



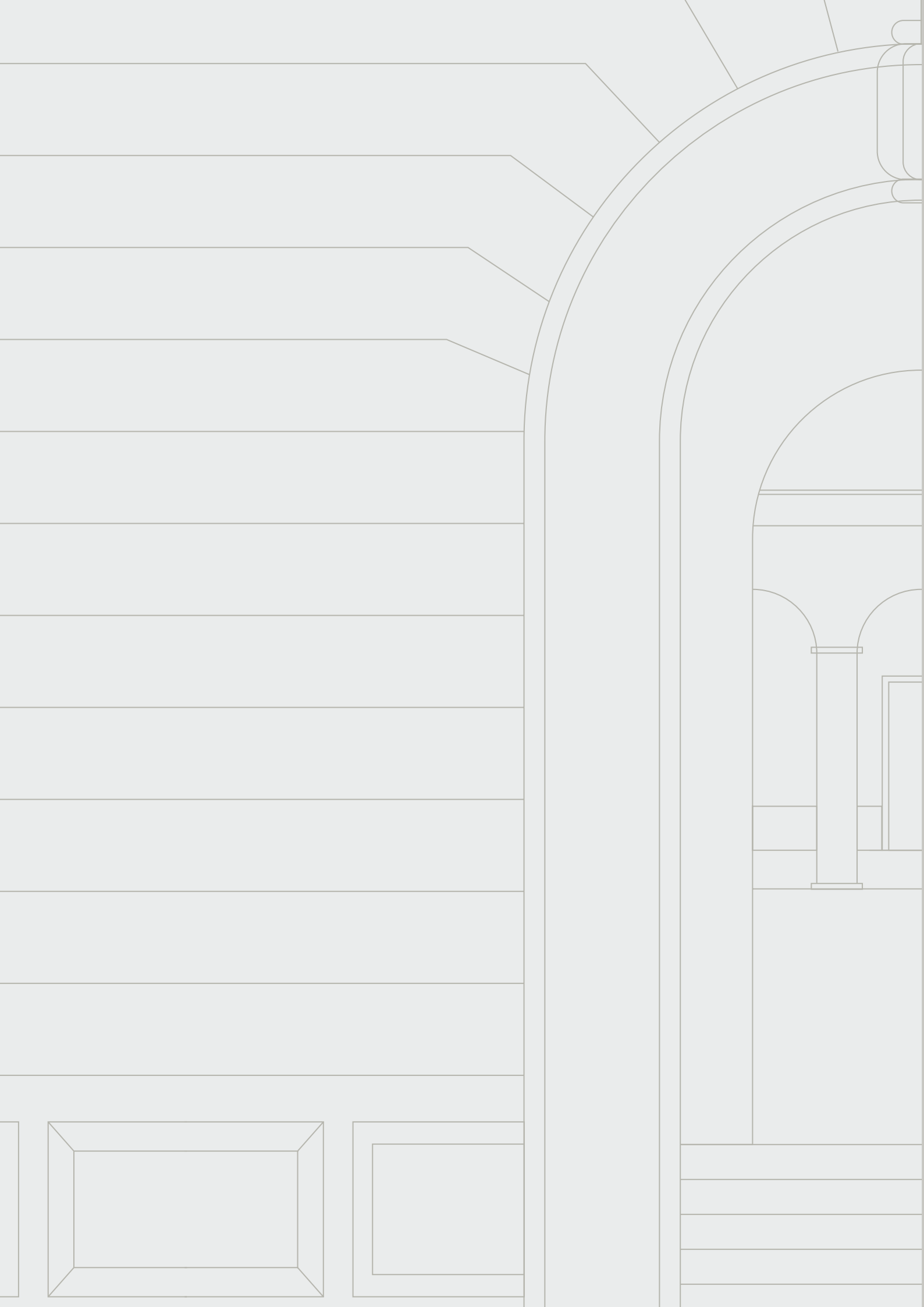
MEDIOBANCA

CORPORATE

SOCIAL

RESPONSIBILITY

2017-2018



The qualitative and quantitative data and information in this brochure refer to the Mediobanca Group's performance for the financial year ended **30 june 2018**.

INTRODUCTION

For over 70 years we have been supporting our clients by offering highly specialized, innovative services in financial advice, consumer credit and asset management.

850
MILLION euros

**NET
PROFIT**
up15%
year-on-year

The results for FY 2017-18 demonstrate our **solidity** and **capability to deliver success** in an increasing complex competitive scenario.

In the twelve months ended 30 June 2018, we earned a **net profit of over €850m, up 15%** year-on-year with a significant increase in shareholder remuneration.

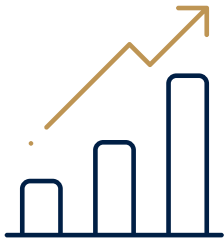
We have reached the objectives of the **2016-19 strategic plan** one year ahead of schedule, completing the strategic repositioning from holding company to highly specialized banking group, based on a business model offering higher profitability for lower use of capital, while maintaining our traditional prudent approach to risk and continuing to pay dividends without having to rely on capital increases.

OUR ABILITY TO ADAPT OUR **BUSINESS MODEL** HAS ENABLED US TO REPOSITION OURSELVES ON THE MARKET WHILE MAINTAINING OUR **DNA** AND **CORPORATE CULTURE** INTACT WHICH HAVE ALWAYS BEEN OUR HALLMARKS. TO BORROW A QUOTE FROM DARWIN, WE MAY SAY THAT IT IS NOT ALWAYS THE STRONGEST OR SMARTEST OF FIRMS THAT SURVIVE BUT THE ONES WHICH **REACT BEST TO CHANGES**.

Alberto Nagel
Mediobanca Group CEO

We are convinced that long-term economic growth cannot be achieved without **valorizing human capital**, **increasing social welfare** and **protecting natural resources**.

OUR **SUSTAINABILITY STRATEGY** IS FOCUSED ON:



**SUSTAINABLE GROWTH
OVER TIME**



**VALORIZING
OUR HUMAN CAPITAL**



**SENSITIVITY
TO SOCIAL ISSUES**



**REDUCING OUR DIRECT
AND INDIRECT IMPACT
ON THE ENVIRONMENT**

IDENTITY

Our **solidity** and **stability**, along with **ability to innovate**, **professionalism** and **proper conduct, care and respect for our clients and partners**, are the values which have guided us from our inception.

