy their first home with a mortgage that has a maximum LTV of 90%, an optional grace period of two years with no surcharge, and a gradual reduction of the spread every 5 years, if repayments are regular. In 2020, 40.0 million Mediolanum Young loans were disbursed, which equates to 2.5% of total loans.

Mediolanum Eco+ Mobility loan

Since September 2019, Banca Mediolanum customers have been able to apply for the Eco+ mobility loan, with a special-rate spread to fund the purchase of new hybrid or electric cars, cycles and vehicles. In 2020, 2.9 million Mediolanum Eco+ Mobility loans were disbursed, which equates to 0.51% of total loans.

ECO loan in Spain

This loan offers a special-rate spread to buy zero-emissions vehicles or high energy efficiency homes.

Financial instruments and insurance-based investment products

Reference internal policy

- › Policy on Investment Banking
- › Operational Policy on Responsible Products
- › Conflict-of-Interest Management Policy
- › Market Abuse Policy
- › Regulation on relevant information
- › Regulation of the process of managing insider, relevant and confidential information pertaining to Investment Banking

The guidelines described in the "**Operational policy on responsible products**" applies to all the investment products issued or distributed by the Group, with varying levels of granularity in terms of specific details of the product and of the issuer.

In 2020, Banca Mediolanum launched several activities relating to **sustainable finance, also to comply with the requirements of Regulation 2019 / 2088) (SFDR)**.

Actions have been taken in order to bring about, or reinforce the **integration of ESG criteria into the main processes affected by the Regulation:**

- > Investment
- > Advisory
- > Remuneration

As provided for in the above-mentioned Regulation, actions have also been plans to guarantee full disclosure to customers on the market about the integration of ESG criteria, through 2 channels:

- > Broker's website;
- > Pre-contract documentation.

Responsible investment services of Mediolanum International Funds Ltd.

Sustainability is an essential part of the values and culture of **Mediolanum International Funds**, and is fully in line with the Group's sustainability objectives: to develop stronger business opportunities which are sustainable over the long-term, through responsible management of the business. In 2020 Mediolanum International Funds continued the development of its responsible investment policy with a rollout whose main objective was to integrate ESG principles into the investment process. Climate change is a global risk that requires immediate action through acceptance of the EU's legislative framework and through responsible production and consumption in order to align with some of the objectives in the United Nations SDGs, in particular: 7, 13 and 12.

This approach is in line with the materiality matrix, whose topics focus on the strategic value of sustainability, also in line with the UN SDGs. This also manifests itself in the way of doing business, the attention paid to stakeholders, the support provided for employees and the attention towards environmental protection, which also contributes to building a community.

The incorporation of ESG principles into the investment process can lead to more sustainable returns and a better future in order to protect and grow the value of customers' assets, thanks to commitment and responsible management: solid financial results derived from the best possible investment solutions. We continued to promote the ESG agenda during 2020.

Mediolanum International Funds considers that one of the most powerful tools available is engagement with third-party managers, given the significant weighting of outsourced Assets under Management. A detailed verification questionnaire has been sent out, in order to form a database, to evaluate which managers are particularly proactive, and to highlight any improvements for the future. The first Mediolanum International Funds Questionnaire, which was sent to all external managers in the third and fourth quarters of 2019, obtained a response rate of over 90%. The second questionnaire is awaiting publication. The questionnaire will have to be integrated with other external surveys in order to obtain an overall assessment of the efficacy of the manager's ESG approach.

Mediolanum International Funds will work with external managers rated below-average, with the objective of improving their rating; if no improvement is obtained, Mediolanum International Funds will consider whether or not to remove them from the list of third-party managers. In addition to the overall ESG rating, the accent will be placed on the "E" (environmental) scoring, and on the carbon emissions profile where available, in order to support the environmental focus on the 3 SDGs we pursue.

Mediolanum International Funds considers that the approach will help to add value over the long-term, in line with the shareholders' investment horizon. Mediolanum International Funds also has the right to

attend shareholder meetings and vote in relation to the stocks held in the managed funds, so that it can positively influence the ESG programmes of the companies in its portfolio. This, combined with the engagement with third-party managers, provides an efficient, holistic approach to ESG issues.

Mediolanum Gestione Fondi Sgr p.A.

As an **asset management company**, in its investment decisions Mediolanum Gestione Fondi Sgr p.A. (hereinafter MGF or the AMC) **also takes into account the ESG (environmental, social and governance information)** of the selected issuers, as this is necessary in order to pursue sustainable performance over time.

In particular, the AMC exercises its rights to the financial instruments linked to the managed assets in a reasonable, responsible manner, with particular reference to equities, in the awareness that the exercise of these rights is advantageous for the financial markets and for the corporate governance of the issuing companies.

Mediolanum Gestione Fondi exercises the right to vote in the sole interest of the members of the UCITS, with the sole purpose of growing the value of their investments over the medium to long term. On its website, the AMC publishes a "Policy on criteria and mode of exercise of the rights to attend shareholder meetings and vote in relation to financial instruments linked to the managed UCITS", a document that gives a description of the principles and strategies adopted by MGF in relation to the attendance at meetings and voting rights linked to the financial instruments it holds. These criteria are adopted not only in accordance with the reference legislation and the Companies' principles of corporate governance, but also in accordance with the provisions of the self-governance document "Italian principles of stewardship for the exercise of administrative and voting rights in listed companies" ("Italian Stewardship Principles or "Principles") issued by Assogestioni, which were adopted by MGF in 2017. The Principles contain a series of top-level best practices for comparison and collaboration between management companies and issuers listed on the Italian markets on which the managed assets are invested, as part of the collective investment management service, in order to encourage a solid bond between external corporate governance and the investment process.

In particular, Mediolanum Gestione Fondi:

- › adopts a strategy for the exercise of rights linked to the financial instruments of the UCITS it sets up;
- › continuously monitors the issuers considered to be significant (considering the size of the equity investment or the weighting of the investment on the fund's assets);
- › meets with the companies in order to study specific issues. These meetings may also be held in collaboration with other institutional investors, through participation in the Managers Committee promoted by Assogestioni (individual and collective engagement);
- › exercises the voting rights on the financial instruments linked to the managed UCITS, in accordance with the "Policy on the criteria and mode of exercise of rights pertaining to financial instruments linked to the managed assets". The AMC also participates in the Managers' Committee of Assogestioni in order to select independent candidates for the boards of directors or the boards of statutory auditors of the investee issuers;
- › is committed to assuring maximum transparency on the votes cast and on the mode of exercise of the voting rights, by publishing that information each year on its website, in the annual report on attendance at shareholder meetings, and by providing a summary in the management reports of the managed UCITS.

Responsible investment products

Mediolanum Flessibile Futuro Sostenibile

A solution that combines the search for value with our attention towards the future of the new generations, of the planet and of society by mainly investing in stocks of issuers who are leaders of change, have a small environmental footprint and high ESG standards. The equities component of the fund, which is the main part, invests in companies whose CO₂ issues emissions are approximately one-third of those on the MSCI World index representing the principal global equities.

BB Global Impact Fund

The fund's objective is to obtain long-term growth of capital while simultaneously contributing to a more sustainable, inclusive world, by investing in a diversified portfolio of global equities using an active multi-manager approach. Investing in companies whose products and services provide solutions to global challenges (social inclusion and education; environmental needs and demand for resources; health and quality of life).

Mediolanum Best Brands Socially Responsible Collection

The first fund of funds in its category, this is an investment fund that invests in global equity funds, combining financial criteria with a focus on ESG issues.

Mediolanum Innovative Thematic Opportunities

This fund mainly invests in global equities based on the four main new topic areas, which are: digital, the development of media, the industrial renaissance, and ageing and improved quality of life.

In Spain, in particular, the **Fondo Compromiso Mediolanum F.I.** allocates 30% of its management commission to non-profit organisations. Each customer can choose a non-profit organisation with whom they can collaborate via Mediolanum Aproxima and Mediolanum Gestion, and will pass on 30% of all the management commission to the organisation each year.

A total of EUR 52,025 was donated in the 2020 financial year.

7.2.2 Flowe

2020 saw the arrival of Flowe, a benefit company which is **pending BCorp⁽¹⁾ and Carbon Neutral**, which is part of the Mediolanum Group. As a benefit company, Flowe's bylaws cover not only its profit objectives but also broader ones, with the *aim* of creating a positive impact for the **community and the environment**. Flowe is a **better-being platform** dedicated to the steady improvement of an innovative, full-digital banking service aimed at young people and anyone who considers that sustainability, individual well-being and social evolution are primary objectives to be pursued through the day-to-day choices of the individual. Like Mediolanum, Flowe was also born with the intention of placing the **customer at the centre of its business model**, supporting the customer's financial growth and accompanying them on **a pathway that encourages the spirit of entrepreneurship and the making of informed decisions**.

¹ A pending BCorp company is a benefit corporation, namely a company whose company object incorporates not only profit aims, but also the purpose of having a positive impact on society and on the biosphere. It is awaiting certification by a third party (BLab) in order to be identified as a fully-fledged BCorp company.

As a benefit company, Flowe's bylaws incorporate **two specific aims of common benefit**:

- › **The objective of Flowe's primary common benefit is to educate and inform young people and other groups in society about the principles of sustainability and innovation.** Flowe users, who are known as Flomes, can access the Flowe app, which contains a range of content aimed at inspiring them on the **issues of sustainability, innovation and entrepreneurship**. The content includes videos and speeches by business people and partners of Flowe. These partners include companies and associations who help to create value for all users thanks to their specific knowledge and services. The educational initiatives organised by schools and universities, including the FLOWE Generation Project and Humans to Humans – a digital learning organiser whose aim is to promote the ethical mission of businesses – are essential in reaching this primary objective. Flowe actively promotes innovation and sustainability, as well as our campaigns, partner interviews and support for various charitable associations, through its social media channels on Instagram, Facebook and LinkedIn.
- › **The second common benefit is the promotion of a culture of socio-economic wellbeing, by educating young people to improve the awareness and management of their own finances.** A number of informative materials and digital technologies are used for this purpose, and events such as conventions and seminars are also organised. One important aspect in this regard is the **partnership with Doconomy**, a climate-change fighting start-up which **quantifies the CO₂ footprint of users' spending**. Encouragement and increased awareness of well-being are provided through the app, with our partner "Healthy Virtuoso", which tracks your daily step count and workout minutes. The Focus section contains videos, courses and mini pills on the subject of the *better being economy* and personal and professional growth. Finally, Arcadia is the section designed to encourage Flomes to improve. It is based on a gaming logic and offers rewards such as badges, level-ups and gems, a virtual currency which users can spend in the app to take advantage of discounts or offers.

Although Flowe is a **fully digital banking service**, on request by the user, a contactless MasterCard **payment card** can be connected to the account, offering the latest security features. In line with the company's *object*, the card is **designed to avoid any impact on the environment**. Each new card is made from wood, with a recycled plastic core, and is accompanied by the planting of a tree in Guatemala through our partner zeroCO2. The tree is dedicated to the cardholder, who can watch it grow and understand the impact over time, but the tree is cultivated by local families who can derive both food and economic support from it.

For more details, see the Flowe Impact Report at www.flowe.com.

7.2.3 Climate change

In consideration of all the recommendations and guidelines **published by the various international bodies and European regulators in relation to this issue, in its assessment and consideration of risks Banca Mediolanum has identified and mapped out the risks of climate change, such as physical risk and transition risk**. Physical risk refers to the economic impact felt by people who may be exposed to extreme natural phenomena, while transition risk derives from the commitments taken by the international community to reduce the atmospheric concentration of greenhouse gases.

In 2020, Banca Mediolanum conducted an **analysis of the potential impact of physical risk on its lending portfolio**. **With regard to transition risk, the Mediolanum Banking Group** has already

undertaken **and adopted a number of organisational solutions and initiatives in order to anticipate the short or medium-term requirements imposed by the European and/or national regulators.** In this area, along with the current **offer of funds**, we are in the process of defining **lines of investment in managed products, mainly dedicated to eco-sustainable investments.**

7.3 Innovation

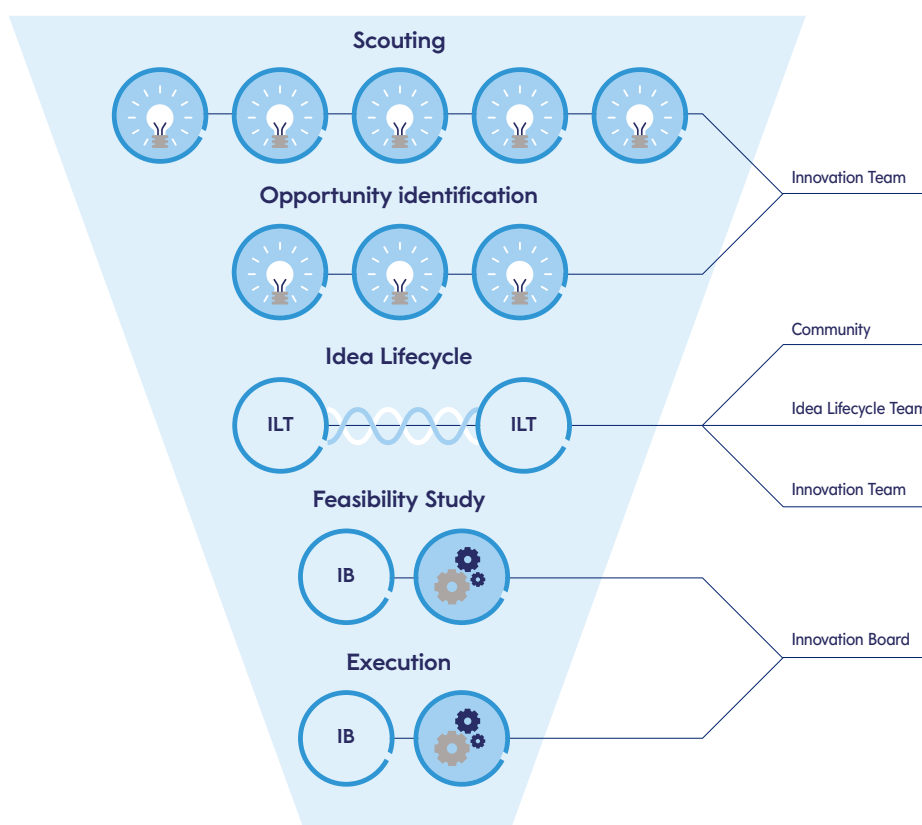
Innovation is an extremely important value for the Mediolanum Group and for its stakeholders. **By promoting our digital services, we aim to improve our activities and processes.** This is why the Group is continuing to invest in payment services, by developing innovative technologies in order to offer customers an even more comprehensive user experience, with the accent on security, autonomy and efficiency.

The **Innovation team** was launched in 2014 with the aim of understanding and analysing the main trends underlying the technological and socio-economic changes currently in progress in the global competitive scenario, and to identify the opportunities of these shifts.

The mission of the Innovation team is to **generate new value and to disseminate a culture of innovation.** The Innovation team is part of the Innovation and Sustainability and Value Strategy Department, which reports to the CEO.

The **innovation process** or funnel consists of a number of phases in which various players have a role:

- › **Scouting:** This phase includes all the research and experimentation activities. The Innovation team interacts with universities, studies the competition, attends sector events, meets with start-ups and tests out various solutions (technologies, prototypes, methods, business models and use cases) which it considers interesting.
- › **Identification of opportunities:** The output from the Scouting phase is then compared against the values of Mediolanum, the value offered to customers, the potential value for Family Bankers and the objective potential of what has been observed. Following the concept of "open innovation", the senior managers from the Bank's business lines, and any Family Bankers who may be interested in the relevant opportunities, will be engaged in each case.
- › **Idea Lifecycle:** this is the development process led by the team using design thinking and fast prototyping methods. The objective is to build concepts or in certain cases prototypes, during the Idea Generation, Crunching and Prototyping phases.
- › **Feasibility study:** If the prototype or concept receives a generally positive rating from Top Management, the various business lines will be involved in order to produce a feasibility study and a financial assessment of the project. If these studies are also assessed positively, we proceed to the execution phase.
- › **Execution:** The feasibility study "promoted" by the positive assessment means the prototype will be classified as a project, under the "Projects Portfolio". It will be managed by the Demand & Portfolio Management Unit, which also assesses the priority compared to other projects. Finally, the project will be taken over by the relevant business line.



The **"Bonus Pool" programme**, which in 2020 was in its third edition, has received an important level of engagement from the business departments, and has seen a significant increase in the number of ideas and projects presented compared to the previous edition.

In 2019, an **"Idea Management" platform** was launched, to manage the entire Bonus Pool programme. It logs and monitors all the data flows and notifications from the competing ideas and projects.

Work has continued apace on the **blockchain activities**, in which there are three confirmed lines of activity which will impact the business models also in terms of sustainability:

1. **Dissemination** of a culture of innovation aimed at various types of stakeholder (staff, sales network, existing and potential customers).
2. **Scouting** for solutions, projects and start-ups which can utilise blockchain and distributed ledgers technologies.
3. **Participation** in Italian and international projects which will implement blockchain and private permissioned distributed ledgers.

Mediolanum has been a driving force in some international projects conducted in collaboration with R3 (for example in KYC Retail and in the tokenisation of real estate assets), and has actively participated in systemic projects produced with the cooperation of the Italian Banking Association ABI ("Spunta Interbancaria").

One particularly important project was the **Insurance Block Chain Sandbox**, developed along with other leading Italian and international banks and insurance companies and with the ongoing collaboration of CETIF and the Catholic University, with the aim of building a platform for the distribution and sale of "smart" parametric policies with the capacity for the "self-liquidation" of insurance claims. This form

of production is particularly focused on the customer and gave excellent results during the period of activation. The entire process received **constant oversight from IVASS**.

In 2020, work continued on developing use cases based on artificial intelligence. The first activities aimed at experimenting with the application of quantum computing also began.

2020 Banking Award category: "digital focus"

On 18 December 2020, Banca Mediolanum won the prestigious **Private Banking Award 2020** for the **"Digital focus" category**. **Flowe received a special mention** for the following reason: *"For the innovative scope of Flowe, a unique solution on the Italian market and one that will become a benchmark".*

The Institutional Interactive Fund Dashboard (IIFD) was launched in **Ireland** in 2020. The dashboard is a tool that gives corporate investors daily information on a range of funds, in terms of performance, cash flow, cost, risk metrics and equity investments. In line with the 3-year IT strategy the dashboard is based on a display software that also incorporates AI and machine learning technologies, to make it easier for users to understand and analyse the fund performances. Next year this technology will be rolled out in other key projects.

Digitalisation and dematerialisation

During 2020 – following a number of dematerialisation and digitalisation projects – almost all customers have adopted the digital channel, **with 93% dematerialisation for the banking and transaction sector**, whereas for the managed investments and insurance sector, there has been a gradual increase. **The overall percentage of all Group companies, in terms of digital relations, stands at an average of 81%.**

Banca Mediolanum temporarily digitalised its mass communications between March and June, including account statements and summaries, in accordance with the guidelines of the Bank of Italy and IVASS concerning the need to limit the number of postal items during the national lockdown.

7.4 Cybersecurity and responsible data usage

The Group is committed to guaranteeing **the confidentiality** of data and of customer transactions by assuring compliance with laws and regulations concerning the sale of financial and services, including digital services. Starting from a business model which has a strong **digital** imprint, Mediolanum will continue to invest in multichannel banking integration projects, maintaining its strong focus on **cyber security** and responsible data usage.

