

MEDIOLANUM S.p.A.

# Social Report 2008



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MEDIOLANUM S.p.A.

**Social  
Report  
2008**

# Letter to the stakeholders

The third Social Report of the Mediolanum Group, accompanying the Consolidated and Separate Financial Statements, reflects a year that required ground-breaking solutions to new challenges. This was a year marked by the breakout of the crisis, first in the markets and then in the economy due to the burst of the real estate bubble, followed by the subprime mortgage defaults.

With reference to us, first there was the anticipated change in top management, with Massimo Doris taking on the office of CEO and General Manager of Banca Mediolanum S.p.A. During the year, the company engaged in many new business projects and created many new solutions to the challenges presented by the markets.

In the first half of the year, an important agreement was reached between Banca Mediolanum and some of the world's largest asset management companies, providing new opportunities for customers to invest in the markets through a highly sophisticated selection of funds. Right at a time when families were first beginning to feel the initial symptoms of economic uncertainty, the "Best Brands" offer represented an option for solid trust in the future.

Towards the middle of the year, when monthly mortgage payments had begun to cause problems in household finances due to the significant increase in interest rates, it appeared that a home, which is the investment of choice for most Italians, could become a risky or no longer affordable investment. Mediolanum reacted with an action that was unprecedented for a financial institution: the lowering of the interest spread to both new and existing mortgage customers, and was effective as of September 1<sup>st</sup>. The operation entails a savings for customers of € 65 million over 20 years time, which is the duration of mortgages in the portfolio, corresponding to an opportunity cost for Mediolanum in the range of € 3 million per year.

Shortly thereafter on October 1<sup>st</sup>, a 'solidarity fund' (a provision set aside for the disability insurance for mortgage holders at no cost to the customer) was established, covering all mortgage holders in the event of permanent disability: their outstanding debt is cancelled and they maintain ownership of their home.

Moreover, in October the Group acquired a portfolio of 1,742 mortgages from Fonspabank (a Morgan Stanley company) for the amount of €170 million. The acquisition allowed Mediolanum to extend the newly introduced benefits stated above to all of its mortgage customers.

On top of these major investments, another significant step was taken to deal with the consequences of the Lehman Brothers default; the two Mediolanum majority shareholders completely covered the losses incurred by the ten thousand customers who had taken out Index-Linked policies with Lehman Brothers bonds as underlying, shielding the company and minority shareholders from any impact.

It was a €120 million demonstration of loyalty towards investors, the financial community, and public opinion; a demonstration that "putting the customer at the centre" is not just a slogan, but a highly ethical and concrete *modus operandi*.

Net inflows were positive in every month of the year and reached record levels, in sharp contrast to

the industry, demonstrating everyone's need for optimism at this particular time in history. This achievement has also demonstrated the reputation for reliability that our efforts and commitment have built over time.

After a particularly demanding 2008, many seem to be expecting the "Great Crisis of 2009" to be the repeat of what happened in 1929. Admittedly, there is a crisis and it is deep. It goes beyond just the numbers due to the impact on consumer confidence, which has been shaken by a fear of the lack of solidity of the banking system itself.

However, history tells us that after the panic of the Great Depression, a rebirth followed thanks to the New Deal. Additionally, many other crises have become huge strategic opportunities for those able to seize them, and those possessing solid values, far-sightedness and a vision know how to react in a new way.

We believe that it's a matter of continuing to offer new solutions and our concrete commitment, focusing on two time horizons: today and tomorrow.

Because today we must be willing to accept lower revenues, while reducing costs: but this must be done wisely, without cutting investments that are important for the long term. As a matter of fact, some activities must even be reinforced:

- to serve and keep in close touch with our customers more than ever - something that our Family Bankers, Banking Services Center Representatives, and employees know how to do each and every day;
- to increase our philanthropic activities by supporting the protection and education of children, especially in poorer areas of the world, which is the focus and mission of the Mediolanum Foundation;
- to spread financial literacy in the communities we operate in, by extending the scope of our training beyond our employees and sales network.

Speaking of this, we would like to mention two promises we made in the past that will be kept in 2009: the continuation of the "Mediolanum Market Forum", and the opening of the first academic year at MCU - Mediolanum Corporate University.

The Mediolanum 2007 Social Report was among the three nominees for the "Oscar di Bilancio" award, in the "Listed and unlisted insurance companies" category, thanks to its completeness and ease of reading, and the ability to communicate with stakeholders.

We trust this Report will reflect our commitment to transparency and timeliness even more.

We hope you will enjoy the reading.

Roberto Ruozzi  
Chairman

Ennio Doris  
Chief Executive Officer

**"It is a point of reference,  
gives me the kind of freedom  
that comes from peace of mind.  
It allows me to relax,  
and take care of other things."**

*(Customer since 1997)*

## Introduction and note on method

This third edition of the Mediolanum Group's Social Report continues the tradition started in 2006 and demonstrates the connection between:

- competitive business strategies,
- the values of the Group, and
- the relationship with the stakeholders

drawing on past experience as well as the results of the in-depth consultation process involving the many contributors.

This year's Social Report is divided into three sections and contains a summary of the most significant projects and activities, which is included in the letter to the stakeholders with full details of the results that were achieved in the body of the document.

In brief, this Report is organised as follows:

- **Identity:** the Group's organisation, history, vision, mission, values, strategic guidelines and governance.
- **Financial indicators:** establish the main link between the Consolidated Annual Report and the Social Report and measure the value created for the stakeholders, also through an analysis of the financial results achieved.
- **Social Indicators:** describe the various programmes and their impact on individual stakeholders through the quantitative and qualitative results.

### SOCIAL REPORTING STANDARDS

Just as in 2007, the Social Report was prepared based on the social reporting standards indicated by the Work Group on Social Reporting (GBS) (Gruppo di studio per il Bilancio Sociale). We elected to apply only the standards indicated by the Work Group on Social Reporting (GBS) and no longer apply the guidelines drafted by the Italian Bankers' Association nor those issued by the Global Reporting Initiative (GRI). We chose to do so because we think the GBS standards are more appropriate to our communication approach and to the dialogue we have with our stakeholders.

The Social Report is prepared to provide information on the prior year's activities in the 'socially responsible' sphere, while communication on strategic planning and business development remains the responsibility of the corporate communication team.

In order to ensure consistency of information as well as continuity with the previous editions, certain quantitative or qualitative information not covered under the GBS Standards, but deemed meaningful to reflect the Group's commitment to social responsibility, is also provided in this Report.

## SCOPE

The Social Report covers the entire Mediolanum Group, except for the section dedicated to social and environmental indicators, which relate only to the Italian companies within the Group.

It should be noted, however, that Italian companies account for the largest share of the Group's business as they employ over 80% of the Group's employees and manage about 90% of the Group's customer assets.

The drafting of Corporate Social Responsibility principles and their analysis, which was first rolled out in the Italian companies, will be gradually extended to the Group's foreign subsidiaries.

## SYMBOLS

In this year's Social Report readers will note certain symbols. These symbols indicate the intangible capital components listed below and mark the path of the progressive integration of the Social Report indicators and those **typical of Intangible Capital Report**.



- **Relational capital** is the wealth of the Group's relationships with its stakeholders. It expresses the value of the organization's reputation as well as its ability to raise capital and be attractive to investors, customers and contractors.



- **Human capital** is made up of the competencies, ideas, knowledge, behaviours, talents and professional skills of the Mediolanum Group's workforce.



- **Structural capital** indicates the soundness of the organization and of its investments, the value of its brands. It also consists of the processes and systems which generate economic benefits and efficiency for the organization.

These indicators will be used together with the traditional Social Report indicators for a more comprehensive and in-depth analysis of reported information and data as well as for a better understanding and appreciation of the value of the Mediolanum Group's Intangible Capital.



## CONTRIBUTIONS TO THE SOCIAL REPORT

It should be noted that the preparation of the Social Report entails the active involvement of numerous stakeholders who contributed in a variety of ways, e.g.:

- examination and approval by the Board of Directors;
- participation of sales network members;
- active involvement of many employees in the preparation of the document;
- meetings with customers, including those who participated in the communication campaigns and who gave useful suggestions for this year's Report.

This edition of the Mediolanum Group's Social Report also benefited from the various forms of dialogue we had with the other stakeholders to whom last year's Social Report was addressed.



## Dialogue with the stakeholders

The publication of the 2007 Social Report was an additional opportunity to give impetus to further the dialogue with our stakeholders.

The Social Report was published in June 2008. It is also available on the corporate website [www.mediolanum.com](http://www.mediolanum.com), where an interactive version is also included.

Over 1,200 copies of the Social Report were given to employees, members of the sales network, customers, vendors, shareholders, analysts, supervisory authorities and corporate boards. A process for obtaining feedback from readers and visitors was put into place together with an analysis of possible improvements to the social reporting.

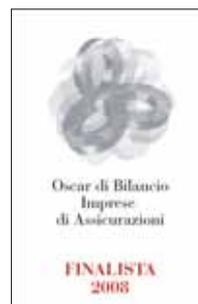
Starting this year, the **Social Marketing** department will work along with Intangible Asset Management to better address projects geared to social dialogue, in sync with all corporate departments that are involved in this project.

## FEEDBACK

Meetings were held with experts in the field to carry out an in-depth analysis of certain aspects of the Social Report, focusing on the approach as well as possible future developments. These meetings helped identify areas for improvement that were subsequently included in the new Social Report.

Copies of the Social Report were also given to various organisations and industry associations to get their feedback and suggestions for future improvements.

In fact, the Social Report along with the Annual Report were nominated for the Oscar di Bilancio 2008 (2008 Annual Report Oscar) in the category 'insurance companies' by the Ferpi Association which organises the award. The Social Report made it to the round of finalists based on the following evaluation: "The report is of excellent quality, rich in innovative solutions in terms of presentation, such as the posting of some of the parts online that are also interactive".



In fact, the Group corporate website enriched with an interactive version of the Social Report and a section dedicated to Corporate Social Responsibility, was also very well received. The high usage of the interactive version (more than 190,000 hits and 8,700 downloads of the Italian version and 70,000 hits and 2,000 downloads of the English version) provides incentive to produce the next Social Report with greater emphasis on the interactive aspect and, in doing so, saving on paper consumption.

In addition, once again in 2008 the Group corporate site participated in the study carried out by the Swedish company Hallvarsson & Halvarsson coming in 19<sup>th</sup> place for the second year in a row.



In 2008, there was a greater involvement of the stakeholders in the review of the document. In particular, employees and the Sales Network were involved in a satisfaction survey; the results from the questionnaires were substantially positive and gave them the possibility to provide suggestions, some of which have been included in this document.

An online questionnaire has been posted on the [www.mediolanum.com](http://www.mediolanum.com) website since November 2008 to collect the opinions of all the stakeholders that were interested in providing suggestions about the document.



## INVOLVEMENT

The dialogue with the stakeholders does not end with the collection of information and analysis of feedback on the social report. It continues through the vast number of activities taken to assess the level of satisfaction of their expectations and to start projects and actions for improvement, such as:

- **customer satisfaction** surveys;
- sales network satisfaction surveys;
- employee climate surveys conducted every two years. The latest edition was in 2007 and again recorded a response rate above 80%. This is, in itself, a sign of high employee participation and satisfaction as well as the company's attention to the comments provided;
- meetings between senior management, analysts and investors, coordinated by the Investor Relations team;
- market research analyses for the assessment of the brand awareness of the Mediolanum Group and its positioning versus competitors.

## CONTACTS

To foster current and future dialogue, readers can send their comments and requests to the Mediolanum Group **Investor Relations** Office and fill out the online questionnaire available on the website to express their opinions.

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**“The first principle of freedom  
is to maintain one’s identity.”**

(Interviews with Top Management)

# Identity



## VALUES

A vision that is applied in each new product and service. A mission that is shared at each level and in each gesture. Additionally, values that are deeply rooted in the employees and the Sales Network just like in the management team.

## OPPORTUNITIES

Working and living in the name of a strong ideal creates a solid, forward-looking identity. Banca Mediolanum's clear and concrete past can be epitomised in a single word - **freedom** - and in a single image - the circle - where you would feel protected inside of and at the same time free.

The high level of customer satisfaction confirms the value and the potential of the vision and of the model.

## THE COMMITMENT

To take care of families with solutions that are tailored to each stage in the life cycle of the individual, establishing a more human **relationship** with the customer and stepping in to **protect** their interests if need be: the Mediolanum Group provides a new freedom in banking and a new peace of mind for everyone involved.

# The history of the Group

## THE ORIGINS

- 1982** Partnering with the Fininvest Group, Ennio Doris **founded** Programma Italia S.p.A, the first organisation to provide all-around financial advisory services in Italy.
- 1983** Formation of the Italian Fund Management Company Mediolanum Gestione Fondi.
- 1984** Acquisition of Mediolanum Vita to expand the product offering.
- 1991** Formation of Programma Italia Investimenti, a securities brokerage firm.
- 1996** Mediolanum S.p.A. is incorporated and becomes the holding company of the various subsidiaries. Mediolanum S.p.A. becomes **listed** on the Italian Stock Exchange in Milan on June 3, 1996.
- 1997** Formation of the Dublin-based product factory Mediolanum International Funds. **Incorporation of Banca Mediolanum**, an innovative multi-channel Bank, which leverages technology and an integrated multi-media approach as well as the additional value of a dedicated professional.
- 1998** The Mediolanum stock becomes a stable component of the MIB 30 index.
- 2000** Launch of the first Mediolanum online trading services.  
Launch of a long series of advertising campaigns starring Ennio Doris, the Bank's Chairman, which subsequently became a classic "case study".  
Banca Mediolanum expands into Spain to replicate its Italian business model with the acquisition of the Fibanc Banking Group.  
Mediolanum acquires a stake in Mediobanca, and later forms the joint-venture Banca Esperia, which sets the standard in private banking.
- 2001** With the acquisition of Bankhaus August Lenz & Co. and Gamax Holding AG, Mediolanum continues its expansion into Europe.
- 2002** The Mediolanum Foundation is established and, following that, the "Piccolo Fratello" project is set in motion.
- 2003** Mediolanum sponsors for the first time the Green Jersey in the 96<sup>th</sup> edition of the Giro d'Italia long-distance road bike race. This sponsorship continues to-date.
- 2004** Mediolanum Channel, the Mediolanum Group digital television available on satellite platform, broadcasts increasingly innovative programming.  
Rollout of "PrimaFila" for the management of high net-worth customers.

## RECENT PAST

**2005** Launch of "4Freedoms": an impressive programme geared to win new customers by leveraging the innovative Riflex products. The programme also entails the organisation of thousands of group meetings with customers and prospects across Italy.

Launch of a new multimedia advertising campaign starring customers and reinforcing the concept of Ennio Doris as the "signature" of the bank.

**2006** Introduction of the Family Banker®: the professional who brings the bank directly into the homes of customers and who helps the customers to find the best solutions to meet their needs.

**2007** The Mediolanum Group celebrates its 25<sup>th</sup> anniversary and Banca Mediolanum turns ten: a distinctive company in the market with more than **one million customers** and is growing at a highly competitive rate, firmly maintaining the mission and the values that have always been its trademark.

The 5<sup>th</sup> year of the Mediolanum Foundation came to a close with excellent results and new objectives.

The star of the new communication campaign was "customer satisfaction", featuring real customers who are at centre of the relationship with the bank and the banking model. This year Italy passed new legislation on supplementary pension and the Mediolanum Group is market leader with a share of about one third of the individual pension plan market in 2007.

**2008** The **Mediolanum Market Forum** becomes a "regular appointment" providing a platform for information exchange aimed at the stakeholders and is held twice over the course of the year. Mediolanum Best Brands is born, a new financial service based on an agreement with the leading international asset management companies.

The Group takes significant measures to protect the interests of customers and help them deal with the growing impact of mortgage rates on families' finances and also with the overall crisis in the financial markets.

## THE NEAR FUTURE

**2009** The **Mediolanum Corporate University**, the educational arm of the Mediolanum Group, becomes operational: a top-quality training centre combining technology and high training capacity proactively transferring the values as well as the personal and professional experience that have enriched our corporate culture for more than 25 years.

To satisfy the customer needs for freedom in banking, banking products of new generation are launched through a new communication campaign.

# Vision

**We at Mediolanum  
are bringing to the market a change  
in the banking tradition  
that goes well beyond technology:  
we give families a new kind of freedom  
as well as the human touch  
in their relationship with the bank.**

**We are "Freedom in Banking".**

# Mission

**For each and everyone of us  
“Freedom in Banking”  
means giving families  
tailored solutions through innovative yet  
easy-to-use technological solutions  
with the best service level;  
Complete, reassuring and expert financial solutions.**

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Thus, we are committed to:

- Listening, to better anticipate and respond
  - Improving, to better manage and grow
  - Sharing, to exchange and change
  - Having faith in common values and in human relationships
  - Underscoring the importance and validating the unique role of the Family Banker®.
-

## OUR VALUES

At the base of our everyday activities there are principles and values that are profoundly shared and guide our choices and our decisions. Values we believe in and are based on:

- satisfaction of the customer, who is always the focus of our attention;
- the value placed on the person, on human and professional relationship and on the spirit of cooperation and teamwork;
- the importance of an excellent level of quality in terms of products, services, solutions and personal relationships;
- the capacity to grow and innovate continuously anticipating changes in the market;
- the awareness of the importance of team spirit and of the sharing of experience and of the sharing of results both at the professional and corporate level;
- the freedom to make choices with respect to ethical behaviour and responsibility that would increase corporate value.

### 1. Customer satisfaction

*Working at Banca Mediolanum means **working for customers.***

We put customers first. We assist customers with passion and help them to get the most out of our expertise, professional skills and enthusiasm. We always provide them with the solution which best fits their individual needs.

### 2. Service quality

*Working at Banca Mediolanum means **setting the standard.***

We intend to be leaders and raise the market standard for service quality, through our behaviour and relationship management as well as technical product features.

The full satisfaction of our internal and external customers is assured by our continuous monitoring of operations and the actions taken in areas which need improvement. Our efforts are always directed towards the development of a set of behaviours, processes, products and tools of unparalleled quality that are useful to our customers and are appreciated by them.

### 3. Central role of the Family Banker®

*Being a Family Banker® means **being the heart** of Banca Mediolanum.*

The Family Banker® is at the centre of our business model. We endeavour to assist Family Bankers in the accomplishment of their mission, which can be summarised as follows:

- To help customers best manage their finances, by working with them side-by-side in their own environment, giving them support at an emotional level as well, offering our products and familiarising them with our multi-channel model;

- To deliver excellent quality at all times complying with Banca Mediolanum Strategies and Rules;
- To represent the Bank locally and be a beacon for the local community.

#### 4. Innovation and Change

*Working at Banca Mediolanum means **being capable of change.***

“With our feet deeply rooted in our past we look directly and proudly at the future.”

Every day we pursue innovation, meaning the ability to be a first-mover, to cause and induce change in the market, and accordingly to adapt our opinions, organisation, products, technology as well as internal and external communication to maintain our industry leadership.

#### 5. Optimised use of resources

*Working at Banca Mediolanum means **being able to manage.***

The use of financial, operational, and human resources is always geared toward efficiency. We are well aware that our choices need to reflect priorities that change from time to time.

#### 6. Employee relations

*Working at Banca Mediolanum means **being capable of relating to others.***

We manage interpersonal relationships applying the highest standards of ethics and transparency at all levels within our organisation. Our day-to-day actions are based on expertise, empowerment and trust. Our activities are characterised by a strong entrepreneurial drive. We are objective and impartial in our assessments of others, as our judgement is based on the fulfilment of duties and qualitative/quantitative performance.

#### 7. Teamwork

*Working at Banca Mediolanum means **being capable of sharing.***

In everything we do, we place great value on team spirit. We share our knowledge and skills. Our interactions are dynamic, fostering productive teamwork and the exchange of ideas to achieve the best results.

#### 8. Development of the potential of the individual

*Working at Banca Mediolanum means **being capable of growth.***

We encourage the development of knowledge that is acquired as a new-hire as well as at all points along the career.

We provide technical and behavioural education as well as assessment systems, which foster personal, professional and career development. We prefer a system of promotion from within.



**"I'm given the freedom to make more decisions."**

(Customer since 2000)

# The business model

## VALUES



The Mediolanum Group's offering to the market and to the family is based on a fundamental concept: the customer is **at the very centre of everything we do and their satisfaction continues to be the main objective of the company.**

## OPPORTUNITIES

Banca Mediolanum is the bank built around the needs of the customer, encompassing the advantages of both online and traditional banks, without any of the weaknesses, thanks to the **multi-channels** available through a truly user-friendly technology and through a more **human relationship**. In fact, the Family Banker® brings the bank into the home of the customer providing assistance and advisory services for asset management products, life insurance and banking products and helping to manage their emotions in moments of crisis. Being "virtual" and "traditional" at the same time **combines the advantages** of the two conventional banking models into the one single model of Banca Mediolanum.

## THE COMMITMENT

We want to enable the customer to live the experience of a new-generation banking relationship based on more and more freedom, concretely putting the concept of "**Freedom in Banking**" into practice.

Freedom of choice, freedom in how to use the bank, freedom in the relationship: the Banca Mediolanum model, now more than ever, wants to offer complete freedom in the management of a person's assets and time.

## THE ALL-AROUND BANK

The synergy between high-tech and high-touch features brings the “built around you” concept into daily life (completeness, accessibility, proximity, freedom) by offering **360° access** to the bank, which is unique in the market. We deliberately say “use” the bank. Indeed, you can use the bank without any restrictions, easily and comfortably, just like any other everyday, familiar object.



**“I use Mediolanum because  
I play a ‘major role’ in the bank.”**

*(Customer since 2000)*

The Internet, the telephone in its various applications and television make up the integrated multiple channels that keep the promise of complete customer service in an effective manner just like with traditional banking branches. The great news is that with Banca Mediolanum, customers can use these services:

- **anytime;**
- **anyplace;**
- **in any way;**
- **easily;**
- **and securely.**



In fact, technology-based channels enable clients to make common daily transactions on their own, while the **Family Banker**<sup>®</sup>, the personal, professional, financial advisor, assists families in their investment choices and develops the relationship with them over time.

The Family Banker<sup>®</sup> - a professional financial advisor - “completes the circle” of the Banca Mediolanum offering by bringing all products and services provided not only by the bank, but by the entire Group (financial, insurance, retirement products and services) - directly into the homes of families.

The Family Banker<sup>®</sup> is both a financial advisor and a “coach”. For example, it is the Family Banker<sup>®</sup> who walks the customers through the multiple channels the first few times they use them. Knowing they can count on such support, customers can enjoy their independence without ever feeling left alone.



#### It's the bank you can also use via TV.

Banca Mediolanum is the only bank you can get into touch using your remote control. You can check on your bank account, funds, life policies and stock portfolio, order a checkbook, or get personalised information via teletext on the Rai, Mediaset and Mediolanum channels.

#### It's the bank that is simple to use online.

Banca Mediolanum is also easy and secure online. Customers can also have access to their 'teller' directly from the home page: all transactions are free and not limited in number and they can also manage their investments. Customers who are not technologically-oriented can count on the assistance of their Family Banker® or can simply make use of the other channels they may feel more comfortable with.

#### It's the bank that you can use from any kind of phone.

Whether you are using a mobile or land-line phone, the entire bank is always at your fingertips. The Banking Services Center has 300 Representatives available until 10 p.m. and even on Saturday mornings. BMed.Voice, a VRU service is available 24 hours a day, 7 days a week. In addition, the B.Med Mobile service and text messaging are available on cell phones through the Mobile Banking Service. And all of this is at no charge.

#### It's the bank you can go to for advice.

Only Banca Mediolanum offers to each customer the possibility to have the support of a Family Banker® for high value-added transactions and for financial, insurance, and pension advice. A network of more than 5,800 professionals who will come to your home upon request.



The special characteristic of the model, i.e. its 360° aspect, is born from the original vision of the founder, Ennio Doris, and is a bank built around people.

Thus, in terms of 'spontaneous recall', the image of the founder and chairman tracing a circle on the ground is overwhelmingly cited. This image has also become the icon used in a variety of the advertising campaigns.

The symbol also communicates the idea of a Bank that 'accompanies' Mediolanum employees and Sales Network, putting them at the centre of its activities.

## Asset management and advice

In addition to satisfying the banking needs of the customer, Family Bankers provide investment advice as well.

Through the Family Bankers, who are listed in the Register of Financial Advisors, Banca Mediolanum offers **advisory** services in the area of asset management products, which is instrumental and fundamental in this area.

**“It’s a circle that encompasses all of the customer needs, and where the customer finds all the right solutions that make the economic and social part of their life less stressful”.**

*(Employee since 2008)*

### PROFILING

According to MiFID EU Directive, in effect since 2007, advisory services require prior evaluation of the suitability of the investment choices made by the customer with respect to their investment objectives, according to their specific financial situation and to their knowledge and experience.

This evaluation is made possible through the filling out of the **“Personal Profile”** questionnaire, an instrument where the customer provides all the information necessary for the Family Banker® to know the customer even better. This evaluation is designed to provide the highest level of care for the investor.



To best take care of the customer, the bank also looks at the suitability of the customer’s investments in asset management products made through the direct channels (internet, telephone).\*

\* For those transactions that do not require specific advice, the appropriateness of the investment will nonetheless be evaluated in terms of the customer’s understanding and experience.



## ASSISTANCE AND ADVICE

Providing advice means not only proposing the best investment solution, but **also helping customers to manage their emotions** put to the test by inevitable market volatility, which was particularly the case in 2008 given the stock market performance and the crisis in financial markets; providing advice also means offering the best instruments to make the most of customer assets. This is the only way to ensure customers reap the greatest benefits. Accordingly, advice must be **customised and targeted** to individual needs so that the customer can make investment choices consistent with their profile, individual needs, experience and real opportunities.

Family Bankers do not merely sell products, they offer solutions.

This system permits Mediolanum to operate in the various areas of financial services applying the skills and flexibility needed to **best respond** to the continuous economic, tax, financial and regulatory changes.

The investment strategy is the result of a thorough analysis of global financial markets and the expertise Mediolanum has developed in the management of assets. This is a strategy aimed at reducing risks associated with lack of investment diversification.



## "THE 5D STRATEGY"

This is the fundamental principle of financial diversification that Mediolanum has always applied to the entire range of products and services.

Our investment strategy is based on 5 types of diversification:

- 1. Diversification across time horizons:** investments need to be diversified across time horizons, i.e. short, medium and long term, consistent with individual goals.
- 2. Diversification across securities:** many securities are better than a few. The more diversified the portfolio, the lower the "investment risk".
- 3. Diversification across geographies and industries:** diversifying investments across geographic areas increases security and magnifies return opportunities.
- 4. Diversification in terms of growth potential:** a controlled-risk portfolio based on the rules above needs to include limited investments in emerging markets and companies in order to add value.
- 5. Diversification across instrument classes:** a factor of further stability and security, with assets allocated to a variety of instruments (e.g. financial products and insurance products).



**"I believe very much in the power of working together,  
in the capacity of a group of people  
to come up with solutions on their own."**

(Interviews with Top Management)

# The organisational setup



## VALUES

Relationship and sharing are the **cohesive values** of the entire organization from Top Management to the more than 1,900 employees and the 6,300 members of the Sales Network. The continuity of how the organization is set up allows new managers to join projects that have already been established and internalised.

## OPPORTUNITIES

Being a “friendly” company insofar as Mediolanum is recognised through well-known faces and names adds the asset of familiarity to the banking model that is based on relationships over and above the distinctive technological component.

Therefore, the Group offers solutions as the bank made up of people for people - exactly as is put across by the customer testimonies.

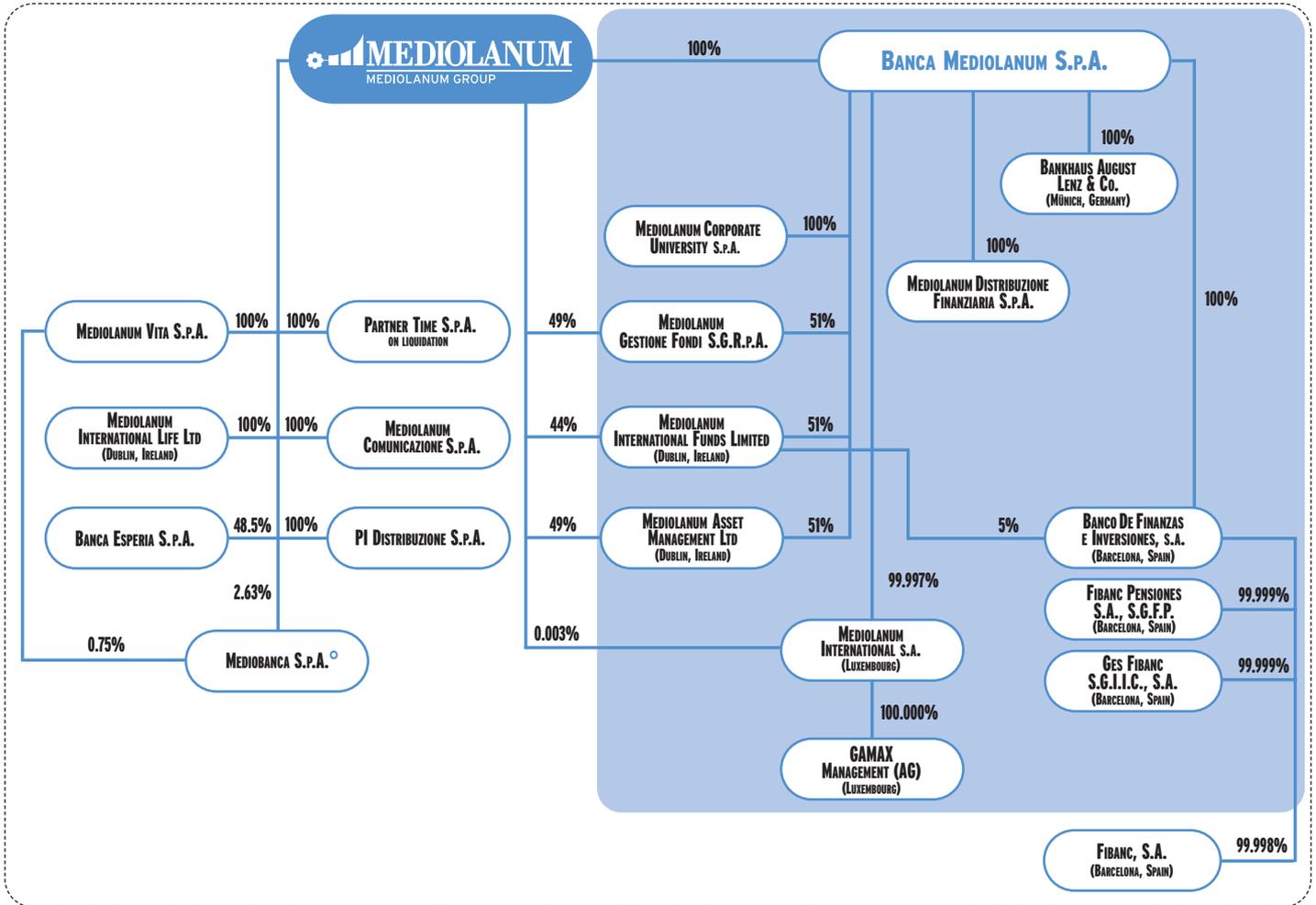
## THE COMMITMENT

In 2008, the founders and the Top Management team which has been in place from the beginning were joined by a new generation of managers. These young managers, promoted to guarantee and support the future development of the Group, add newness to continuity, receiving the truest recognition of **professional growth**.



# The Group Structure

As at December 31, 2008



 • THE MEDIOLANUM FINANCIAL CONGLOMERATE

 • THE MEDIOLANUM BANKING GROUP

° Due to the fact that Mediobanca holds a given amount of own shares, total shareholding is equal to 3.45% of the voting shares.

Mediolanum S.p.A. - the Group holding - controls the insurance product companies and Banca Mediolanum S.p.A. - the holding of the Banking Group - includes the foreign subsidiaries (Fibanc and Bankhaus August Lenz & Co. AG).

Mediolanum S.p.A. also owns Banca Esperia S.p.A. jointly with Mediobanca S.p.A. and holds a stake in Mediobanca S.p.A.

The Group's retail banks are : Banca Mediolanum S.p.A. based in Basiglio, Milan, Banco de Finanzas y Inversiones S.A. based in Barcelona and Bankhaus August Lenz & Co. AG based in Munich.

The Group companies that design and manage products are: Mediolanum Gestione Fondi S.G.R.p.A. and Mediolanum Vita S.p.A. based in Basiglio, Milano 3; Mediolanum International Funds Ltd, Mediolanum Asset Management Ltd and Mediolanum International Life Ltd based in Dublin; Gamax Management AG based in Luxembourg.

In 2008, Mediolanum Corporate University S.p.A. was established as part of the Mediolanum Banking Group and is the arm set up to manage, maintain and develop all the training activities and competences that represent the corporate asset.

In February 2008, Gamax Austria GmbH with headquarters in Salzburg (Austria) was sold to third parties.

