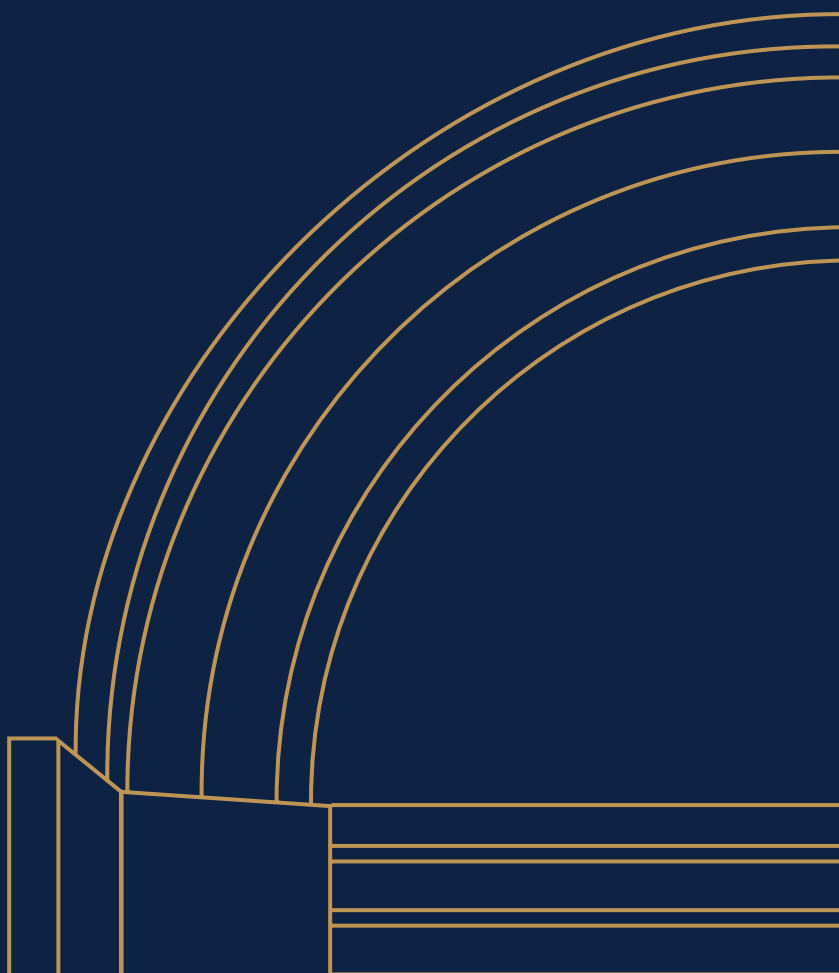


# CORPORATE SOCIAL RESPONSIBILITY

2018-2019



MEDIOBANCA







The qualitative and quantitative data and information in this brochure refer to the Mediobanca Group's performance for the financial year ended **30 June 2019**



## 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.



**860**  
**MILLION EUROS**

**ADJUSTED NET  
INCOME**

**+8%**  
**COMPARED TO JUNE 2018**

We continued our path to growth in the financial year ended 30 June 2019, delivering the best annual set of results in the last decade: revenues up 4% to €2.5bn, GOP up 8% to €1.1bn, and adjusted net profit up 8% to €860m. The performance was driven primarily by material commercial development.

This was the best set of accounts delivered over the horizon of the **2016-19 strategic plan**, the objectives of which have been reached and in some cases beaten, on the back of a sustainable business model consistent with long-term trends.

**GROWTH AND SUSTAINABILITY ARE TWO OF THE GROUP'S DISTINCTIVE TRAITS. OUR DEVELOPMENT STRATEGY IS BASED ON THE CONVICTION THAT ETHICS AND PROFITS CAN AND INDEED MUST GO HAND IN HAND, BECAUSE IN THE LONG TERM THERE CANNOT BE ECONOMIC GROWTH WITHOUT SOCIAL AND ENVIRONMENTAL GROWTH AS WELL.**

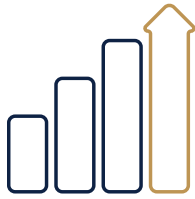


## INTRODUCTION

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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**

