

BANCA MEDIOLANUM SUSTAINABILITY 2019



“Our bank is different from the others
because we focus on people:
we have always been
a bank made of people, for people.”

Ennio Doris

Chairman of Banca Mediolanum S.p.A.

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Introduction

This document reports on Sustainability for the Mediolanum Group, specifying the actions, projects and policies pursued over the year 2019. Reporting is organized around the three main pillars given by Environmental, Social and Governance (ESG) principles, which in this case go beyond the scope of purely economic/financial concerns to explore three distinct spheres of social awareness.



The pillar of Governance concerns corporate governance practices, the make up of the board of directors, controlling procedures and company practices in terms of compliance with laws and regulations and ethical standards. The second pillar, the Environmental sphere, covers atmospheric pollution, the waste of resources and the impacts that has. The third pillar covers human rights, labour standards and relations with civil society and support for the community at large.

Letter from the CEO to Stakeholders



As part of our commitment to sustainability, in 2019 we continued to support a number of the goals identified by the United Nations 2030 Agenda for Sustainable Development (SDGs) by focusing our programmes on people, the welfare of employees and contractors and the promotion of growing responsibility in business operations. In line with its mission, Banca Mediolanum has always focused squarely on its stakeholders, by adopting a service model built on the relationship with customers, Family Bankers and employees, as catalysts for the creation of value.

That is why we incentivize occasions for engagement and discussion. In 2019, in fact, a project involving

our main internal and external stakeholders was started up to study the extent to which sustainability issues affect their assessments and decisions and to incorporate their expectations in the Group process for assessing and prioritizing actions targeting sustainability issues.

The 2019 financial year was brought to a close posting our best performance on record, with a Net Profit of €565 million, up 121% year on year, and major growth in the Contribution Margin and the Operating Margin, which rose by 20% and 50% respectively.

That was achieved thanks to the emphasis placed on boosting and diversifying recurring revenues and ongoing efforts to control costs, as well as the positive performance of markets and the excellent returns generated for customers, which led to the generation of €425 million of performance fees. Given the strong performance result, we decided to pay out an extraordinary bonus of €2,000 to the more than 2,900 employees and over 5,000 Family Bankers who contributed to the result.

The Group's key asset is its Human Capital, the store of knowledge, abilities, work methods and skills that every individual brings to work to create value and provide customers with a service of excellence.

Our people are "guided" through programmes for the development of their knowledge and skills, with a view to bringing out their talents and capabilities. Over 670 thousand hours of training were delivered over the year to our head office and sales network employees.

In 2019, "Centodieci" - the event format for spreading Banca Mediolanum's values, focused on the development of human capital - organized various projects across the country exploring key topics such as technological innovation, sustainability, marketing

scenarios, communications and art. In all, a total of 422 events were held, involving the participation of over 52 thousand customers and prospects. In line with our values, "Centodieci" was proud to support "Matera European Capital of Culture" with a wide array of cultural initiatives for the city that will continue in 2020.

Technological innovation is a highly important value for Mediolanum and its stakeholders to enhance digital services designed to improve operations and processes. That is why in 2019 the Group continued to invest in payment services, developing innovative technologies to offer customers a broader and more complete user experience built on security, autonomy and efficiency. It was this framework that earned the Group the "ABI Innovation Award" for the development of one of the first FinTech platforms applied to the regulatory segment, which uses machine learning and artificial intelligence to check and validate risk management models.

The value of our people was also shown during the year through concrete actions for communities and local areas struck by natural disasters, such as earthquakes, floods and storms, with targeted initiatives for customers. In all, a total of €242,700 of donations were raised to assist our customers and people.

Solidarity measures in the form of microcredit to aid people in situations of indebtedness also continued over the year, with the aim of preventing them falling prey to usury. Such initiatives form part of Banca Mediolanum's concrete commitment to the Sustainable Development Goals (SDGs) promoted by the United Nations, with particular reference to the first goal of the 2030 Agenda to end poverty in all its forms everywhere. In the case of microcredit, the bank bears the entire credit risk for the microloans granted.

In 2019, the rotating fund earmarked by Banca Mediolanum for such loans amounted to €1,800,000, with a total of €957,100 of loans provided. The Mediolanum Foundation NPO continued its work in support of disadvantaged children, supporting projects in a variety of sectors targeting health, education, welfare, research and rights. Over the course of 2019, the Mediolanum Foundation NPO provided a total of €3,107,512 in funding for 100 projects.

Banca Mediolanum also improved the efficiency of its supplier assessment process in relation to the social and environmental impacts of the products and services supplied by expanding the assessment of the supply chain to include the respect and protection of human rights.

A number of projects were brought to term over 2019 for the digitization, and hence the possibility of dematerialization, of the near totality of customer notifications, raising coverage to 93% of banking services. The tri-generation plants installed at our Italian headquarters in Milano 3 independently produce electricity, heating and cooling. Their output in 2019 enabled us to cover over 43% of our power needs, delivering a further reduction in CO₂ emissions. Our international companies have similarly invested heavily in the adoption and application of environmental protection measures, policies and actions. Their efforts have led to a reduction in the consumption of resources (energy, paper and water), while raising greater awareness in employees of the need to adopt more environmentally-friendly habits.

These outcomes and objectives underpin our confidence in the future for our stakeholders, with whom we are constantly engaged. Our commitment to each and every one of them is the benchmark for the way we do business.

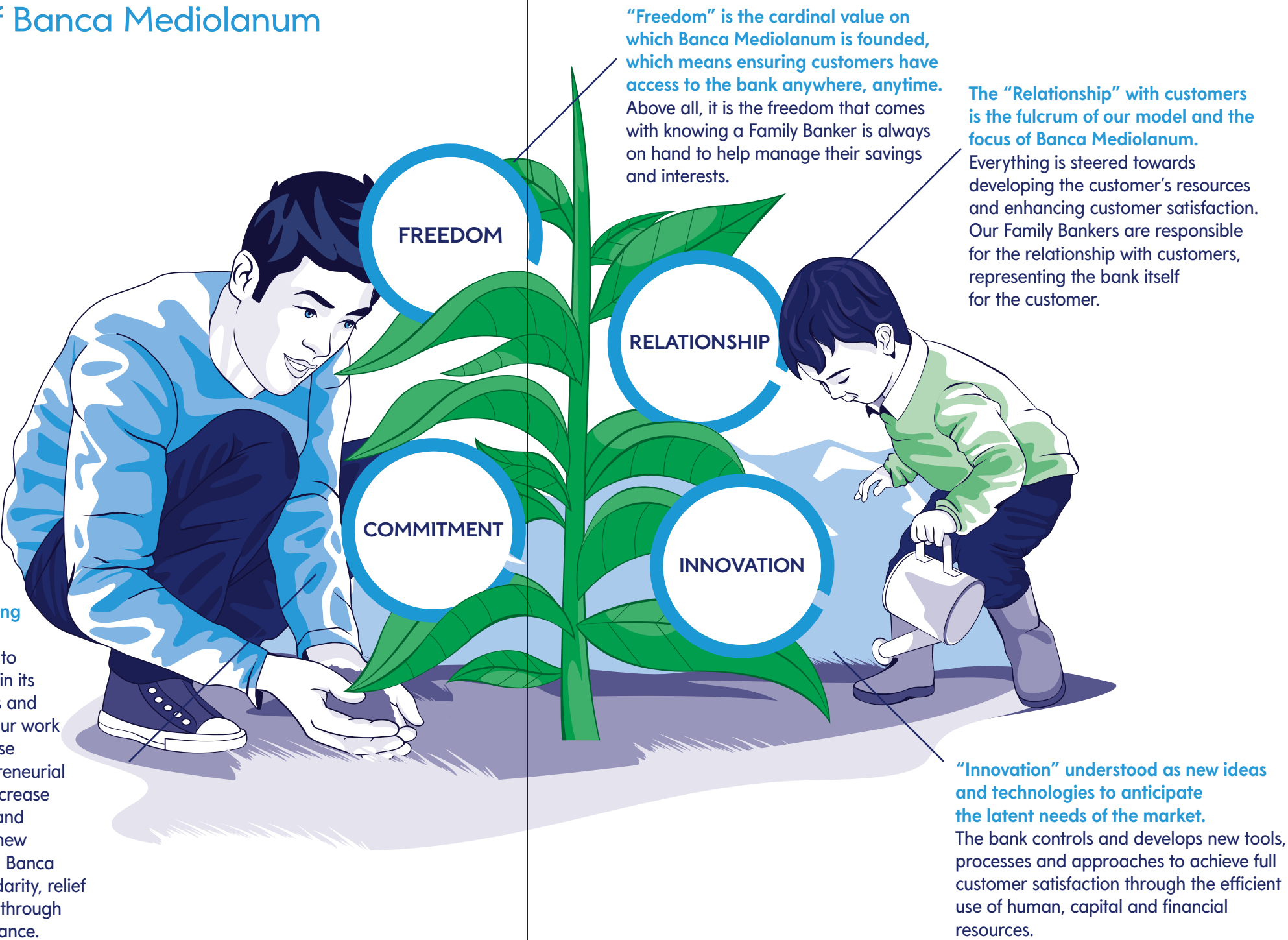
Massimo Doris

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

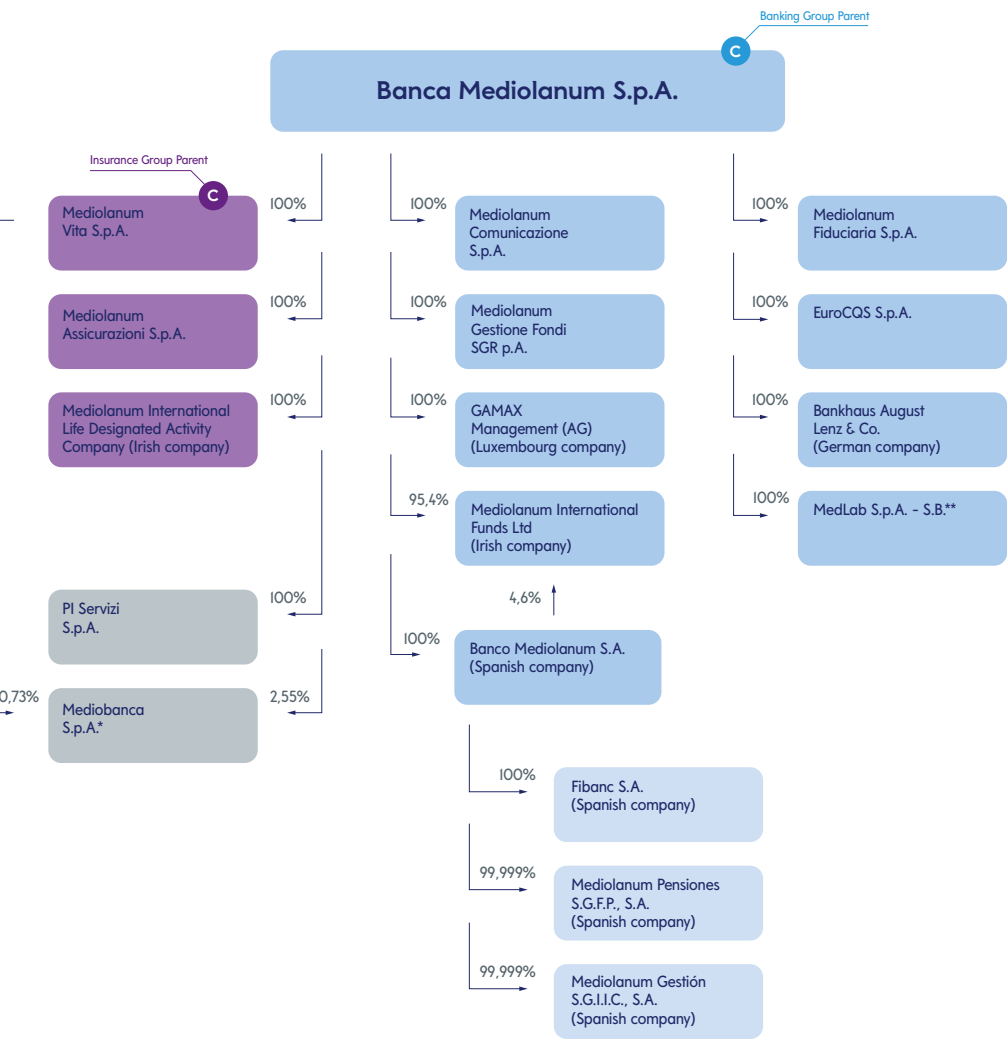
A handwritten signature in black ink, appearing to read 'Massimo Doris', with a stylized flourish at the end.