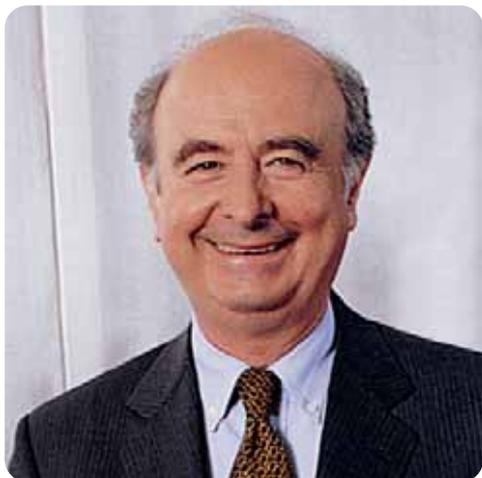
In the month of May 2008, the liquidation of Fibanc Faif S.A. was completed.

Also in May 2008, the agreement was signed for the merger of the company Gamax Holding AG into Mediolanum International S.A. The merger was finalised on September 1, 2008.

In November 2008, the liquidation of the company Partner Time S.p.A. was resolved upon and, consequently, a liquidator was appointed (with legal effects as of November 27, 2008).



## Management profiles



### **ROBERTO RUOZI**

**Chairman of Mediolanum S.p.A.**

Dean of the L. Bocconi University from 1995 to 2000 and Professor of Economics of Financial Intermediaries until 2002.

Professor at the Universities of Ancona, Siena, Parma, Paris (Sorbonne) and Milan Politecnico.

Professor Emeritus at Bocconi University.

Author of many publications on banking and finance.

Chairman of Palladio Finanziaria S.p.A.,

Touring Club Italiano, and of Retelit S.p.A.

Chairman of the Board of Statutory Auditors of Borsa Italiana S.p.A.

Member of the Board of Directors of Gewiss S.p.A., and Cerruti Tessile S.p.A.



### **ENNIO DORIS**

**Chairman of Banca Mediolanum**

**Chief Executive Officer of Mediolanum S.p.A.**

Mr. Doris started off as financial advisor, first with Fideuram and then with the RAS Group. His career underwent a major change when he founded Programma Italia, a financial brokerage organisation, together with the Fininvest Group. He was Chief Executive Officer of Programma Italia since it was founded.

He and the Fininvest Group own an equal control shareholding in Mediolanum S.p.A., the company formed by the merger of Fininvest Italia S.p.A., Fintre S.p.A. and Programma Italia S.p.A.

He is Chairman of Banca Mediolanum S.p.A., Director of Mediobanca S.p.A., Banca Esperia S.p.A., Fondazione S. Raffaele del Monte Tabor and Safilo S.p.A.



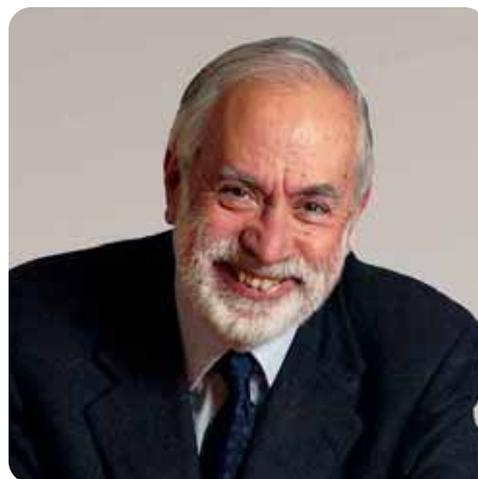
### **ALFREDO MESSINA**

**Deputy Chairman of Mediolanum S.p.A**

After serving at a number of major companies, Mr. Messina joined Olivetti as Group Production Controller, and then moved to Alitalia as Corporate Finance, Control and Administration Officer.

In 1989 he joined IRI as Planning and Control Director and in 1990 joined Fininvest, first as General Manager and then, from February to July 1996, as Chief Executive Officer.

He is Chairman of Mediolanum Vita S.p.A., Mediolanum Assicurazioni S.p.A. and member of the Board of Directors of Mediaset S.p.A. and of Molmed S.p.A.



### **EDOARDO LOMBARDI**

**Executive Deputy Chairman of Mediolanum S.p.A.**

Mr. Lombardi served as Corporate General Manager at Procter & Gamble Italy, and General Manager at the Sangemini/Ferrarelle Group.

In 1987 he was appointed General Manager of Fininvest Italia S.p.A. - the insurance and financial division of the Fininvest Group - and then in 1989 Chief Executive of Mediolanum Vita S.p.A. and Mediolanum Assicurazioni S.p.A.

At present he is Executive Deputy Chairman of Banca Mediolanum S.p.A. and Mediolanum S.p.A. and Chief Executive Officer of Mediolanum Vita S.p.A. He is also a member of the Board of Directors of Banca Esperia S.p.A. and Chief Executive Officer of Mediolanum Assicurazioni S.p.A.

Since July 2008, Mr. Lombardi has been in charge of the Foreign Operations.



**MASSIMO DORIS**

**Chief Executive Officer and General Manager of Banca Mediolanum**

Mr. Massimo Doris started his career at Banca Mediolanum in 1999 as Financial Advisor. Previously he was based in London where he worked as sales assistant at UBS, Merrill Lynch and Credit Suisse

Financial Products.

He then became Marketing Manager in charge of the launch of the Online Banking website. He was subsequently named Head of the Sales Network Training.

In October 2003, he took on the position of Italian Network Manager of Banca Mediolanum and was in charge of the Italian Sales Network until September 2005, after which he moved to Barcelona to take on the positions of Chief Executive Officer, General Manager and Head of Development of the Spanish banking group Banco de Finanzas e Inversiones. In July 2008, he returned to Italy as Chief Executive Officer and General Manager of Banca Mediolanum S.p.A.



**LUIGI DEL FABBRO**

**Chief Financial Officer**

**responsible for accounting and financial reporting of Mediolanum S.p.A.,**

With Mediolanum since 1986.

**Other positions within the Group:**

Mr. Del Fabbro is Member of the Board of Directors of Banca Mediolanum S.p.A. and Banco de Finanzas e Inversiones S.A., and also Member of the Supervisory Board of Bankhaus August Lenz & Co.

He is Chief Executive Officer of Mediolanum Vita S.p.A.

He is Officer with delegated authority over Privacy matters for certain companies within the Group and the Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents pursuant to section 154-bis of the Consolidated Finance Act (L. 262/05)

**Prior career history:**

1968 to 1986: 3M, Total Italy, Eliolona Group (Finance & Administration Director), Lovable Italy (Director of Administration).



**VALERIO BALDINI**  
**General Manager of Sales Networks**

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With Mediolanum since 1982.

**Prior career history:**

Branch Manager, UPIM (Rinascente Group).

Assistant Director, General Affairs, Rinascente.

Head of General Affairs, Edilnord.

SPV Manager - head of a team of 550 financial advisors - Dival S.p.A. (RAS Group).

Co-Founder and Sales Director of Programma Italia S.p.A.



**GIOVANNI MARCHETTA**  
**Banking Group Manager of Banca Mediolanum S.p.A.**

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With Mediolanum since 1988.

**Prior career history:**

Head of the Sales Network,

Head of the Foreign Sales Network;

General Manager, Marketing and Sales, Fibanc Group;

Head of Service Quality for the entire Mediolanum Group;

Manager, Programma Italia S.p.A.;

Manager, Fideuram S.p.A.;

Lawyer.





## Our people

The Mediolanum Group has more than 8,300 people classified into two main categories, i.e. employees and sales network members, in 5 markets: Italy, Spain, Germany, Ireland, Luxemburg.

### TOTAL EMPLOYEES

Category	2008	2007	% Change
Employees	1,961	1,808	8.5
Sales Network members	6,367	7,068	(9.9)
<b>TOTAL</b>	<b>8,328</b>	<b>8,876</b>	<b>(6.2)</b>

Sales Network figures include 'full-time' only.

### MEDIOLANUM GROUP EMPLOYEES

Category	2008	2007	% Change
Total employees in Italy	1,659	1,507	10.1
Total employees Abroad	302	301	0.3
<b>TOTAL EMPLOYEES</b>	<b>1,961</b>	<b>1,808</b>	<b>8.5</b>

### MEDIOLANUM GROUP SALES NETWORK MEMBERS

Category	2008	2007	% Change
Sales Network in Italy	5,851	6,382	(8.3)
Sales Network Abroad	516	686	(24.8)
<b>Total Sales Networks</b>	<b>6,367</b>	<b>7,068</b>	<b>(9.9)</b>



**"Gives me the freedom  
of peace of mind."**

(Customer since 1997)

# Service quality and corporate social responsibility

## VALUES

To be socially and personally responsible. To work effectively and efficiently. To ensure continuity and accuracy of service. To pursue continuous **improvement** via the sharing and the exchange of ideas. To innovate and continuously increase the quality of service and products. And, above all, to internalise common values and principles - beyond what is written in the codes of conduct.

## OPPORTUNITIES

Being responsible has always generated added value that is particularly distinctive in moments of uncertainty as in the past year, when the financial crisis led to a crisis of ethics.

Working with professionalism, checking processes and monitoring results allows us to talk to all stakeholders with a credibility that is earned and widely recognised.

## THE COMMITMENT

The ongoing commitment is to offer high quality products, services and advice that are in line with the needs and objectives of each individual customer and are transparent and reliable, in order to contribute more and more quality and **peace of mind** to the family - a stabilising factor considering the crisis that was still unfolding at the beginning of 2009. The new commitment is to continue to be the point of reference with unilateral and concrete **decisions** when the interests and objectives of both customers and stakeholders require actions that are unprecedented for a financial institution - as was the case with the decisions concerning mortgages and Index-Linked policies last year.



## Service quality and corporate social responsibility

Among the values guiding the Group strategy, service quality and social responsibility are first and foremost.

These two are inextricably linked and characterise the Group offering.

Service quality means, first of all, attention to:

- customer satisfaction,
- efficient use of resources,
- effectiveness of processes and the organisation,
- combined with the adoption of “socially responsible” principles and behaviour in the conduct of business.

We believe that the adoption of socially responsible principles can trigger a virtuous circle of **value** creation to the benefit of all stakeholders: the Customers, the Sales Network, the Employees, the Vendors, the Shareholders, our Community.

Service quality and social responsibility to our customers are reflected, inter alia, in: the high level of service delivered by the Family Bankers; the efficiency of organisational processes and the timely response to requests through continuous, qualified assistance; and the openness also via dialogue, exchange and transparency.

To ensure that quality and social responsibility do not remain a mere statement of principles or of intents, the Mediolanum Group has assigned the responsibilities for coordinating all the activities needed to develop these **intangible assets** of the Group to a central unit.

The centralised management of social responsibility permits the channelling of efforts towards a common objective, ensuring long-term sustainable growth.

The activities involved are constantly guided, managed and measured. Data collected and activities carried out are summarised in the section of social indicators.

Specifically, measuring increases the awareness of the level of service provided (both internal and external) and thus actions aimed at improvement can be implemented.

The last, but certainly not the least important step in the process of social responsibility vis-à-vis all stakeholders, entails the promotion and the dissemination of the company's **identity** and its values reflecting an increasingly quality-oriented management.

Attention to service has always characterised the management processes of the Group.

Since 1988, study groups have been established to identify actions designed to monitor and improve service and relationship quality. The “Service Quality” office has the objective of promoting a ‘shared culture’ oriented to customer satisfaction (both internal and external), analysing the gap between expectations and achieved results.

The activities of “Service Quality” department involve both the headquarters and the Sales Network, and utilise **teamwork** as their primary work method through cross-functional projects and activities originated by the employees themselves. In the Mediolanum Group, activities designed to improve communication and cooperation amongst the different corporate areas are implemented, encouraging the involvement of all levels of the company in improvement projects.



## SOCIAL AWARENESS AND RESPONSIBILITY

Responsibility is also being able to manage the changes and difficulties that a downturn in the financial markets may cause to investors and to make consequent decisions that can satisfy customer needs and that have no detriment to the other stakeholders.

In 2008, due to the profound crisis that affected the performance of financial markets and the world economy, Mediolanum chose to implement a number of important actions.

Specifically, the decision **to reduce the interest rate spread** on Mediolanum mortgages, not just on new contracts but also on all existing customer mortgages, with the objective of making repayment easier.

An ad-hoc **‘solidarity fund’** was established, entirely at the company’s expense, to protect the interests of all Banca Mediolanum mortgage customers in the event they are no longer able to make payments on their mortgage due to severe disability. In this event, the residual portion of the loan will be **extinguished by the company at its own expense**.

Additionally, when Lehman Brothers defaulted, the majority shareholders of the Mediolanum Group, the Doris Group and the Fininvest Group, decided to take on the burden of the losses associated with the Index-Linked policies that had **Lehman Brothers** bonds as underlying assets, to protect the assets of the customers involved and, at the same time, the interests of minority shareholders.

**“...This goes beyond  
what you normally would expect,  
it is the kind of thing that builds trust  
particularly when there is a problem.”**

*(Customer since 2002)*



## Corporate governance

### INTERNAL DEALING

Following Italy's implementation of the EU's Market Abuse Directive into national legislation (Act 62/2005), insider dealing previously governed by the Regulation of Markets managed by Borsa Italiana SpA and related Instructions, are now regulated by the provision of art. 114, 7th paragraph of the Consolidated Finance Act (Legislative Decree 58/1998) and the related implementation provisions set out in Consob Regulation for Issuers 11971/99 as subsequently amended, which entered into effect on April 1, 2006.

In addition to insiders, as set out in art. 152-sexies of the Regulation for Issuers (directors, statutory auditors, general managers etc.), Mediolanum SpA identified certain additional senior management officers falling within the purview of the Act above, i.e. Mr. Luigi Del Fabbro, Chief Financial Officer and Officer responsible for accounting and financial reporting. The Board of Directors of the company also approved the "Rules for purchases and sales made by insiders and their close family members - Insider Dealing Code" in the text, which is also published at the company's website ([www.mediolanum.it](http://www.mediolanum.it)).

Insiders and their close family members may delegate the company (and on its behalf the Head of the Corporate Affairs Office) to disclose any purchases and sales of the company's financial instruments of a total amount equal to or higher than €5,000.00/year to CONSOB, Borsa Italiana S.p.A., and the general public. Generally, such transactions must be disclosed within 5 trading days of the sale or purchase.

By delegating said disclosure duty to the Company, insiders agree to inform the company within 48 hours of said transactions, and, in turn, the Company agreed to disclose said transactions to CONSOB, Borsa Italiana S.p.A. and the general public within one day after having received said information.

### RELATED PARTIES

As early as 2003, the Board of Directors of Mediolanum S.p.A. adopted procedures to manage significant transactions and, as part of those transactions, those with related parties.

The Board of Directors is the only competent board to make decisions over related party transactions as defined by the combined provisions of articles 2, paragraph 1, letter h) and 71-bis of Consob Regulation 11971/1999 and article 2391-bis of the Italian Civil Code and set out in the International Accounting Standard (IAS) 24.

On November 9, 2006 the Company also decided that resolutions regarding significant transactions and related party transactions that the Board of Directors is the only competent board to resolve upon, be taken subject to the prior approval of its Independent Directors.

\* Clarifying and supplementing IAS 24 (related party disclosures), the Board of Directors at its Meeting held on November 8, 2007 resolved that close members of the family as defined under IAS 24 are relatives within the second degree; and that significant influence is exercised if the voting shareholding held in the entity is at least 10% if the entity is listed on a regulated market, or at least 20% in other cases;

The limit value for which a related party transaction must be disclosed to the market for its potential effects on the company's assets was set at:

- € 10,000,000.00 for any type of purchase or sale;
- € 125,000,000.00 for interest-bearing credit facilities (excluding any deferred payment facilities granted to the company in connection with the supply of goods and the provision of services), excluding credit facilities maturing within one year and connected to the day-to-day business of the company and its subsidiaries.

The Board of Directors has exclusive decision-making authority regarding transactions with related parties, whose individual value is greater than € 250,000.00. With respect to decisions over said related-party transactions, the Board shall note the opinion of the Independent Directors and may be assisted by independent experts in consideration of the nature, value or features of the transaction.

## CORPORATE GOVERNANCE BOARDS AND COMMITTEES

### The Board of Directors

The Board of Directors is vested with all powers for the ordinary and extraordinary management of the company - except for those the law exclusively reserves to the General Meeting - as well as the authority to take any and all actions expedient to the achievement and fulfilment of the company's purposes.

The Board of Directors is responsible for the management of the company. In this respect:

- the Board provides guidance and supervision in accordance with the law and the Bylaws, sets corporate strategies and goals, and ensures the implementation and regular assessment of the efficiency and effectiveness of the internal control system, which is to be consistent with the complexity of the business;
- the Board examines and approves all strategic, business and financial plans of the issuer and the group it heads, the governance system of the issuer and the group organisation;
- the Board assesses the adequacy of the organisational, management and accounting systems of the issuer and its strategic subsidiaries as organised by their Chief Executive Officers, especially in relation to the internal control system and the management of any conflicts of interest;
- the Board delegates to and revokes authorities from executive officers and, when appointed, the executive committee, setting the limits and procedures for exercise thereof; it also determines the frequency of reports to the Board on the work performed by officers who had been delegated the authority. The frequency of those reports shall be at least quarterly;

- after examining the proposals submitted by the compensation committee and the opinion of the board of statutory auditors, it sets the compensation of Chief Executive Officers and other Directors holding special positions, and when not determined by the General Meeting, the distribution of the aggregate compensation among the members of the board of directors;
- the Board assesses the overall business performance especially on the basis of information received from boards that have been delegated authorities, as well as by periodically comparing actual results with plans;
- the Board examines and gives prior approval to those transactions of the issuers and its subsidiaries of strategic importance or may have a material impact on the strategy, equity, earnings or cash flows of the issuer, devoting special attention to those transactions where one or more directors may have vested interest, either directly or on behalf of third parties, as well as to related party transactions. To that end, the Board established general guidelines for the identification of significant transactions;
- at least once a year, the Board assesses the size, composition and work of the Board of Directors and its committees, recommending, when appropriate, the inclusion of professional figures whose presence on the Board is considered to be beneficial;
- in its annual corporate governance report the Board provides information on the implementation of the Code of Conduct, including the number of meetings of the Board of Directors held during the financial year and the attendance of each director;
- the Board examines and makes decisions on significant transactions as defined in article 23 of the Bylaws;
- the Board examines the annual Internal Audit plan.

In 2008, the mandate of the Board of Directors was renewed until the approval of the financial statements as at December 31, 2010.

Composition	14 members (4 executive members and 3 independent members)
Meetings held in 2008	7

## The Board of Statutory Auditors

The Board of Statutory Auditors verifies compliance with the law and the Bylaws as well as adherence to principles of proper management. In particular, it verifies the adequacy of the organisational structure and the management and accounting systems adopted by the company as well as their operation. In addition, pursuant to the provisions of art. 159 of the Consolidated Finance Act, the Board of Statutory Auditors submits its proposal - along with supporting motivation - for the appointment of the independent auditors and scope of their work to the General Meeting. On April 22, 2008, the members of the Board of Statutory Auditors were appointed and will remain in office until the financial statements as at December 31, 2010 are approved.

Composition	3 standing auditors and 2 alternate auditors*
Meetings held in 2008	9

\* from June 27, 2007 to April 22, 2008 and from August 29, 2008 to date 3 standing auditors and 1 alternate auditor

## Compensation Committee

The Compensation Committee in accordance with the Code of Conduct, is in charge of the following duties:

- to submit proposals regarding the compensation of chief executives and other directors holding special positions to the Board, as well as to monitor the implementation of resolutions passed by the Board of Directors;
- to periodically assess the policies regarding the compensation of key management, oversee their implementation on the basis of the information provided by chief executive officers and present general recommendations on the matter to the Board of Directors;
- to draw up the regulation that will govern all aspects of the Stock Option Plan and that will be submitted to the Board of Directors for approval;
- to take all necessary measures to implement the Stock Option Plan including identifying beneficiaries, defining the number of options to be assigned to each one and related terms of exercise;
- to set objectives in terms of economic and/or financial performance that must be met for beneficiaries to be entitled to exercise the options that they were granted;
- to carry out all the tasks that were previously assigned to the Stock Option Plan Committee.

Composition	3 members (2 independent members and 1 non-executive member)
Meetings held in 2008	4

## Audit Committee

In 2001, the Board of Directors of Mediolanum S.p.A. established the Audit Committee pursuant to the Code of Conduct for listed companies. In accordance with the revised Code of Conduct, the Audit Committee is in charge of the following duties:

- to assist the Board of Directors in defining internal control system guidelines which ensure the proper identification, measurement, management and control of major risks for the issuer and its subsidiaries, and guidelines for the assessment of the compatibility of those risks with a sound and proper management of the business;
- to assist the Board of Directors in the selection of an executive director (generally one of the chief executives) responsible for overseeing the effectiveness of the internal control system;
- to assist the Board of Directors in the assessment, at least annually, of the adequacy, efficiency and effectiveness of the internal control system;
- to assist the Board of Directors in drafting the description of the key elements making up the internal control system in the corporate governance report and express their opinion on the overall adequacy of the internal control system;
- to verify the proper application of accounting standards and their consistency for the purpose of consolidated financial reporting in conjunction with the officer responsible for the preparation of accounting and financial reporting documents and the external auditors;
- to express opinions on specific aspects that relate to the identification of main corporate risks as well as the design, implementation and management of the internal control system, upon request of the executive director;
- to review the audit plan prepared by the Chief Auditor as well as his/her periodic reports;
- to evaluate proposed audit mandates presented by independent auditors in addition to the scope of the audit and the recommendations set out in their management letters and reports;
- to verify the efficacy of the audit process;
- to carry out any other activities required by the Board of Directors;
- to report on work performed and the adequacy of the internal control system to the Board of Directors at least every six months, concurrent with the approval of interim and annual financial statements.

The Audit Committee works in coordination with the Board of Statutory Auditors in the performance of its duties. The Audit Committee presents its annual budget to the Board, and in an emergency, it is assisted by Executive Directors for the funding of its expenses. The Audit Committee is authorised to access corporate information and receive assistance from those staff members that may help the Committee in the performance of its duties as well as to avail itself of external advisors when necessary.

The Audit Committee is composed of non-executive directors, the majority of whom are independent directors and at least one has knowledge of accounting and financial reporting. The members of the Board of Statutory Auditors and the Chief Auditor participate in the work of the Audit Committee.

Composition	3 members (1 non-executive member and 2 independent members)
Meetings held in 2008	3

## Supervisory Board (pursuant to Legislative Decree 231/2001)

Upon the adoption of the "Organisation, Management and Control Models" as required under art. 6 of Legislative Decree 231/2001 (Liability of Legal Persons), the Board of Directors of the Company established the Supervisory Board responsible for overseeing the effectiveness, compliance and updating of said Models.

Composition	3 members
Meetings held in 2008	8

## MEDIOLANUM S.P.A. GOVERNANCE OFFICERS

### Composition of the Board of Directors

The Board of Directors of Mediolanum S.p.A. consists of 14 members, with 3 independent (21%) and 4 executive members.

In 2008, the Board of Directors held 7 meetings (versus 8 meetings in 2007) and the average attendance rate was 91%, (85% in 2007).

Position	Surname and first name	Independent	Executive	Female	Committees		Board of Directors	
					Internal Audit	Compensation	Meetings Attended	Attendance rate
Chairman of the Board	Ruozzi Roberto	✓					7	100
Chief Executive Officer	Doris Ennio		✓				7	100
Deputy Chairman	Messina Alfredo		✓				6	86
Executive Deputy Chairman	Lombardi Edoardo		✓				7	100
Director	Berlusconi Luigi						5	71
Director	Berlusconi Marina*						0	0
Director	Cannatelli Pasquale						7	100
Director	Carfagna Maurizio						7	100
Director	Doris Massimo Antonio		✓				6	86
Director	Ermolli Bruno					✓	5	71
Director	Molteni Mario	✓			✓	✓	7	100
Director	Pellegrino Danilo**						5	71
Director	Renoldi Angelo	✓			✓	✓	7	100
Director	Sciumè Paolo***				✓		7	100
Director	Zunino Antonio						6	86
<b>TOTAL</b>	<b>14</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>91</b>

\* Up until April 22, 2008

\*\* From April 22, 2008

\*\*\* Suspended from office by the Board on February 16, 2009 following the precautionary measure enforced on January 23, 2009

## Composition of the Board of Statutory Auditors

Position	Surname and first name	Meetings attended	Attendance rate
Chairman (until April 22, 2008)	Mauri Arnaldo	5	100
Chairman (since April 22, 2008)	Simonelli Ezio	4	100
Standing Auditor (until April 22, 2008)	Giampaolo Francesco Antonio	5	100
Standing Auditor (since April 22, 2008)	Perotta Riccardo	4	100
Standing Auditor (until April 22, 2008 and since August 29, 2008)	Vittadini Francesco	7	100
Standing Auditor (since April 22, 2008 and until August 29, 2008)	Dalocchio Maurizio	2	100
Alternate Auditor	Gatti Ferdinando	0	-
<b>TOTAL</b>		<b>9</b>	<b>100</b>

## ATTENDANCE

The attendance rate is calculated as a percentage of the average number of participants out of the total number of members of the different Mediolanum S.p.A. governance boards and committees.

Governance boards and committees (%)	2008	2007
Board of Directors	91	85
Board of Directors (only independent members)	100	92
Board of Statutory Auditors at Board of Directors meetings	90	83
Board of Statutory Auditors	100	100
Audit Committee	67	94
Compensation Committee	92	100

**"My personal viewpoint is that social awareness and responsibility should become a mindset".**

*(Employee since 2000)*



## The internal control system

The Boards of Directors of the Parent Company and of all Group companies promote high ethical and integrity standards, and a **'culture of internal control'** within the organisation by emphasising and demonstrating to all levels of personnel the importance of internal controls. Specifically, the Boards of Directors are responsible for setting policies and assessing the adequacy and effectiveness of the internal control system, relying on other internal control structures.

Pursuant to the Code of Conduct for listed companies, the Board of Directors of the Parent Company Mediolanum S.p.A. established the Audit Committee and appointed the Chief Auditor. In their respective areas of remit, the Audit Committee and the Chief Auditor assist the Board of Directors in:

- identifying main corporate risks,
- implementing the Internal Control System policies issued by the Board of Directors through planning and monitoring.

Pursuant to the Code of Conduct, the Board of Directors appointed the Deputy Chairman Alfredo Messina officer responsible for the internal control system.

In 2008, Serenella De Candia was named Chief Auditor.

Following regulatory changes resulting from the Joint Regulations issued by the Bank of Italy and CONSOB on October 29, 2007, and the implementation of the Financial Instrument (MiFID) Directive in the EU Markets, which detailed and further clarified the role of the Internal Audit and Compliance functions, the Group started a review of the internal control system and processes to meet the dual objective of regulatory compliance of processes and effectiveness of the internal control system as a whole.

### INTERNAL AUDIT

Internal audit of all Group companies, including the Parent Company Mediolanum S.p.A. is performed under individual outsourcing agreements by the internal audit department of the subsidiary Banca Mediolanum S.p.A. The Internal Audit department is separate and independent from operational departments and reports directly to the Board of Directors and the Board of Statutory Auditors of the respective companies on the work done. For Mediolanum S.p.A., the department reports via the Chief Auditor to the Deputy Chairman, the Audit Committee and the Board of Statutory Auditors.

Internal Audit provides independent and objective assessment and assurance of the efficiency and effectiveness of the organisation and detects possible areas for **improvement**. It assists operational departments in pursuing their goals through a systematic professional approach, which creates value since it is aimed at assessing and improving the control, risk management and corporate governance processes. Internal auditors monitor the overall **respect of the rights** of all categories of stakeholders (Customers, Employees, minority and majority Shareholders, etc.).

As part of those activities, the Internal Audit staff review the **efficiency and effectiveness** of the internal control system and processes and prepare final reports that include the actions planned by senior management for the correction of any deficiencies, or the adoption of recommendations to improve the effectiveness of processes.

**Internal Audit work**

Internal audits were conducted on all Group companies and were particularly meticulous for those companies who represent the most significant portion of business.

Data on Italian companies	2008	2007	% Change
Reports	55	52	5.8
Recommendations/Improvement areas	198	100	98

No severe irregularities emerged from the work of the Internal Audit department, and for the vast majority of critical issues adequate measures were promptly scheduled. In 2008, although the scope of the activity of Internal Audit remained unchanged, the number of recommendations they made and the number of improvement areas they indicated increased.

**"I think little steps  
are needed to create  
something big."**  
*(Intern 2008)*

## RISK MANAGEMENT & CONTROL AND COMPLIANCE

Risk management and compliance are an integral part of the Group's internal control system.

At the end of 2005, action was taken to strengthen the risk management framework through the establishment of the "Risk Management and Compliance" department, which became operational in 2006. The risk management and compliance team verifies the adequacy of risk management procedures for financial, operational and credit risks as well as regulatory compliance, within the financial conglomerate.

The risk management department of Banca Mediolanum provides risk management and compliance services for the Italian Group companies under specific service agreements. In 2007, risk management and compliance units were established at Banco de Finanzas e Inversiones, the parent company of the Spanish banking sub-holding, and at the Irish companies, Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life.

In 2008, the risk control model used by the parent company and all the Group companies was enhanced and refined.

The risk management and compliance models measure the risks the Group is exposed to, i.e. financial, credit, operational, non-compliance, strategic and reputational risks.

Within the operational risk management framework, control activities with respect to the sales network play a crucial role and are primarily made by the Sales Network inspectors and the Sales Network Control Unit, the latter of which conducts sales network quality controls. Control over HQ operational processes conducted by the Operational Risk Management unit plays an equally important role.

In 2008, the Group defined the risk management and compliance framework, reviewed corporate processes and assessed the effectiveness of checkpoints established within the organisational units.

### **Risk management and compliance activities**

Organisational units examined in 2008	270
Processes and activities reviewed	2,800
Operational risk checkpoints	2,280
Projects and actions undertaken in 2008 to improve the internal control system	90

The projects and actions undertaken to improve the internal control system were aimed at enhancing the efficiency of certain corporate processes, by expanding automated processes in certain critical areas that were characterised by a high degree of manual work, as well as by blocking certain 'dangerous' transactions, and by establishing new checkpoints also in relation to officers' powers and delegated authorities and the proper exercise of this authority.

The regulatory changes in the financial sector that started in 2007 and in 2008 required refinement of the Mediolanum Group business model to align management and sales models with the requirements of the MiFID Directive and the related implementation regulations issued by CONSOB, as well as other regulatory requirements relating to corporate governance and the organisation.

# Protection of stakeholder interests

## THROUGH ADEQUATE ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

The environment in which listed issuers conduct their business is regulated by a vast number of statutory and regulatory provisions with a common denominator, i.e. the requirement to establish adequate policies and procedures for their main activities.

**Continuously monitoring** the effectiveness of their organisational and management models to ensure that adequate controls are in place and that corporate targets are achieved in compliance with regulatory requirements has therefore become commonplace among issuers. Depending upon the category of stakeholder that regulators intend to protect, regulations take different forms and entail different operational processes. In broad strokes, there are two main macro-categories of stakeholders:

- customers who use the services provided by the company; and
- the varied base of investors who contribute capital.

Lawmakers introduced the requirement for issuers to appoint an **Officer responsible for accounting and financial reporting documents** precisely to protect this second macro-category of stakeholders. This Officer is responsible for the entire accounting and financial reporting system that produces the documents disclosed to the market and to supervisory authorities.

Therefore this Officer is the guarantor of the information set out in accounting and financial reporting documents vis-à-vis third-parties and is one of the various officers who collectively participate in shaping the governance system of the company, meaning the set of rules and functions that ensure the company is properly and efficiently run.

## APPLICABLE REGULATION

**Act 262** of December 28, 2005 (as amended by Legislative Decree 303 of December 29, 2006) "Financial Markets and Investors' Protection regulations", and the amended Regulations for Issuers are part of the regulatory process geared to enhance investors' protection. Among other things, they aim at strengthening the internal control system in relation to the disclosure of financial information by listed issuers similar to the US Sarbanes-Oxley Act (SOA) of 2002.

The implementation of section 154-bis of the Consolidated Finance Act (as amended by Act 262/2005 and Legislative Decree 303) required the appointment of the Officer responsible for accounting and financial reporting documents.

This Officer is in charge of establishing adequate accounting and financial reporting procedures for the preparation of the consolidated financial statements, the separate financial statements as well as any interim reports.

The Officer responsible for accounting and financial reporting documents, signs all accounting disclosures made to the market, and thus certifies that the information disclosed

reflects the accounting entries made and records held by the company.

The act above applies to all listed companies and their consolidated as well as separate financial statements. The Officer responsible for accounting and financial reporting documents is therefore also responsible for ensuring that proper accounting and financial reporting processes are in place also at subsidiaries.

## THE 262/05 GROUP GOVERNANCE MODEL

Mediolanum S.p.A. has always been committed to protecting stakeholder interests and as such created the position of 'Officer responsible for accounting and financial reporting documents'. Luigi Del Fabbro was appointed to fill this position.

To comply with statutory requirements relating to the Officer responsible for accounting and financial reporting documents, the company defined and adopted a governance model pursuant to Act 262/05, which sets out the role, duties and responsibilities of the various staff involved in the preparation of accounting and financial reporting procedures as well as their maintenance and assessment of their adequacy and effective application.

The new rules revolve around the effective application of accounting and financial reporting procedures.

