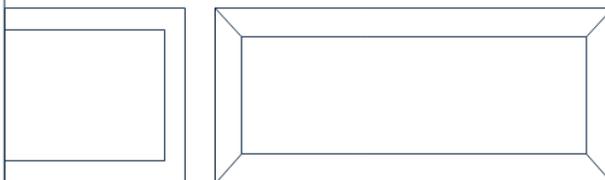




CSR

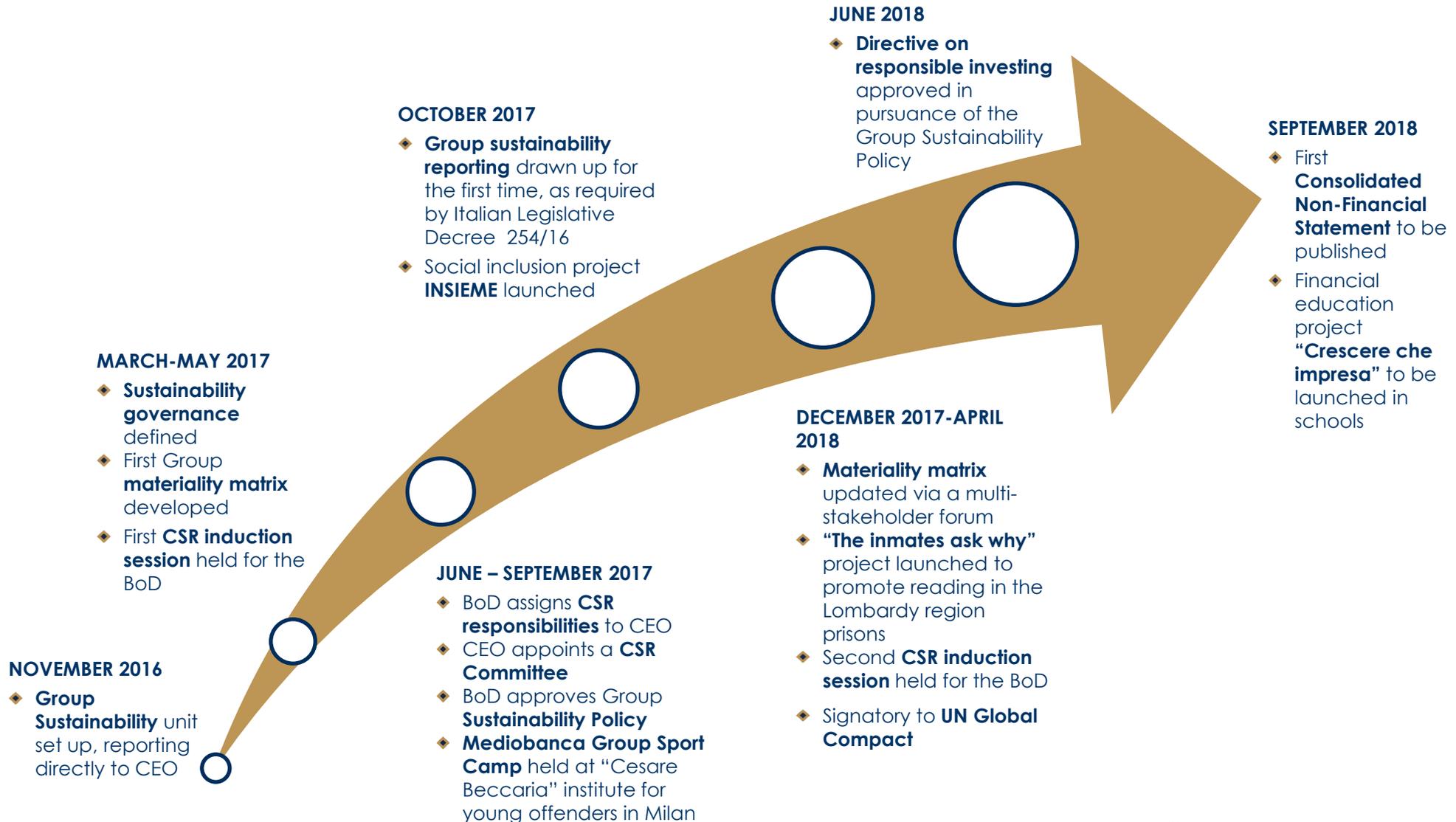
Executive Summary

July 2018



MEDIOBANCA

GROUP SUSTAINABILITY



SUSTAINABILITY GOVERNANCE

At a Board meeting held on 14 June 2017, the Directors of Mediobanca mandated the Chief Executive Officer to take charge of activities regarding sustainability and the actions to be implemented and monitored, including the institution of a Managerial Committee with business and staff units represented in it

Main features	Description
CEO's responsibilities	<ul style="list-style-type: none"> ◆ Define the Group's CSR policy ◆ Promote the adoption of practices which are consistent with the CSR policy adopted ◆ Propose and monitor the CSR budget at Group level ◆ Prepare the draft Consolidated Non-Financial Information Reporting and means of disclosure
CSR Committee members	<ul style="list-style-type: none"> ◆ Chairman of Board of Directors ◆ CEO ◆ General Manager ◆ CEO of Compass and CheBanca! ◆ Head of Group Sustainability ◆ Head of Group HR & Organization ◆ Head of Planning, Accounts and Financial Reporting
Frequency	<ul style="list-style-type: none"> ◆ Every two months
Secretarial duties	<ul style="list-style-type: none"> ◆ Group Sustainability

The CEO reports regularly to the Board of Directors on the activities performed

SUSTAINABILITY POLICY

On 3 August 2017, the Board of Directors of Mediobanca approved the **Group's Sustainability Policy**, sub-divided into **five priority areas**:



RESPONSIBLE INVESTMENTS

Ensuring that environmental, social and governance criteria (ESG) are suitably integrated into the investment and lending processes is a key factor in pursuing the creation of value in social and environmental as well as earnings and financial terms