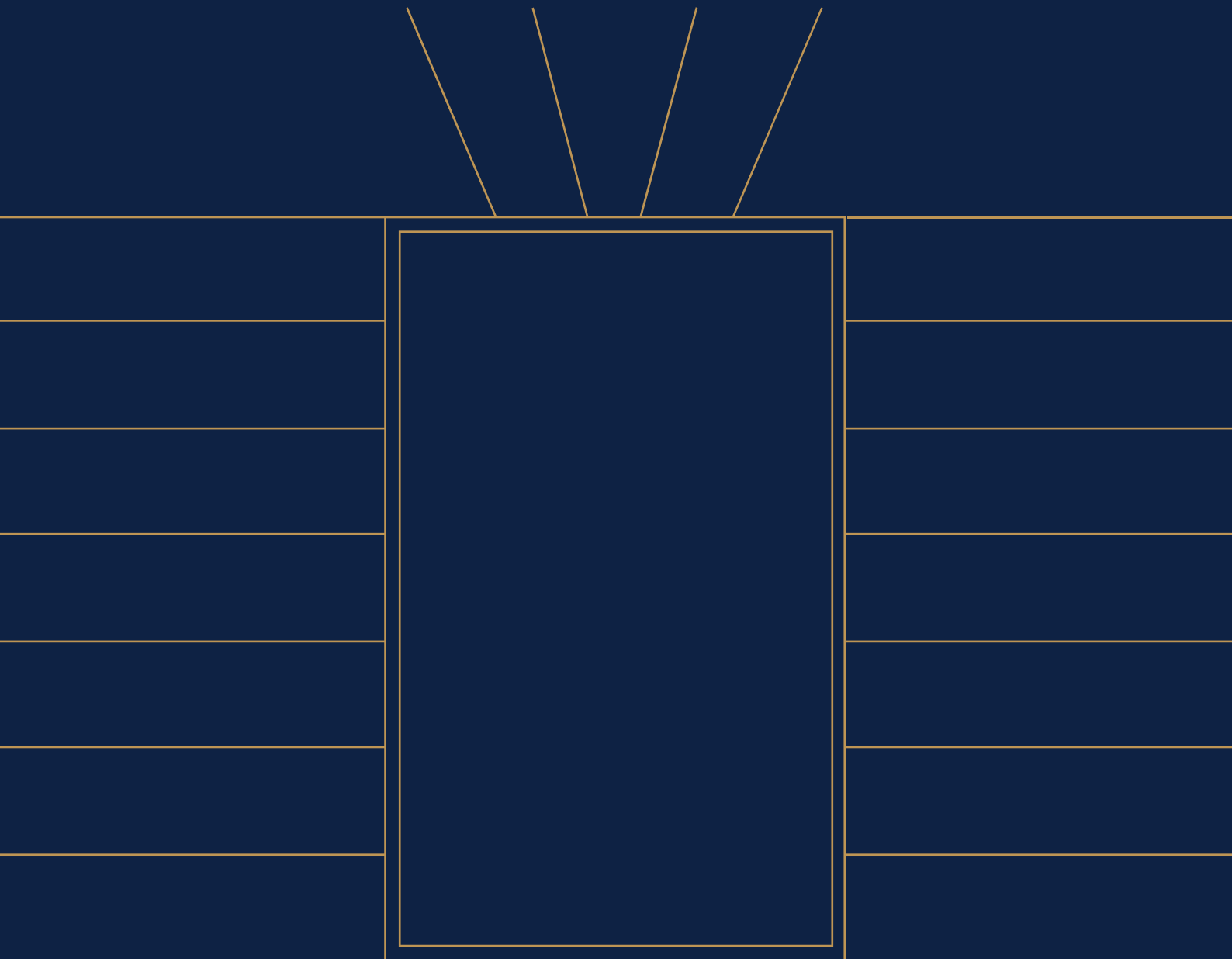


**REDUCING OUR  
DIRECT AND  
INDIRECT IMPACT ON  
THE ENVIRONMENT**

# 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.

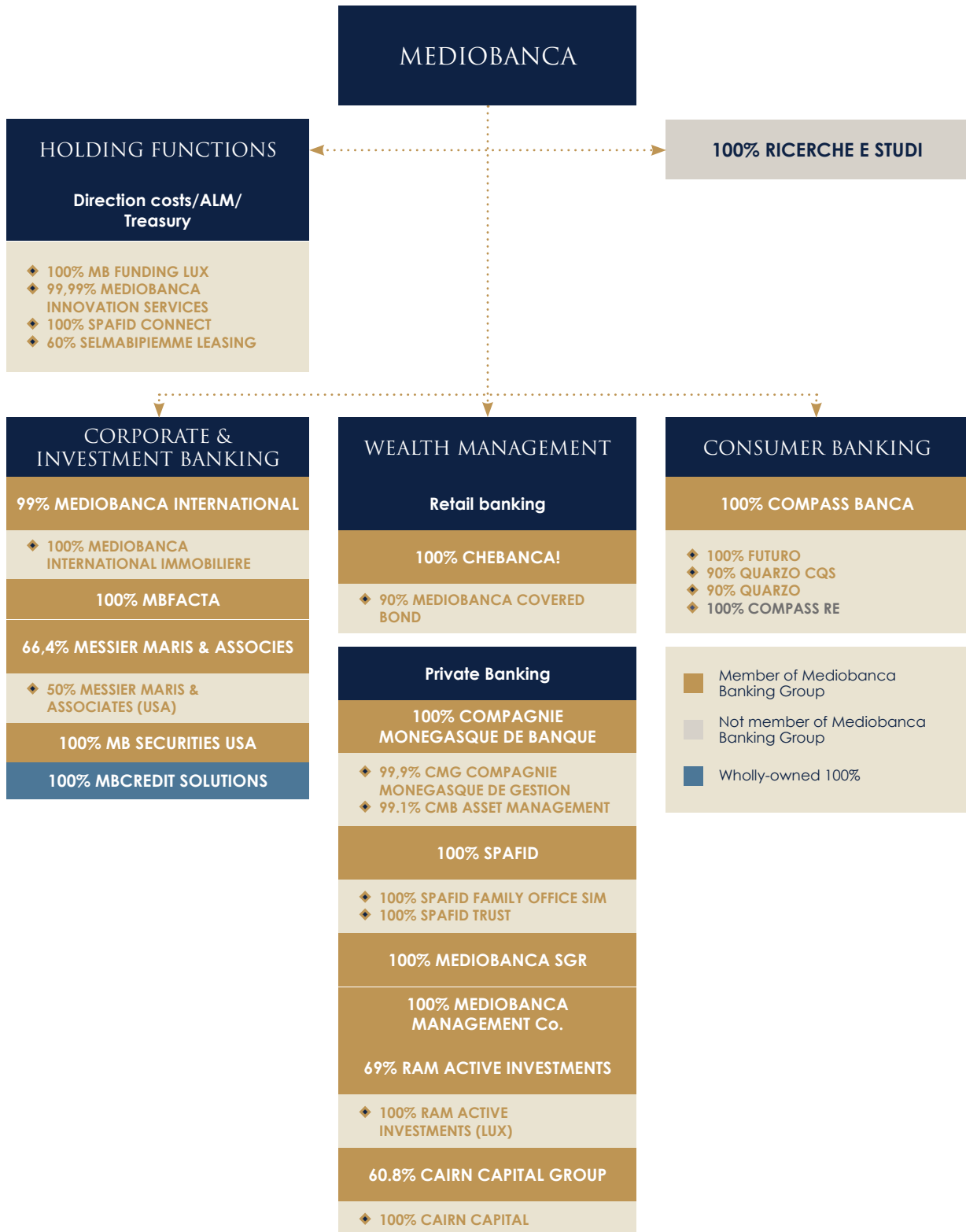
**Tradition and innovation** combine in the areas which go to make up our Group and contribute equally to its performance.





# IDENTITY

## THE BUSINESS MODEL IS BASED ON HIGHLY SPECIALIZED BUSINESSES

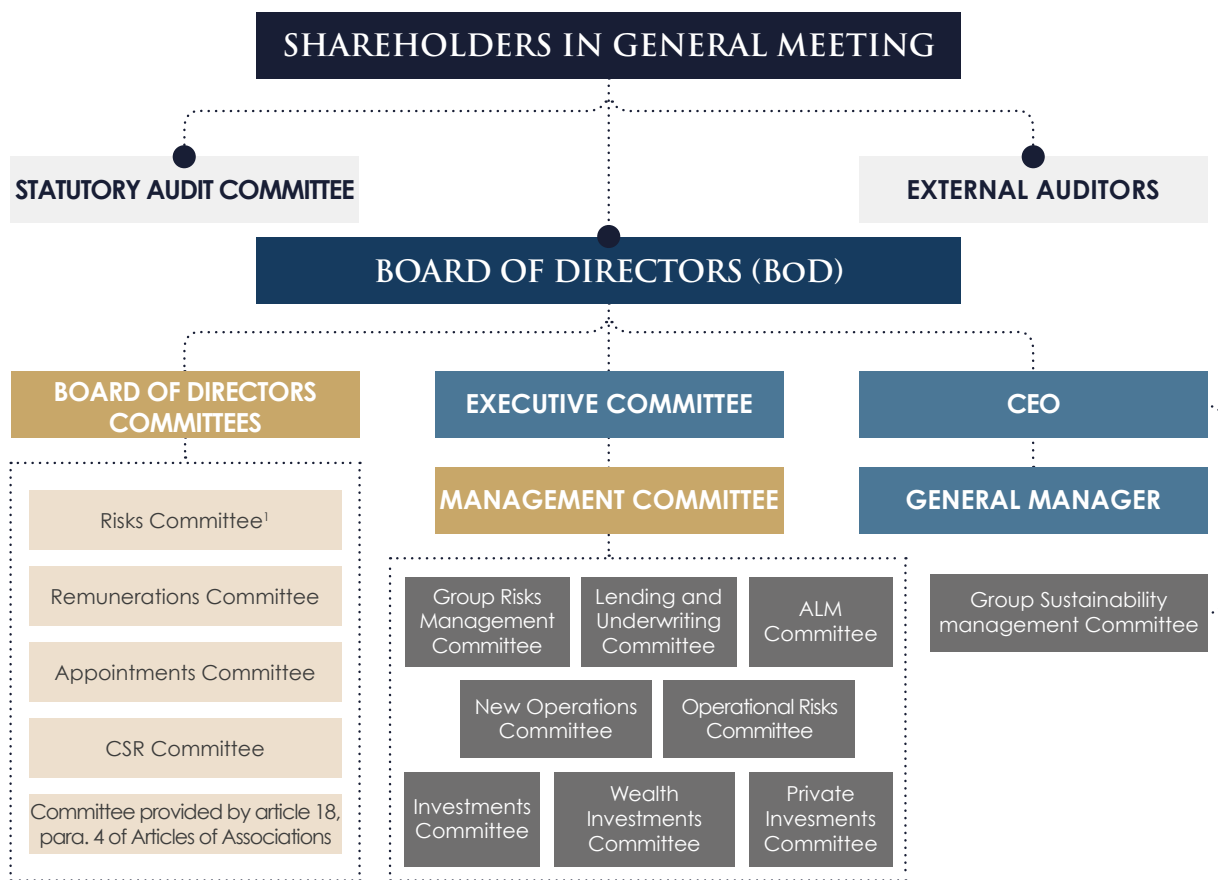




## IDENTITY

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.