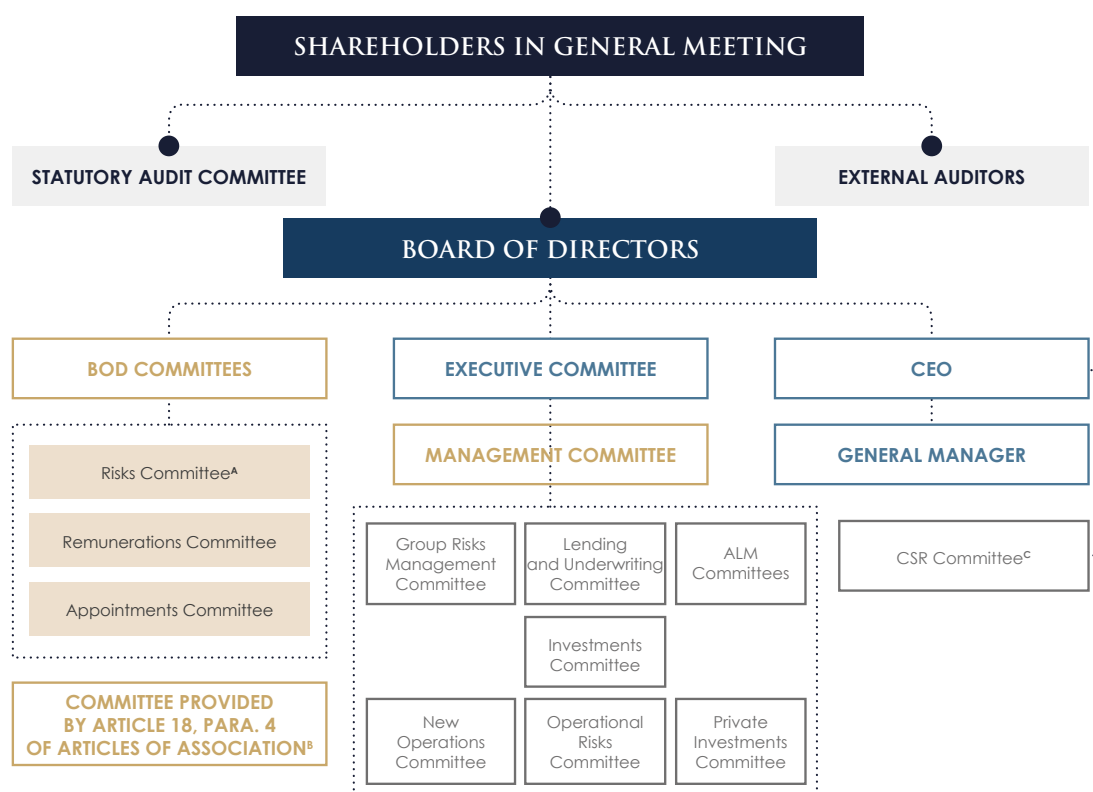
Tradition and **innovation** combine in the areas which make up our Group and contribute equally to its performance.

THE BUSINESS MODEL IS BASED ON **THREE HIGHLY SPECIALIZED BUSINESSES**



We are distinguished by our **prudent and selective approach to risk management**, our excellent asset quality and high capitalization levels which are comfortably above the minimum requisites, among the highest of any Italian banks reported.

We have adopted a **traditional system of governance** based on the appointment of a Board of Directors and Statutory Audit Committee by shareholders gathered in annual general meeting.



A) Also performs the duties of the Related Parties Committee
 B) This Committee adopts resolutions on the decisions to be taken regarding appointments to the governing bodies of listed investee companies by their shareholders gathered in general meetings, in which the Bank's investment is equal to at least 10% of the investee company's share capital, and in an amount which is above 5% of the Group's own consolidated regulatory capital
 C) CSR = Corporate Social Responsibility

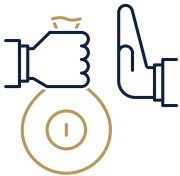


Group sustainability is led by our Chief Executive Officer, supported by a CSR Committee comprised of senior management and a dedicated CSR unit. The CEO's management of such activities forms part of the overall assessment of his performance.

IN 2017 WE ADOPTED A **GROUP SUSTAINABILITY POLICY** TO



PROMOTE RESPECT FOR HUMAN RIGHTS



TACKLE BRIBERY AND CORRUPTION



DEFEND AND PROMOTE DIVERSITY AND EQUAL OPPORTUNITIES



PROTECT THE ENVIRONMENT



PROMOTE RESPONSIBLE INVESTING

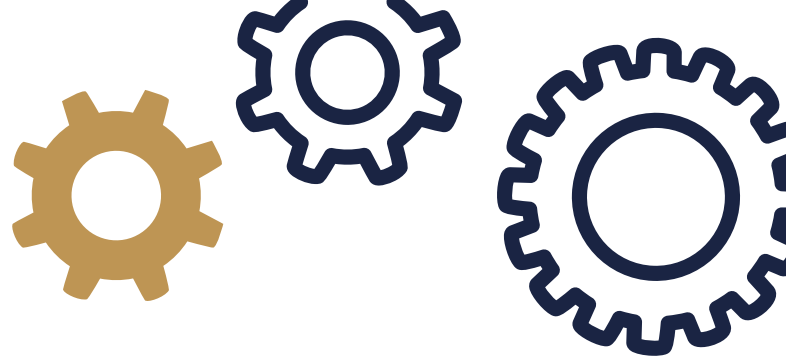
In 2018 we adopted a **Directive on Responsible Investing** to ensure that investments and lending opportunities are based not only on financial aspects but on environmental and social factors as well.

We have also chosen to develop a sustainable and responsible approach to investment by featuring **ESG (Environmental, Social and Governance) products** in our offering.

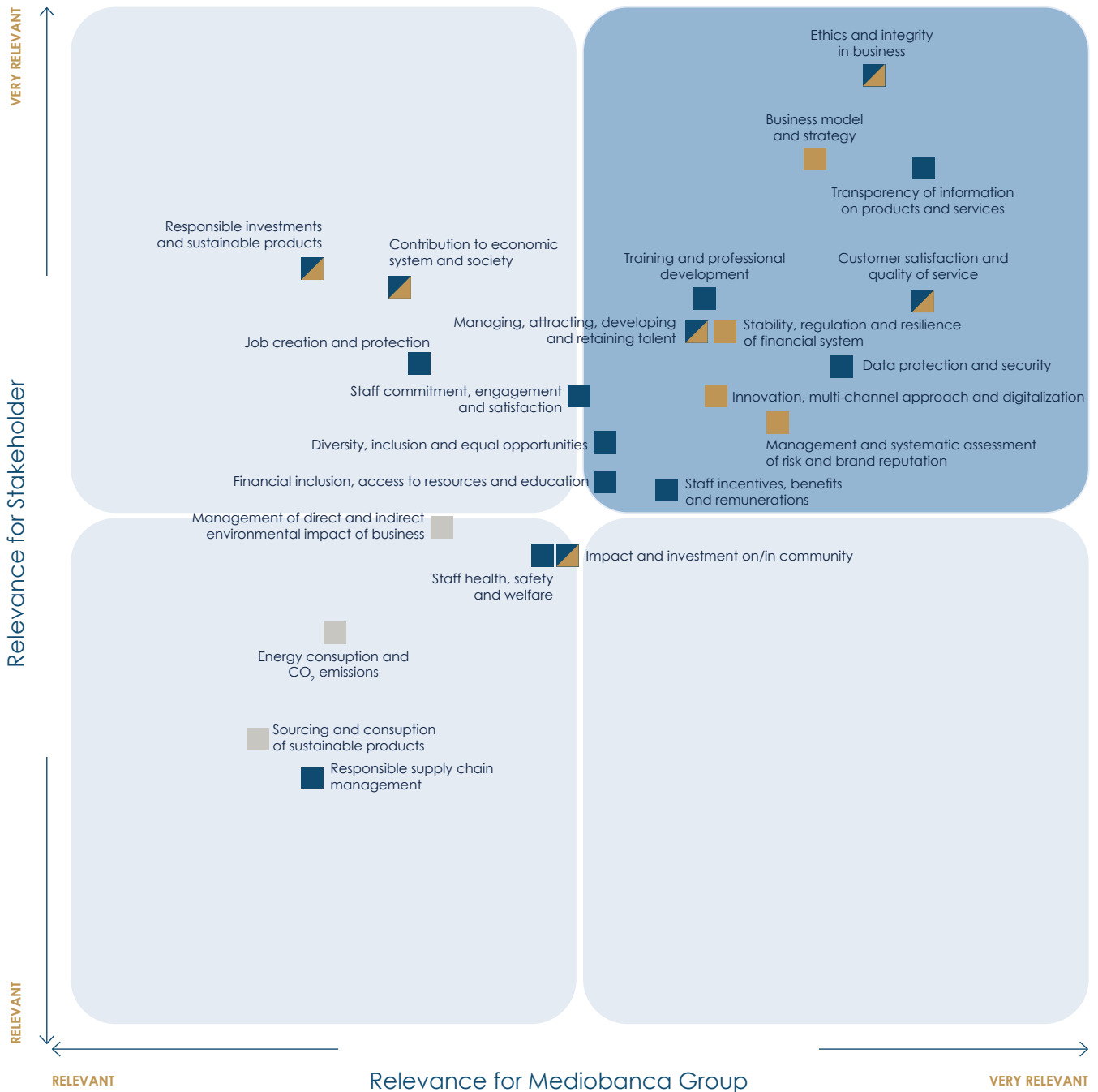
In 2018 we held a multi-stakeholder forum with the objective of updating the **Materiality Matrix**, by identifying the most relevant issues for us and our stakeholders.