Sustainability Policy

- ◆ The Group Policy, in line with the principal international standards and declarations, is subdivided into five areas held to be priorities: **measures to tackle bribery and corruption, human rights, diversity and equal opportunities, environmental issues and responsible investing** with the objective of driving improvement in the Group's conduct in all these areas, **to ensure that sustainability is an integral part of the strategy and operation of its business**

Directive on Responsible Investing

- ◆ **The approach seeks to identify, assess, prevent and reduce potential risks** deriving from investments and lending transactions **with counterparties involved** in serious events which impact **negatively in the areas of the environment, human rights, employees' rights, bribery and corruption, and terrorism**
- ◆ Are excluded investment activities which are potentially not in line with the principles identified from the most widely recognized international standards or which are considered to be a serious risk for the environment or for society

ESG Product

- ◆ **Mediobanca Social Impact** is an ESG fund for philanthropic purposes, which has been developed in partnership with some of the leading Italian charitable
- ◆ **Compagnie Monégasque de Banque - ESG Mandate** invests in companies/countries that contribute to the development and the future of our society and are committed to build a better world
- ◆ **RAM defined an SRI policy** for responsible investment setting out the investment beliefs, the guidelines, and the approach to consider and incorporate corporate governance, environmental, and social factors into our investment process and strategies

