

mBank SA

Diversified Banks Poland WAR:MBK

ESG Risk Rating

13.0

Last Full Update Apr 25, 2023

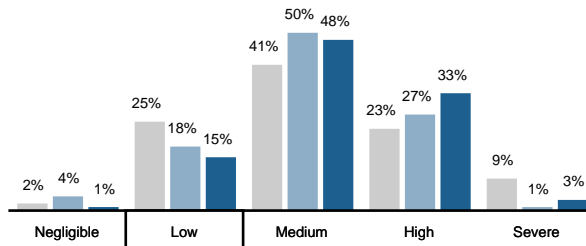
-1.8

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

| UNIVERSE | RANK | PERCENTILE |
|----------------------------------|---------------------------------|-------------------------------|
| | (1 st = lowest risk) | (1 st = Top Score) |
| Global Universe | 863/15613 | 6th |
| Banks INDUSTRY | 68/1003 | 8th |
| Diversified Banks SUBINDUSTRY | 10/381 | 3rd |

Peers Table

Peers (Market cap \$4.1 - \$4.2bn)

| | Exposure | Management | ESG Risk Rating |
|---------------------------------------|-------------|-------------|-----------------|
| 1. mBank SA | 48.0 Medium | 77.0 Strong | 13.0 Low |
| 2. Yapi ve Kredi Bankasi AS | 46.1 Medium | 69.0 Strong | 15.9 Low |
| 3. TMBThanachart Bank Public Co. Ltd. | 51.5 Medium | 56.8 Strong | 24.0 Medium |
| 4. Piraeus Financial Holdings SA | 53.9 Medium | 50.8 Strong | 28.2 Medium |
| 5. Qatar International Islamic Bank | 42.3 Medium | 22.8 Weak | 33.1 High |

mBank SA

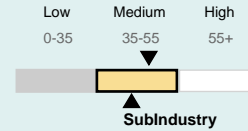
Diversified Banks Poland WAR:MBK

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

48.0 **+0.6**
Medium Momentum
 Beta = 1.09



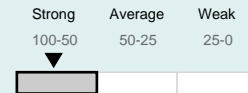
In FY2022, mBank served around 5.7 million customers and corporate clients. Its product offering is diverse, with a strong strategic focus on ESG integration. Given growing regulatory and media scrutiny of issues such as greenwashing, mBank must ensure the transparency of its product offering. With the addition of its longstanding controversy relating to CHF-denominated mortgages, the bank is highly exposed to product governance risk. As part of its 2025 strategy, mBank aims to acquire 50% of new retail customers remotely, and it has partnered with several e-commerce providers to enhance its account transfer services. The sharing of sensitive customer data exposes it to data privacy and security risks. Finally, the introduction of regulation such as the EU Taxonomy, coupled with building investor and consumer pressure, leads to both opportunities and risks for the EU banking sector.

The company's overall exposure is medium and is moderately above subindustry average. Data Privacy and Security, Product Governance and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

77.0 **+4.4**
Strong Momentum



MBank's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's sustainability committee is chaired by the chief risk officer, which indicates that ESG implementation is a core part of the bank's strategy. The largest portion of its unmanaged risk stems from its significant controversy regarding CHF-denominated mortgages. In spite of this, its management of Product Governance is still strong. The company exhibits very strong management of Data Privacy and Security issues, underlining its use of best practices to protect its systems and customers. Finally, its management of ESG Integration – Financials is equally strong, despite its low ratio of responsibly managed assets as a proportion of its total AUM.


The company's overall management of material ESG issues is strong.

mBank SA

Diversified Banks Poland WAR:MBK

Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

| Issue Name | ESG Risk Exposure Score Category | ESG Risk Management Score Category | ESG Risk Rating Score Category | Contribution to ESG Risk Rating |
|--|---------------------------------------|---|-------------------------------------|---------------------------------|
| Corporate Governance | 9.0 High | 61.8 Strong | 3.4 Low | 26.6% |
| Data Privacy and Security | 8.8 High | 90.0 Strong | 2.5 Low | 18.9% |
| Human Capital | 6.3 Medium | 67.6 Strong | 2.3 Low | 17.4% |
| Product Governance Significant Events  | 8.4 High | 75.0 Strong | 2.1 Low | 16.2% |
| ESG Integration -Financials | 6.3 Medium | 72.9 Strong | 1.7 Negligible | 13.2% |
| Business Ethics | 9.2 High | 93.8 Strong | 1.0 Negligible | 7.7% |
| Overall | 48.0 Medium | 77.0 Strong | 13.0 Low | 100.0% |

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

Severe (0)

High (0)

Significant (1)

Quality and Safety

Moderate (1)

Data Privacy and Security

Low (1)

Anti-Competitive Practices

mBank SA

Diversified Banks Poland WAR:MBK

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (12)