THE RESULTS OF THIS ACTIVITY ENABLED
THE **23 MOST RELEVANT ISSUES FOR US
AND OUR STAKEHOLDERS** TO BE IDENTIFIED
AND THE MATERIALITY MATRIX UPDATED.





2017-2018 MATERIALITY MATRIX

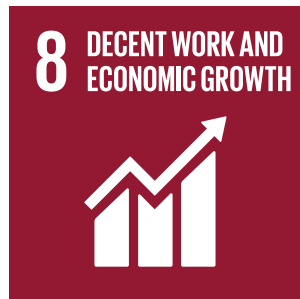


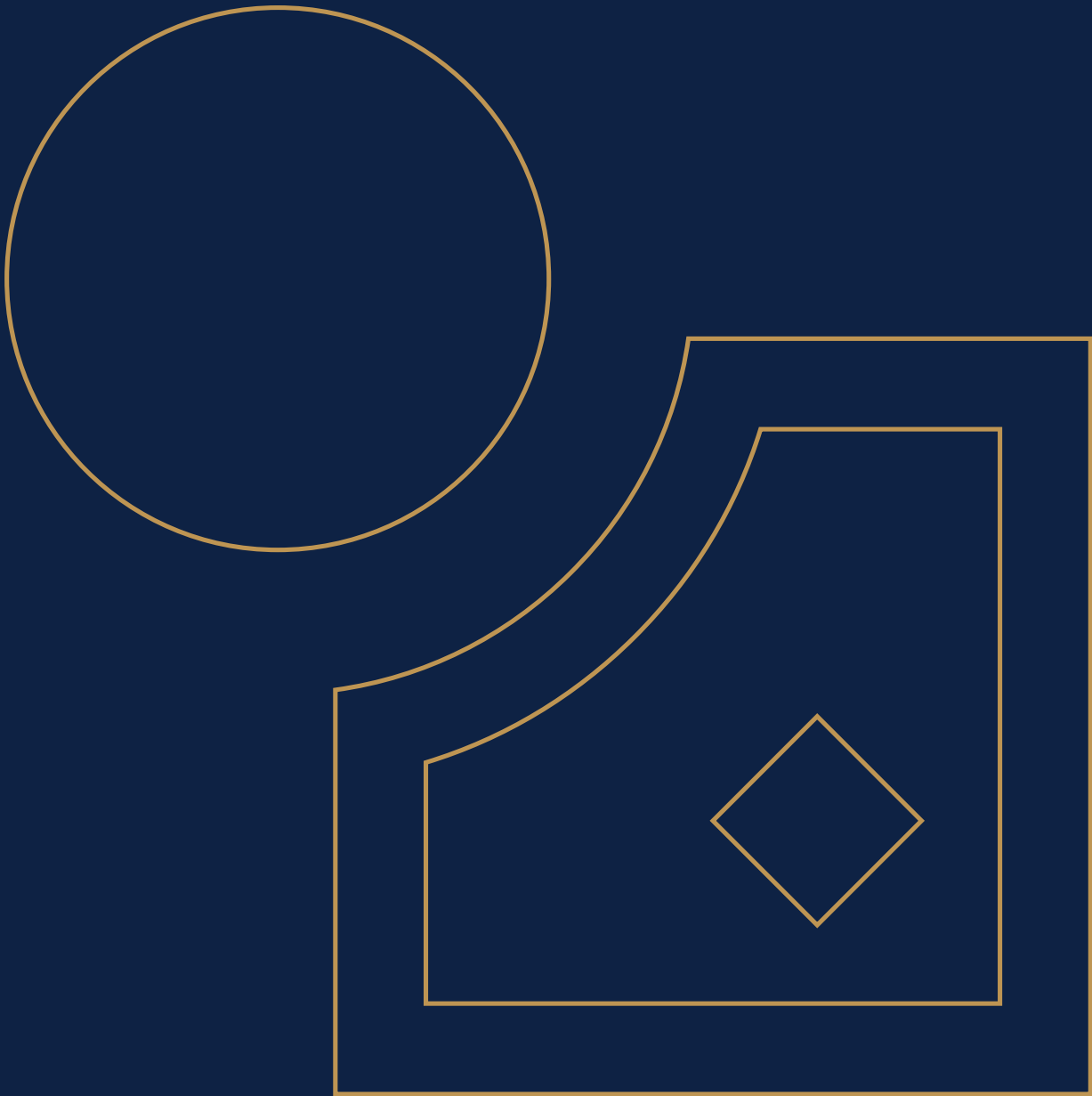
PERFORMANCE

- Economic
- Social
- Environmental

WE SEEK TO CONTRIBUTE TO THE PROMOTION OF THE **GLOBAL COMPACT UNIVERSAL PRINCIPLES**, OF WHICH WE ARE SIGNATORY, AND TO IMPLEMENT THE **SUSTAINABLE DEVELOPMENT GOALS** ESTABLISHED BY THE UNITED NATIONS.