DIRECTIVE ON RESPONSIBLE INVESTING

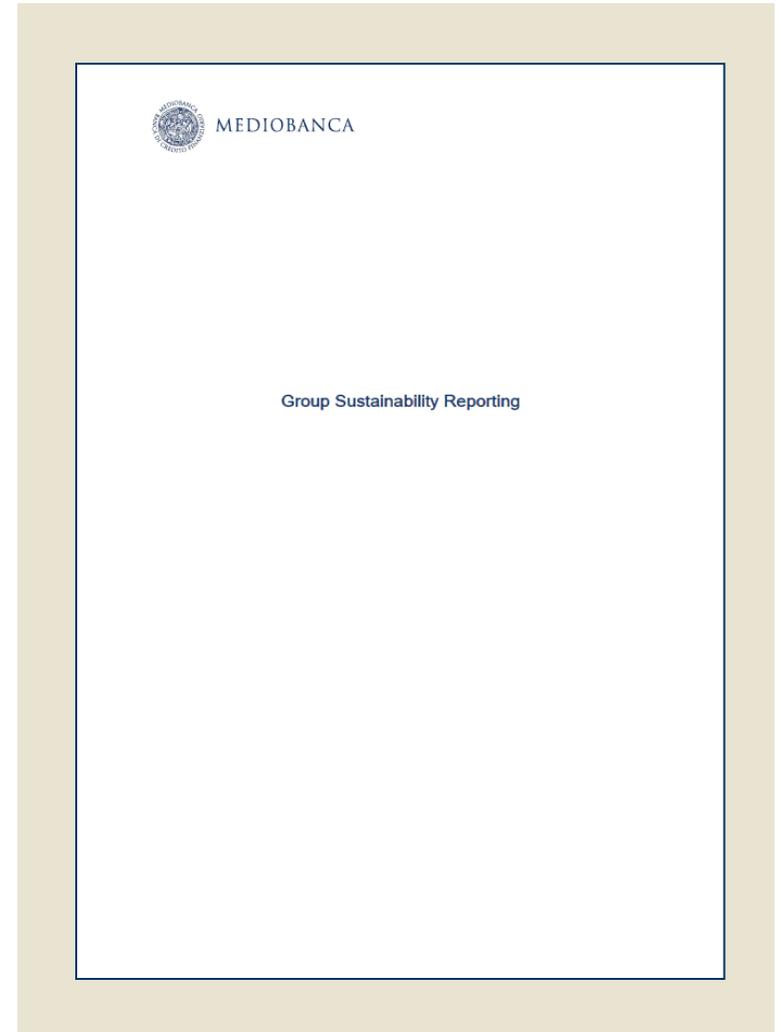
The commitment made in the Group Sustainability Policy has been the starting point for defining the **new Directive on Responsible Investing, which bases investment and lending decisions on factors which are not merely financial but also environmental and social, in the knowledge that a responsible investment and lending process also contributes to mitigating reputational risks**

- ◆ **Reference principles:** the Universal Declaration of Human Rights, the Ten Principles of the UN Global Compact, Principles for Responsible Investment (PRI), and the Equator Principles
- ◆ **Process:** in order to promote a responsible investment and lending process based on consideration of ESG criteria, we are defining the activities and indicators to support assessment of the counterparty at the stage of evaluating the business proposals which come before the approving bodies
 - I. **Pre-assessment:** at this stage the following are excluded *a priori*
 - ◆ **parties whose guilt has been proven in court in the past ten years** with reference to crimes of money-laundering or terrorism financing; violation of human rights; possession, production and/or distribution of child pornography; environmental catastrophes; conspiracy to commit such crimes; links with mafia-type organizational (including international)
 - ◆ **parties which produce weapons that violate fundamental humanitarian principles** (such as cluster bombs, anti-personnel mines, nuclear, chemical or bacteriological weapons)
 - II. **Assessment:** at this stage indepth analysis is required of proposals from **parties which, based on reliable sources, are and/or have been accused or convicted (without time limit)** with reference to the following crimes: money-laundering, terrorism financing or bribery and corruption, violation of human rights, possession, production and/or distribution of child pornography, environmental catastrophes; conspiracy to commit such crimes; links with mafia-type organizational (including international)
 - III. **Investment decision:** after the assessment stage has been completed, the format containing the analysis and considerations will be submitted to the relevant committee, which will make its own independent assessment and then give its verdict on the proposed transaction

The Directive was approved by the Sustainability Committee and shared with the Risk Committee held on
7 June 2018