Access to Basic Services

Accounting and Taxation

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Sanctions

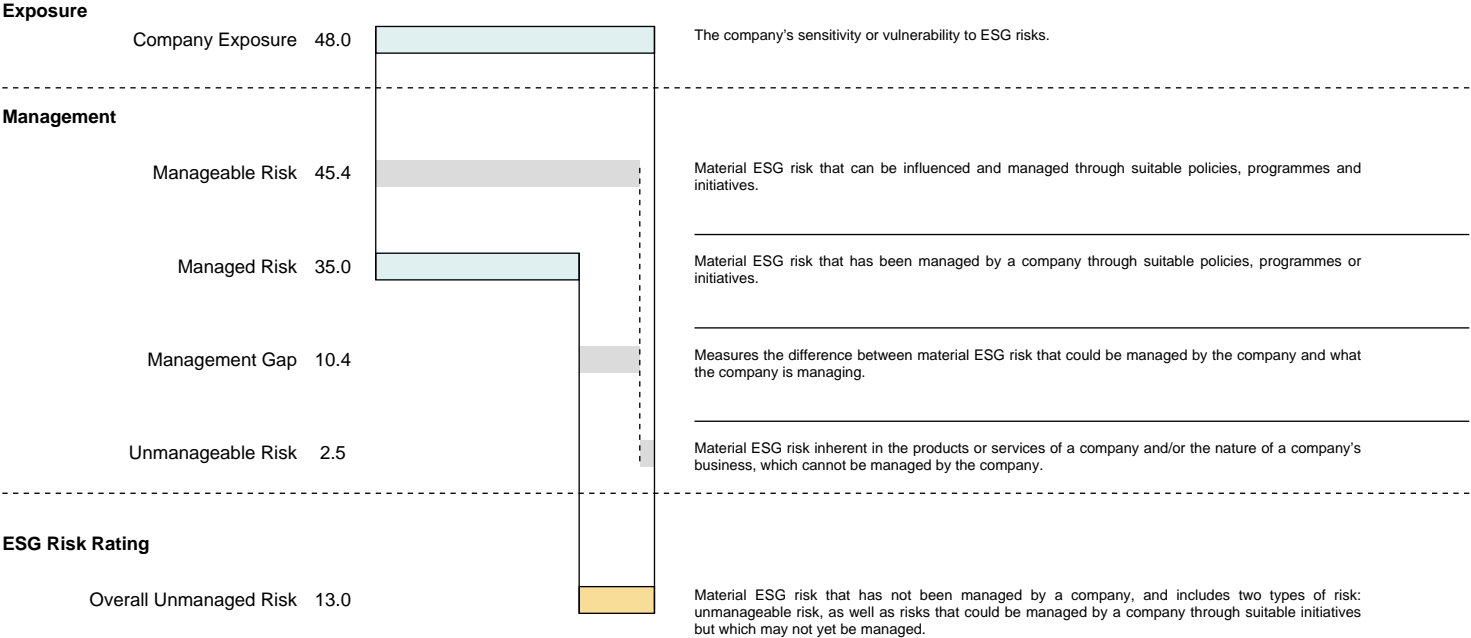
Social Impact of Products

Society - Human Rights

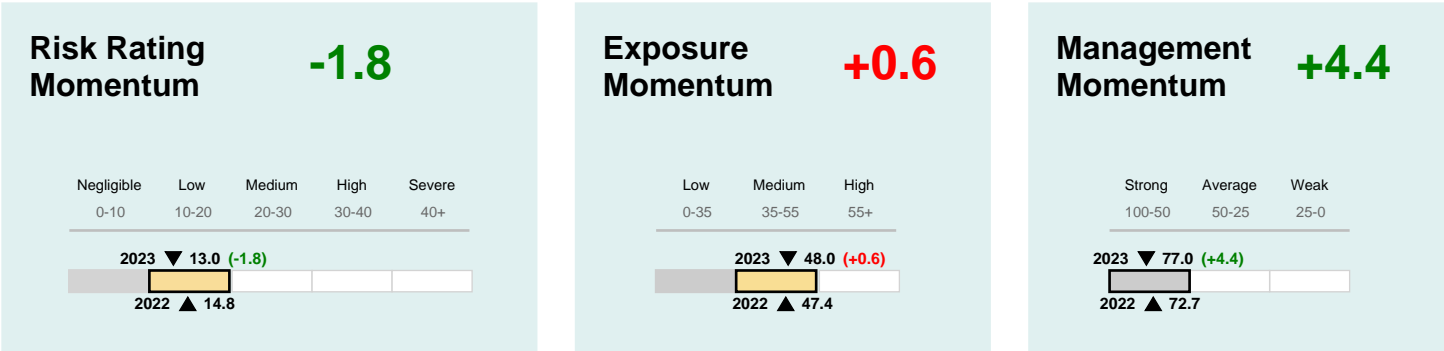
mBank SA

Diversified Banks Poland WAR:MBK

Risk Decomposition



Momentum Details



mBank SA

Diversified Banks Poland WAR:MBK

GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

mBank SA

Diversified Banks Poland WAR:MBK

DISCLAIMER

Copyright ©2023 Sustainalytics. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, intended for internal, non-commercial use and may not be copied, distributed or used in any other way, including via citation, unless otherwise explicitly agreed in writing.

They are provided for informational purposes only and (1) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) do not constitute investment advice, nor represent an expert opinion or negative assurance letter; (3) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) are not an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) are not a substitute for professional advice; (6) past performance is no guarantee of future results; (7) have not been submitted to, nor received approval from, any relevant regulatory bodies.

These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided "as is" and reflects Sustainalytics' opinion at the date of its elaboration and publication.

Neither Sustainalytics nor any of its content providers accept any liability for damage arising from the use of the information, data or opinions contained herein, or from the use of information resulting from the application of the methodology, in any manner whatsoever, except where explicitly required by law.

Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.