ETHICS AND INTEGRITY IN BUSINESS AND ANTI- CORRUPTION MEASURES

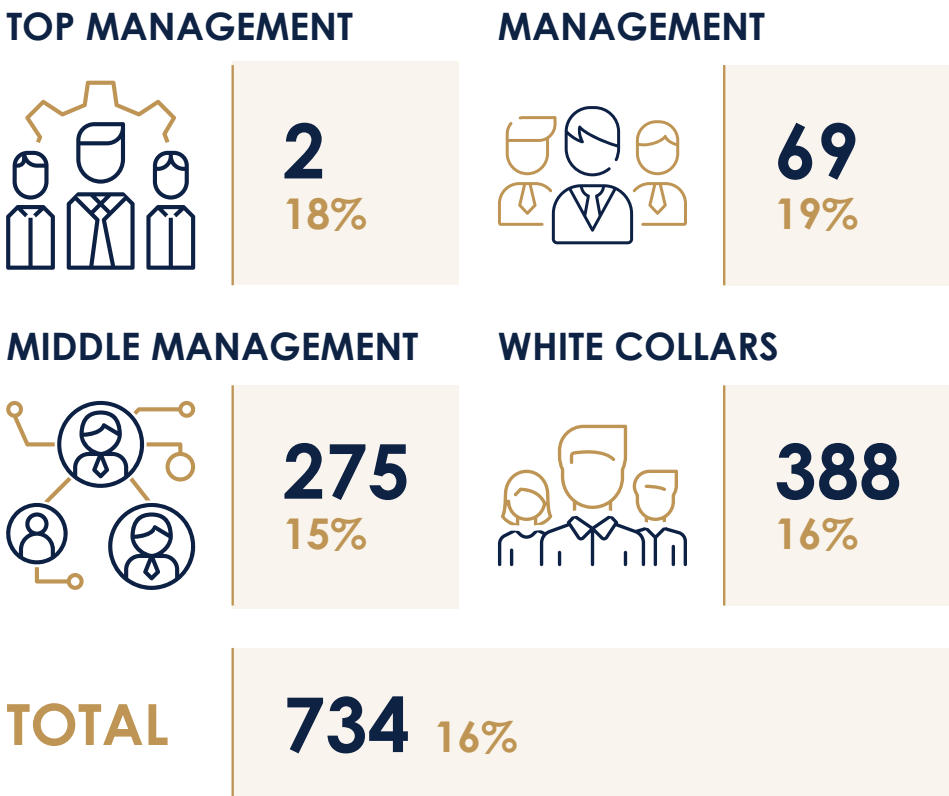
We are committed to conducting our business in accordance with the highest ethical standards, and **we do not tolerate any form of corruption, active or passive.**

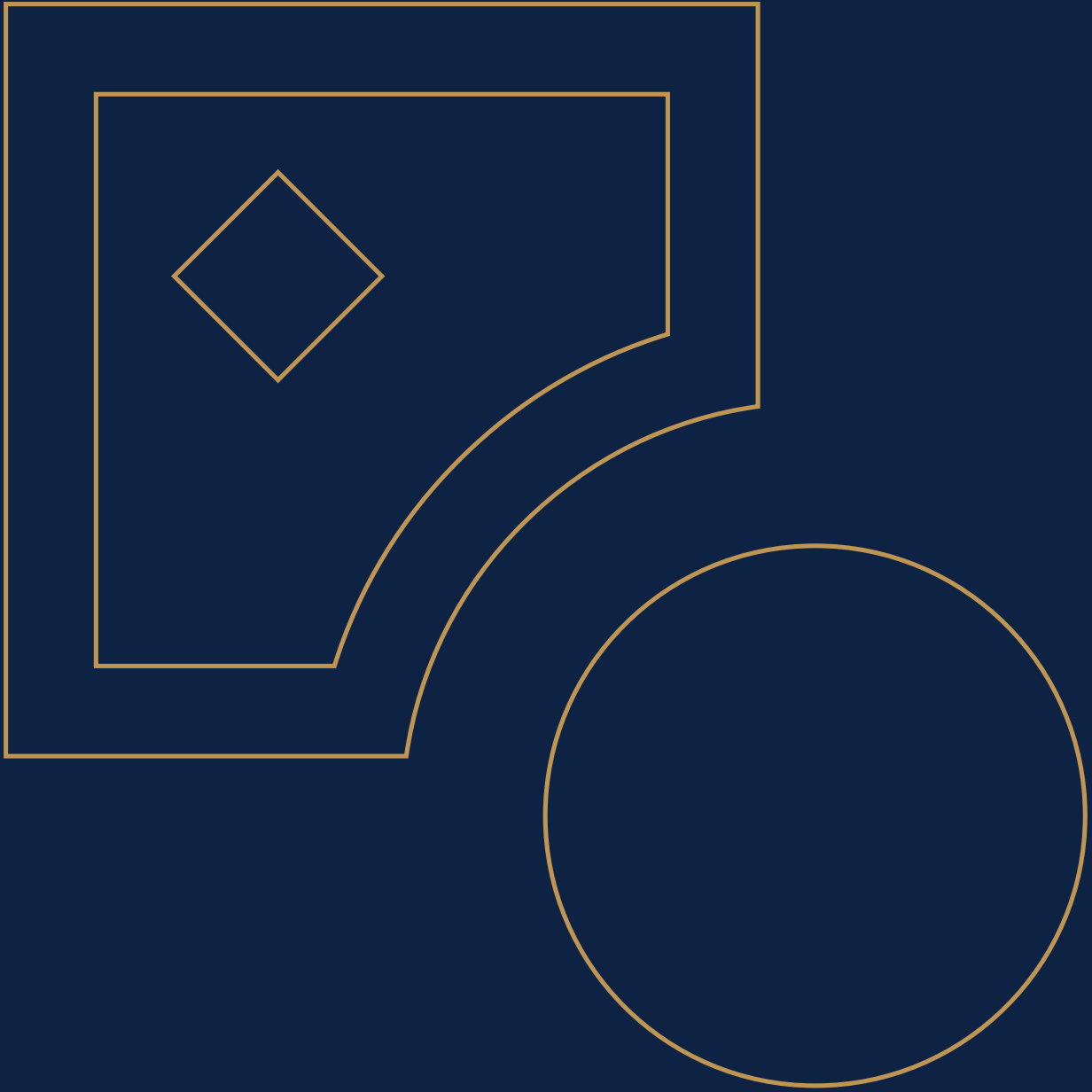
To ensure corruption is tackled effectively and to guarantee compliance with all applicable laws and regulations, we have adopted dedicated policies and procedures. In particular we have adopted the following:

- ◆ Organizational Model pursuant to Italian Legislative Decree 231/01
- ◆ Code of Ethics
- ◆ Code of Conduct
- ◆ Non-compliance risk management policy
- ◆ Whistle-blowing policy
- ◆ Gift directive
- ◆ Agents directive
- ◆ Internal staff selection procedures

On the subject of training on anti-corruption issues, when new staff members are recruited they have to attend an e-learning course.

Group staff members who have participated in anti-corruption training activities





PEOPLE AND HUMAN RIGHTS

Employees are an **essential part of our capital**
and the key component in our competitiveness.



4,717

EMPLOYEES
90% in Italy



43%

ARE WOMEN



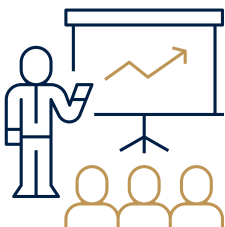
41

AVERAGE AGE



97%

**ARE EMPLOYED UNDER
PERMANENT CONTRACTS,**
42% of whom are women



more than
50,600

HOURS OF TRAINING PROVIDED
over 1,300 of which
on anti-bribery issues

WE ARE CONVINCED THAT **DIVERSITY OF GENDER AND THOUGHT IS AN ADVANTAGE TO BE LEVERAGED**, AS A SOURCE OF CULTURAL AND PROFESSIONAL ENRICHMENT.