7.4.1 Privacy

The new European Regulation 2016/679 (**GDPR**) on data protection, which is intended among other things to provide European citizens with full control of their personal data and to supervise the regulatory framework for businesses managing the data, **introduced new rules and principles on privacy**, in particular:

- › **accountability**, which is the obligation incumbent on the data controller to make and demonstrate its decisions in relation to data protection;
- › **privacy by design**, which is considered as protection of the data from the design stage throughout the life-cycle;
- › **privacy by default**, which is protection of the data as a default setting;
- › **minimization of data**, which is the use of the minimum dataset necessary to fulfil the purposes of the processing;
- › definition of a **data conservation period**, which is the obligation to indicate in advance the period during which the data will be processed, and the expiry date on which it will be erased.
- › In addition to these principles, the following new requirements have been introduced for data controllers:
- › **the data processing register**, which is a document that logs all the data processing operations carried out by the company, indicating the identifying details;
- › **DPIA (Data Protection Impact Assessment)**, which is the definition of a method designed to assess the impact on data protection, in the sense of a procedure aimed at assessing the gravity and probability of the risk of data breach, concerning the rights and freedoms of individuals in order to identify the appropriate mitigating actions;
- › definition of a **Data Breach procedure** under which any accidental or illegal breach of personal data will be reported to the Data Protection Authority within 72 hours from knowledge of the incident.
- › **new rights for the data subject** as a natural person, such as the right to limit the data processing, the right to be forgotten and the right to portability of the data.

Mediolanum has always considered data protection to be a crucial issue, as guaranteeing the confidentiality and security of banking data including personal data, is a factor in competitive capability. Our organisation includes a **Privacy Office** which is run by 5 members of staff, all of whom are responsible for fulfilling data protection requirements. In particular, the Privacy Office:

- › is responsible for logging banking transactions (Guarantor II) by constantly verifying access to customer banking data, by authorised persons;

- › prepares the Group Data Processing Agreement (DPA) which is an addendum to supply contracts that require the processing of personal data and which result in the qualification of the supplier as a Data Processor; deals with queries from data subjects, about their data; manages requests relating to the "Professional code of the Central Risk Register: Private Individuals";
- › prepares and updates the disclosures and proceed consent forms; provides privacy advice to all business units; provides assistance in responding to complaints from customers about privacy.

In order to provide continuous control over the internal and external requests and queries received by the Group companies, the Privacy Office has a **dedicated email address** which is regularly monitored by the members of the Office.

The company has a **Data Protection Officer (DPO)**, who is responsible for guaranteeing compliance with the GDPR, for advising the data controller on data protection, and for cooperating with the Data Protection Authority. The DPO supports the Data Controller. Specifically, this role provides information and advice and performs a control function in respect of any internal matters that relate to data protection. Within Banca Mediolanum, the role of DPO has been entrusted to an external advisor who was appointed on the basis of their professional capability and specialist training in the relevant regulations and practices on data protection.

The DPO also updates the policy set of Banca Mediolanum, which consists of **procedures, rules and policies on the protection of personal data, and guidelines on data protection** for individuals. One example was the review of the "Privacy Policy", which provides among other things guidelines, and an identification of the regulatory requirements to be followed in order to comply with aspects concerning the processing of ordinary personal data, special and legal data of the data subjects in accordance with the GDPR, with Italian Legislative Decree 196/2003 ("Italian Data Protection Act" as amended (hereinafter the "Data Protection Act" or the "Act") and the measures issued by Italian Data Protection Authority (the "Authority").

Approximately **12,000 training hours have been delivered to all staff** in order to increase their awareness of Privacy compliance. A further **74 training hours** were delivered to the 5 members of the Privacy Office, with a particular focus on the interpretation of the data protection laws, and an examination of the measures issued by the Data Protection Authority which apply to the cases under discussion.

During 2020 the bank received **8 reports** of alleged data breaches, of which **only one** was qualified as an actual data breach and was thus reported to the Data Protection Authority. In 2020 no complaints were filed.

Also in **Spain**, data protection is governed by GDPR 2016/679 and by Law 3/2018 on the protection of personal data and digital rights contained in the regulation aimed at guaranteeing and protecting civil liberties and the basic rights of individuals. Within Banco Mediolanum, the **"Delegado de protección de datos"** is the administrative unit responsible for data protection requirements.

In 2020, **no complaints** were reported to the Spanish data protection agency in relation to data breaches.

7.4.2 Cybersecurity and data protection

Strategic plans and objectives for cyber security

Banca Mediolanum has prepared a **Systems Plan**, which is valid for 5 years and was approved by the Board of Directors at its meeting on 21 June 2016. The Plan is updated each year as required by the Bank of Italy Circular 285, by means of the **Operational Plan** on cyber projects, which takes the form of a portfolio of initiatives and sets out the guidelines and objectives defined in the Systems Plan. It includes matters pertaining to the evolution of IT risk management at Enterprise level, and projects designed to improve the efficacy of IT security, non-IT and cyber security controls.

The **Systems Plan of Banco Mediolanum** covers the planning and management of the Bank's annual security plans, which include the actions to be taken during the year in order to actively improve the Bank's preventive security and reactivity. The project portfolio is internally reviewed every 15 days within the Bank's operations area, in order to examine progress or update the priorities in this area. These matters are reported each month to the Bank's Security Committee, whose members include not only IT, but also other areas involved in security. The committee validates the actions taken, and gives indications about any potential improvements or risks. Each quarter, all the actions taken in relation to security during the past three months are reported to the Joint Committee of the Board of Directors, and the annual security plan is also monitored.

Specific policies, procedures, regulations and responsibilities

Banca Mediolanum's regulatory framework in Relation to ICT security consists of policies, operational policies and operational procedures that govern the cyber security issues mentioned in the regulations of the Regulatory Authorities and in the industry standards (such as NIST 800-53, ISO 27001 and Enisa). The main operational security policies in force at Banca Mediolanum include:

- › Security Policy;
- › IT Risk Management Policy;
- › IT Security Policy for Internet and Mobile Payment Services;
- › Operational Policy for the Management of Privileged Accounts;
- › Operational Security Policy for Cloud Services;
- › Vulnerability Management Policy;
- › IT Incident Management Policy;
- › Operational Policy for Security Events Log Management;
- › Operational Procedure for IT Incident Management;
- › Operational Procedure for Access to Mediolanum IT Environments: network and software.

The **IT security control model** adopted by Banca Mediolanum has the following characteristics:

- › it is an IT risk management model integrated with the enterprise risk management model;
- › it has a defined methodological and control framework for the control and governance of Information Security, which is shared with the relevant departments of the Group;
- › the drafting and updating of the information security and data protection policies;
- › the control of threats based on knowledge of the business risk context (retrospective metrics);
- › the control of cyber security risks based on the industry, national and international contexts (forward-looking metrics);
- › integration of the life-cycle for the design of services, solutions and outsourcing (*IT Security by design*);
- › the standardisation and continuous reinforcement of IT and IT security controls.

In the context of **logging policies**, operations on the systems are logged in detail. Logical security controls are in place, which means that rights of access are only granted on a need-to-know basis, in

accordance with the rules on the processing of personal data. System access rights are managed by means of formal request for authorisation, on an identity management system. Multi-factor authentication was introduced in 2020, for access to the company's information resources. To ensure a more efficient, robust management system access, infrastructural access management tools have been introduced, in order to keep track of changes made to configurations and data controls,

The body of rules of the IT Security area of Banco Mediolanum in **Spain** contains a set of policies, procedures and rules that govern the actions to be taken in relation to banking security. They follow the various regulations issued by the Bank of Spain and by the EBA and they are supplemented with market methodologies that assist with the proper management of security assets. The **main policies, procedures and operational security standards** in force at Banco Mediolanum include:

- › Security Policy;
- › Rule on periodic audits;
- › IT risk management policy;
- › Change Management Standard;
- › Standard on identification and access control;
- › Digital payment procedure;
- › Procedure for preventive and investigative policies;
- › Operational procedure on vulnerability scanning;
- › Supplier management policy;
- › Policy on the management and reporting of incidents;
- › Secure communications procedure;
- › Data processing procedure;
- › Procedure for the identification and classification of assets.

The actions covered by these policies, procedures and rules are aimed at preventing incidents and protecting the data of the Banks, other customers and suppliers. For this reason, **proactive security policies are in place that assure the correct management of systems and assets in order to prevent vulnerabilities; they actively supervise the management of alerts and incidents that may occur.**

Staff training and guidance for greater control of this area

In July 2018, Banca Mediolanum launched the “**Digital Conscience**” programme, which consists of monthly releases of cybersecurity training pills. To combat cyberattacks through social engineering techniques, Banca Mediolanum has drawn up an **employee information campaign**, which covers the main forms of cyber attack. The training provision is ongoing, and takes the form of training pills, infographics and videos.

During this year, **a number of security awareness and education campaigns were conducted in Spain.** Security processes need to be integrated with an **active awareness and training plan** for all employees of the Bank, for Family Bankers and for customers. This year, a series of training actions were introduced in the form of courses or training pills, to ensure that all Bank personnel have the necessary awareness. An IT security course centred on phishing was also introduced. All staff were required to complete and pass the course, and they also received 25 mini training pills on security awareness. These training actions were also extended to the Family Bankers; various security campaigns have also been launched for our customers.

Presence of a structured, risk-based model

Banca Mediolanum has defined and put in place a **framework for the management of IT risks**. It includes an **annual analysis** and the preparation of a summary report on IT Risk, which is presented to the BoD and to the Risks Committee.

In line with its policies and procedures for managing and assessing IT risk, Banca Mediolanum conducts a **risk assessment** of the business process support systems, at least once a year.

Risks linked to the following areas are specifically considered: tech solutions; outsourced services; managed data; the context, tools and methods of accessing each service.

The risk assessment is conducted and/or reviewed: whenever a new service is introduced, or when major changes are made to the information system; each year, for services already running; if there is a major security incident.

The results of the IT risk assessment **guide the definition of countermeasures designed to protect data and mitigate the risk** of fraud, security incidents, or service glitches. The results of the IT risk analysis on the information systems are included in the Summary Report on IT Risk, which is submitted each year for approval by the Risks Committee and the Bank's Board of Directors.

The security actions and processes implemented in **Spain** include the IT risk management policy, which **defines and implements the management and assessment of IT risk**, which is done at least once a year. The information from the process of risk analysis and the resulting action plan are then reported to the Joint Committee of the Board of Directors.

The **annual assessment of IT risk** includes an assessment of the review of the Bank's assets, which are analysed in accordance with ABE regulations and incorporates the MAGERIT methodology. Six EBA categories are analysed, including twenty-two ICT threats that determine fifty-one analysed risks. For each risk that could overrun the defined risk appetite, the initial controls are re-assessed, together with any other controls that may be necessary. The rollout of these new controls leads to a reassessment of the risk, and a new risk matrix which is weighted according to the new controls. **This assessment translates into a plan of action** for the risk mitigation measures, which is presented to the Bank's CMAR once a year.

Description of internal offices and units working on control and management

The **ICT Division** of Banca Mediolanum includes the following organisational units:

- › **IT Risk & Security managerial support unit:** this unit controls the governance of IT Risks and IT Security, and elaborates and implements the overall strategies and plans for information security in line with the company policies and regulatory requirements. The Unit includes the **Customer Security office** which controls the security of customer operations, deals with computer fraud affecting customers, and disputed transactions;
- › **IT Security, Operation & Network Office:** this office deals with IT security incidents, and conducts the analysis and control of actions related to security events.

In **Spain**, the management of security by the **IT area** is intended to guarantee and preserve the information and assets of the Bank and its customers. The **Security area** works to guarantee the confidentiality, availability, integrity, protection and recovery of the Bank's data, as well as the accessibility of its services and applications. A series of policies, regulations and procedures is put in place to ensure that the objectives of the security area are reached. The **management and supervisory departments of Banco Mediolanum** are:

- › The CMAR of the Board of Directors: Conducts audits and quarterly reporting on the annual security plans. Approves the Security management policies and receives reports on the actions taken during the period.

- › IT security committee: conducts monthly reviews and produces reports on the annual security plans. Oversees the actions taken in connection with IT security, and receives the reports of the detailed plan of Security actions

The IT area of Banco Mediolanum also has an **IT Security department**, supported by the Security unit, which:

- › Executes the governance of policies, procedures and IT security standards. It proposes changes and adaptations to the new regulations imposed by the regulator.
- › It supervises the operational plans executed in the Infrastructure and Application Development areas.
- › It supervises the management of IT security audits and checks the proper execution of corrective measures.
- › It manages and oversees the work done by the external SOC services, and their action plans.
- › It manages the activation and monitoring of IT security incidents.

Model for the management of cyber attacks

Banca Mediolanum manages and monitors IT security incidents (both operational, and also those caused by cyber events), **in the context of a wider process of incident management**. It pays particular attention to the identification, management and reporting of major IT security incidents. This process is described in the “Management of IT incidents policy” and in the “Incident Management IT” process. For major IT security incidents, this department promptly reports the event: to the regulatory bodies; to the other stakeholders affected by the incident; to the Business Continuity Officer, where there is a perceived risk of an impact on business continuity.

For the safety, security, response, containment and recovery of operations after IT security attacks, **IT process controls have been implemented** (on processes such as asset management, hardening, vulnerability assessment, penetration testing, threat intelligence, patch management, backup, logical security and customer security), **resources and technologies**.

The security infrastructure adopted for the protection of the network is active 24 hours a day, and covers a range of services for the monitoring and management of the traffic controlled by the SOC (Security Operation Center), which is also available 24 hours a day, 365 days a year.

The network is protected by various multi-layer solutions (defence in depth). These can intercept potential intrusion and manage traffic, authenticating valid traffic at the network perimeter and blocking suspicious traffic (they include a border gateway protocol, IDS and IPS, web application firewall, firewalls, load balancers, TLS protocols, TLS terminators and anti-malware applications).

In **Spain**, Banco Mediolanum has **IT incident management procedures; these are incorporated into an incident management model which covers the incidents** that may occur within the Bank’s operational environment. This model used to manage IT incidents is also governed by express regulations of the Bank of Spain concerning cyber events, and by the regulations on e-payments. The regulations clearly stipulate the measures to be taken if an incident occurs, as regards the communications to the regulatory body. The model also includes the actions to be taken with regard to the operational management of the incident, and any other reports and internal disclosures that may be required within the Bank.

IT Security KPI (Italy and Spain)

	2020
No. of users working with a double authentication system	1,207,676
Hours of training provided on the topic	525.2
No. of units responsible for monitoring the topic	7
No. of fraudulent transactions blocked	173

8. Responsibility towards personnel

People are a company's biggest asset. This is why Mediolanum is committed to guaranteeing a positive, rewarding and well-organised working environment in which people can express their talents to serve customers and colleagues. Our Family Bankers also put into practice the values of Mediolanum, with which they strengthen the relationship of trust with their customers.

The Mediolanum Group believes in obtaining a contribution from everyone to ensure the successful outcome of business initiatives, the expression of ideas, and in the efforts of all its staff (employees and Family Bankers), as we consider the constant **promotion of the human factor** as a fundamental element for the solidity and growth of a business. The Group's focus on the **central importance of people** also manifests itself in the form of full protection for workers' rights, with particular regard to the development of industrial relations, the protection of jobs, the value placed on personnel through the encouragement of training and the recognition of merit, the policies and measures taken to develop and strengthen a modern, integrated system of corporate welfare, and the introduction and consolidation of a number of new contractual instruments which are designed to create an efficient system of corporate welfare and a better work-life balance.

The Mediolanum Group, which has **2,896 employees in 4 different European countries**, promotes a culture which is based on the values of integrity, and a policy of respect for people, by supporting aware, responsible behaviours and by implementing modern career development pathways.

Total workforce

Number of people	2020			2019		
	Men	Women	Total	Men	Women	Total
Personnel	1,454	1,442	2,896	1,405	1,376	2,781
Family Bankers	4,306	1,160	5,466	4,151	1,067	5,218
Other personnel	70	118	188	54	95	149
TOTAL	5,830	2,720	8,550	5,610	2,538	8,148

Initiatives for staff during the public health emergency

From the outset of the Covid-19 pandemic, the Mediolanum Group implemented a **number of initiatives** in the awareness of its responsibilities during this long, drawn-out emergency, about which there is much still to be discovered.

The **sudden requirement for almost all office staff to work from home** was accompanied by swift, targeted upgrades for the tools used to manage staff appraisal and performance, in particular, there were significant evolutions to the **training offered** to employees and Family Bankers.

Since March 2020, the classrooms at the **Mediolanum Corporate University**, which is the main home of training provided to the sales network of Banca Mediolanum, have been inaccessible due to the pandemic. The whole team responsible for designing and planning the training provision has been operating through **smart working since the end of February**.

All design and training delivery activities were converted to "distance" format, after all the designers, the team of lecturers and finally the students themselves, had gained the necessary technical skills to manage the digital platforms. All our classroom learning activities, whether at head office or at the local branches, have undergone a major review to ensure that the usual qualitative standards are maintained, even if the courses are designed and delivered remotely on digital media. At the same time, the content and timing of the training programmes has been reviewed in order to adapt to the new ways of digital learning. The duration

of webinar courses has been reduced, compared to in-person lessons, and the frequency has been increased.

In terms of the existing training pathways, the necessary changes were introduced rapidly, where necessary. During this year of the public health emergency, all actions of the Group have been focused on **protecting staff** both because they are part of the company and because they are part of a community that has been particularly affected by this crisis. This meant that many of the activities carried out in 2020 were aimed at **safeguarding the physical and emotional wellbeing of our staff**, in order to guarantee business continuity.

In order to deal with the growth in volumes in those areas of the company which were most impacted by the measures adopted by the government or by the solutions introduced by the company, we decided to form a **task force**. This is a team of staff who were **re-skilled in order to provide timely and necessary support to customers, and to meet the regulatory deadlines that apply to the management of certain processes**.

The company has made significant efforts to implement and expand a series of activities and processes which are necessary to maintain business opportunity, to make the working environment safe, to help families financially and organisationally, but also to make rapid and successful changes to our way of working.

The priority has been to **make safe all workstations and all common areas**, by implementing the provisions of the various

Prime Ministerial Decrees, with continuous and repeated sanitisation of workstations for the few employees who were working in the office. The main measures included: social distancing, the supply of PPE, the installation of hand sanitising stations, the tracking of routes followed by workers to prevent them from coming into contact with each other, the provision of temperature monitoring points at all entrances, the organisation of a lunchtime rota system in company canteens and finally, the immediate supply of laptops to anyone who did not already have one, as well as the setting up of remote working.

During 2020 a project Group had already had in its sights began to take shape, as it was accelerated due to the emergency: **smart working**. Remote working was set up in experimental form, with the aim of encouraging the introduction of a new way of working that would **improve the balance between the objectives of efficiency, competitiveness and business continuity and the personal and family needs** of our staff, while also leading to a positive impact on the environment and mobility. After the public health emergency, employees will be able to sign a voluntary agreement, in order to volunteer for smart working for up to 2 working days per week (non-splittable) up to a maximum of 6 days per month (again, non-splittable), giving a total daily percentage of employees on rotation that may reach as much as 30% of the workforce employed by each unit. Outside of normal working hours, employees are not required to log onto company devices nor to receive communications from their employer, **so they can "switch off" from their work**.