2016-2017 GROUP SUSTAINABILITY REPORTING

- ◆ **The first Mediobanca Group Sustainability Reporting** document was approved by the Board of Directors on 15 September 2017 and published as **part of the financial statements for the year ended 30 June 2017**
- ◆ **The report is based on the GRI Standards** (in accordance with the “core” option) which are at present the most widely-used standards at an international level in the area of sustainability reporting, and also in accordance with the provisions of Italian Legislative Decree 254/16 on “Non-Financial Information” (compulsory as from FY 2017-18)
- ◆ **The first report was thus compiled on a voluntary basis,** and hence was not subject to assurance by auditors
- ◆ The process of compiling the report required the involvement of the heads of various company units, in order to identify the contents, projects implemented, and related performance indicators
- ◆ The importance of the information was defined via analysis of materiality as required by the GRI Standards



2017-2018 CONSOLIDATED NON-FINANCIAL STATEMENT

Guidelines for FY 2017-18 non-financial statement

Positioning

- ◆ At a meeting held on 10 November 2017, the CSR Committee opted to keep the Consolidated Non-Financial Reporting separate from the financial statements, with a version to be published online as well

Reporting standards

- ◆ The document is being prepared in accordance with GRI Standards (in accordance with the core option), the most widely-used sustainability reporting standards at international level

Assurance

- ◆ The consolidated non-financial statement will be subject to limited assurance from PricewaterhouseCoopers

Scope

- ◆ The scope of reporting is the same as that used in the consolidated financial statements for the year ending 30 June 2018, save where stated otherwise in the report itself

Materiality matrix

- ◆ The relevance of the information is established through materiality analysis as suggested by the GRI Standards

2017-2018 SCOPE OF REPORTING

In conjunction with the Planning, Accounting and Financial Reporting area, Group Sustainability has performed quantitative and qualitative analysis to define the scope for the FY 2017-18 non-financial statement

Companies included	Parameters				
	1	2	3	4	5
Mediobanca S.p.A.	x	x	x	x	x
CheBanca!	x	x	x	x	x
Compass Banca	x	x	x	x	x
Compagnie Monégasque de Banque	x	x		x	
Mediobanca Innovation Services	x			x	x
Futuro	x				
MB Credit Solutions	x				
Mediobanca International		x			
SelmaBipiemme Leasing	x				
Cairn Capital Group Limited (figures in £m)	x				
Spafid	x				
Mediobanca SGR S.p.A.					
MB Facta					

QUANTITATIVE ANALYSIS - PARAMETERS

1. No. of staff > 50
2. Total assets > 5% consolidated total assets
3. Total revenues > 5% total consolidated revenues
4. Total operating costs > 5% total consolidated operating costs
5. Total administrative expenses > 5% total consolidated administrative expenses

QUALITATIVE ANALYSIS

- ◆ **Mediobanca International:** included as significant for the wholesale banking business segment
- ◆ **Mediobanca SGR:** included the type of activity performed by it is considered to be highly relevant due to its environmental impact, in respect of which a case is pending regarding polluted land belonging to a fund
- ◆ **MB Facta:** included as the company is growing

The scope of reporting has been agreed with the external auditors

STRUCTURE FOR 2017-2018 NON-FINANCIAL STATEMENT

I. Statement to stakeholders

II. Notes on methodology

III. Identity

- ◆ Mediobanca Group (*history, values and philosophy; Group activities and structure; approach to market; business model and strategy; added value*)
- ◆ Governance model
- ◆ Compliance, internal control and risk management (including brand reputation)
- ◆ Sustainability governance
- ◆ Material issues and themes raised by Italian Legislative Decree 254/16
- ◆ Sustainable development goals

IV. Business ethics and integrity: tackling bribery and corruption

- ◆ Policies and initiatives supporting measures to prevent and tackle bribery and corruption
- ◆ Relevant risks

