

Reporting and Self-Assessment Template

Principles for Responsible Banking

UN
environment
programme



finance
initiative

Principles for
Responsible Banking

mediolanum BANCA

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Implementation Document
Principles for
Responsible
Banking
• Est. 2019 •
Official

Introduction

Banca Mediolanum published the first Report of Principles for Responsible Banking (PRB) which adhered to in June 2022, an initiative launched in 2019 by the Financial Initiative of the United Nations Environment Program (UNEP). These principles represent a global commitment to move the financial sector towards more sustainable practices, actively contributing to the achievement of key environmental and social objectives.

This initiative is part of the ongoing commitment that Banca Mediolanum has undertaken in the field of sustainability. The institute has shown increasing attention to the integration of environmental, social and governance (ESG) criteria into its business strategies and interactions with its stakeholders. The signing of the PRBs is not only a further step towards a more sustainable business model, but also a confirmation of the path of responsibility and innovation that the Bank has chosen to follow.

This document represents the first report of Banca Mediolanum, developed according to the guidelines of the "Reporting and self-assessment template" (September 2022 version) and for which due information was provided to the Board of Directors of Banca Mediolanum on March 27th 2024, as part of the Consolidated Non-Financial Statement for the year 2023 approved by the Board of Directors of Banca Mediolanum on March 6, 2024. Through this report, Banca Mediolanum not only makes its progress and commitments transparent in terms of sustainability, but also lays the foundations for a continuous evolution towards increasingly responsible financial management aligned with global sustainability objectives.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Banca Mediolanum (hereinafter also "the Bank") was established in 1997 as **a multi-channel bank** and became the parent company of the Mediolanum Banking Group as well as of the Mediolanum Financial Conglomerate on December 10th, 2015.

Banca Mediolanum's **business model** is built to meet the needs of each customer through a multi-channel offering of products and services. Banca Mediolanum's goal is aimed at the release of increasingly flexible and innovative products and solutions that meet the needs of individuals and families, its main target audience. Thanks to its Family Bankers, Banca Mediolanum offers its customers **targeted and personalized advice** that over time are transformed into financial education, to assist the customer in the most important decisions, with the expertise and flexibility necessary to better respond to the constant economic and financial changes of our time.

In order to keep up with the important evolutions of processes and services in the digital sphere, Selfy platform is added to the digital solutions offered by Banca Mediolanum. Customers can open "SelfyConto" bank account (via website or mobile), and operate by themselves through digital channels; in fact, it allows customers to carry out banking and trading operations autonomously and to apply for instant credit, as well as to subscribe to smart insurance. This digital model is complementary and synergic with the activities of financial advisors and meets the expectations of customers who prefer to operate in self or self-assisted mode.

The main products and services offered by the bank are:

- current accounts;
- payment instruments;
- customized financing solutions;
- mutual funds;
- insurance products;
- retirement products.

Links and references

- [Mediolanum Group Consolidated Non-Financial Statement 2023, Chapter 4.2 "Business Model of Mediolanum Group"](#)
- [Web page dedicated to the business areas of Banca Mediolanum](#)

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- ☒ UN Guiding Principles on Business and Human Rights
- ☒ International Labour Organization fundamental conventions
- ☒ UN Global Compact
- ☐ UN Declaration on the Rights of Indigenous Peoples
- ☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
- ☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- ☐ None of the above

Response

Banca Mediolanum is committed to placing its stakeholders (customers, Family Bankers and employees) at the center, in order to create value, in line with its mission. This commitment is reflected in the Bank's sustainability model, which focuses on responsible, long-term management. Sustainability is a fundamental element in Mediolanum's culture and values, which manifests itself in the way the Bank operates, in its focus on customers, its support to employees, its respect for the environment, and its contribution to community development. To implement this vision, Mediolanum defines specific sustainability issues, assessing the impacts - positive or negative - that its activities may have on the economy, environment, society, human rights and other relevant areas.