The efforts to organise remote working within a very short time have involved a

large number of staff, who have worked ceaselessly in order to maintain the same level of quality and service to customers; The **IT network** has had to be upgraded in order to allow secure remote access to approximately 90% of our staff at the same time; security infrastructures have been improved in order to allow access to the company network, and a number of **training pills have been delivered, on cyber security**.

Towards the end of the year, a project was also launched to **define a programme of transformation towards the future of work**: a new approach to working based on work by objectives, flexibility, trust and a spirit of adaptation to change supported by technology and the use of digital tools. At year-end, a number of experimental schemes were launched to find new and different ways of regenerating the business. These schemes were primarily opportunities for training and development of staff, and for making the most of the quality and cross-departmental know-how of the people working for our Group.

The Group has worked harder than ever during this time to keep all its staff working efficiently and safely, not only at a physical level but also psychologically. **A number of initiatives** have been designed and introduced to provide financial, psychological and organisational support to families.

- › The stipulation of a **Covid-19 insurance policy** was certainly one of the most important actions taken: the protection applies to all employees (including trainees and temporary staff), and to financial advisors. It is valid in the case of a diagnosed infection, and a daily allowance is paid indicates of

admission to hospital. The policy also guarantees post-hospital assistance: from ambulance transport to support from carers and babysitters through to home delivery of food shopping.

- › Another form of tangible aid (in addition to the measures introduced by the Cure Italy Decree which paid an Attendance Bonus for private sector employees, of up to €100 payable on the basis of their presence in the workplace during the month of March and specific income criteria) was an **attendance bonus of €250 per week** (€1000 per month) for people who came to work in the office, to cover the cost and inconvenience of travelling. This is because, although smart working has been introduced, certain activities needed to remain office-based in order to guarantee business continuity, especially during the early phases of the emergency, the bonus was paid to a total of **792 staff** for the months of March-May, for a total value of EUR 924,000. This by far exceeded the time and income criteria stipulated in the Ministerial bonus.
- › In mid-March, the Group **paid a salary advance** to support employees' organisational needs, and also suspended the payment of the company creche fees between March and August.
- › With the aim of improving the well-being of Group personnel from the onset of the epidemic, the Garden **catering service at the Italian campus** has been maintained with a lunchtime rota system to maximise social distancing at the tables, and with a takeaway service. To make things even easier for staff during this time, the full cost of the service was paid by the Company.
- › With regard to personnel management, the **gradual digitalisation of the HR admin service** was accelerated; this involved a review of the management models and processes, and many documents were transferred to digital. Despite the public health emergency, the Group has remained firm in its intention to maintain certain services, which are now a consolidated part of its corporate wellbeing. These include the **assistance with compiling the standard tax return (form 730)**, a service which is offered to all staff every year. Significant efforts have been made to continue this service, even at a distance.
- › Meanwhile to **make things easier for working parents**, special working hours have been introduced and they can now reduce the working day by one hour; for the same reasons, there is also more flexibility regarding the time parents can start work, with the start time being brought forward to 7 a.m. to allow them to reconcile the working day with the school closures and home learning for children.
- › The Group considers it essential to support the mental health of its staff, which is why it provided a **remote counselling service** (which is fully confidential). This has been helpful for employees to regain confidence in their ability to deal with emotionally challenging events such as those of the past. The counselling and support service is operational 24-hour day, 7 days a week. It allows staff to speak to an expert at any time, if they feel the need to.
- › Banca Mediolanum provides the staff at its Italian site (and their families)

with access to **antigen test and nasopharyngeal swabs** through the Humanitas hospital. In September, ahead of a possible gradual re-entry to office work, it launched a voluntary campaign to provide antigen test to Group employees and contractors. A voluntary **free flu vaccination campaign** was also launched for staff in October.

In **Spain**, office equipment including office chairs, extra screens and keyboards, was sent to employees' homes using a home delivery service. Staff who requested to come into the office were given **blood tests or swabs**. The office was adapted to the situation, with special work procedures being introduced. Posters were put up, hand gel was provided, and improvements were made to the common areas to prevent contagion with a guaranteed

distance of 2 m between workstations. Various staff engagement and support activities were also introduced for. For example there were weekly coaching sessions, mindfulness pills, live online events and periodic meetings with management there were also counselling services and awareness sessions on issues regarding stress management etc. In Ireland, voluntary **Covid-19 Antigen and Antibody tests** were provided to all staff. Directional signage was put up in all work areas, there were sanitised stations across the office, and facemasks and gloves were provided to all staff.

At all Group offices, as required by law, **the documents on health and safety risks were reviewed** to reflect the Covid-19 risk. Suitable PPE and devices were provided to guarantee maximum safety in the workplace.

8.1 Growth of human capital

Mediolanum is committed to optimising the management of staff at all group companies, by **promoting their growth and potential through high-level training programmes** offered by its own Corporate University, including several masters courses and certificates which are run in conjunction with leading Italian academic institutions. Our training approach is based on **employees sharing the responsibility for their own professional development and progression**, by means of an open architecture offer.

The **sense of belonging and staff engagement are the primary drivers in building an innovative, growth-oriented company**; another important factor is the global wellbeing generated by the conditions offered by the company in terms of incentives, career opportunities and wellbeing in the workplace. The **risks we have identified** in relation to the growth of human capital mainly relate to failure to develop human resources, and the loss of staff members in whose growth the company has invested. These risks are by their nature counterbalanced, and the group policies are designed to obtain the expected benefits by mitigating them, for example by expanding the range of employees who can access our growth programmes.

Across the Mediolanum Group, there have been many process **digitalisation** projects, in order to guarantee the standards of quality necessary to achieve excellence. This has involved defining the size and quality of the workforce, promoting and developing members of staff also through high-level training programmes (in 2020, one Certificate and one Data Management programme was developed).

The HR training area has guaranteed employees' skills enhancement, and the already high volumes of activity seen in the previous year have remained the same. The major investments made in training over recent years in order to build systems of collaboration and knowledge sharing, developed on multimedia and digital platforms, have resulted in a high level of efficiency and organisational flexibility with the continuous engagement of the participants in the training modules. These methods - which expand on, complement and for the moment have completely replaced the classroom sessions - have allowed us to alternate self-assessment with self learning, teamwork, project work and online lessons led by training providers.

Although the usual annual cycles of appraisal and self-assessment have been maintained, **specific guidelines have been provided in order to set priorities for the year, and the content (the elements under observation)** of the **performance process** has been revised. To bring our employees closer to the Company's strategic objectives and to support them during this time of grave external uncertainty, in the early part of the year we provided guidelines on setting targets, and individual action plans for the year. The content of the appraisal process has been simplified and updated, and particular attention has been paid to the theme of flexible working. In tandem with this, and in alignment with the appraisal processes, the **continuous feedback system** has also been revised. Once again, the accent has been on the theme of flexible working, individual accountability through development of the entrepreneurial spirit, and leadership at a distance. These actions have been accompanied by a process of internal communication for all employees, published on the Group's digital channels, and in editorial features and videos. A web platform has been set up to support our colleagues. It contains all the information they need in relation to the behavioural skills which are observed in our performance measurement processes.

HR Innovation Award 2020

The HR Innovation Practice Observatory of the Milan Polytechnic awarded the 2020 HR Innovation Awards to those organisations who stood out because of their ability to leverage digital technologies in order to innovate and improve their main HR management and development processes. **Banca Mediolanum won the “People Empowerment” category for its project “Feedback4U”** which led to the introduction of a continuous feedback tool; this has heightened the use of “full-spectrum” feedback and has boosted staff engagement.

Growth of human capital in Spain

Banco Mediolanum offers various tools and services to encourage staff development. The main ones are:

- › **Internships:** this strategy stems from each department’s specific needs. It offers all staff the opportunity of working in a different department for a certain period of time.
- › **Job postings:** this development tool stems from a desire to promote opportunities for staff to get their CVs and career aspirations known within the company, and this brings out the best of the Group’s internal talent.
- › **Summer internships for the children of our personnel:** this is an opportunity for the children (aged 16-25) of Mediolanum Group employees to get to know how the financial system actually works. The aim is to offer them top-quality insight into the workplace so they can enhance their CVs with work experiences that allow them to grow as individuals and professionals. In 2020, our summer trainees completed their work experience online.

Growth of human capital in Ireland

Mediolanum Irish Operations has a **strong focus on recruitment**, through which it highlights the Vision of our organisation, and the long-term objectives which can only be reached by means of an intensive process of talent acquisition. Once acquired, these talents need to be retained, and trained. Mediolanum Irish Operations is committed to creating a highly professional environment, in which staff can develop their skills and acquire a sense of belonging.

In 2020, a **multi-year programme** was launched, focused on employees, which involves the **provision of a learning and development plan tailored to the career aspirations of our employees, and the business objectives**. The plan involved identifying the skills and expertise required by the organisation, in order to realise a long-term strategy. The plan is now at the rollout stage and **will involve the creation of job families and job descriptions, which in turn will allow the organisation to identify career path** for its staff, thus promoting the dual aim of staff development and retention. This new framework will apply to all personnel within the organisation, and will facilitate the structuring of a workforce on every level and within all the key functions of the company. **This guarantees a holistic, integrated approach** to succession planning.

In 2020, Mediolanum Irish Operations also provided **online training to meet technical requirements and to provide continuous support for the achievement of professional qualifications** which are key to its current and future professional development.

8.1.1 Training

Learning and training have always been essential for Banca Mediolanum, where staff are trained by attending courses and activities, some of which are organised through the **Mediolanum Corporate University, Banca Mediolanum's academic arm, which was formed in 2009.**

8.1.1.1 Staff training

Training in Italy

During 2020, in a context that was completely overshadowed by the Covid-19 pandemic and the necessary **adoption of new ways of working, collaborating and learning**, the HR training area managed to provide staff with the usual training opportunities, and the high volumes of activity already seen in the previous year remained the same.

Total student hours came to just under 66,000. The training provision covered 97% of the company's workforce.

If we also include the training provided to all the various contractual players and partners who contribute to our common objective of providing end customers with an outstanding service, the total hours count rises to more than 106,000.

The work that began in recent years to build systems of collaboration and knowledge sharing, developed on **multimedia and digital platforms**, has resulted in a **high level of efficiency and organisational flexibility** with the continuous engagement of the participants in the training modules. These methods - which expand on, complement and for the moment have completely replaced the classroom sessions - have allowed us to alternate self-assessment with self learning, teamwork, project work and online lessons led by training providers.

Inevitably, there was growth in the **distance training component (89%)**, both synchronous and asynchronous, with the 2019 figure rising by almost 2.5 times. Distance training accounted for almost all the training delivered.

The main projects this year included **"MCU4U for agile working"**: a digital platform which is available to all staff to assist them with remote working, and with the new dynamics of working at a distance. The platform gathers ideas and indications ranging from remote well-being to cyber security, from external articles to video contributions from Top Management, and to feedback from the in-house community. Finally there were two training courses: one for all staff and one for the team managers, to enhance digital skills and build the necessary mindset to guarantee the efficiency, productivity and satisfactory human relations by strengthening and building on the skills and aptitudes they need in order to adapt their roles and working styles to a different way of collaborating.

The third edition of the **"Certificate in Banking & Finance"** was also completed; the certificate is aimed at the Group's middle managers and clerical staff. The aim of the initiative, which is to transfer essential business and corporate management skills in order to build a shared, common approach to economic issues, allowed the 23 participants to obtain the Open Badge certification issued by the Mediolanum Corporate University, which is recognised by all the group companies.

We have continued our commitment to providing **training and guidance for customer care teams**, both in terms of their technical and professional expertise and in terms of sharing the company guidelines to support the strategy of consolidating a culture of centrality of service for customer and for the sales network.

The leaders of the front office teams were involved in the **"Coaching in Action"** training programme, which is intended to consolidate the guidelines and basic techniques needed to be an effective coach, to transfer the right mindset using reference models, and to embark on the path of awareness of their roles, to boost their capacity to manage people, even working remotely. The purpose of the project was to stimulate group productivity, problem-solving skills, brainstorming, and motivation.

The **"Mensana"** social learning projects, which are voluntary and outside of working hours, have continued. These are sessions in which colleagues with a greater amount of knowledge and share it with the rest of the workforce. One opportunity now being taken up by an increasingly large number of employees to develop their language skills is ("Lunch & Learn" and "Comer Y Aprender"), with similar sessions being held on topics such as digital skills ("DigiMed"), the sharing of opinions and considerations on social issues ("Sustainability", "Social Media" and "Positive Organisation") and innovation ("Innovation"). This year's **"Open"** offer which is available to staff has seen an increase in the available content. The library of online soft skills content was updated, and there are new live events for which employees can register. These range from the development of digital skills to communication courses, effective writing, presentation skills and Microsoft Office tools. Our collaboration with other e-learning platforms which offer specialist online content is becoming increasingly strategic.

Finally, the **"Data value management"** project that was launched in 2019 for staff who work with data strategically, has been enhanced. It is now a full catalogue of courses, for the development of hard skills (quantitative analysis, statistics, machine learning, programming languages and tools for the analysis and study of advanced analytics) as well as soft skills (digital collaboration and leadership models). Alongside this, a community has been formed, consisting of employees from different areas of the company, at different levels of seniority who can represent the broad variety of roles that strategic data management entails.

Training in Spain

In 2020, Banco Mediolanum implemented a number of staff training programmes, which have evolved - as a result of the health emergency - into **online training provided on multiple platforms** (including BMedTalent for the mandatory e-learning).

In addition to ongoing initiatives such as the **language courses** in Italian and English, programmes on **technical regulatory training** (such as MIFID II on the BMedLearningportal), on insurance and on mortgage law, Banco Mediolanum - as a **partner of APD and IESE** - offers **training to Mediolanum Group personnel** so that they can develop opportunities for learning and/or topics of interest at more affordable prices. Banco Mediolanum also offers **subsidies to cover the cost of Masters' courses and postgraduate diplomas** related to employees' roles, by means of a flexible pay model, or a payment of EUR 1000 per person and an associated 2-year employment contract.

During the months of the public health emergency, 2-3 training programmes were offered per week, with free courses available for personnel. Training programmes were set up to develop the skills needed to complete activities while working at a distance. In particular:

- › Launch of the **"Improvement Teams" programme**, the objective of which is to develop a valuable topic that affects the growth of the business, where there are teams consisting of people from different levels and different departments. These "improvement teams" work on their projects, which require speed and flexibility, using the **Agile methodology**.

- › A training programme for a group of staff identified as *brand ambassadors* in order to **improve their performance using digital media, and to become more effective and impactful.**
- › **Training on Microsoft 365** (Planner, Forms, SharePoint, One Note etc.) which personnel can use to improve their digital skills and get the most out of their Microsoft 365 digital tools.

8.1.1.2 Training of Family Banker network

GRI 404-1 Average hours of training of the sales network

Number of people	2020			2019		
	Total personnel in Sales network	Hours delivered	Average hours	Total personnel in Sales network	Hours delivered	Average hours
Managers	904	89,934	99	810	100,592	124
Advisors	4,562	508,475	111	4,408	478,498	109
TOTAL	5,466	598,409	109	5,218	579,090	111

Training and guidance in Italy

The training courses provided for the sales network adopt an approach based on **integrated methods and tools**, to make their learning more effective and practical. This integration involves digital learning platforms to encourage further study, and is supported by classroom sessions, which instead focus on discussion, debate, interaction between the network and head office, and exchanges of experience.

These processes have always formed the basis for the training model chosen by the Mediolanum Corporate University in order to guarantee outstanding quality and a lifelong learning approach, which accompanies the Family Banker throughout their personal and professional development.

These training opportunities are complemented by on-the-job training, during which people can put to the test what they have learnt in their structured training sessions.

Due to the Covid-19 emergency, in 2020 there were significant changes to the training approach, as it was not possible to arrange training sessions in-person at the Corporate University campus, or locally. The **digital learning** offer was supplemented with online and individual courses, and webinars held on Microsoft Teams, which allowed direct discussions with the sales network while maintaining the experiential and relational element.

As part of its training activity, the Sales Network Training office **works with the Faculty lecturers** from the **Mediolanum Corporate University, which has an ongoing programme of specialist training** designed to enhance specific skills by delivering targeted courses, and also strengthens technical and sales expertise as well as enhancing relational and communication skills, classroom management, and familiarity with digital innovations.

In 2020, some of the training activities provided specifically for this target group included a module on enhancing techniques on digital platforms, and on the management of digital tools used to deliver training webinars.

By the end of December 2020, more than **100 speakers from the Corporate University** had delivered training, either at the head office or at other offices around the country.

Below are the **main training sessions** held for the Italian Family Bankers during the year.

- › The second edition of the 28-month managerial training programme “**Banking & Innovation Management Executive Master**” (BIMEX), which was launched in March 2019 and has been converted into webinar sessions. The programme - which is aimed at the 85 managers in the sales network, divided into 4 classes – was launched with the objective of enhancing and growing the managerial expertise and skills needed to provide the skills leadership that is essential, both in the present and in the future, to successfully lead teams. The second edition was led by lecturers from the Catholic University of the Sacred Heart, as well as well-known professionals and companies with proven experience, as well as 14 speakers from the Mediolanum Corporate University, and managers from the Bank.
- › **The two-year "maintenance" training programme** named **BIMEX Up**, which is held every six months for the more than 250 managers who completed the first edition of the executive Masters course. The aim is to consolidate the technical and behavioural skills acquired from BIMEX and translate them into operational strategies which can be used to reach the business objectives.
- › The first edition of the **Supervisor Experiential Active Learning programme**, which ended in 2020. It was aimed at the role of the Family Banker Supervisor, and is designed to strengthen awareness of the role, and the skills and expertise needed to manage the team. The programme, which lasts for one year and is divided into 4 modules, was attended by more than 70 participants divided into 6 different classes. They were led, for the duration of the programme, by the same Corporate University lecturer, so that their professional growth in the role could be proactively and efficiently monitored, and this was supported by a coaching activity.
- › February 2020 also saw the end of the first edition of the **Professional Executive Master's in Family Banking**, a programme of recruitment and training to qualify as a freelance financial advisor. It is addressed to new graduates and undergraduates and runs for 15 months. The programme is a specialised *learning by doing* programme which alternates training sessions at the Corporate University with regular learning and experience at the Family Banker Offices. With more than 5,200 hours of training delivered both in-person and online, and 33 classroom days at the MCU, the professional executive Masters in Family Banking allowed the participants to register on the Register of Financial Consultants and on the IVASS Register of insurance advisors, and also gave them EIP-level EFPA certification for financial advisors, thus allowing them to successfully start on their career as a financial advisor. During 2021, a project will be launched with the aim of promoting, with even more conviction, projects designed to open up career opportunities for graduates within the Banca Mediolanum sales network.
- › The new monthly programme **Mediolanum Innovative Training**, which replaces the fortnightly MyBusiness 360° series, involved the entire network of Family Bankers in local training sessions. The aim is to train and upgrade the Bank's sales area, on issues relating to scenarios, market trends, business strategies and to provide more information about the range of products and services. The classroom sessions are led by Faculty speakers, who receive specific training each month at the MCU. They are assisted by well-known external speakers, including leading Italian experts and financial professionals. From February 2020 onwards, the local classroom sessions were replaced by digital versions transmitted on the company TV, in the new MIT ON AIR format. A total of 9 editions were delivered, 8 of which were transmitted digitally: This did not impair the level of participation or enjoyment, as standards were kept very high, just the same as the "live" version.