IV. People and human rights

- ◆ Policies and relevant risks
- ◆ Mediobanca Group staff: job creation and protection
- ◆ Diversity, inclusion and equal opportunities
- ◆ Professional training and development
- ◆ Managing, attracting, developing and retaining talent
- ◆ Staff incentives, benefits and remuneration

- ◆ Staff commitment, engagement and satisfaction
- ◆ Staff health, safety and well-being

V. Environment

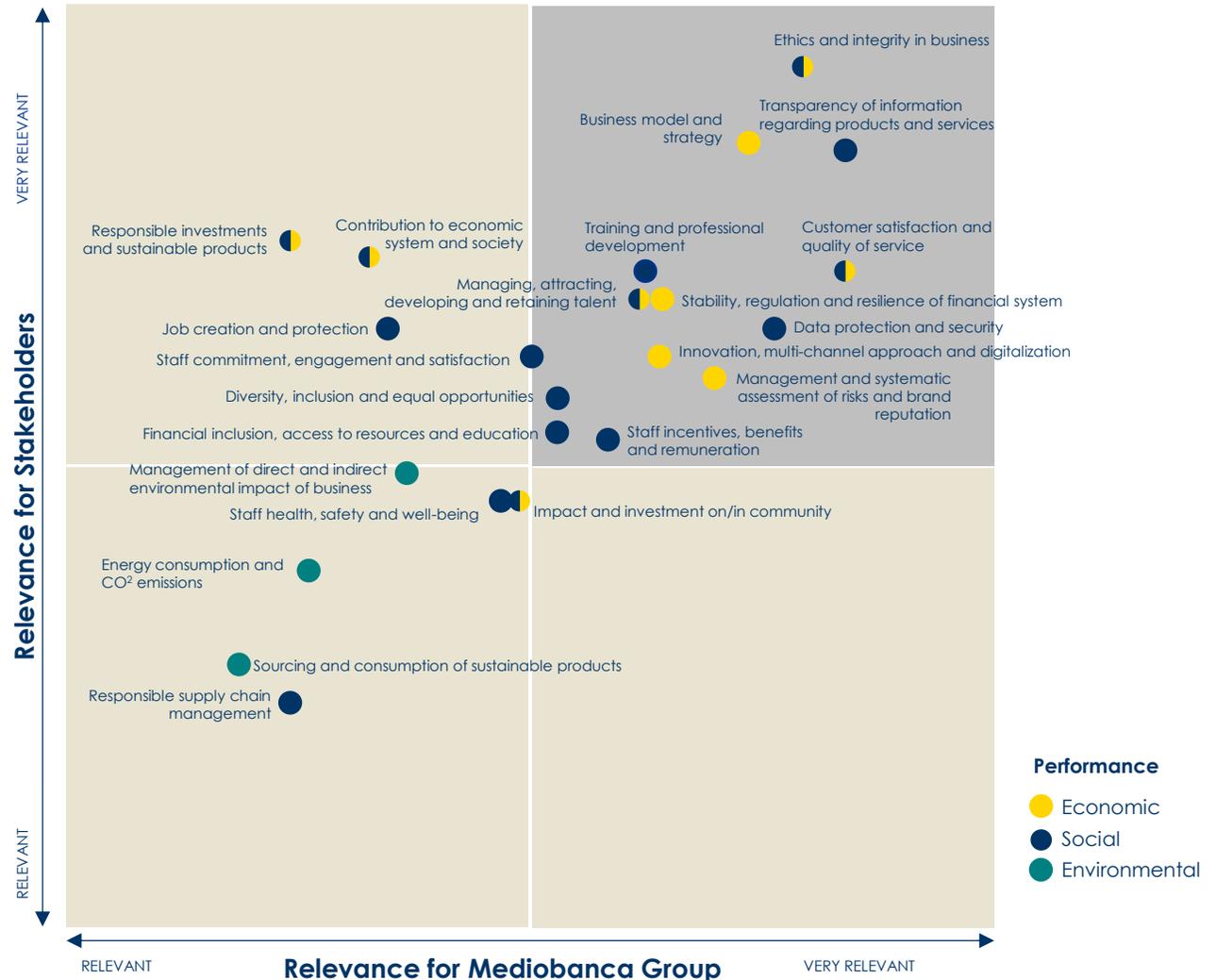
- ◆ Policies and relevant risks
- ◆ Management of environmental impact linked to business
- ◆ Energy consumption and CO² emissions
- ◆ Sourcing and consumption of sustainable products (water and paper)