1) Also performs the duties of the Related Parties Committee





## IDENTITY

**Group sustainability** is led by our Chief Executive Officer, supported by a Sustainability Committee consisting senior management and a dedicated CSR unit.

The CEO's management of such activities forms part of the overall assessment of his performance.

In September 2019, the Board of Directors instituted a **Corporate Social Responsibility Committee** with responsibility for prior analysis of sustainability issues to be submitted to the Board itself.

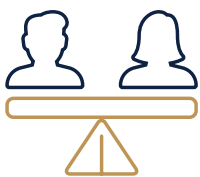
### WE HAVE ADOPTED A GROUP SUSTAINABILITY POLICY TO



**PROMOTE RESPECT FOR HUMAN RIGHTS**



**TACKLE BRIBERY AND CORRUPTION**



**DEFEND AND PROMOTE DIVERSITY AND EQUAL OPPORTUNITIES**



**PROTECT THE ENVIRONMENT**



**PROMOTE RESPONSIBLE INVESTING**



## IDENTITY

We offer our clients an increasing number of sustainable investment products, complementing the financial analysis with environmental, social and governance criteria.

In October 2019, the Board of Directors approved a **Group Policy on Responsible Lending and Investing** to ensure that investments and lending opportunities are based not only on financial aspects but on environmental and social factors as well.

**Mediobanca SGR, RAM Active Investments** and **Cairn Capital** adhere to the **Principles for Responsible Investment** to develop a more sustainable global financial system.

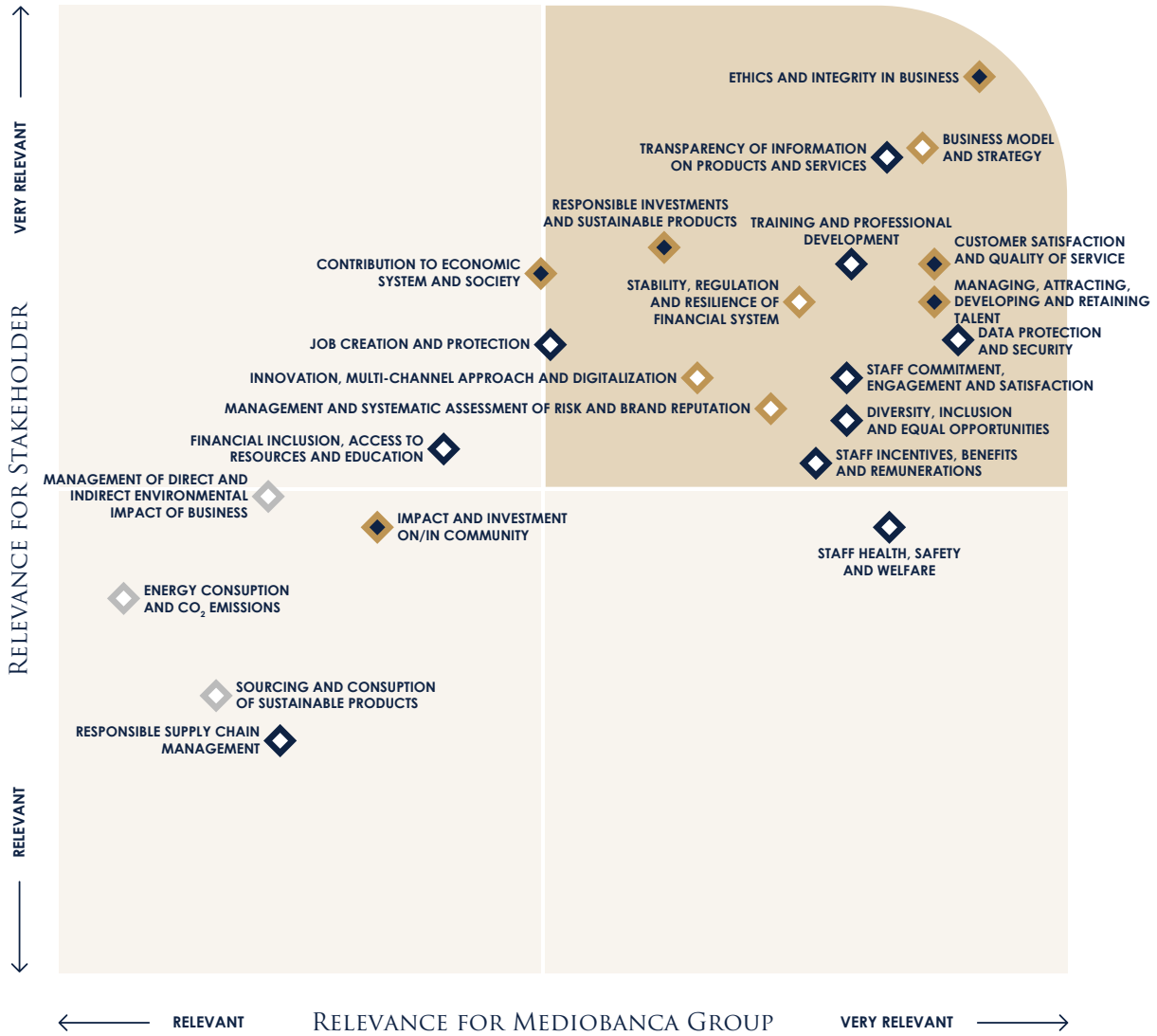
In 2019 we updated our **Materiality Matrix**, revising the sustainability issues internally to reflect their relevance to the Group. The results were combined with those collected from the external stakeholders in 2018.





# IDENTITY

## 2018-2019 MATERIALITY MATRIX



### PERFORMANCE

ECONOMIC

SOCIAL

ENVIRONMENTAL



## IDENTITY

WE INTEND TO CONTRIBUTE TO PROMOTING THE **UNIVERSAL PRINCIPLES** CONTAINED IN THE **GLOBAL COMPACT**, OF WHICH WE ARE A MEMBER, AND TO REALIZATION OF THE **SUSTAINABLE DEVELOPMENT GOALS (SDGs)** SET OUT IN THE **UNITED NATIONS' 2030 AGENDA**, SUPPORTING AND ENCOURAGING NEW SUSTAINABLE GROWTH AND DEVELOPMENT PROSPECTS AT THE GLOBAL LEVEL.





## IDENTITY




# ETHICS AND INTEGRITY IN BUSINESS AND ANTI- CORRUPTION MEASURES

---

We believe that responsible, proper and **transparent conduct** grows and protects a company's reputation, credibility and consensus over time, laying the foundation for sustainable business development which aims to create and protect value for all stakeholders.

This is why we are committed to conducting our business in accordance with the highest ethical standards, and does **not tolerate any form of corruption, whether active or passive.**

A decorative graphic consisting of several concentric, thin gold-colored circles on the left side of the page, partially cut off by the edge.