Banca Mediolanum, in accordance with the main EU and national regulations, has identified some **fundamental principles in sustainability**. Particularly, the Group has identified the Paris Agreement and the 17 United Nations Sustainable Development Goals (SDGs) as two drivers through which to define areas of intervention on sustainability issues. These commitments are complemented by the promotion and respect for human rights in all their forms, as set forth in the Universal Declaration of Human Rights. In addition, the Group is committed to joining various international initiatives aimed at promoting a culture of corporate social responsibility. These initiatives include membership in the United Nations Global Compact (UNGC) and the adoption of responsible business practices in the financial sector.

With a view to greater transparency related to sustainability issues and in light of the importance attributed to the assessments of sustainability performance by stakeholders, investors and non-investors alike, Banca Mediolanum has chosen to progressively integrate ESG factors into business decisions, analyzing their impact on sustainability dimensions. These decisions are then made public by individual international sustainability rating agencies. The **ratings** are assigned at the end of a process of analysis and evaluation of ESG policies and performance and represent a valuable tool for the Group's stakeholders, offering concise, independent and comparable information of the performance and level achieved by Banca Mediolanum in the non-financial areas related to governance, ethics and integrity, society and the environment. For a more in-depth discussion in relation to the rating agencies that have provided an assessment of the Bank, please refer to the Non-Financial Statement 2023, specifically in chapter "5.5 ESG Indexes and Ratings."

In 2019, the Bank introduced a **Sustainability Policy** and subsequently updated it with the approval of the Board of Directors of Banca Mediolanum S.p.A. on December 19th 2023 with the aim of defining Group-wide strategic guidelines on sustainability. The Sustainability Policy also guides the Conglomerate Companies in the management of risks related to environmental, social and governance impact issues. The Sustainability Policy aims to:

- define the Group-wide strategic guidelines on sustainability, which are subsequently detailed in the specific policies on the various relevant issues;
- recall the principles underlying the coordination of risk management activities as per Legislative Decree 254/2016 (so-called "ESG risks") for the Group;

Links and references

- [Mediolanum Group Consolidated Non-Financial Statement 2023, Chapter 4.5 "Sustainability Governance", 5.5 "ESG Indexes and Ratings"](#)
- [Mediolanum Group Sustainability Policy](#)
- [Web page dedicated to the Group's ESG Ratings](#)

<ul style="list-style-type: none"> recall the governance and operational model adopted in the area of sustainability; increase the level of engagement of the Group's stakeholders through Mediolanum's commitment to sustainability policies and the achievement of related so-called "material" results; facilitate the process of non-financial reporting; spread the culture of sustainability. 	
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Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under I.I) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

The Mediolanum Group has a **strong presence in the Italian market**, with more than **93% of Group Gross Income** originated by the business in Italy.

The Group's activities can be divided into "Banking", "Asset Management", "Insurance" and "Other". In particular, Mediolanum International Funds Limited, Mediolanum Gestione Fondi SGR and Mediolanum Vita S.p.A., which operate in the "Asset Management" and "Insurance" businesses, have adhered to the Principles for Responsible Investment. For this reason, it was decided to focus the analysis on the **"Banking"** business managed by Banca Mediolanum S.p.A. (which represents **29%** of total business activities).

Below is the **composition of the "Banking" business**, in terms of Retail (or Consumer) and Corporate (or Institutional) products:

- Retail Banking:** accounts for 100% of total Banking products and activities in terms of pre-tax net banking income;
- Corporate Banking:** represents 0% of total Banking products and activities in terms of pre-tax net banking income.

Therefore, the analysis was carried out in relation to the **composition of the "Consumer" portfolio, excluding the Corporate portfolio** as it is less significant.