Basic salary relative to remuneration for men and women by professional category¹

MANAGEMENT



Basic salary
74%
Remuneration
73%

We undertake to offer a **fair level of compensation** reflecting the skills, abilities and professional experience of each staff member, thus guaranteeing that the principle of **equal opportunities** is applied in practice.

MIDDLE MANAGEMENT



Basic salary
87%
Remuneration
90%

We believe that **respect of human rights** is a fundamental prerequisite to our own sustainability. For this reason we seek to protect and promote such rights in the conduct of our business and to avoid engaging in relations with parties implicated in unlawful activities which could lead to potential breaches of abuses of human rights.

WHITE COLLARS



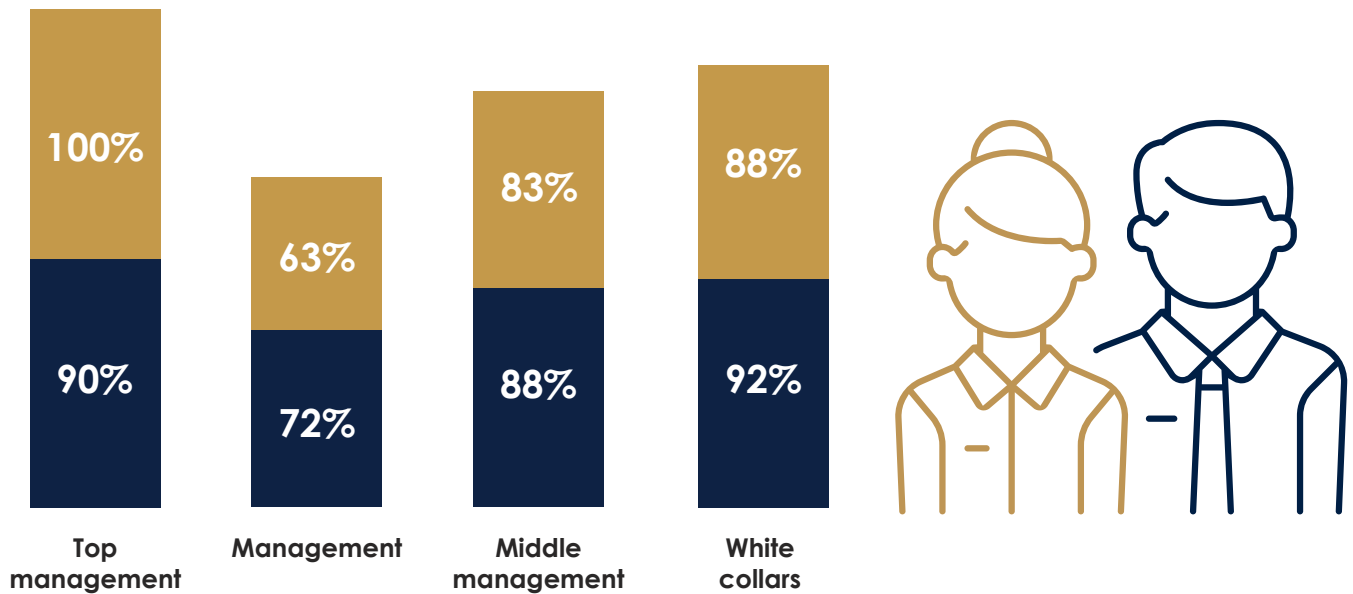
Basic salary
97%
Remuneration
96%

We believe in the importance of valorizing different perspectives and experiences through promoting an inclusive culture which does **not tolerate any form of discrimination**. We seek to foster a working environment in which diversity and personal and cultural perspectives are respected and considered to be key factors of success.

1) Information on the remuneration of top management is not reported exhaustively for reasons of confidentiality and to avoid the possibility of data being attributed to individuals.

Performance evaluation is the system which meets the need for objectivity in terms of **assessing individual performances** and defining responsibilities.

Group employees assessed by professional category

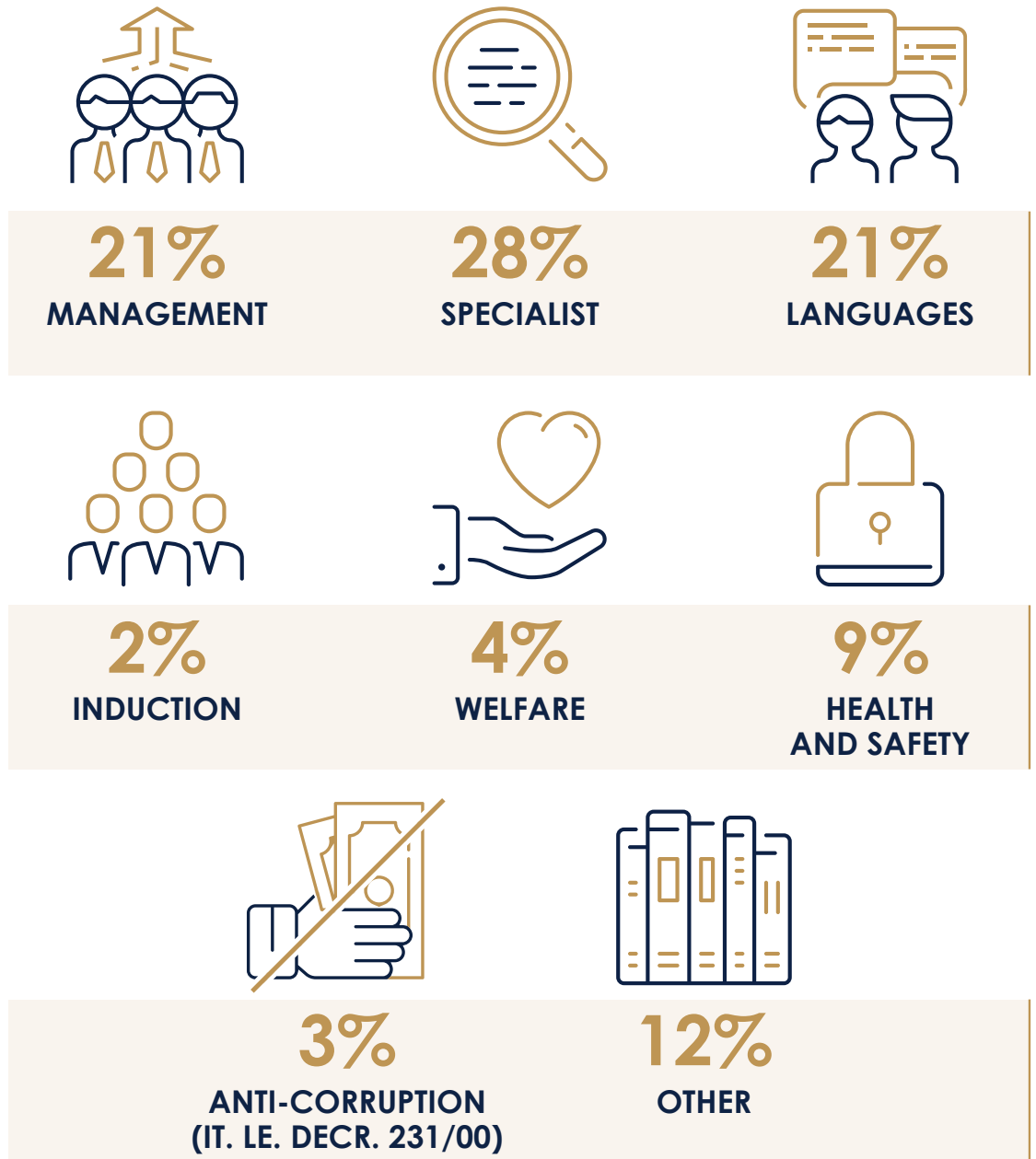


We recognize the strategic role and central place which **training** and **professional development** has for our employees. Training for us has a key role in the process of valorizing human resources.