Consistent with this approach, the Officer responsible for accounting and financial reporting documents is in charge of:

- establishing well-structured organisational processes for the purpose of accurate accounting and financial reporting and related controls;
- assessing the adequacy of processes and controls as well as ensuring that operating units effectively perform their day-to-day control duties;
- defining and monitoring any corrective measures;
- confirming the effectiveness of the control system and its operation through responsibility statements and other statutory and regulatory disclosures.

The governance model pursuant to Act 262/05 is part of the broader internal control system of Mediolanum S.p.A. and its consolidated subsidiaries.

Since Mediolanum foreign companies operate in different regulatory environments, the responsibility for ensuring Mediolanum **foreign companies'** compliance with the requirements of section 154-bis of Italy's Consolidated Finance Act was given to a senior management officer who has the authority to put in place any required actions in collaboration with Unit 262, in order to enable the officer responsible for accounting and financial reporting documents to fulfil his duties.

Compliance with statutory and regulatory changes has **increased the transparency** of the disclosures to investors made by Mediolanum S.p.A. and the other companies that appointed the Officer responsible for accounting and financial reporting documents. The appointment of this Officer, who acts as guarantor, and the adoption of the organizational and management model aimed at ensuring the adequacy of the accounting and financial reporting processes give greater protection to investors and the broader audience of stakeholders in relation to the reliability and accuracy of financial information disclosed by the company.

**“Being socially responsible is both a daily practice and an objective. It helps to look at your work from a different and also critical point of view.”**

*(Employee since 2008)*

## INDEPENDENT AUDITORS

Reconta Ernst & Young are the independent auditors responsible for auditing the separate and consolidated financial statements of Mediolanum S.p.A. for the financial years 2008, 2009 and 2010.



## Rules of conduct

The Group has two Codes setting out conduct rules.

- **The Code of Ethics** sets out the general duties of diligence, fairness and loyalty which characterise the performance of work and behaviour in the workplace.
- **The Code of Business Conduct** is based on the general guidelines set out in the Code of Ethics, and further details the conduct rules for corporate governance officers, members of the Sales Network, employees and contract workers with specific reference to certain operational companies within the Group (Banca Mediolanum S.p.A. and Mediolanum Gestione Fondi S.G.R.p.A.).

Rules of conduct are regularly updated to reflect changes in the regulatory environment, organisational models and processes in order to have common, clear and transparent rules which ensure the ethical conduct of all people within the organisation.

## THE CODE OF ETHICS

Since 2002, the vast majority of Group companies has adopted a Code of Ethics, i.e., a series of internal rules that exemplify the general duties of diligence, fairness and loyalty and that **characterise** the performance of work and behaviour in the workplace.

The Code of Ethics is organised into three sections:

1. general principles,
2. business conduct,
3. safety, health and the environment.

The general **principles** are responsibility, fairness, confidentiality and proper management of any conflicts of interest.

The business conduct shall be compliant with the law, loyal and fair vis-à-vis the competition, in dealings with vendors and in relations with the government and public agencies.

The Company respects the environment and protects the health and safety of its employees, sales network and customers by adopting all measures required by law.

## THE CODE OF BUSINESS CONDUCT

The Code of Business Conduct of Banca Mediolanum S.p.A. and the Code of Conduct of Mediolanum Gestione Fondi S.G.R.p.A. were both updated to include the regulatory changes made in 2008. These Codes detail the **conduct rules** those working for the Group have to comply with when performing their daily duties.

Key conduct rules are set out below:

1. Any confidential or insider information either verbal or stored on any electronic medium shall be kept secret.
2. Any confidential or insider information received from third parties or by virtue of the position held shall not be used for personal dealings including through third parties.
3. Speculative investments are prohibited during working hours, especially intraday purchases and sales of the same security.
4. Personal dealings, including via third parties, in trading derivatives, other derivatives (futures, options, swaps), short selling as well as dealings with a frequency that suggests speculative purposes are prohibited during working hours.
5. Any personal activities or interests which may be in conflict with the interests of the Company, of customers/prospects and/or assets under management shall be fully disclosed.
6. Acceptance of gifts that may potentially lead to a behaviour that clashes with the interests of investors or the Company for their nature.



## Business continuity

The services provided are hallmarked by high reliability and **security** of the technology infrastructure.

Business continuity and the provision of services to customers are dependent upon the proper operation of the business infrastructure and processes, including those based on IT and telecommunications technology.

This is particularly true for an organisation like the Mediolanum Banking Group in which the technology-based **direct access** channels (the Internet, the Banking Services Center, the television) for the customer are the keystones of the business model.

**"We are working and growing  
in a company  
where peace of mind and a sense  
of purpose are part of every day."**

*(Employee since 1999)*

The Group is equipped with adequate systems to ensure business continuity and constantly monitors the proper functioning of all components, making sure they are suitably scaled to ensure the delivery of services.

This entailed the establishment of reliable controls over critical business processes, and investment in technology to ensure service delivery continuity, the constant monitoring of the operation of processes as well as the establishment and the dissemination of proper alternative procedures that ensure business continuity in the event of failures or crises.

Due to the close **correlation** between technology and operational processes, the Information Systems and Organisation department of Banca Mediolanum is responsible for the extensive business continuity plan and implemented a number of measures geared to achieve the objectives above.

It should be noted that Banca Mediolanum not only provides Information Technology services but also manages, via intercompany service agreements, the information system processes of the Group's Italian companies whose products are sold by the bank.

The activities put in place to meet the objectives above were developed along two main lines.

- **Technology.** Review of all activities needed to ensure the efficiency and security of the infrastructure, and a constant monitoring of the infrastructure and related equipment to ensure the delivery of services also in case of failures or disasters.
- **Processes.** Development of operational procedures that ensure business continuity across a wide range of crisis scenarios (from temporary disruption to an emergency situation, severe crisis or catastrophe). The procedures were designed, tested and maintained in cooperation with the various users.

A **Crisis Team** was established to coordinate and manage the various stages in a crisis until business is resumed. The team is composed of the heads of various departments and is responsible for coordinating all steps taken in the management of the crisis.

The Group carries out a variety of drills and tests annually as well as updates and upgrades of its processes and systems to reflect any changes in internal processes and product innovation and to ensure that the organisation's infrastructure keeps pace with the rapidly changing market environment and business needs of the company.





**“What counts is the inner drive  
of the people who work at this Bank.  
A drive that motivates them  
to make certain choices.”**

(Customer since 2001)

# Financial indicators



## VALUES

The good performance of the Group is proven by the positive results - in qualitative terms - that were achieved despite the profound downturn in the financial markets and the consequences of the U.S. subprime mortgage crisis.

Net inflows in Italy were very positive (+55%), in sharp contrast to the general situation in the market. This is proof that the accumulated trust built up by the Group not only attracts new customers but also a steady flow of investments on the part of existing customers.

Thanks to positive net inflows, the Group assets under management and administration declined only by 14.6% in a year when the impact of the sheer downturn in the market would have had a negative impact of approximately - 22%.

## THE COMMITMENT

The manner in which the Group responded to the crisis in 2008 - via the unilateral reduction of the mortgage spread for all mortgage holders (existing and new) and the operation regarding Index-Linked policies with Lehman Brothers bonds as underlying assets - had a positive impact on Mediolanum stakeholders.

The effect was certainly different from an accounting point of view: these operations - with the cost of the Index-Linked policies operation entirely born by the two majority shareholders - contributed to the reduction of statutory net profit of the Group, which would have been much less impacted under different circumstances.

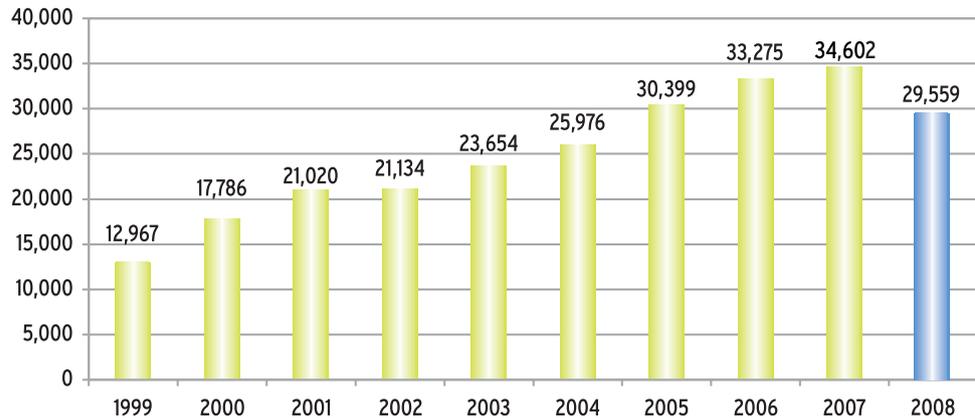
*"Luigi Del Fabbro, Officer responsible for preparing Mediolanum S.p.A. accounting and financial reporting documents hereby certifies pursuant to section 154 bis, second paragraph, of the Consolidated Finance Act, that the financial information contained herein reflects the accounting entries, records and books."*

# Key financial data

## CONSOLIDATED DATA

### Group assets under management & administration

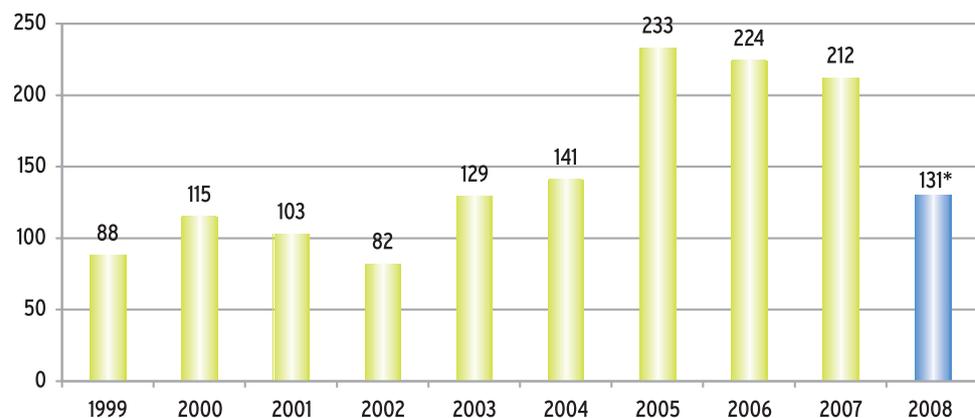
(€/m)



In 2008, assets under management and administration<sup>(1)</sup> declined to €29,559 million.

### Group net profit

(€/m)



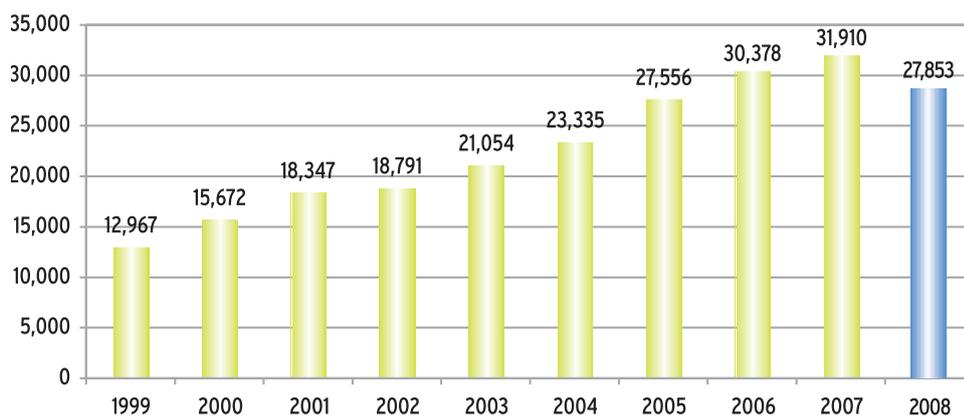
\* Pro forma data: excluding the Lehman Brothers operation

Pro forma consolidated net profit (excluding the impact of the Lehman Brothers operation) amounts to €131 million. Net profit on a statutory basis, including the Lehman Brothers operation, amounted to €24 million.

<sup>(1)</sup> The data for 2007 differs from the data that was published last year due to a reclassification of the 2007 data.

**DOMESTIC MARKET<sup>(2)</sup>****Group assets under management & administration - Domestic market**

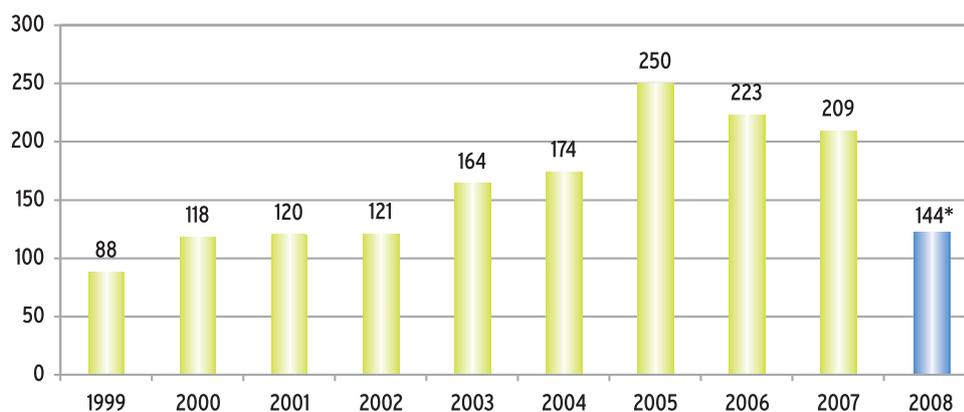
(€/m)



Assets under management and administration<sup>(3)</sup> declined compared to December 31, 2007 coming in at €27,853 million.

**Net Profit Domestic market**

(€/m)



\* Pro forma data: excluding the impact of the Lehman Brothers operation

Pro forma consolidated net profit (excluding the impact of the Lehman Brothers operation) amounts to €144 million.

<sup>(2)</sup> Figures relating to net profit, assets under management and administration and gross inflows of customer assets also include the results of Banca Esperia on a pro-rata basis (48.5%).

<sup>(3)</sup> The data for 2007 differs from the data that was published last year due to a reclassification of the 2007 data.

## Summary business and financial data

(Number)	2008	2007	% Change
Ordinary Shares outstanding	730,096,109	729,475,929	0.09
<b>Group (€/m)</b>			
Group Assets under Management & Administration <sup>(1)</sup>	29,559	34,602	(14.57)
Gross Inflows	7,710	9,649	(20.09)
Embedded Value post-acquisitions	2,544	3,164	(19.60)
Revenues	3,439	4,296	(19.94)
Profit before tax (pro forma, excluding Lehman operation)	165	275	(40.12)
Income tax (pro forma, excluding Lehman operation)	34	63	(46.30)
Net profit (pro forma, excluding Lehman operation)	131	212	(38.28)
Dividend	110	146	(25.00)
Dividend per share	0.15	0.20	(25.00)
<b>Domestic Market Mediolanum</b>			
Total Customers	1,084,740	1,060,600	2.28
Total Primary Account Holders	914,700	894,300	2.28
Sales Network	5,851	6,464	(9.48)
<b>Asset Under Management and Administration (€/m)</b>	<b>23,941</b>	<b>27,371</b>	<b>(12.53)</b>
<b>TOTAL NET INFLOWS, of which (€/m)</b>			
Gross Life Premiums Written	2,667	3,389	(21.31)
Gross Inflows to Mutual Funds & Managed Accounts <sup>(1)</sup>	2,203	3,111	(29.18)
Gross Inflows to assets under administration	1,619	975	66.14
Banca Esperia Gross Inflows	1,032	1,823	(43.41)
other* <sup>(1)</sup>	16	19	(15.79)
<b>TOTAL NET INFLOWS, of which (€/m)</b>	<b>2,610</b>	<b>1,689</b>	<b>54.53</b>
Net Inflows to assets under management	991	714	38.70
Net Inflows to assets under administration	1,619	975	66.13
<b>Banca Esperia** (€/m)</b>			
Assets under Management & Administration <sup>(1)</sup>	3,912	4,539	(13.81)
<b>International Markets (€/m)</b>			
Assets under Management & Administration <sup>(1)</sup>	1,706	2,692	(36.63)

<sup>(1)</sup> The data for 2007 differs from the data that was published last year due to a reclassification of the 2007 data.

\* Non occupational pension funds, non-life policies and real estate products.

\*\* Mediolanum shareholding (48.5%).

## Embedded value

Considering the importance of “embedded value” in analysing the Mediolanum Group performance, some key information on European Embedded Value prepared with the assistance of Tillinghast-Towers Perrin, the financial advisory arm of Towers, Perrin, Forster & Crosby Inc., is provided below.

“Embedded Value” is calculated by adding marked-to-market net asset value and the value of in-force business. For life business, the value of in-force business is the present value of the stream of future after-tax profits projected over the contract life and adjusted for the cost of maintaining a level of required capital. For mutual funds and managed accounts, the value of in-force business is computed in the same manner as for life business, but with no adjustments since no capital requirements apply to those assets.

The table below shows the analysis of “Embedded Value” at December 31, 2008 and comparative information at December 31, 2007. Embedded value was calculated in accordance with the European Embedded Value Principles (EEV).

### Embedded value at December 31

(€/m)	EEV		
	2008	2007	% Change
Net asset value*	814	896	(9.2)
Adjustments to net asset value**	(312)	(156)	100.0
<b>Adjusted net asset value</b>	<b>502</b>	<b>740</b>	<b>(32.2)</b>
Value of in-force business, life business	1,662	1,938	(14.2)
Value of in-force business, asset management	251	313	(19.8)
Value of in-force business, banking	129	173	(25.4)
<b>Total value of in-force business</b>	<b>2,042</b>	<b>2,424</b>	<b>(15.8)</b>
<b>EMBEDDED VALUE</b>	<b>2,544</b>	<b>3,164</b>	<b>(19.6)</b>

In very challenging market conditions, which significantly reduced the assumptions for investment return on the Group's assets, Embedded Value stood at € 2,544 million.

\* On an IFRS (International Financial Reporting Standards) basis

\*\* Consolidated shareholders' equity on an IFRS basis before distribution of dividends payable in the following year, is adjusted

(i) to reflect the market value of any assets not measured at market value under IFRS;

(ii) to eliminate the impact of goodwill arising in prior years, largely from the acquisitions of Fibanc, Gamax, B.A. Lenz and MILL;

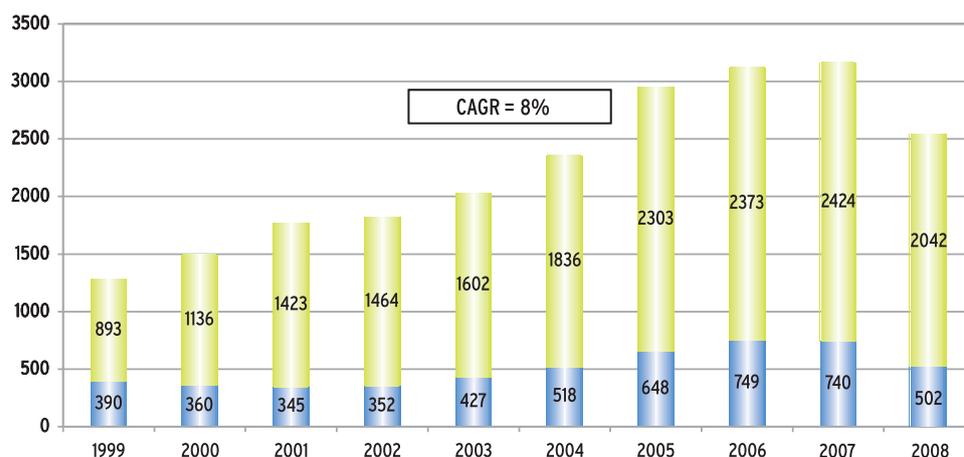
(iii) to eliminate gains on segregated funds which are included in the value of in-force life business as they are realised;

(iv) to eliminate the accounting balances relating to life contracts classified in accordance with IAS 39 for which the value of the in-force business is determined on a statutory basis;

(v) to eliminate the impact of taxation on life reserves.

### Embedded value

(€/m)



CAGR: Compound Annual Growth Rate.

■ Adjusted net asset value ■ Value of in-force business



Starting in 2007 some of the calculations of the European Embedded Value were carried out in-house. These calculations principally have to do with the Life business, however the company Tillinghast-Towers Perrin is still relied on to verify the data and calculate the other business components.

# Value added for the stakeholders

## CALCULATION AND DISTRIBUTION OF VALUE ADDED

### Method

Value added expresses the value created by the company during the year, and is calculated as the difference between sales and costs and represents the bridge between the Annual Report and the Social Report.

For the calculation of value added, income statement items were reclassified to highlight the processes through which value is generated and distributed, and to quantify in monetary terms the relationship between the company and its social and business partners, especially some of its key stakeholders, i.e.:

- dividends that are paid out to the shareholders;
- wages and salaries, social security contributions, completion-of-service entitlements, compensation paid to human resources (employees, contract workers and sales network);
- direct and indirect taxes paid to the Government and its agencies; fees paid to supervisory authorities and trade associations;
- charitable projects for the community;
- earnings retained by the company to be reinvested in the business to ensure that the business is efficient and keeps growing.

The tables below show the generation and distribution of value added in FY 2007 and FY 2008 for our domestic market (Italy) using the same classification of items as in the segment report attached to the 2007 and 2008 Annual Reports ("Financial Information by Business Segment - Italian Market").

### Formation of consolidated value added - Italian market

(amounts in thousand of €)	FY 2008	FY 2007	% Change
<b>Net sales</b>			
Net premiums written	2,659,675	3,377,408	(21.25)
Amounts paid and change in technical reserves	(2,561,802)	(3,197,112)	(19.87)
Commission income	455,441	508,031	(10.35)
Commission expense <sup>(1)</sup>	(28,013)	(31,420)	(10.84)
Net financial income*	148,938	116,585	27.75
Net income on other investments <sup>(2)</sup>	17,832	20,042	(11.03)
Other revenues	21,943	25,907	(15.30)
<b>TOTAL NET SALES</b>	<b>714,014</b>	<b>819,441</b>	<b>(12.87)</b>
<b>Costs</b>			
General and administrative expenses <sup>(3)</sup>	(141,069)	(137,687)	2.46
Net impairment	(8,832)	(7,484)	18.01
Provisions for risks and charges <sup>(1)*</sup>	(2,068)	(2,797)	(26.06)
<b>TOTAL COSTS</b>	<b>(151,969)</b>	<b>(147,968)</b>	<b>2.70</b>
<b>Gross value added from ordinary operations</b>	<b>562,045</b>	<b>671,473</b>	<b>(16.30)</b>
Profit/(loss) from discontinued operations	-	-	-
Profit/(loss) from disposal of investments <sup>(2)</sup>	5,644	11,132	(49.30)
<b>Total gross value added</b>	<b>567,689</b>	<b>682,605</b>	<b>(16.83)</b>
Amortisation and depreciation <sup>(3)</sup>	(13,883)	(16,483)	(16.08)
Impairment of goodwill	-	-	-
<b>Total net value added</b>	<b>553,856</b>	<b>666,122</b>	<b>(16.85)</b>
Cost of labour			
- employees <sup>(3)</sup>	(113,719)	(103,213)	10.18
- sales network <sup>(1)</sup>	(229,021)	(258,784)	(11.50)
Gifts and donations <sup>(3)</sup>	(2,328)	(2,301)	1.19
Direct and indirect taxation <sup>(3)</sup>	(28,488)	(31,472)	(9.48)
<b>PROFIT BEFORE TAX AND MINORITY INTERESTS</b>	<b>180,300</b>	<b>270,352</b>	<b>(33.31)</b>
Income tax for the period*	(35,968)	(61,220)	(41.25)
Minority interests	-	-	-
<b>NET PROFIT</b>	<b>144,332</b>	<b>209,132</b>	<b>(30.99)</b>

(1) - (2) - (3) The figure differs from the reported in the reclassified income statement due to the separate indication of the amounts relating to the items reported after Total Net Value Added.

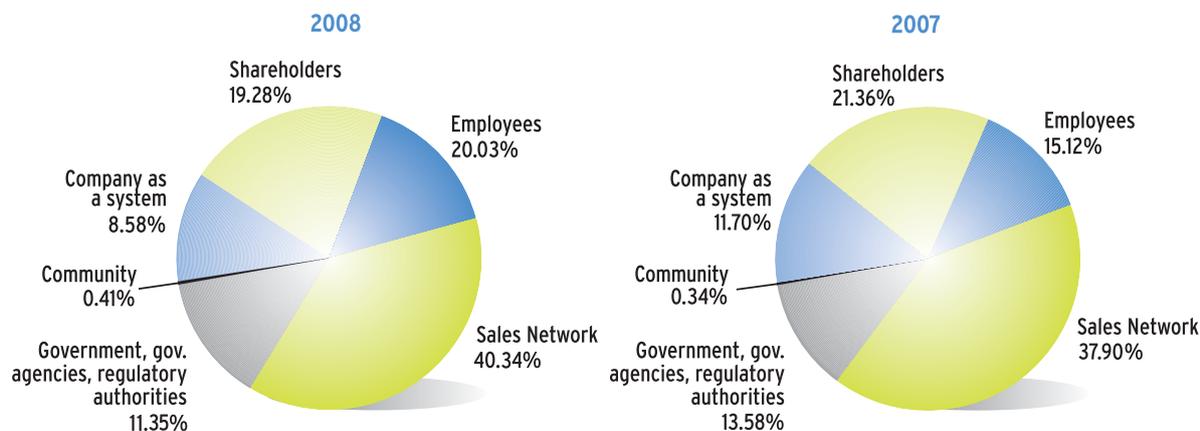
\* Data does not include the impact of the operation that was put in place to safeguard customer interests following the Lehman Brothers default.



### Distribution of consolidated total gross value added - Italian market

(amounts in thousands of €)	FY 2008	FY 2007	% Change
<b>Distribution of total gross value added</b>			
<b>Stakeholders</b>	<b>109,456</b>	<b>145,776</b>	<b>(24.91)</b>
- dividend to third party stakeholders	109,456	145,776	(24.91)
<b>Employees</b>	<b>113,719</b>	<b>103,213</b>	<b>10.18</b>
<b>Sales network</b>	<b>229,021</b>	<b>258,784</b>	<b>(11.50)</b>
<b>Government, gov. agencies, regulatory authorities</b>	<b>64,456</b>	<b>92,692</b>	<b>(30.46)</b>
- direct & indirect taxes	28,488	31,472	(9.48)
- income tax for the period	35,968	61,220	(41.25)
<b>Community</b>	<b>2,328</b>	<b>2,301</b>	<b>1.19</b>
- gifts and donations	2,328	2,301	1.19
<b>Company as a system</b>	<b>48,709</b>	<b>79,839</b>	<b>(38.99)</b>
- amortisation and depreciation	13,833	16,483	(16.08)
- impairment of goodwill	-	-	
- foreign operations	13,057	(3,111)	(519.70)
- retained earnings	21,819	66,467	(67.17)
<b>Total gross value added</b>	<b>567,689</b>	<b>682,605</b>	<b>(16.83)</b>

### Value added distribution





**"It's the bank built around you,  
It's built in such a way that it does not limit you  
But that sets you free."**

(Interviews with Top Management)

# Social indicators

- Customers
- Sales Network
- Employees
- Shareholders and investors
- Vendors
- The community at large
- Communication initiatives
- The environment
- Regulatory and Legal Authorities, Trade Associations



**"We are no longer  
a single thing  
we are many things at once."**

(Customer since 2005)

# Customers

## VALUES

Transparency, clarity, ethical relationships. The continuous search for excellence in service quality and continuous innovation of products and distribution channels. **Sharing** the needs and objectives of the customer for the long term. Education in the realm of financial literacy and continuous dialogue. Loyalty and concrete answers to problems and moments of crisis. The **accumulated trust** built up by the Group is represented by a number of customers that exceeded one million in 2008.

## OPPORTUNITIES

The new products offered in 2008 were designed to take into account the altered financial situation at the local and global level, dealt with to the different aspects of the crisis by embodying solutions **aimed at looking after** customers' investments and providing them with **new ways** to enter the market strategically, with both a long and short-term view. At times when uncertainties are pervasive, an on-going and **transparent dialogue** makes the difference, above all in times of heightened emotions caused by how the crisis is perceived.

## THE COMMITMENT

To continue to provide immediate solutions and short-term investments within the framework of the well-established, long-term strategy suggested by Banca Mediolanum and by the Family Bankers to accompany the customer on their path to **personal financial freedom** and to build for the future. Show responsibility in every product and service offered, pursuing growth objectives and the development of each customer and the community.

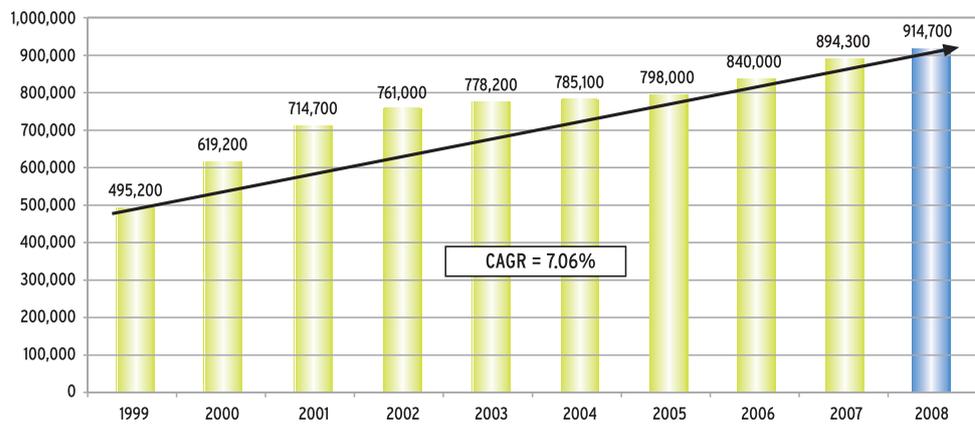
# Analysis of customers



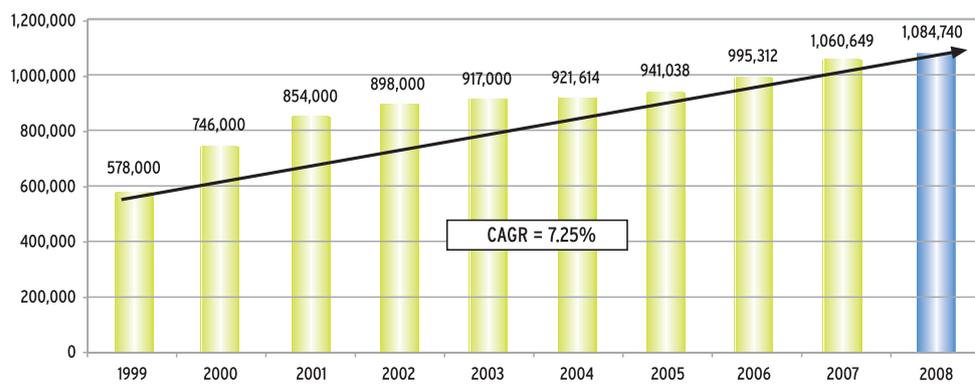
## NUMBER OF CUSTOMERS

Over the last decade, the growth in the number of total customers and primary account holders has been remarkable.

### Primary account holders



### Total customers



CAGR: Compound Annual Growth Rate

In 2008 the number of primary account holders rose **2.3%**: the same percentage increase as total customers.

(Number)	2008	2007	% Change
<b>Primary account holders</b>	914,700	894,300	2.3
<b>Total customers</b>	1,084,740	1,060,649	2.3



## NUMBER OF CONTRACTS

In 2008, the total number of contracts increased **4.0%**.

Growth was particularly strong in the banking business: **+9.2%**, mainly thanks to the new products in the area of loans and lines of credit.

(Number)	2008	2007	% Change
<b>No. of Contracts*</b>	2,567,300	2,468,819	4.0

\* Types of contract: Life policies, Mutual Funds, Managed Accounts, Bank Accounts, Securities Accounts, Credit Cards, Mortgage Loans, Loans, Credit Facilities, Protection and Real Estate products (Timeshare Property).

## GEOGRAPHIC ANALYSIS OF PRIMARY ACCOUNT HOLDERS

The Group's customers are evenly distributed across Italy.

In 2008, the number of customers increased across all geographic macro-areas, and particularly so in Southern Italy and Islands where growth was 4.6%.

Geographic area (Number)	2008	2007	% Change	% out of total customers Italy
Northwest	253,996	253,266	0.3	27.8
Northeast	264,135	258,363	2.2	28.9
Central	208,004	202,470	2.7	22.7
South and Islands	188,565	180,201	4.6	20.6
<b>TOTAL ITALY</b>	<b>914,700</b>	<b>894,300</b>	<b>2.3</b>	<b>100.0</b>

## ANALYSIS OF PRIMARY ACCOUNT HOLDERS BY GENDER

Gender composition remained stable.

Gender (%)	2008	2007
Men	61	61
Women	39	39
<b>TOTAL</b>	<b>100</b>	<b>100</b>

## ANALYSIS OF PRIMARY ACCOUNT HOLDERS BY AGE GROUP

The majority of Group customers are in the **36 - 55 age group**, with a slight increase in average age (47 years) in 2008.