The Values of Banca Mediolanum

Our “commitment” to being leaders and role models.
Banca Mediolanum strives to achieve service excellence in its products, training solutions and relationships. We ground our work on ethical principles, a sense of responsibility, an entrepreneurial spirit and knowledge, to increase the value of the company and its people and promote a new approach to opportunities. Banca Mediolanum invests in solidarity, relief and development projects through substantial, concrete assistance.



Scope of the Group



* Given that Mediobanca possesses treasury shares, the overall interest held amounts to 3.351% of the voting capital. In relation to the inclusion of Mediobanca in the scope of consolidation as an associated company, see the details reported in the section "Subsequent Events" illustrating the evolution of the relationship.

** As of 20 January 2020, the company name was changed to Flowe S.p.A. - S.B.



Sustainability Scenario

Sustainability is an integral part of the values and culture of the Mediolanum Group, where the aim is to develop solid business operations that are sustainable in the long term through the responsible management of the company. Such an approach is embodied in our way of doing business, in the attention and importance focused on the customer and the person, and in the way we support our employees and respect the environment, contributing to the development of the community of which we are a part. That commitment is demonstrated by the wish to generate added value for all our stakeholders that guarantees the sustainability of the Group’s business. That is why engagement opportunities are regularly organized, to constructively gauge their views and needs.

Stakeholder Engagement


In line with its mission, the Mediolanum Group has always focused squarely on its stakeholders, by adopting a service model built on the relationship with customers, Family Bankers and employees, as catalysts for the creation of value. That is why they are regularly engaged on the sustainability issues considered most important, in line with the objectives that the Group sets itself. In 2019, the Mediolanum Group started up a Stakeholder Engagement project in collaboration with the internal departments that have dealings on a daily basis with each of the categories of our stakeholders.




The issues proposed concerned various aspects of sustainability, focusing on significant or “material” topics through:

- › the setting of priorities, in terms of the economic, environmental and social impacts of the organization for the various stakeholders;
- › the identification of inputs for the understanding and management of such priorities, so as to step up and legitimate the incorporation of sustainability into the main business areas and outline a materiality matrix for the Group.

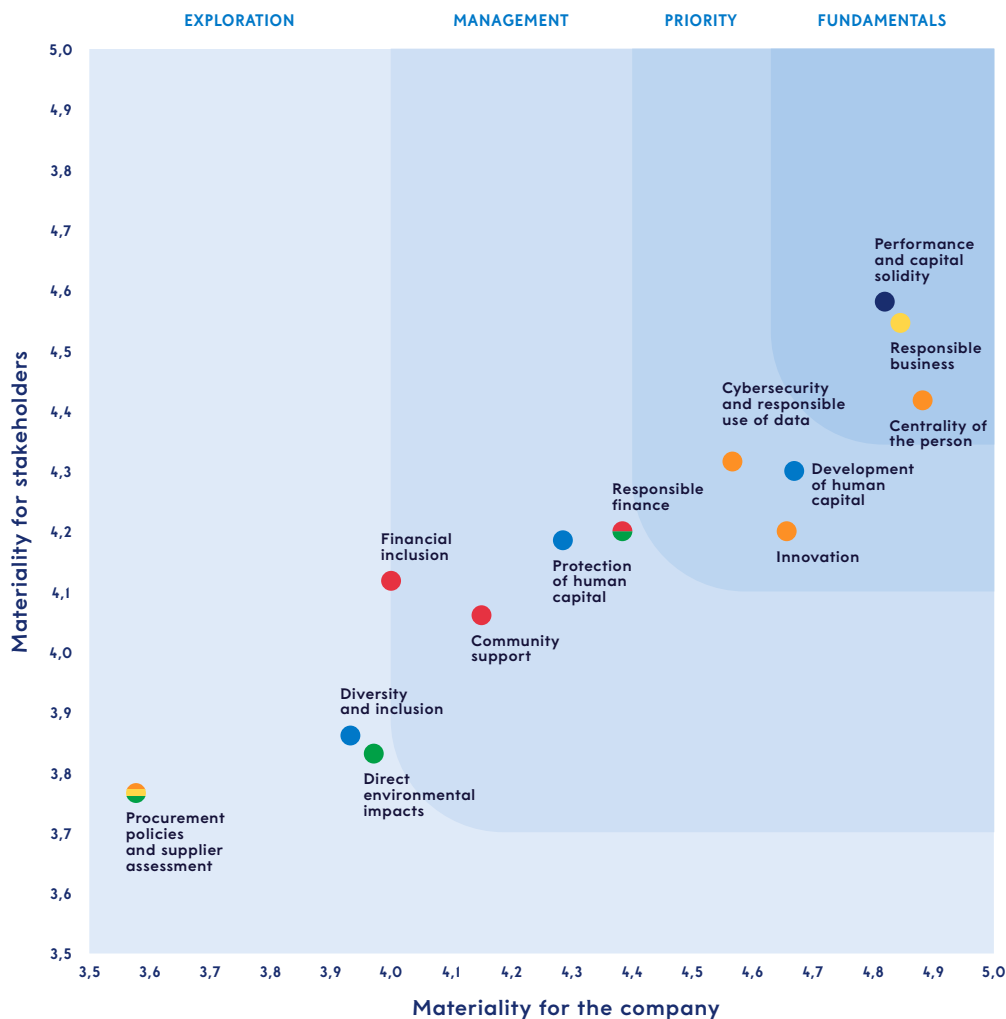
Stakeholders and Engagement Channels

The following chart shows the engagement channels regularly used to communicate with each of the categories of our stakeholders.

Category	Engagement channels
<div>Customers</div> <div></div>	<div>- Customer satisfaction assessment</div> <div>- Quarterly customer experience survey</div> <div>- Issue-specific customer experience surveys</div> <div>- Brand reputation survey</div> <div>- Local events</div> <div>- Social networks</div> <div>- MPM/Direct mail</div>
<div>Employees</div> <div></div>	<div>- Intranet portal</div> <div>- Periodic meetings</div> <div>- Good News</div> <div>- In-house social network</div> <div>- House Organ</div> <div>- Non-work related activities</div> <div>- Info-training events</div>
<div>Investors & the Financial Community</div> <div></div>	<div>- Investor Relations activities</div> <div>- Regular meetings</div> <div>- Telephone contact</div> <div>- Road shows</div>

Category	Engagement channels
Family Banker Network 	<ul style="list-style-type: none"> - Regular meetings - Company web portal (B.medNet) - Text messages and emails - Network support and assistance services (SAS and SARC) - Periodic customer satisfaction and brand reputation surveys targeted at Family Bankers - Experience surveys for specific Family Banker channels - Events
Middle School 	<ul style="list-style-type: none"> - Press conferences - Press releases - Regular meetings - Opening of institutional events to the media - Advertorials - Publications - Telephone contact - Social networks
Trade associations 	<ul style="list-style-type: none"> - Institutional encounters - Group representatives on boards

Category	Engagement channels
Institutions and Regulatory Authorities 	<ul style="list-style-type: none"> - Regular meetings
Suppliers 	<ul style="list-style-type: none"> - Regular meetings - Telephone contact - Web portal - Questionnaires
Community 	<ul style="list-style-type: none"> - Media relations - Public relations - Periodic customer satisfaction surveys - Brand reputation survey - Brand equity survey - Marketing communications effectiveness survey - Encounters and events in local venues and HQ - Activities sponsored by the Mediolanum Foundation NPO - Social networks



- Governance and compliance
- Responsibility towards customers
- Social responsibility
- Environmental responsibility
- Responsibility towards human resources
- Economic responsibility

The Materiality Matrix

Stakeholder engagement outcomes were then used to determine the overall materiality of the topics analysed and draw up a materiality matrix through which to identify Group objectives and projects focused on sustainability and its strategic value. The outcomes of the materiality analysis are represented graphically in a diagram using Cartesian coordinates to plot the interest of the company in a topic on the vertical axis and the interest of stakeholders on the horizontal axis. The new materiality matrix drawn up by the Sustainability Unit was presented by the Chief Executive Officer to all Group management.

Sustainable Business


By applying the materiality analysis to the Group's business model, the six pillars upon which the Group bases its sustainable business were identified.

1. Governance and compliance
2. Responsibility towards customers
3. Social responsibility
4. Environmental responsibility
5. Responsibility towards human resources
6. Economic responsibility





Banca Mediolanum's Commitments for Achieving the UN Sustainable Development Goals (SDGs)


On 25 September 2015, the United Nations approved the Global Agenda for Sustainable Development (the 2030 Agenda) and its 17 Sustainable Development Goals (SDGs). The goals set out 169 targets to be achieved by 2030. The implementation of the 2030 Agenda calls for major involvement by all the components of society - from enterprises and the public sector to civil society and philanthropic organizations - and demands concrete action to guarantee a sustainable future for new generations.

The Mediolanum Group has chosen to give its contribution to implementing the SDGs by adopting more sustainable practices. Our mission of ethical and responsible business is founded on values that lie close to those promoted by the United Nations. Our way of being a bank reflects the respect and commitment that Mediolanum expresses through its actions and initiatives, which increasingly are mapping out the way towards a sustainable future.