Average hours of training by gender and contract type

FY 2017-18	Men	Women	Total
Top management	9	-	8.18
Management	8.05	22.45	10.02
Middle management	12.23	12.59	12.35
White collars	10.71	9.78	10.20
Total	11.06	10.92	11

Hours of training by type



We consider the **promotion of health and safety** as one of the priorities of our way of doing business. During the reporting period **4,441 hours of training** were provided to our employees.

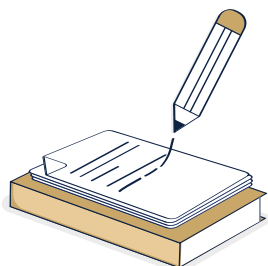
In 2017, with the support of a leading opinion and market research firm, we carried out an **employee engagement survey**, with the objective of seeking to gauge staff satisfaction levels.

90%

Participation

3,000

Interviews with other banks' employees



20

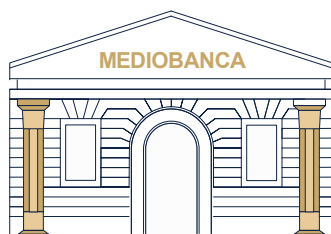
Interviews with senior management

40

Participants in focus groups

BANK IMAGE INDICATOR

8.7



SENSE OF BELONGING INDICATOR

8.8



MANAGEMENT AND LINE MANAGER SATISFACTION INDICATOR

8.3



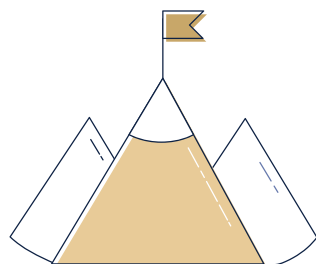
HUMAN CAPITAL INDICATOR

7.1



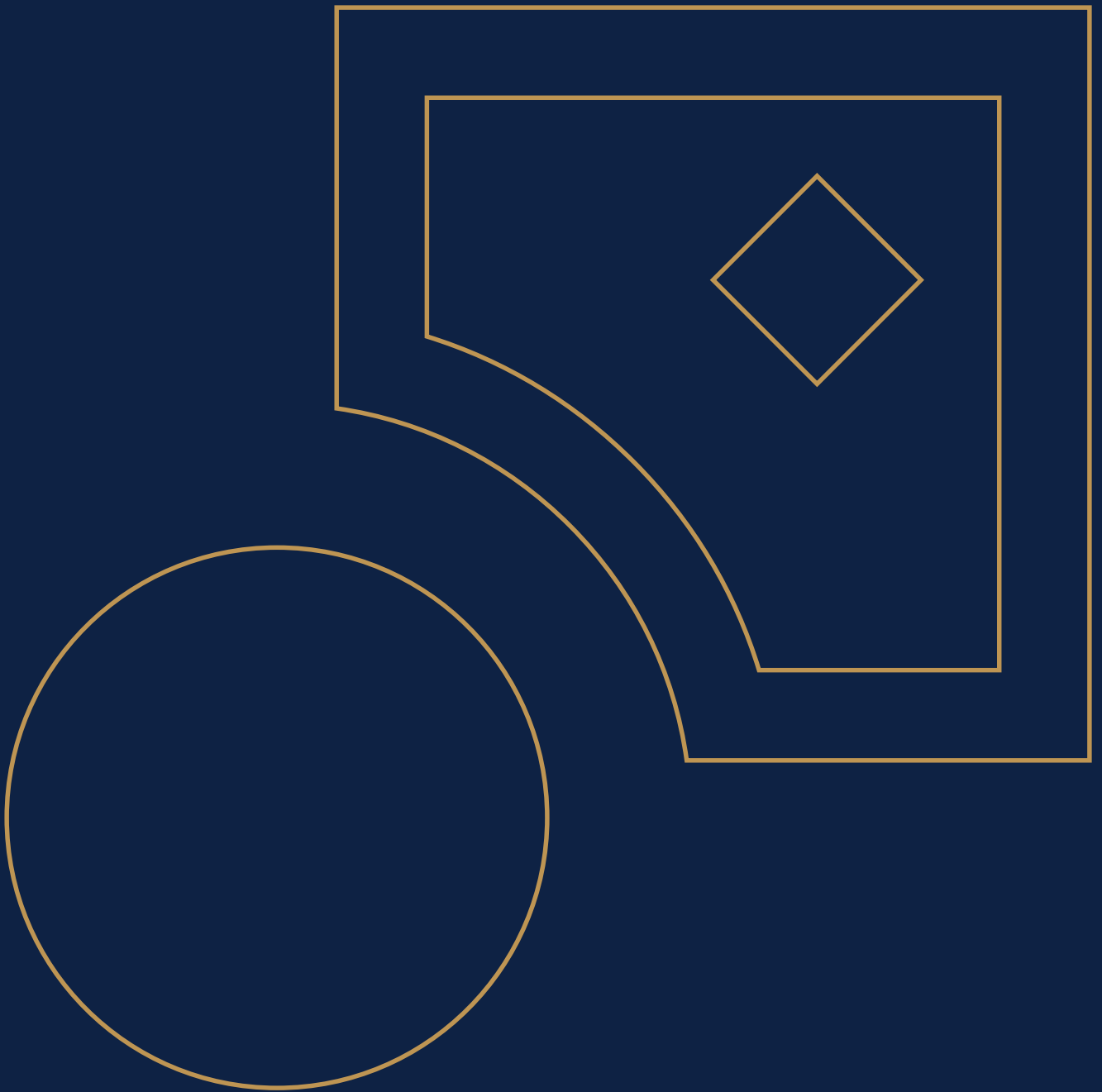
INTERNAL SYSTEM INDICATOR

6.3



SENSE OF FUTURE INDICATOR

7.0



COMMUNITY

- ◆ Clients
- ◆ Responsible supply chain management
- ◆ Entities and institutions
- ◆ Investors and shareholders
- ◆ Impact on and investments in the community



CLIENTS

We support **our clients' growth**, offering them high-level advisory services and a full range of credit products ranging from the simplest and most traditional forms of credit to the most sophisticated solutions available on financial markets.

The business segmentation with three separate divisions contributing equally to the company's performances also enables us to meet the needs of different client brackets.