Age group (%)	2008	2007
up to 25 years	4.2	4.4
26-30	7.4	7.7
31-35	12.1	12.4
36-45	29.5	29.5
46-55	21.8	21.1
56-65	13.7	13.6
>65	11.3	11.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>
<b>Average age</b>	<b>47.0</b>	<b>46.8</b>

## ANALYSIS OF PRIMARY ACCOUNT HOLDERS BY PROFESSIONAL CATEGORY

Over 50% of Mediolanum Group customers are non-management employees, managers and entrepreneurs.

In 2008, a slight increase was reported in the number of managers and blue-collar workers.

Profession category (%)	2008	2007
Non-management employee	34.8	35.1
Entrepreneur	15.5	15.5
Blue-collar	14.1	13.4
Self-employed professional	11.7	12.0
Retired	11.9	12.0
Homemaker	6.7	7.0
Student	2.9	2.9
Manager	1.7	1.5
Unemployed	0.7	0.6
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

## ANALYSIS OF PRIMARY ACCOUNT HOLDERS BY LEVEL OF EDUCATION

In 2008, 68.7% of Group customers held a high-school diploma or university/postgraduate degree, a slight increase from the previous year.

Education level (%)	2008	2007
Elementary school	7.3	7.8
Junior High-school	24.0	23.9
High-School	51.9	51.8
University/Postgraduate	16.8	16.5
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**"It's nice to think that the bank understands you at home or outside your home: It goes with you everywhere, without limits or constraints."**

*(Customer since 2005)*



## Customer Satisfaction

In 2008, a Customer Satisfaction survey was once again carried out by Unicab, the leading research institute that has been entrusted with this survey for the past 15 years.

The survey looks at the match between what the company offers and the expectations and perceptions of the customers. There are a variety of aspects that are put under the microscope:

- products selected and results obtained;
- direct distribution channels and degree of customers' knowledge about their use, their frequency of use as well as the functions used;
- evaluation of the level of service offered by the various channels of access;
- customer-Family Banker® relationship.

The survey's historical data is extensive enough to identify trends in the results collected over time and to understand how the relationship between Mediolanum and the customer has developed; the improvement in overall satisfaction indicates a strengthening of the relationship with both the bank and the Family Banker®.

### METHOD

Each year **10,000 customers** are contacted. To adequately reflect the customer base of Mediolanum, the data collection in 2008 consisted of a sample group of 75% bank account holders and 25% non-bank account holders\*.

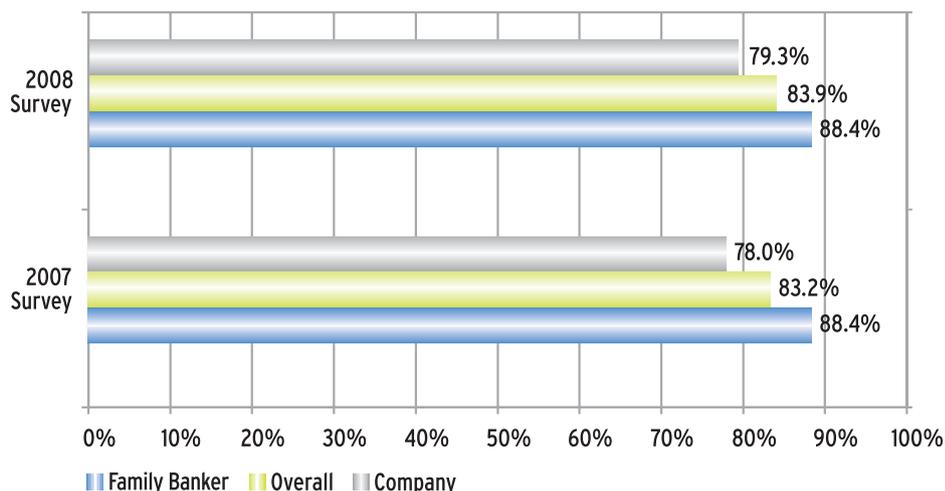
Some indicators registered a significant increase with respect to the previous survey:

- credibility in terms of soundness, innovation and customer care;
- the ease of access to services (the multi-channel aspect and innovation are particularly appreciated by the customers who use them);
- the efficiency in terms of speed of executing transactions.

\* In the 2007 survey, the sample consisted of 70% bank account holders and 30% non-bank account holders.

The level of satisfaction with the Family Banker® was very positive, with their reliability and capacity to illustrate fees being particularly appreciated.

**Customer Satisfaction** (completely satisfied customers: a score between 8 and 10 on an increasing scale of 1 to 10 )



Involvement of the customers and focus groups when indicated regarding certain topics are key strategies that Mediolanum will utilise in the coming years in order to have a clear idea of the direction the customer base is developing in.

The results of the Customer Satisfaction Survey are confirmed by some customer **loyalty indicators**, which measure customer satisfaction, i.e. Average Customer Seniority, Cross-Selling rate and Retention rate.

**"This desire to offer services that are built around your needs."**  
*(Customer since 2002)*



## AVERAGE CUSTOMER SENIORITY

Average customer seniority increased in 2008, indicating growing customer loyalty.

(Years)	2008	2007	% Change
Average customer seniority	8.5	8.1	4.9



## CROSS SELLING

An indicator of the degree of coverage of the customer financial needs by the bank. It indicates the number of product lines that are actively used by a customer.

In 2008, there was a slight decrease in the percentage of customers holding one product only, while there was an increase in the percentage of customers with at least 6 products, following the broadening of the product line of the Group.

	2008	2007	% Change
Average number of products held	2.8	2.8	-
<b>No. of products held (% out of total customers)</b>	<b>2008</b>	<b>2007</b>	<b>% Change</b>
One product	34.1	34.9	(2.3)
2-5 products	55.6	55.5	0.2
At least 6 products	10.3	9.6	7.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	

(Product types: Bank Accounts, Credit Cards, Securities Accounts, Mutual Funds, Managed Accounts, Index-Linked Life products, Retirement Plans, Life Insurance and General Insurance products, Credit facilities/Loans/Mortgage products, Use of the multiple channels.)



## CUSTOMER RETENTION

Customer retention is defined as the number of customers doing business with the Group at the end of a financial year expressed as a percentage of those who were active customers at the beginning of the year. In 2008, this number increased slightly.

(%)	2008	2007
Customer Retention Rate	93.4	93.0



## “PRIMAFILA”

PrimaFila is a programme that was developed **to reward** the Group’s most loyal customers with prizes, special deals through third party companies and other advantages, fostering the aspect of continuity in the relationship with customers.



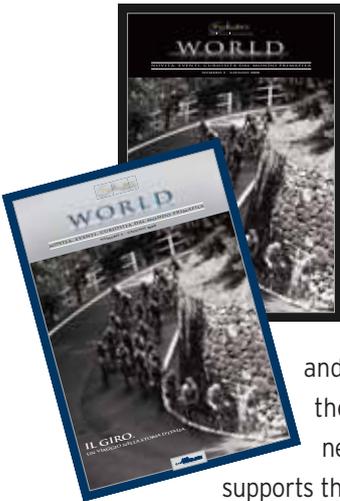
The programme also features meetings, events, conventions and other activities, all of which bring together **the community** of PrimaFila customers, promoting the customer’s closeness to Mediolanum.

### Advantages and services

PrimaFila customers have access to an array of carefully selected entertainment, sports and cultural events. Agreements with partner companies and differentiated, dedicated banking services are added to the privileges

PrimaFila customers receive, including: a preferential ‘fast track’ for the management and handling of requests, priority access to the Banking Services Center, the possibility to increase the spending limit on the credit cards or ATM cards, and the issue of personalised checks.

The window to Club Primafila is the website [www.primafilamediolanum.it](http://www.primafilamediolanum.it), which gives the customers a look at past activities and events with the use of videos and photographs, and to find out in real time all about the events in progress. A printed newsletter published 3 times a year supports the website. Additionally, PrimaFila customers have a dedicated area on the corporate website at [www.bancamediolanum.it](http://www.bancamediolanum.it).



With the aim to continuously improve the services dedicated to the Primafila customers, a variety of approval rating analyses and a company Improvement Team were instituted. The suggestions that came out resulted in a series of projects being considered for implementation:

- The creation of Banking Services Center Representatives who are dedicated to Primafila customers and who have high interpersonal skills and capacity to manage phone calls;
- the creation of an online newsletter (periodic **e-newsletter**) for timely information regarding the advantages and products and services offered to Club Primafila customers;
- the continuous development of **co-marketing activities** aimed at offering products and services in line with the target.

**"Everything is developed  
around you.  
As if you were at the centre  
of a situation."**

*(Customer since 1999)*



## Channels and Services

In 2008, 70% of the 795,153 bank account holders used Direct Channels, up **4%** compared to the previous year. Total contacts grew by 29%.

Thanks to the new options added and the broader range of services, customer accesses grew significantly to 22.8 million (excluding text messages), up 10% over the prior year.

The steady increase in the use of the text messaging services, increasing **45%** over the previous year, is noteworthy.

## USAGE RATE OF DIRECT CHANNELS 2008 VS. 2007

- **B.Med Voice.** An increase of 5.2% in the number of contacts was registered following the launch (in August) of the new voice portal, highlighting the preference customers have towards acting independently.
- **Banking Services Center.** Phone calls were **up 8.4%** and accounted for 10% of total accesses. But the level of service provided remained at an extremely high level: 96% of the calls were responded to within 20 seconds.
- **The Internet.** Internet accesses were 69% of total accesses, **increasing by 13%.**

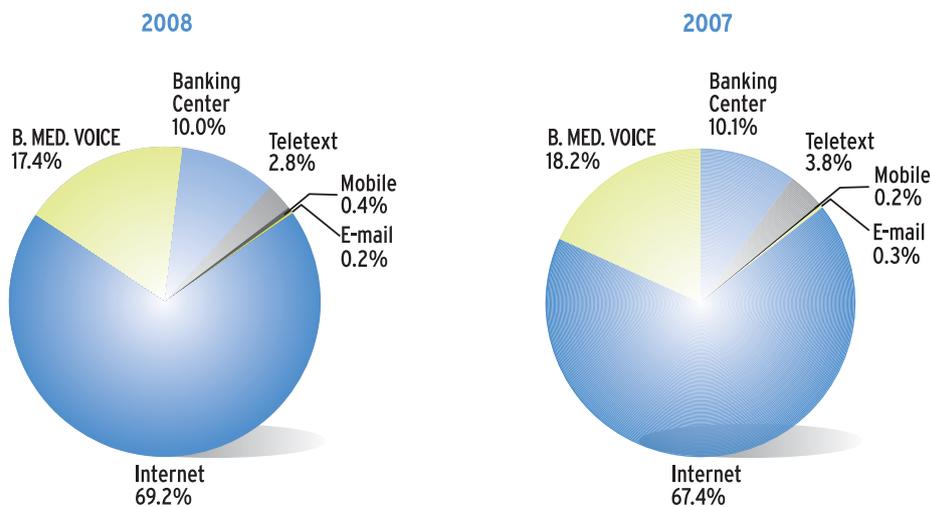
The most common **text messages** continue to be alerts for ATM withdrawals (36% of total messages) and website log-ins (23%).

Customers are concerned about security and always request new services to enhance it. New text-messaging services were added to further enhance security were therefore much appreciated.

A 10% increase in the number of direct channel contacts was associated with a **22% increase in banking orders**, which indicates that customers are becoming increasingly familiar with the use of the bank's multi-channels:

- banking orders were up 32% and accounted for 71% of total orders;
- asset management orders were up 30%;
- requests to activate services or change data (text messaging alerts, change in personal details, etc.) were up 2%, which represents 18% of the total.

### Customer accesses by Channel



## B.MED VOICE

# B.Med Voice

In 2008, the new voice portal B. Med Voice was added for customers that allows access to the bank in a way that is more dynamic and interactive thanks to the use of voice and key words. B. Med Voice features automatic voice recognition and a new personalized navigation option that is set up according to the product portfolio composition.

The new portal is a service that is available 24 hours a day and offers a wide range of information and banking orders. Account balance in real time, topping up of cellular phones, direct access to the menu of securities are all within a simple step.

**"Surely it's a business model based on services but it contains a very precise message: services are founded on the real need of the customer."**

*(Customer since 2001)*

## WHAT'S NEW IN 2008

In 2008, **new services and ways to interact** with the bank, both in terms of information and transactions, were introduced.

- The B.MedPiù area of the site pools together all the projects and promotions in the non-banking spheres, for example the Telepass Family service and a choice of Internet security solutions.
- An updated release of the B.Med Mobile will allow customers to extend the certification of the service to new types of phones.
- For a more timely receipt of the documents and a more responsible use of paper, official documents tied to non-banking products (funds and life policies) are available in the reserved area of the site in addition to statements related to the bank account, the securities account and the managed assets account that had been available for some time.
- New types of text messaging alerts allow customers to always be informed on executed banking transactions and on the status of requests for verification.
- The reserved area of the site has new graphics that differentiates and tailors the various aspects of communication to the needs and different types of customers.
- The payment function was extended to include all types of pre-printed payment forms.

**Security** also was upgraded:

- Changes in the management of wire transfer daily limits;
- The possibility of a new way to access the bank through a disposable code, called 'codice B.Med' (which gets sent via text message or generated by the customer via a device, called Token).



## 2009 INITIATIVES

The features of the B.Med Voice service are planned to be broadened and the extension of the B.Med Mobile application to other devices is in the works.



Additionally, the automatic debit order for both purchases and utilities will be further enhanced.

In order to provide a personalized approach to the services, solutions and values of Banca Mediolanum, a redesign of the website is in under way.

**"I feel that the first question  
we should ask before we do anything is:  
'What would I want if I were the customer?'"**

*(Employee since 2000)*



## Development of the range of products and services

The Mediolanum Group's philosophy is **to identify the needs** of customers who are at the centre of the business proposition and to satisfy these needs.

Mediolanum continuously monitors its products and services to offer increasingly innovative, flexible solutions and eliminate those that no longer meet customer needs.

**"I think the underlying philosophy was to create a bank around an engine driven by the need of the customer."**

*(Customer since 2001)*

### NEW PRODUCTS AND SERVICES

2008 was an important year for the broadening of the product line and the launch of new products both in the banking and insurance areas.



**Mediolanum Best Brands** is the new family of Mediolanum International Funds that invests in the funds of top asset management companies, combining the prestige and expertise of the best brands with the well-established investment strategy of the Group. The product provides the opportunity to diversify the investment portfolio over various types of funds relying on different investing strategies.

**Double Chance** is an innovative financial service that provides the customer with a high guaranteed rate of return on the capital initially put in a deposit account that will then be gradually shifted and invested in the global equity market.



In conjunction with the launch of Mediolanum Best Brands the range of **Unit-Linked** policies was also broadened.

In September 2008, **Mediolanum Premium Plan** was launched. This new Mediolanum International Life Unit-Linked product is targeted to those who intend to build up capital over the long term by betting on the real economy, investing in the best selection of mutual funds of the leading asset management companies while benefiting from the advantages typical of a life policy (i.e., exemption from execution & seizure) as well as from an innovative mechanism that awards customers a bonus at maturity that will cover all the loadings paid during the life of the policy. **Mediolanum Capital New** completed the Unit-linked line-up. This Mediolanum Vita Unit-linked product allows the customer to accumulate capital over the very long term, combining the advantages of skilled professional investment diversified on international capital markets with those offered by an insurance product.



Last October, Banca Mediolanum extended its banking product line by launching **Mediolanum Tasso Netto**, which generates a high return on the liquidity invested in the short term and is targeted to retail customers.

In order to round off the product line geared to a medium/long-term investment horizon, **Mediolanum Bond** was launched allowing customers to invest in bonds issued directly by Banca Mediolanum and gain a periodic yield via quarterly coupons.

The range of mortgage loans offered was supplemented with the addition of **Mutuo Freedom**, which permits adjusting the mortgage over time to any change in the customer's needs by modifying the product features.



## RESPONSES TO THE CRISIS: MORTGAGES

In the month of June, Banca Mediolanum unilaterally reduced interest spreads on all mortgages. Then, to meet the needs of first-home mortgage holders, the Bank set up a '**Solidarity Fund**' to provide concrete help to Mediolanum mortgage holders in the event of severe permanent disability following injury or disease.

Thanks to the fund, Banca Mediolanum will extinguish the mortgage loan (up to € 250,000), thus effectively shielding customers who have suffered a personal tragedy, and indirectly their families, from the additional loss of their home. This was done at no additional cost for the customer.



Moreover, over the course of the year **Polizza Protezione Mutuo** (Credit Protection Insurance, **CPI**) was launched. This new package of insurance coverage rounds out the existing insurance line-up and is offered alongside mortgages designed to pay/reimburse a predefined number of mortgage payments in the event of job loss, serious illness or major surgery.

**"If you are worried or afraid,  
if you feel uncertain,  
if you don't trust your bank,  
everything gets difficult,  
go look for something else.  
I never had to."**

*(Customer since 2002)*

## RESPONSES TO THE CRISIS: LEHMAN BROTHERS

2008 will surely be remembered as a key year for financial markets and, in particular, for Index-Linked products: on September 15, **Lehman Brothers**, one of the world's leading investment bank had no other choice but to file for bankruptcy protection under Chapter 11 with the New York Bankruptcy Court. The consequences were very harsh for customers holding products with Lehman Brothers bonds as underlying, such as Index-linked products: the value of these policies fell precipitously and in some cases, was at zero.

Faced with the circumstances, the Doris Group and Fininvest, the two majority shareholders of the Mediolanum Group, decided that the consequences of the event were too grave and should not fall upon customers and thus **took on the burden of the losses** of the policies tied to Lehman Brothers, giving a strong signal of loyalty and reliability to all stakeholders.

## CREDIT CARDS AND CONSUMER CREDIT

**Carta Black Mediolanum** was introduced in the top-of-the-range credit card segment, a product designed for the customer requiring excellence.

This payment instrument is above all a means to access services, experiences and exclusive privileges.



**Mediolanum Credit** has been added to the financing possibilities with Banca Mediolanum. This fast and easy financing was designed in cooperation with Santander Consumer Bank and is dedicated to customers who need cash directly in their bank account in order to fulfil 'dreams' and projects or to face unplanned expenditures.

(Number)	2008	2007
New products launched	10	8



## PRODUCT DEVELOPMENT

In addition to new products, a series of variations were made to existing product families, which are constantly analysed and updated. For example, the Index-Linked policy **Dipiù Sprint Inflazione**, a short-term product guaranteeing capital protection at maturity with attractive coupons tied to a Consumer Price benchmark in the Euro zone.

Banca Mediolanum continued to give its attention to the issue of supplementary pensions, something that was well received from many new customers.

In fact, **TaxBenefit New**, gave a significant contribution to the achievement of 2008 results. This new Individual Pension Plan launched in 2007 was based on the experience of Anglo-Saxon pension funds and designed to supplement the public pension benefits. Thanks to the possibility of investing the TFR severance indemnity fund and to the tax advantages specifically related to this type of product, TaxBenefit New is an effective solution for everyone.



## THE MARKET RESPONSE

In 2008, almost **60% of the portfolio** comprised products that have been offered for **less than five years**.

An efficient measure of innovation is the market response in terms of **new product subscriptions**, which is greater than **60%** of the total for those products that have been offered for less than five years.

2008 was characterised in particular by a high number of new product subscriptions, 29% of which relate to products launched in the same year.

Years (%)	Numbers of products		Years (%)	New contracts	
	2008	2007		2008	2007
<5	<b>60</b>	<b>53</b>	<5	<b>62</b>	<b>64</b>
of which			of which		
<1	22	8	<1	29	17
1	7	14	1	9	6
2	11	11	2	4	36
3	9	6	3	17	1
4	4	8	4	0	4
5	7	6	5	3	0
>5	<b>40</b>	<b>47</b>	>5	<b>38</b>	<b>36</b>



## Advertising

In 2008, the Banca Mediolanum **communication campaign** made a reappearance on TV, focusing on the uniqueness of the business model - the all-around bank - featuring real, personal interviews. **11 real customers** of different ages, professions, regions and length of time as customers talked about the special features and the benefits of the relationship with the bank.

**"I use Mediolanum  
because it's the only bank  
that I feel is really me."**

*(Customer since 2002)*

In the spring, an intense multimedia campaign was launched (telepromotions, print, radio and the Internet) featuring the President Ennio Doris as main protagonist.

The campaign was launched in conjunction with the introduction of the new Mediolanum Best Brands financial services created by an agreement at the European level with leading asset managers.



In June, after the bank made a decisive cut in the spread that was automatically extended to all mortgage customers, the **Mediolanum Freedom mortgage** was presented at a press conference. This product is an evolution of the Riflex mortgage in terms of flexibility and completeness, and has a very competitive spread.

The multi-media campaign was given particular emphasis on the Internet.

Another press conference in July launched **Double Chance**, a service that permits the customer to invest in the equity market with greater piece of mind, guaranteeing a yield on the deposit account dedicated to the service.

This service was also mainly promoted via the Internet.



In September, two new telepromotions featured Mediolanum Best Brands (marking the extension of the agreement to another 15 of the world's leading asset managers) and Double Chance, and received promotional support on the Internet in September and October.

For the entire month of September, recruitment of Family Bankers was carried out on via an online campaign.

In October, Ennio Doris dealt with the **Lehman Brothers and sub-prime mortgage crises** in two television commercials, declaring the willingness of the bank 'to be there' for the customers in this particularly difficult moment, and communicating the

choice made by the two majority shareholders of the Mediolanum Group (the Doris Group and the Fininvest Group) to take on the burden of the losses of the policies tied to Lehman Brothers and to cut the spread on all customer mortgages to bring it more into line with the going interest rate.

In October, to boost retail investors' confidence in the banking sector, **Mediolanum Tasso Netto** was launched; a new investment solution that via Repurchase Agreements initially yielded a net guaranteed return of 4.5% on an annualised basis.

The communication strategy is then rounded off at the **local level** through a number of meetings and events held by Family Bankers who gave practical examples of how the bank works, also thanks to live demos. Two 'open-office days' were organized for each weekend of May and October and took place at the Family Bankers' offices and were designed to promote new opportunities, the new mortgage protection features, and to celebrate the World Savings Day.

Informazione pubblicitaria

## "CI SONO MOMENTI NEI QUALI BISOGNA ESSERE ANCORA PIÙ VICINI AI CLIENTI".

Momenti proprio come questo: in cui le difficoltà dell'economia mondiale hanno ripercussioni sulla vita delle famiglie italiane, si tratti della corsa verso l'alto dei tassi dei mutui, come dei crolli e delle crisi che agitano borse e mercati. Ma sono, appunto, momenti: l'esperienza insegna che il sereno torna sempre.

I nostri clienti sanno che Banca Mediolanum ha già risposto a queste problematiche con azioni concrete. Ecco cosa abbiamo fatto e stiamo facendo, nell'esclusivo interesse del cliente, da sempre al centro di ogni nostra quotidiana attività.

**REAGIRE SUBITO, AGIRE NEL TEMPO.**

Porre al centro i clienti significa metterli in condizione di sentirsi più sicuri e liberi. Banca Mediolanum in questo difficile 2008 ha preso alcuni provvedimenti a tutela delle famiglie:

- per alleggerire da subito le rate dei mutui, abbiamo abbassato lo Spread di nostra iniziativa e automaticamente per tutti i clienti vecchi e nuovi;
- per proteggere in futuro il bene primario, la casa, abbiamo costituito un Fondo di Solidarietà destinato a proteggere i clienti mutuatari colpiti da grave invalidità permanente - completamente a nostre spese;
- per garantire i risparmi dei clienti sottoscrittori di Index Linked con sottostante Lehman Brothers, ci siamo fatti carico delle perdite delle polizze coinvolte - senza che l'operazione incida sugli azionisti di minoranza.

Con questi importanti provvedimenti abbiamo voluto dimostrare di essere un partner affidabile e leale.

**È SOLO DALLA LEALTA' CHE PUO' NASCERE LA FIDUCIA.**

Ecco il modo diverso di essere banca: Banca Mediolanum è "costruita intorno a te" davvero, e sempre.

Vuole conferma della nostra promessa? Basta parlare con uno dei nostri 6.000 Family Banker™, i professionisti sempre a disposizione del cliente: anche, e soprattutto, nei momenti difficili. Lo contatti oggi stesso: il suo Family Banker™ "è" la sua banca.

Nuove risposte, nuove proposte. Per Banca Mediolanum, l'impegno è così. Perché è una banca di persone per le persone. Guarda al futuro con fiducia, con noi.



Foto © Banca Mediolanum



www.bancamediolanum.it 840 704 444



ENNIO DORIS  
Provvidente di Banca Mediolanum

In 2008, "**Mediolanum Personal Marketing**" was extensively used. This is a tool designed to allow Family Bankers to inform and contact customers in a direct, personalised manner via various communication channels (banners, the Internet, text messages, e-mails and mailings).

Almost all customers who had indicated their interest in receiving promotional information were contacted at least once and the interest expressed by the Sales Network in the instrument itself grew significantly.

Medium(%)	Media Mix	
	2008	2007
Tv	65	64
Internet	14	12
Print	10	10
Radio	10	9
Billboards	1	5
<b>TOTAL</b>	<b>100</b>	<b>100</b>

In 2008, TV was the most prevalent means of advertising, taking up 65% of advertising expenditure. This was primarily connected to the launch of new products (such as Mediolanum Best Brands and Tasso Netto) and to communication campaigns showcasing the operations that were undertaken by the bank in the interest of customers (Lehman Brothers default and Mutuo Freedom).

The Internet played once again a primary role in the advertising media mix.

**"I use Mediolanum  
because it's me that goes  
towards the bank."**

*(Customer since 2000)*

## EFFICACY AND RECALL

The value of the communication strategy is illustrated by a positive trend that has been going on for quite some time and is confirmed by the data. In 2007, Banca Mediolanum came in at first place in the ranking prepared by GfK Eurisko-Multifintrack, which monitors **spontaneous recall of banking brands advertisements**. In 2008, Banca Mediolanum came in **first once again**.

Spontaneous awareness of the brand remains high, coming in right after the main banks in the Italian market.

More specifically, in terms of spontaneous recall of banking brands advertising, it is worth noting that Banca Mediolanum came in first four years in a row, an achievement no other banking industry player has attained over the course of the past 10 years.

### Spontaneous recall of banking brands advertisements\*

2008	2007
1. Banca Mediolanum	1. Banca Mediolanum
2. Unicredit	2. Sanpaolo
3. ING Direct e Sanpaolo	3. ING Direct

\* Source: GfK Eurisko - 2008 Multifintrack survey

**10 USO MEDIOLANUM PERCHÉ**

Più di una banca tradizionale, molto più di una banca online: la banca circolare ce l'hai in casa e nelle mani. È con te.

Oscar Marconi, cliente dal 1999

INTERNET

TELEFONO

FAMILY BANKER™

È di più: è la tua banca di famiglia. Mediolanum vive con te ogni giorno. Ti libera il tempo e la vita. Ti affianca nelle decisioni più importanti. Ti offre sempre un contatto umano: un valore che va oltre la qualità del servizio.

Perché il Family Banker™, il professionista dedicato a ogni cliente, ti ascolta davvero, per consigliarti al meglio. Agli Conto 360x nel mondo in Mediolanum: disponibilità via pc, telefono o tv è gratuita e illimitata. Il Banking Center è aperto fino alle 22 e al sabato mattina, per prelievi e versamenti fino oltre 10.000 sportelli convenzionati e il tuo Family Banker™ te vuoi venga anche a casa. La tua banca ti è così vicina! Usa Carta 360x a zero o 5 euro al mese. Ti dà tutta l'attività banca. 800 704 444 - [www.banca.mediolanum.it](http://www.banca.mediolanum.it)

BANCA MEDIOLANUM  
Credito e servizi per tutti



## Consumer Protection



### PATTICHIARI

PattiChiari is an initiative taken by the Italian Bankers' Association to enhance the relationship between banks and their customers. Banca Mediolanum is one of the **founding members** of the Patti Chiari Consortium and participated in two programmes, namely "Conti Correnti a confronto" (Comparing Bank Accounts) and "Cambio conto" (Switching Accounts). By participating in these two programmes, the bank agreed to comply with the **Rules** drafted by the PattiChiari Consortium.

The website [www.bancamediolanum.it](http://www.bancamediolanum.it) includes a section dedicated to PattiChiari programmes, which can be accessed directly from the home page.



#### "Conti correnti a confronto"

Launched on January 15, 2004, the "Conti correnti a confronto" programme enables consumers to compare the features and expenses of the different accounts offered by the PattiChiari member banks.

Banca Mediolanum participated in the programme presenting its Riflex, Unico, Free, Profit and Extra bank accounts and received the proper **certification** in February 2005.

Regular reviews are conducted by an external body to verify compliance with PattiChiari Rules. These reviews were held in September 2005, June 2006, March 2007 and March 2008.



#### "Cambio conto"

In **2007**, Banca Mediolanum joined the "**Cambio conto**" programme, which is aimed at helping customers who decide to move their account to another bank by providing clear information on how to close the bank account and transfer direct payment orders to another bank in an easy and rapid manner. In March, also this programme was certified.

#### "Commitments to quality"

Banca Mediolanum has already joined the new consortium called "Commitments to quality" that is geared to favour the emergence of an efficient, competitive retail banking and financial market. The consortium will become operational during the course of 2009.

## RENEGOTIATION OF CONTRACTUAL TERMS



Among the credit-related products offered to customers, some feature a high degree of flexibility. Mutuo Freedom was launched in 2008 and is an example of a non-standard product that can be adapted to the customer's needs. The main feature is the option to modify several parameters (not just the interest rate) over the life of the contract, without having to renegotiate the mortgage.

## PERSONAL DATA PROTECTION

Legislative Decree 196 of June 30, 2003, also known as "The Personal Data Protection Code", unified the many amendments and addenda to the original Act 675/1996 into Italy's into a single statute on privacy legislation.

The Personal Data Protection Code sets forth confidentiality requirements for identity and personal data and as well as for their protection. The code requires that personal information be processed only for the purpose that it was originally collected for and in a manner that complies with the nature of the information itself.

Processing of personal data is allowed only when minimum security requirements are met.

To increase security of personal data and of the databases storing customers' and Group companies' information, i.e., to mitigate the risk connected with the circulation and/or use of information by third-parties:

- A notice was sent to all Banca Mediolanum's personnel on minimum data security requirements users must comply with when storing and processing data, including electronically;
- Document shredders were installed on each floor at the HQ to destroy any confidential material.

Mediolanum has a **Personal Data Protection Office** that is responsible for:

- preparing **information** about deeds, contracts, contests etc. in accordance with the instructions issued by the Information Commissioner's Office (ICO);
- verifying compliance of the physical infrastructure and information technology systems that have an impact on personal data protection with **security requirements**;
- preparing the "Security Policy Documents" for the companies that are part of the Group, in collaboration with the Information Systems and Organisation Department;
- organising **training** sessions for data processors and individuals in charge of processing personal data.

**"The important thing is  
that customers feel  
they are dealing with a bank  
made up of people."**

*(Employee since 2007)*

## Notices and Requests

The Personal Data Protection Office may receive the following notices and requests either directly from customers or from the ICO.

- **Notices of infringement:** set out a detailed account of facts, violated regulations and remedies sought. These claims can be filed without having to comply with specific official procedures.
- **Notices of investigation:** when infringement on the improper use of personal data is suspected, a complaint can be filed with the Information Commissioner's Office for further investigation.
- **Notices of official complaint:** when an individual seeks protection of his/her rights with the Information Commissioner's Office under the Personal Data Protection Code.
- **Requests for information:** requests to verify whether a company stores certain personal information in its databases.
- **Requests for cancellation of data:** are requests to block the use of data for purposes other than those strictly related to the relationship in force with the bank.

## Analysis of privacy protection notices and requests received

In 2008, requests for cancellation of personal data more than halved compared to the prior year.

Type of notice or request (number)	2008	2007
Notices of infringement	5	11
Notices of investigation	-	-
Notices of official complaints	-	2
Request for information	1	-
Request for cancellation	332	116
<b>TOTAL</b>	<b>338</b>	<b>129</b>

Complaints largely relate to claims of inadequate privacy protection that are part of complaints originating in other areas. These complaints were thoroughly investigated to identify any deficiencies and/or vulnerabilities in the system used to manage customers' sensitive personal data.

## COMPLAINTS

The complaint management process was thoroughly reviewed due to changes in the regulatory framework as well as to the need to keep in closer touch with the customers under certain market conditions.

Work was completed to comply with ISVAP regulation 24/2008 and the joint regulations issued by the Bank of Italy and CONSOB on October 29, 2007, with the objective of guaranteeing the adequate involvement of the Compliance department.

## Analysis of complaints by filing means

In 2008, the Group received 5,720 complaints. About 79% of them were addressed to Banca Mediolanum, which sells all the Group's products through its distribution network.

Complaints by filing means (Number)	2008	2007	% Change
Regular mail	3,158	2,527	25.0
Fax	579	626	(7.5)
E-mail	1,983	1,655	19.8
<b>TOTAL CLAIMS</b>	<b>5,720</b>	<b>4,808</b>	<b>19.0</b>
Total Customers	1,084,740	1,060,649	2.3
<b>TOTAL CLAIMS/TOTAL CUSTOMERS (%)</b>	<b>0.53</b>	<b>0.45</b>	<b>17.8</b>
Total Active Contracts	2,567,300	2,468,819	4.0
<b>TOTAL CLAIMS/TOTAL ACTIVE CONTRACTS (%)</b>	<b>0.22</b>	<b>0.19</b>	<b>15.8</b>

The number of complaints received in 2008 increased 19% in part due to the performance of financial markets and the returns generated by the products in their portfolio.

