

mBank SA

Diversified Banks Poland WAR:MBK

ESG Risk Rating

12.8

Last Full Update Apr 25, 2023

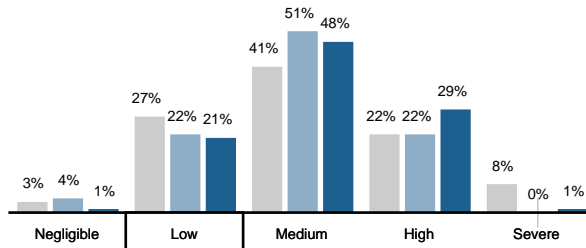
-0.2

Momentum

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	1074/16215	8th
Banks INDUSTRY	85/1050	9th
Diversified Banks SUBINDUSTRY	10/293	4th

Peers Table

Peers (Market cap \$6.4 - \$6.6bn)

	Exposure	Management	ESG Risk Rating
1. mBank SA	49.1 Medium	78.0 Strong	12.8 Low
2. Banca Monte dei Paschi di Siena SpA	55.4 High	60.8 Strong	23.7 Medium
3. Comerica, Inc.	45.1 Medium	46.9 Average	25.0 Medium
4. Absa Group Ltd.	48.6 Medium	49.9 Average	25.6 Medium
5. Banco de Credito e Inversiones SA	51.0 Medium	49.0 Average	27.3 Medium

mBank SA

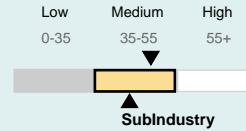
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ESG Risk Analysis

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

49.1 **+1.1**
Medium Momentum
 Beta = 1.11



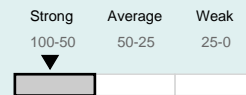
In FY2022, mBank served around 5.7 million customers and corporate clients. Its product offering is diverse, with a strong strategic focus on ESG integration. Given growing regulatory and media scrutiny of issues such as greenwashing, mBank must ensure the transparency of its product offering. With the 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. Product Governance, ESG Integration -Financials and Data Privacy and Cybersecurity 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

78.0 **+0.9**
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.

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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	8.0 High	64.1 Strong	2.9 Low	22.6%
Data Privacy and Cybersecurity	9.1 High	90.0 Strong	2.5 Low	19.9%
Product Governance Significant Events 	8.8 High	75.0 Strong	2.2 Low	17.2%
Human Capital	6.0 Medium	67.6 Strong	2.1 Low	16.8%
ESG Integration -Financials	6.3 Medium	72.9 Strong	1.7 Negligible	13.4%
Business Ethics	8.8 High	93.8 Strong	1.0 Negligible	7.5%
Stakeholder Governance	2.0 Low	82.3 Strong	0.4 Negligible	2.8%
Overall	49.1 Medium	78.0 Strong	12.8 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

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Events Overview

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

Category (Events)