- › The new online **"Social Reputation"** course, which deals with how to manage your social media presence, and complements other courses on the management of personal branding. In terms of **digital skills**, courses have been set up that will allow the entire sales network to gain the skills they need to start working immediately with distance technologies: the available courses cover the use of the videoconferencing platform, the correct way to communicate online, and how to handle relations with customers and co-workers. The entire sales network was also provided with "training pills" on **digital security** in order to increase their knowledge and awareness of cyber risk.
- › The webinars on the new role of the **Family Protection Specialist**, an insurance expert who operates locally, supporting Family Bankers in studying customer requirements and in meeting their insurance needs. Still on the subject of protection, the entire sales network also received the online course **"Protect what you love: the financial advice and products of Banca Mediolanum"**
- › The technical course for local credit specialists and an online course for the entire sales network, which was held to mark the national campaign **ECOBONUS 110%**.
- › 2 new online courses investigating **tax issues** linked to the world of financial advice, were delivered to the entire network.
- › On the subject of **mandatory regulatory training** and in accordance with the **IVASS regulation 40/2018 and Consob Intermediaries 20307/18**, five online professional development courses were delivered during the year, covering a total of 30 hours. These courses are delivered in order to maintain valid registrations on the register of insurance intermediaries (IVASS) and the Register of financial advisors (Consob).
Banca Mediolanum also delivers the online 60-hour initial Ivass training course, which is required for registration on the register of financial advisors, and coordinates and adjudicates the final test, after which the Bank will submit an application for inclusion of the Family Bankers on the Register.

Banca Mediolanum supports its sales network by offering the Family Bankers the chance to attend **specific training courses prior to the EFPA certification exam**, for the following levels: EIP for Financial Advisors (European Investment Practitioner) for financial advisors, EFA (European Financial Advisors) and for the advanced level EFP (European Financial Planners). At the end of December 2020, there were 949 Banca Mediolanum Family Bankers with EFPA certification, of which: 483 EIP CF, 372 EFA and 94 EFP.

Training and guidance in Spain

Training of the retail network is one of the pillars for Banco Mediolanum. In collaboration with the Mediolanum Corporate University, various **training programmes are provided for the whole of the sales network, calibrated to suit each type of Family Banker and every stage of an employee's career.**

The various courses and training options available for the sales network are provided through a methodology that combines theory and practical application, so that the learning is effective and is based on an integrated approach.

The courses offered by Banco Mediolanum have always included a large online component, which means that the sales network has been able to maintain continuity of training, during the public health emergency.

A number of training activities were provided for the sales network in 2020. In addition to the long-established programmes, the following courses were also run:

- › In relation to **technical training**, the online **B.Med Learning** platform hosted more than 80 webinars featuring content designed to enhance self-learning and complement the technical knowledge of the sales network in terms of the products and services offered by Banco Mediolanum.
- › Other noteworthy courses were the **Welcome Programmes** for the new Family Bankers beginning their careers with us. This year saw a record number of new hires, with a total of 398 Family Bankers.
- › November saw the launch of a new training programme (**Caddies Academy**), for the FB Supervisor, a new role. The aim of the course is to strengthen awareness of the role and the managers' ability to guide their colleagues. The course consists of 6 modules which were attended by 86 supervisors in 6 groups.
- › During the year, training was delivered in order to strengthen the technical and sales expertise of the new **Protection Expert** role, is able to provide an adequate response to the need to protect people, families and property. The Protection Expert is the reference FB for the entire network. They accompany the Family Banker in studying the customers' insurance needs and in deciding on the related solutions.
- › The entire network has received training on the maintenance of the various **official certifications** required by law.
- › With regard to **digital training**, courses were delivered on the new **PAC and Inbest tools**, which support Family Bankers in managing relations with their customers. A number of remote sessions were held to give the Family Bankers a better understanding of the characteristics of these tools.
- › In view of the public health emergency in 2020, training was also stepped up in the field of **digital communications**, to provide members of the sales network with tools and mechanisms to allow them to manage communications with customers efficiently, using digital media.

A **specific course was also held for struggling Family Bankers**, which emphasised the key issues that are important in practising this profession successfully. Thanks to this course, 59% of Family Bankers said they were able to improve their personal performance.

8.2 Protection of human capital

Human capital is the Group's main asset. The wealth of knowledge, skills, working methods and expertise that each individual brings to the company, to create value and deliver an outstanding service to the customer. This is why Mediolanum works to **protect the health and safety** of its staff by adopting adequate health and safety measures and fostering the growth of a corporate culture on this issue, by providing training and information.

During the public health emergency in 2020, the Group deployed various additional health and safety measures to protect its staff and to **guarantee a work-life balance while working from home**.

The management of issues relating to the protection of human resources is also set out in our Code of Ethics, which defines the **centrality, engagement and active participation** of people in business processes as being **fundamental objectives of the tools of business management and development**, which are open to all individuals regardless of their social characterisation.

The Mediolanum Group sees the creation of value and competitiveness in terms of respect and equality. The main policies adopted in this area are: The recruitment and hiring policy, the remuneration policies, the succession plan policy, Workers' health and safety and the HR Management Regulation.

The Group operates in strict compliance with all laws and regulations in force in countries that adopt principles and standards that fully protect human rights. It applies the **national collective agreements for the industry, offering pay rates that are significantly higher than the contractual minimums**; in the supplementary company agreement, particular importance is paid to healthcare and pension cover, with additional benefits other than those related in the general national provisions.

The HR Division relies on the HR Regulatory Advisory Unit to provide specialist advice on employment law, pension and tax regulations which are relevant to the processes that this Division puts in place for staff. The Division is also careful to **obtain staff feedback and engagement, in accordance with transparency, listening to their ideas and opinions, and also takes part in continuous collective dialogue** through industrial relations.

For the Italian Group companies which are members of the **Supplementary Pension Fund**, staff can also allocate their company bonus to their pension, and receive an increment on the amount that would have been paid had they chosen cash.

Part-time working is permitted on return from **maternity leave**, compatibly with the company's organisational needs and with the strong focus on health and safety in the workplace.

8.2.1 Recruiting and retention

Recruiting and staff retention

The HR Division pursues the optimal management of the employees of the Bank and of the Group companies by hiring staff according to advanced recruitment techniques and by adopting policies that are not only based on merit, but which also completely disregard the influence of any factors such as gender, race, ethnic origin, religion or beliefs, sexual preference, civil status or political opinion.

The Division also monitors the specialist HR regulations, and takes steps to adapt to these requirements in collaboration with the other company departments.

Training is essential in order to maintain and make the most of this asset. Even during the emergency, and with the sudden introduction of remote working, the number of hours' training delivered to staff remained the same as in the previous year.

The emergency situation has not interrupted the relations with the job market, and specifically:

- › Since March 2020 the **recruiting process** has been managed entirely through distance working, while respecting every step of the recruitment and assessment process: The interview with HR, the interview with the production line, negotiation, and closing of the contract. The **enabling factors in this process are technology and interpersonal skills**: Video interviews allow us to meet a high number of candidates and appraise them, their skills and aptitudes, powers of expression and relational skills;
- › the subsequent **onboarding process** is managed remotely: the contract formalisation stage but also the provision of computers and devices to allow the new staff to start work and engage with the company's social side, even at a distance.

The internal **job posting system** has continued to be used as a tool for internal recruitment. this allows all applicants to present themselves with their CVs, altitudes and career aspirations, and it helps to promote career development, the growth of talent, the promotion of existing skills and also supports their knowledge of every area of the business, **favouring job rotation** based on criteria guided by transparency and merit. During the year, 10 job adverts were published, with 143 spontaneous applications. 10 positions were filled.

During 2020, 151 new hires joined the company. Their arrival was published in the employer branding plan. Other **employer branding activities** related specifically to initiatives arranged with leading national institutions and universities and academic of the tuitions, in relation to career opportunities for new graduates: career days, webinars and co-design partnerships.

Other critical issues when it comes to protecting human resources may be the departure of members of staff, the impoverishment and/or obsolescence of knowledge and skills and this can damage not only the profitability of the company but also the community it operates in. **The action we take to protect our workforce is thus intended to minimise the risk of loss and the risk of obsolescence of knowledge and experience**, in particular, the skills considered to be most critical for the growth of the business. Career pathways for people with high potential are put in place after personal assessments and skills appraisals.

At managerial level, the Group has increased its level of employment (through digital recruiting) and has followed up on its annual merit-based pay increase policy and on the agreed career progression.

Recruiting and retention of Family Bankers

GRI 405-1b - Distribution of sales network by qualification and gender

Number of people	2020			2019		
	Men	Women	Total	Men	Women	Total
Managers	804	100	904	724	86	810
Advisors	3,502	1,060	4,562	3,427	981	4,408
TOTAL	4,306	1,160	5,466	4,151	1,067	5,218

Source CRM. NB: Head office network managers are considered as "Advisors".

Our recruitment activity has always been strongly focused on candidates who have **proven relational experience in the reference market**.

We also give particular importance to the programme of induction, over the first 12 months.

We offer training to assist advisors who are not yet listed on the Register of Financial Advisors during the preparatory trial period. We also provide assistance in analysing the potential market, and with all the legal aspects of closing sales.

Through a managerial team which is present at the head office and also locally, the department responsible for the achievement of these objectives will support the work done locally by the Area Managers, who are directly responsible for the growth of the business.

The Head Office Team, which reports directly to the Sales Division, is responsible for **creating new support systems and adequate tools to assure the efficacy of the hiring process and the productivity of new hires**. It also supports and trains the managers who are responsible for recruitment. The Team is also responsible for **presenting the correct image and for hiring-related communications**, in coordination with the Marketing Division of the Mediolanum brand, both centrally and locally. From a geographical point of view, the network of Family Bankers is distributed according to the distribution of national wealth.

8.2.2 Company welfare

The Group has always focused on actions designed to **achieve a work-life balance for its personnel**, to promote their overall *wellbeing*.

Mediolanum Group Welfare is available on the **WELLMED** platform, which is fully digital. Since 2015, it has also included a comprehensive, customised plan of **flexible benefits** known as the **"WELLMED wallet"**, which offers all employees in the Mediolanum Group's Italian companies the opportunity to access a basket of goods and services. In line with the corporate culture, the Plan enhances the sense of belonging and engagement and the Group's proposal of value for its staff. The Plan is provided free to all staff, with the aim of increasing personal purchasing power by offering goods and services which are useful in their everyday lives.

A special feature of the "Wellmed Wallet" plan is that it allows each employee to allocate the "welfare credit", which they are given by the Group companies at the start of each year, to goods and services they choose themselves, according to their own needs and preferences.

Following on from the previous year, the "**HEALTH CARD**" has been renewed – the card is handed out to all employees in the Italy Group and allows them to obtain **medical and health treatment** at special rates, at the institutions and clinics of one of Italy's largest independent networks, which has 11,000 centres across the country: research institutions, private clinics, diagnostic and physiotherapy centres, surgeries, laboratories, specialist medical and dental centres. The service, which is offered free of charge, is **extended to the whole family unit, including parents**. Counselling and remote medical services are also available through external specialists.

The "**BabyMed**" company creche has been part of the Italian head office for more than 15 years. In 2020 it was attended by 102 children aged between 0 and 3 years of age. Due to the health emergency service, it was temporarily suspended and was then restarted in September with 52 children attending; that number increased to 65 in December.

Highlighted initiatives in **Spain** include:

- › Life is Beautiful: This initiative promotes the culture of corporate wellness thanks to specific programmes including yoga and themed activity days
- › Achieving the work-life balance
- › Employees can convert part of their salary into products and services, which have tax advantages (flexible pay)
- › Coaching
- › Mindfulness
- › Academic excellence award for the children of employees
- › Breakfast with the CEO: a group of employees meet for breakfast with the CEO, where they have the opportunity to express their concerns or ask questions

In **Ireland**, Mediolanum Irish Operations offers all its staff private healthcare insurance, which is fully sponsored by the company. In addition to an eyesight test, there is an annual medical checkup for all personnel, which is completely confidential. Annual flu jabs are also offered to all staff.

8.2.3 Management of health and safety in the workplace

The Mediolanum Group has adopted a **health and safety management system**; it has defined, within the relevant business unit, specific responsibilities and procedures, and has also identified processes which are sensitive to these issues, setting aside adequate funding to implement strategies aimed at obtaining high standards of health and safety in the workplace.

Company departments which are involved in these processes for various reasons are required to observe the following **principles**:

- › they must make sure that all health and safety requirements are met at every step of the processes for which they are responsible, and ensure that specific **control** principles are efficiently implemented;

- › guarantee **transparency, integrity and traceability** with regard to their obligations towards external health and safety inspectorates;
- › in the context of **supply or works contracts**, they must inform the contractors of any health and safety risks, and plan the related preventive measures;
- › in **contracts with third parties**, their activities relating to health and safety in the workplace must include the provision of specific undertakings to comply with the necessary standards;
- › they must **favour and encourage internal disclosures** in relation to:
 - › risks related to the work activities;
 - › health and safety measures adopted;
 - › first aid procedures and equipment;
 - › the procedures followed in the case of fire or evacuation of the working area;
 - › they must ensure that health and safety regulations are respected by all workers, including non-employees or any third parties who may be present on the worksite.

The company's health and safety **system** requires that **the following obligations are met**:

- › technical and structural legal requirements pertaining to equipment, installations and work areas must be respected;
- › risk assessments must be carried out, and the resulting health and safety measures must be put in place;
- › organisational activities must be carried out, such as those relating to emergencies, first aid, contractor management, periodic safety meetings and consultations of workers safety representatives;
- › medical check-ups must be conducted;
- › employee information and training;
- › supervision, with reference to workers' compliance with procedures;
- › the acquisition of legally-required documents and certificates;
- › periodic checks on the enforcement and efficacy of the procedures put in place.

Health and safety in the workplace: Ireland

Mediolanum Irish Operations has a **health and safety management system** with a management structure headed by the CEO/MD, to whom the following people report: the senior managers, the safety manager and the safety representative, followed by the employees. **Each individual within the organisation must ensure the effective application of the security declaration within their area of responsibility**, in line with legislation.

Health and safety in the workplace: Spain

Banco Mediolanum has a **Health and Safety Plan** covering aspects such as:

- a) **Identification of the company's activities**, also in terms of the number of offices and workers;
- b) **The company's organisational structure**, with an identification of the functions and responsibilities covered by each level of the hierarchy, and the channels of communication between these hierarchies;
- c) **The organisation of production** in terms of identifying the various technical processes, organisational practices and procedures within the company;
- d) **The organisation of health and safety** within the company, indicating the chosen safety method, and the existing representative bodies;
- e) **The policy, objectives and aims** of the company in terms of health and safety, as well as the human resources, technical, material resources and funding made available for that purpose.

Banco Mediolanum is supported by an external health and safety advisor, who provides assistance and support in the correct management of risk prevention, with particular reference to: the management of health and safety in the workplace, hygiene, medical surveillance and ergonomic and psycho-sociological testing.

8.3 Diversity and inclusion

As the Mediolanum Group considers the individual to be of central importance, **it is committed to valuing diversity and equal opportunities** within its workforce. It pays particular attention to issues concerning gender, also within its sales network. For this reason it has encouraged **initiatives which promote diversity and inclusion** in order to build on diverse expertise and attitudes, and integrate them into the company.

In **Spain**, **activities have been launched in order to promote equality and inclusion**. These include the definition of a plan of action to favour equal treatment and to mitigate risks, while raising awareness of the importance of this issue and preventing episodes of harassment in the workplace. **Key roles** have been identified in order to encourage the provision of support and advice. Collaboration is ongoing with suppliers who employ people with disabilities, in particular, at three "special employment centres". One disabled employee was hired during 2020. In addition to its contributions through Mediolanum Aproxima, Banco Mediolanum made a further donation to the Adecco Foundation at the Disability Day on 3 December.

In **Ireland**, a **"Head of Diversity & Inclusion"** has been in place since August 2018, as well as a **policy on diversity and inclusion**.

Mediolanum Irish Operations aims to be recognised as an employer with a positive reputation for diversity and inclusion, which is why it is committed to being an organisation that recognises the value of diversity by building a working environment in which everyone feels included and valued, regardless of their differences. Mediolanum Irish Operations recognises that equal opportunities depend on good employment practices, which is why it seeks to ensure that diversity and inclusion in the workplace can be supported, and that equal treatment is guaranteed for all staff.

This applies to all employment policies and practices including those pertaining to:

- › Recruitment, hiring and retention;
- › Terms and conditions of employment;
- › A corporate culture in which staff recognise the value of having a diversified, inclusive workforce;
- › Learning and development;
- › Promotion and career advancement.

Initiatives for staff

These initiatives are part of the ongoing **development of careers for women at Mediolanum**, who make up approximately 50% of the workforce. The programme will be rolled out over the medium and long-term with a number of initiatives, and will be developed in tandem with similar initiatives for the sales network. The project **"DonneMediolanum"** was born with these objectives in mind. In November and December 2020, with the support of a qualified consultant, the first phase was rolled out. It mainly relates to gaining **feedback about the experience of women employed by Mediolanum**, and will serve to map out the future programmes of training, development and communication in order to **promote and consolidate a corporate culture that sees diversity as a value**.

This first phase took the form of four 90-minute workshops, held online. They were attended by total of 38 women from the Group's middle management, with the aim of designing future training pathways and of raising awareness and communication about the issue of gender diversity.

Initiatives for Family Bankers

The **project on inclusion and gender equality for the sales network has also continued**. It involves approximately **30 Family Bankers** (from all regions, representing the various roles and career paths available within the sales network), in order to obtain even greater awareness and strengthen the community of female financial advisors at BMed. Various meetings were held with the aim of promoting the identity of the community, and of laying out an action plan to evolve it, while facilitating integration and equality in a world in the world of finance, in which women are still underrepresented (in the Banca Mediolanum network, women make up approximately 20% of the total number of Family Bankers). During the year, a **training and coaching plan was designed for the "founding members" of the community**. This test phase will end in the early part of 2021 and will be used as a pilot scheme for the full launch of the community, which will publish its manifesto, planned activities, and details of its governance.

9. Responsibility towards the community and the environment

Mediolanum is committed to help create a better life for the community by focusing on people and on the planet, in all its decisions and strategies.

Our Bank promotes a global approach to supporting the development of the community, which is identified within the sociocultural realities with whom the company conducts its business relations. Banca Mediolanum **organises** and participates in various social, cultural and sporting activities in order **to promote and consolidate its relationship, and to provide support to the community**. Through the **non-profit Mediolanum Foundation** which was set up in 2002, the Group is also committed to providing an organised response to requests and enquiries from the Third Sector.

From an **environmental perspective**, the Group is committed to plans and activities designed to reduce its environmental footprint, through **projects aimed at the responsible use of resources** which, in line with the company's strategy, can protect the environment and guarantee full adoption of national and international laws.

Community initiatives during the public health emergency

The bank has showed its commitment by **raising funds and making donations to the hospitals battling on the frontline in the Covid-19 emergency in Italy**:

- **"San Matteo" Hospital, Pavia** - Banca Mediolanum bought 2 ventilators and 2 portable ultrasound machines for the IC department, and 2 portable RX machines for the radiology unit, to the total value of **241,560 euro**.
- **Policlinico (Milan)** - Banca Mediolanum donated **200,000 euro** as a contribution to the purchase of equipment for the new Intensive Care units.
- **"Sacco" Hospital, Milan** - Our total contribution amounted to **1,446,764 euro** which included funds raised and donations made. Details below:

I. *the Microbiology, Virology and Bioemergency units received **561,136 euro** made up as follows:*

- **from fundraising: 421,136 euro**, partly allocated to the purchase of diagnostic equipment and partly

(**140,000 euro**) destined for research

- **from donations: 140,000 euro** which the Hospital used to buy diagnostic equipment (1 extractor for the preparation of DNA, RNA, bacterial and viral nucleic acids from a wide range of materials).