Again in 2008, the means most used by customers to file complaints were regular mail and email. However, it should be noted that the use of the facsimile decreased.

### Analysis of complaints by status

"Unresolved and expired complaints" out of "total complaints received" declined significantly from 4.7% in 2007 to 4.6% at year-end 2008. This indicates an improvement in the complaint management processes despite the increase in volumes.

Total complaints still outstanding as at year-end are attributable to the high number of complaints received in the last few weeks of 2008.

Status of complaints (Number)	2008	2007	% Change
Not upheld / baseless	3,747	3,386	10.7
Upheld	724	716	1.1
<b>TOTAL COMPLAINTS RESOLVED AT YEAR-END</b>	<b>4,471</b>	<b>4,102</b>	<b>9.0</b>
Unresolved but not expired	988	480	105.8
Unresolved and expired	261	226	15.5
- of which legal actions*	203		
<b>TOTAL COMPLAINTS UNRESOLVED AT YEAR-END</b>	<b>1,249</b>	<b>706</b>	<b>76.9</b>
<b>TOTAL COMPLAINTS</b>	<b>5,720</b>	<b>4,808</b>	<b>19.0</b>
<b>TOTAL COMPLAINTS UNRESOLVED AND EXPIRED / TOTAL COMPLAINTS RECEIVED (%)</b>	<b>4.6</b>	<b>4.7</b>	<b>(2.1)</b>

\* 'legal actions' refer to complaints falling under the jurisdiction of Legal Affairs (reports to the authorities, lawsuits, out-of-court settlements), which effective from 2008 have no longer been classified as complaints.

## Average time taken to resolve complaints

Time-to-resolution (days)	2008	2007	% Change
Average time-to-resolution	42	43	(2.3)
Average time-to-resolution without legal action	41		
Average time-to-resolution (for unresolved complaints)	67	83	(19.3)

Average time-to-resolution decreased in 2008.

## Complaints referred to the Banking Ombudsman

The Banking Ombudsman Service was established by the Italian Bankers' Association in 1993 to help solve disputes between banks or other intermediaries and customers. The service is free of charge.

Any customers who claim an economic loss up to € 50,000 (for transactions made after January 1, 2006)\* can refer their case to the Ombudsman. Customers must first file a complaint with their bank. If the bank does not respond or customers are dissatisfied with the response, they can refer their case to the Ombudsman. From June 1, 2007 the services offered by the Banking Ombudsman are also provided by the newly established Banking Conciliator's Office. The Banking Conciliator's Office is an Alternative Dispute Resolution (ADR) service provided for the banking, financial and corporate sectors. Italy's top ten banking groups are among its founding members. The Banking Conciliator's Office provides conciliation as well as arbitration services.

In 2008, only one Banca Mediolanum customer resorted to conciliation or arbitration to settle a dispute but no agreement between the parties could be reached.

The number of complaints submitted to the Ombudsman by Banca Mediolanum customers slightly increased compared to 2007.

In 2008, only two complaints filed with the Banking Ombudsman were upheld, with an economic impact of less than € 6,000 in total.

Outcome of Complaints (Number)	2008	2007	2008 % Distribution	% Change
Upheld	2	4	5.7	(50.0)
Not upheld	15	10	42.9	50.0
Resolved by mediation	3	8	8.6	(62.5)
Dismissed	6	2	17.1	200.0
Outside jurisdiction	9	5	25.7	80.0
The Bank's decision was confirmed	-	1	0.0	(100.0)
<b>TOTAL COMPLAINTS RESOLVED</b>	<b>35</b>	<b>30</b>	<b>100.0</b>	<b>16.7</b>
<b>TOTAL COMPLAINTS RECEIVED</b>	<b>38</b>	<b>37</b>	<b>-</b>	<b>2.7</b>

\* Prior to January 1, 2006, only private consumers could refer their case to the Ombudsman and there was a limit of € 10,000 for the economic loss suffered.

Since the Ombudsman has an average of 90 days to decide, “Total complaints received” by the Ombudsman during the year may not coincide with “Total complaints resolved” by the Ombudsman.

For example, in 2008, the Ombudsman resolved complaints received in 2007, and in 2009 will make decisions on complaints received in 2008.

According to their outcome, complaints are classified as:

- Upheld.
- Not upheld.
- Resolved by mediation: when the parties reached an agreement either directly or through the informal action of the Ombudsman.
- Dismissed for inactivity of the complainant: when after filing a complaint, the complainant fails to send the documentation requested by the Ombudsman.
- The Bank’s decision was confirmed.
- Outside jurisdiction: e.g. because the economic loss is above the limit or outside the jurisdiction of the Ombudsman (against insurance companies, the Postal Service, etc.).



**"The core of our work  
is to help the customer  
to read the situation correctly."**

(Family Banker® since 1985)

# Sales Network

## VALUES

Quality, continuity, transparency, responsibility: these are the cornerstones of the relationship between the Family Banker® and the customer providing a solid base for the families' financial freedom and the management of emotions in the interest of the families' assets, resulting in a positive impact on the individual and society.

## OPPORTUNITIES

In a year that objectively speaking was difficult due to the markets, Banca Mediolanum invested heavily in its image presenting itself more and more as the bank near its customers. In this sense, the Lehman Brothers operation created a new standard for "how to be a bank" and doing so greatly reinforced the relationship between the Family Bankers and the customer. Simultaneously, the bank worked on the **upgrading** of the professional skills of the Network, reinforcing their expertise and providing more and more opportunities to maintain a dialogue. Net inflows were once again positive and were completely in contrast with competitor networks, which seems to indicate the appreciation and the trust that come from this approach.

The completion of MCU - **Mediolanum Corporate University**, whose training-focused mission encompasses interactions inside the Group and also with the external world, will be the mechanism to generate and share knowledge within the community at various levels.

Projects at the local level included "open days" dedicated to the management of household assets held at Family Banker Offices where the bank and the customers can meet and that are open to everybody.

## THE COMMITMENT

In 2009, MCU will operate on a regular basis with a multilateral training programme according to **the objective of Excellence**. Working alongside the customer, providing higher quality advice and being more active at the local level, offering **greater technical and psychological protection**, are distinctive, stabilizing features in a situation that is still in a profound crisis.



## Analysis of the Sales Network

Due to the downturn in financial markets, in 2008 the corporate activity was mainly centred on strengthening and maintaining the professionally skilled, specialised Sales Network. Therefore, the number of Family Bankers remained unchanged while the number of Junior Family Bankers shrank.

Sales network (Units)	2008	2007	% Change
Family Banker® (Licensed Financial Advisor)	5,077	5,040	0.7
Junior Family Banker® (Insurance Agents and Financial Agents)	774	1,342	(42.3)
<b>FULL -TIME SALES NETWORK ITALY</b>	<b>5,851</b>	<b>6,382</b>	<b>8.3</b>

The **Sales Network** of the Mediolanum Banking Group includes two main professional categories:

- the Family Banker® who has passed the state exam to become a licensed financial advisor and is registered with CONSOB;
- the Junior Family Banker® who is still being trained and coached while preparing to take the examination to qualify as licensed. Junior Family Bankers are either registered with ISVAP (Regulation 5/2006) as Insurance Agents for Banca Mediolanum S.p.A., or are included in the Register of Financial Agents as per the mandate they received from Mediolanum Distribuzione Finanziaria S.p.A.

In the following sections we will analyse the characteristics of just Banca Mediolanum S.p.A. Sales Network, since its 5,800 Family Bankers make it the largest and most representative Sales Network within the Group.

**"I work for a company that is me.  
A company of which I share everything.  
That I feel is my own.  
I am my company."**

*(Family Banker® since 1997)*

# Banca Mediolanum Sales Network

## GEOGRAPHIC AND GENDER ANALYSIS

53.1% of the Sales Network operate in Northern Italy, 46.9% in Central and Southern Italy. The variation in coverage is a function of the different demographic, social and economic characteristics of Italy's regions (income, population, level of education, market, etc.) and reflects the history of the Mediolanum Group since it started operating in Northern Italy.

Geographic area	Total Family Banker <sup>®</sup> number	% of total	% Female	Average age			Average length of service		
				M	F	Total	M	F	Total
Piedmont and Liguria	663	11.5	22.3	40.8	38.1	40.2	7.3	5.1	6.8
Lombardy	840	14.5	16.1	42.9	38.6	42.2	9.2	5.2	8.6
<b>Northwestern Regions</b>	<b>1,503</b>	<b>26.0</b>	<b>18.8</b>	<b>42.0</b>	<b>38.4</b>	<b>41.3</b>	<b>8.4</b>	<b>5.1</b>	<b>7.8</b>
Emilia Romagna	692	12.0	18.6	42.0	39.0	41.5	8.5	6.5	8.1
Triveneto	872	15.1	12.3	41.4	38.7	41.0	9.2	5.8	8.8
<b>Northeastern Regions</b>	<b>1,564</b>	<b>27.1</b>	<b>15.1</b>	<b>41.6</b>	<b>38.9</b>	<b>41.2</b>	<b>8.9</b>	<b>6.2</b>	<b>8.5</b>
Tuscany/Umbria	511	8.8	20.9	40.4	38.2	39.9	7.7	6.1	7.3
Marches/Abruzzi/Molise	291	5.0	21.3	41.2	37.1	40.3	8.8	5.1	8.0
<b>Central Northern Regions</b>	<b>802</b>	<b>13.8</b>	<b>21.1</b>	<b>40.7</b>	<b>37.8</b>	<b>40.1</b>	<b>8.1</b>	<b>5.7</b>	<b>7.6</b>
Latium/Sardinia	742	12.8	23.9	40.2	36.6	39.4	7.8	5.0	7.1
Apulia	138	2.4	19.6	38.4	35.3	37.8	6.5	3.5	5.9
<b>Central Southern Regions</b>	<b>880</b>	<b>15.2</b>	<b>23.2</b>	<b>39.9</b>	<b>36.4</b>	<b>39.1</b>	<b>7.6</b>	<b>4.8</b>	<b>6.9</b>
Campania/Calabria/Basilicata	436	7.5	24.8	36.7	34.8	36.3	5.5	3.7	5.0
Sicily	599	10.4	24.2	37.9	34.5	37.1	6.2	3.9	5.6
<b>Southern Regions</b>	<b>1,035</b>	<b>17.9</b>	<b>24.4</b>	<b>37.4</b>	<b>34.7</b>	<b>36.7</b>	<b>5.9</b>	<b>3.8</b>	<b>5.4</b>
<b>SALES NETWORK - ITALY*</b>	<b>5,784</b>	<b>100.0</b>	<b>19.8</b>	<b>40.6</b>	<b>37.2</b>	<b>40.0</b>	<b>8.0</b>	<b>5.1</b>	<b>7.4</b>

**Women** account for about 20% of the total Sales Network, a percentage higher than the average for Italy in Central Northern, Central Southern and Southern regions.

Influenced by the poor market performance, fewer Junior Family Bankers joined the Sales Network. As a result the **average age** of the Network (40 years) came in slightly higher than in 2007 (38.9).

\* The total Sales Network broken down by geographic area does not include the Headquarters Sales Network (51 Family Bankers), Expatriates abroad (16 Family Bankers)

## ANALYSIS BY COMMERCIAL ROLE

Family Bankers can be classified into the following 4 main **subcategories**:

1. Managers
2. Supervisors
3. Global Bankers
4. Financial Advisors "in a strict sense"

Managers and Supervisors are part of Banca Mediolanum and coordinate other resources of the Sales Network structure (financial advisors, insurance agents and/or other Supervisors) and are differentiated based on their direct reports, turnover and sales.

Global Bankers and Financial Advisors "in a strict sense" are part of Banca Mediolanum and don't have any Sales Network members reporting to them (financial advisors or insurance agents) and are differentiated according to the parameters of assets managed and sales.

Category (Units)	2008	2007	% Change
Managers (from Group to Regional)	311	250	24.4
Supervisors	1,076	1,171	(8.1)
Global Bankers	495	507	(2.4)
Financial Advisors "in a strict sense"	3,195	3,112	2.7
<b>Total Family Bankers (licensed financial advisors)</b>	<b>5,077</b>	<b>5,040</b>	<b>0.7</b>
<b>Total junior Family Bankers (non-licensed advisors)</b>	<b>774</b>	<b>1,342</b>	<b>(42.3)</b>
<b>BANCA MEDIOLANUM TOTAL FULL TIME SALES NETWORK</b>	<b>5,851</b>	<b>6,382</b>	<b>(8.3)</b>

In 2008, the number of managers increased due to the expansion of Headquarters (new managers to lead Headquarters staff) and to the merit-based, professional growth within the Network that occurred as a consequence of the results achieved in 2007.

**"It's exciting to understand every day what life is to each one of us, under different conditions, with different problems, fears, dreams and objectives."**

*(Family Banker® since 1999)*



## Annual Turnover

The annual turnover is **calculated** as follows:

Annual turnover = Number of Resignations/Average number of Sales Network members  
 where: Average number of Sales Network members = [(Family Banker® total number at December 31 of the prior year)+( Family Banker® total number at December 31 of the current year)]/2

### ANNUAL TURNOVER BY GEOGRAPHIC AREA

The lowest turnover rate is in the North-East, the region where the Sales Network was first established. The average for Italy stands at **20.7%**.

Region	Turnover (%)	
	2008	2007
North-West	20.0	19.3
North-East	15.2	12.5
North-Centre	18.5	15.4
South-Centre	28.3	28.5
South	25.5	20.3
<b>Sales Network Italy</b>	<b>20.7</b>	<b>18.3</b>



## Customers per Family Banker®



### Analysis with respect to length of time as a member of the Sales Network

The greater the length of service, the larger the number of customers per Family Banker®.

	2008	2007	% Change
Average customers per Family Banker® (No)	154	143	7.7
Average assets per Family Banker® (€/1.000)	3,929	4,366	(10.0)

The average number of customers per Family Banker® increased compared to previous years. The decline in average assets managed by the Family Banker® was largely due to the unfavourable market performance. Nonetheless the decline was less than proportional to the extent of the market decline thanks to the increase in the average net inflow per Family Banker® that was reported last year.

In euro	2008	2007	% Change
Average net inflow per Family Banker®	426,554	270,076	57.9



## Incentives and promotion

The members of our Sales Network are self-employed and entrepreneurial in nature and theoretically have unlimited earnings, with which they bear the costs of their business.

These costs include: office related costs, travel to visit customers, many local commercial initiatives and the out-of-pocket expenses for training activities.

The Family Banker® can choose between alternative career paths based on their personal inclinations:

- the **development and the management of the customer portfolio** - the value of the portfolio gives the possibility of selling it for a significant amount when the Family Banker® ceases his or her activity.
- a **managerial career** - building a hierarchy of Family Bankers within the Banca Mediolanum Sales Network structure, with compensation being awarded in the form of commissions.

The Mediolanum Group appraises the business the “entrepreneur” has built up at a premium compared to other commercial organisations in the same sector. The incentive system takes various factors, both quantitative and qualitative, into account: part of the compensation is linked to **parameters of quality**, the main ones being regular payments into recurring policies and instalment plans, customer retention, and the number of active banking accounts.

This applies to the entire structure up to top management. It is also characterised by:

- consistency between personal objectives and the requirements of the Group;
- the reward of particularly positive results through contests;
- granting of stock options to the most qualified part of the Sales Network.

**“I go against the stream and say that downward market corrections are for the better: they are a form of market selection, they make a clean sweep of improvised players and only professionals are left standing ”**

*(Family Banker® since 1993)*

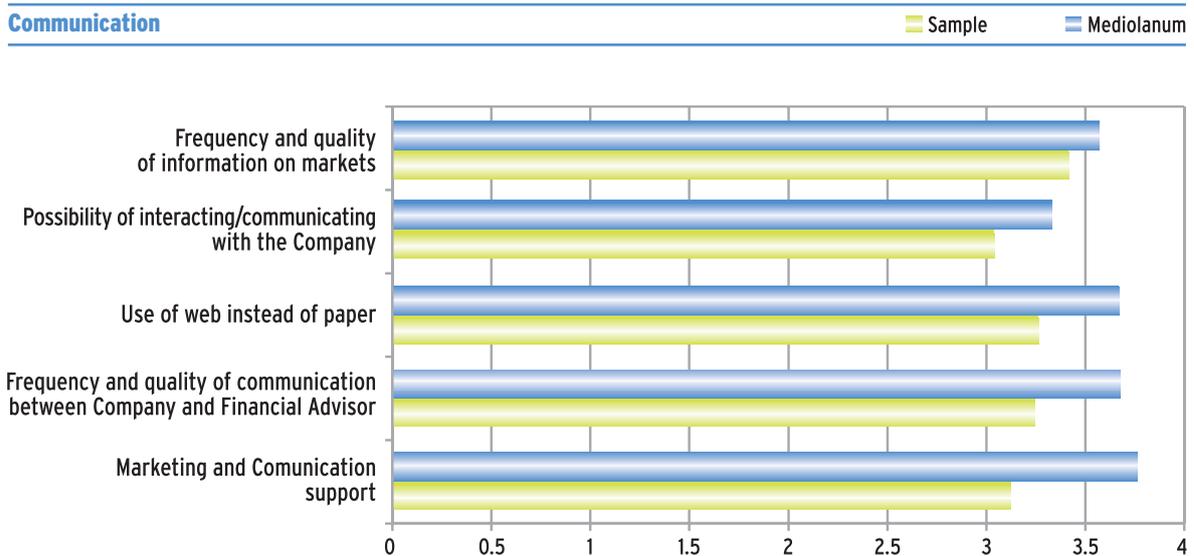


## Satisfaction of the Sales Network

Once again in 2008, an independent research company (GfK Eurisko) conducted a survey on the level of satisfaction of Financial Advisors working for the main players in Italy's banking and asset management industry\*. The survey showed a very high degree of satisfaction overall (3.40 on a scale from 1-4 where 4 is the best).

**96%** of Banca Mediolanum interviewees responded they were fairly or completely satisfied, compared to 97% in 2007.

Banca Mediolanum scored higher than average on most of the areas surveyed.

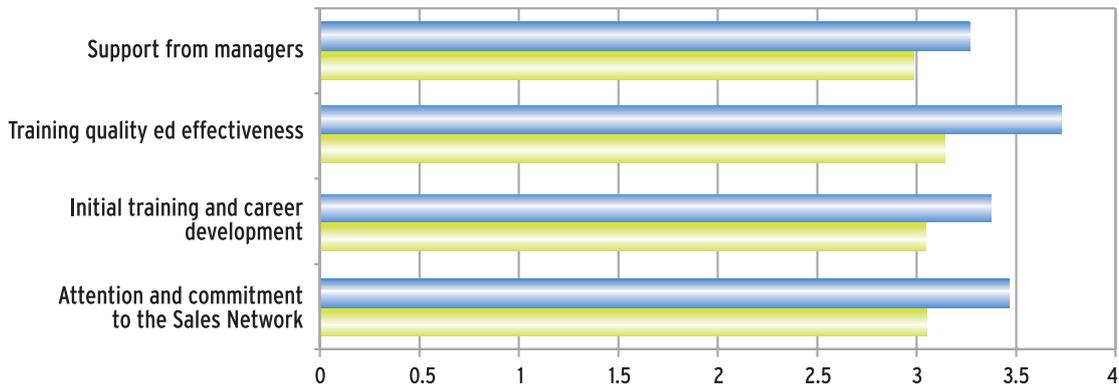


All the ratings indicate excellence, showing that the close working relationship between Headquarters and the Sales Network is among the highest on the market, with communication and marketing support being key.

\* The 2008 survey included a sample of 1,720 Financial Advisors from the following companies: Banca Mediolanum, Azimut, S. Paolo Invest, Banca Sara, Finanza & Futuro, Banca Fideuram, Allianz Bank, Banca Generali, Xelion, Fineco, MPS Banca Personale.

**Career**

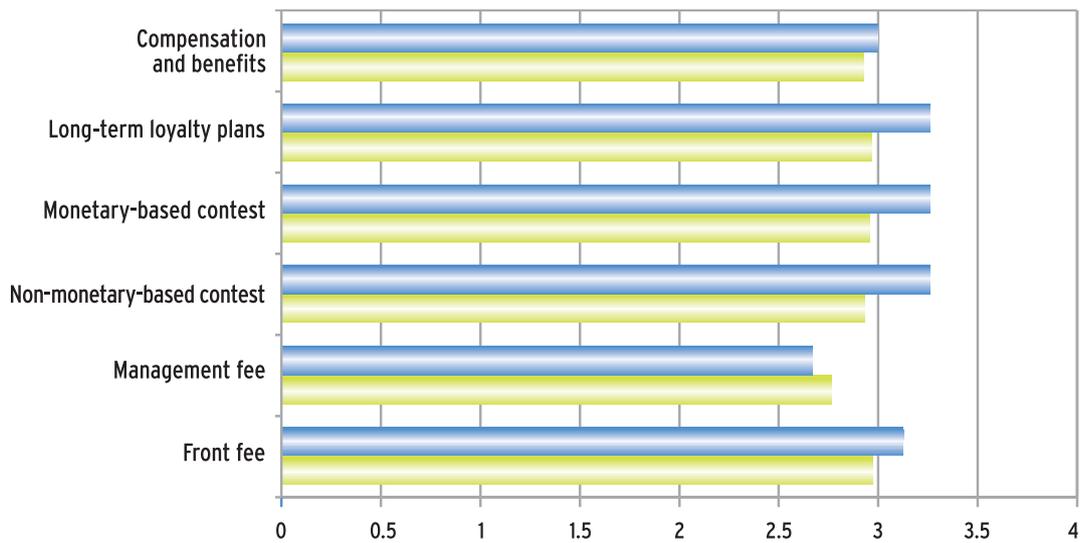
Sample Mediolanum



The career path model is appreciated from all points of view, especially for training quality and effectiveness in addition to the attention and efforts dedicated to the Sales Network.

**Compensation**

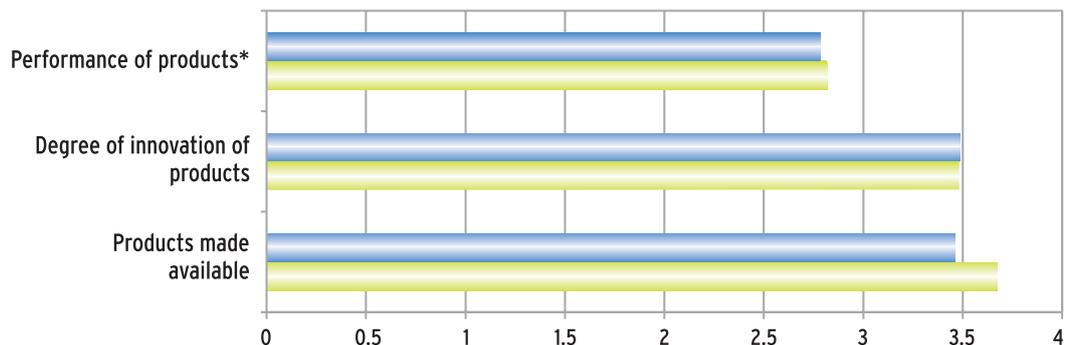
Sample Mediolanum



A high degree of satisfaction was expressed regarding almost all forms of compensation, indicating that the Group's reward and incentive systems are appreciated.

**Products**

■ Sample    ■ Mediolanum



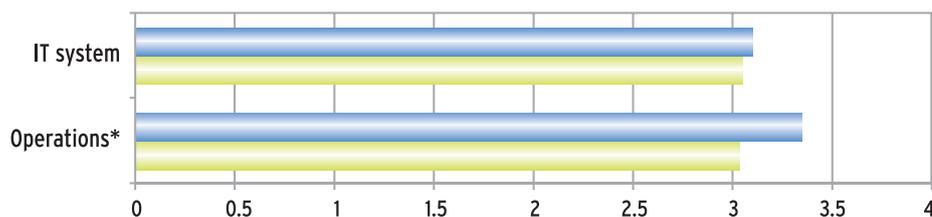
\* In terms of customer returns

In the past year, the satisfaction of the Sales Network with the Group's products was in line with the average despite the unfavourable financial market performance.

Initiatives to enhance our product offering implemented over the year improved the degree of satisfaction with products, which, though remaining below average, came in at above 3.

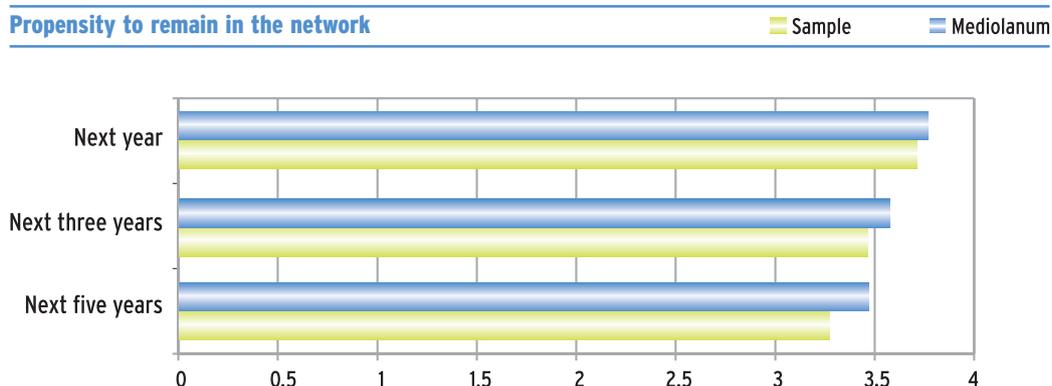
**Support**

■ Sample    ■ Mediolanum



\* Time required to open contracts, deliver material, etc.

A high degree of satisfaction was expressed for the infrastructures supporting the Family Bankers.

**Propensity to remain in the network**

The propensity of the Banca Mediolanum Sales Network's members to remain in the Network is shown by their increasing loyalty rate above the average of the "best in class" companies included in the GfK Eurisko survey.

## OTHER INITIATIVES

At a time of particularly complex markets, the assistance provided by Headquarters to the Network was significantly enhanced by the addition of a **new telephone channel** that via a toll-free number can answer the Family Banker's requests for information mostly in real time, that is during that same telephone call.

This new communication means supplements the multi-channel support already in place (TV - Intranet - Pc) to support the Sales Network.

## LITIGATIONS AND DISPUTES

Outstanding litigations with the Sales Network mainly involve legal actions initiated by the Bank in response to unacceptable behaviour or in any event behaviour that is not compliant with the regulations governing sales in the financial services area: in this event the Bank takes measures to protect the customers who were harmed.

To limit these risks, the Sales Network Inspectors Unit performs regular checks on the sales activity of the Network with the objective of ensuring full and continuous compliance with the regulations applicable to sales of financial products and services in the field.

Checks and inspections were conducted at the Family Banker Offices in the field as well as at those at corporate Headquarters. Additional checks were conducted via ad-hoc quantitative and statistical indicators monitoring potential operational and reputational risks related to the Sales Network activities.

To further protect the bank, in 2008 the insurance policy covering potential illegal actions by the Sales to the detriment of customers was renewed.



## “Training & Learning”

### CONTINUOUS TRAINING AND LEARNING: MEDIOLANUM CORPORATE UNIVERSITY

“I wanted a legendary training centre.  
We have created our own “university”.”

*(Ennio Doris - President, Banca Mediolanum)*

In 2008, the work on Mediolanum Corporate University was completed.

A venture within the company conceived, wanted and created to train our people for **Excellence**, creating unrivalled professionals in Customer Relationship, financial advising and the management of household assets. A combination of knowledge and technology, supporting the development - both professional and personal - of the Family Banker®.



Mediolanum Corporate University has the ambition to become the main reference point for the acquisition of expertise and capabilities in Customer Relationship Management:

- a place to acquire and share knowledge;
- a place that offers the possibility for continuous improvement;
- a place to learn and develop the fine art of interpersonal Relationships.

Inspiration for the design of the training and learning courses was drawn from the greatest international corporations. These companies consider training as part of a broader project: the strategic investment in **knowledge**. Training in technical, economic and financial matters is complemented by classes in the company’s corporate culture as well as interpersonal Relationships along with great passion, strong motivation, and a solid team spirit.

At the base of it all is a concept of learning that promotes and encourages dialogue, exchange of opinions, the sharing of results and get-togethers between colleagues and co-workers learning from one another and from their daily experience.

The faculty consists of managers who have lived the history of Banca Mediolanum and have all given their personal contribution to it, while at the same time achieving important results in terms of their profession and career. They were chosen through a rigorous selection process followed by a course of targeted training and coaching.

Rounding out the faculty at the Mediolanum Corporate University are important leaders and advising professionals from outside the Mediolanum world - qualified and well-known professionals who were carefully selected from among the best in the national and international training arena.

The Mediolanum Corporate University **Campus** is part of Milano Tre, Basiglio, Milan, where the headquarters of Banca Mediolanum are also located. With more than 4,000 square meters entirely dedicated to students: a place for studies and **social activities** built with harmony in mind in terms of choice of modern materials, technologically advanced infrastructure, relaxing and energising spaces.

The classrooms are spacious, designed to reflect the origins and history of Banca Mediolanum and encourage the building of each student's personal and professional future.

On Campus, the Museum and the Medioteca (Mediolanum audio-visual library): Banca Mediolanum "roots" are alive in the Museum where memories, keepsakes, souvenirs of past sales conventions, along with some of the most precious documents telling the company's story are on display. The Medioteca is the place dedicated to knowledge par Excellence. A book and audio-visual library with a large collection of international books and videos equipped with advanced multi-media workstations.

The common areas and the break rooms are as important as those devoted to study: all of them have been designed to encourage learning and socialising.

To let the new information acquired during the day sink in and get ready for the upcoming tasks, the Mens Sana (Healthy Mind) room was created: the place that fosters the search into the secrets of the body and mind and helps you find their balance. Soft colours, aromas, background music - because physical and mental well-being are inextricably entwined.

The Mediolanum Corporate University Campus includes a Residence with 75 rooms, fully appointed to host the guests of the Corporate University during the training sessions.

The Mediolanum Corporate University appointed its own **Scientific Committee** with the purpose of stimulating creative ideas to achieve the company mission, of advising the Mediolanum Community about new perspectives and guidelines, and orienting, implementing and innovating projects and processes relating to financial education, professional and behavioural training.

Their core activity is to **interact** with external contacts, creating contacts, studies and relationships with universities and research centres with the aim of producing, managing and conveying knowledge. The Scientific Committee is made up of members from the Mediolanum Group as well as distinguished figures external to the Group who are all committed to achieving the Committee's objectives.



**"To all of us, MCU was a wish, a dream,  
an idea, a desire we didn't have the courage  
to express for a long time.  
For us, MCU is a new way of expressing  
the genius and uniqueness in Banca Mediolanum."**

*(Oscar Di Montigny - Chief Executive Officer, Mediolanum Corporate University)*

## LEARNING: AN INTEGRATED APPROACH

The training courses for the various professionals in the Banca Mediolanum Sales Network are developed based on an approach integrating different teaching methods and tools, in order to make learning as effective and as practical as possible.

An advanced Learning Management System supports and facilitates self-directed learning.

**Self-training** provides fundamental preparation prior to entering the classroom where all the ideas and knowledge acquired during the self-study phase become shared experience.

The **on-the-job training** phase follows the training phase in order to apply in the field what was learnt in the structured training sessions.



## CLASSROOM TRAINING

In 2008, 280,399 hours of training were provided, up more than **9.2%** compared to the previous year. The number of participants grew by 124.2%, from 10,231 in 2007 to 22,938 in 2008.

Courses offered (hours)	2008	2007	% Change
Banking	29,748	38,620	(23.0)
Finance	21,866	40,480	(46.0)
Insurance	119,975	77,740	54.3
Other subjects*	108,810	99,924	8.9
<b>TOTAL</b>	<b>280,399</b>	<b>256,764</b>	<b>9.2</b>

\* Courses on management, commercial and sales techniques, communication skills, etc.

(Units)	2008	2007	% Change
<b>TOTAL PARTECIPANTS**</b>	<b>22,938</b>	<b>10,231</b>	<b>124.2</b>

\*\* Every Family Banker® can participate in multiple courses during the year.

The decline in the number of Finance and Banking training hours is due mainly to a lower number passing from non-licensed to licensed financial advisors; additionally, the shift away from active recruiting resulted in consequent reduction in the number of courses offered for the preparation to the CONSOB exam to become a Licensed Financial Advisor and be included in the Register of Financial Advisors.

An interesting way to look at 2008 total data is to separate training related to the CONSOB exam from the rest of training activities conducted over the two-year period.

Courses offered (hours)	2008	2007	% Change
Banking	2,962	1,782	66.2
Finance	393	106	270.8
Insurance	11,871	1,776	568.4
Other subjects*	6,317	3,289	92.1
<b>TOTAL</b>	<b>21,543</b>	<b>6,953</b>	<b>209.9</b>

\* Courses on management, commercial and sales techniques, communication skills, etc.

The significant increase in the number of hours of training was due to two different factors:

- training aimed at the development of Licensed Financial Advisors;
- training focused on the insurance - pension areas. Conferences on this topic were arranged all over the country also relying on outside professionals.