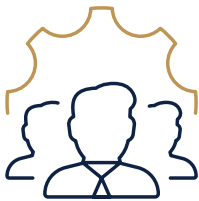
## ETHICS AND INTEGRITY IN BUSINESS AND ANTI-CORRUPTION MEASURES

To ensure corruption is tackled effectively and guarantee compliance with all applicable laws and regulations, we prepared our internal regulations, procedures and controls, arranges regular training, and carries out checks and audit activities, adopting:

- ◆ 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
- ◆ Introducers Directive (previously the 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 EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON THE ANTI-CORRUPTION POLICIES AND PROCEDURES



TOP  
MANAGEMENT

11

100%



MANAGEMENT

366

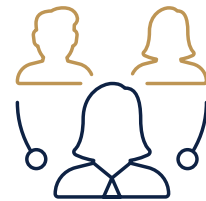
89%



MIDDLE  
MANAGEMENT

1,762

94%



WHITE COLLARS

2,430

99%

TOTAL

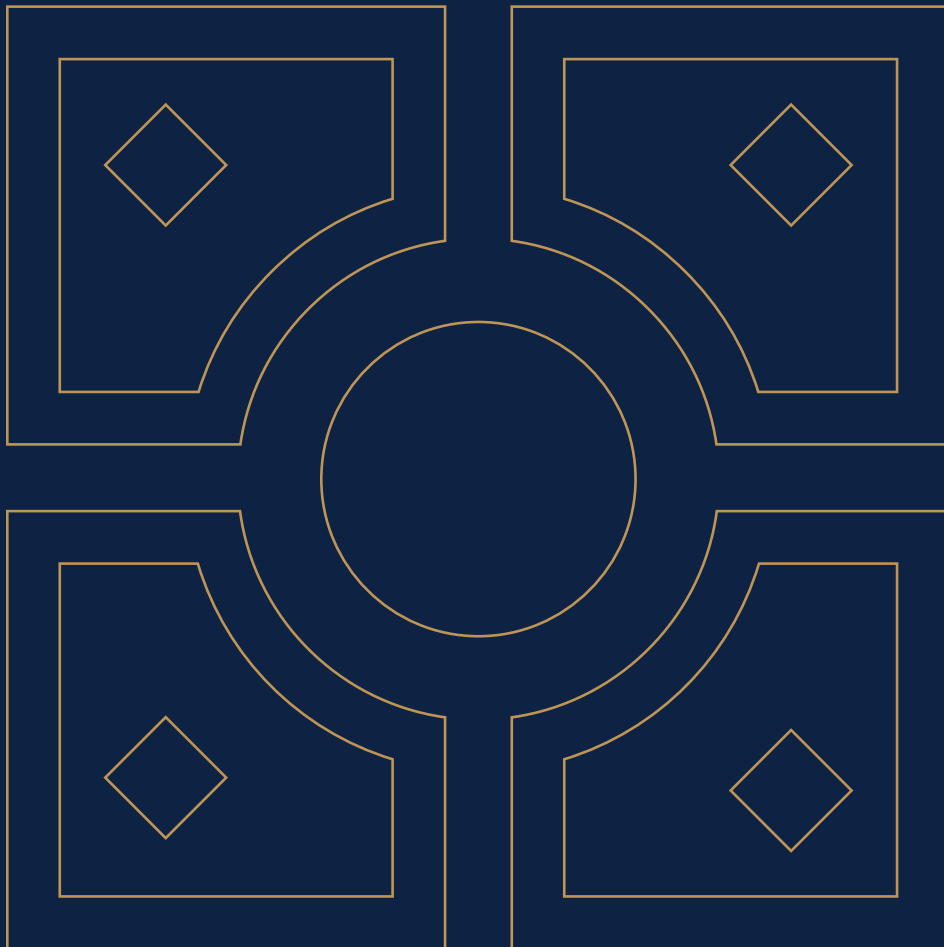
4,569

96%

# PEOPLE AND HUMAN RIGHTS

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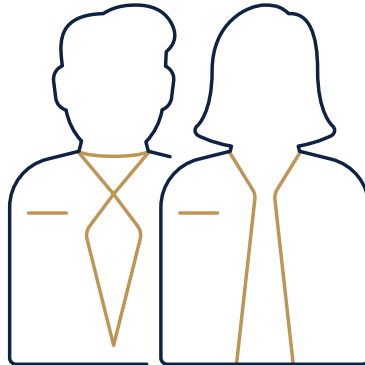
Employees are an essential part of our capital and the key component in our competitiveness.







## PEOPLE AND HUMAN RIGHTS

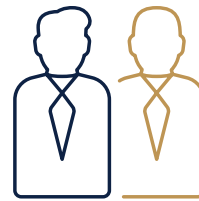


**4,768**  
EMPLOYEES  
89% IN ITALY



**42%**

ARE WOMEN



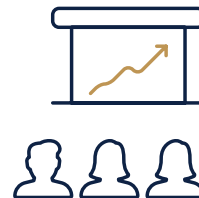
**41**

AVERAGE AGE



**97%**

ARE EMPLOYED UNDER  
PERMANENT CONTRACTS  
42% OF WHOM ARE WOMEN



**MORE THAN 92,100**

HOURS OF TRAINING PROVIDED



## PEOPLE AND HUMAN RIGHTS

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

"Diversity is a value as far as we here at Mediobanca are concerned. This is why we will continue to work hard to increase the number of women we employ in all our business areas. While we are in line with the statistics for the banking sector overall, we will work to support growth in the female population, implementing adequate training programmes to achieve this".

**Alberto Nagel**

CEO of Mediobanca

### BASIC SALARY RELATIVE TO REMUNERATION FOR MEN AND WOMEN BY PROFESSIONAL CATEGORY



#### MANAGEMENT

BASIC SALARY 74%

REMUNERATION 71%



#### MIDDLE MANAGEMENT

BASIC SALARY 90%

REMUNERATION 87%



#### WHITE COLLARS

BASIC SALARY 99%

REMUNERATION 99%

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 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.

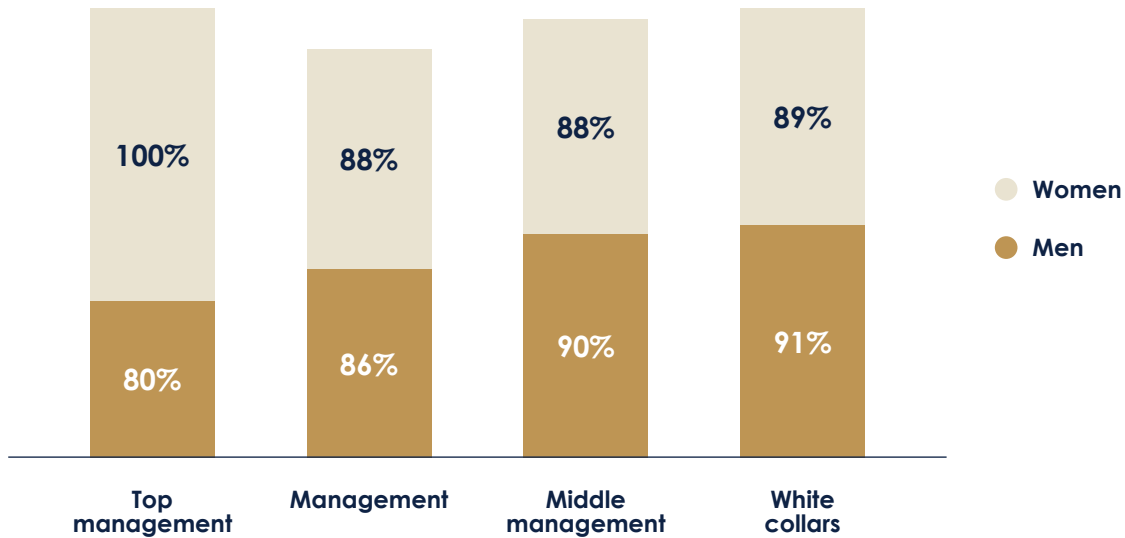
We believe that respect of **human rights** is a fundamental prerequisite to our sustainability. To promote a culture of social responsibility and its implications for the financial sector, we launched a training **course on Sustainability and Human Rights** which delved deeper into the concept of indirect impact, focusing in particular on respect for human rights.