SDG	Material topics	Banca Mediolanum initiatives
	Community support — Financial inclusion	<p>Microcredit: through the stipulation of conventions with foundations and church organizations that pursue charitable aims, action is taken in the welfare and charity sector with a view to supporting people in situations of indebtedness, with the aim of preventing them falling prey to usury. Under the agreements, the bank provides low-income individuals and/or people living below the poverty line access to loans to help them through difficult times.</p> <p>Basic Account: designed for disadvantaged socio-economic groups. The initiative was developed in partnership with the Ministry of the Economy and Finance, the Bank of Italy, the ABI, Poste Italiane and associations of payment service providers.</p> <p>Initiatives for customers and personnel in need.</p> <p>Partnerships with foundations and associations, in particular with the Mediolanum Foundation NPO, which sponsors projects to help disadvantaged children; partnerships and support for NGOs (e.g., Mediolanum Aproxima).</p>

SDG	Material topics	Banca Mediolanum initiatives
	Protection of human capital	Inclusive company welfare policies aimed at helping people achieve a work-life balance and guarantee their well-being. Services and projects have been activated, open to all our people, such as a company nursery and various non-work related initiatives, including cultural and sporting activities.
	Community support — Development of human capital	<p>The activities developed with Centodieci revolve around the importance of human capital and consist of events organized in Italy. As special moments of learning and experience, they feature speakers and guests that reflect the values of Banca Mediolanum and are backed up by an online magazine that presents all the initiatives and events organized by Centodieci and promotes cultural exchange through a blog exploring topics tied to innovation, technology and shared values.</p> <p>Employee training initiatives</p>
	Diversity and inclusion	The aim of “Women in Med” is to promote and unlock the value of the community of female financial consultants at Banca Mediolanum, and raise awareness of women’s participation in the financial market.
	Direct environmental impacts	The tri-generation plants enable the independent production of electricity, heating and cooling. Their output in 2019 covered over 43% of our power needs, delivering a further reduction in CO2 emissions.

SDG	Material topics	Banca Mediolanum initiatives
	Business performance and capital solidity	Individual savings plans (PIR) with a view to promoting Italy's economic recovery.
	Responsible finance	Socially responsible investments (SRI), such as in the products of the Best Brand Socially Responsible and Mediolanum Innovative Thematic Opportunities ranges
	Cybersecurity and the responsible use of data	Privacy and consumer protection policies aimed at managing and protecting personal data.
	Innovation	Development of innovative products that offer significant benefits for customers, while also improving the efficiency and effectiveness of internal processes.
	Supplier sourcing and assessment policies	Responsible sourcing of suppliers through their assessment, also on the basis of social criteria.
	Direct environmental impacts	<p>To foster the spread of environmental awareness in the company, since 2016 the Group has promoted an initiative whereby a tree can be planted to mark the birth of child to a Mediolanum employee.</p> <p>The company's "Operational Policy and Procedure for the Assignment, Use and Management of the Company Fleet" envisages maximum limits on both CO2 emissions and mileage and gives preference to alternative energy vehicles, hybrid cars, electric cars and other environmentally-friendly vehicles when new vehicles are added to the fleet.</p>

SDG	Material topics	Banca Mediolanum initiatives
	Responsible business	<p>Banca Mediolanum is committed to combating corruption in all its forms, in both the public and private sectors, as contemplated by national legislation, which implements a range of the provisions of the United Nations Convention against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Anti-corruption Guidelines.</p> <p>Banca Mediolanum has adopted a compliance programme pursuant to Legislative Decree 231/01. The "Policy on Anti-Money Laundering and Combating the Financing of Terrorism" is of particular importance in the corpus of regulations adopted internally.</p>



What are the SDGs?

On 25 September 2015, the United Nations approved the Global Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The goals set out 169 targets to be achieved by 2030. The implementation of the Agenda calls for major involvement by all the components of society - from private enterprises and the public sector to civil society and philanthropic organizations, universities and research institutes and media and cultural organizations.

Capital Solidity and Stability

Ever since its listing on the stock exchange, on 3 June 1996, the Mediolanum Group has posted strong profit figures and paid out significant dividends. Its business growth has been completely organic in nature and almost uninterrupted, with constant focus placed on satisfying all its stakeholders' expectations.

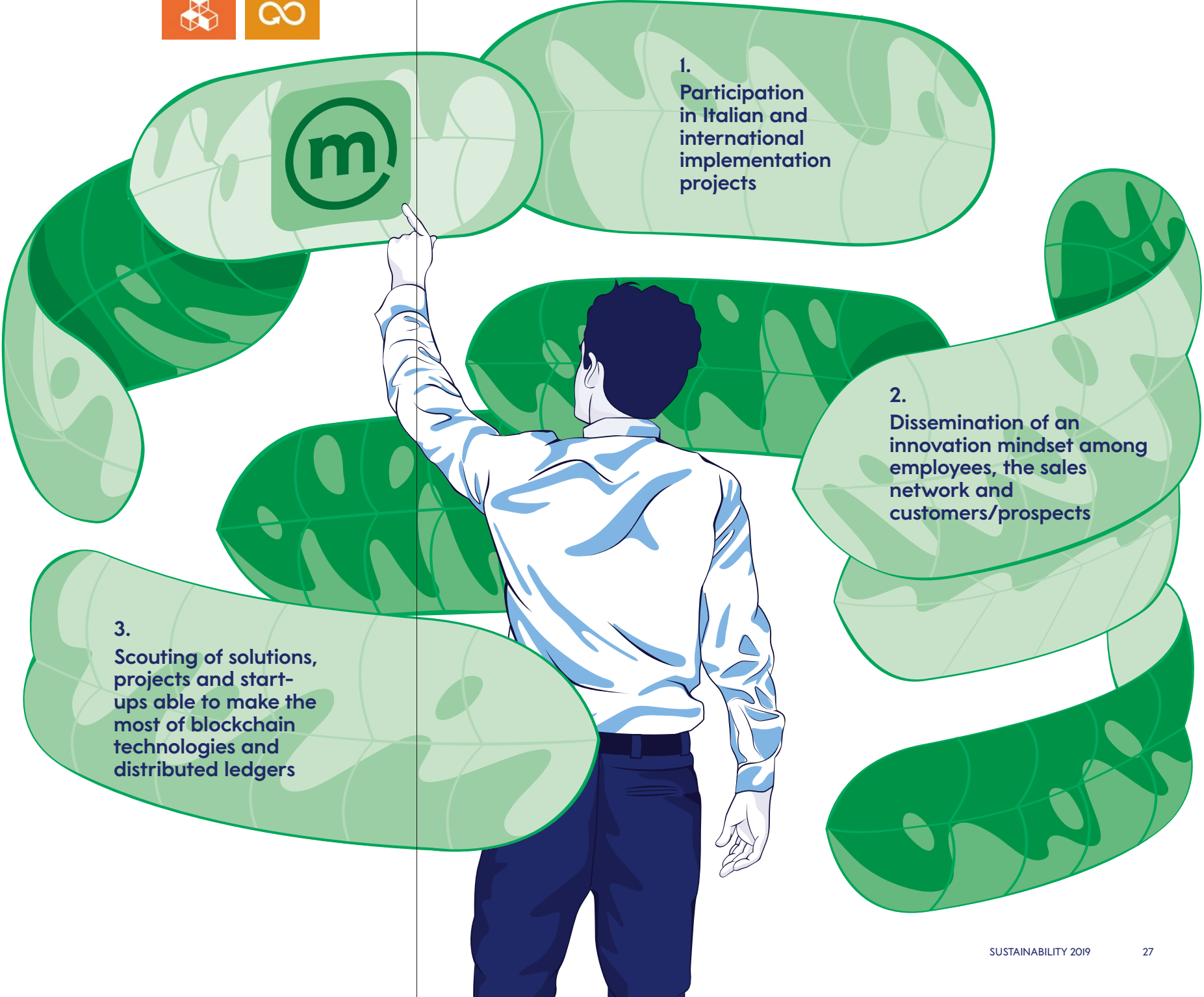
The year 2019 was no exception to this and marked the best performance on record for the Group, with a Net Profit of €565 million, thanks to the strong growth posted by continuing operations and the positive performance of markets throughout the year. Strong growth in recurring revenues and efforts to diversify them, coupled with the continuous emphasis placed on cost control, led to major growth in the Contribution Margin and the Operating Margin, which rose by 20% and 50% respectively compared to 2018.



Innovation

Innovation is a highly important value for Mediolanum and its stakeholders, as it is by enhancing digital services that we aim to improve operations and processes. That is why in 2019 the Group continued to invest in payment services, developing innovative technologies to offer customers a broader and more complete user experience built on security, autonomy and efficiency.

Blockchain activities also continued during the year, focused in three strains of activities, which delivered impacts on business models as well as sustainability.



As a result of such work, the Consolidated Non-Financial Statements for 2018 and 2019 were notarized on the Ethereum blockchain platform, as proof of their authenticity, transparency and immutability.

The adoption of the new notarization process further confirms of the Group's commitment to disclosing its commitments, actions and performance in the economic, social and environmental spheres to all stakeholders and positions us as a leader in Innovability.

For more information:

<https://www.bancamediolanum.it/corporate/sostenibilita>

Mediolanum has also played a driving role in projects delivered within the scope of industry-wide activities and initiatives coordinated by the Italian Banking Association (ABI) for the banking and insurance sector.



It was this framework that earned the Group the “ABI Innovation Award” for the development of one of the first FinTech platforms applied to the regulatory segment, which uses machine learning and artificial intelligence to check and validate risk management models.
www.bancamediolanum.it/premi

Digitization

The Mediolanum Group has pushed ahead with strategic commitments in the sphere of digitization and multichannel banking, with the primary objective squarely focused on the centrality of the person, customer care and service excellence. Building on a business model strongly geared towards digital banking, Mediolanum continues to invest in projects to integrate its multichannel banking operations, while at the same time keeping the attention high on cybersecurity and the responsible use of data.

The dematerialization and digitization projects brought to term in the recent period have led to the adoption of digital channels by the near totality of customers, with an overall average of 81% across all Group companies.

DIGITAL SOLUTIONS REDUCE INEQUALITIES

Digital solutions help shorten distances, break down barriers and build a more sustainable world. For Mediolanum, that was precisely the objective with the development of the Mediolanum app, compatible with VoiceOver, which promotes new means of interaction for accessing banking services and by doing so fosters greater inclusiveness by catering to all people, and not only those affected by disabilities, such as the visually impaired and the blind. Alongside these specific projects are initiatives aimed at spreading an innovation mindset and delivering digital education to Family Bankers, employees and customers through the digitization process and the development of new forms of digital collaboration and digital tools, involving the production of self-learning tutorials and the dissemination of concrete experiences.

Governance

Corporate Governance*,
Corporate Identity
and Responsible Business



* Corporate Governance: the set of principles, rules and procedures for the management and governance of a company, an organization or a collective phenomenon.

“Underpinning Banca Mediolanum’s business operations is a solid system of ethics. That system is a set of dynamic rules, constantly geared to taking up the best international practices and which all the people who work for the Group are required to obey and apply in their daily work activities.”

Sustainability Governance

In working towards consolidating its positioning in terms of sustainability, the Mediolanum Group is committed to becoming a role model of sustainability and social and cultural responsibility for the sector. The strategic guidelines and policies for ESG sustainability approved by the Board of Directors take into consideration the creation and distribution of value for all stakeholders.