## TRAINING FOR FINANCIAL ADVISOR LICENSING EXAM

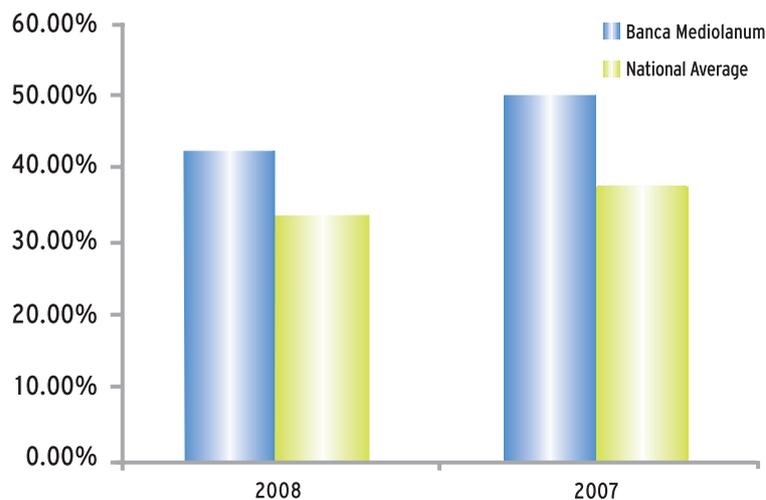
Once again in 2008 Banca Mediolanum well-rounded training platform proved to be effective, offering not only self-study but also classroom training held by university professors of national standing; the involvement of managers as **tutors** rounds off the training offering.



The high number of advisors who passed the CONSOB exam demonstrates the effectiveness of the training provided. Once again the average number of those who passed from Banca Mediolanum was higher than the Italian average by 26.5%.

## EXAM PASS RATE FOR REGISTRATION IN THE FINANCIAL ADVISOR REGISTER

Financial Advisor pass rate/total participants



## OTHER PROJECTS

Numerous **conferences** were held in cooperation with universities and organizations associated to financial advisors. These were also opened to the public and were focused on appreciating the value of the financial advisor's role as a professional who is key in supporting customers in moments of financial market crisis as those experienced in 2008.

## MEDBRAIN: ONLINE LEARNING

In 2008, a new technologically advanced system was launched: MedBrain, the virtual gateway to Mediolanum Corporate University. This system consists in online courses with a personalised training programme and allows participants to exchange opinions and to share material with others, to access news relating to their training coursework.



This IT tool is a means to check on the training programme of each participant as well as on the updated results on the tests taken and attendance of specific courses.

The number of accesses increased significantly in 2008.

	2008	2007	% Change
Total MedBrain users	8,915	8,983	(0.8)
Total MedBrain accesses	249,008	135,559	83.7
<b>TOTAL HOURS OF TRAINING</b>	<b>124,504</b>	<b>67,780</b>	<b>83.7</b>

In 2009, a new portal will be launched integrating all the information and training aimed at the Sales Network.



## “Recruiting & Empowerment”

The growth in size of the Sales Network represents one of the strategic objectives of the Mediolanum Group and continues to be the central focus of its efforts.

The success achieved over the past two years (2006-2007) in terms of size of the Sales Network was followed in 2008 - in light of the financial market crisis - by the choice to consolidate the results attained in terms of skills and professional experience acquired by Family Bankers.

That is why over the course of 2008 selection and recruitment programmes were revised and structured to achieve maximum efficiency.

Within the network, those who over the years proved to be the best at selecting other people were identified with the objective of entrusting to their competence and experience new recruitment strategies designed for the difficult time of the financial market crisis.

The best human resource managers were instead entrusted with developing programmes to consolidate and strengthen the Sales Network with the objective to achieve adequate levels of productivity and results.

The “**I.Co.N.A.**” Programme (“Innovate the Communication of the New Advisor”) was launched in 2005 to reposition the professional advisor model by accomplishing the transition from Global Consultant to Family Banker® and has now become a process embedded in the commercial strategy of the Sales Network.

## The Customer – Family Banker® Relationship at the local level

### THE NEW “FAMILY BANKER OFFICES®”

The Family Banker® brings the bank into the customer’s home and offers them the best solutions and tools to operate with complete freedom.

Banca Mediolanum and its Family Bankers are present in all Italian regions and main cities with their premises: ground-floor premises are a point of contact for customers and prospects while upper-floor premises are actual offices. In 2008, the ground floor layout of the premises - originally named “Punto Mediolanum” - was redesigned and the new “Banca Mediolanum - Family Banker Office®” sign made them even more visible to the public. In fact, the Family Banker Office® is a point of contact where everyone can obtain information or an opinion on financial, banking or pension matters.

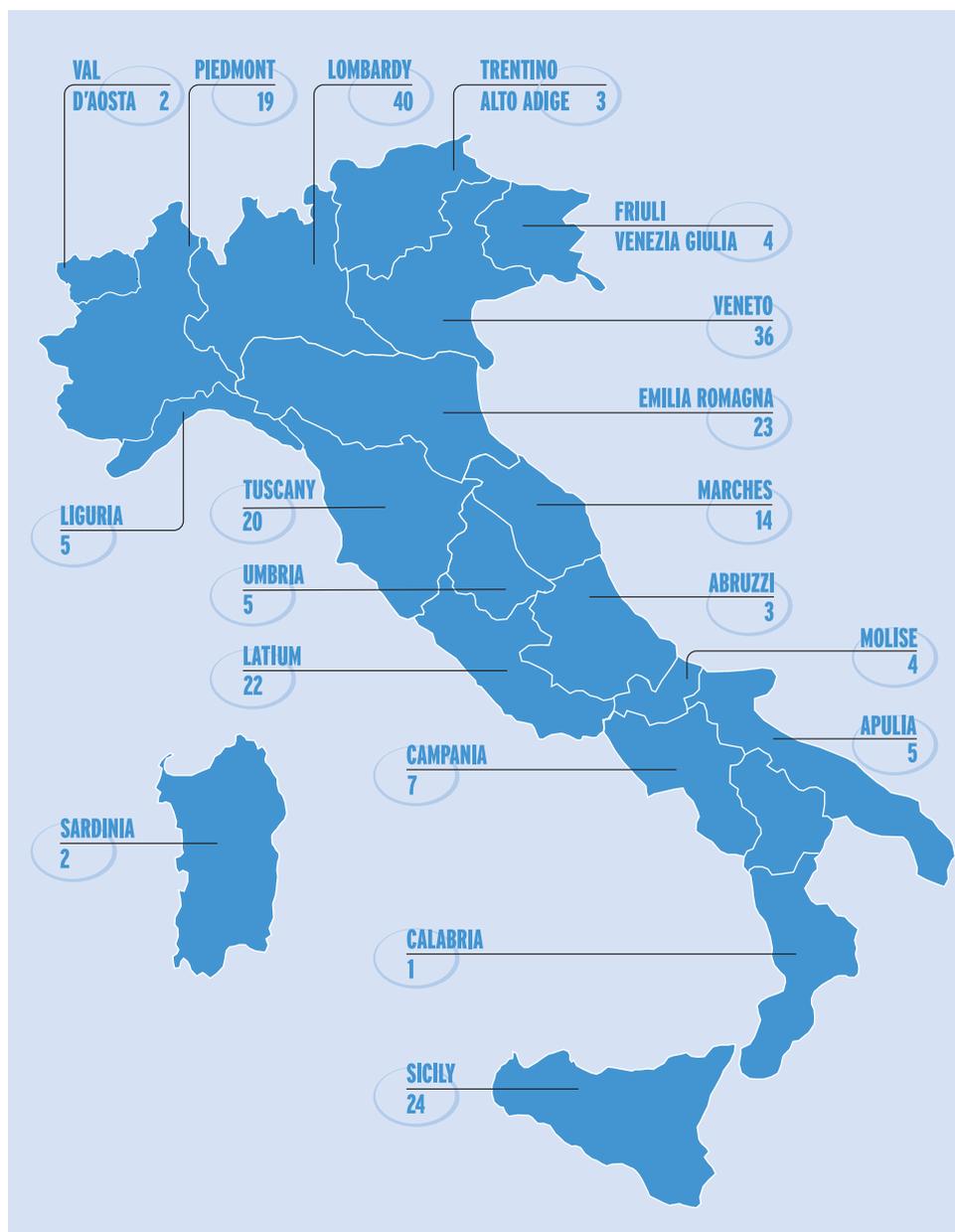


Number	2008	2007	% Change
Family Banker Office®	239	244	(2)
Sales Network Traditional Offices	297	286	4
Banca Mediolanum branches	5	2	150
<b>TOTAL</b>	<b>541</b>	<b>532</b>	<b>1.7</b>



The Family Banker Office® is the place where customers can find out about Banca Mediolanum and, with the help of the Family Banker®, they can also learn how to use the bank’s multiple channels via the workstations that connect directly to the Internet and to Teletext or they can access the Banking Services Center directly. Both Family Banker Offices and the traditional Sales Network offices are Family Bankers’ operational offices. In 2008, 3 more bank branches were opened in the cities of Padua, Bologna and Rome in addition to the two Banca Mediolanum branches already operational in Milan and Basiglio.

The distribution of the Family Banker Offices cover practically the entire country. The regions with highest density are Lombardy, Veneto, Sicily and Emilia-Romagna.



## DEDICATED MEETINGS

During the year, the Sales Network organises thousands of events across the country both at the Family Banker Offices and at other venues to meet customers and prospects: customer-dedicated evenings featuring movie premieres, concerts, black-tie dinners and various types of meetings. Specifically, in 2008, two important events were organised, which entailed keeping the Banca Mediolanum Family Banker Offices open throughout the weekend in conjunction with the beginning of the Giro di Italia cycling race (May 10 and 11, 2008) and the 84<sup>th</sup> World Savings Day (October 31 and November 1, 2008). During these 'open days', training and information were offered to both customers and prospects.



**"I look around and I see fertile ground."**

(Employee since 2007)

# Employees



## VALUES

Mediolanum employees are united by the sharing of values, principles and company objectives. This is corroborated by the results of the yearly employee climate surveys, and is demonstrated by the employees' **capacity to "create teams"**, including those relating to improvement projects that are put together by the initiative of the employees themselves and where you can find a very high level of participation and sharing.



## OPPORTUNITIES

Business growth, despite the difficult situation in the market in the second half of the year resulted in 226 new-hires, bringing the total number of employees in Italy to 1,659. The fact that those hired came from a high number of **unsolicited job applications** and from referrals from current employees indicates that the Group's values and potential have a strong professional appeal, which is reinforced by the noted quality of the training provided. Additionally, in 2008 a 'mortgage task force' was created, which is becoming another entryway into the company for new employees in 2009.



## THE COMMITMENT

To further opportunities for **personal and professional growth** through multi-disciplinary training (with the contribution of Mediolanum Corporate University, starting in 2009) and increasing commitment to the firm priority of promotion from within, beginning with the Banking Services Center as point of entry.

To keep up the Teams for Improvements activity, which have proven to be an excellent school for teamwork and a source of self-created professional and cultural development. To continue to put together useful activities and projects that have a positive impact on the health, free time and life of the employees.

## Analysis of employees

The Mediolanum Group is described through its personnel in the following tables. The figures refer to the number of employees at the end of the year.

### ANALYSIS OF EMPLOYEES BY CATEGORY AND GENDER

Category	2008				2007			
	Number			% of total	Number			% of total
	M	F	Total		M	F	Total	
Senior Management*	65	15	<b>80</b>	<b>4.8</b>	67	15	<b>82</b>	<b>5.4</b>
Middle Management*	134	79	<b>213</b>	<b>12.8</b>	118	72	<b>190</b>	<b>12.6</b>
Non-management employees	584	782	<b>1,366</b>	<b>82.4</b>	522	713	<b>1,235</b>	<b>82.0</b>
<b>TOTAL</b>	<b>783</b>	<b>876</b>	<b>1,659</b>	<b>100.0</b>	<b>707</b>	<b>800</b>	<b>1,507</b>	<b>100.0</b>
Men/Women(%)	47	53			47	53		

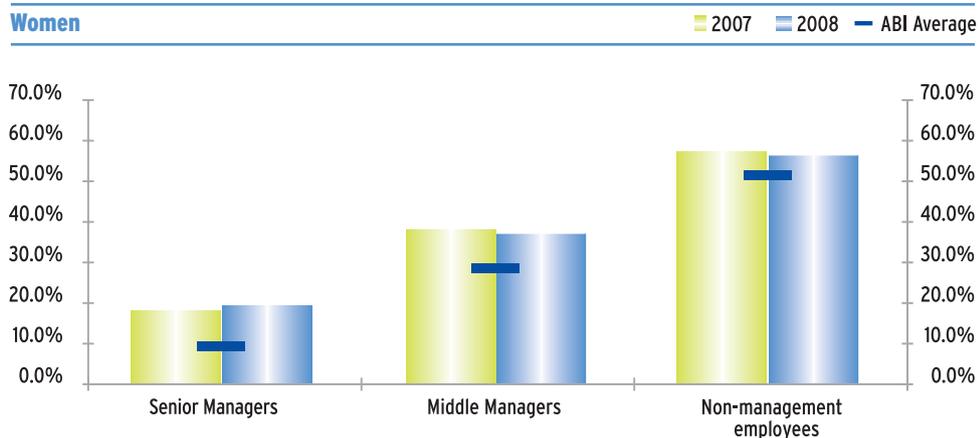
Category	Change			
	Number			% Change
	M	F	Total	
Senior Management*	(2)	-	<b>(2)</b>	<b>(2.4)</b>
Middle Management*	16	7	<b>23</b>	<b>12.1</b>
Non-management employees	62	69	<b>131</b>	<b>10.6</b>
<b>TOTAL</b>	<b>76</b>	<b>76</b>	<b>152</b>	<b>10.1</b>
Men/Women(%)	50	50		

\* Data do not take into account 6 senior managers in 2007 and 8 senior managers and 3 middle managers in 2008 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area.

Overall, in 2008, 53% of the employees were women, this percentage is in line with previous years. The figure is significant if compared to the industry average of 41.1%\*\*.

The distribution of professional categories remained virtually unchanged in the two year period, against a more than 10% increase in headcount.

\*\* ABI, "Statistical data as at December 31, 2007 - Analysis and Distribution of Banking Personnel".



The percentage of female employees was stable in the last two years. In 2008, **female executives** accounted for 1.7% of all women employees, compared to the average of 0.5% in the Lending and Finance industry according to ABI (Italian Bankers' Association)\*. Out of total executives, **18.7%** were women, and well above the ABI\* average percentage of 9%.

## ANALYSIS OF EMPLOYEES BY COLLECTIVE LABOUR AGREEMENT TYPE

Collective Labour Agreement type	2008					2007				
	Category				%	Category				%
	SM	MM	NME	Total		SM	MM	NME	Total	
Banking	-	178	1,246	<b>1,424</b>	85.8	-	152	1,110	<b>1,262</b>	83.7
Insurance	2	5	31	<b>38</b>	2.3	3	5	32	<b>40</b>	2.7
Commerce	77	26	56	<b>159</b>	9.6	78	29	62	<b>169</b>	11.2
Manufacturing	1	-	-	<b>1</b>	0.1	1	-	-	<b>1</b>	0.1
Private Radio & TV Networks	-	4	33	<b>37</b>	2.2	-	4	31	<b>35</b>	2.3
<b>TOTAL</b>	<b>80</b>	<b>213</b>	<b>1,366</b>	<b>1,659</b>	<b>100.0</b>	<b>82</b>	<b>190</b>	<b>1,235</b>	<b>1,507</b>	<b>100.0</b>

The distribution of employees by collective labour agreement type reflects the weight of the different components of the Group's business.

Since the Group includes Mediolanum Comunicazione S.p.A. a company active in the communications business, some employees are covered under the "Private Radio & TV Networks" agreement. All other employees are covered under the banking, insurance and commerce agreements.

\* ABI, "Statistical data as at December 31, 2007 - Analysis and Distribution of Banking Personnel".

## ANALYSIS OF EMPLOYEES BY CONTRACT

Type of contract	2008	2007	% Change
	Number	Number	
<b>Permanent employment</b>	<b>1,396</b>	<b>1,274</b>	<b>9.6</b>
<b>Total fixed-term contracts</b>	<b>274</b>	<b>239</b>	<b>14.6</b>
Trainee contracts	181	134	35.1
Fixed-term contracts*	93	105	(11.4)
<b>Total standard contracts</b>	<b>1,670</b>	<b>1,513</b>	<b>10.4</b>
<b>Total flexible contracts</b>	<b>140</b>	<b>92</b>	<b>52.2</b>
<b>TOTAL</b>	<b>1,810</b>	<b>1,605</b>	<b>12.8</b>

\* Data take into account 6 senior managers in 2007 and 8 senior managers and 3 middle managers in 2008 hired on a temporary basis for a specific project underway in the Banca Mediolanum Sales Network Area.

The percentage of the workforce on flexible contracts increased with respect to the previous year following a new project that was launched in the mortgage area. It is under evaluation whether this number will stabilize in the future in 2009.

Trainee contracts are the type of contracts used for the hiring of the young for their first work experience.

## ANALYSIS OF EMPLOYEES BY AGE

Age group	2008					2007				
	Category			Total	% of total	Category			Total	% of total
	SM	MM	NME			SM	MM	NME		
18-25	-	-	102	<b>102</b>	6.1	-	-	90	<b>90</b>	6.0
25-35	1	33	822	<b>856</b>	51.6	1	35	769	<b>805</b>	53.4
35-45	29	127	371	<b>527</b>	31.8	33	112	319	<b>464</b>	30.8
45-55	37	48	58	<b>143</b>	8.6	34	40	46	<b>120</b>	8.0
over 55	13	5	13	<b>31</b>	1.9	14	3	11	<b>28</b>	1.8
<b>TOTAL</b>	<b>80</b>	<b>213</b>	<b>1,366</b>	<b>1,659</b>	<b>100.0</b>	<b>82</b>	<b>190</b>	<b>1,235</b>	<b>1,507</b>	<b>100.0</b>

In 2008, more than **52%** % of total employees were in the 25-35 age group; only 2% were over 55.

The breakdown by category also shows a large number of managers in the younger age groups: about 15.5% of middle managers are under 35 and 37.5% of the executives are under 45.

## AVERAGE AGE

Category (Age)	2008			2007		
	M	F	Total	M	F	Total
Senior Management	47.7	47.4	<b>47.6</b>	47.5	47.0	<b>47.4</b>
Middle Management	41.0	40.4	<b>40.8</b>	41.0	39.5	<b>40.4</b>
Non-management employees	32.6	33.7	<b>33.2</b>	32.3	33.6	<b>33.1</b>
<b>TOTAL</b>	<b>35.3</b>	<b>34.5</b>	<b>34.9</b>	<b>35.2</b>	<b>34.4</b>	<b>34.8</b>

The average age (around 34.9) is considerably lower than the ABI average\* (about 42). The increase in the average age in the period 2007-2008 was less than 1 year, showing the high rates of young new hires.

**"Banca Mediolanum assures  
all its employees  
ample and concrete room for growth."**

*(Employee since 2006)*

## ANALYSIS OF EMPLOYEES BY LENGTH OF SERVICE\*\*

Length of service	2008					2007				
	SM	MM	NME	Total	% of total	SM	MM	NME	Total	% of total
0-2 years	6	21	309	<b>336</b>	20.3	6	23	300	<b>329</b>	21.8
2-5 years	8	22	369	<b>399</b>	24.1	6	19	279	<b>304</b>	20.2
5-10 years	29	83	483	<b>595</b>	35.8	35	93	520	<b>648</b>	43.0
10-15 years	19	47	109	<b>175</b>	10.5	15	20	44	<b>79</b>	5.2
over 15 years	18	40	96	<b>154</b>	9.3	20	35	92	<b>147</b>	9.8
<b>TOTAL</b>	<b>80</b>	<b>213</b>	<b>1,366</b>	<b>1,659</b>	<b>100.0</b>	<b>82</b>	<b>190</b>	<b>1,235</b>	<b>1,507</b>	<b>100.0</b>

\*\* Length of Service relates to service within the Group.

The length of service of over 44% of the employees is between 0 and 5 years; this is due to the fact that in the past few years the level of hiring was stable.

\* ABI, "Statistical data as at December 31, 2007 - Analysis and Distribution of Banking Personnel".



## EDUCATION LEVEL

Category (%)	Gender	2008				2007			
		University degree	High school diploma	Vocational school	Total	University degree	High school diploma	Vocational school	Total
Senior managers	M	80.0	20.0	-	100.0	80.6	19.4	-	100.0
	F	53.3	46.7	-	100.0	53.3	46.7	-	100.0
<b>TOTAL</b>		<b>75.0</b>	<b>25.0</b>	<b>-</b>	<b>100.0</b>	<b>75.6</b>	<b>24.4</b>	<b>-</b>	<b>100.0</b>
Middle managers	M	56.7	40.3	3.0	100.0	54.2	41.6	4.2	100.0
	F	43.0	48.1	8.9	100.0	47.2	48.6	4.2	100.0
<b>TOTAL</b>		<b>51.6</b>	<b>43.2</b>	<b>5.2</b>	<b>100.0</b>	<b>51.6</b>	<b>44.2</b>	<b>4.2</b>	<b>100.0</b>
Non-management employees	M	35.3	56.5	8.2	100.0	34.9	57.6	7.5	100.0
	F	30.8	63.0	6.2	100.0	28.3	65.7	6.0	100.0
<b>TOTAL</b>		<b>32.8</b>	<b>60.2</b>	<b>7.0</b>	<b>100.0</b>	<b>31.1</b>	<b>62.3</b>	<b>6.6</b>	<b>100.0</b>
<b>TOTAL</b>		<b>37.0</b>	<b>56.4</b>	<b>6.6</b>	<b>100.0</b>	<b>36.1</b>	<b>57.9</b>	<b>6.0</b>	<b>100.0</b>

The employees are educated to a high level. Those with a university degree account for 37% of total employees (ABI average: 30.8%\*) and **75%** of executives.



## EDUCATION LEVEL OF NEW HIRES

Educational level	2008		2007	
	Number	%	Number	%
Postgraduate	6	2.7	8	4.0
University degree	110	48.7	98	49.2
High school diploma	100	44.2	78	39.2
Other	10	4.4	15	7.6
<b>TOTAL</b>	<b>226</b>	<b>100.0</b>	<b>199</b>	<b>100.0</b>

Also new hires have a high level of education. Over **50%** of them hold a university or a postgraduate degree.

\* ABI, "Statistical data as at December 31, 2007 - Analysis and Distribution of Banking Personnel".

## Care for our people



### CAREER PATH AND TURNOVER

The Group prefers to hire young university or high school graduates and train them in-house because its comprehensive, multi-step training favours the sharing of corporate values.

The selection process entails inviting candidates, chosen on the basis of their curricula vitae, to spend a whole day at the company. Here they are given a full description of the organisation and its values as well as the induction and development processes. The candidates also take part in group assessments and have individual interviews with Human Resources personnel.

Most of those who pass the selection are hired to work in the Banking Services Center (BSC). During the first two months they receive classroom training and for the next four months they **work alongside** a senior BSC representative who coaches them.

During this extended training period they gain in-depth understanding of the products and services. The Banking Services Center, where representatives provide a wide range of information to customers and execute their orders, is the ideal training place.

At the end of the training period, the new hires begin to deal with customers on their own. The various departments constantly draw on the Banking Services Center for the junior personnel they require, selecting them according to their personal characteristics, educational background and individual ambitions. These individuals then follow specific **career paths**, going on to hold positions of increasing technical and/or managerial responsibility.

Similar training is also given to high-potential, new university graduates so that they can become familiar with corporate processes as well as products.

Only when people with special skills or expertise in a given area are needed and cannot be found nor developed in-house, does the Group hire them from the outside.



## NET NEW JOBS

Number	2008				2007			
	SM	MM	NME	Total	SM	MM	NME	Total
<b>Hires</b>	<b>4</b>	<b>11</b>	<b>211</b>	<b>226</b>	<b>2</b>	<b>12</b>	<b>185</b>	<b>199</b>
<b>Terminations</b>	<b>8</b>	<b>6</b>	<b>60</b>	<b>74</b>	<b>-</b>	<b>6</b>	<b>63</b>	<b>69</b>
Resignations	4	6	54	64	-	6	53	59
Retirement	4	-	-	4	-	-	1	1
End of contract	-	-	6	6	-	-	9	9
Death	-	-	-	0	-	-	-	0
<b>Net new jobs*</b>	<b>(4)</b>	<b>5</b>	<b>151</b>	<b>152</b>	<b>2</b>	<b>6</b>	<b>122</b>	<b>130</b>

\* Where Net New Jobs = Hires - Terminations

NOTE: Please note that the figures shown in the table above do not coincide with those shown in the table 'Analysis of Employees by Category', as they do not include the effects of promotions to higher positions. The senior management category does not include the executives hired with a fixed-term contract, people joining/leaving the Group's foreign operations, nor new personnel resulting from acquisitions.

The net increase in the number of non-management employees in operational areas is significant as they function as a source of organic growth, which explains the high turnover in this area.



## TURNOVER

Turnover (%)	Length of service	2008				2007			
		SM	MM	NME	Total	SM	MM	NME	Total
New Hires*	Total	<b>4.9</b>	<b>5.8</b>	<b>17.1</b>	<b>15.0</b>	<b>2.6</b>	<b>6.8</b>	<b>16.5</b>	<b>14.5</b>
Resignations**	Total	<b>10.0</b>	<b>2.9</b>	<b>4.9</b>	<b>4.9</b>	<b>-</b>	<b>3.4</b>	<b>5.6</b>	<b>5.0</b>
	turnover TI ***	10.0	2.9	3.0	3.4	-	3.4	3.9	3.6

\* New hires = No. of hires in the category/total personnel in that category at the start of the year

\*\* Resignations = No. of resignations in the category/total personnel in that category at the start of the year

\*\*\* Resignations calculated on permanent employment contracts.

Once again in 2008, the number of incoming new employees was significantly higher than the number of those leaving, which is the condition required to support the continuous growth that characterises the Group's business.

The number of resignations by key managers is limited and in many cases is mainly due to their having reached retirement age.

The number of resignations relating to permanent employment contracts is significantly low and indicates substantial stability in this category of employees.

## Career paths



### PROMOTIONS

The table below confirms **equal career development** for men and women, and the extensive use of internal promotion to fill higher positions.

Promotions accounted for 11.7% of personnel on standard contracts at the end of the previous year.

Promotions	2008				2007			
	M	F	Total	% Change	M	F	Total	% Change
Middle to Senior Management	1	-	<b>1</b>	0.1	2	1	<b>3</b>	0.2
Middle to Middle Management	8	1	<b>9</b>	0.5	5	2	<b>7</b>	0.4
Non-management employees to Middle Management	10	9	<b>19</b>	1.1	5	5	<b>10</b>	0.7
Non-management employees to Non-management employees	77	88	<b>165</b>	9.9	69	76	<b>145</b>	9.6
<b>TOTAL PROMOTIONS</b>	<b>96</b>	<b>98</b>	<b>194</b>	<b>11.7</b>	<b>81</b>	<b>84</b>	<b>165</b>	<b>10.9</b>
<b>TOTAL STANDARD CONTRACTS</b>			<b>1,659</b>				<b>1,513</b>	

**"I had a chance to work and grow within a variety of departments and in each one there was a different experience, a different kind of growth."**

*(Employee since 2000)*



## Thinking about the individual

The Mediolanum Group places great emphasis on all initiatives geared to listening, fostering, cultivating and developing personal aspirations and skills.

Not only did this kind of emphasis lead to the development of training and incentive systems that are so much appealing to employees, but also to services aimed at improving the work climate.

Working in a motivating environment with greater peace of mind makes sharing corporate values and goals easier.

### EMPLOYEE BENEFITS

Over the years, the Mediolanum Group has put into place special conditions, services and activities for the work and private life of the employee. Some of these stemmed from employee suggestions.

We believe in giving attention to people as a concrete application of the corporate values, as well as a way of improving the quality of our professional relationships.

#### Company day care centre

As shown by the data on employees, the Mediolanum Group personnel is young (average age: 35) and divided equally between the female (53%) and the male employees (47%). The shortage of services for child care often penalises



female employees. The management recognised that there was an interest in setting up a company day care centre, with interviewees in a work climate survey conducted in 2003 stating they would greatly appreciate such a project.

In January 2004, the General Services Department of Banca Mediolanum took on the project, with the objective of opening the company day care centre by the end of the year.

“**Baby Med**” opened in early December 2004 and is run by people specialised in the field of child care. The day care centre is only 50 metres from the Group’s headquarters, so that it is very convenient for parents and easy to reach if necessary, allowing them great peace of mind. In 2005, the day care centre was enlarged, with capacity being raised from 60 places to 88 places. A further expansion of the Day Care Centre is scheduled for 2009, which will result in an increase in the total available area to 1,000 sq. m with a capacity of **116 children**.

The day care centre covers an area of 732 square metres and was completely renovated and furnished in full compliance with regulations and through very strict contracting procedures. There is also an outdoor 300 square metres play park protected also by a system of video surveillance. It is open from 8.30 a.m. to 6.30 p.m. all year round (including August); **in the summer**, children can be enrolled for short periods, to offer the service to other parents in periods when vacant places are available due to holidays.

In 2008, during the summer vacation when pre-schools are closed, Baby Med functioned as an on-campus summer pre-school. The presence of the day care centre allows for the organization of events centred around the children and their families, such as Carnival parties and the little chorus of Mediolanum singers during the Christmas festivities.



The monthly fee paid by the employees for the day care centre is reasonable and lower than the average cost of the day care centres run by Milan's city government. This is mainly due to the "non-profit" nature of the initiative.

The **local area** also benefits from the positive effect of the day care centre. Thanks to the quality of the project, a contribution was obtained from the Lombardy Regional Government and a percentage (about 10%) of the capacity is allocated to families living in Basiglio, where the Group has its headquarters.

**"I don't have children yet but I believe it's the greatest sign of attention that the bank could give its most important customers, its employees."**

*(Employee since 2000)*

## Flexitime

Under the Flexitime scheme which allows employees to arrive up until 9.30 a.m., Mediolanum also meets its employees half-way through the adoption of flexible, part-time contracts.

In 2008, the number of "job profiles" doubled and the number of part-time employees that can be split into 20 different job profiles rose to 78.

## Shuttle bus service

A private shuttle bus service has been active for some time, with frequent runs between the headquarters and Milan.

This service is appreciated: the flexible shuttle hours respond to the needs of the employees in terms of both hours and runs that cover the main Underground stops. This leads to the saving of a considerable amount of travel time, as well as reducing pollution and traffic.

## Company-sponsored supplementary pension

Some time ago the Group established a **Pension Fund** to which all employees could contribute. Participation in the fund is incentivised because employees who have chosen to participate in the fund have their production bonus increased, which is then partly paid into the fund. At the end of 2008, 85% of middle managers and 93% of non-management employees were members of the Fund.

## Protection: supplementary health insurance

Optional supplementary health care is a **benefit** offered free of charge to employees (middle managers and non-management employees covered under the banking and commerce labour agreement, on permanent employment or trainee contracts) and includes coverage for a range of medical expenses, with the possibility of extending it to the employee's family for a consideration.

In 2008, the number employees receiving this additional coverage grew while the number of families choosing to extend the coverage diminished.

Insured	2008		2007	
	Number	%	Number	%
Employee beneficiaries (middle managers and non-management employees)	1,487	87.9	1,370	77.4
No. of family members with extended health insurance	204	12.1	399	22.6
<b>TOTAL NO. OF INSURED</b>	<b>1,691</b>	<b>100.0</b>	<b>1,769</b>	<b>100.0</b>

Insured	2008		2007	
	Number	%	Number	%
No. of employees who extended health insurance to their family members	118	7.9	235	17.2

In 2008, an additional health coverage was offered to managers, rounding off the range of already available services.

## Special terms for products and services

Other benefits for employees concern special terms for access to the products and services offered by the group, for example:

- mortgages;
- bank accounts;
- credit and personal loans;
- financial products and services (e.g. investment funds);
- headquarters support service (which provides information and operational support to employees, collecting and dealing with their requests relative to Group products).

## Commercial agreements

The Mediolanum Group signs commercial agreements for discounts and/or special terms for its employees and for the Family Bankers.

These agreements cover sectors ranging from furniture to clothes, from well-being to leisure time and travel. Thanks to the agreement with ATM, the Milan's public transport company, for example, many employees have purchased annual passes at reduced rates.

In addition to the agreements on an annual basis, agreements for special terms and discounts are made for sport and cultural events. An updated list of the agreements is published on the Innova portal and through an internal communication service.

## INCENTIVE PROGRAMMES AND PERFORMANCE DEVELOPMENT

The Group has a variety of in-house instruments geared to support supervisors in the management and development of performance not only in a strict sense (achievement of results) but also in terms of behaviour and attitude.

For managers there is an incentive plan tied to the achievement of company and individual objectives, strictly in line with business strategies. For some, (e.g. fund managers, securities traders, treasury staff), the assessment method and incentive plan have the aim of rewarding results and is in line with industry practices.

The assessment concerns absolute and relative quantitative results of product performance as compared to the benchmark, in addition to a qualitative component.