## PEOPLE AND HUMAN RIGHTS

**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 think **professional training** and **refresher courses** for our staff play a strategic role in the development process.

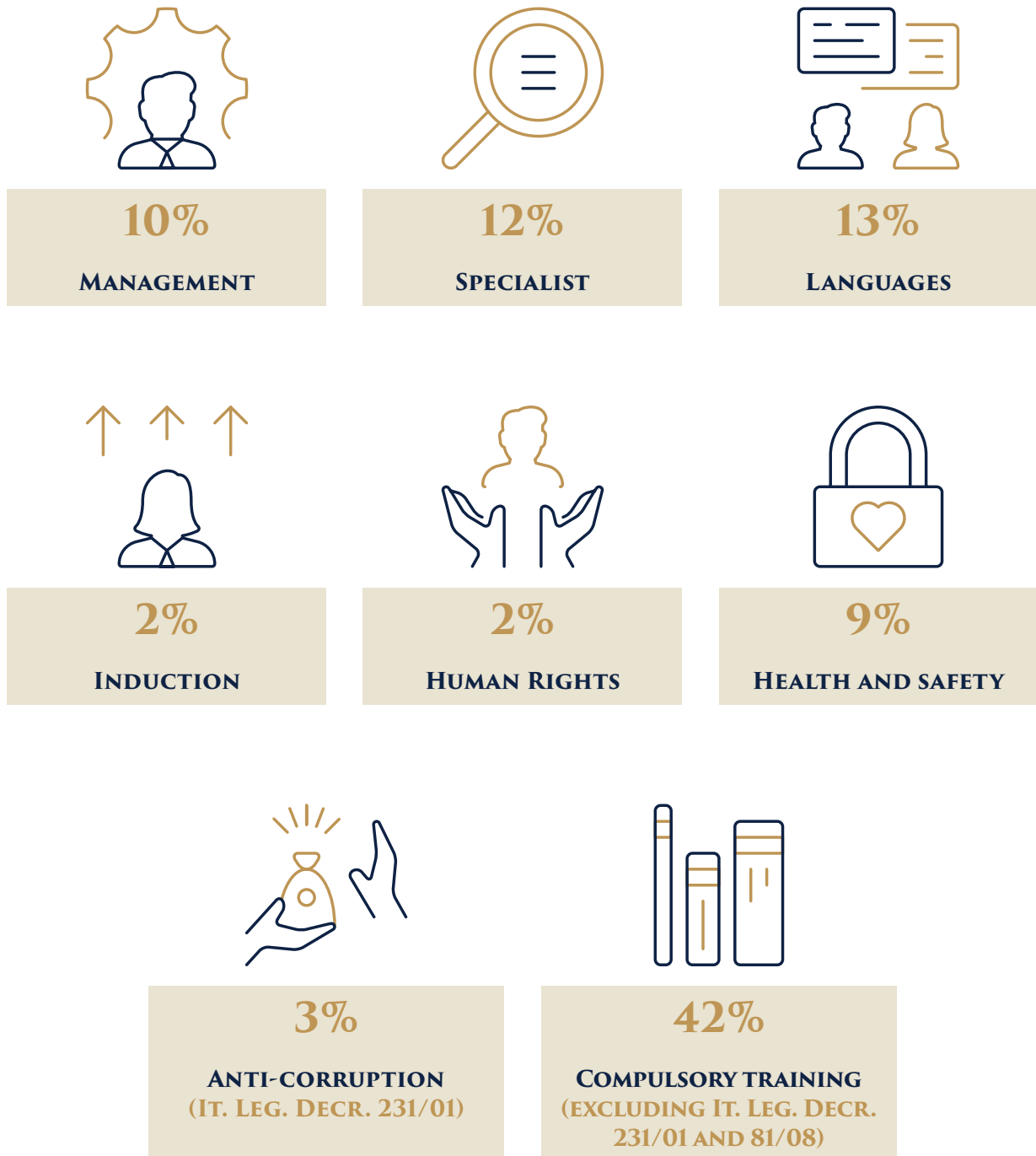
### AVERAGE HOURS OF TRAINING BY GENDER AND CATEGORY

CATEGORY OF STAFF	2018/2019			2017/2018		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Top management	14.62	1.00	13.38	9	-	8.18
Management	26.58	24.32	26.26	8.05	22.45	10.02
Middle management	21.49	21.94	21.64	12.23	12.59	12.35
White collars	17.20	15.76	16.43	10.71	9.78	10.20
<b>Total</b>	<b>20.34</b>	<b>17.93</b>	<b>19.32</b>	<b>11.06</b>	<b>10.92</b>	<b>11</b>



## PEOPLE AND HUMAN RIGHTS

### HOURS OF TRAINING BY TYPE



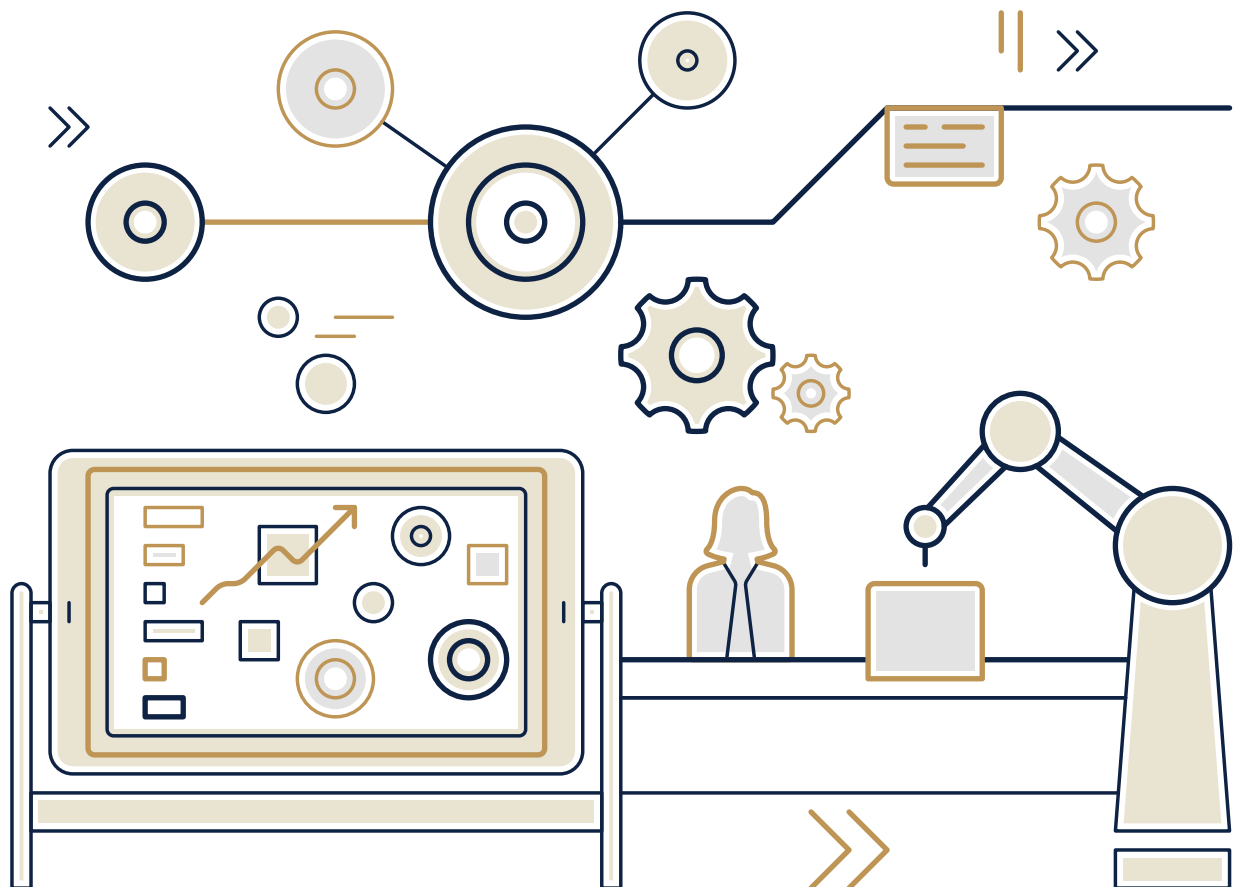
We consider **promotion of health and safety** as one of the priorities of our way of doing business. In FY 2018-19 a total of **8,639 hours' training** was provided on health and safety issues.