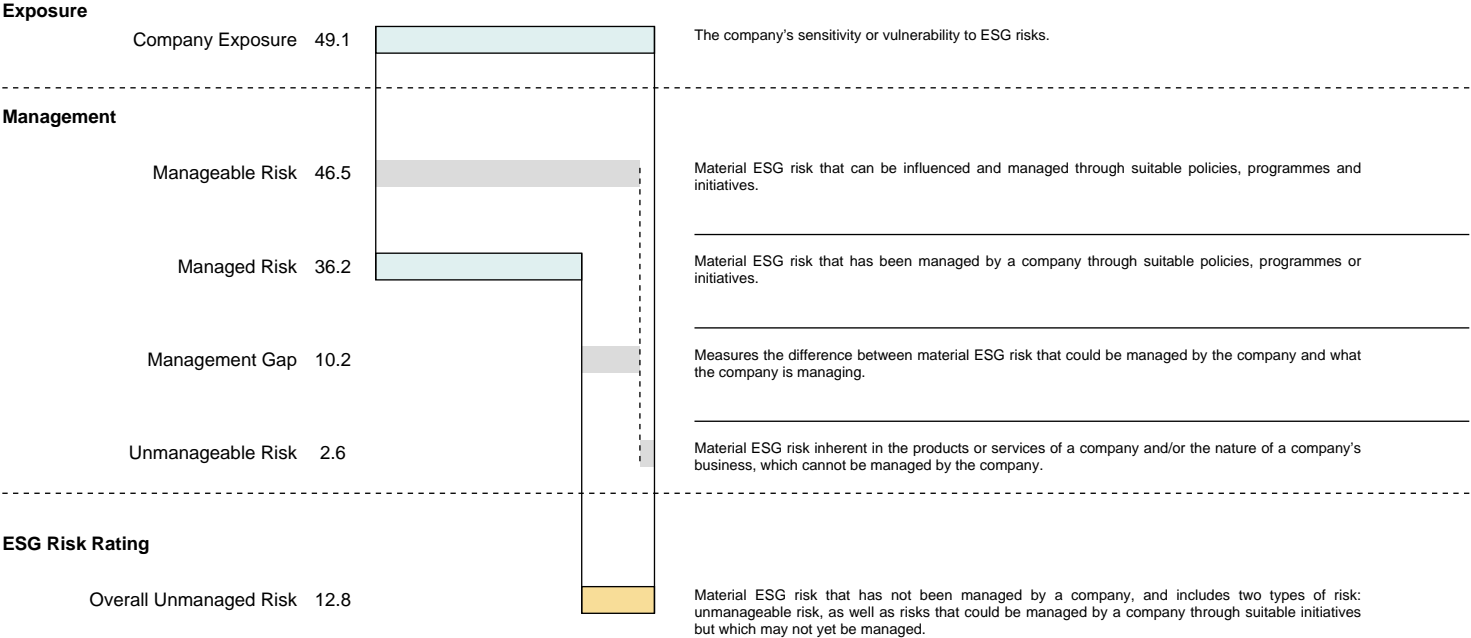
None (13)

- Access to Basic Services
- Accounting and Taxation
- Bribery and Corruption
- Business Ethics
- Carbon Impact of Products
- Corporate Governance
- Environmental Impact of Products
- Labour Relations
- Lobbying and Public Policy
- Marketing Practices
- Sanctions
- Social Impact of Products
- Society - Human Rights

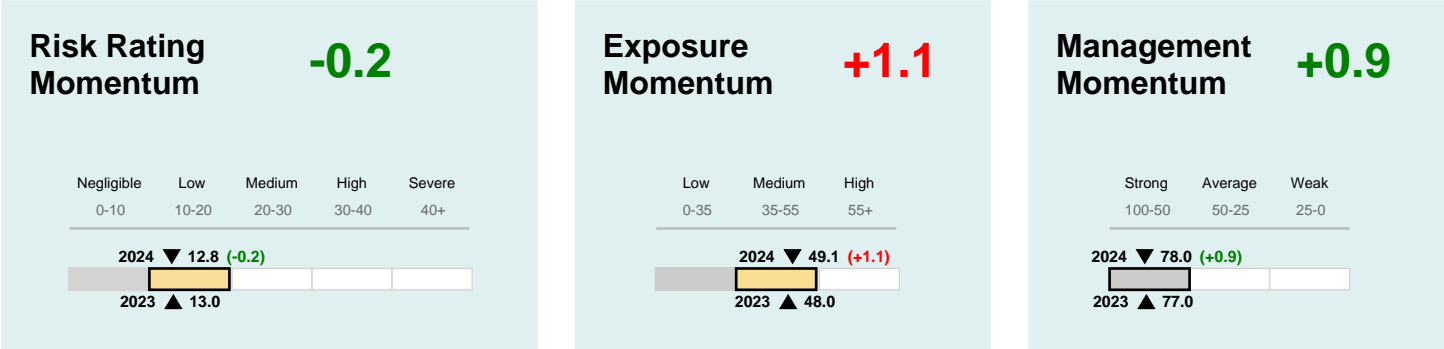
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Risk Decomposition



Momentum Details



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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.

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**).

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