2. **885,628 euro** were donated to the *Infectious Disease and Intensive Care units, made up as follows:*

- **from fundraising: 785,628 euro** destined for research
- **from donations: 100,000 euro** which was used to buy equipment needed by the hospital (ultrasound scanners, oximeters, helmets, phonendoscopes, monitors, microscopes, ECG machines and flow meters).

In 2020, **the Mediolanum Foundation NPO** conducted other initiatives in response to the healthcare emergency, other than the fundraising actions described above:

- > in collaboration with Open Biomedical, it bought and shipped **face masks** which were donated to non-profit associations and public institutions who needed them. 57,500 single-use masks were donated;
- > the fundraiser **"Insieme per la Terapia Intensiva del Buzzi"**: The Foundation sponsored the purchase of the equipment and materials needed for the IC units and for medical personnel at Italian hospitals, donating a total of 164,825 euros;
- > with the project **"Ridisegniamo la Scuola"** in collaboration with Mission Bambini, a total of EUR 79,574 was donated to support disadvantaged families with children aged 0-6, who received a kit of basic necessities, or children aged 6-12, who received equipment they needed for remote learning;
- > **"Milano Torna In Campo"**, a project which was launched with the objective of raising funds to buy sports material to boost grass-roots sport in the city of Milan by involving a number of the city's sports clubs, and supporting 100 children from families in financial difficulty, in collaboration with the **Laureus** Foundation.

During the Covid-19 emergency, Banco Mediolanum donated EUR 100,000 to the Fundación del Hospital Clínic, to research treatment and vaccines for Covid-19. It also promoted a campaign among its customers, to increase donations. A further 50,000 was donated by existing and potential customers.

9.1 Financial inclusion

The Group is committed to **supporting the disadvantaged**, by creating a dedicated range of products and services, and through its presence of Family Bankers and the availability of digital tools so that customers can manage their finances independently. Banca Mediolanum and its Foundations in Italy and Spain are committed to **training programmes designed to increase financial knowledge and skills among the community**, thus encouraging a safe, responsible approach to finance.

9.1.1 Support through the products and services of Banca Mediolanum

Rescue loan

In the current economic climate, in which the areas of vulnerability are growing all the time, and with the aim of **preventing recourse to unethical lenders, and of facilitating financial inclusion**, the Bank and the Mediolanum foundation NPO have continued their commitment, undertaken in 2009, to support Italy's anti-usury foundations and associations, with social projects geared towards providing financial support for the more vulnerable segments of the population.

The decision of Banca Mediolanum to support the fight against poverty and unethical lending using the rescue loan, now has support from **9 anti-usury foundations** in Lombardy, Piedmont, Veneto, Liguria, Emilia Romagna, Lazio, Sardinia, Sicily and Campania. The anti-usury foundations operate through the local "Caritas" system, which relies on the parish charity centres to assist families in need. Under agreements made between Banca Mediolanum and the Mediolanum Foundation NPO, the Bank provides the anti-usury foundations with a credit limit, which they can use to grant loans to people in need, whether they be families or sole-trader businesses, at a symbolic interest rate which is currently approximately 1%.

This lending activity is a concrete commitment by Banca Mediolanum to the UN sustainable development goals (SDGs), specifically with reference to the first item on Agenda 2030: combating poverty everywhere, in all its forms.

The Bank bears the full credit risk for the loans granted, while the Mediolanum Foundation NPO is instructed to give preference to women with dependent children, as the beneficiaries of the loans, in line with its mission.

As of 31 December 2020 the revolving fund made available by Banca Mediolanum amounted to EUR 2,150,000, with 190 loans disbursed, totalling EUR 1,438,840.

The Foundations with whom Banca Mediolanum S.p.A. and the Mediolanum Foundation NPO have reached agreements are:

- › San Bernardino Milan (2009)
- › San Gaudenzio, Novara (2013)
- › San Matteo Apostolo (Bologna) (2016)
- › Santi Simplicio and Antonio, Tempio Pausania (Otranto), (2016)
- › Santa Maria del Soccorso (Genoa) (2017)
- › Beato Giuseppe Tovini (Verona) (2018)
- › Salus Populi Romani, (Rome) (2019)
- › Santi Mamiliano e Rosalia (Palermo) (2019)
- › San Giuseppe Moscati (Naples) (2020)

These Foundations all work with the local Dioceses in their respective regions.

Customer Satisfaction Italy 2020

%	2020			2019		
	Banca Mediolanum	Traditional banks	Online banks	Banca Mediolanum	Traditional banks	Online banks
Social commitment	82.1	64.5	64.5	N/A	N/A	N/A
Supports customers at times of hardship	82.3	62.6	65.6	77.3	61	66.8
Committed to the social sphere by working on solidarity and humanitarian projects	85.6	65.7	64	81.4	65.1	64.8
Committed to local socio-cultural projects	82.8	66.5	64.5	79.1	65.5	63.3

9.1.2 Financial education

In 2020, Banca Mediolanum continued its work on various financial education projects for existing and prospective customers. Most of the content revolves around the importance of careful planning, in order to seize the opportunities and advantages of having a precise savings plan. Other topics include generational handover, protection, lifestyle maintenance, and pensions.

In total, more than 2,500 people participated, including prospective customers and Family Bankers, in more than 50 events organised across the country.

In **Spain**, the Spanish Banking Association (Asociación Española de Banca, AEB), is running the financial education programme “**Tus Finanzas, Tu Futuro**” (“Your finances, your future”), for schoolchildren aged 13-15. The guest “teachers” are volunteers, who teach three 1-hour sessions at the learning centres. The purpose of the programme is to make students think about the importance of taking responsibility for their own finances, and to give them the tools they need to start managing their budget and take financial decisions. It allows the students to learn basic and important concepts such as how to balance the budget, the difference between credit and debt and how to use loans responsibly, while they can discover the importance of having savings and of planning their personal finances properly.

During 2020, Banco Mediolanum contributed 14 volunteers to the programme in 5 different areas across Spain, covering a total of 18 sessions.

9.2 Community support

The Group has always been noted for the **social commitment which also involves the non-profit Mediolanum Foundation**, which supports socio-cultural projects, initiatives, donations, sponsorships and multi-year partnerships as well as providing training and education both in the areas in which the Group operates, and abroad. In its operational areas, the aim is to have a **positive influence on the socio-economic fabric**, through growth, employment, innovation and the provision of services for the local community.

9.2.1 Mediolanum's commitment to socio-cultural projects

Centodieci is a project designed by Banca Mediolanum to offer managers, business people and students but also Family Bankers and head office employees with the resources and tools they can use to innovate their business. It is an open space for discussion, learning, inspiration and encouragement which exports the values of the Bank outside the office, so that anyone can acquire them. The focus is on human beings, and the proposal is elaborated in three ways, through:

- › events across Italy: opportunities for training and experience, with the involvement of guests and speakers who reflect the values of Banca Mediolanum;
- › local projects: opportunities for training and education, involving a series of meetings with people of note from various cultural and professional backgrounds, with the aim of promoting and disseminating a community awareness;
- › Centodieci.it: an online magazine that presents all the initiatives and events associated with this project, and offers space for cultural discussion on a blog that features topics such as innovation, technology and shared values.

The public health emergency that is affecting Italy and the entire world has, on the one hand, necessarily accelerated the process of digitalisation, but on the other it has impeded and delayed until further notice all the local events that had been planned.

Centodieci has created its own artistic and cultural programme, the aim of which is to discover the secrets of the great revolutionary figures of 20th-century art. Named "Pensieri d'arte", it takes the form of 13 half-hour videos published on the Centodieci digital and social platforms, and can be accessed by the public at any time.

In 2020, the decision was taken to use a digital as a new way of accessing events. It encompasses the various formats of Centodieci, and discusses topics such as art, social media usage, tech innovation, global marketing scenarios and studies on communication and listening techniques, universal values and unique life stories thanks to the involvement of well-known personalities who represent a model of excellence for the world.

Meanwhile a new project, "Lessons from Italy", has been launched. Inspired by the remarkable story by Italo Calvino, Lessons from America, the aim is to explore, reveal, rediscover and narrate the values and experiences that made Italy great, using digital stories (half-hour videos published on the digital Centodieci platforms and social media, which can be accessed by the public at any time), live events, streaming (some of these events also involve the network of Family Bankers as an alternative to the live events which are not possible at the moment), and pod casts.

There are various formats:

- › Italy in the Mirror (natural, architectural and urban heritage);

- › Pages of Italy (book reviews);
- › "Note d'Italia" (new editions of some of Italy's best-known songs, performed by a well-known Italian artist);
- › "Fatto in Italia" (the top Italian artists, architects, designers and creatives from the post-war period to the present day);
- › "L'Italia al cinema" (the leading producers, directors, actors and actresses of Italian cinema);
- › "Nuove parole per un'Italia nuova" (dedicated to storytelling).

There have been 4 "Made in Italy" videos and 18 musical videos: they are available to anyone visiting the Centodieci digital and social platforms.

Early in 2020, Centodieci continued its support for Matera as European Capital of Culture, a calendar of events that featured 9 initiatives in 2019, by offering the city a further 2 cross-sector cultural initiatives that draw on various aspects of culture. Guests of the project are asked to reflect, during their journey of discovery, on a particular topic identified in collaboration with the municipality of Matera, that describes the historic tradition and natural ecosystem of the region of Basilicata. The topic areas are studied and told to the public during a programme of cross-disciplinary events which have included the Ri-Visitare Matera project.

Centodieci: Models of Excellence

	2020		
	Total events	Total hours	Total participants
Inspiration	7	14	1,360
Art	26	52	839
Progress	16	48	1,492
Solidarity	29	58	258
Social responsibility	3	3	119
Change	2	4	206
TOTAL	83	179	4,274

Sociocultural activities for the community: Spain

Banco Mediolanum has renewed its collaboration with the Gran Teatre del Liceu Foundation, the great Barcelona theatre known as "El Liceo", to provide specific support for the Under35 project, which encourages and promotes culture and Opera among younger audiences, for the 2019-2020 season.

Donations to non-profit associations

- › Donation to the Fundación Valencia Club de Atletismo: 36,000€
- › Donation to the Fundación Internacional IESE: 15,000€
- › Donation to the Fundació del gran Teatre del Liceu: 5,000€
- › Donation by Banco Mediolanum to the Christmas campaign: 6,000€

9.2.2 Donations and fundraising

The emergencies of 2020

In addition to the action taken in response to the Covid-19 emergency as illustrated in the introduction to this section, during 2020 Banca Mediolanum also assisted sections of the population who have been hit by natural disasters, including:

- › **Venice Adverse Weather Emergency – support given to 31 customers with donations of EUR 26,200**
- › **Verona and Venice Adverse Weather Emergency – support given to 40 customers with donations of EUR 35,700**

The usual benefits have also been granted:

- › 12-month loan and mortgage holidays
- › special credit facilities
- › -1% reduction of spread on mortgages and 24-month loans
- › cancellation of all current account costs for 24 months

Collaboration with foundations and associations

There have also been many activities involving not only customers but also employees of the Mediolanum Group, in support of social projects.

Mediolanum Insieme

Mediolanum Insieme is a new solidarity project from Banca Mediolanum. It was launched with the aim of supporting the volunteers' associations who work with the community on a day-to-day basis.

*What can I do? This is the key question answered by Mediolanum Insieme.
The answer is simple: a lot!*

A series of tiny gestures, efforts and intentions all put together can become an unstoppable force. In the current economic context, this is essential.

Our commitment is to give visibility to the work done by these associations, by putting them into contact with our customers.

Three collaborations have been formed, in particular: in Lombardy, with the "I Sassi di Betania" association, in order to promote socialisation and interaction with people of different cultures, in Emilia Romagna with "Re-use with Love", aimed making people aware of the culture of re-using, and with "A.R.O.P.", by developing solidarity projects to support sick children and their families.

Every cent counts

"Centesimi che contano" is a service offered by Banca Mediolanum that allows customers to make an automatic donation of "small change" on their account balance on the third working day after the start of the month, in favour of the Mediolanum Foundation NPO.

As of 31 December 2020, the service had been activated on **83,385 accounts** (an 11% increase on 2019), and during the year it generated donations totalling **EUR 363,851** (a 20% increase on 2019). Take-up of the service is approximately **10%** out of the total target current accounts.

The long-standing beneficiary of this service, **Dynamo Camp**, which uses the funds to allow disabled children or those with serious or chronic illnesses to access the camp free of charge and to take part in recreational therapy, is now accompanied by a second beneficiary, "**Centro Benedetta d'Intino**". The Centre's mission is to help children with serious abilities and mental health disorders to communicate through psychotherapists and thanks to the teachings of Incremental Alternative Communication. During the year, there was no promotion of this service through the Banca Mediolanum Family Banker customer awareness campaigns, which meant that the take-up was lower than in previous years.

Cause-related marketing

In October and December 2019, **Banca Mediolanum** and the **Mediolanum Foundation NPO** together with **Banco Alimentare** launched the **"Feeding Solidarity"** promotional campaign linked to the sale of certain products, for which the Mediolanum Foundation receives a sum that will provide food aid to struggling families with children, at the food bank's 21 regional offices.

Banca Mediolanum made a donation of 204,385 euro, without requesting any contribution from customers.

Through the Mediolanum Foundation, all the funds raised were passed entirely to the food bank, which delivered more than 2,900,000 meals.

The project was then re-offered at the end of the year (October-December 2020) in favour of families with children living in absolute poverty, followed by the Progetto Arca Foundation. This activity will be reported on during 2021. Meanwhile, during the same period, several Banca Mediolanum Family Bankers re-offered this model in local programmes, by expanding the range of products on which a donation can be calculated, this time paid entirely by them, reaching an amount of 378 euros. Overall, Banca Mediolanum's CRM activities generated funds of **204,763 euros**.

Community initiatives in Spain

Mediolanum Aproxima

In Spain, Banco Mediolanum's solidarity project was born in 2014 to support local non-profit organisations through the direct involvement of Family Bankers and their customers.

With this project, Banco Mediolanum brings its customers closer to the non-profit organisations working in their local areas. The family bank and act as a link between their customers and the local associations, reinforcing their solidarity work. Another aim of the project is to create a network of social commitment. One example is through volunteer schemes, or providing financial support to NGO projects. In total, 29 local NGOs are taking part in this project. Banco Mediolanum also provides the local associations with different channels of communication both online and off-line, to give them visibility and put them into contact with potential volunteers.

This year, during the third edition of Solidarity Week (from 30 November to 6 December 2020), 70 Family Bankers organised 65 online events on the Mi Grano de Arena platform. Due to the Covid-19 pandemic situation, all the events had to be organised online. The objective of Solidarity Week was to give visibility and bring donations (voluntary or financial) to the Association taking part, which included Mediolanum Aproxima and other associations not involved in the project but which have had previous relations with the Family Bankers.

More than EUR 407,623 were raised for 72 associations, and more than 4,000 people took part.

Christmas campaign

This year, Banco Mediolanum launched the third edition of its art competition for children, *Dibuja tus sueños* ("Draw your dreams"), which encourages children aged 6-12 to draw a picture of their dreams. More than 600 drawings full of good wishes and feelings, were received.

The winning design became the picture on the Christmas card of Banco Mediolanum. Each time the card was shared on the social networks, Banco Mediolanum made a donation of between 2 to 6 euros to the no profit Mediolanum Aproxima organisations, up to a maximum of EUR 6,000.

Charitable commitments in Ireland

In Ireland, support continued for the community by means of a wide-ranging of initiatives based on the principles of sustainability and shared values. The commitment took various forms.

Coolmine Therapeutic Community

The project, which provides therapy and rehabilitation from drug and alcohol addiction and offers a special mother and child programme, is the only one of its kind in Ireland. "Coolmine TC" was launched in 2016, and continued in 2020 with a series of initiatives designed to extend the range of services offered by the Association thanks to volunteering, coaching, mentoring and knowledge-sharing by staff, in order to create long-term value for the charity.

The various initiatives included:

- › Marketing and communications support (newsletters and PR etc.);
- › Assistance with governance and general management;
- › Assistance with multimedia output (photos and videos) on various occasions;
- › Secret Santa gifts for the children of Ashleigh House;
- › Participation in the Com & Fundraising steering group;
- › 33 PCs donated to Coolmine;
- › Financial support.

Collaboration with the non-profit Mediolanum Foundation

The Foundation was launched in 2002 with the mission of developing and producing the Mediolanum Group's main social activities. In 2012, the Mediolanum Foundation obtained official non-profit status, thanks to which it can now undertake fundraising campaigns in order to help as many children as possible, both in Italy and internationally.

The Foundation's objective is to support projects for disadvantaged children and to educate them about freedom, so that they can be the free adults of tomorrow. The Foundation's projects include providing basic education, giving the children an opportunity to learn a trade, and meeting primary needs such as food, accommodation, vaccinations and medical care. Through its work, the Foundation can help tens of thousands of children to achieve autonomy as independent adults who respect the universal values of individual freedoms, while respecting local cultural and religious traditions.

Breakdown of contributions and fundraising

During 2020, the Mediolanum Foundation NPO raised a total of EUR 3,849,564, which is an increase of 13% on the previous year.

Summary of contributions	2020	2019
Mediolanum Financial Conglomerate	700,000,00€	693,000,00€
5x1000	467,436,25€	217,322,75€
Direct fundraising	1,904,858,85€	2,048,205,31€
"Every cent counts"	363,851,04€	304,436,93€
Cause-related Marketing	204,763,00€	-
Spanish Delegation	208,655,00€	143,470,00€
TOTAL	3,849,564,14€	3,406,434,99€

Delegación de Fundación Mediolanum

The Spanish delegation was set up in order to forge a link between the Foundation and Banco Mediolanum, based on the Italian model. Due to the pandemic, its second year of activity was a difficult one. Despite this, the Spanish Family Bankers never failed to provide support to the no-profit and charitable organisations of which they are patrons. Thanks to a new organisation and the use of digital fundraising platforms, and by concentrating all the events and fundraisers into a short space of time, the delegation even managed to surpass the previous year's results. This year, 2020, the Delegation supported 44 NGOs with a donation of EUR 374,976 during the Mediolanum Solidarity Week.

Geographical areas of intervention

2020 saw significant growth in the **Education** area, mainly thanks to fundraising on 6 matching projects. The amount of donations raised was very high in some cases, for example for the *Piccoli Principi dell'Associazione Amici di Cometa*.

Despite the effects of the pandemic the **Healthcare** area saw a slight decline, but the hardest-hit segment was **Research** (in the previous year there had been a significant increase in this area thanks to the "Curing Research" project). **Welfare** remained the most frequent area of intervention, with a further increase compared to 2020. The area of **Rights** has returned to obscurity after the timid venture in 2019.

Europe was the continent that received the highest number of projects, partly because Italy plays a prevailing role, but the number of Spanish projects is also rising significantly, thanks to the hard work of the Delegation.