The main ESG responsibilities set concern:

- › developing corporate sustainability projects;
- › setting sustainability policies;
- › coordinating all activities targeting sustainability, to guarantee the application of the strategy in collaboration with all Group divisions;
- › acting as control owner for non-financial ESG risks (connected to topics identified as material and described in the materiality matrix);
- › managing the social and solidarity initiatives of Banca Mediolanum;
- › preparing the Non-Financial Statement.

Below we describe some of the policies applied at Group level in 2019.

Sustainability Policy

The Sustainability Policy outlines the strategy and objectives of the Group in its way of doing business and raising awareness of sustainability and in setting out a reporting process for preparing the Non-Financial Statement in all its phases, while at the same time steering the Group in the management of risks that have an environmental, social or governance impact (ESG risks).

Environmental Policy

The Environmental Sustainability Policy identifies four areas of responsibility:

- › purchase and consumption of sustainable products;
- › energy and climate change;
- › waste management;
- › raising awareness of environmental sustainability.

Management of Risks envisaged by Legislative Decree 254/2016 (ESG)

In 2018, the Mediolanum Group adopted an internal process and organizational model for identifying, assessing and managing risks concerning material topics of a non-financial nature.

The model envisages four distinct stages:

- › Updating of the ESG risk framework
- › Scoping and planning of scoped activities
- › Analysis and assessment of ESG risks and relative management procedures
- › Disclosure and reporting

ESG Project Scoring

A tool has been developed for assessing and scoring the sustainability of internal projects by effectively measuring the risks and benefits connected to them. Developed together with the ANASF, the scoring methodology assesses the environmental, social and governance impacts of initiatives.

Code of Ethics

The Code of Ethics, the result of active consultation and participation by the various stakeholders, is aimed at disseminating ethical values that reflect the Company's principles, as well as providing a concrete response to its stakeholders: employees, suppliers, customers, partners, local communities and institutions, indicating specific commitments in their regard in terms of the principles of conduct and control, in compliance with laws and regulations. The Group's stakeholders, however, are also requested to respect such values, creating a reciprocal relationship. The Code is divided into two sections.

1

Values

Freedom, excellence, respect, transparency, integrity and fairness.

2

Rules of conduct

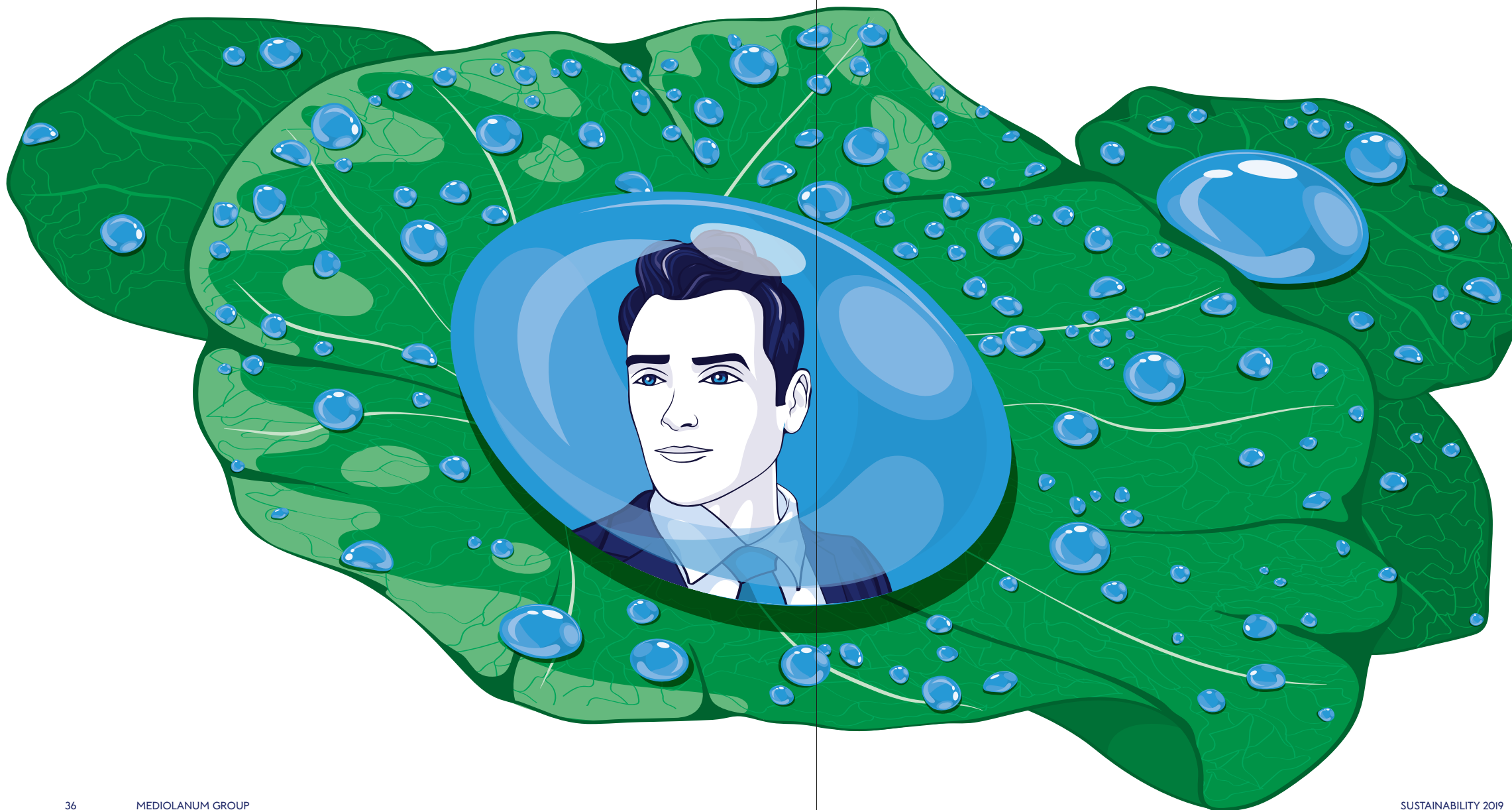
Specific and mandatory commitments for every employee, helping to build a business culture consistent with our underlying values.

These key ethical values reflect the entrepreneurial spirit that has always been central to the Group:

To believe success is possible
while at the same time helping people.

Commitment to Combating Corruption

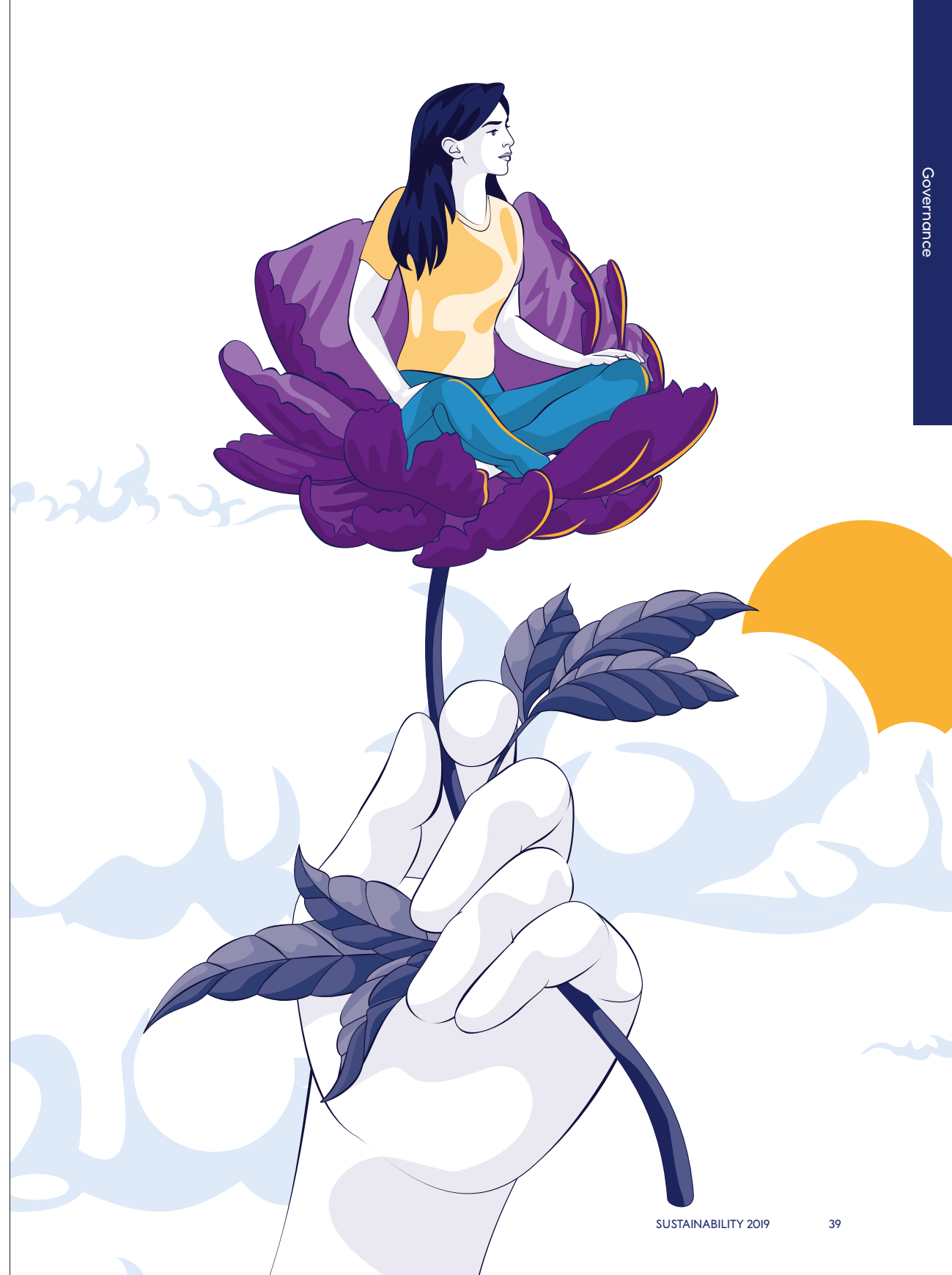
The fight against corruption aims to ensure the social and economic development of an organized community of people. The Mediolanum Group is committed to combating corruption in all its forms, in both the public and private sectors, as contemplated by national legislation, which implements a range of the provisions of the United Nations Convention against Corruption, the Strasbourg Criminal Law Convention on Corruption and the OECD Anti-corruption Guidelines.



Since 2003, Banca Mediolanum had adopted a specific compliance programme in accordance with legislative decree 231/01. The compliance programme outlines the framework of administrative liability for Italian companies in the event that specific crimes or offences are committed in their interests or to the advantage of their representatives and/or employees.

