



MEDIOBANCA

**Summary of the
Policy for managing conflicts of interest
in the provision of banking and investment services
and activities, ancillary services, and lending and
funding activity**



Mediobanca – Banca di Credito Finanziario S.p.A. (“Mediobanca”, or the “Bank”) is required to adopt all appropriate steps in order to prevent, identify and manage correctly any conflicts of interest that may arise between Mediobanca and its clients or between two or more clients in the course of Mediobanca providing services.

The document constitutes the Summary of the Policy for managing conflicts of interest (the “Policy”) in the provision of investment services and activities, ancillary services and lending activities, prepared by Mediobanca pursuant to Directive 2014 /65/EU (MiFID II).

The Policy describes the way in which Mediobanca identifies, prevents and manages conflicts of interest, including potential conflicts, which may affect Mediobanca’s ability to act independently and could therefore damage the interests of one or more of the Bank’s customers.

Proper and timely identification and management of conflicts of interest that may arise in the course of providing services is not only necessary in order to comply with the legal requirements referred to above, but also of fundamental importance in order to protect the interests of customers and to safeguard the Bank’s institutional profile.

The Policy takes into consideration all sectors of activity and types of economic relationship in relation to which conflicts of interest may be generated. For the purpose of determining such conflicts for Mediobanca the international branches and Group companies are also considered, with reference to investment and ancillary services and also the lending and funding activities provided by the Group.

Conflict of interest

Situation in which the Bank, in providing an investment or ancillary service or alternatively in the course of lending or funding activity, may harm the interests of a customer in favour of either its own interest or the interest of another customer.

Conflicts may be distinguished between “internal conflicts”, i.e. situations in which the Bank may damage the interests of a customer to the benefit of its own interest, and “external conflicts”, i.e. situations in which the Bank may damage the interests of a customer to the benefit of those of another customer.

Situations of conflict include in particular those cases in which, after having provided a service, the Bank:

- ◆ May achieve a financial profit or avoid a financial loss at the expense of the customer;
- ◆ Has an interest in the result of the service provided to the customer, other than the customer’s own interest;
- ◆ Has a financial or other incentive to prioritize the interests of customers other than to the customer to which the service is provided;
- ◆ Performs the same activity as the customer;
- ◆ Receives or may receive from a person other than the customer, in relation to the service provided to the customer, an inducement in the form of monetary or non-monetary benefits or services, other than the fees or commissions which would normally be received for such a service



In the course of providing services to a client, Mediobanca may, subject to Applicable Law, pay or receive fees, commissions, rebates or other non-monetary benefits or inducements to or from third parties (including any company within the Mediobanca Group).

Mediobanca provides services in respect of a wide range of investment and banking related activities to a number of different clients. Accordingly Mediobanca may have an interest, relationship or arrangement that is material in relation to a transaction effected with or for a client (or the financial instrument or other investment the subject of the transaction) or that could give rise to a conflict of interest.

The following are some examples of the types of interests, relationships or arrangements that Mediobanca may have in a transaction, in the instrument the subject of the transaction or in the provision of a service:

- ◆ Mediobanca may place to its clients or consider, in the context of the provision of the services of investment advice and portfolio management, financial instruments:
 - a) issued by Mediobanca or an Affiliate within the Mediobanca Group;
 - b) issued by companies i) which Mediobanca has significant relationships with (i.e., Mediobanca owns a stake in the company or the company is Mediobanca's related party) or ii) which Mediobanca provides investment banking services to (also lending), which includes cases where the proceeds of the offering are used to repay loans granted by Mediobanca or Affiliates within the Mediobanca Group;
- ◆ Mediobanca may structure on behalf of an issuer the repurchase of financial instruments held also by Mediobanca or by Affiliates within the Mediobanca Group;
- ◆ In the context of a buy-side transaction, Mediobanca may act as advisor for one of the potential buyers and as lender for the other potential buyers;
- ◆ Mediobanca may produce investment research with respect to an issuer to whom Mediobanca provides investment banking services;
- ◆ Mediobanca may provide its clients with trading services on financial instruments on which Mediobanca acts as market maker/liquidity provider.

Model for managing conflicts of interest

To ensure that the obligations in respect of managing conflicts of interest are met correctly, the Bank:

- ◆ Has adopted processes and instruments that allow conflicts of interest to be identified promptly;
- ◆ Has implemented standard measures¹ to remove the risks of harming its customers' interests or allow them to be mitigated;
- ◆ May identify, for any individual conflicts analysed, specific additional measures² to complement the standard measures;

1) Standard organizational measures and procedures to manage conflicts of interest (current and potential) as effectively as possible, in order to minimize the risks that such conflicts could damage the interests of customers

2) Further measures to be taken in the event that the standard measures implemented by the Bank prove to be insufficient to protect the customers' interests adequately



- ◆ Guarantees that any instances of conflict identified are dealt with swiftly;
- ◆ If necessary, provides disclosure to customers on the conflicts involved in the services offered. Here it should be noted that MiFID II requires disclosure to be adopted as an extreme measure for use only in cases where the organizational and administrative measures adopted to prevent or manage conflicts of interest are not sufficient to ensure that the risk of damaging the customer's interests has been avoided with reasonable certainty. In this connection, the Compliance Unit conducts prior analysis on a case-by-case basis to identify the circumstances in which it considers it appropriate to provide disclosure to its customers, not as an extreme measure in the event of conflicts not adequately managed, but in order to ensure correct and transparent management of relations with customers even when conflicts are considered to be adequately managed;
- ◆ Files and stores instances of conflict managed, keeping a record of any measures that are taken³.

Mediobanca updates the Policy for managing conflicts of interest at least once a year, and ensures that all staff members are aware of the measures described therein and apply them properly.

3) In particular, Mediobanca keeps a List of the conflict-of-interest situations in relation to services/activities provided that are managed by the Compliance Unit, and of the measures, including additional measures, adopted by the Bank