VI. Community

- ◆ Policies and relevant risks
- ◆ Clients
 - ◆ Customer satisfaction and quality of service
 - ◆ Transparency of information regarding products and services
 - ◆ Financial inclusion, access to resources and financial education
 - ◆ Innovation, multi-channel approach and digitalization
 - ◆ Data protection and security
 - ◆ Responsible investments and sustainable products
- ◆ Responsible supply chain management
- ◆ Entities and institutions
- ◆ Investors and shareholders
- ◆ Impact on and investment in communities

2018 MATERIALITY MATRIX

- ◆ A multi-stakeholder forum was held on 17 April 2018 with the objective of updating the materiality matrix
- ◆ Categories of stakeholder present:
 - ◆ Shareholders and investors
 - ◆ Clients
 - ◆ Entities and institutions
 - ◆ Third sector
 - ◆ Employees
- ◆ The stakeholders in attendance discussed and classified the issues based on their order of relevance
- ◆ The external stakeholders' assessments were compared and contrasted with those noted in 2017 in conjunction with Group management



11 Issues relating to governance, compliance and economic performance are treated as prerequisites; they will be discussed in the sustainability reporting but not subject to specific assessment for inclusion in the materiality matrix.

STAKEHOLDER RELATIONS



Our **staff members** are our human capital and the indispensable foundation of the Group's competitiveness



We assign the highest importance to managing and maintaining **relations with our clients** providing a high-quality service and solutions able to meet the different needs of our various clients



We are sensitive to the need to protect the **environment** as the primary resource of human well-being, and our decisions are geared towards ensuring compatibility between economic initiative and environmental requirements



Our **relations with the regulatory authorities**, institutions and public entities are based on principles of proper conduct and transparency, with respect to the different roles



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



We play an **active role in the community** in which we operate, and we pursue growth and value creation objectives which are sustainable over the long term for all our stakeholders



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

PEOPLE

In the performance of their work, Group employees are required to adopt conduct which is in line with our principles and values, which are based on ethics and integrity

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

We believe that **diversity of gender and thought is an advantage** to be leveraged, as a source of cultural and professional enrichment

We recognize the strategic role and central place which **training and professional development** has for our staff

We devote considerable attention to the issue **talent management and retention** which is considered to be a strategic factor for its own development