Human Rights

The Mediolanum Group conducts its business and financial operations with due consideration for the direct or indirect impacts they may have on human beings. The Group has outlined the spheres of its responsibility towards employees, customers, suppliers and the community. It has always worked to promote within the company, and towards its employees and contractors, a corporate culture that complies with laws in force, is aligned with international best practices and is able to guarantee the satisfaction of its people and high levels of customer care. That culture is embodied in the efforts made to respect rules, privacy and ethics and is founded on the value of the person, promoting conduct based on consistency, transparency, propriety and mutual trust, in full accord with the Code of Ethics that the Group has adopted. All employees and contractors are part of a workplace which tolerates no discrimination of any kind, in relation to personal characteristics or beliefs. In addition, appropriate strategies are adopted to combat potential forms of harassment and all our employees and contractors are expected to play an active part in creating a work climate in keeping with our values. The application of laws and regulations and the adoption of best practices in the countries where the Group operates guarantee protection for the rights of our people.



Cybersecurity and Data Protection

The Mediolanum Group invests great care in the protection and management of electronic data, adopting security policies and processes that are constantly updated. The security infrastructure in place to protect the network and electronic information is active 24/7 and consists of a series of services to monitor and manage traffic, also in an effort to prevent cyber attacks and manage them in the event they should happen.

Transparency

Banking transparency is governed by a complex regulatory framework, with a view to ensuring:

- › the protection of consumers through the proportionality of rules and organizational requirements,
- › the comparability of products via the use of comprehensive cost indicators,
- › standardization,
- › the simplification of information documents.

In 2019, projects were started up with a view to strengthening and improving the effectiveness of transparency processes for banking services, with the evident benefits that will also deliver for controlling operational risks.

The projects are currently ongoing and aim to enhance the checks in place on the quality of the process for creating and revising informative material, in order to continuously improve customer-targeted communications - an aspect of great importance for the Mediolanum Group.

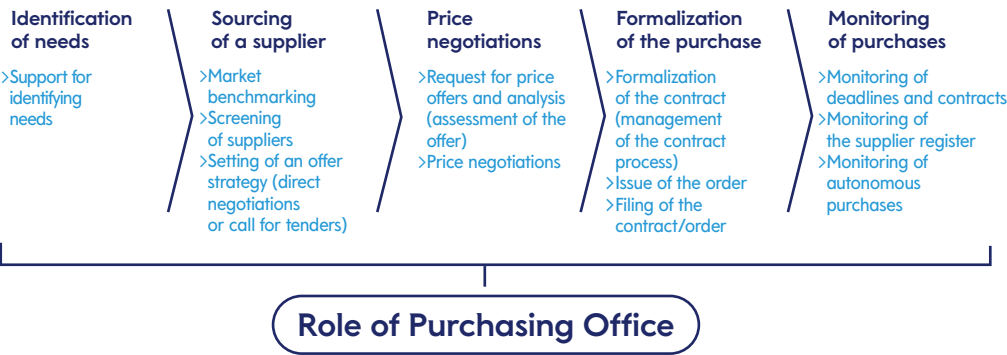
Supplier Sourcing Process and Purchasing Methods

The Purchasing department supports the company in the sourcing, identification and procurement of the goods and services needed to ensure the smooth running of operations. It does so in part through an Official Register of Suppliers, which lists the companies with which regular dealings are held for purchases.

Banca Mediolanum also improved the efficiency of its supplier assessment process in relation to the social and environmental impacts of the products and services supplied by expanding the assessment of the supply chain to include the respect and protection of human rights.

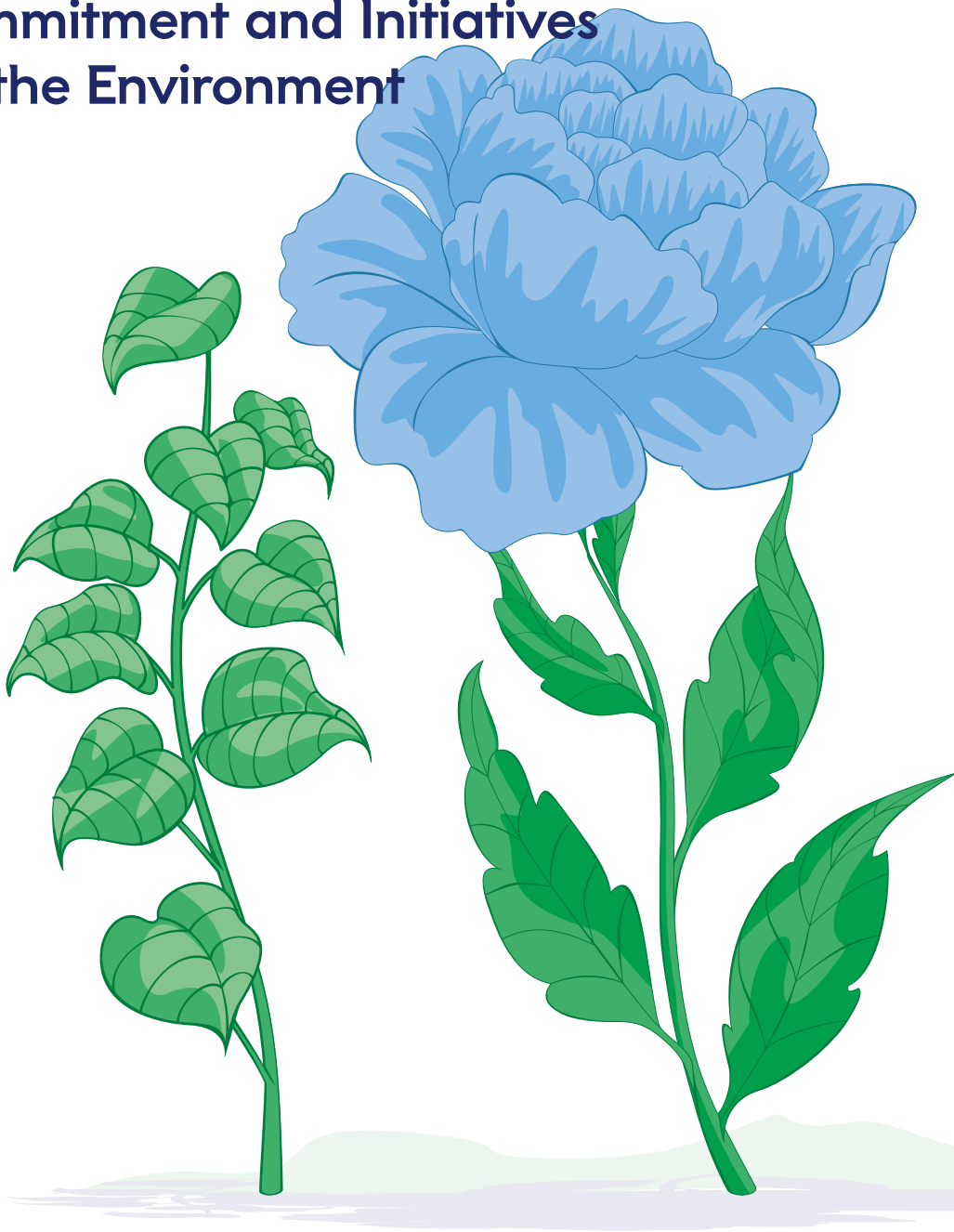
With a view to pursuing continuous improvement in the procurement process and ensure it is responsible and sustainable, in 2019 Banca Mediolanum continued to work in partnership with Bureau Veritas, a licensed and accredited certification body for auditing and certifying compliance with ISO 20400:2017, the first international standard for responsible procurement, helping companies make more informed choices by introducing supplier assessment criteria and processes based on their sustainability performance.

The steps involved in the purchasing process are outlined below.



Environmental

Commitment and Initiatives for the Environment



“The Mediolanum Group’s commitment to the environment is expressed through its efforts to minimize its environmental footprint, involving projects for the more responsible use of resources such as water, energy and paper and to reduce CO₂ emissions. In keeping with the company strategy, Mediolanum promotes the adoption of environmental protection initiatives in its company processes, through the full adoption of national and international regulations.”

Environmental Protection

The Group’s practices find logical application on a daily basis in a series of initiatives which over the years have led to a tangible reduction in both its costs and environmental impact, while encouraging people to take up more responsible habits.

Our international companies have similarly invested heavily in the adoption and application of environmental protection measures, policies and actions. Their efforts have led to a reduction in the consumption of resources (energy, paper and water), while raising greater awareness in employees of the need to adopt more environmentally-friendly habits.



Following the United Nations Climate Change Conference in Madrid (COP25), Banco Mediolanum, together with other major Spanish companies, signed a commitment to reduce the carbon footprint (an indicator measuring the impact on global warming) of its portfolio, in line with the objectives set forth by the Paris Agreement. The main goal is to keep the average global temperature rise at less than 2 degrees Celsius above pre-industrial levels.

Efforts and Actions for Reducing Consumption and Emissions

Efficiency and Optimization of Energy Consumption

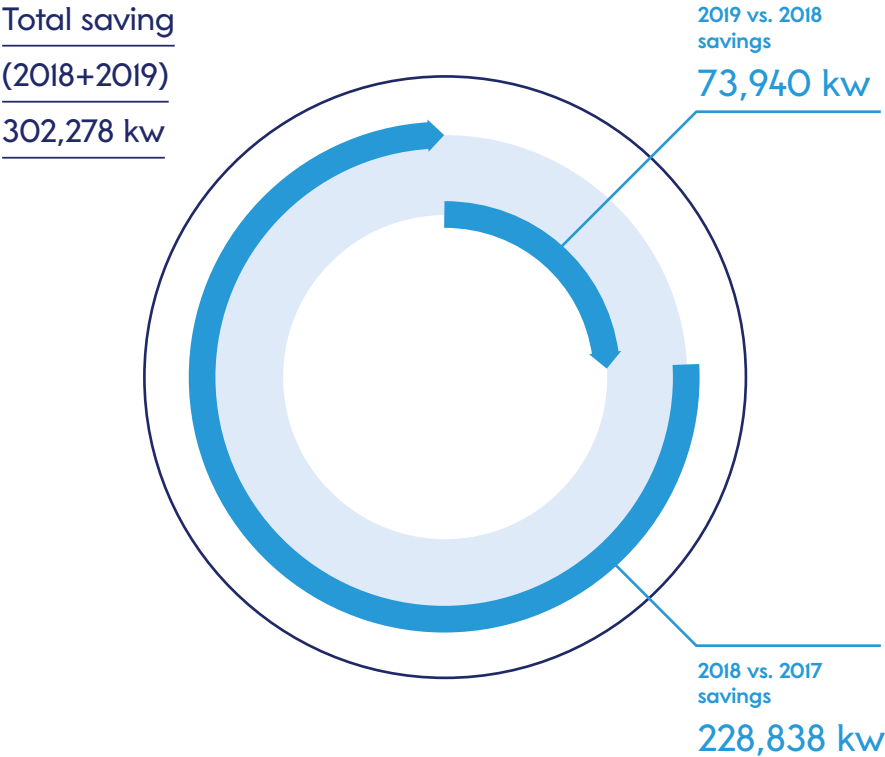
Mitigating and containing CO₂ emissions is an important goal of Group environmental policies. Accordingly, specific medium-term actions have been identified to reduce the Group’s environmental footprint and, as a result, its emissions.