## PEOPLE AND HUMAN RIGHTS

We launched and completed a new project in the course of 2018 to build on the work of the **engagement analysis**, called Move Beyond. The project's objective was to improve internal communication through:

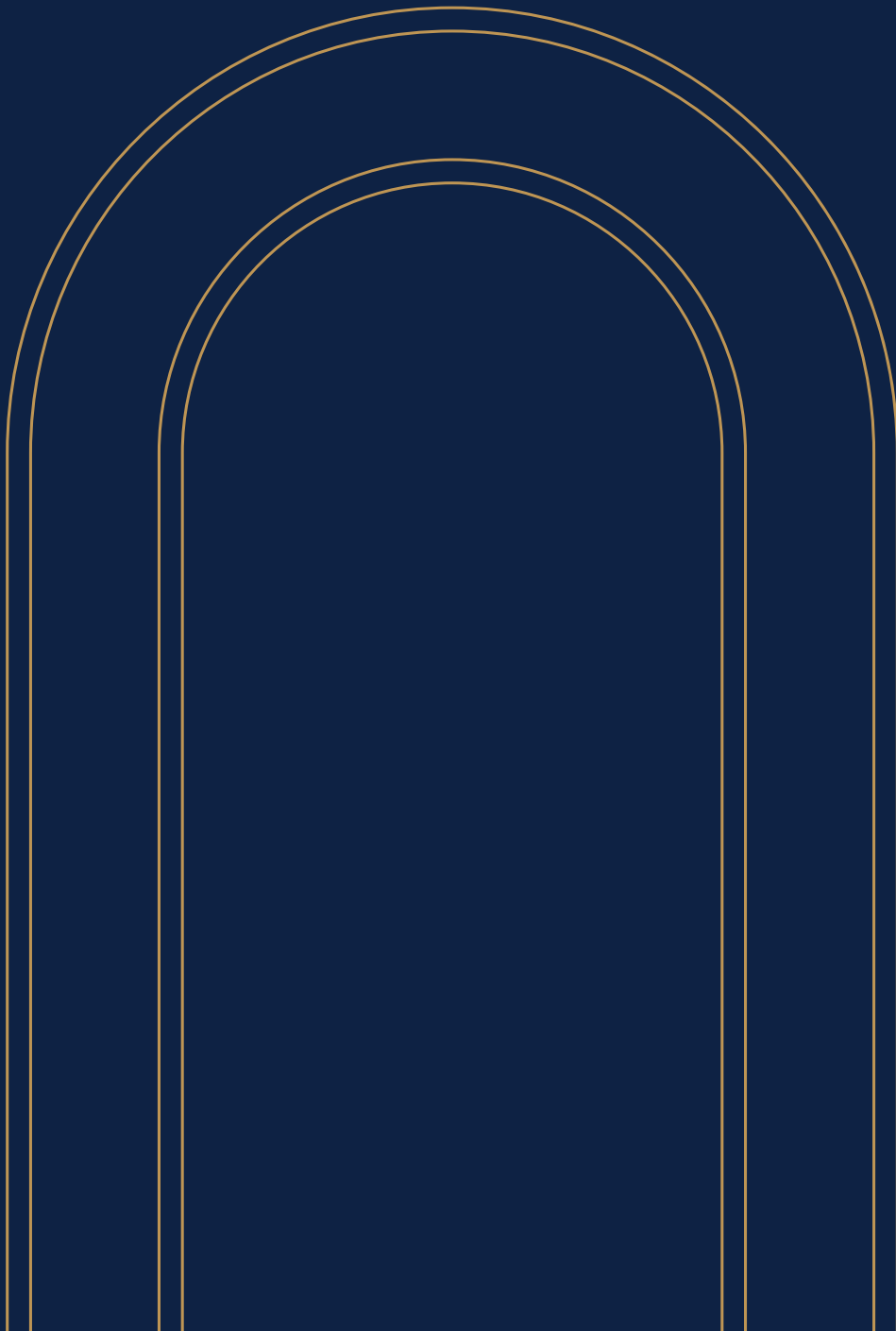
- ◆ Creating a model and style of communication with a view to generating a consistent flow of information for employees;
- ◆ Helping people to share more and build team spirit;
- ◆ Facilitate understanding of the strategies adopted by the Bank;
- ◆ Embedding the Group's identity and values.



# COMMUNITY



- ◇ Entities and institutions
- ◇ Impact on and investments in the community





## COMMUNITY

### CLIENTS

We sought to help **our clients grow**, 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 our Group to meet the needs of different client brackets.

**Transparency** and **clarity of information** are of particular importance in the area of customer relations.

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 transformation of our IT structure, with the objective of being able to meet the changes in the banking sector, regulatory and cyber-security requirements most effectively, and ensuring the sustainability of the business in the long term.

**Protection of customers' personal data** and information is a key factor in providing our activities: 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.



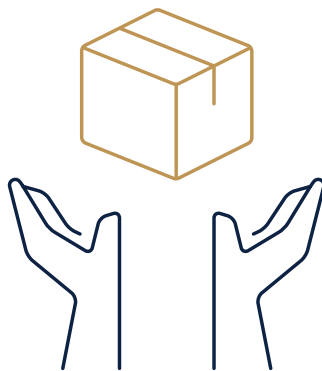


## COMMUNITY

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

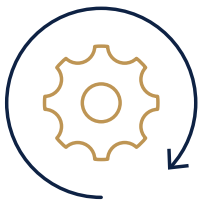
We seek to develop relations with our suppliers based on the principles of **fairness, transparency and equal treatment.**

During the reporting period we had a total of 7,324 suppliers with a turnover of €593 m.



**7,324**  
SUPPLIERS

TURNOVER OF €593M



## SERVICES

**SERVICES SUPPLIERS  
SHARE: 71%**

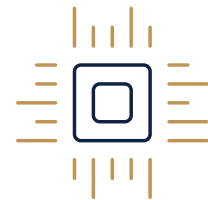
**SHARE OF TURNOVER  
USED TO PURCHASE  
SERVICES: 54%**



## GOODS

**GOODS SUPPLIERS  
SHARE: 17%**

**SHARE OF TURNOVER  
USED TO PURCHASE  
GOODS: 12%**



## TECHNOLOGIES

**TECHNOLOGIES SUPPLIERS  
SHARE: 12%**

**SHARE OF TURNOVER  
USED TO PURCHASE  
TECHNOLOGIES: 34%**





## COMMUNITY

### ENTITIES AND INSTITUTIONS

We seek to entertain **constructive, ongoing and transparent relations** with all our stakeholders, including entities and public 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 conduct or which may even only appear to do so, thereby frustrating every form of bribery and corruption.

We do not make charitable donations to political movements or organizations, and personal any involvement by staff in political organizations has no relation to the function performed by them within the Group and is conducted in accordance with the provisions of the regulations in force.