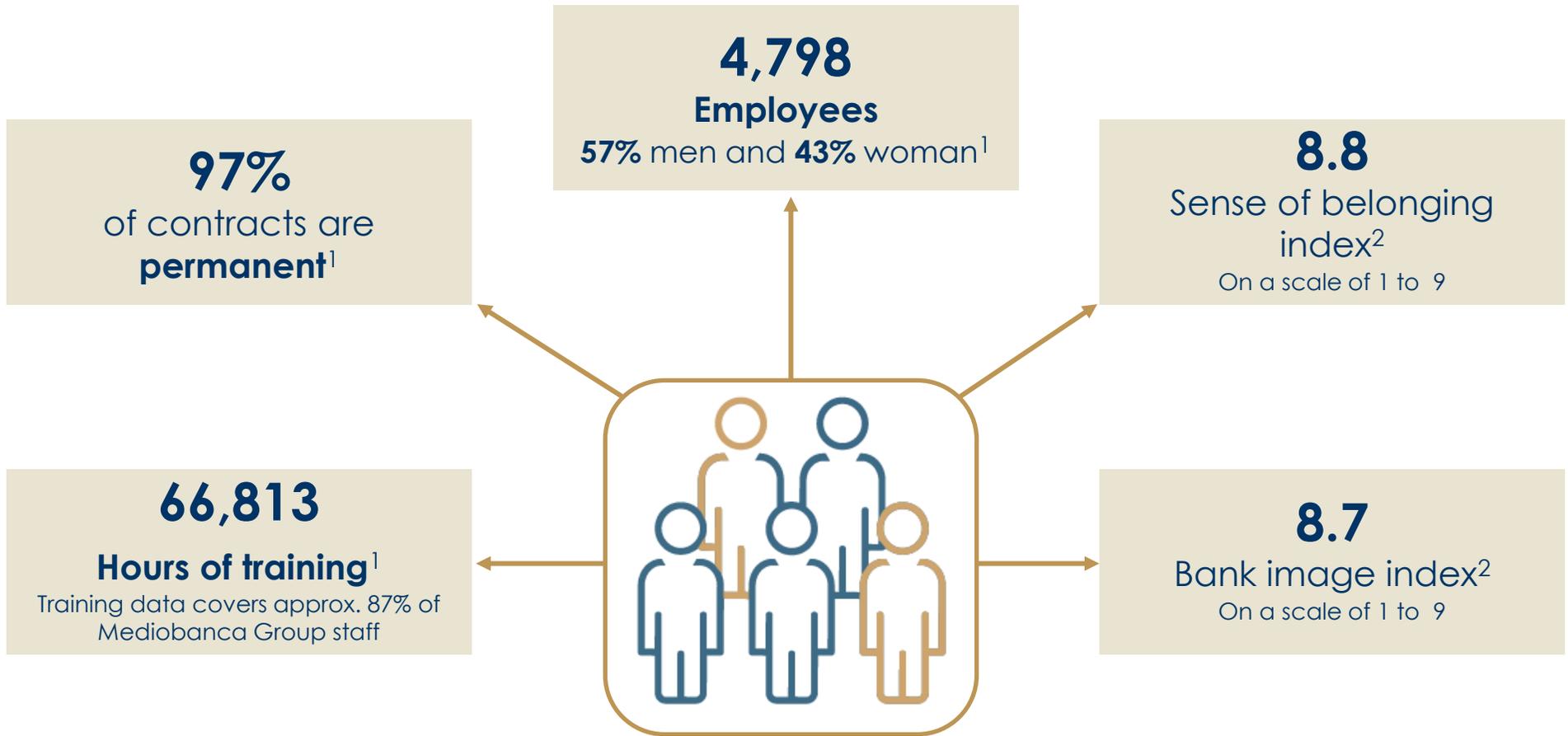


We consider the **promotion of health and safety** as one of the priorities of its way of doing business

We are committed to **preventing every form of discrimination**, from the selection process right up to the determination of remuneration, from professional development opportunities to the end of the employment relationship

We believe that **respect of human rights** is a fundamental prerequisite to our own sustainability

PEOPLE



14

1) All data are as at 30 June 2017 and refer to FY 2016-17.
2) Results of **Move Beyond**, research on internal atmosphere in which 90% of the workforce participated.

ENVIRONMENT

At present 100% of the electricity acquired by the Group in Italy derives from certified renewable sources

We monitor and improve our **environmental efficiency**, with reference in particular to the consumption of resources

We develop initiatives to improve **energy management**, including by sourcing energy from renewable sources and through the use of innovative, lower-impact technologies and solutions

We rationalize our **use of resources** such as electricity, paper and water



We improve in **waste management** by using sustainable disposal methods where possible

We maintain our properties and equipment to progressively improve **environmental performances**

We assess the **environmental impact** of new processes, new systems, equipment and structural and organizational changes