The system requires the manager to draw up a concrete individual work plan that is both simple and shared with the employee.

All departments rely on the same type of general scheme in terms of performance and skills but differ to appreciate the specific characteristics required by the job.

For example, the Banking Services Center adopts an assessment grid linked to skills, which records a number of **operational tasks** (e.g., handling phone calls in the correct length of time) and the level of **collaboration** (e.g., interaction with colleagues, sharing knowledge, etc.). If the skills obtained following targeted training are then put to work with positive results, this is recognized by an increase in salary.

These performance management and development plans currently involve 73% of the company's middle managers and non-management employees.

## Internal participation

The employees of the Mediolanum Group actively take part in improving the efficiency of the corporate processes, including via the Teams for Improvement.

This initiative identifies areas for improvement or innovation in a number of company domains, leading to solutions which are carefully evaluated by Top Management and then often applied.

### TEAMS FOR IMPROVEMENT



The Teams for Improvement are formed spontaneously by employees and meet regularly to identify and study critical areas for improvement in their work and the company's business.

The Teams for Improvement were introduced at Banca Mediolanum at the beginning of '90s and are based on the KAI-ZEN, where KAI means change and ZEN means better: **change for the better** is thus the "mission" of the Teams for Improvement. In the last 8 years, more than 150 projects were carried out during 15 sessions with over **1,100** employees involved.

Teams for Improvement are always under the guidance of an Advisor, a high-level manager from within the company with experience and specific knowledge in the area related to the project and has the role of encouraging and assisting all the team members.

The Teams for Improvement last about four months and follow four steps:

- Identification of the problem
- Data collection
- Writing up of one or more proposals for improvements
- Implementation ( and Follow up)

The most interesting and significant projects are analysed and **operative solutions** for improvement and optimisation are proposed. The Teams for Improvement have led to results in terms of substantially improving the workplace climate and in gaining active involvement of employees in company life, as well as in obtaining economic benefits and improvements in processes. Additionally, the team members present the project to Top Management. Following the presentation, an award ceremony is held with the participation of all employees. Those who presented the best projects, in addition to receiving a prize (vacations and travel) will be invited to a dinner with Top Management.



The need to bring to life the projects that were planned by the Teams for Improvement and make them into real **corporate projects** led to the creation of the idea of 'Follow up', in February 2006. The push behind every single project is the Advisor, who stays in contact with the Teams at the beginning and with the 'technicians' in charge of implementation afterwards to make sure that the project is realized. Thanks to this new approach to the Teams for Improvement, 30 projects were implemented, with 12 presented in 2008 involving 30 people.

In October 2008, a **questionnaire** was circulated to improve the teams activity and to involve those who had not yet participated: the response rate was very high indicating the awareness of the employees of the company's quality orientation, continuous improvement through teamwork and the cooperation among the different departments.

This provided food for thought in terms of the setting up of a training course revolving around evaluation and analysis techniques to apply the "**theory of quality**" to daily practices.

**"I can say that the entire experience was incredible and intense but to be able to present a month's worth of your work to Top Management was really exciting."**

*(Employee since 1999)*

## IMPROVEMENT PROJECTS

The Progetti di Miglioramento (PdM) (Improvement Projects) are also very important: these have to do with “continuous improvement”. Everyone is encouraged to give their contribution by optimizing practices via small changes that are often without cost but bring savings in terms of time and/or processes or procedure.

Since January 2008 various company departments were involved in the Improvement Projects and identified 70 projects, with 53% implemented during the year.

## Personal development

Investment in the professional skills of our people is essential to offer customers excellent service.

Training is therefore a fundamental and prioritised element in the Group's strategies and is implemented to **develop the skills** of each person and foster their potential, so that personal ambitions converge with the company's needs.

The training programmes are based on an ‘institutional’ plan of courses with contents of an increasingly managerial nature and on specialised technical training, designed according to the needs of the people and the company.

Alongside this training there is training on the products, services, processes and corporate values that the Banking Services Center representatives receive in the first 18 months, with classroom courses and training in the field.

Finally, in 2007, as part of the collaborative agreement with Bocconi University to set up a chair of “Customer & Service Science” and the “Customer & Service Science Lab”, a training course on quality was set up within Mediolanum. This training course is reserved for recent graduates of high potential who are granted the “**Mediolanum Service Quality Certificate**”.

In 2008, the three best projects developed during the in-house training course were given an award.

**“Training is a tool that  
when given to an intelligent worker  
generates added value.”**

*(Employee since 2006)*



## EMPLOYEE TRAINING

The following table shows the data relative to courses taken by Group employees. These courses are divided into three categories:

1. **training courses on values and on managerial skills:** these aim to convey to the Group's employees what it means to work for Mediolanum and to develop a number of relationship and managerial skills, in coherence with the group values;
2. **technical refresher courses:** these are technical and specialised and are tailored to the needs of the various company areas;
3. **compulsory training courses:** all those required by the current regulations, such as courses on Personal Data Protection, Anti Money-Laundering, Act 231/2001 or Insurance Brokerage.

Course name	2008		2007		% Change	
	No. of participants	Total hours	No. of participants	Total hours	No. of participants	Total hours
Training on corporate values and managerial training	322	4,815	288	4,713	11.8	2.2
Technical refresher courses	778	15,011	727	14,166	7.0	6.0
Compulsory training	3,304	19,162	2,614	8,922	26.4	114.8
<b>TOTAL</b>	<b>4,404</b>	<b>38,988</b>	<b>3,629</b>	<b>27,801</b>	<b>21.4</b>	<b>40.2</b>

In 2008, there was a notable increase in the hours dedicated to regulatory issues, specifically with reference to Anti Money-Laundering and Act 231/2001, which relates to organizational, management and control model.



## AVERAGE NUMBER OF HOURS OF TRAINING AND PROFESSIONAL REFRESHER COURSES

Type of course (Hours)	2008	2007	% Change
Training on corporate values and managerial training	2.9	3.1	(6.5)
Technical refresher courses	9.0	9.4	(4.3)
Compulsory training	11.6	5.9	96.6
Professional refresher courses*	46.0	55.5	(17.1)
<b>TOTAL HOURS PER-CAPITA</b>	<b>69.5</b>	<b>73.9</b>	<b>(5.9)</b>

\* Update through specialised industry magazines and journals for the use by employees at no charge, corporate conventions for the launch of new products, specialised meetings to update on the development of the Group business and activities, presentation of quarterly earnings release during meetings regarding the company's performance.

An average of about 70 hours a year of training and professional refresher courses was reached with a strong increase in 2008 in training related to regulatory issues.



## TRAINING COURSES FOR NEW-HIRES

	2008	2007	% Change
No. of sessions	18	19	(5.3)
No. of participants (1)	183	197	(7.1)
Total hours (2)	55,568	66,236	(16.1)
<b>TOTAL HOURS PER-CAPITA (2)/(1)</b>	<b>304</b>	<b>336</b>	<b>(9.5)</b>

New hires take part in training courses which equip them with the professional skills to perform their duties in the Banking Services Center.

In 2008, a slight decrease was recorded in the average total hours per-capita, following a reorganization of course content in order to make their entry into the workplace more efficient.

**“Every day I feel  
I’m working on a team and “for a team”  
even if I’m just doing my piece of the work.”**  
*(Employee since 2000)*

## Equal opportunities

This section highlights the relationship between average compensation for men and women, calculated as a ratio between the average compensation for men and the average compensation for women.

Category	2008					Average
	Length of service					
	<2 years	2-5 years	5-10 years	10-15 years	>15 years	
Senior Management	1.61	1.51	0.90	1.21	1.69	<b>1.25</b>
Middle Management	1.03	1.04	1.04	1.16	1.19	<b>1.12</b>
Non-management employees	1.00	1.03	1.08	1.05	1.04	<b>1.00</b>

Category	2007					Average
	Length of service					
	<2 years	2-5 years	5-10 years	10-15 years	>15 years	
Senior Management	1.39	n.a.*	0.95	1.15	1.72	<b>1.22</b>
Middle Management	1.10	1.10	1.14	0.97	1.20	<b>1.13</b>
Non-management employees	1.07	1.00	1.07	1.01	1.04	<b>0.99</b>

\* This cannot be calculated because there are no female employees in this category and with this length of service.

Not available data is due to the fact that in the company there are no women of that category in that length of service.

There are no significant differences between the average compensation for men and women in the middle management and non-management categories.

With reference to senior managers, in certain length-of-service categories there is a difference in compensation which is not relevant as the professional roles differ within the category.

## Protected categories

Current laws require hiring personnel belonging to what are termed “protected categories”. Some Group companies have signed special **agreements** with the Provincial Government of Milan to plan these hirings over the next few years, in compliance with the limits of the law. A possible channel for finding individuals belonging to the protected categories has also been activated through an agreement with an agency recognised by the Provincial Government, which is specialised in helping the disabled enter the world of work.

	2008	2007	% Change
Senior management	-	-	-
Middle management	1	0	100.0
Non-management employees	35	31	12.9
<b>TOTAL</b>	<b>36</b>	<b>31</b>	<b>16.1</b>

The agency the Group collaborates with has a **team** of psychologists who recruit, select and train these individuals beforehand, according to the characteristics of the job they will have and in close collaboration with the Human Resources Department of the Group.

These employees are helped to settle into the company by the presence of a dedicated and specialised **tutor**, who works for the external agency. This tutor follows the individual for the first 6 months of internal training. At the end of this period the tutor, the team of psychologists and the company assess whether the activities of the job are suited to the individual, in order to guarantee the job is in line with the person’s psychological and physical characteristics.

## DISABLED ACCESS SERVICES AT HEADQUARTERS

At Mediolanum Group Headquarters, there is the necessary infrastructure in place to guarantee the disabled employees and visitors access: in fact, 12 special entryways and 18 reserved parking spots were constructed for this purpose. There are 6 restrooms dedicated to the disabled.

## LITIGATIONS AND DISPUTES

In 2008, there were no pending litigations and disputes with employees.

# Personal time

## BREAKDOWN OF HOURS ABSENT BY LEAVE-TYPE IN TERMS OF HOURS AVAILABLE

	2008		2007	
	Hours	% ***	Hours	% ***
Holiday / Maternity leave	376,041	13.7	317,658	12.7
Sick leave	101,404	3.7	114,064	4.5
Paid leave	45,568	1.7	47,041	1.9
Other*	46,174	1.7	40,238	1.6
<b>TOTAL HOURS ABSENT</b>	<b>569,187</b>	<b>20.8</b>	<b>519,001</b>	<b>20.7</b>
<b>REGULAR HOURS WORKED</b>	<b>2,170,153</b>	<b>79.2</b>	<b>1,991,682</b>	<b>79.3</b>
<b>AVAILABLE HOURS **</b>	<b>2,739,340</b>	<b>100.0</b>	<b>2,510,683</b>	<b>100.0</b>

\* Coursework, medical visits, family leave and work-related leave.

\*\* Available hours are calculated as number of work-days in a year multiplied by the number of work hours according to the related labour agreement.

\*\*\* The percentage is calculated as the ratio to the total number of available hours.

Vacation and maternity leave are contractually **obligatory** and account for more than half the total of hours absent.

**"Enthusiasm means participating in anything and to be really involved. Self-fulfilment is not the only motivation."**  
*(Interviews with Top Management )*



## Health & Safety – the Safety project

In 2008, the Mediolanum Group developed the Safety Project to minimise accidents in the workplace, and thus create a **culture of safety** in the workplace.

Safety protection activities are conducted to ensure the safety of people and a safe workplace in compliance with statutory and regulatory requirements, specifically with the Consolidated Finance Act (Testo Unico, T.U.) - Law Decree, passed on April 8, 2008, substituting Act 626/94 - encompassing all the laws regarding safety.

Mediolanum has the objective of reaching excellence in the area of Safety as well.

The activities carried out to assure a safe workplace were:

- the definition of a workplace safety unit overseeing safety and the appointment of those responsible for each area;
- training of certain people at the company's headquarters to provide support during fire drills, real emergencies and for emergency aid, as well as training of employee representatives on workplace safety;
- monthly Safety Meetings and periodic Hazard Survey consisting in workplace inspections to uncover potential situation that are not in compliance and require remedial action;
- a section dedicated to Security on the "Innova" portal, that is constantly up-dated.

**A loudspeaker system** for emergency announcements and alarms was installed in 2008 and two evacuation drills were conducted with very positive results.

Four training updates were held for the members of the Safety Unit and awareness is steadily built among employees and department supervisors for the continuous improvement of the safety system.

These activities were combined with **concrete improvements** of the workplace furnishing and fittings.

The new electrical wiring was installed beneath the floor for greater safety; to improve the comfort of the office environment additional air-conditioning systems were installed. Automatic turnstiles were installed at the main entrances that allow access to the building only by company badge. It is not possible to pass through without a badge. All the other entrances that are not equipped with this system will be equipped with an alarm system and it will be possible to use them only in the event of an emergency.

In addition to new projects, annual upkeep is carried out, such as:

- Sanitation of work stations and certain equipment;
- Substitution of air filters;
- Preventative and periodic disinfestations.

In the area of healthcare, **410** employees underwent a **medical check-up**. Additionally, in 2008, the anti-flu vaccination campaign was organized and two blood drives at Headquarters were organized in cooperation with Avis. Finally, in June a campaign was arranged to sensitise employees to the damages caused by smoking.

#### Industrial accident index

	2008	2007	% Change
Total industrial accidents	9	15	(40.0)
Of which driving to/from work	8	13	(38.5)
No. of days of work lost for industrial accidents	247	422	(41.5)
Severity index *	0.11	0.21	(46.3)

\* The severity index is defined as the ratio between days absent due to industrial accidents and thousands of hours worked.

Total industrial accidents - i.e., those recognised by INAIL (National Insurance Institute for Industrial Accidents) - recorded by the Human Resources Department (TIME LOST DUE TO ACCIDENTS) - declined compared to 2007.

The most frequent industrial accidents when driving to or from work are bumper-to-bumper collisions, whereas accidents in the workplace are mainly falls.

In 2008, the total number of accidents decreased with respect to 2007. Of 247 workdays lost, 149 were due to the consequences of accidents occurred in 2007 that had repercussions in 2008 as well.

## Company-employee relations



### EMPLOYEE CLIMATE SURVEYS

Since 1999, every two years the employees of the Mediolanum Group have taken part in an anonymous employee climate survey to measure their satisfaction and identify areas for improvement.

The questionnaire covers a variety of subjects, with questions on:

- the environment and resources;
- characteristics of the Group;
- expectations and compensation;
- the direct superior;
- the work team;
- the quality of personal work;
- overall satisfaction;

as well as the possibility of offering suggestions and opinions to improve the quality of the life and work in the company.



The latest survey was conducted online for the first time. The response rate was very high: **86%** of the questionnaires were returned and completed in full, even though anonymous in nature.

The high percentage (70.1% of the participants in this edition) of those who added at least one comment is a tangible indicator of trust that becoming involved in company activities results in concrete projects. This compares to between 40% and 50% in the past editions.

**"For whoever wants to grow  
it surely is the ideal situation,  
not to mention all the services  
and activities available."**

*(Intern 2008)*

The level of overall satisfaction remains substantially unchanged compared to previous editions.

These surveys and comments result in a variety of improvement **projects**: those of a wider scope are taken care of by the company, but many others involve the employees directly. A few examples include: an improvement of the shuttle bus service, an increased range of outside-work activities, the re-making of the parking lot, the reorganisation of the break rooms and the implementation of energy-savings idea, the building of locker rooms to use for sport activities in off-work hours, the availability of "light" products, and cleansing and relaxing herbal teas in the vending machines.

The next employee climate survey will be carried out in spring 2009.

Recommendations and ideas for improvements can be made on a dedicated section on the "Innova" portal.

## EMPLOYEE RELATIONS

In 2002, the Employee Relations unit was set up as part of the Human Resources department with the aim of improving the quality of work life via

- communications with employees
- initiatives to enhance the workplace environment.

A serene workplace further **motivates** employees to achieve the company objectives.



The various initiatives offered include:

- projects to balance work and family life;
- healthcare;
- recreational, cultural sports activities.

## BALANCING WORK AND FAMILY LIFE

In 2008, the company offered a number of services to all employees in order to balance work and private life.

In addition to the main service provided by the Day Care Centre Baby Med, other simple services to help out employees with their daily life were organized:

- a service for the filing and processes of administrative documents, consultancy on and processing of the renewal and duplication of driver's license and passport, transfer of car title, plate number registration;
- a shoe repair service;
- a tailoring, mending and dry cleaning service;
- agreements with mechanics and tyre shops for the maintenance of employees automobiles;
- recreational activities for the children of employees during the summer months.

## HEALTHCARE

To raise awareness in the area of health, specific projects were implemented, in particular the **"Help - for a tobacco free life"** campaign, with two objectives:

- To inform and sensitise smokers to the damage caused by smoking and to possibly help them to quit through psychological support and also access to specialised centres;
- To provide indications on how to improve the work environment and avoid the damages of second-hand smoking.

## RECREATIONAL ACTIVITIES

A variety of free-time activities were organized for employees and their families, some of which are special for the year while others are repeated more frequently and on-going.

- Short trips, travel and tourism;
- athletics and sports;
- recreational activities;
- cultural initiatives and courses (visits to exhibitions, concerts, theatres, conferences, painting exhibits inside the company, fitness activities, yoga, and so on...);
- purchases and memberships at discount prices (books, gyms, etc.);
- baby and wedding gifts;
- special events;
- services and co-marketing activities.

Then there is the Mediolanum **Chorus**, who have also performed for audiences outside the company. In 2008, the Mediolanum Little Chorus of Treble-Voices, which is made up of children of the employees, performed for the first time.



A second-annual StraMediolanum running race was organised following the success of the event in 2007, with a special race dedicated to children. Excluding the year-round services and the deals offered under agreements with other companies (which cannot be quantified) 87 activities were offered in 2007 and 102 in 2008, with a 17% increase.

In 2008, over **1,128** employees and people in the Group participated in these initiatives. Family members also took part in many of them.



Initiatives (%)	2008		2007	
	Initiatives	Participants	Initiatives	Participants
Cultural activities and courses	42.9	43.0	65.0	40.0
Athletics and sports /tournaments	21.4	38.8	25.0	45.7
Trips, travel and tourism	9.5	1.0	5.0	1.1
Recreational activities	26.2	17.2	5.0	13.2
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



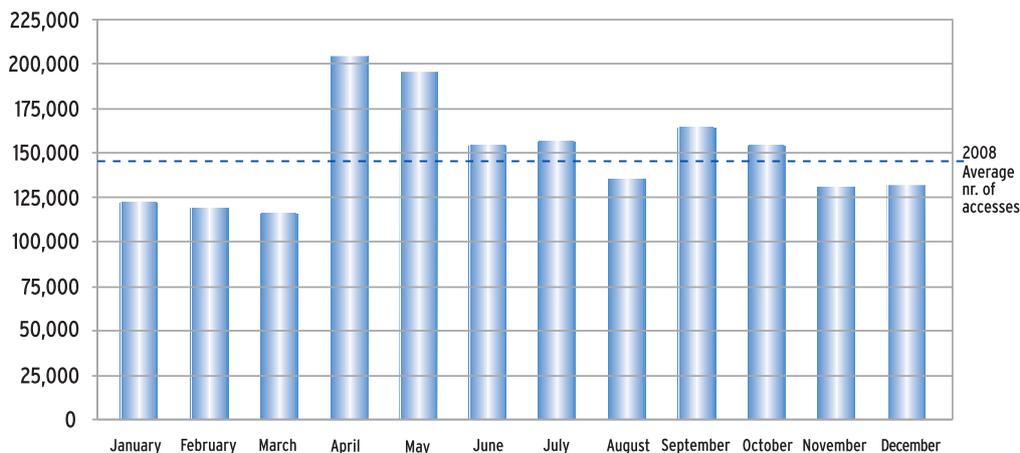
## MED INNOVA PORTAL



The Innova Portal is the Group Intranet site that was upgraded in 2007 and is the **gateway** to all the information, tools, rules and procedures that are relevant to working and “living” at Mediolanum. Specifically:

- information on the Group, its organisation, values, rules, results, events, activities, facts and new developments;
- a tool for employees to manage work life, to check the accuracy of the employee's presence record, time bank, (time-off hours available), employee pay statement, benefits and vacation or leave requests;
- information on opportunities for personal growth through online training;
- information on teamwork opportunities (Teams for Improvement, collaboration and exchange of information);
- an area dedicated to employees to locate opportunities to work with others (Teams for Improvement, areas dedicated to collaborative work opportunities and exchange of information);
- a tool for employees to carry out their own work (software applications and work tools)
- information on services and activities available to employees (leisure time activities, work-life balance, special terms for Group products and services, discounts and special offers, tax advice);
- an area to communicate and exchange information, proposals and various and sundry items via the online marketplace, and to post employee improvement ideas and proposals.

### Number of accesses to the Portal



Excluding accesses to just the Home Page, there were over 148,000 visitors per month a significant increase with respect to last year average (70,000 accesses per month).



**"Freedom comes from a sense  
of security,  
from having the certainty to be able  
to do certain things."**

(Customer since 2002)

# Shareholders and investors



## VALUES

The Mediolanum Group has always pursued the **creation of shareholder value** as testified by its policy to distribute a considerable and steady portion of the Group's earnings in the form of dividends.



## OPPORTUNITIES

Currently Mediolanum has more than **47,000** shareholders in **64** different countries.

Given that these shareholders are largely institutions that act in the **interest of millions of people**, e.g., mutual funds, pension funds and insurance companies, one can easily understand how important the relationship with these stakeholders is.

## THE COMMITMENT

We believe in relationships that need to be managed with competence and dedication, and require timely and transparent disclosure of information about all aspects of the company's business and strategies.

The Investor Relations team is in charge of managing this relationship, which every year involves hundreds of one-on-one meetings with institutional investors and shareholders from all over the world as well as numerous meetings where the Group's top management shares the Group's plans, strategies and results with the financial community.

# The Mediolanum stock

## HISTORY

The Mediolanum stock is traded on the Italian Stock Exchange since June 2006 and is a component of the S&P/MIB index.

The following are the main events in the history of the Mediolanum stock:

- June 3, 1996: the Mediolanum stock is first traded on the Italian Stock Exchange in Milan at ITL 12,000 (€ 6.197) per share;
- November 1997: 1:5 stock split when ordinary shares were divided by 5.

If we were to recalculate the IPO stock price after the split, the price would be ITL 2,400 (€1.239).

## HISTORICAL DATA IN EURO

	2008*	2007*	2006*	2005*	2004	2003	2002	2001	2000	1999	1998	1997
EPS	0.18**	0.29	0.31	0.32	0.19	0.18	0.11	0.14	0.16	0.12	0.10	0.06
DPS	0.15	0.20	0.20	0.20	0.14	0.11	0.10	0.10	0.09	0.07	0.06	0.05

\* International Accounting and Financial Reporting Standards (IAS/IFRS)

\*\* On pro forma net profit

EPS= Earnings per Share

DPS= Dividend per Share

## Share capital

At December 31, 2008 the share capital of Mediolanum S.p.A. was made up of 730,096,109 ordinary shares with par value of € 0.10.

The main shareholders of Mediolanum S.p.A. are the Doris Family (40.43%) and the Fininvest S.p.A. Group (36.02%). Mediobanca holds a 1.96% interest with no voting rights. The free float is 21.54% and 0.05% is treasury shares held by Mediolanum S.p.A.

The company is equally controlled via a Shareholders' Agreement (representing 51.04% of share capital), which will remain in force until September 13, 2010, by Fininvest S.p.A. (25.52%) and by Doris Family, which includes Mr. Ennio Doris, Fin. Prog. Italia S.a.p.a. owned by Ennio Doris & C. and Herule Finance S.p.A. (25.52%).

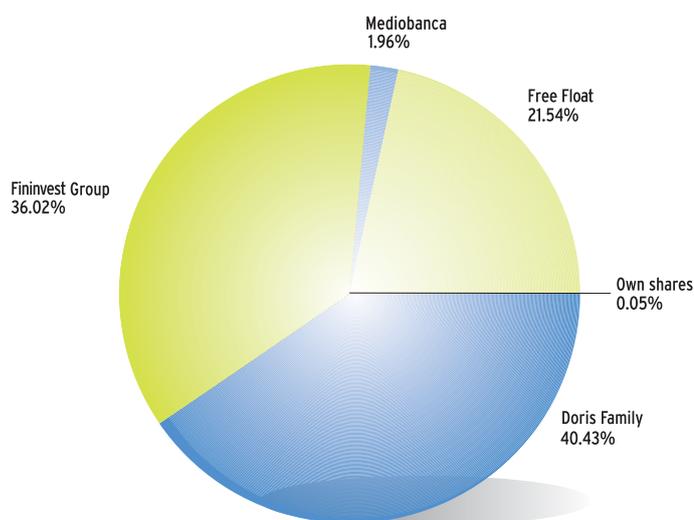
The Mediolanum S.p.A. stock is listed on the Italian Stock Exchange in Milan and is a component of the S&P/MIB Index, the Italian Blue Chip stock index, including the most liquid and large-cap companies in each industry. The stock is also a component of other major international stock indices, e.g., the S&P Euro 350 and the S&P Euro Index

Mediolanum S.p.A. has a policy of distributing its earnings in the form of dividends. In the past decade, the payout ratio averaged about 65%. In 2008, a € 0.15 dividend will be distributed.

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### 2008 Shareholdings

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## Investor Relations

For a Group that intends to be a leader on the Italian market and expand internationally, and that has made communications one of its strengths, liaising continuously and effectively with the financial community is fundamental.

From this point of view, the commitment of the Mediolanum Group is to maximise returns for the shareholders, reassuring them on the economic and financial soundness of the company, and providing timely, complete and transparent disclosure of information on the company's business and strategies through its Investor Relations team.

We have more than **47,000** shareholders of record in 64 different countries. These are largely pension funds, mutual funds and insurance companies, which results in millions of people having a financial interest in the success of our business.

Top management itself has always guided the Group's commitment towards the community of investors.

The Group communicates with investors via:

- the Consolidated Quarterly, Interim and Annual Reports;
- the General Meeting of Shareholders;
- the "Investor Relations" section on the corporate website ([www.mediolanum.com](http://www.mediolanum.com));
- live webcasts of the presentations of earnings results;



The Group communication activity is rounded out by numerous meetings with institutional investors held during roadshows in a number of European countries and in North America as well as at international conferences organised by major financial brokers.

Our continuous efforts for quality financial communication are reflected in more targeted meetings thanks to the increasingly accurate segmentation of financial instruments, markets and investors that offer the best investment potential for Mediolanum.

IR engages in a continuous and open dialogue with sell-side analysts from major international financial markets, which involves not only meetings, but also telephone conversations and e-mail exchanges.

In 2008, preference was given to meetings with a large number of institutional investors and analysts over one-on-one meetings.

	2008	2007	% Change
Analyst presentations	7	6	17
Investor presentations	12	10	20
Roadshows in Italy	1	1	-
Roadshows abroad	10	24	(58)
One-on-One Analyst meetings*	11	14	(21)
One-on-One Investor meetings	123	217	(43)

\* The table above does not include e-mail or telephone communication although there was a high number of in-depth telephone conversations and e-mail exchanges.

**“We are at the service of our customers  
and what counts is what  
we do to live up to their expectations.”**

*(Interviews with Top Management)*



**"It's not easy in the work world of today to find those with a skill set of competency, values and professionalism that is so complete."**

(Vendor since 1999)

# Vendors

## VALUES

The Mediolanum Group regards vendors as stakeholders and aims at establishing long-term relationships based on trust and the sharing of the principles set out in the Code of Ethics and of work practices.

Price quotes, though important, fall within a broader qualitative evaluation, which is even more important in the Information Technology area given the multi-channel business model.

## OPPORTUNITIES

The portal for pre-qualification and Vendor Management is a means to create a **constant dialogue** between the Group and the Vendor and is also the key to be included on the Vendor List through the submission of proposals and the participation in tender bids.

## THE COMMITMENT

To continue on with and promote compliance with the **SIRF Project** (Sostenibilità e Integrità nei Rapporti con i Fornitori - Sustainability and Integrity in the Relationships with Vendors), to incentivise “**best practices**” and, in general, Corporate Social Responsibility in the procurement process. This has already resulted in a set of guidelines for sustainability and integrity in the relationship with vendors.

To maintain and further improve the vendor satisfaction level with the Mediolanum Group, which in 2008 came in at 4.55 on a scale of 1 to 5.



## Procurement policy

Reliability, Quality, cost competitiveness, service and timely delivery are the aspects examined when assessing a vendor.

The price of goods or services is important but it is not the only aspect considered nor the exclusive focus of assessment. In fact, the Group seeks **Best Total Value** in the marketplace and Best Total Value is also a function of the ethical business conduct and social corporate responsibility of the vendors selected.

The terms and conditions of procurement contracts with vendors are transparent, comparable and binding.

Pursuant to Legislative Decree 231 of June 8, 2001 on the liability of legal persons, Banca Mediolanum has adopted specific "Organisation, Management and Control Models".

The Procurement Department is in charge of goods and services procurement and operates in line with the **principles** set out in the Code of Ethics of Banca Mediolanum and of other companies within the Group. They stipulate the conduct to conform to for the regular and reliable management of the company.

These principles are incorporated into and supplemented by ad hoc operational procedures as laid out in the Internal Procurement Policy.

To evaluate and compare procedures and practices in this area, the Purchasing Department participates in the activities promoted by the **SIRF Project**. The procurement department managers of many Italian companies are involved in this project that has the objective to promote the adoption of "best practices" on the part of companies in their relationship with vendors.

The project revolves around corporate social responsibility in the procurement process and was conceived and promoted by the Procurement Executive Circle (PEC) (the party of reference for Procurement Departments of companies operating in Italy) in cooperation with i-Faber S.p.A.

The SIRF Project was carried out with the cooperation of the consulting firm Methodos S.p.A. and entailed the setting up of a "Study Group for the Definition of Strategic Guidelines". The study group included the Procurement Managers from all the main companies operating in Italy and came up with a set of Guidelines for Sustainability and Integrity in the Relationships with Vendors.

Procurement of goods and services is largely automated. The automated system manages all the steps in the procurement process from purchase order requisition through order placement and invoicing to payments.

This system features an optical filing tool that enables the tracking of all paper documents produced during the negotiations and in all subsequent stages of the relationship with vendors thus optimising costs and efficiency.

## VENDOR MANAGEMENT

In 2006, a web-based **portal** was created for the electronic management of requests for quotes (RFQ) and auctions as well as for contractor eligibility and evaluation (Vendor Management).

The portal is a means to:

- gather intelligence on the procurement market for both goods and services;
- optimise the exchange of information with potential vendors in the initial stage of the procurement process;
- standardise requests for quotes;
- keep track of information received;
- assess eligibility of potential vendors that submitted their candidacy by filling out a form with their details;
- create an automated **Vendor List**;
- include new vendors into the Vendor List;
- evaluate and monitor the performance of vendors that are on the Vendor List.

The “Vendor Pre-qualification” and “Vendor Management” sections of the portal were customised according to the needs of Banca Mediolanum. The portal can be accessed directly from the corporate website in the ‘Social Responsibility with Vendors’ section providing an important **means to communicate** with this category of stakeholders.

The portal enables vendors to participate in the bidding process to supply goods and services to the Group in compliance with corporate procedures.

Registered vendors must download a general vendor contract in PDF format directly from the portal, sign and return it. Among other things, the contract sets out three important clauses concerning:

- disclosure in compliance with Law Decree 231 dated June 8, 2001;
- the obligation of confidentiality relative to the data and information concerning the purpose of the contract or the information acquired in the course of business, and the obligation of compliance with the Privacy Law Decree 196/2003;
- the obligation to comply with safety rules in the workplace.

In the course of 2008, all of the more than 250 main vendors of the Group were informed about the creation of the portal (by means of a customised document) and were invited to register.



## SUPPLIER SATISFACTION

The portal registration applications are examined by the procurement office, which issues the necessary codes to access the reserved area of the website. The vendor at this point has the possibility to fill out a questionnaire with 220 questions, some of which are designed to measure supplier satisfaction.

A substantial number of the suppliers who responded to the questionnaire (46% of those registered on the portal) were very satisfied with the relationship established with the Mediolanum Group. The evaluation that is based on a scale from 1 to 5 (where 5 represents the highest score) showed **a level of overall satisfaction equal to 4.55**.

The following items scored higher than 4.55:

- transparency in the negotiation terms;
- terms applied by the companies of the Mediolanum Group;
- on-time payment;
- methods of communicating our policies, principles and procedures adopted that protect the principles of quality, sustainability and the environment;
- degree of cooperation among Headquarters departments.

It should also be noted that Banca Mediolanum is a member of the **ABI Procurement Group** that assists banks in identifying and implementing procurement management best practices and is a member of the ABI Steering Board.

In 2009, ABI Purchasing Consortium was renamed ABC (Asset Banking Consortium).





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- Richiesta di iscrizione
- Primo accesso
- Recupero password perso
- Contattaci

Area Riservata

Accedi ▶

### Richiesta di iscrizione

Per ricevere all'Albo Fornitori del Gruppo Mediolanum, gestito da i-Faber S.p.A., è necessario compilare i campi sotto riportati.