Links and references

- [Consumer Banking Portfolio Impact Analysis Tool for Banks](#)

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Using the previously defined perimeter, a portfolio structure analysis was conducted through the **UNEP FI Portfolio Impact Analysis Tool (V3)**, using the **Consumer Identification Module**. The euro value of total lending and outstanding loans as of 12/31/2023 was used to conduct the analysis of the Retail customers portfolio. The **composition of the Retail portfolio** related to current and savings accounts and credit products, respectively, is shown below:

Type of product/service	%
Current and savings accounts	100.00%
Current accounts with payment services (checks, debit cards)	91.19%
Current accounts without payment services	0.28%
Savings accounts	8.53%

Type of product/service	%
Credit and Target Products	100.00%
Credit	91.26%
Credit cards	15.35%
Consumer loans	2.00%
Secured loans/lombard loans/structured loans	6.68%
Home loans/mortgages	64.31%
Other specialized loans	2.92%
Target Products	8.74%
Target products - low-income populations	0.02%

Links and references

- [Consumer Banking Portfolio Impact Analysis Tool for Banks](#)

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Target Products – youth	7.79%	
Target Products - other vulnerable groups	0.93%	

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response	Links and references
<p>Banca Mediolanum carried out an in-depth survey, through the use of the UNEP FI Context Tool, to define the main priorities and needs in Italy. This survey identified the areas of greatest criticality for the country, which were taken in consideration of the identification of the main areas of impact downstream of the analysis of the composition of the portfolio considered in the scope.</p> <p>To better understand Italy's main challenges, Banca Mediolanum also considered the impact areas of the missions in the National Recovery and Resilience Plan (NRRP), which is part of the European Union's Next Generation EU (NGEU) programme.</p> <p>An assessment of the Italian context, in which Banca Mediolanum mainly operates, revealed a focus on different types of issues, both environmental and socio-economic: the first category includes topics such as climate stability, biodiversity protection (in particular the protection of soil and local ecosystems), and the circular economy approach (with particular reference to resource intensity). Socio-economic issues include those related to infrastructure, access to and quality of services and resources (in particular, health facilities, housing market, connectivity, mobility, water, and energy).</p>	<ul style="list-style-type: none"> • National Recovery and Resiliency Plan • Context Module Tool for Banks

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Response	Links and references
<p>In order to assess the impacts, both positive and negative, deriving from the Bank's activities within the Group, an assessment was carried out with the support of the UNEP FI Impact Analysis, in particular with the Consumer Identification Module.</p> <p>Here below are listed the areas in which Banca Mediolanum can generate the most relevant positive impacts:</p> <ul style="list-style-type: none"> • Availability, accessibility, affordability, quality of resources and services; • Financial health; • Equality and justice; • Socio-economic convergence. <p>With regard to negative impacts, instead, the most relevant area is:</p> <ul style="list-style-type: none"> • Availability, accessibility, affordability, quality of resources and services. <p>Therefore, the main impact areas identified by Banca Mediolanum concern "Health and Financial Inclusion", with reference to the following areas:</p> <ul style="list-style-type: none"> • 'Finance', meaning the accessibility of financial services for the population: this area constitutes the first area in order of priority, as the Bank can generate a positive impact in terms of access to the financial system for the population and a potential negative impact in terms of risk of over-indebtedness; • 'Equality and Justice', meaning the ability of the population to live without discrimination of any kind and to access justice in an equitable manner: this constitutes the second area in order of priority, as the Bank can generate a positive impact in terms of financial inclusion of vulnerable targets (e.g., low income) or young people (e.g., age). 	<ul style="list-style-type: none"> • Consumer Banking Portfolio Impact Analysis Tool for Banks

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>d) For these (min. two prioritized impact areas): <u>Performance measurement:</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</p>	
<p>Response</p> <p>Banca Mediolanum supports the community through the creation of dedicated products and services, as well as through the presence of Family Bankers in the area, initiatives aimed at inclusion and financial education, and the availability of digital tools for the autonomous management of finances by customers.</p> <p>Specifically, Banca Mediolanum confirms its orientation towards digitalisation, dematerialisation and sustainability through a series of dedicated services (e.g., SelfyConto, a current account that can be subscribed to in 'Full Digital' mode, aimed at smart customers and young digital adults who wish to manage their savings independently). In addition, a series of activities have been identified to provide training courses aimed at increasing the community's financial knowledge and skills, thus develop a safe and responsible approach to finance.</p> <p>Moreover, through a series of products and services, the bank helps people belonging to vulnerable categories. For example, Banca Mediolanum has a number of agreements with foundations engaged in social microcredit (relief loans). In addition, through products such as dedicated current accounts (e.g., the basic current account) and other dedicated products (e.g., ETS loans and overdrafts), Banca Mediolanum responds to the needs of specific customer segments.</p> <p><i>Banca Mediolanum is conducting in-depth analyses to measure performance in the two priority impact areas identified for the definition of SMART Targets.</i></p>	<p>Links and references</p> <ul style="list-style-type: none"> • <u>Mediolanum Group Consolidated Non-Financial Statement 2023, Chapter 7.2 "Responsible Finance", 9.1 "Inclusion and Financial Education"</u>.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