Transparency and clarity of information are of particular importance in the area of customer relations. For this reason we have always been keen to promote and develop the financial awareness of our clients.

Aware that **technology** and **digitalization** are fundamental to be able to offer an excellent service, we have launched a transformation of our IT structure, with the objective of being able to meet the changes in the banking sector, regulatory and cyber-security requirements more effectively, to ensure the sustainability of the business in the long term.

Protection of customers' personal data and information is a key factor in providing our activities, and as such requires proper governance. We are committed to ensuring that personal data is collected and processed in compliance with the legal provisions in force.

We intend to increase our capability to identify threats more effectively, via an ongoing process to **improve our security control system**, and the introduction of cyber Intelligence solutions and services.





RESPONSIBLE SUPPLY CHAIN MANAGEMENT

We seek to develop relations with our suppliers based on the principles of **fairness, transparency** and **equal treatment**.

During the reporting period we had a total of 5,737 suppliers with a turnover of €428.5m.

5,737

SUPPLIERS

turnover of 428.5 million euros



SERVICES

Services suppliers share: 63%

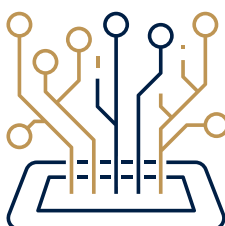
Turnover share used for services purchasing: 53%



GOODS

Goods suppliers share: 21%

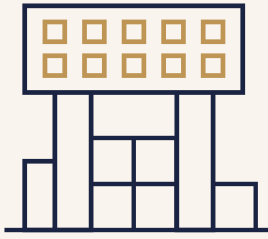
Turnover share used for goods purchasing: 14%



TECHNOLOGIES

Technologies suppliers share: 16%

Turnover share used for technologies purchasing: 33%



ENTITIES AND INSTITUTIONS

We seek to entertain **constructive, ongoing and transparent relations** with all our stakeholders, including entities and institutions.

Relations with the regulatory authorities, institutions and public entities are based on principles of proper conduct and transparency, with respect to the different roles and excluding behaviour and attitudes which seek to obtain improper and/or undue influence on operations or which may even only appear to do so, thereby frustrating every form of bribery and corruption.

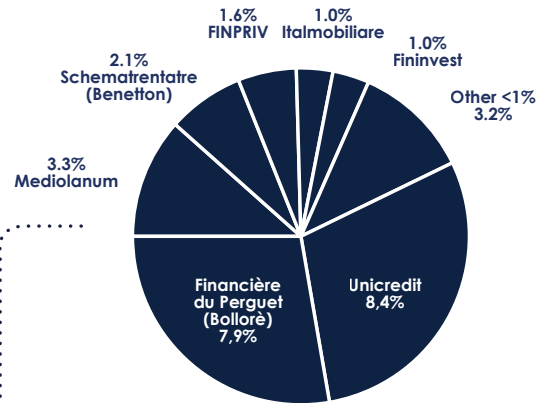


INVESTORS AND SHAREHOLDERS

We consider relations with our investors and shareholders as one of the company's **ethical and strategic responsibilities** in order to create effective two-way dialogue with the financial community.

We guarantee timely, reliable and comparable disclosure to the market which is comprehensible by all categories of user.

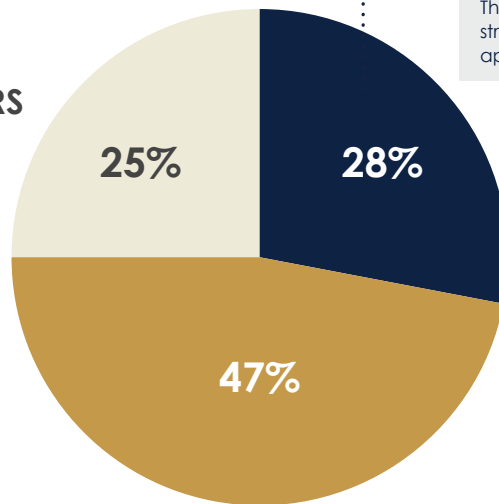
Mediobanca shareholders' structure*



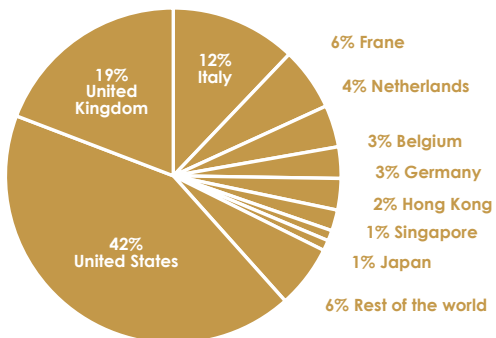
MEDIOBANCA SHAREHOLDERS' AGREEMENT

The agreement restricts the transfer of shares but in AGM each party may vote independently. The aim is to ensure a stable shareholder structure and consistent management approach for the bank.

RETAIL INVESTORS



INSTITUTIONAL INVESTORS BY REGION



*) Source: Nasdaq Shareholder Analysis, August 2018



IMPACT ON AND INVESTMENTS IN THE COMMUNITY

We play an active role in the community in which we operate, and pursue **growth and value creation objectives which are sustainable over the long term** for all our stakeholders and are respectful of **people**, the **environment** and **society** as a whole.

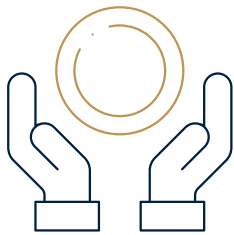
TO THIS END WE PROMOTE NUMEROUS INITIATIVES WITH SOCIAL IMPACT, INCLUDING VIA DONATIONS BY **PROVIDING SOLIDARITY AND SUPPORT**, BOTH IN ITALY ITSELF AND THE OTHER COUNTRIES IN WHICH WE OPERATE.



Our contribution to the community in FY 2017-18 has been measured at over €2.5m, split into three categories, in accordance with the **London Benchmarking Group** (LBG) model².

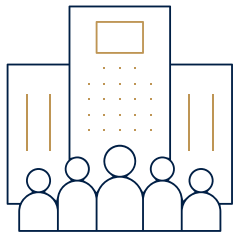
2.5
MILLION EUROS

**CONTRIBUTION
TO THE COMMUNITY**
FY 2017-18



6%

**CHARITABLE
GIFTS**



76%

**COMMUNITY
INVESTMENT**



18%

**ACTIVITIES RELATED
TO CORE BUSINESS**

2) The London Benchmarking Group is the global standard in measuring and managing corporate community investment

In our selection of projects for development, we have also identified certain selection criteria and in particular three areas in which to concentrate our involvement:



Environment and territory

We are committed to managing our resources responsibly to reduce our own carbon footprint and the impact generated on the environment as a result of our businesses.



Culture, research and innovation

We support scientific and economic research and we are committed to valorizing our architectural and archival heritage.



Social Inclusion

We have launched some initiatives aiming at social aggregation and dissemination of values towards the younger on the conviction that an inclusive society must be based on mutual respect and solidarity, guaranteeing equal opportunities and a decent standard of living for all.



ENVIRONMENT

We gear our decisions towards ensuring compatibility between economic initiative and environmental requirements in **accordance with the regulations** and codes of conduct in force.