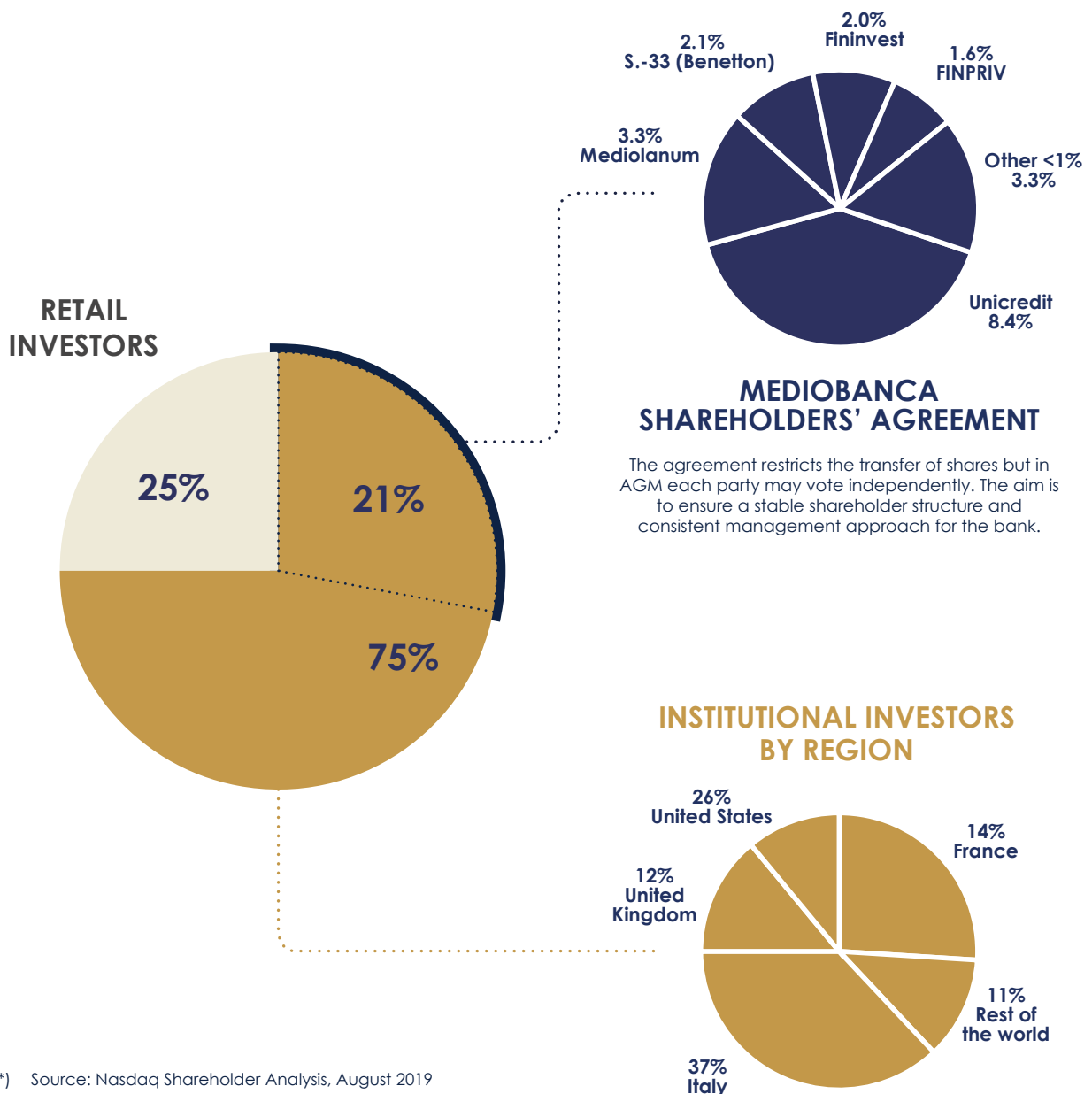
## COMMUNITY

# 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 between the company itself and the financial community.

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

### MEDIOBANCA SHAREHOLDERS' STRUCTURE\*



\*) Source: Nasdaq Shareholder Analysis, August 2019



## COMMUNITY

# 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.

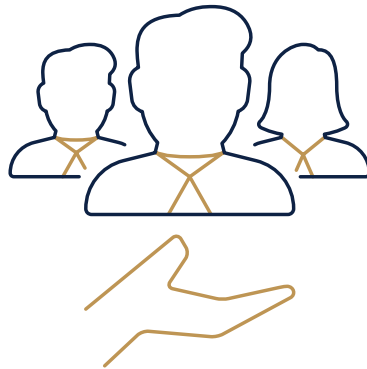
We promote numerous initiatives with social impact, including via **donations by providing solidarity** and support, both in Italy itself and the other countries in which we operate, on our conviction that an inclusive society must be founded on **mutual respect** and **solidarity**, ensuring equal opportunities and a decent lifestyle for all.





## COMMUNITY

Our contribution to the community in FY 2018-19 has been measured at over €3.2m, split into three categories, in accordance with the **London Benchmarking Group (LBG)** model.



# 3.2

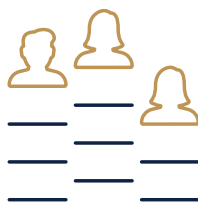
## MILLION EUROS

### CONTRIBUTION TO THE COMMUNITY FY 2018-19



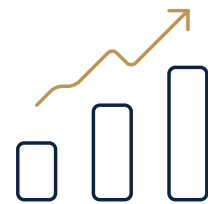
## 5%

### CHARITABLE GIFTS



## 81%

### COMMUNITY INVESTMENT



## 14%

### ACTIVITIES RELATED TO CORE BUSINESS



## COMMUNITY

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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.