The main areas of impact identified by Banca Mediolanum concern 'Health and Financial Inclusion', with reference to the following areas:

- 'Finance';
- 'Equality and Justice'.

How recent is the data used for and disclosed in the impact analysis?

- ☒ Up to 6 months prior to publication
- ☐ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.
- You can build upon the context items under 2.1.

Response

Banca Mediolanum, in accordance with the work path defined since its adhesion to the Principles for Responsible Banking initiative, will define SMART Targets related to the two main impact areas identified.

Links and references

- b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Finance	...	
	...	
	...	

Impact area	Indicator code	Response
Equality and Justice	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

Banca Mediolanum, in line with the work path defined since its adhesion to the Principles for Responsible Banking initiative, will define SMART Targets in relation to the two main impact areas identified.

Links and references

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Banca Mediolanum, in line with the work path defined since its adhesion to the Principles for Responsible Banking initiative, will define SMART Targets in relation to the two main impact areas identified.

Links and references

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

Banca Mediolanum, in line with the work path defined since its adhesion to the Principles for Responsible Banking initiative, will define SMART Targets in relation to the two main impact areas identified.

Links and references

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	First area of most significant impact: Finance	Second area of most significant impact; Equality and justice	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):

describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Banca Mediolanum, in line with the work path defined since its adhesion to the Principles for Responsible Banking initiative, will define SMART Targets in relation to the two main impact areas identified.

Links and references

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

The process of engaging costumers, as well as stakeholder, in Banca Mediolanum's processes and activities is fundamental to build solid and lasting relationships and to target the Bank's offer, responding to users' specific needs.

Banca Mediolanum's '**Sustainability Policy**' defines roles and responsibilities within the Bank for developing and managing stakeholder engagement activities, with the aim of identifying relevant (material) issues in terms of ESG sustainability for customers.

Through its commitment to the environment, the community and its customers, for some time Banca Mediolanum has undertaken a path of awareness regarding its products. This commitment is made concrete and publicised, in particular for the "**Banking - Retail**" business area, through the "**Operative policy on responsible products**". In particular, this document take into account environmental, social and governance (ESG) factors and determines how these are considered throughout the "production process" that leads to offert its customers innovative financial products and services. Through ESG metrics, the Bank monitors the sustainability positioning of its products over time with a view to continuous improvement.

With regard to banking, credit and protection services, the Bank has an internal assessment system, based on an ESG materiality matrix dedicated to these types of products, developed by Banca Mediolanum in collaboration with the Università Cattolica del Sacro Cuore of Milan. Through this evaluation system, each product is assessed on the basis of the attention paid to ESG sustainability characteristics, i.e. environmental, social and governance.

Links and references

- [Mediolanum Group Consolidated Non-Financial Statement 2023, Chapter 4.5 "Sustainability Governance", 7.1 "Customer focus and service quality"](#)
- [Mediolanum Group Sustainability Policy](#)
- [Operative policy on responsible products](#)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas

you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Banca Mediolanum, in line with the growing global awareness of the environmental and social impacts of financial activities, has recognised the business opportunities arising from the adoption of sustainable and responsible practices. In addition to considering ESG issues as a core value, Banca Mediolanum is increasingly enriching its range of sustainability-conscious products listed below:

- **SelfyConto:** a current account, aimed at young digital adults, which provides paperless subscription, completely autonomous operations and zero account maintenance fee for customers under 30;
- **Conto Mediolanum Calamità naturali (Mediolanum Natural Disaster Account):** aimed at customers affected by natural disasters. It provides a series of benefits on banking operations for two years from the opening of the account or the change of agreement;
- **Conto Mediolanum Offerta per i giovani (Mediolanum Young People's Account):** aimed at young customers who, thanks to an ad hoc offer, can enjoy the benefits of Family Banker assistance and the digitalisation of banking services through the Mediolanum App, while at the same time benefiting from free account maintenance fees until the age of 30 and zero issue fees for the Mediolanum Prepaid Card
- **Mediolanum Card:** debit card made from 100% recycled PVC, a material that allows a 36% reduction in CO2 emissions at the time of production;
- **Mediolanum Young Loan:** a loan designed for people under 35 years of age with an open-ended employment contract;
- **Mediolanum Bioedilizia+ Loan:** a loan dedicated to purchase and exchange transactions (first and second home) on energy-efficient green building properties;
- **Mediolanum "Fondo di Garanzia" Mortgage:** aimed at young people under 36, couples married or cohabiting for at least two years in which one of the two cohabitants is under 35 years of age, and single-parent households living with at least one minor child;
- **Mediolanum Eco+ Mortgage:** mortgage for the purchase of highly energy-efficient properties (energy class B, A, A+);
- **Mediolanum Casa+ loan:** the renovation mortgage that allows you to benefit from advantageous economic conditions;
- **Selfy Credit Instant:** a completely paperless personal loan, which can be requested via app with digital signature and immediate outcome;
- **Selfy Shop:** loan for the purchase of a catalogue product, completely paperless, requestable via app with digital signature and immediate outcome;
- **Selfy Pay Time:** a service that allows current account transactions to be paid in instalments, through the disbursement of one or more loans. The instalment request is made by the customer directly from the Mediolanum App and the outcome and disbursement take place in "instant" mode;
- **Mediolanum Eco+ Mobility Loan:** a loan with a subsidised spread that makes it possible to finance the purchase of new hybrid or electric cars, cycles and motorbikes;

Links and references

- [Consolidated Non-Financial Statement 2023, Chapter 7.2 "Responsible finance".](#)
- ["Responsibility to Customers" website](#)
- [2023 Green, Social & Sustainable Bond Report](#)

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<ul style="list-style-type: none"> • Mediolanum Casa+ Loan: a loan with a variable spread based on the assets invested that makes it possible to finance the renovation of residential property; • ETS loans and credit facilities <p>Finally, following the issue of its Green Senior Preferred Bond in November 2022, Banca Mediolanum published its first Allocation & Impact Report at the end of 2023. The document aims to provide annual visibility to all stakeholders of the progress made in pursuing the objectives related to the funds raised on the market through the Bond. In detail, the issue of this Bond aimed to finance € 300 million of residential mortgages in favour of energy-efficient properties: in the first year of the Bond's life, Banca Mediolanum was able to fully meet the objective, with a portfolio of eligible 'green' properties amounting to € 679.45 million.</p>	
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Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Banca Mediolanum recognises the importance of activating and cultivating an **ongoing dialogue with its stakeholders on sustainability issues**, taking into consideration the centrality of some stakeholder groups, such as customers, Family Bankers and employees to the creation of the Group's value.

In particular, Banca Mediolanum carried out a stakeholder mapping exercise aimed at identifying the main stakeholder groups and prioritising them, defining and implementing an engagement plan and periodically monitoring the results of these activities. The stakeholder categories identified are: customers, employees, shareholders and the financial community, Family Banker network, media, trade associations, institutions and regulators, suppliers and the community.

Links and references

- [*Consolidated Non-Financial Statement 2023, Chapter 5.2 "Stakeholder Engagement"*](#)

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

In this regard, the Bank has been conducting listening and discussion sessions with its stakeholders for years as part of the materiality analysis in order to identify the most relevant sustainability issues. In 2023, Banca Mediolanum's materiality analysis process was further enriched in accordance with the Global Reporting Initiative and taking into account the requirements of the ESRS Reporting Standards published in 2023 by EFRAG, concerning the impacts generated.