Currently, in Italy we use energy deriving from certified renewable sources, thus avoiding 6,425 tons of CO₂ emissions.

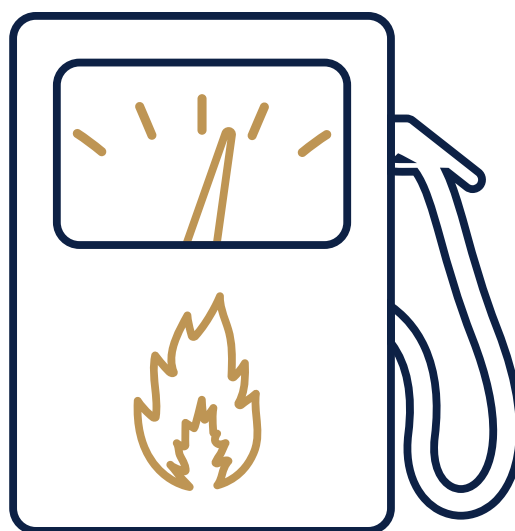
6,425
tons

CO₂ EMISSION AVOIDED
in Italy

Our most significant emissions are due to heating and conditioning systems, along with those linked to company travel.

We monitor our emissions produced by the direct consumption of energy, such as gas and oil for heating and fuel for company vehicles (**Scope 1**); emissions produced by the consumption of electricity purchased from power providers (**Scope 2**); and emissions due to business travel by our employees (**Scope 3**).

Direct energy consumption		
	Unit	FY 2017-18
Direct energy consumption³		40,442.27
From non-renewable sources		26,441.02
Diesel		327.78
Natural gas ⁵	Gj ⁴	26,113.24
From company cars⁶		14,001.24
Diesel		10,227.21
Petrol		3,774.03

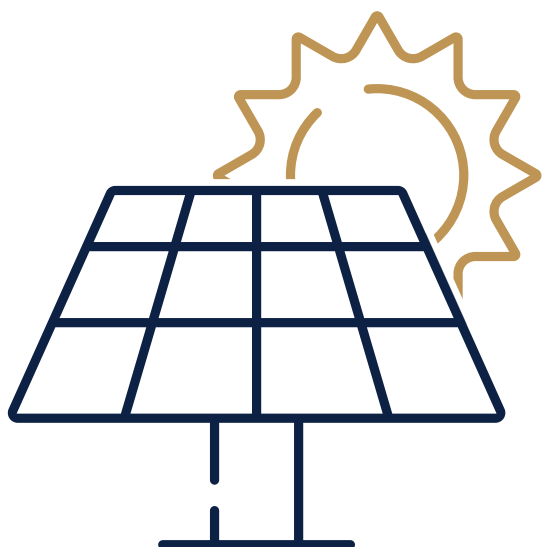


3) For direct energy consumption, where figures are not available estimates have been used: for natural gas in cases involving shared building expenses of which the precise share cannot be calculated, consumption has been estimated on the basis of the floor space in the building actually occupied, or thousandths of the property owned. For bills still to be received, consumption has been estimated based on the previous year's figures. Data on fuel consumption by company cars which is not available has also been estimated using a similar method

4) Gigajoules

5) Consumption by Cairn Capital Group Limited not monitored (no details available for consumption by the building at which its offices are located)

6) Data on fuel consumption for CMB is unavailable as fuel consumption is paid directly by the employees with no refund



Indirect energy consumption		
	Unit	FY 2017-18
Indirect energy consumption⁷		97,706.83
Electricity		95,753.25
From non-renewable sources		26,389.49
From renewable sources	Gj	69,363.76
Thermal energy		1,953.59
From non-renewable sources		28.93
From renewable sources		1,924.65



Direct and indirect CO ₂ emissions ⁸		
	Unit	FY 2017-18
Direct emissions (Scope 1)		2,568.41
From non-renewable sources (natural gas, diesel)		1,528.12
From company cars (petrol and diesel)		1,040.29
Indirect emissions (Scope 2)		2,447.38
From electricity and thermal energy		2,447.38
Indirect emissions deriving from company mobility (Scope 3)⁹		3,004.94
Air travel:	Tons CO ₂	2,794.55
<i>Domestic flights</i>		666.87
<i>International flights</i>		2,127.68
Train travel:		191.41
<i>High-speed</i>		161.53
<i>Other types of train travel</i>		29.88
Third-party car services		18.98

- 7) Where indirect energy consumption figures are not available estimates have been used: for shared building expenses of which the precise share cannot be calculated, consumption has been estimated on the basis of the floor space in the building occupied. For bills still to be received, consumption has been estimated based on the previous year's figures
- 8) For direct emissions (scope 1), indirect emissions (scope 2) and company cars (scope 3), we have used the emission factors recommended in the "Guidelines on application of GRI (Global Reporting Initiative) environmental indicators in banks" released by the Italian banking association (ABI) and compiled in the Italian Greenhouse Gas Inventory 1990-15 – National Inventory Report 2017 – by ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale). For direct emissions deriving from air and train travel, we have used the emissions factors recommended in the ABI guidelines compiled respectively by the ICAO (International Civil Aviation Organization) and the UIC (Union Internationale des Chemins de Fer) via Ecopassenger
- 9) For indirect emissions (scope 3), estimates have been used in cases where no data was available for recent months, based on the consumption figures recorded in the months prior to that; consumptions figures for CMB have not been monitored, as the data was not provided by the travel agency used during the reporting period, hence it is impossible to calculate the emissions from them

Due to the sector in which we operate, we do not consume large amounts of water. At our premises, the main source of water consumption is the use of toilet facilities.

Water consumption		
	Unit	FY 2017-18
Water consumed¹⁰		467,715
of which from mains	m ³	287,793
of which from wells		179,922



The use of paper relates chiefly to the need to print and deliver documentation and/or presentations to our clients and stakeholders.

Paper consumption ¹¹		
	Unit	FY 2017-18
Total paper		352.68
Paper consumed (A4)		292.26
Paper consumed (A3)	Tons	3.77
Paper consumed (A5)		0.29
Paper for commercial uses (business cards and headed paper)		56.36



10) For water consumption, where figures are not available estimates have been used: for shared building expenses of which the precise share cannot be calculated, consumption has been estimated on the basis of the floor space in the building occupied. For bills still to be received, consumption has been estimated based on the previous year's figures. Consumption figures for the Mediobanca London office, Cairn Capital Group Limited and Mediobanca SGR have also not been monitored, as no data for the buildings in which they are housed is available

11) For paper consumption estimates have been used where data for recent months is unavailable, basing the estimates on the consumption figures recorded in the months prior to that

WE ARE COMMITTED TO DEFINING A STRUCTURED SYSTEM **TO MONITOR** THE WASTE PRODUCED BY OUR ACTIVITIES, WHICH IN ANY CASE DO NOT GENERATE TOXIC WASTE.

During the year under review, the data in respect of waste collected in Italy refers chiefly to toner (the only dangerous waste produced), quantified at approximately 5.5 tons, in line with the figure reported last year.

5.5
tons

WASTE
Toner in Italy

CONTACTS

Group Sustainability

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