Although Italy is still the recipient of most of the Foundation's resources, the overall percentage has fallen from 71% in 2019 to **67%** in **2020**.

Areas of intervention (in €)	2020	2019
Welfare	2,513,594	1,809,396
Education	645,149	414,858
Research	68,560	293,580
Health	440,231	539,448
Human rights	0	50,230
TOTAL	3,667,534	3,107,512

9.3 Direct environmental impacts

Banca Mediolanum and the Group's foreign companies are working steadily to minimise the environmental impact of their operations, **by adopting policies designed to optimise consumption and the management of natural resources and waste**. By using certified management systems, renewable energies and adopting ways to save energy and resources in its offices, Mediolanum considers that **raising staff awareness about eco-friendly behaviours** is of central importance in reducing the environmental impact of their work activities.

9.3.1 Environmental management policy

In its business processes, Banca Mediolanum favours innovative solutions that minimise the consumption of energy resources or which require the use of low-environmental Impact resources, while maintaining high standards of efficiency and safety. In the awareness of its role towards the community at large and towards the future generations, Banca Mediolanum recognises the importance of environmental sustainability in its business model, and is committed to being a responsible player when it comes to protecting the environment. In recognising environmental protection as a fundamental part of corporate responsibility, the Group has been pursuing its Environmental Policy since 2019.

The Environmental Policy is all about environmental sustainability, which covers four areas of responsibility:

- › The purchase and consumption of sustainable products;
- › Energy and climate change;
- › Waste management;
- › A culture of environmental sustainability.

In view of the results of the materiality analysis, the use of water resources is not a major topic, in light of the Group's operations.

9.3.2 Protecting the environment

Protection of the environment is a **fundamental part of corporate responsibility**. In its business processes, Banca Mediolanum favours the use of innovative solutions that minimise the consumption of energy resources, or which require the use of green resources, while maintaining high standards of efficiency and safety.

The concrete actions taken by Banca Mediolanum over time, with a view to environmental sustainability, also require third parties **to adopt environmental strategies that reflect our environmental policy**:

- › the **supplier selection process** must favour those providers who have a sustainable environmental and social footprint;
- › the **partners** we select for waste management, which is an area that could adversely impact the environment, must have proven expertise and the necessary licences;

- › our **staff and contractors** are required to comply with guidelines on the proper disposal of waste; in the case of doubt, they are asked to consult the relevant company department.

The **monitoring of environmental data** is included in the data and information we communicate to our *stakeholders*.

The importance of the environmental impact of the activities undertaken by the Group and its workers translates into a series of concrete actions, mainly aimed at reducing consumption and the waste of resources (energy, paper and water), and at making users aware of how they can make their behaviours even more sustainable.

Protecting the environment: Italy

Saving the environment

In 2020, a number of projects were developed with the aim of reducing and optimising consumption. In particular, all the lighting at the Milan 3 building and in the Mediolanum Corporate University block have now been replaced. The campus now has sensors which turn the lights on and off depending on whether anyone is in the room, thus reducing waste. The results of this project will become evident during the course of 2021.

In the Fermi Galeno building, the last to be fitted with new lighting, the estimated savings in 2020 compared to 2019 are approximately 35,261 KWh.

In November, the UPS Call Centre was fitted out with a new system (the previous one was more than 20 years old). The new installation is not only higher-performing, with increased back-up in the event of mains outages, but will also reduce energy consumption. Again, the results will become apparent in 2021. The 2000 data processing centre will also be replaced, with the full load moving to the new UPS, increasing the energy savings.

During this highly unusual year, in which there was a substantial reduction in the presence of staff in offices, the systems on unoccupied floors of the buildings were shut down, with the few staff who were working on-site being transferred to other buildings. This avoided the need to fully switch on the heating or cooling systems in all buildings, thus reducing consumption.

Raising awareness and accountability

Our eco-friendly behaviours are also applied on a day to day basis at our head office, thanks to a series of easy-to-implement initiatives. Over the years, this has led to a tangible reduction in costs but also in the environmental footprint, and has made our staff more aware of their habits and actions.

The consolidated behaviours which have been regularly adapted over the years include, in particular:

- › setting photocopiers to automatic switch-off mode, helping to save electricity;
- › reducing paper usage by enabling photocopiers to be used as central printers and scanners, and using email (documents can be sent directly to email addresses or to other recipients);
- › reducing paper consumption by introducing the electronic format of all the Companies on the Head Office portal;
- › improving the use of multifunction printers with front-and-back print and copy, to reduce the use of paper and of recycled paper;
- › the presence of toner and paper recycling points on all floors;
- › training people to prefer digital communications over print;
- › digitalising the postage points;
- › the automatic switch-off and switch-on of office lighting depending on whether people are actually present;

- › reducing the use of disposable plastic by using a provider of mains-connected naturalised water;
- › the selection of eco-friendly products for the vending machines in refreshment areas; these include compostable beakers and stirrers, drinks packaged in Tetrapaks or aluminium cans (which are fully recyclable);
- › the use of certified sanitary products made from recycled paper.

Finally, to prevent the purchase of paper copies of newspapers and magazines, there is a “Digital Newsstand”.

Targeted interventions

The Mediolanum Group pays great **attention to energy consumption**. Over the years, it has implemented targeted schemes from which we are still reaping the benefits. These projects have not only reduced our energy costs but have also benefited the microclimate.

At our Italian Milan 3 City site, two trigeneration plants have been installed to allow the simultaneous auto-production of electricity, thermal and cooling energy thanks to cogenerators and absorption refrigeration units.

The systems are powered by natural gas, and self-produce electricity for the end users (lighting, computers and motive power). The system consists of two separate, stand-alone plants positioned on the roofs of the Palazzi Meucci-Galvani and Galeno-Fermi buildings.

In 2020 alone, the system met the following requirements of the MI3 City campus:

- › **43.38%** of the necessary electricity;
- › part of the heating service;
- › part of the air conditioning service.

To make the systems more efficient, the two plants have been linked to the Archimede and Galilei-Volta buildings and also to the company creche. These connections not only provide self-produced electricity, but they also continuously cover 100% of the workstations thanks to UPS and generators.

In 2020, the trigeneration plants at the MI3 City campus in Basiglio self-generated **4,864.25** MWh out of the 11,281.74 MWh used, and produced the hot water needed for heating. The estimated quantity not drawn from the heating system is **6,637** Mwh produced for thermal energy, and **6,849** Mwhf produced for refrigeration energy.

Waste disposal and recycling

The following types of waste are recycled:

- › paper;
- › packaging (cardboard, polystyrene and wood);
- › toners and cartridges for printers and photocopiers;
- › PCs and electrical appliances;
- › batteries;
- › plastic and aluminium;
- › glass;
- › metal;
- › food waste;
- › wood;
- › fluorescent tubes.

Toner and paper recycling points have been placed on each floor, close to the document copying area, while there are recycling points in all the refreshment areas for plastic, paper, food waste, non-recyclable waste, plastic bottle tops and aluminium. Users are regularly reminded of the importance of using resources sparingly.

This is in order to ensure that all waste is properly recycled and disposed of.

During the year, disused computers, electronic equipment and furniture was disposed of by a specialist waste disposal firm.

Paperless project

In 2020, Banca Mediolanum started using paper and processes certified by the FSC (Forest Stewardship Council) also for the printing of materials sent to customers and prospects, as proof of the brand's constant attention towards socio-economic and environmental needs. In 2020, within our paper project, 32,069 kg of FSC paper was printed for our commercial paper output. If the same quantity of non-FSC paper had been used, our CO₂ consumption would have been 12,455 Kg. However, as we used FSC (paper for which 11,832 kg of CO₂ were produced) the savings amounted to 623 kg of CO₂.

A new line of digital brochures was also launched for our sales network, and this produced a further saving of 12 kg of paper.

Sustainable mobility

The Basiglio site is linked to Milan (Famagosta and San Donato metro stops) with a shuttle bus service. The cost of the shuttle bus is paid almost entirely by the company. It relates to the private transport service between the Basiglio site, the city of Milan and the municipality of San Donato. From October, paper tickets were eliminated and replaced with e-vouchers bought through a mobile app.

The use of public transport to go to work is incentivised under an **season ticket agreement with ATM - Azienda di Trasporto Milanese** which offers commuters annual subscriptions at special rates.

In 2020, ATM provided **89 urban season tickets** for Mediolanum Group employees.

Our attention to sustainable transport led to the installation in 2020 of a further **7 rapid charging points** (total installed: 31) **for electric cars**, with the objective of investing in a zero-environmental project and stepping up the scheme over the next few years.

In 2020, the **car fleet** of the Mediolanum Group included 135 cars, compared to 128 in 2019. The fleet is made up of cars powered by low CO₂ emission engines, latest-generation DPF diesels and alternative fuels. Almost all the vehicles meet the Euro 5 and Euro 6 requirements. The Mediolanum Group's focus on consumption and the environment remains high. The **list of company cars in the "Policy and Procedure on the allocation, use and management of company cars" comes with a set of maximum limits on CO₂ 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. **At present, 30% of the fleet is made up of hybrid and electric cars.**

A few years ago, the traditional fuel cards were replaced with a new DKV fuel card. By embracing the green strategy which is so important to our company, it makes an active contribution to realising certified eco-sustainable projects, of which all users will be informed during the year. With the DKV Climate Card, an agreement was sealed with the non-profit company MyClimate, with the aim of **making an active contribution to reducing and offsetting the atmospheric emissions of CO₂** documents are issued, certifying the contribution made.

Through this project, in 2020 the banking group contributed to preventing 420.18 tonnes of CO₂ from being released into the atmosphere.

Protecting the environment: Spain

At the UN Conference on climate change (COP 25) in Madrid, Banco Mediolanum and other leading Spanish banks signed a commitment to reduce their carbon footprint (the indicator that measures the impact on global warming) of their portfolios, in line with the objectives set out in the Paris agreement. In so doing, the Company is aligned with the collective action for the climate, which is guiding the financial initiatives of the UN environment programme. It guarantees that the banking footprint is in line with the Paris and Spanish agreements on climate. The main objective of these environment agreements is to

maintain the average global temperature at below 2°C, above the pre-industrial levels, and to continue the efforts to limit the increase to 1.5°C.

Certified management systems

Banco Mediolanum has not only implemented an **ISO 14001** environment management system, which attests to its respect for the natural environment and the prevention of pollution, but in 2018 it also implemented an **ISO 50001 energy management system** (renewed in November 2019) for the more efficient, sustainable use of energy.

To control and monitor both these management systems, the **energy committee** set up in 2018 to guarantee respect for the energy policy of Banco Mediolanum has been merged with the **environment committee**.

Actions to reduce consumption

- › **Thermographic testing of electrical panels:** detects potential increases in electrical current loads, by upgrading the systems to translate into reduced consumption;
- › **Replacement of 3 air-conditioning machines and the installation of air recovery systems:** upgrades have been made to the air recovery systems and humidifiers, reducing energy consumption and therefore also CO₂ emissions;
- › **Use of 100%-renewable energy:** contract with Iberdrola for the supply of renewable electricity certified by a "Guarantee of Origin";
- › **Installation of automatic taps:** automatic taps have been installed at the head office of Banco Mediolanum, to reduce water consumption.

Due to the Covid-19 pandemic it is not possible to give the actual figures for the energy savings generated by the replacement of light bulbs with LEDs, and the replacement of the air-conditioning. Normally, it is estimated that the savings generated by this type of scheme would be 5%.

Raising awareness and accountability

A work group formed of Group employees, promotes the efficient use of resources and processes in the working environment in various areas, such as: more efficient energy consumption, reduced printing, rational use of computer equipment and the setting up of a suggestion box.

Waste disposal

In 2020, the disposal of **computer waste**, electronic material and furniture was managed by a transport and disposal firm authorised with the code T-2946. The company that manages this service meets all the environmental criteria, and has ISO 14001 accreditation.

At the end of 2019, the management of plastic, paper and food waste was managed through the installation of **licensed recycling bins** on all company sites. All plastic elements (beakers and disposable cutlery etc.) have been eliminated.

Finally, during 2020 the **management of other types of waste according to ISO 14001** was also introduced: lightbulbs, fluorescent tubes, large pieces of furniture, air conditioning filters, paper and cardboard.

Optimising paper usage

- › Paperless contracts: 99% of the documents for the products managed in 2020 (from January to October) were signed without hard copies (paper).
- › Paper recycling: In the 2020 financial year a total of 2138 kg of paper was recycled by Eco-Shredder, a company certified by the Waste Agency for its ecological procedures.

- › Measures to limit paper used at meetings: tablets are used during Board meetings, and TV screens are set up in meeting rooms.
- › Blank paper used in accordance with ISO 9001/140001 (FSC C008924, EU Ecolabel, Eco-Efficient -32% wood)
- › Digital welcome kit: 2 text messages and one email consisting of 2 texts and an email for all customers using the Express opening of the SB Contract from March 2017. In 2020 this accounted for 98% of the total kits sent out.
- › Interactive PDF: this is the new sales material which eliminates paper printing and is already used for the "My World" folder for the collective investment institutions and commercial folders; it is being developed for the informative documentation on pensions and welfare plans of Banco Mediolanum.
- › Guide to Banco Mediolanum: there is now a new digital flipbook version to encourage the use of email and reduce the amount of paper delivered to customers.

Office refurbishment

Banco Mediolanum used sustainable materials to carry out office refurbishment work. One example of such material is timber from sustainable well-managed forests, where trees are felled according to age and health.

Sustainable mobility

"**Taxi Ecològic**" is a firm offering sustainable transport services for private individuals and businesses. They have ISO 14001 (Norma de Gestión Medio Ambiental) or Environmental Management Standard certification, as all vehicles conform to the EC's CO₂ emissions regulations for 2020. The entire fleet is made up exclusively of electric and hybrid vehicles (combined electric-combustion engines). Banco Mediolanum uses this firm to transport employees and contractors working in the metropolitan area of Barcelona.

Electrical charging systems were installed for electric and/or hybrid plug-in vehicles, during the month of December. For the fleet of vehicles used for executives, Banco Mediolanum encourages low-impact vehicles such as electric cars or hybrids. This recommendation by the Bank, which takes effect upon expiry of the hire contract for the vehicle provided by the leasing company, was launched in 2020 and was completed with a request for 4 hybrid vehicles (1 delivered in 2020 and 3 in 2021) representing 26% of the total fleet.

Protecting the environment: Ireland

Since April 2019, the Irish office has been housed in The Exchange Building in the IFSC (theexchangeifsc.com/), a building which is accredited with the LEED GOLD standard and a BERA3 rating, which translates into a 50% reduction in energy consumption, a 51% reduction in carbon emissions and a 30% reduction in water consumption. Employees play an active part in the Environment Team, which was set up by the building's management company with the aim of maximising the commitment to sustainability within LEED-accredited offices.

Most areas of the office are fitted with LED lights, with a timeout movement sensor. The energy provider also guarantees that all the electricity comes from renewable sources. The office is also decorated with more than 365 plants which are known to improve air quality.

ISO 14001 certification

In 2020, the site obtained ISO 14001 certification: this international standard, which sets out the requirements for an environment management system, will guide Mediolanum's Irish office on its journey

towards continuously improving sustainability through a more efficient use of resources and by reducing waste, the consumption of water and energy, its CO₂ footprint, and by increasing its ESG commitment. It represents a significant step forward towards a more sustainable business, and highlights the importance the company gives to the environmental cause.

Printing and recycling

The company continues to use state-of-the-art printers, which result in measurable savings in paper consumption thanks to predefined settings requiring black-and-white printing, and by eliminating unprinted documents after a certain period of time. The technology used also measures the effective annual savings in terms of CO₂, litres of water, or the number of trees saved.

The company has also increased its use of recyclable paper and other recyclable goods. An office recycling campaign was conducted, encouraging people to use good practices by placing labels in strategic areas, by using emails, and through word-of-mouth.

Actions to reduce paper usage: Ireland

KWh	2020				2019			
	Result	Baseline	Reduction achieved	% reduction achieved	Result	Baseline	Reduction achieved	% reduction achieved
Recycled paper	697	2,663	1,966	26	1,059	2,663	1,604	40
Savings on use of A4 sheets, by changing printer settings	20,458	535,000	514,542	4	27,160	535,000	507,840	5

Use of green products

In 2020 a new product was introduced for the cleaning and multi-surface sanitisation of offices. The product is based on an ozone technology and is a direct substitute for more than 90% of conventional chemical-based cleaning products. The product, which is 100% water-based, can be used on all surfaces, even in office cleaning machines. Apart from being a single cleaning and sanitisation product, it is also helpful in preventing chemicals from coming into contact with skin, eyes, nose and the breathing apparatus.

New reusable bottles have been bought for staff, and additional water chillers have been installed. The single-use plastic containers used in the food vending machines have been replaced by compostable trays.

Waste disposal and recycling

We have stepped up our commitment to recycling by introducing waste separation in the company canteen, and by installing stand-alone recycling units in our offices and removing individual bins.

Sustainable mobility

This year, the Company increased its efforts in facilitating sustainable transport with the Bike to Work government travel programme aimed at encouraging staff to use their bikes to commute to and from

the workplace. With the spread of Covid-19, the use of bicycles has been encouraged and has increased rapidly.

9.3.3 Sanctions and disciplinary measures

During 2020, no infringements were reported and therefore no sanctions and/or measures were taken in relation to environmental matters.

10. Annexes

3. Identity and Profile

Banking companies offering products and services to customers:

- › Banca Mediolanum S.p.A. headquartered in Basiglio, Milan 3;
- › Banco Mediolanum S.A., headquartered in Valencia;
- › Bankhaus August Lenz & Co. AG headquartered in Munich;

Companies dedicated to the design and management of managed investment products:

- › Mediolanum Gestione Fondi SGR p.A. headquartered in Basiglio, Milan 3;
- › Mediolanum Vita S.p.A. headquartered in Basiglio (Milano Tre, Milan).
- › Mediolanum Assicurazioni headquartered in Basiglio (Milano Tre, Milan).
- › Mediolanum International Funds Ltd, Mediolanum International Life dac headquartered in Dublin (Ireland).

Operational enterprises:

- › Mediolanum Comunicazione S.p.A. headquartered in Basiglio, Milan 3.

The following companies are also part of the Mediolanum Banking Group:

- › Mediolanum Fiduciaria S.p.A., headquartered in Basiglio – Milano 3, whose company object is the administration of assets, including those listed on public registers, on behalf of third parties, and all the other functions of a fiduciary company within the meaning of Law no. 1966 of 23 November 1939 (expressly excluding real estate);
- › EuroCQS S.p.A., headquartered in Basiglio – Milano 3 whose company object, in brief, is the provision of finance to the public, in all forms.
- › FloWe S.p.A. – SB, headquartered in Basiglio – Milano 3, whose company object is the issue and management of e- currency, the provision of payment services even if not connected to e-money, and the granting of finance in accordance with the laws and regulations applicable to e-currency institutions and their operations.

4. Business model and Governance

4.3 Governance, risk management and compliance

Rate of total annual salary

The table below indicates the multiple on the gross annual return earned by the CEO compared to the average gross annual pay of the Group's personnel.

	Ratio to total annual salary
2018 average	22.30
2019 average	21.96
2020 average	21.29
Period 2018-2020 CEO Pay ratio	21.85

205-2 Communication and training on anti-corruption policies and procedures

The boards of directors of the various entities in the Group are involved in the process of approving the anti-corruption documentation (for Italy, this includes the Organisation, Management and Control Model pursuant to Legislative Decree 231/01), and they are thus informed of the management practices relevant to this issue.