In an effort to optimize buildings, our offices in Italy, Spain and Ireland have opted for less polluting solutions, including the independent production of energy, with priority placed on low-emission, high-efficiency solutions to protect the local environment and landscape.

LIGHTING

Efficiency measures for the lighting system continued to be rolled out in 2019, through the replacement of old lights with new LED lamps.

Consumption savings



Energy Committee

Set up on 16 February 2018, the Committee's essential mission is to ensure compliance with energy policy. Among its key objectives is the attainment of ISO 50001 certification for sustainable buildings from an energy point of view and its renewal, in order to establish optimal control over both consumption and the sustainable use of the energy consumed by our operating office. Banco Mediolanum has set up the work group "Cada Acción Cuenta" with the objective of identifying, proposing and implementing initiatives that promote the conscientious use of resources and raise greater awareness of environmental sustainability.

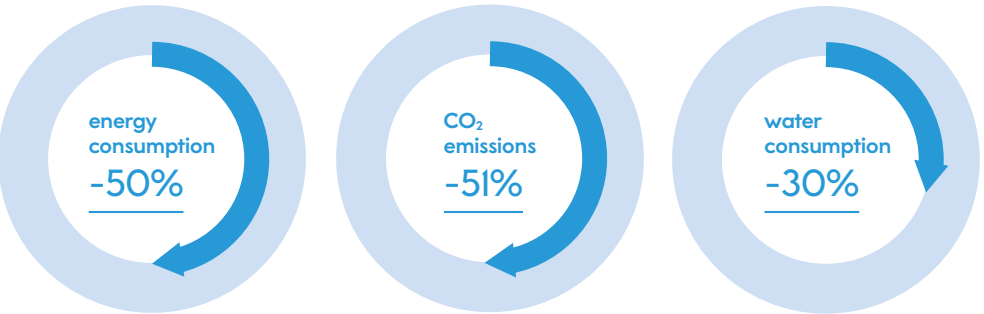
Energy Management System certification (ISO 50001)

Banco Mediolanum has implemented ISO UNE-EN ISO 50001:2011 since December 2018 in an effort to contribute to the more efficient and sustainable use of energy.



In 2019, our Irish headquarters moved to the new premises of The Exchange Building. The new premises are powered by electricity generated by renewable sources and feature a LED lighting system with a timeout on the movement sensor. The building has been accredited with the LEED GOLD standard and a BERA3 rating, which means it achieves a 50% reduction in energy consumption, a 51% reduction in carbon emissions and a 30% reduction in water consumption.

Consumption savings for "The Exchange Building"



SUSTAINABLE MOBILITY

Banca Mediolanum's corporate fleet numbered 135 vehicles in 2019, up from 123 in 2018. The fleet is made up of low carbon emission vehicles, including diesel engine cars with next generation particulate filters (DPF), alternative fuel engines, with almost all the vehicles classed as Euro 5 or Euro 6.

A new company mobility policy sets out:

- › the preference for alternative energy vehicles, hybrid cars, electric cars and other environmentally-friendly vehicles,
- › maximum limits on both CO₂ emissions and mileage.

In 2019, thanks to the Mobility project, the Mediolanum Group reduced its atmospheric emissions of CO₂ by 48 tonnes.



In 2019, additional fast charging stations for electric vehicles were installed, as part of investments in a zero environmental impact project.

More charging stations are planned to be installed in upcoming years.

In recent years, traditional fuel cards have been replaced with DKV cards that actively contribute to the creation of duly certified eco-sustainable projects.



Use of "Taxi Ecologic", a company fleet consisting exclusively of electric cars and hybrid vehicles.



A scheme has been started up to promote the use of sustainable means of transport, tied to the government travel schemes "Tax Savers" and "Bike to Work".

The aim of the initiatives is to encourage workers to use public transport and bicycles to travel to and from work.

OPTIMIZATION PROJECT FOR PRINTING AND PAPER USE

After years of investments in dematerialization and digitization projects, in 2019 the milestone was reached of 93% of documentation dematerialized, considered the upper threshold for the banking sector, thanks to the adoption of the digital channel by the near totality of customers. Gradual increases were also achieved in the asset management and insurance segments.

The overall percentage of dematerialized relationships across all Group companies now stands at an average 81%.

In 2019, Banca Mediolanum adopted types of paper and processing methods certified by the Forest Stewardship Council (FSC) even for the printing of materials for customers and prospects, confirming the constant attention focused by the group on social, economic and environmental needs. In 2019, 37,727kg of FSC paper was used for printing sales and marketing materials.



Thanks to the use of FSC branded paper, 696kg of CO₂ was saved.

Moreover, some of the well-established practices that have been continuously improved over the years are:

- › the use of multifunction printers that deliver measurable savings in paper consumption through default settings for black and white printing, front and back printing preferably using recycled paper and the cancellation of unprinted documents from the print queue after a certain amount of time;
- › the use of the energy-saving features on printers, i.e., the auto shut-off mode;
- › the provision of toner cartridge and paper recycling bins on all floors of buildings;
- › the availability of a "Digital Newsstand" platform to read newspapers and a range of magazines, replacing print copies.

Paper Consumption



-  A total of 95% of contracts produced in 2019 were signed in digital format by customers. Moreover, a total of 9,646kg of paper was recycled through an external service provider.
-  The use of multifunction printers delivered measurable savings in paper consumption through default settings for black and white printing, front and back printing preferably using recycled paper and the cancellation of unprinted documents from the print queue after a certain amount of time. The software installed on the printers allows us to measure the effective savings achieved every year in terms of CO₂ emissions, litres of water saved or the number of trees saved.

The environmental saving for the year
totalled 27,160 sheets of A4 paper.


PROPER WASTE MANAGEMENT

Partners engaged for the management of waste are carefully screened and monitored, with priority given to service providers with environmental protection certification for the proper disposal of waste.

The following waste is sorted:

- > paper;
- > packaging (cardboard, Styrofoam, wood);
- > printer and copier toner cartridges;
- > PCs and electronic equipment;
- > batteries;
- > plastic and aluminium;
- > glass;
- > metal;
- > organic waste;
- > wood;
- > fluorescent tubing.

In 2019, the disposal of electronic waste, computer equipment and furniture was managed via the services of an ISO 14001 accredited and certified company.

-  Waste collection points are set up on every floor of office buildings, with toner cartridge and paper recycling bins provided in copying areas and plastic, paper, organic waste, mixed waste, plastic caps and aluminium recycling bins provided in all catering areas. In addition, awareness-raising campaigns are constantly run to encourage the management and more sparing use of resources, which helps to ensure proper collection and disposal.

For glass and metal, there are two outdoor waste collection areas for all the buildings.
During the year, the disposal of computer waste, electronic equipment and furniture was managed by a company specialised in waste handling and transport.

TARGETED MEASURES

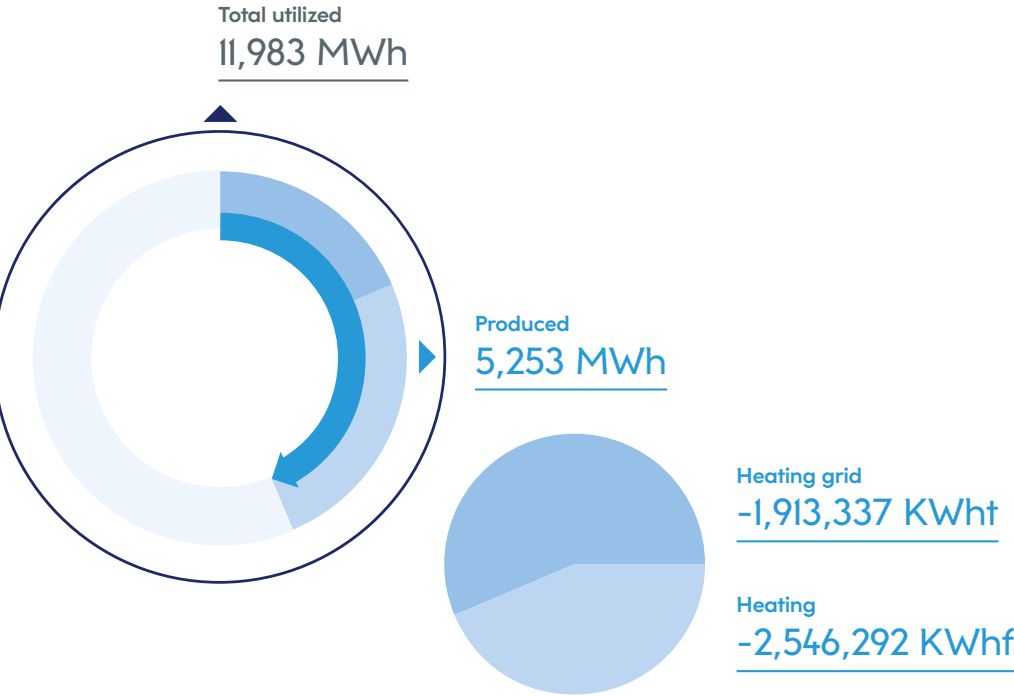
Two gas-powered tri-generation plants are installed at the Milano 3 City Italian headquarters that produce electricity, heating and cooling. The electricity produced is used to power daily consumption needs (lighting, personal computers, motors).

In 2019 alone, the plants covered the following power needs:

- › 43.84% of electricity needs;
- › partial coverage of heating;
- › partial coverage of air conditioning.

In 2019, the tri-generation plants at the MI3 Campus in Basiglio produced 5,253 MWh of the 11,983 MWh of energy consumed and produced the hot water needed for the heating system, with an estimated 1,913,337 KWht of heating produced and 2,546,292 KWhtf produced for cooling.