Banca Mediolanum is committed to progressively expand opportunities for a deeper dialogue with stakeholders in view of the evolution of the sustainability context and the commitments made on ESG issues.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Banca Mediolanum's '**Sustainability Policy**' defines the principles and the guidelines that the Bank adopts in the area of sustainability, regarding processes put in place in order to operate sustainably, managing environmental, social and governance risks. The document guides the Group in its non-financial reporting and commitment to sustainability policies, emphasising the importance of stakeholder engagement and compliance with related national and international regulations. For further details and specific information on sustainability governance, please refer to the Banca Mediolanum Group's Non-Financial Statement 2023, specifically chapter '4.5 Sustainability Governance'.

Links and references

- [Consolidated Non-Financial Statement 2023, Chapter 4.5 "Sustainability Governance"](#)
- [Mediolanum Group Sustainability Policy](#)

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

Banca Mediolanum is strongly committed to **promote a culture of sustainability and corporate responsibility among its collaborators**, including employees and Family Bankers. This commitment is supported by several key initiatives and measures.

A key aspect is to raise awareness on the importance of the role of responsible business. Banca Mediolanum is actively promoting the culture of sustainability among its staff, emphasizing respect for people and the environment. This includes a customer-centered focus and a commitment to improving the communities in which it operates. To guide this process, the Bank has established internal committees with consultative, propositional and evaluative functions.

Another significant step is the implementation of a **dedicated training program**, both for employees and Family Bankers, aimed at increasing awareness of sustainability. Furthermore, the company involves employees in the Innovability Bonus Pool initiative, which integrates ESG (environmental, social and governance) assessments and impacts.

Links and references

- [Consolidated Non-Financial Statement 2023, Chapter 8.1 "Human capital training", 8.3 "Diversity and inclusion", 5.4 "Main initiatives of Banca Mediolanum for the Sustainable Development Goals \(SDGs\) of the United Nations and for UN Global Compact", 4.3 "Corporate Governance"](#)

Banca Mediolanum has also given **great importance to the topic of diversity and inclusion**, establishing the role of Diversity Manager, a figure responsible for guiding and promoting a culture that respects the principles of diversity and inclusion, as outlined in the Diversity and Inclusion Manifesto and shared with all employees and the Family Banker network. A specific Policy on Diversity and Inclusion has been developed to identify the dimensions of greatest impact for the group, with a particular emphasis on gender diversity.

The Bank is also active in **engagement and communication initiatives**, both internally and externally. It expanded the information relating to the ESG characteristics foreseen by its evaluation model and organized meetings with suppliers to share the points for improvement that emerged from the ESG scores. An external communication activity was implemented to share news with stakeholders, in particular regarding new products and services. At the same time, an internal communication activity aims to increase awareness within the corporate community (employees and Family Bankers) regarding the path undertaken by Banca Mediolanum and knowledge of the Sustainable Development Goals (SDGs).

Furthermore, the integration of sustainability in terms of environmental, social and governance (ESG) dimensions is a key element in the **Bank's remuneration policies**. This systematic, inclusive and transparent approach is based on objective criteria linked to company performance and medium and long-term strategic objectives, promoting a collective commitment towards sustainable success.

Banca Mediolanum also implements correction and sustainability mechanisms within its **incentive systems**. These include risk correction mechanisms, deferred payment systems, and a significant equity component to ensure performance is sustainable over the long term. Malus and clawback mechanisms are also applied to ensure compliance with regulatory requirements.

A particular focus is placed on the inclusion of ESG indicators in incentive systems, both short and long term. Particular attention is paid to indicators with environmental and social impacts, ensuring that individual responsibilities are linked to these objectives.

In the sales network, **performance sustainability** is essential. A qualitative indicator is used, the Quality Performance Index (QPI), which reflects criteria of correctness in relationships with customers and compliance with regulations.

Finally Banca Mediolanum places particular emphasis on promoting gender neutrality, **enhancing diversity and inclusion in its remuneration policies**. The Bank is actively committed to reducing the gender pay gap and ensuring a fair and inclusive approach to remuneration. An in-depth analysis of the gender pay gap is also conducted, involving the Remuneration Committee and the Board of Directors to ensure pay equity between men and women.

