

mBank SA

Regional Banks Poland WAR:MBK

ESG Risk Rating

13.4

+0.4

Low Risk

Last Full Update Dec 19, 2024

Momentum

NEGL

LOW

MED

HIGH

SEVERE

0-10

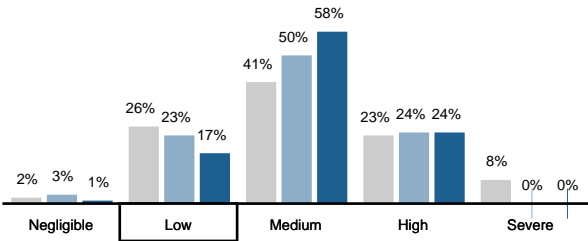
10-20

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	1093	15104	8th	
Banks INDUSTRY	84	1026	9th	
Regional Banks SUBINDUSTRY	20	563	4th	

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. OP Financial Group	34.5 Low	65.9 Strong	12.9 Low
2. The Co-operative Bank Plc	40.0 Medium	72.4 Strong	13.0 Low
3. mBank SA	46.4 Medium	75.8 Strong	13.4 Low
4. Raiffeisenbank as	35.0 Medium	64.8 Strong	13.4 Low
5. De Volksbank NV	40.3 Medium	71.5 Strong	13.4 Low

mBank SA

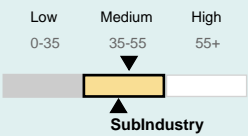
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ESG Risk Analysis

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

46.4 **-1.6**
Medium **Momentum**
Beta = 1.05



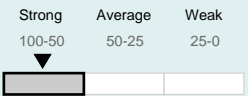
In FY2023, mBank served around 5.7 million retail clients. Its product offering is diverse, with a strong strategic focus on ESG integration. Given growing regulatory and media scrutiny of issues such as greenwashing, mBank must ensure the transparency of its product offering. The company receives, stores and processes large volumes of sensitive customer data. This triggers exposure to data privacy and security breaches, which may result in regulatory actions, litigation, public scrutiny or loss of customer trust. 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 Cybersecurity, 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

75.8 **-1.2**
Strong **Momentum**



Mbank's sustainable development committee is chaired by the chief risk officer, which indicates that ESG implementation is a core part of the bank's strategy. ESG integration in its credit and loan standards is industry-leading. The management of Product Governance has strengthened in 2024, considering the progress with regard to the strong provisions and settlements related to the CHF denominated mortgages controversy. Mbank exhibits strong management of Data Privacy and Security issues, with robust governance structures in place and regular reporting to the board.

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	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Corporate Governance	8.1 High	61.6 Strong	3.1 Low	23.1%
Data Privacy and Cybersecurity	6.3 Medium	71.3 Strong	2.7 Low	20.3%
Human Capital	5.0 Medium	68.9 Strong	1.7 Negligible	12.9%
Product Governance	8.4 High	81.0 Strong	1.6 Negligible	11.9%
Resilience	5.0 Medium	90.5 Strong	1.4 Negligible	10.3%
ESG Integration -Financials	5.0 Medium	72.8 Strong	1.4 Negligible	10.2%
Business Ethics	6.6 Medium	89.1 Strong	1.0 Negligible	7.6%
Stakeholder Governance	2.0 Low	75.6 Strong	0.5 Negligible	3.6%
Overall	46.4 Medium	75.8 Strong	13.4 Low	100.0%

Events Overview

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

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (1)

Quality and Safety

1 Low (2)

Anti-Competitive Practices

Data Privacy and Security

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Events Overview

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

Category (Events)