Energy produced by the tri-generation plants at the MI3 City Campus in Basiglio



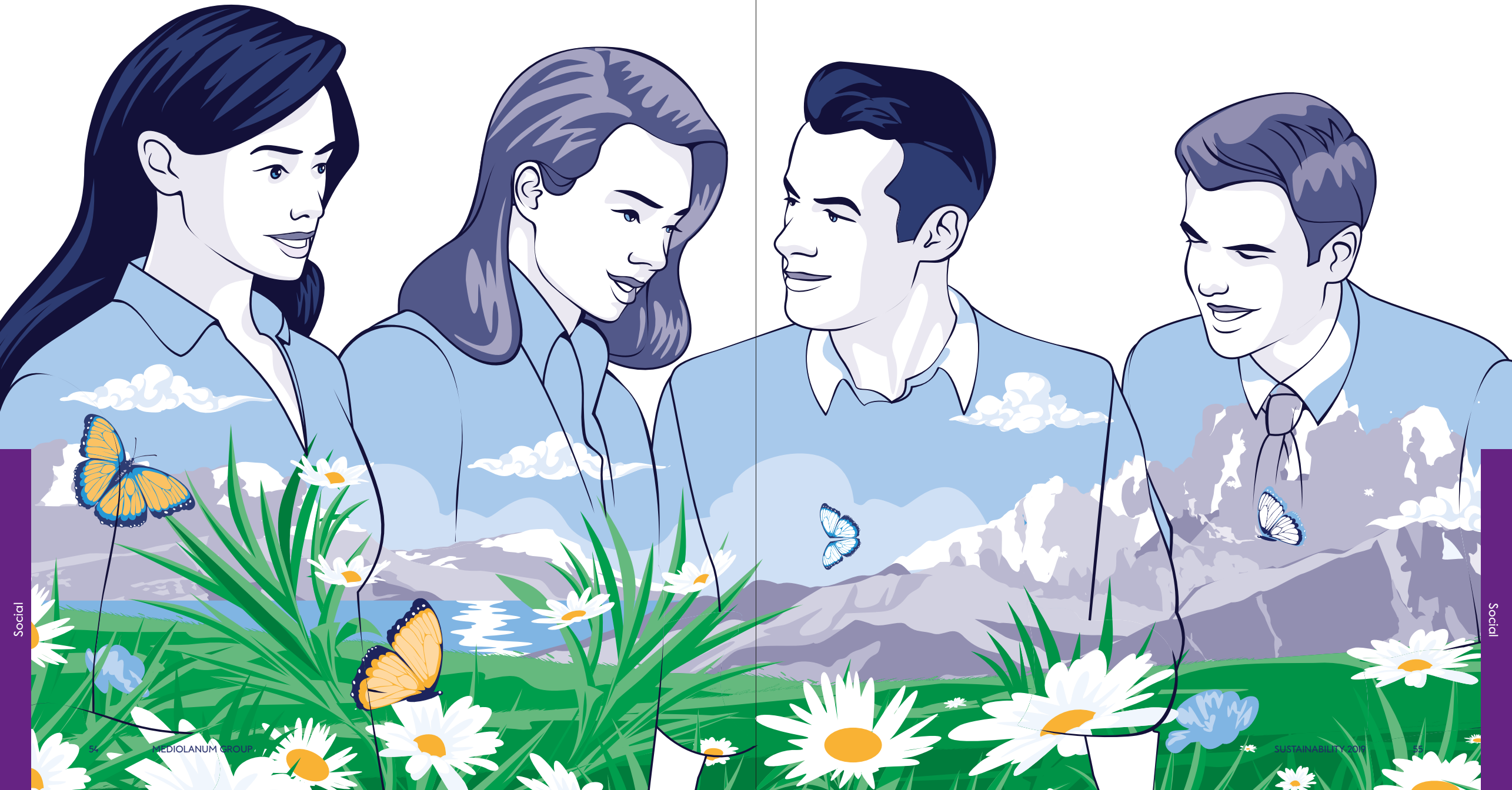
Scope 1 direct emissions, referring to the use of fuel for heating and the corporate fleet; Scope 2 indirect emissions, for centralized cooling and electricity.

To foster the spread of environmental awareness in the company, since 2016 the Group has promoted an initiative whereby a tree can be planted to mark the birth of child to a Mediolanum employee, in partnership with Treedom. The trees of the Mediolanum forest are planted in Kenya and Haiti and over time will absorb 72,500 kg of CO₂.

All buildings are provided with microfiltered drinking water dispensers and reusable bottles are distributed to employees in order to reduce the use of disposable plastic.

Social

Personnel, Customers
and the Community



“In line with its mission, the Mediolanum Group has always focused squarely on its stakeholders, by adopting a service model built on the relationship with customers, Family Bankers and employees, as catalysts for the creation of value. That is why we incentivize occasions for engagement and discussion. In 2019, in fact, a project involving our main internal and external stakeholders was started up to study the extent to which sustainability issues affect their assessments and decisions and to incorporate their expectations in the Group’s action plans on sustainability issues. As part of our commitment to sustainability, in Mediolanum has continued to support a number of the goals identified by the United Nations 2030 Agenda for Sustainable Development (SDGs) by taking a responsible stance towards people and promoting the welfare of its employees, customers and the community.”

Collaborators

Employees

Development of human capital

The solidity and growth of a company are based on the constant investment in its human capital. The Mediolanum Group believes in the contribution of all its people for the success of its business initiatives, as an expression of the ideas and work of all its employees. A general company culture has been fostered that rejects discrimination of any kind, creating the best possible conditions for everyone to express their potential best, with mutual respect for all people. Mediolanum as a company is committed to guaranteeing the optimal management of the human resources of all Group companies by investing in their growth and development through higher learning programmes delivered through its Corporate University, also in partnership with leading Italian universities (master and certificate programmes). The company also seeks to encourage the expression of its people’s technical skills and capacities by creating a working environment for employees featuring the best architectural and ergonomic solutions. The training approach adopted is based on the provision of means and tools by the company, but envisages that each and every employee take joint responsibility for self-learning and their professional and managerial development (via an Open-Architecture range). In numerous cases, specific tools and initiatives were paired to individual development plans, such as a “Development Coach” for coaching and self-learning approaches and Leadership training, involving encounters with experts to learn how to be proactive, improve team management and encourage greater enthusiasm. The assessment of positions is conducted using widely adopted methods recognized at the international level and serves to support the setting of salary levels and employment grades, in order to strike the right balance in remunerating the responsibilities tasked to a position and rewarding individual performance and results, according to criteria that are as fair and objective as possible.

A continuous learning environment is encouraged to help people adapt to the constant changes the future holds in store, with a view to boosting their transversal skills and employability.


In 2019, the human resources training area for Italy employees improved on the strong volumes posted the previous year by delivering a total of more 66,000 student hours to almost the entire company staff (99% of company personnel).



Company Welfare Services



The “Wellmed Wallet” offers a series of company welfare programmes on the digital platform, giving all employees of the Mediolanum Group’s Italian and Spanish companies access to a broad basket of goods and services through a “welfare credit” that can be spent on the purchase and use of services tailored to one’s needs and preferences. In addition, all personnel are offered medical screening at work, preventive medicine check-ups, flu vaccines and ergonomic evaluations.

 In Spain, Banco Mediolanum offered the children of employees, aged 16 to 25 years, the opportunity to experience working life, with the objective of providing quality work experience. The “Academic Excellence Contest” rewards the children of employees and Family Bankers at Banco Mediolanum for strong school performance.

Special attention is also paid to the physical and psychological well-being and care of employees at our Italian, Spanish and Irish offices, with encounters organized to stress the importance of nutrition for a healthy lifestyle.

Family Banker Network

Through its Family Bankers, Banca Mediolanum provides customers with assistance in the management of savings and investment advisory, together with the products and services offered by the bank itself. Banca Mediolanum does not just sell products; it offers solutions. Family Bankers are the link representing the direct channel between the bank and its customers. They put together the solutions to best meet the customer’s savings, investment, retirement, insurance and financial needs, helping out, if necessary, in learning to use the Bank’s multiple channels. With a view to promoting and unlocking the value of the community of female financial consultants at Banca Mediolanum, and raise awareness of women’s participation in the financial market, the bank has set up a “Women in Med” plan.

The aim of the bank is to raise awareness and shine a light on the female role models in the network who, with great capacity and without sacrificing other aspects of their life, tackle the financial sector on a daily basis, taking an approach that focuses on the customer relationship to serve customers and their goals.

The plan activates various drivers, starting with internal communications targeted at female consultants to involve them in a sustainability project for their endorsement in management, tapping into a leadership style exercised with a diverse sensitivity, to arrive at an external communications campaign centred on the gender equality and inclusion that the plan promotes, also for the purposes of recruiting similar candidates.



In Spain, various activities have been developed aimed at promoting gender equality and inclusion and the prevention of sexual harassment.

Learning and training for the sales network have always been fundamental for Banca Mediolanum. Family Bankers are trained through programmes and activities planned and delivered by Mediolanum Corporate University, Banca Mediolanum's educational institute, which focuses on developing excellence in the customer relationship, in the management of family financial needs and savings and in financial and asset advisory.



Customers

In keeping with its Vision, Mediolanum offers its customers a relationship built on freedom and the human touch, with a business model centred on them through targeted resources, tools and services. Cultural initiatives and communication activities are organized nationwide to consolidate and leverage the value of customer relationships.

The Customer Satisfaction Survey conducted in 2019 by BVA Doxa found that Banca Mediolanum was the top ranking bank for the overall satisfaction of the customers who use the bank as their main bank, with a satisfaction rate of 96% (customers giving an assessment between 6 and 10). Alongside that outcome are other important standings achieved by the bank, such as the top ranking position for customer satisfaction with Family Bankers and their competency and the number one position obtained for the quality of the Banking Center.

Most highly
recommended
bank in Italy
by its customers



* Customers giving an assessment between 6 and 10.

Customer-oriented communication and cultural initiatives

Over 2019 as a whole, four full media campaigns were aired, aimed at promoting the role of Family Bankers and the value of the financial advisory service. Another key topic for communications was protection, with various awareness-raising campaigns targeted at customers.

Events

For the Group and the Family Banker Network, events are an opportunity and a means to give a tangible sign of the value we give to the Relationship with customers and prospects and to spread a “financial culture”.



 In 2019, almost 3,400 Mediolanum events were held in Italy, attracting the participation of some 160,000 people, added to which was a big event organized in 50 different cinemas across Italy, all at the same time, focused on the importance of financial protection and safeguarding living standards, which saw the involvement of more than 9,000 people. The Group’s sponsorship of the Giro d’Italia was once again in 2019 an occasion to reach out to customers, with stands set up at all the various stages across the country.



In 2019
Centodieci organized
422 events

Involving
52,000
customers and
prospects

“Centodieci” – the event format for spreading Banca Mediolanum’s values, focused on the development of human capital – organized various projects across the country exploring key topics such as technological innovation, sustainability, marketing scenarios, communications and art. In line with our values, “Centodieci” was proud to support “Matera European Capital of Culture” with a wide array of cultural initiatives for the city that will continue in 2020.



In Spain, Banco Mediolanum promoted the organization of professional, cultural and sports events in 2019, building closer ties with its customers and prospects and helping to spread the values of the company. Specifically, in 2019 the Family Banker Network organized 575 initiatives, including local marketing events and meetings with customers, which attracted a total participation of some 21,000 people.

ISO20121 Sustainability Events

In March 2019, Banca Mediolanum attained ISO 20121 certification.