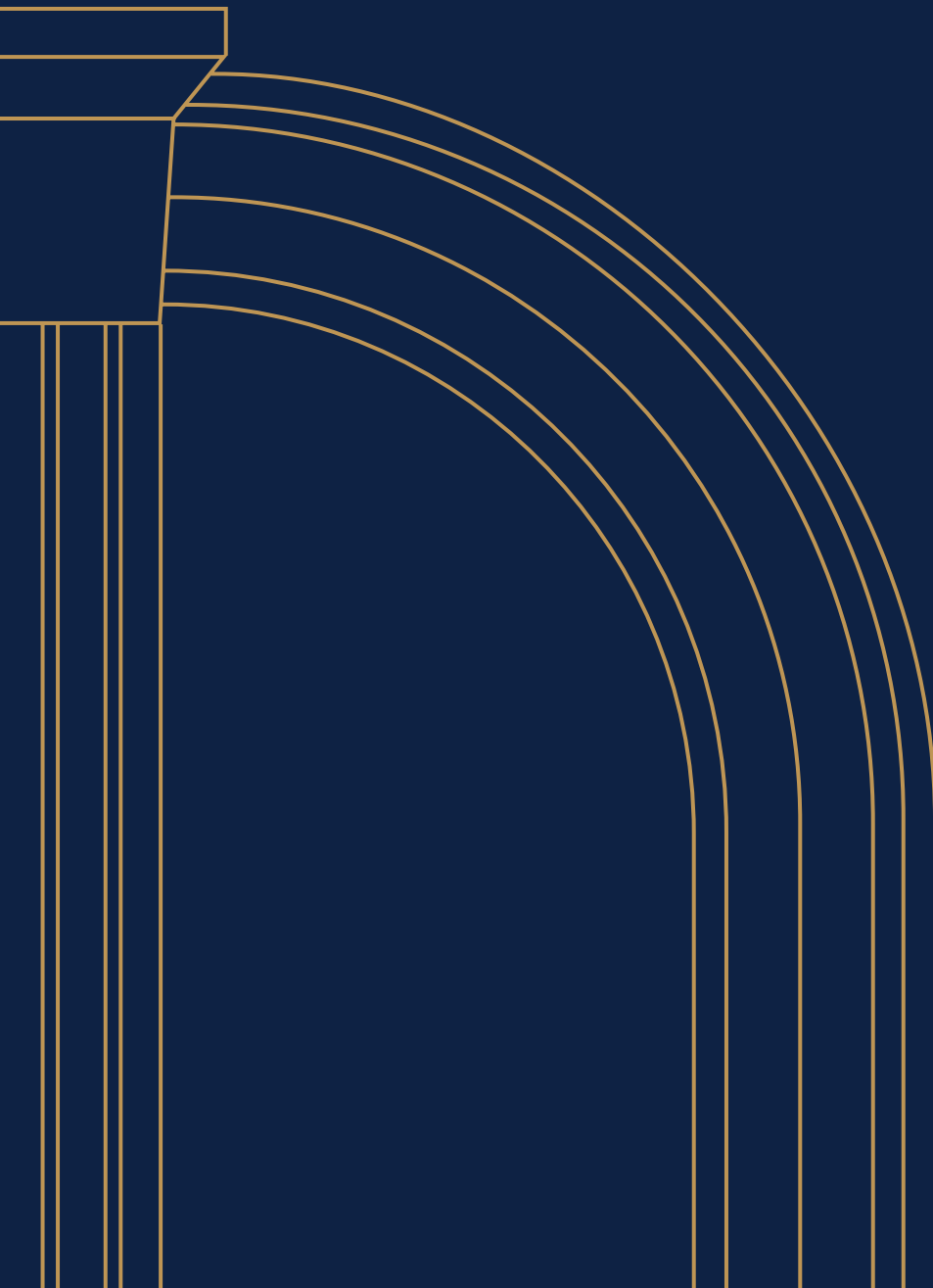
### SOCIAL INCLUSION

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.





## ENVIRONMENT

Currently, in Italy we use energy deriving from certified renewable sources, thus avoiding 6,613.22 tons of CO<sub>2</sub> emissions.



# 6,613 TONS

## CO<sub>2</sub> EMISSION AVOIDED IN ITALY

**Our most significant emissions are due to the 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	2018/2019	2017/2018
<b>Direct energy consumption<sup>1</sup></b>	Gj <sup>2</sup>	<b>59,882.74</b>	<b>40,442.27</b>
<b>From non-renewable sources</b>		<b>25,111.42</b>	<b>26,441.02</b>
Diesel		396.21	327.78
Natural gas <sup>3</sup>		24,715.21	26,113.24
<b>From company cars<sup>4</sup></b>		<b>34,771.32</b>	<b>14,001.24</b>
Diesel		30,530.34	10,227.21
Petrol		4,240.98	3,774.03

1) 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

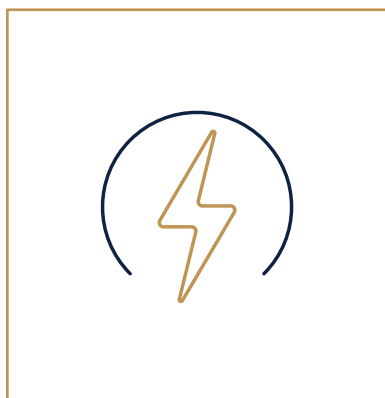
2) Gigajoules

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

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



## ENVIRONMENT



INDIRECT ENERGY CONSUMPTION			
	UNIT	2018/2019	2017/2018 <sup>5</sup>
<b>Indirect energy consumption<sup>6</sup></b>	Gj	<b>87,331.90</b>	<b>80,505.95</b>
<b>Electricity</b>		<b>86,399.38</b>	<b>78,552.36</b>
From non-renewable sources		9,586.10	9,188.60
From renewable sources		76,813.28	69,363.76
<b>Thermal energy</b>		<b>932.52</b>	<b>1,953.59</b>
From non-renewable sources <sup>7</sup>		932.52	28.93
From renewable sources		0	1,924.65

DIRECT AND INDIRECT CO <sub>2</sub> EMISSIONS <sup>8</sup>			
	UNIT	2018/2019	2017/2018 <sup>9</sup>
<b>Direct emissions (Scope 1)</b>	Tons CO <sub>2</sub>	<b>4,051.82</b>	<b>2,568.41</b>
From non-renewable sources (natural gas, diesel)		1,463.82	1,528.12
From company cars (petrol and diesel)		2.588	1,040.29
<b>Indirect emissions (Scope 2) – market based</b>		<b>891.75</b>	<b>851.22</b>
From electricity and thermal energy		891.75	851.22
<b>Indirect emissions (Scope 2) – location based</b>		<b>7,500.99</b>	<b>ND</b>
From electricity and thermal energy		7,500.99	ND
<b>Indirect emissions deriving from company mobility (Scope 3)<sup>10</sup></b>		<b>2,753.96</b>	<b>3,004.94</b>
Air travel		2,548.60	2,794.55
Domestic flights		452.10	666.87
International flights		2,096.50	2,127.68
Train travel		176.92	191.41
High speed		164.00	161.53
Other types of train travel		12.92	29.88
Third-party car services		28.43	18.98

- 5) The electricity consumption figures have been restated from those published in the Consolidated Non-Financial Statement for FY 2017-18
- 6) 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
- 7) Thermal energy has been reported on a prudential basis as non-renewable, as the supplier has not issued the required certification to guarantee that exclusively non-renewable sources have been used
- 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 1990-2015 – 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) The indirect CO<sub>2</sub> emissions figures (Scope 2) have been restated from those published in the Consolidated Non-Financial Statement for FY 2017-18
- 10) 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





## ENVIRONMENT

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	2018/2019	2017/2018 <sup>11</sup>
<b>Water consumed<sup>12</sup></b>	m <sup>3</sup>	<b>224,401</b>	<b>270,850</b>
Of which from mains		107,511	90,928
Of which from wells		116,890	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 <sup>13</sup>			
	UNIT	2018/2019	2017/2018
<b>Total paper</b>	Tons	<b>558.37</b>	<b>352.68</b>
Paper consumed (A4)		269.50	292.26
Paper consumed (A3)		2.38	3.77
Paper consumed (A5)		0.32	0.29
Paper for commercial uses (business cards and headed paper)		286.16	56.36

11) The water consumption figures have been restated from those published in the Consolidated Non-Financial Statement for FY 2017-18

12) 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

13) 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



## ENVIRONMENT

We are committed to developing initiatives to reduce the consumption of paper and printing, to the dematerialization of all processes, to raising awareness among staff of the environmental impact of their daily actions, and to promoting virtuous habits.



WASTE PRODUCED			
	UNIT	2018/2019	2017/2018
<b>Waste produced<sup>14</sup></b>	ton	<b>70.90</b>	<b>76.79</b>
<b>Hazardous waste</b>		<b>13.00</b>	<b>5.44</b>
Toner <sup>15</sup>		7.50	5.44
Other		5.50	ND
<b>Non hazardous waste</b>		<b>57.91</b>	<b>71.35</b>
Paper wrapping and cardboard		5.38	ND
Plastic		-	0.05
Bulky waste, food and general waste		52.53	71.30

14) Data on waste at CMB has not been monitored

15) For dangerous waste, methods based on estimates have been used where data is unavailable; and the data for the Mediobanca branch offices in London, Paris and Madrid have not been monitored

# CONTACT DETAILS

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## GROUP SUSTAINABILITY

### **Mediobanca Banca di Credito Finanziaria S.p.A.**

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