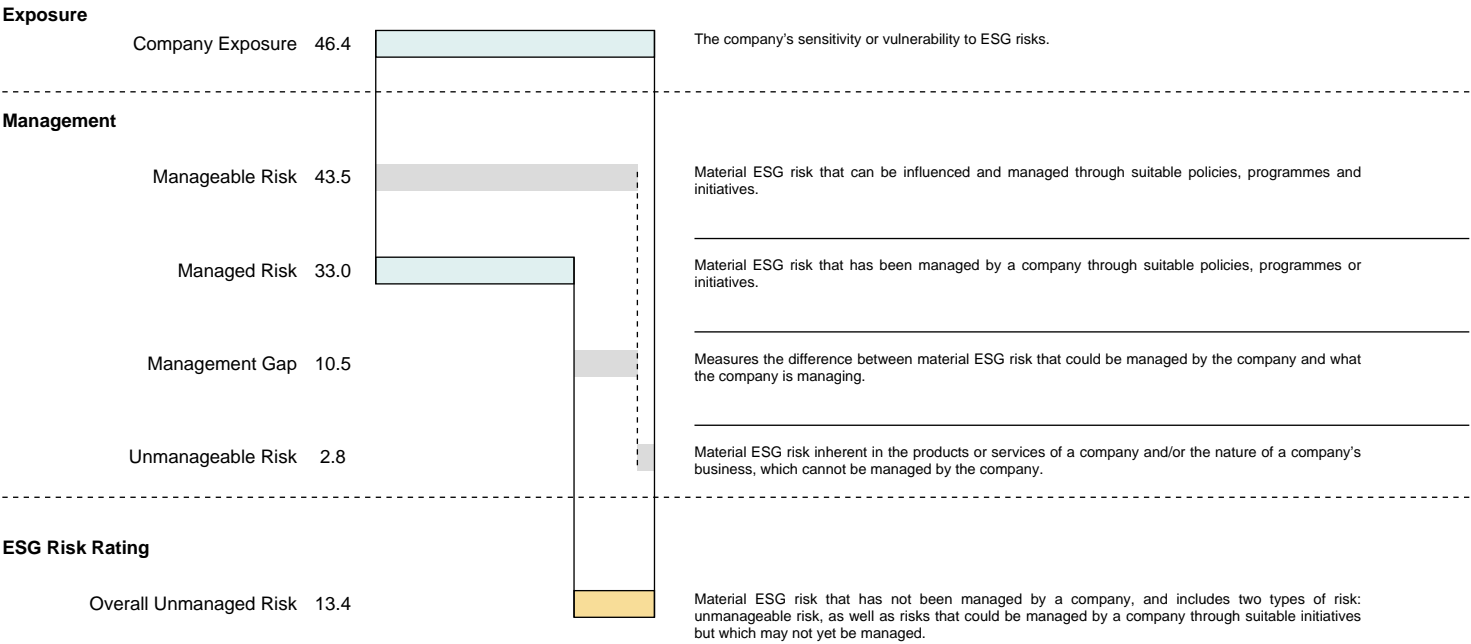
 **None (14)**

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
Resilience	Sanctions
Social Impact of Products	Society - Human Rights

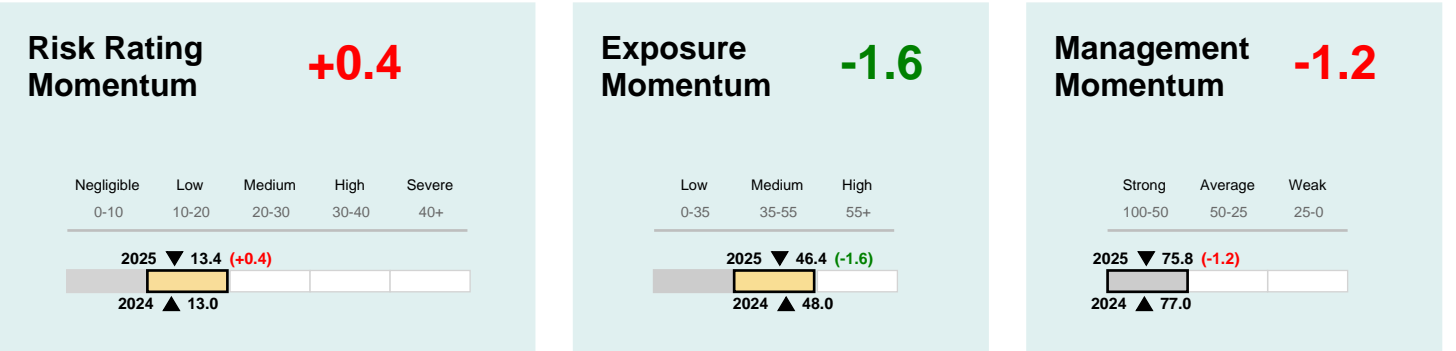
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Risk Decomposition



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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