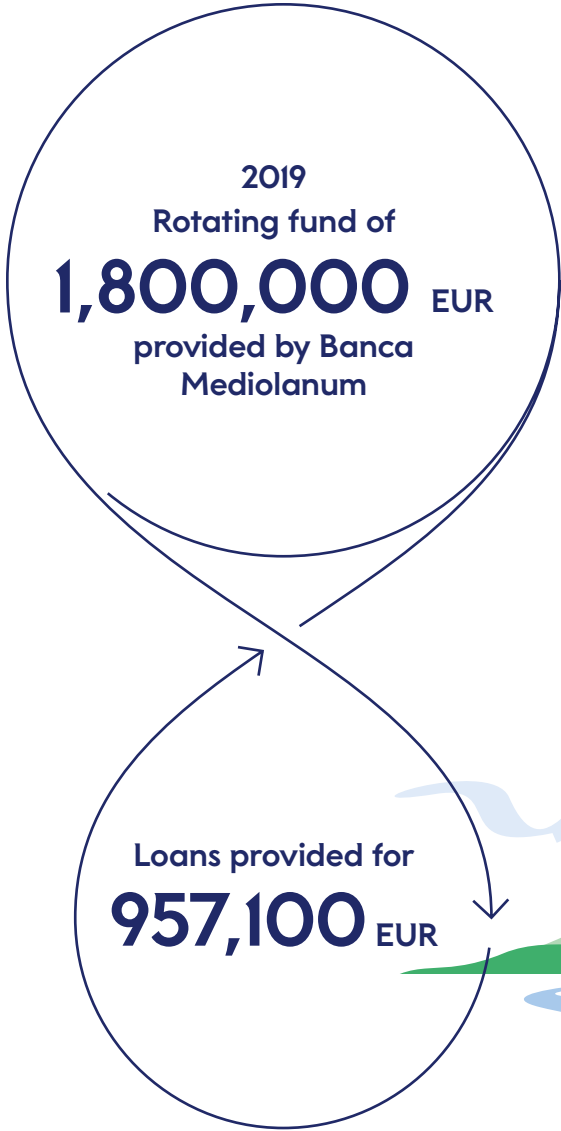
The choice to do so means that all aspects of the organization are now managed with even greater emphasis on the environmental, social and economic principles of the standard.

The application of those principles is reflected in the choice of materials for premises, catering, merchandising, and local suppliers to cut transport costs and pollution.

To minimize waste, a partnership has been started up with a service provider for the distribution of meals to help people in need.

Financial inclusion

Community



Financial Education

In 2019, Banca Mediolanum continued to promote a variety of projects aimed at improving the financial education of customers and prospects. The topics addressed focused primarily on the importance of careful financial planning in order to make the most of the opportunities and benefits of a precise savings plan, on the generational handover of firms, on protecting and maintaining living standards and on retirement planning.



In Spain, the Group's financial education programme is targeted at students between 13 and 15 years of age, with the objective of providing them with the basic notions for managing their finances and making financial decisions. Over 2019, a total of 18 educational sessions were held.

Community

The community encompasses all the social and cultural groups with which the company comes in contact in the conduct of its business (for instance, through occasions for disclosing its sustainability model through the Non-Financial Statement, the Sustainability Report, etc.). Banca Mediolanum is part of many aspects of daily life, even those not directly connected with finance. It organises and participates in a variety of activities of a social, cultural and sporting nature, funding initiatives to help people in situations of need or requiring support. In order to provide an organized response to the requests and demands of the Third Sector, in 2002 Banca Mediolanum decided to create the Mediolanum Foundation NPO.

The value of our people was also shown during the year through concrete actions for communities and local areas struck by natural disasters, such as earthquakes, floods and storms, with targeted initiatives for customers.



Microcredit

Given the current economic framework in which pockets of vulnerability are becoming ever vaster, and with the objective of preventing people falling prey to usury and fostering greater financial inclusion, Banca Mediolanum and the Mediolanum Foundation NPO have reiterated the commitment undertaken in 2009 with other foundations and association across the country active in the fight against usury by promoting social projects aimed at providing a financial safety net to disadvantaged population groups.

Banca Mediolanum has chosen to join the fight to end poverty and usury through the mechanism of microcredit lending, in partnership with church foundations. The initiative is part of Banca Mediolanum' concrete commitment to the Sustainable Development Goals (SDGs) promoted by the United Nations, with particular reference to the first goal of the 2030 Agenda to end poverty in all its forms everywhere.

Donations

The value of our people is also shown through concrete actions for communities and local areas struck by natural disasters, such as earthquakes, floods and storms. In all, a total of €242,700 of donations were raised to assist our customers and people.

Charity Commitments in Spain

MEDIOLANUM APROXIMA

Mediolanum Aproxima is the solidarity project run by Banco Mediolanum since 2014 to support the work of local non-profit organizations through the direct involvement of Family Bankers and their customers. With this initiative, Banco Mediolanum wants its customers to be close to their local NGOs. Under the project, Family Bankers act as links between their customers and local associations and foundations, helping to step up their solidarity work. The aim of the project is also to create a social solidarity network, for instance, by partnering up with volunteer initiatives or by helping to fund the projects of the NGOs. In 2019, a total of 29 local NGOs took part in the project. At the same time, Banco Mediolanum opens up various communication channels for the NGOs, both offline and on, in order to widen their visibility and put them in contact with potential partners. In 2019, for the second edition of Semana Solidaria (Solidarity Week), Family Bankers organized 41 events in 21 cities across the country. Over €235,294 of donations were made, with the participation of more than 5,000 people.

Semana Solidaria
events

41

Cities

21

Funds raised

€235,294

Participants

5,000

Charity Commitments in Ireland

In Ireland, the Group continued to support local communities through a vast range of initiatives that embody sustainability principles and the sharing of values. That commitment is expressed in various ways.

COOLMINE THERAPEUTIC COMMUNITY

Support for the Coolmine Therapeutic Community continued in 2019. The objective is to provide a concrete and strategic contribution through company volunteer work, coaching, mentoring and the sharing of employees' skills through various initiatives:

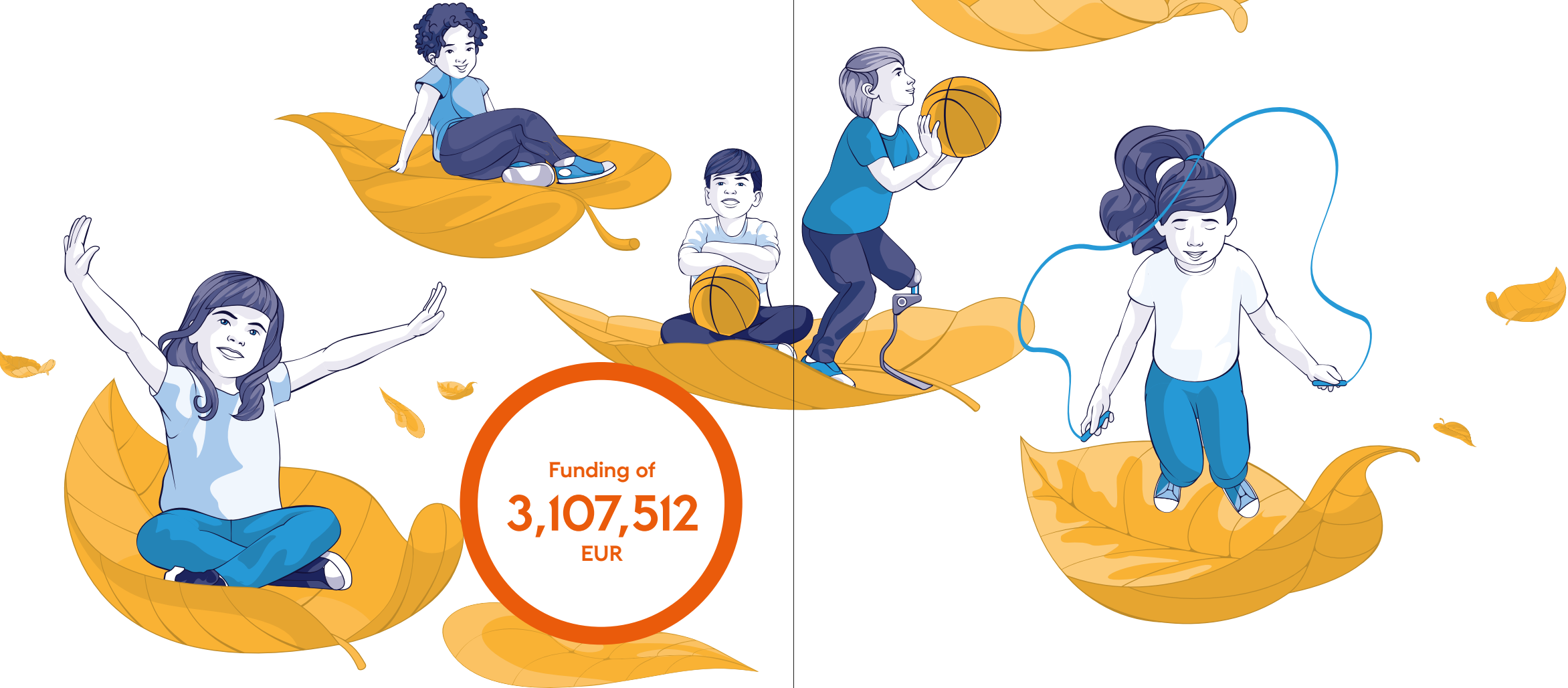
- › Marketing and communications support
- › Support for "Coolmine Graduation Ceremonies"
- › Governance support in relation to general management
- › Support for the multimedia production of photos and videos

Mediolanum Foundation NPO

The Mediolanum Foundation NPO was established in 2002 with the objective of promoting, developing and implementing the social initiatives pursued by the Mediolanum Group. In 2012 the Mediolanum Foundation attained the status of non-profit organisation, thanks to which it can organise fund-raising initiatives to help as many children as possible in Italy and around the world. The objective of the Mediolanum Foundation NPO is to support projects for disadvantaged children to educate them on freedom,

empowering them to be the free adults of tomorrow. The foundation supports projects dealing with basic education, learning a trade and fulfilling primary needs such as food, shelter, medical care and vaccinations. In this way the foundation has helped dozens of children to become independent adults and live a life of freedom based on the universal values of the individual, while respecting local cultural traditions and religious beliefs.

In 2019, the Mediolanum Foundation NPO continued its work in support of disadvantaged children, supporting projects in a variety of sectors targeting health, education, welfare, research and right, with a total of €3,107,512 of funding provided for 100 projects.



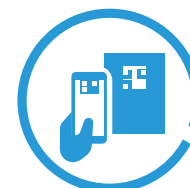


START UP IN 2019 OF THE "DELEGACIÓN DE FUNDACIÓN MEDIOLANUM" IN SPAIN

The delegation is committed to matching the donations raised by Family Bankers at solidarity events, for donations between €2,000 and €5,000 per event. In 2019, the Foundation's delegation gave donations in relation to 21 events held during the Solidarity Week organized by Banco Mediolanum. This was the first time the Mediolanum Foundation contributed its support to organizations in Spain, as part of an initiative set to continue in future years.

Find Out More

For more information on Sustainability or on the 2019 Consolidated Non-Financial Statement visit www.bancamediolanum.it



Scan the QR code
with your smartphone
and open the link.



Sustainability 2019

or write to csr@mediolanum.it.

The Consolidated Non-Financial Statements for 2018 and 2019 were notarized on the Ethereum blockchain platform, as proof of their authenticity, transparency and immutability.

For the 2019 report, the transaction can be verified at the following link:
<https://app.notarify.io/docs/6bd806>

or via the QR code below:



Verification

Promotional message.
The figures reported refer to the 2019 Consolidated Non-Financial Statement extracted as at 31/12/2019.

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