These collective initiatives demonstrate Banca Mediolanum's constant commitment to promoting a culture of corporate responsibility and sustainability, actively involving both employees and Family Bankers.

For further information on the training initiatives for employees and family bankers, please refer to the 2023 Non-Financial Declaration of the Banca Mediolanum Group, specifically in chapter "8.1 Training".

- *and internal control system"*
- *Report of the Board of Directors on the 2023 Group Policy on remuneration and compensation paid*
- *Policy on Diversity and Inclusion*

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

In the current context, characterized by a growing recognition of the importance of environmental, social and governance (ESG) factors, Banca Mediolanum has adopted a proactive approach to risk management. The Bank has recognized that monitoring and managing ESG risks, such as those related to climate change and sustainable supply chain management, are crucial to the proper conduct of activities in the banking and insurance sector. In response to this, it has implemented **specific policies** and a **Risk Appetite Framework (RAF)** to address these risks.

Banca Mediolanum's RAF expresses the institution's risk propensity and includes policies, processes, controls and methodologies to manage this propensity in line with the business model and strategic plan. The adoption of ESG indicators in the RAF is particularly relevant, as it includes limits on credit exposure to companies without a virtuous ESG rating and restrictions on investment funds with low ESG ratings.

Furthermore, Banca Mediolanum has developed a sustainable product offering model and adopted a series of policies relating to the management and offering of ESG products to retail customers. These actions demonstrate Banca Mediolanum's commitment to further consolidate its ESG approach, in line with local and international regulatory expectations.

In 2023, Banca Mediolanum launched specific initiatives to further strengthen its ESG approach, including **projects implemented to address climate and environmental risks**, in line with best practices observed internationally. This global approach reflects Banca Mediolanum's commitment to actively and responsibly manage ESG risks, contributing to sustainable growth and resilience of the banking and financial sector.

For a detailed analysis of the risks and further in-depth analysis, please refer to the 2023 Non-Financial Declaration of the Banca Mediolanum Group, specifically in chapter "4.4 Risk management".

Links and references

- [Consolidated Non-Financial Statement 2023, Chapter 4.4 "Risk management"](#)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

Response

The Banca Mediolanum Group joined the PRBs in June 2022, so this is its **first "self-assessment report"**. As a result, an external assurance analysis has not been conducted at this time.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
☐ SASB
☒ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☐ TCFD
☒ Other: EU Taxonomy – Pillar III – Other ESG Score – COP-UNGC

Response

Since 2017, Banca Mediolanum, as a public interest entity and in compliance with Legislative Decree 254/2016, has published a Consolidated Non-Financial Statement. This legislation requires public bodies and large Italian companies to report environmental, social and governance aspects relevant to the organization.

The 2023 Consolidated Non-Financial Statement was drawn up **in accordance** with the **"Global Reporting Initiative Sustainability Reporting Standards"** defined in 2016 by the Global Reporting Initiative (GRI), the new versions of which were published in 2021 and entered into force in January 2023, according to the "in compliance" option, proceeding with the updating and reporting of the new GRI Universal Standard 2021.

Banca Mediolanum is committed to ensuring transparency in business decisions related to sustainability, analyzing the economic and non-economic impacts, according to ESG (environmental, social and governance) factors.

Furthermore, from 2022, the Group is subject to the obligations of the EU Taxonomy Regulation and related regulations, providing semi-annual information on environmental, social, governance and climate risks and impacts, in accordance with Section 8 of Basel III – Pillar III.

Links and references

- [Consolidated Non-Financial Statement 2023, Chapter 2 "Note on methodology"](#)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

During 2024, the Banca Mediolanum Group will continue to develop its sustainability strategy, also establishing the SMART Targets for the identified priority impact areas and the related action plans.

In the multi-year implementation process of the various steps envisaged by the PRB methodology, Banca Mediolanum aims to carry out an accurate **measurement of performance** with respect to the priority impact areas highlighted in Principle 2 of this report and is committed to establishing **SMART objectives** with respect to the identified priority impact areas and integrating these objectives into the Bank's strategies.

Links and references

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input checked="" type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input checked="" type="checkbox"/> Prioritizing actions internally |