ENVIRONMENT

**6,690 CO2 Ton
avoided**

100% of electricity in Italy derives from certified **renewable** sources

Indirect energy consumption

93% from **renewable** sources

7% from **non-renewable** sources

**342 tonnes
Paper consumption**

**251,593m³
Water consumption**
of which 149,240 from wells

No toxic waste



COMMUNITY

We have identified certain selection criteria three areas in which to concentrate our involvement

AREAS



ENVIRONMENT AND TERRITORY

We acknowledge the importance of protecting the environment as the primary resource of well-being for both current and future generations



CULTURE, RESEARCH AND INNOVATION

We are committed to culture and research being aware of our responsibility on a civic and social level as well, in the knowledge that our role is bigger than merely the pursuit of economic gain



SOCIAL INCLUSION

We are convinced that an inclusive society must be based on mutual respect and solidarity, guaranteeing equal opportunities and a decent standard of living for all



CRITERIA

Reputational return

We select projects and initiatives which promote and create value for our image

Exclusivity

We select projects and initiatives which do not involve the participation of other sponsors, in particular other players in our own sector

Local community

We give priority to projects and initiatives located in the communities where we operate

Affinity to business

We show particular interest in projects and initiatives with affinities to our own business

COMMUNITY



We have moved to upgrade our buildings, installing green technologies at **Mediobanca Innovation Services** and taking steps in some offices to reduce CO2 emissions and water consumption



In partnership with the **Rete Clima** association, in 2017 we have planted 400 new trees to offset the carbon footprint emitted by the publishing of our magazines



As a member of the “**FAI 200**” group of enterprises, Mediobanca supports and finances the Fondo Ambiente Italiano, the Italian Heritage Trust, in its work to protect and promote Italy's historical, artistic and environmental heritage



Through Compagnie Monégasque de Banque, and in partnership with the Prince Albert II of Monaco Foundation, we support the **Solar Impulse** project in its mission to fly a zero-fuel aeroplane around the world, powered exclusively by solar energy



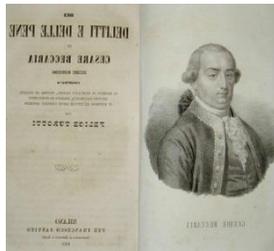
COMMUNITY



MBRES Area is our economic and financial research centre, which publishes studies and research primarily online and free of charge



IEO is Italy's leading private cancer centre. It was founded in Milan at the initiative of Mediobanca, which is its largest shareholder with a stake of approx. 25%



In 1978, we began collecting the writings of **Cesare Beccaria** into a 16-volume series. The series was completed in 2009, Beccaria's deals of justice and commitment to public life



Mediobanca Historical Archive, named after **Vincenzo Maranghi** in June 2012 is fully digitized and constantly updated; the archive comprises documents on the Bank's history and business activities



In 2013 we signed up with **Junior Achievement**. Through the initiative, professionals from various sectors work with Italian schools to assist teachers in introducing pupils to topics related to the economy, business and personal finance

COMMUNITY



INSIEME is our triennial initiative to promote sport for young people from disadvantaged backgrounds and at risk of exclusion, by targeting pupils at primary and secondary schools in several outer-Milan districts

GRUPPO MEDIOBANCA
SPORT CAMP



Gruppo Mediobanca Sport Camp is multisport camp at the Cesare Beccaria Young Offender Institution in Milan, offering the young detainees a week of sport and competition within a framework of rules and fair play



We support the **Don Gnocchi foundation**, directing it in particular to the sporting and social/educational activities to ensure that young people with disabilities have access to sport



In 2016, we teamed up with the **Italian Paralympic Committee** for the #Oltre ("Beyond") project, aimed at spreading the values of Paralympic sport as a way to encourage social integration, and to celebrate a culture of achievement and fair play



We are partner of **Valore D Association**, which promotes women leaders in business and in 2018 we signed their **Manifesto for women** in the workplace, reiterating our commitment to making gender diversity a value



The Prisoners Ask Why initiative, we invited some major Italian writers to come with us to various prisons to offer the inmates an opportunity to ask them some of their most profound questions