In particular, in Spain and Ireland, direct training was given to the respective boards of directors. The training was attended by 100% of the Board members (10 members in Spain and 6 in Ireland).

All employees are provided with the Code of Ethics, which contains information about the fight against corruption. This document is published on the company intranet. In 2020, 13% of Group employees received specific anti-corruption training (specifically: 100% of staff in Ireland and 91.7% of staff in Spain).

Finally, in Spain 146 trade partners, corresponding to 37.15% of the total (185 in 2019 corresponding to 46.13%) received communications about the organisation's anticorruption policies.

5. Sustainability at Mediolanum

5.2 Stakeholder engagement

Group customers

	2020			2019		
	Mediolanum Italy	Banco Mediolanum Spain	Bankhaus August Lenz Germany	Mediolanum Italy	Banco Mediolanum Spain	Bankhaus August Lenz Germany
Number of customers Totals	1,375,480	156,712	0*	1,303,759	137,171	6,256
Number of customers Primary account holders	1,190,261	141,266	0*	1,121,710	122,922	5,883
Customer retention (%)	95.91	95.47	0*	95.09	93.40	95.30

For Italy, this includes salary-backed loans.

* Figures not included, as all the outstanding positions on August Lenz were closed in the second half of 2020

Survey by Financial Advisor Monitor

	2020		2019	
	Market total	Mediolanum	Market total	Mediolanum
Quality and efficacy of training	3.57	3.80	3.48	3.67
Career paths, from hiring criteria through to career progression	3.29	3.57	3.18	3.35
Customer service	3.25	3.50	3.23	3.52
Overall satisfaction with Family Banker®	3.68	3.56	3.47	3.59

Method: telephone interviews made between 17 June and 31 July 2020, with a sample of 3473 people, 325 of which were Banca Mediolanum advisors. The scoring scale ran from 1 "completely dissatisfied" to 4 "completely satisfied"

6. Economic responsibility

6.2 Procurement and supplier rating policies

Distribution of suppliers by level of turnover

	2020					2019				
	No. of suppliers		% of suppliers			No. of suppliers		% of suppliers		
euro	Italy	Abroad	Italy	Abroad	Total	Italy	Abroad	Italy	Abroad	Total
0 - 10,000	848	67	49	48	49	1,081	49	53	44	53
10,001 - 100,000	553	48	32	35	32	639	47	32	42	32
> 100,001	320	24	19	17	18	306	16	15	14	15
TOTAL	1,721	139	100	100	100	2,026	112	100	100	100

	2020				2019			
	Sales				Sales			
euro	Total	% of total	Italy	Abroad	Total	% of total	Italy	Abroad
0 - 10,000	2,570,247	1	2,321,194	249,053	2,755,134	1	2,590,366	164,768
10,001 - 100,000	22,836,940	7	21,227,085	1,609,855	23,863,493	8	22,182,209	1,681,284
> 100,001	313,642,155	93	295,015,772	18,626,383	277,797,309	91	264,895,378	12,901,931
TOTAL	339,049,342	100	318,564,051	20,485,291	304,415,936	100	289,667,953	14,747,983

Distribution of suppliers by geographical area

	2020	2019
	Value	Value
Italy - North	1,200	1,374
Italy - Central	329	381
Italy - South and Islands	192	271
Abroad	139	112
Total	1,860	2,138

7. Responsibility to customers

7.1 Centrality of the Customer

No. of contacts with customers by channel

	2020	2019	% vs 2019
Mobile app	97,423,165	65,988,963	47.6
Banking Centre*	2,954,317	2,916,554	1.3
Mobile	376,487	498,727	-24.5
Chat**	198,254	110,121	80.0
Others (IVR)	1,979,936	2,305,432	-14.1
Website	25,532,842	25,516,495	0.1
Overall contacts	102,932,159	97,336,292	0

* **Banking Center contacts** refer to contacts received (handled, and discontinued by the customer). Source: Saccd routing - Report Power BI Livelli di servizio CBC.

** **Chat contacts** refer to the number of contacts dealt with. Source: Insight - Report Power BI Livelli di servizio CBC.

VOLUME OF COMPLAINTS

The following analysis of complaints received to 31 December 2020 includes all the complaints received in writing, by fax, letter, email, certified email, telegram or any other permitted form, from existing or potential customers of the Group in relation to our banking and investment services, and to the insurance brokerage services we provide.

A total of 5,972 complaints were received; this is an increase of 29.2% on the number received in 2019: Of these, 5,778 could be processed and 194 could not, as they were missing the essential information required.

For example, complaints that did not identify the complainant or the product being complained of were considered as "ineligible".

For the sake of completeness, please note that in 2020 the "reopened" complaints, in other words those for which the customers did not accept the response initially received, amounted to 653. Of these, 650 could be processed, while 3 could not.

Email was the most popular channel used by Italian customers to send in complaints. It was used in around 72% of cases.

Of the 5,972 complaints received in total, 5,193 of them (approximately 87%) were routed to Banca Mediolanum S.p.A, FLOWE S.p.A S.B. and Banco Mediolanum S.A.

In reference to FLOWE S.p.A, which is listed on the Register of E-money Institutions (Art. 114c of the Italian Banking Act (TUB)), the complaints data was recorded from 19 May 2020, the date on which the company was opened to the public.

No complaints are recorded for Mediolanum Comunicazione S.p.A. as the company has no retail customers.

No. of cases

	2020				2019			
	No. of cases		Re-opened		No. of cases		Re-opened	
	Viable	Unviable	Viable	Unviable	Viable	Unviable	Viable	Unviable
Banca Mediolanum S.p.A.	3,920	54	522	0	3,735	88	464	8
Banco Mediolanum S.A.	436	42	8	3	202	41	5	3
Bankhaus August Lenz & Co. AG	64	0	0	0	56	0	0	0
EuroCQS S.p.A.	198	3	15	0	54	1	2	1
Mediolanum Assicurazioni S.p.A.	100	2	11	0	70	4	6	0
Mediolanum Fiduciaria S.p.A.	0	0	0	0	0	0	0	0
Mediolanum Gestione Fondi SGR p.A.	11	5	1	0	9	4	1	1
Mediolanum International Funds Ltd	0	0	0	0	1	0	0	0
Mediolanum International Life Ltd	34	0	8	0	31	3	4	0
Mediolanum Vita S.p.A.	353	9	59	0	307	16	58	0
Flowe S.p.A.	662	79	26	0	N/A	N/A	N/A	N/A
TOTAL	5,778	194	650	3	4,465	157	540	13

1 April 2019 was the effective date of the merger of Mediolanum Asset Management Ltd into Mediolanum International Funds Ltd; no complaints were received by that company up until the date of the merger.

Source:

- > Complaints Register handled by the Milan 3 Office, for the 3 companies: Banca Mediolanum, Mediolanum Gestione Fondi and Eurocqs (for the latter, since 2020)
- > Files or information provided by email, by the designated managers, for the foreign branches, for Mediolanum Fiduciaria S.p.A., for the Insurance Companies (Mediolanum Assicurazioni, Mediolanum Vita and Mediolanum International Life - Italy Branch), for Flowe Spa SB;

RESOLUTION OF COMPLAINTS

A “viable” complaint can be managed in one of the following ways:

- › the complaint is not accepted, as it is considered “without foundation”;
- › the complaint is accepted, the inconvenience caused to the customer is recognised, and their requests are met;
- › the complaint is settled amicably, out of court.

Looking at the results of the analysis, 5,778 “viable” complaints were received. 5,399 were settled or concluded* by 31/12/2020, of which 1,084 (approximately 20%) were considered to be justified.

With reference to overdue complaints which are still being investigated, replies were sent to the customer in any case, and some received a response in the first few weeks of 2021.

Resolution of complaints

	2020	2019
Viable complaints received	5,778	4,465
Complaints resolved/settled*	5,399	4,177
of which accepted	1,084	762
of which not justified	4,315	3,415
Non-overdue complaints in the analysis at period-end	379	284
Overdue complaints in the analysis at period-end	9	8

* In accordance with the instructions of IVASS, for the Italian insurance companies in the Group, the fulfilled cases are counted even if they are not settled. Therefore, in total, there are 9 complaints which were reopened and not fulfilled but which were not overdue as of 31/12/20 (there were 4 reopened non-overdue unfulfilled cases at the end of 2019).

8. Responsibility towards personnel

GRI 405-Ia - Diversity of governance bodies by gender and age

	Total	Italy	Spain	Ireland	Germany
Total	32	13	10	6	3
Women	5	3	1	1	0
Men	27	10	9	5	3
< 30	-	-	-	-	-
30-50	5	3	2	-	-
> 50	27	10	8	6	3

GROUP - GRI 405-Ib - Number of employees by qualification and gender

	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	113	18	131	110	16	126
Managers	327	198	525	311	179	490
Non-Management Employees	1,014	1,226	2,240	984	1,181	2,165
TOTAL	1,454	1,442	2,896	1,405	1,376	2,781

GROUP - GRI 405-Ib - Number of employees by qualification and gender

	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	3.90	0.62	4.52	3.96	0.58	4.53
Managers	11.29	6.84	18.13	11.18	6.44	17.62
Non-Management Employees	35.02	42.33	77.35	35.38	42.47	77.85
TOTAL	50.21	49.79	100	50.52	49.48	100

GROUP - GRI 405-Ib - Number of employees by qualification and gender

	2020				2019			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
Senior Managers	0	52	79	131	0	55	71	126
Managers	0	389	136	525	3	362	125	490
Non-Management Employees	271	1,708	261	2,240	240	1,703	222	2,165
TOTAL	271	2,149	476	2,896	243	2,120	418	2,781

GROUP - GRI 405-1b - Percentage of employees by qualification and gender

%	2020				2019			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
Senior Managers	0	1.80	2.73	4.52	0	1.98	2.55	4.53
Managers	0	13.43	4.70	18.13	0.11	13.02	4.49	17.62
Non-Management Employees	9.36	58.98	9.01	77.35	8.63	61.24	7.98	77.85
TOTAL	9.36	74.21	16.44	100	8.74	76.23	15.03	100

GROUP - GRI 102-8a - Total number of employees by employment contract (Permanent and temporary)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	43	40	83	34	21	55
Permanent employment	1,411	1,402	2,813	1,371	1,355	2,726
TOTAL	1,454	1,442	2,896	1,405	1,376	2,781

ITALY- GRI 102-8b - Total number of employees by employment contract (Permanent and temporary)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	10	22	32	12	9	21
Permanent employment	1,158	1,230	2,388	1,117	1,183	2,300
TOTAL	1,168	1,252	2,420	1,129	1,192	2,321

SPAIN - GRI 102-8b - Total number of employees
by employment contract (Permanent and temporary)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	20	12	32	10	6	16
Permanent employment	139	104	243	142	103	245
TOTAL	159	116	275	152	109	261

IRELAND - GRI 102-8b - Total number of employees
by employment contract (Permanent and temporary)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	11	3	14	11	3	14
Permanent employment	75	37	112	65	31	96
TOTAL	86	40	126	76	34	110

GERMANY - GRI 102-8b - Total number of employees
by employment contract (Permanent and temporary)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	2	3	5	1	3	4
Permanent employment	39	31	70	47	38	85
TOTAL	41	34	75	48	41	89

GROUP - GRI 102-8c - Total number of employees by employment type
(Full time vs Part time)

	2020			2019		
	Men	Women	Total	Men	Women	Total
Full Time	1,446	1,377	2,823	1,397	1,295	2,692
Part Time	8	65	73	8	81	89
TOTAL	1,454	1,442	2,896	1,405	1,376	2,781

GROUP - GRI 401-1a - New employee hires and employee turnover

	2020				2019			
	Total	Women	Men	Rate of new hires	Total	Women	Men	Rate of new hires
Total workforce	2,896	1,442	1,454		2,781	1,376	1,405	
<30 years of age	96	48	48	35.42	94	40	54	38.68
Aged between 30 and 50	117	52	65	5.44	90	39	51	4.25
> 50 years of age	10	5	5	2.11	12	1	11	2.87
Total new hires	223	105	118	7.70	196	80	116	7.05
Rate of new hires	7.70	7.28	8.12		7.05	5.81	8.26	

GROUP - GRI 40I-Ib - Total number and rate of employee turnover *

	2020				2019			
	Total	Women	Men	Rate of turnover %	Total	Women	Men	Rate of turnover %
Total workforce	2,896	1,442	1,454		2,781	1,376	1,405	
<30 years of age	13	5	8	4.80	35	15	20	14.40
Aged between 30 and 50	62	23	39	2.89	99	46	53	4.67
> 50 years of age	33	11	22	6.93	15	1	14	3.59
Total departures	108	39	69	3.73	149	62	87	5.36
Rate of turnover	3.73	2.70	4.75		5.36	4.51	6.19	

* To calculate employee turnover, the ratio of employees to the total for the current year was considered.

ITALY - GRI 40I-Ia - New employee hires and employee turnover

	2020				2019			
	Total	Women	Men	Rate of new hires	Total	Women	Men	Rate of new hires
Total workforce	2,420	1,252	1,168		2,321	1,192	1,129	
<30 years of age	65	40	25	34.03	68	28	40	38.64
Aged between 30 and 50	82	38	44	4.42	60	22	38	3.29
> 50 years of age	4	2	2	1.07	3	0	3	0.94
Total new hires	151	80	71	6.24	131	50	81	5.64
Rate of new hires	6.24	6.39	6.08		5.64	4.19	7.17	

ITALY - GRI 401-Ib - Total number and rate of employee turnover

	2020				2019			
	Total	Women	Men	Rate of turnover %	Total	Women	Men	Rate of turnover %
Total workforce	2,420	1,252	1,168		2,321	1,192	1,129	
<30 years of age	5	2	3	2.62	15	10	5	8.52
Aged between 30 and 50	32	12	20	1.72	56	22	34	3.07
> 50 years of age	15	6	9	4.02	9	1	8	2.81
Total departures	52	20	32	2.15	80	33	47	3.45
Rate of turnover	2.15	1.60	2.74		3.45	2.77	4.16	

SPAIN - GRI 401-Ia - New employee hires and employee turnover

	2020				2019			
	Total	Women	Men	Rate of new hires	Total	Women	Men	Rate of new hires
Total workforce	275	116	159		261	109	152	
<30 years of age	15	5	10	34.88	14	5	9	40.00
Aged between 30 and 50	9	5	4	5.36	10	5	5	5.85
> 50 years of age	-	-	-	NA	2	0	2	3.64
Total new hires	24	10	14	8.73	26	10	16	9.96
Rate of new hires	8.73	8.62	8.81		9.96	9.17	10.53	

To calculate employee turnover, the ratio of employees to the total for the current year was considered.

SPAIN - GRI 401-Ib - Total number and rate of employee turnover

	2020				2019			
	Total	Women	Men	Rate of turnover %	Total	Women	Men	Rate of turnover %
Total workforce	275	116	159		261	109	152	
<30 years of age	0	0	0	NA	12	3	9	34.29
Aged between 30 and 50	5	3	2	2.98	9	5	4	5.26
> 50 years of age	5	0	5	7.81	3	0	3	5.45
Total departures	10	3	7	3.64	24	8	16	9.20
Rate of turnover	3.64	2.59	4.40		9.20	7.34	10.53	

IRELAND - GRI 401-Ia - New employee hires and employee turnover

	2020				2019			
	Total	Women	Men	Rate of new hires	Total	Women	Men	Rate of new hires
Total workforce	126	40	86		110	34	76	
<30 years of age	12	2	10	46.15	10	6	4	45.45
Aged between 30 and 50	24	7	17	27.27	14	7	7	19.18
> 50 years of age	3	1	2	25.00	6	0	6	40.00
Total new hires	39	10	29	30.95	30	13	17	27.27
Rate of new hires	30.95	25.00	33.72		27.27	38.24	22.37	

To calculate employee turnover, the ratio of employees to the total for the current year was considered.

IRELAND - GRI 401-Ib - Total number and rate of employee turnover

	2020				2019			
	Total	Women	Men	Rate of turnover %	Total	Women	Men	Rate of turnover %
Total workforce	126	40	86		110	34	76	
<30 years of age	6	1	5	23.08	5	0	5	22.73
Aged between 30 and 50	11	2	9	12.05	20	12	8	27.40
> 50 years of age	6	1	5	50.00	1	0	1	6.67
Total departures	23	4	19	18.25	26	12	14	23.64
Rate of turnover	18.25	10.00	22.09		23.64	35.29	18.42	

GERMANY - GRI 401-Ia - New employee hires and employee turnover

	2020				2019			
	Total	Women	Men	Rate of new hires	Total	Women	Men	Rate of new hires
Total workforce	75	34	41		89	41	48	
<30 years of age	4	1	3	36.36	2	1	1	20.00
Aged between 30 and 50	2	2	0	5.41	6	5	1	11.76
> 50 years of age	3	2	1	11.11	1	1	0	3.57
Total new hires	9	5	4	12.00	9	7	2	10.11
Rate of new hires	12.00	14.71	9.76		10.11	17.07	4.17	

To calculate employee turnover, the ratio of employees to the total for the current year was considered.

GERMANY - GRI 401-Ib - Total number and rate of employee turnover

	2020				2019			
	Total	Women	Men	Rate of turnover %	Total	Women	Men	Rate of turnover %
Total workforce	75	34	41		89	41	48	
<30 years of age	2	2	0	18.18	3	2	1	30.00
Aged between 30 and 50	14	6	8	37.84	14	7	7	27.45
> 50 years of age	7	4	3	25.93	2	0	2	7.14
Total departures	23	12	11	30.67	19	9	10	21.35
Rate of turnover	30.67	35.29	26.83		21.35	21.95	20.83	

GROUP - GRI 102-41 - Collective bargaining agreements

	2020		2019	
	Employees with collective bargaining agreements	% of total	Employees with collective bargaining agreements	% of total
Senior Managers	107	100	109	100
Managers	488	100	448	100
Non-Management Employees	2,100	100	2,025	100
TOTAL	2,695	100	2,582	100

The information on collective bargaining only relates to Italy and Spain, as this form of agreement is not available in the other countries

ITALY - GRI 404-3 - Percentage of employees receiving regular performance and career development reviews

%	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	95.45	100	96.12	95.56	100	96.19
Managers	94.85	97.75	96.00	95.58	96.18	95.81
Non-Management Employees	97.65	90.93	93.84	97.85	95.00	96.24
TOTAL	96.83	92.01	94.34	97.17	95.22	96.17

SPAIN - GRI 404-3 - Percentage of employees receiving regular performance and career development reviews

%	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	75	0	75.00	100	0	100
Managers	85.19	100	89.47	100	100	100
Non-Management Employees	91.41	87.62	89.70	100	100	100
TOTAL	89.94	88.79	89.45	100	100	100

In Ireland and Germany, 100% of employees received an appraisal in 2019 and in 2020.

8.1 Growth of human capital

GROUP - GRI 404-1a - Average hours of training provided per employee

	2020							
	No. of men	No. of man hours	Average man hours	No. of women	No. of woman hours	Average woman hours	Total hours	Average hours by category
Senior Managers	113.0	3,086.6	27.3	18.0	657.0	36.5	3,743.5	28.6
Managers	327.0	8,918.8	27.3	198.0	5,300.1	26.8	14,218.9	27.1
Non-Management Employees	1,014.0	31,900.0	31.5	1,226.0	39,692.0	32.4	71,592.0	32.0
TOTAL	1,454.0	43,905.4	30.2	1,442.0	45,649.1	31.7	89,554.5	30.9

2019								
Senior Managers	112.0	3,481.6	31.1	15.0	486.1	32.4	3,967.7	31.2
Managers	312.0	12,018.8	38.5	180.0	6,759.1	37.6	18,777.9	38.2
Non-Management Employees	987.0	36,498.6	37.0	1,166.0	35,131.0	30.1	71,629.6	33.3
TOTAL	1,411.0	51,999.1	36.9	1,361.0	42,376.2	31.1	94,375.3	34.0

Report taken from company LMS.

The average training hours were calculated by dividing total training hours by the number of people in the workforce as at 31/12/2020. The 2019 data with decimal places were also amended to ensure uniformity of presentation with the 2020 figures.

GROUP - Type of training provided, per employee

	2020		2019	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	64,128	36,870	36,583	33,042
"Interfunctional (Managerial & Organizational)"	2,306	10,153	2,512	10,345
"Functional (Professional)"	13,645	42,530	13,003	50,989
TOTAL	80,079	89,553	57,103	94,376

Report taken from company LMS.

ITALY - Type of training provided, per employee

	2020		2019	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	63,664	33,623	35,869	28,224
"Interfunctional (Managerial & Organizational)"	1,767	3,368	2,270	5,021
"Functional (Professional)"	11,434	28,898	11,662	33,133
TOTAL	76,865	65,889	49,726	66,378

Report taken from company LMS.

SPAIN - Type of training provided, per employee

	2020		2019	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	251	697	496	1,510
"Interfunctional (Managerial & Organizational)"	529	4,345	240	5,278
"Functional (Professional)"	2,154	12,696	1,300	13,018
TOTAL	2,934	17,738	2,036	19,806

IRELAND - Type of training provided, per employee

	2020		2019	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	116	2,356	110	3,092
"Interfunctional (Managerial & Organizational)"	10	2,440	0	0
"Functional (Professional)"	0	0	12	2,200
TOTAL	126	4,796	122	5,292

GERMANY - Type of training provided, per employee

	2020		2019	
	Participants	Total hours	Participants	Total hours
"Corporate (Citizenship + Industry)"	97	194	108	216
"Interfunctional (Managerial & Organizational)"	0	0	2	46
"Functional (Professional)"	57	936	109	2,638
TOTAL	154	1,130	219	2,900

Type of training delivered to sales network in Italy and Spain

	2020		2019	
	Participants	Total hours	Participants	Total hours
Technical, professional and product training	113,236	366,068	131,820	355,749
Managerial and Behavioural training	10,760	20,515	4,056	37,671
Regulatory compliance	71,511	209,875	95,003	184,895
Digital media and tools	995	1,951	268	775

8.2 Protection of human capital

GROUP - GRI 403-9a - Number of accidents in the workplace

	2020			2019		
	Men	Women	Total	Men	Women	Total
Accidents at work	1	1	2	0	3	3
of which fatal	0	0	0	0	0	0
of which with serious consequences (except fatalities)	0	0	0	0	0	0

GROUP - GRI 403-9a - Accident rate

	2020			2019		
	Men	Women	Total	Men	Women	Total
Accident frequency indicator	0.17	0.22	0.19	0	0.30	0.14
Mortality rate	0	0	0	0	0	0
Frequency of accidents with serious consequences	0	0	0	0	0	0

GROUP - Employee working hours

	2020			2019		
	Men	Women	Total	Men	Women	Total
Hours worked	1,182,327	909,955	2,092,282	2,263,491	2,011,776	4,275,267

The hours calculation for 2020 (Italy) only refers to personnel who worked at the head office during the public health emergency.

GROUP - Contractor working hours

	2020			2019		
	Men	Women	Total	Men	Women	Total
Hours worked	21,355	26,764	48,119	21,597	18,043	39,640

GRI 403-9, which relates to freelancers and external contractors, concerns the following companies: EuroCQS, Banca Mediolanum and Spain. In 2020 there were two accidents among staff.

8.3 Diversity and inclusion

GROUP - GRI 405-1b - Diversity categories

	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	1	0	1	1	0	1
Managers	4	3	7	4	4	8
Non-Management Employees	30	35	65	29	35	64
TOTAL	35	38	73	34	39	73

ITALY - GRI 405-2a - Ratio of basic salary and remuneration of women to men

	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	184,488	134,440	72.9	176,555	131,773	74.6
Managers	72,323	67,260	93.0	70,874	66,729	94.2
Non-Management Employees	38,487	37,867	98.4	37,431	37,288	99.6

ITALY - GRI 405-2a - Ratio of basic salary and remuneration of women to men

%	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	236,940	163,416	69.0	206,597	149,879	72.6
Managers	76,733	70,128	91.4	73,269	68,635	93.7
Non-Management Employees	41,538	40,293	97.0	39,832	39,244	98.5

SPAIN - GRI 405-2a - Ratio of basic salary and remuneration of women to men

	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	265,932	N/A	N/A	266,051	N/A	N/A
Managers	98,201	68,997	70.3	92,592	65,726	71.0
Non-Management Employees	33,214	31,002	93.3	34,472	31,026	90.0

SPAIN - GRI 405-2a - Ratio of basic salary and remuneration of women to men

	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	357,540	N/A	N/A	360,746	N/A	N/A
Managers	117,611	79,879	67.9	107,941	71,539	66.3
Non-Management Employees	36,258	33,838	93.3	35,647	31,946	89.6

IRELAND - GRI 405-2a - Ratio of basic salary and remuneration of women to men

	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	173,389	N/A	N/A	174,208	N/A	N/A
Managers	111,063	83,625	75.3	113,880	83,138	73.0
Non-Management Employees	65,536	53,403	81.5	54,141	49,731	91.9

The figure for Senior Managers is not included for privacy reasons.

IRELAND - GRI 405-2a - Ratio of basic salary and remuneration of women to men

	2020			2019		
	Men	Women	Ratio %	Men	Women	Ratio %
Senior Managers	193,959	N/A	N/A	192,855	N/A	N/A
Managers	135,564	86,181	63.6	125,210	97,530	77.9
Non-Management Employees	70,426	56,988	80.9	59,863	52,305	87.4

The ratio between the basic salary of women against men for the German office is not indicated; that branch is not a "significant" operational office as it has 75 staff (34 of whom are female) and equates to 2.6% of the Group's total workforce.

9. Responsibility towards the community and the environment

Direct environmental impacts

GROUP - GRI 301-1a - Materials used

t	Unit of measurement	2020	2019
Certified (recycled) paper	t	13.11	52.37
Paper (white and headed)*	t	0.60	2.75
Toner	t	34.00	61.00

Source of data: orders and invoices.

* The sharp reduction in the quantity of materials used compared to 2019 is due to the smaller numbers of staff in the office due to Covid-19.

Total energy consumption within the organisation

	Unit of measurement	2020*	2019
Electricity purchased	KWh	7,129,495	7,680,608*
of which renewable and certified with GO (Guarantee of Origin)	KWh	712,006	77,101
Electricity self-generated	KWh	4,864,248.96	5,253,329
of which renewable	KWh	0	0
Electricity sold	KWh	0	0
of which renewable	KWh	0	0
Natural gas	m3	1,544,088.3	1,702,110
Diesel (from generator)	L	0	5,000
Petrol (from hire cars)	L	37,737	32,123
Diesel (from hire cars)	L	112,512	217,868

* In 2020 the perimeter for this indicator was altered, and thus to ensure comparability and consistency, the 2019 figure was also changed

Source of data: bills and invoices

The reduction in electricity consumption is due to the smaller numbers of staff at the head office MI 3 City, which meant that several floors of the building were partially or completely closed.

GROUP - GRI 302-I Total energy consumption within the organisation (Gj)

	Unit of measurement	2020**	2019
Electricity	Gj	25,666.2	27,650*
Natural gas	Gj	52,943.7	60,090
Diesel (from generator)	Gj	0	180
Petrol (from hire cars)	Gj	837.0	713
Diesel (from hire cars)	Gj	2,836.8	5,480
TOTAL	Gj	82,277.2	94,113*

* In 2020 the perimeter for this indicator was altered, and thus to ensure comparability and consistency, the 2019 figure was also changed

** Factors of conversion into Gj : ABI Guidelines (December 2020) on the application of the environmental GRI.

GROUP - GRI 305- 1a - Direct (Scope I) GHG* emissions

	Unit of measurement	2020	2019
Diesel (from generator)	tCO ₂ eq	0	13.38
Petrol (from hire cars)	tCO ₂ eq	62.00	52.79
Diesel (from hire cars)	tCO ₂ eq	210.53	581.26
Natural gas	tCO ₂ eq	3,062.68	3,382.92
Total Scope 1	tCO₂ eq	3,335.20	4,030.36

* The emission factors used were as follows: for Scope I, the factors in the ABI Guidelines (December 2020) on the application of the environmental GRI 2020.

GROUP - GRI 305- 2a - Direct (Scope 2) (GHG)* emissions - Location based

	Unit of measurement	2020	2019
Electricity purchased	tCO ₂ eq	2,102.75	2,681.62
Total Scope 2	tCO₂ eq	2,102.75	2,681.62

* For Scope 2 Location based, the emission factors used were as follows:

- › Italy: ABI Guidelines on the application of environmental GRI, December 2020 (Italian Greenhouse Gas Inventory 1990 – 2018 – NIR 2020 and annexes);
- › Spain and Ireland: Terna emissions factors - 2018 international comparisons.

GROUP - GRI 305- 2b - Indirect (Scope 2) (GHG)* emissions - Market based

	Unit of measurement	2020	2019
Electricity purchased from non-renewable sources	tCO ₂ eq	2,989.84	3,637.82
Electricity purchased with GO	tCO ₂ eq	0	0

* For Scope 2 Market based, the emission factors used were as follows: European Residual Mixes 2019 – Version I.I.

11. Table of GRI indicators

GRI STANDARD	DISCLOSURE	NUMBER OF PAGE AND/OR LINK	OMISSION
GRI 102: GENERAL STANDARD DISCLOSURE (2016)			
PROFILE OF ORGANISATION			
102-1	Name of organisation	Front page of document	
102-2	Main brands, products and services	5-6	
102-3	Head office	152	
102-4	Countries of operation	152	
102-5	Ownership structure and legal form	10	
102-6	Markets served	10; 152	
102-7	Size of organisation	9	
102-8	Characteristics of workforce	162-164	
102-9	Description of organisation's supply chain	40; 79	
102-10	Significant changes to the organisation and its supply chain in the reporting period	10	
102-11	Application of prudential approach to the management of risks	27; 74	
102-12	Externally-developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	53-55; 69-70; 74-76; 137-143	
102-13	Membership of industry associations	69	

STRATEGY

102-14	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organization and its strategy for addressing sustainability	2-4
102-15	Key impacts, risks and opportunities	30 - 39

ETHICS AND INTEGRITY

102-16	Values, principles, standards and rules of conduct of the organisation	11-14
--------	--	-------

GOVERNANCE

102-18	Governance structure of the organisation	10; 17-22; 41
--------	--	---------------

STAKEHOLDER ENGAGEMENT

102-40	Categories and groups of stakeholders involved by the organisation	57-59
102-41	Percentage of employees covered by collective bargaining agreements	169
102-42	Process of stakeholder identification	56-57
102-43	Approach to stakeholder engagement, including frequency and type of activity	57-59
102-44	Key issues emerging from stakeholder engagement	48-52

REPORTING PRACTICES

102-45	Entities included in the consolidated report and indications of companies not included in the report	5-6
102-46	Process used in defining the content of the Sustainability Report	5-6; 47-52
102-47	Material aspects identified	49
102-48	Changes to information compared to the previous Sustainability Report	5-6
102-49	Significant changes in terms of objectives and perimeters compared to the previous Sustainability Report	5-6

102-50	Sustainability Report: reporting period	5-6
102-51	Date of publication of previous Sustainability Report and external assurance procedures	5-6 Publication date of 2019 NFS: 03/2020
102-52	Reporting cycle	5-6
102-53	Contacts and addresses	5-6
102-54	Indication of "In accordance" option selected	5-6
102-55	Index of GRI contents	182-191
102-56	External assurance	193-196

Economic responsibility

Financial performance and solidity

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	72
103-3	Assessment of approach to management of topic	72-73

GRI-103: MANAGEMENT OF TOPIC (2016)

201-1	Economic value directly generated and distributed	73
--------------	---	----

GRI-103: MANAGEMENT OF TOPIC (2016)

203-2	Significant indirect economic impacts	135-143
--------------	---------------------------------------	---------

Responsible business

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	74-78
103-3	Assessment of approach to management of topic	74-75; 153

GRI-205: ANTI-CORRUPTION (2016)

205-2	Communication and training on anti-corruption policies and procedures	153
-------	---	-----

GRI-207: TAXES (2019)

207-1	Approach to taxation	76-78
207-2	Tax governance, risk control and management	76-78
207-3	Stakeholder engagement and management of taxation concerns	76-78
207-4	Country by country reporting	Annex I to the 2020 Annual Financial Report of Banca Mediolanum page 312.

GRI-419: SOCIO-ECONOMIC COMPLIANCE (2016)

419-1	Non-compliance with socio-economic laws and regulations	In 2020, for Italy, Spain and Ireland there were no recorded cases of non-conformity with laws or regulations. There were no significant fines or non-monetary sanctions for non-compliance with laws or regulations on socioeconomic matters.
-------	---	--

Procurement and supplier rating policies

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	79-81
103-3	Assessment of approach to management of topic	81; 155

GRI 204: PROCUREMENT PRACTICES (2016)

204-1	Proportion of spending on local suppliers	155
-------	---	-----

GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)

308-1	New suppliers screened using environmental criteria	81
-------	---	----

GRI-414: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)

414-1	New suppliers rated using social criteria	81
-------	---	----

Responsibility to customers

Centrality of the Customer

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	84-94
103-3	Assessment of approach to management of topic	84; 87

GRI-417: LABELLING OF PRODUCTS AND SERVICES (2016)

417-3	Cases of non-conformity in marketing activities	In 2020, for Italy, Spain and Ireland there were no cases of non-conformities regarding marketing communications.
-------	---	---

Responsible Finance

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	95-101

103-3	Assessment of approach to management of topic	95-99
G4 SECTOR DISCLOSURES		
FS8	Monetary value of products and services designed to provide a specific environmental benefit for each line of business, by scope	96; 99
FS11	Percentage of activities undergoing environmental or social screening, positive and negative	95-99
Innovation		
GRI-103: MANAGEMENT OF TOPIC (2016)		
103-1	Materiality and scope	48-52
103-2	Approach to management of topic	102-104
103-3	Assessment of approach to management of topic	102-103
Cybersecurity and responsible data usage		
GRI-103: MANAGEMENT OF TOPIC (2016)		
103-1	Materiality and scope	48-52
103-2	Approach to management of topic	105-III
103-3	Assessment of approach to management of topic	107; III
GRI-418: CONSUMER PRIVACY (2016)		
418-1	Complaints about data breaches and loss of customer data	107

Responsibility towards personnel

Growth of human capital

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	117-124
103-3	Assessment of approach to management of topic	119-124; 170-171

GRI-404: TRAINING AND EDUCATION (2016)

404-1	Average hours of training provided per year and per employee	121; 171
404-3	Percentage of employees who receive regular performance and career appraisals	170

Protection of human capital

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	125-130
103-3	Assessment of approach to management of topic	125; 128-130; 164-169; 174-175

GRI-401: EMPLOYMENT (2016)

401-1	New hires and staff turnover	164-169 The 2019 rates were recalculated during 2020.
401-2	Benefits offered to FT employees, not offered to fixed-term or PT employees	127-128

GRI-403: HEALTH AND SAFETY IN THE WORKPLACE (2018)

403-1	Health and safety management system	128-130
-------	-------------------------------------	---------

403-2	Identification of risk, measurement of risk, investigation of accidents	128-130
403-3	Occupational health services	127-128
403-4	Worker participation, consultation and communication on occupational health and safety	128-130
403-5	Worker training on occupational health and safety	128-130
403-6	Promotion of worker health	128-130
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	128-130
403-8	Workers covered by an occupational health and safety management system	128-130
403-9	Accidents at work	174-175 Rates are calculated on the basis of 200,000 hours worked.

Diversity and inclusion

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	131-132
103-3	Assessment of approach to management of topic	131-132; 160-162; 176-178

GRI-405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)

405-1	Diversity of governance bodies and employees	127; 160-162; 176
405-2	Ratio of basic salary and remuneration of women to men	176-178

Responsibility towards the community and the environment

Financial inclusion

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	135-136
103-3	Assessment of approach to management of topic	135-136

G4 SECTOR DISCLOSURES

FS7	Monetary value of products and services designed to provide a specific social benefit for each line of business, by scope	95-96; 135
------------	---	------------

Community support

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	137-143
103-3	Assessment of approach to management of topic	137; 138; 142; 143

GRI-413: LOCAL COMMUNITIES (2016)

413-1	Operations with local community engagement, impact assessments and development programs	137-143
--------------	---	---------

Direct environmental impacts

GRI-103: MANAGEMENT OF TOPIC (2016)

103-1	Materiality and scope	48-52
103-2	Approach to management of topic	144-151
103-3	Assessment of approach to management of topic	144-151; 179-181

GRI-301: MATERIALS (2016)

301-1	Materials used, by weight and volume	179
-------	--------------------------------------	-----

GRI-302: ENERGY (2016)

302-1	Energy consumption within the organisation	180
302-4	Reduction of energy consumption	145; 148-149

GRI-305: EMISSIONS (2016)

305-1	Direct (Scope 1) GHG emissions	180
305-2	Energy indirect (Scope 2) GHG emissions	180-181

12. Auditors' Report on the Non-Financial Statement





Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Banca Mediolanum SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Banca Mediolanum SpA and its subsidiaries (hereafter the "Group" or "Mediolanum Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 3 March 2021 (hereafter the "NFS").

Responsibility of Management and those charged with Governance for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it



Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in *the Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with “*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (hereafter “*ISAE 3000 Revised*”), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised* (“*reasonable assurance engagement*”) and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Mediolanum Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;



- policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
- main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Banca Mediolanum SpA, and with the personnel of Banco Mediolanum SA and Mediolanum International Funds Ltd and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Banco Mediolanum SA and Mediolanum International Funds Ltd, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out call conferences during which we discussed with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Mediolanum Group as of 31 December 2020 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.



Other aspects

The NFS for the year ended on 31 December 2019, the information presented in which was used as comparative information in the NFS, was subjected to a limited assurance engagement by another auditor who expressed an unqualified conclusion thereon dated 16 March 2020.

Milan, 23 March 2021

PricewaterhouseCoopers SpA

Signed by

Giovanni Ferraioli
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2020 English translation.

Parent Company of the Mediolanum
Banking Group, listed on the Register of Banking Groups

Share capital:
Euro 600,298,675.70 fully paid
Tax code 02124090164 VAT no. 10698820155
Listed on the Companies Register of Milan at no. 02124090164
R.E.A. MI-1399110
No. 29138 General Section, Art. 113 Leg. Decr. No. 385/93

Head Office and management offices:
Via Francesco Sforza - Palazzo Meucci
20080 Basiglio - Milan 3
Tel: +39 02-9049.1

Certified email: bancamediolanum@pec.mediolanum.it
Website: www.bancamediolanum.it