Vi verranno assegnate un'identità e password con cui potrete accedere al servizio tramite il link "Primo Accesso". Il portale è ad accesso riservato. Per visualizzare il regolamento del servizio premete il link sottostante.

L'iscrizione al servizio è gratuita.

**SCARICA IL REGOLAMENTO DEL SERVIZIO**

Scarica Acrobat Reader

**Dati Aziendali**

Regione aziendale (\*)

Partita IVA (\*)

Codice Fiscale (\*)

Tipo di operatività (\*)

**Dati Personali**

Nome (\*)

Cognome (\*)

Ruolo aziendale (\*)

Telefono (\*)

E-mail (\*)

Funzione attuale (\*)

**Richiesta di adesione al servizio**

Il sottoscritto proponente, come sopra identificato,

**chiede**

ad i-Faber S.p.A. con sede in Via Calabria 21, 20129 Milano, capitale sociale Euro 5.422.174,00 interamente versato, iscritta al REA di Milano n° 1459483, C.F. e P. IVA n° 02233500960, titolare del marketplace destinato al commercio elettronico business to business denominato "i-fab.it - La città dell'impresa", a titolo gratuito

di essere registrato all'Albo Fornitori del Gruppo Mediolanum.

**Consenso al trattamento dei dati**

**Finalità:**

**INFORMATIVA AI SENSI DELL'ART. 13, D.LGS. 30 GIUGNO 2003, N.° 136**

Ai sensi e per gli effetti dell'art. 13 del D.Lgs. 30 giugno 2003, n.° 136, (in seguito la "CODICE"), desideriamo rendere note alcune informazioni riguardanti l'utilizzo dei dati personali forniti, ovvero elaborati, soprattutto anche in futuro, nel corso del rapporto instauratosi, anche ma non esclusivamente a fini commerciali o contrattuali.

**A - Finalità e modalità del trattamento**

Il trattamento dei dati raccolti è effettuato:

Consenso (\*):  
 Acquisite le informazioni relative alla legge, recante il "Codice in materia di protezione dei dati personali", l'utente dichiara di aver letto attentamente quanto precede e dichiara:

I:  (\*) DI ESSERE STATO correttamente informato riguardo all'esistenza ed al trattamento dei dati personali ad esso relativi e dichiara di mantenere Mediolanum S.p.A. ed i-Faber S.p.A. per i danni derivati a terzi, i cui dati personali l'utente abbia inserito su propria iniziativa instaurata nel modulo di registrazione on line al Servizio di Iscrizione all'Albo Fornitori ed all'interno del Servizio medesimo, nonché di astenersi da qualsiasi responsabilità Mediolanum S.p.A. ed i-Faber in ordine agli adempimenti richiesti dalla legge

II:  (\*) DI AVER PRESO ATTO dei diritti che l'articolo 7 del D.Lgs. 30 giugno 2003, n.° 136 attribuisce al soggetto interessato.

III A:  ACCONSENTE al trattamento ed alla comunicazione dei propri dati per le finalità precisate alla precedente lettera A, punto 2 sopra riportata.

III B:  ACCONSENTE al trattamento ed alla comunicazione dei dati a società pubblicitarie s/r di marketing e/o società operanti nei settori della customer loyalty e customer satisfaction, nonché ad agenti e precisazioni, per le finalità di cui alla precedente lettera A, punto 3 sopra riportata.

(\*) Con la presente richiesta dichiaro di aver letto per intero e compreso pienamente "Regolamento del Servizio di Iscrizione all'Albo Fornitori" offerto da Mediolanum S.p.A. e in impegno ad osservarlo, senza riserva alcuna. La presente "Richiesta di Adesione al Servizio Albo Fornitori" dovrà essere considerata, ai sensi e per gli effetti dell'art. 1329 cod. civ., come proposta irrevocabile per un periodo di trenta giorni dalla data odierna; trascorso inutilmente tale periodo senza che mi sia pervenuta scottazione da parte di i-Faber la presente s'intenderà revocata e priva di qualsiasi effetto giuridico.

(\*) Ai sensi e per gli effetti degli artt. 1341 e 1342 cod. civ. dichiaro di approvare espressamente le clausole di cui agli articoli 4, Modalità di utilizzo del Servizio di "Iscrizione all'Albo Fornitori", 5, Responsabilità di i-Faber, 6, Durata del Servizio di "Iscrizione all'Albo Fornitori", 7, Recesso, 8, Legge applicabile e Foro esclusivo" del "Regolamento del Servizio Iscrizione all'Albo Fornitori".

## Analysis of vendors by business category

The distribution of vendors by business category reflects the composition of the Mediolanum Group's activities and services and is characterised by a large number of IT vendors.

Business Category (%)	% of sales		
	2008	2007	% Change
EDP and Data Banks	28.0	28.7	(2.4)
General expenses	21.9	22.0	(0.5)
Promotions, Advertising and Marketing	15.2	17.4	(12.6)
Professional services	10.1	10.1	0.0
Property Management	6.2	5.0	24.0
Utilities	5.6	5.3	5.7
Transportation and shipment	3.0	3.5	(14.3)
Insurance	2.8	2.4	16.7
Other	7.2	5.6	28.6
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

## Analysis of vendors by sales level

Over 60% of vendors have sales to the Group that are less than €10,000 and only 10% have sales to the Group higher than €100,000.

Annual sales (€)	N. of vendors			
	2008	%	2007	%
0 - 1,000	641	28.1	780	32.1
1,001 - 5,000	557	24.4	555	22.9
5,001 - 10,000	223	9.8	255	10.5
10,001 - 50,000	445	19.5	424	17.5
50,001 - 100,000	173	7.6	169	7.0
100,001 - 500,000	164	7.2	160	6.6
500,001 - 1,000,000	42	1.8	44	1.8
>1,000,000	37	1.6	39	1.6
<b>TOTAL</b>	<b>2,282</b>	<b>100.0</b>	<b>2,426</b>	<b>100.0</b>

## Geographic analysis of vendors

52% of vendors are based in Lombardy, the region where the Mediolanum Group is headquartered. 100 vendors who supply the Italian subsidiaries of the Group have registered offices abroad.

Region	N. of vendors		%
	2008	2007	Change
Lombardy	1,182	1,375	(14.0)
Latium	220	212	3.8
Emilia Romagna	152	153	(0.7)
Veneto	123	138	(10.9)
Piedmont	119	101	17.8
Abroad	100	92	8.7
Sicily	71	38	86.8
Tuscany	70	56	25.0
The Marches	37	51	(27.5)
Campania	36	34	5.9
Liguria	29	35	(17.1)
Sardinia	24	32	(25.0)
Apulia	24	19	26.3
Umbria	21	23	(8.7)
Abruzzi	21	15	40.0
Calabria	20	8	150.0
Trentino Alto Adige	12	15	(20.0)
Friuli Venezia Giulia	11	22	(50.0)
Molise	6	1	500.0
Valle d'Aosta	4	4	0.0
Basilicata	0	2	(100.0)
<b>TOTALE</b>	<b>2,282</b>	<b>2,426</b>	<b>(5.9)</b>

## Claims and Disputes

Against a portfolio including over 2,200 vendors, pending disputes in 2008 were limited in terms of both the number and amounts involved.

This result reflects the attention devoted by the Mediolanum Group to fulfil its contractual obligations and to carefully select its Vendors.



**"... Perhaps this is the circle that is formed  
by the meeting of ideas."**

(Customer since 2000)

# The community at large

## VALUES

The value the company places on people comes alive in multiple areas and in a variety of ways. In addition to the instruments and events created for the sharing of knowledge, particularly in the area of economics and finance, the company engages in a wide range of activities dedicated to spreading culture, accelerating medical research, protecting and educating children in some of the world's most disadvantaged areas.



## OPPORTUNITIES

**Educate about service quality:** in 2008, the five-year partnership with Bocconi University resulted in the first "Mediolanum Award for Service, Quality and Innovation".

**Educate about finance:** instruments and advice by Family Bankers are coupled with periodic meetings with the financial community of the "Mediolanum Market Forum" (viewable also on TV and the web) and the recently inaugurated "MCU - Mediolanum Corporate University".

**Educate about freedom:** here we mean in particular freedom from poverty. After the "Piccolo Fratello" project in Kenya got off the ground, the work of the Mediolanum Foundation led to the creation of four "street schools" in Haiti that will allow over 1,800 children to gain access to primary education and to prepare themselves for work that will free them from poverty.

**Contribute to medical, healthcare research:** it is a duty we all share in order to allow for a healthy life that permits the development of culture and freedom.

## THE COMMITMENT

To create a "**financial dialogue**" with the stakeholders through the information continuously provided by the "Mediolanum Market Forum" and the quality educational activities of MCU. To continue the partnership with the university, also offering in-house training courses to new graduates demonstrating high potential. In Haiti, to shorten the time required for the activities to help teenagers to become self-sufficient through the micro-business activities and to get the new outpatient clinic for pregnant women off the ground by the end of 2009.

## Mediolanum Group charitable programmes

The Mediolanum Group is directly and actively involved in important social initiatives in Italy and abroad. These initiatives are carried out on both an ongoing and emergency basis in the following four areas:

- research in the area of service quality through the partnership with Bocconi University;
- medical and healthcare research through a shareholding in IEO (Istituto Europeo di Oncologia - European Oncological Institute);
- humanitarian work through the Mediolanum Foundation;
- financial literacy through a variety of events and especially through the educational activities of MCU as laid out by its mission.

The common pattern underlying the strategy of all these projects is the focus on and the enrichment of the person and the community with a long-term view.

### SERVICE QUALITY RESEARCH

Service quality and customer satisfaction became the subject matters studied at the university thanks to a collaborative agreement signed by Banca Mediolanum and Bocconi University effective starting in the academic year 2006-2007 and designed to initiate two different activities:

- a **"Customer & Service Science"** chair
- the **"Customer & Service Science Lab"**, a centre for applied research in the service area.

The Group has committed to fund € 750,000 over a five-year time period.

Both the chair and the centre are headed by Enrico Valdani, professor of Economics and Business Management at the Bocconi University. He will work alongside a scientific committee including, among others, A. Parasuraman, Vice Dean of Faculty and Chair in Marketing at the University of Miami, and Edoardo Lombardi, Executive Deputy Chairman of Banca Mediolanum S.p.A.

On February 13, 2008, at Milan's Bocconi University, in the presence of Chairman Ennio Doris and the University's Rector, the **"Mediolanum Award**

**for Service, Quality & Innovation"** was awarded

to those companies who excelled in customer service quality. The first edition was specifically dedicated to the hotel and tourism industry.

Out of the more than 90 companies selected, the award was given to Florence's Relais Santa Croce for the innovative, quality services it offers its own customers.



**“I must say that here when we talk about customer care and service quality it's never been just an empty promise. I have always felt a real willingness to pursue these values.”**

*(Interviews with Top Management)*

The Mediolanum Group created a training course on Quality reserved for new graduates of high potential who received the “**Mediolanum Service Quality Certificate**” at the end of the session. The first edition of the programme ended on January 31, 2008 with the awarding of the three best projects developed during the six-month in-company internship in three different departments, Marketing, Human Resources and Service Quality.



## MEDICAL RESEARCH

The Mediolanum Group has an about 4.6% shareholding in Istituto Europeo di Oncologia (**IEO**), a non-profit organisation formed to achieve excellence in cancer prevention, diagnosis and treatment through scientific research, clinical trials, innovation in organisation and management and an emphasis on superior patient care.

## OTHER INITIATIVES 2008

Moreover, over the course of 2008, two blood drives were organised at the Group headquarters in cooperation with AVIS who provided the blood mobile, with **117 employees** donating. The Teams for Improvement are currently working on a project regarding **Usability** that was presented in one of the two sessions of the 2008 Teams for Improvement projects and aims at enabling a greater degree of interaction between the multi-channel bank and the disabled by adapting the technological infrastructure.

## Humanitarian work - The Mediolanum Foundation

The Mediolanum Foundation was established in 2002 with the main objective of following, developing and carrying out the Group's activities in the social environment.

Over the years, various activities aimed at helping the less fortunate and disadvantaged have been taken on in the areas of assistance, philanthropy and research, including projects of an artistic and cultural nature.



### OBJECTIVES

The Mediolanum Foundation chose to concentrate primarily **on the care, the assistance and the help of children in disadvantaged conditions.**

This is also due to the significant results achieved through the Piccolo Fratello (Little Brother) initiative that has resulted in the implementation of an important project in Kenya aimed at helping street children in Nairobi. Children who are often the weakest and most vulnerable link in society

must be equipped with a background of knowledge and values that will enable them to face the reality of life and their environment in a free and independent manner.

The Mediolanum Foundation intends to work towards helping today's children become the free adults of tomorrow.

In addition to basic education, an enormous amount of effort is given to the fulfilment of primary needs such as food, a place to stay, vaccinations and medical care.

In addition to all this, teenagers are given a chance to learn the basics of a job. This allows the Foundation to help dozens of them **to reach a level of autonomy** that allows them to become free adults that respect the universal values of the individual. All of this is done in line with local cultural and religious traditions.

In order to reach this objective, the Mediolanum Foundation pursues:

- long-term commitments in order to verify the efficacy of the project and the significance of the change brought about;
- concrete and lasting projects to develop and create added value in the local areas where it operates;
- transparency in the activities carried out and a continuous verification of the advancement of the projects via continuous and systematic communication with its stakeholders.

**“Unlimited confidence in the future,  
trust in others,  
in the idea that things can be done.”**

*(Interviews with Top Management)*

## 2008 PROJECTS

The Foundation's projects in 2008 involved **assistance and training** for children and teenagers, in cooperation with leading non-profit organisations.

- The construction of a day care centre for pre-school and school-age children to care for them during the day when their parents are at work in Chuquibambilla, Peru.
- The construction of a shelter-home providing educational, entertainment and medical services to poor children and youth with learning disorders in Andong, Cambodia.
- The organisation of after-school activities for children and vocational training for teenagers in Kinshasa, Congo.
- The building of a vocational training centre in Zambia for teenagers to learn a job able to render them self-sufficient.
- The renovation of the maternity ward of the Consolata hospital in Tanzania, the only medical centre in a radius of many kilometres.

These projects are concrete in nature and are built to be sustainable over time and have **positive repercussions on the local population** and not just on the children and the teenagers directly involved.

Additionally, the Foundation carried out projects backing **medical and scientific research** with primary research institutes and non-profit organisations in paediatric medicine, namely genetics, neurology and cardiology.

The project that still has the greatest visibility is the “Piccolo Fratello” initiative that has been active for years and has the aim of giving concrete help to underprivileged children, particularly in developing countries. After the first project in Kenia, Piccolo Fratello is moving ahead with new projects in Haiti.

## “PICCOLO FRATELLO”

Over the course of the years, the Piccolo Fratello project took on an increasingly important role in activities carried out by the Mediolanum Foundation and has become more and more a socially-conscious brand.

Piccolo Fratello was set up in 2005 to promote a number of humanitarian projects geared to improve the quality of life and the education of children in developing countries. The first project it carried out was an important initiative for children in Kenya. In 2007, another project was launched in Haiti: another area of the world where children need assistance and help.

## The experience in Kenya



Relying on the experience and work of the non-profit organisation "Associazione Amani", the Mediolanum Foundation has supported an important project in Nairobi to protect and take care of street children in the slums of Kibera, a village near Kenya's capital city.

This project was complemented by another project **to train educators** and teachers at the local level who would then be able to take care of the education of these children. The objective of this initiative is to allow young people, many of whom are ex street children themselves to become expert in emergency teaching and who are particularly sensitive to the management and education of children with serious problems and disadvantages due to their own personal knowledge and direct experience of the local situation.

The raising of more than € 600,000 during the three-year period between 2005 and 2007 allowed all planned projects to become a reality.

- **The permanent education centre** that houses the local educators who are trained to prepare the street children to face life autonomously. The building has four floors of 375 sq. m each for a total of about 1,500 sq. m and has been fully operational since October 2006. An application was filed with the authorities to obtain university status.
- **The emergency shelter:** this drop-in centre establishes a first point of contact with the street children where they can go in times of emergency. This place offers them a trouble-free, warm environment, a hot meal and shelter. Here, they can wash up, play, be in the company of other children in a protective environment. This represents a first step towards care in a foster home and a change toward a more tranquil life that is more suitable for a child.
- **The family foster home "Ndugu Mdogo":** a completely new building inaugurated in December 2006 is able to host three couples of foster parents and 40 children entrusted to their care. Here the children can find warmth, security and taste the experience of real family life.

To guarantee self-sufficiency and autonomy of the project, in 2008 the Mediolanum Foundation donated a water truck for the distribution of water. This resource is present in great quantity in the area but it is not distributed through pipes or an aqueduct.



The proceeds originating from the sale of the water (**microbusiness**) will contribute to the expenses of the family foster home and will also produce an income for the water truck drivers' families.

## The project in Haiti

In 2007, in cooperation with the non-profit Francesca Rava N.P.H. Foundation, a new Piccolo Fratello project was started to help disadvantaged children in Haiti. A difficult area the world is very poorly informed about.

Haiti is a country in Central America defined as a fourth world country for its incredible level of poverty and backwardness: 1 child in 3 dies before age 5 due to diseases that are curable in other parts of the world, and 56% of the population suffers from malnutrition.



Therefore, Piccolo Fratello Haiti set an **objective of building 4 street schools over a period of three years** in the slums of Port au Prince, where Father Rick Frechette, an active American Catholic priest has been cooperating with the N.P.H. association for years. He decided to obtain a degree in medicine to be able to help in a concrete manner those most needy and to counter the lack of medical infrastructure locally.

The 4 schools built by Piccolo Fratello under the supervision of Father Rick **will give over 1,800 children access to primary education** as well as a daily hot meal and access to vaccination and to medical care when needed.

The Mediolanum Foundation aims at rendering the projects it supports self-sufficient and autonomous. With this in mind, it created a **self-funding project** to accompany this initiative that will allow the generation of funds to keep the street schools fully operational by buying a water truck, a vehicle that distributes water to the slums. Involving street teenagers in micro-businesses gives them work and keeps them far from organised crime that tries to recruit them offering money to support their families. The proceeds from the sale of the water are also used to fund the school activities.



**"We can't act as if the others didn't count."**

*(Interviews with Top Management)*

## INITIAL RESULTS IN HAITI



During the year, a number of significant charitable initiatives were organised. The **charitable text-message campaign** in cooperation with the main telephone companies received the greatest visibility and **raise more than was € 200,000**.

In June, cycling champion Maurizio Fondriest gave visibility to the project in conjunction with his twenty-year anniversary of his World Cup victory. He donated all proceeds from the sale of memorabilia from his career and those of his athlete friends.



Customers, employees and the sales network of the Mediolanum Group provided significant support to the project in Haiti.

In particular, many of the customers who participated in the "Presenta un amico" ("Introduce a friend") campaign chose to donate the value of the prizes received as a participant in the campaign to this Haiti project, amounting to more than € 6,000.



Four streets schools were build and are now fully operational thanks to the funds raised by the Mediolanum Foundation over the course of 2008.

The first school was inaugurated in December 2007 and was called "Saint Ambroise au Milieu du Champs" in honour of the Mediolanum Foundation (Saint Ambroise is the patron saint of the city of Milan). Thanks to the contribution from Milanese street artists who visited Haiti, the school was painted in extremely lively colours by the same children who will attend the school: by express request of the children, the only banned colours were grey and black because they are too common and widespread on the streets of Port au Prince.

The other schools were named after Saint Marc, Saint Patrick and Sainte Anne. As requested by the little school children these too were painted in lively colours and with cartoon images.



## THE 2009 OBJECTIVE

In Haiti, the statistics regarding death of the mother during childbirth are disturbing. This is a result of poor hygienic conditions but also malnutrition, a lack of folic acid and HIV. Thus, the objective of the Mediolanum Foundation in 2009 is the development of a project assuring safe pregnancies.

A project was launched in Haiti to help women who often become mothers at a very young age to face pregnancy with awareness and, above all, to preserve their health and the health of the newborn. An **outpatient clinic** was set up to follow them before, during and after pregnancy providing medical care, check-ups, and exams to follow up on the health of the foetus and to provide post-natal assistance.

Construction work on the clinic was launched at the end of 2008. In 2009, the funds raised will be channelled to this project in order to give the mothers, pregnant women and the newborns a caring clinic that is safe and secure.

## Visible results

The “Piccolo Fratello” project enjoys high visibility, has tangible results and is fully accountable for how funds are used.

You can also follow the progress of Piccolo Fratello and get updates by tuning into the weekly episodes **of the television show** “Piccolo Fratello” on the Mediolanum Channel (channel 803 on the SKY platform), with a window on the new initiative underway while keeping a constant attention on the progress made in Kenya.

The **website dedicated** to the project **www.piccolofratello.it** took on the aspect of a portal hosting the various projects underway and illustrating the progress made.

In 2008, the “Piccolo Fratello Kenya” project received an important recognition: the inclusion in the shortlist of 5 finalists in the category “Best Social Marketing Campaign” in the sixth edition of “Premio Sodalitas”. This award is dedicated to companies who have done more than just develop concrete sustainability projects and promoted programs in an effort to get more and more people involved in lifestyles that are sustainable.



In conjunction, with the holiday season, **charitable projects** within the company were organised contributing to the “Piccolo Fratello” project supporting the children in Haiti. Proceeds were donated to the project coming from the company Christmas market that is organized along with employees, the sale of Christmas cards for charitable fund raising, and the donation of a portion of the amount that would have gone to corporate gifts. Once again in 2007, “Christmas packages” were donated to a “soup kitchen” for the poor of Milan, continuing on with a tradition that has been in place for quite a few years.





**"If you work for a bank that is able to generate not only profits, but also emotions, well then, that bank is not made up of just bank accounts and policies, but also of people."**

(Employee since 2006)

# Communication initiatives



## VALUES

Aside from internal and corporate communication, the Mediolanum Group is involved in a series of activities that are designed **to engage** the stakeholders at a variety of levels. This involves the creation of an active and profound relationship with the single stakeholder, but also with the local community. The objective is to deepen the **understanding of financial freedom** as well as an optimistic approach - objectives that are more important in times of crisis and uncertainty.

## OPPORTUNITIES

In addition to advertising and Investor Relations activities (described in other sections), the Internet, satellite TV, the corporate TV station, conventions and sponsorships are the other forms of communication utilised, with both new shows on-air in 2008 and events with the participation of the financial community that are aimed at the customer and prospect public at large, also outside of Italy.

An important example of this “interactive, informative dialogue” with the stakeholders is the **Mediolanum Market Forum**, which has become a ‘regular’ in our communication programme. Other activities include “100 Città” (“100 Cities”), which took place on the occasion of the Mediolanum Best Brands agreement, and 2 Open Days, which took place in the Family Banker Offices all over Italy.

## THE COMMITMENT

Banca Mediolanum intends to keep up the dialogue with the stakeholders, combining all the communication means made possible by the professional and technological resources of the Group with the constant exchange with the financial community and the new opportunities for one-on-one dialogue, also through activities carried out at the local level.



## The Internet



In 2008, the Internet was utilized along with the other channels in order to:

- communicate with customers and with the public at large;
- promote new projects;
- deal with and explain the economic and financial situation in the world markets;
- present the concrete responses by the two majority shareholders to the Lehman Brothers bond default and by the Bank for the mortgage crisis.

The websites of the Mediolanum Group quickly launched multiple projects meant to dialogue with internal and external stakeholders in a year rich with events on the financial front.



- **Mediolanum Market Forum:** the two forums held at the Italian Stock Exchange at Palazzo Mezzanotte were transmitted live on TV and the web, and were promoted on a mini-website.
- **Mediolanum Freedom Conference:** the convention at Palazzo Litta in Milan was organized to launch the new mortgage product “Mediolanum Mutuo Freedom” and to talk about the projects in support of families with mortgages.
- **Open Day:** the Family Banker Offices were kept open over two weekends in 2008 for two events that were dedicated to present the new opportunities provided by the new products and services of the bank. The event in October was organized in conjunction with the “World Savings Day”.

Specifically, dedicated **mini websites** - rich in informative content - were created for those activities of the bank benefiting the customers (the Lehman Brothers operation and Mutuo Freedom mortgage product).

The update of the “**PrimaFila**” area on the website was followed by the redesign of the [www.mediolanumprimafila.it](http://www.mediolanumprimafila.it) website in terms of both graphics and content, upgrading the site to a means to find out about activities, advantages and products reserved for the best customers. The section dedicated to Corporate Social Responsibility on the Mediolanum S.p.A website was revised; an assessment questionnaire was inserted evaluating both the dedicated Internet section mentioned above and the Social Report that is available in both electronic and interactive versions.

In 2008, [www.mediolanum.it](http://www.mediolanum.it) came in 19<sup>th</sup> out of the 83 best corporate websites of the large-cap companies listed on Milan’s Stock Exchange. The rankings were compiled by the Swedish company Hallvarsson & Halvarsson, which has measured the quality of online communication for many years.



# Mediolanum Channel, the unencrypted multimedia channel



Mediolanum Channel is the unencrypted satellite channel of the Mediolanum Group, which from the very beginning was designed to be transmitted via a variety of means:

- Internet streaming (on [www.mediolanumchannel.tv](http://www.mediolanumchannel.tv));
- satellite dish;
- on channel 803 (Sky subscription).



The channel was created in 2001 as a tool to generate an ongoing and direct relationship with the Mediolanum Community (one million customers and a Sales Network of 5,800 Family Bankers), with the specific objective to be a point of reference bringing people together.

The focus on the customer here becomes the **focus on the TV viewer** to provide comprehensive programming that is aware, relaxed and upbeat.

Communication that in tone and content always reflects the values of Banca Mediolanum.

## THE PROGRAMMES

Mediolanum Channel directs its work and over the years has developed its editorial strategy aiming at transmitting passions to enthusiasts of all kinds with a variety of programmes that encompass theatre and history, music and art, motorsports and technology.

In line with a real belief in the values of the Group, the Mediolanum Channel provides a platform for "**Piccolo Fratello**", a weekly programme that shows concrete examples of ongoing philanthropic activities in the neediest areas of the world, in synergy with the Mediolanum Foundation.

Mediolanum Channel broadcasts twenty hours of complete programming a day dedicated to information, current events and culture.

Ample space is given to finance and economics using clear and simple language in order to understand and deal with the complex world of finance in the best way possible.

The "**Economy Area**" was designed to inform the public at large with commentaries from experts in the field and original content that is useful to better understand economic scenarios and how to manage one's own assets.

The objective of the "Economy Area" is to become a point of reference for the Mediolanum Community by spreading concepts that can help retail investors make informed choices. With this objective in mind, Mediolanum Channel promptly responded to the 2008 deep financial crisis, which profoundly reshaped the world economic scene.

In 2008, the Channel broadcast two Mediolanum Market Forums, the financial conference that was first launched in 2007 and provides a platform for famous economists and opinion leaders to comment on the global economic cycles. The two events were simultaneously translated in three languages and transmitted over the net via web-streaming from the Mediolanum Channel website ([www.mediolanumchannel.tv](http://www.mediolanumchannel.tv)).

The Mediolanum Market Marathon (a 24-hour, live TV marathon on the economy) and "Mercati: che fare" - "Markets: what to do" - (with over 160 live episodes on financial markets) are also included in this area.

Finally, the programming in the "Economy Area" was further developed and enriched to satisfy the demand of an audience that is more and more interested in current economic issues.

In the "**Community Area**", a touch of originality is given by "Noi dell'803" ("We on Channel 803"), a talk show where Mediolanum Channel viewers become the stars of the show sharing stories from their life and talking about their passions and work. This is an opportunity for members of the Mediolanum Community to become part of the world of television and also get a chance to develop business and professional relations as a result.



	Production hours
<b>Programme Content</b>	<b>2008</b>
"Economy Area"	189
"Community Area"	132
Lifestyle	52
<b>TOTAL</b>	<b>373</b>

**"At difficult times like the ones the global financial markets are experiencing, we have to double our efforts to look after customers as if we were doctors treating their patients."**

*(Family Banker® since 1988)*



## Communication with the Sales Network

The Group has two other important means for communicating with the members of the Sales Network: the Intranet and corporate TV.

### THE INTRANET

The **MedIntranet** website provides web-based communication that is exclusively dedicated to the Banca Mediolanum Sales Network and contains (in over 6,000 documents) the main information about the Sales Network's past and present, that is directly or indirectly related to their activity.

MedIntranet is a sort of "summa", or bible so to speak, for all Family Bankers providing them with continuous updates in all areas: from products to training programmes, from marketing campaigns to incentives, from administrative information to leisure-time ideas, and much more.

It is a comprehensive, refined, up-to-date website that is visited by more than 5,900 people on average daily.

Among the various activities carried out in 2008, the achievement of two major objectives is particularly noteworthy:

- the corporate TV was rounded out thanks to new technologies with the same multimedia content that typifies MedIntranet increasing the possibility that it will be fully utilised by the Network;
- the program called "Vite" ("Lives") was completed and now includes taped testimonials by more than 60 of the top managers in the Sales Network. Their professional stories provide concrete training examples and are an additional means to spread the corporate philosophy.

A **unified portal** is in the making to group the previously segregated sections of the Application Portal, the corporate TV platform, the Training Area and MedIntranet in a single, "built around the user" interface.

The project will be launched in 2009 and will optimise navigation by users and allow the Sales department to best inform, guide and train the Sales Network.

## THE CORPORATE TV

The corporate TV broadcasts numerous training and updating programmes revolving around products and sales & marketing projects.

The Mediolanum Group was the first Italian company to use these innovative means of communication, creating its first TV channel back in 1989, based on some pilot projects in American companies.

Since 2006, corporate TV programmes have been transmitted on the Internet (through IP frequencies broadcast by Mediolanum's own satellite) and were created with the objective of promoting communication across the Group. They reach the entire sales network: every Family Banker® can view the programmes at any time on their laptop using ADSL or an ordinary modem. It is a professionally produced, fully-fledged TV channel and an important contributor to the training of the Family Banker®. It also brings everyday subjects into the realm of financial news. In addition to the programmes for the Italian Sales Network, there are also TV programmes produced for the foreign subsidiaries (broadcast in various technologies).



The difficult situation that developed in financial markets in 2008 led to live morning programmes being added to the regular weekly schedule with the objective to provide all Banca Mediolanum Family Bankers® with the information needed every day to do business and relate to customers.



From late April until the summer hiatus, "Morning Meeting", a new show that was broadcast live on weekdays at 9.00 a.m., contributed to weekly programming providing timely news rounding off the traditional programme schedule.

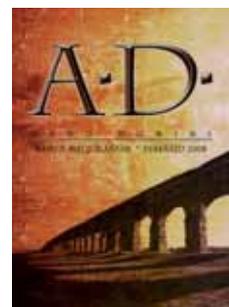
Due to the worsening of the world economic scenario, the new program "Ogni giorno è lunedì" ("Every day it's Monday") has been airing live every day since September, providing on-going information and training support to the Sales Network.

In 2008, 171 episodes were produced and broadcast, with an average running time of 30 minutes each.

## CONVENTIONS

Banca Mediolanum conventions proved once again to be an irreplaceable means to **share** values, strategies, corporate culture, products and new projects in addition to being a close-up, authentic gathering with Top Management.

On February 28 and 29, 2008, the "Anno Domini" ("A.D.") convention held in Rimini received recognition by Premio Bea Italia being awarded **first place** for best stage design in the "corporate events" category.





## Mediolanum Market Forum



Following the success of the first December 11, 2007 conference, two more Mediolanum Market Forums were staged in 2008. This multi-media communication event is dedicated to the main stakeholders and can be viewed live on the Internet or on TV and provides a platform for famous economists and opinion leaders to discuss the events in the world economic scene in a clear, authoritative fashion.



The Mediolanum Market Forum was conceived with the objective of becoming a point of reference for asset management and investing by spreading concepts that can help retail investors make more informed choices.

To achieve this objective, Banca Mediolanum relies on two powerful elements:

- its network of relationships with personalities representing finance, academia, culture and general knowledge;
- its well-oiled “communication machine”, which is made up of a mix of TV channels, TV production companies, Internet and text-messaging platforms.

The two 2008 forums dealt with issues connected to the world financial market crisis, which got progressively worse over the year. The April Forum, entitled **“Where is the economy going?”**, rather than just focusing on the economic downturn was meant to highlight the favourable aspects in the economic scenario as well, which are often overshadowed by the media frenzy.



**“After the earthquake that shook the world markets - Consequences on savings, pensions and the economy”** was the title of the October Forum which tried to explain what had actually happened and to identify the potential responses with the help of important personalities from the economic, cultural and business spheres.

The event was promoted to a broader audience via the Internet (live on [www.bancamediolanum.it](http://www.bancamediolanum.it) and [www.mediolanumchannel.tv](http://www.mediolanumchannel.tv)) and Mediolanum Channel (unencrypted broadcast on Sky 803), including a 24 hour TV marathon.

The event was broadcast over the Internet and on TV with simultaneous translation in three languages: Italian, English and Spanish.

The Forum was widely publicised via:

- a print campaign and advertorial pages on major newspapers;
- a promotion on the Mediolanum Group websites;
- text messages to customers;
- the use of direct customer channels (Teletext and Banca Mediolanum websites).

In conjunction with the October event, 600,000 copies of the “4Freedoms” company newspaper were distributed; the company newspaper was expressly designed and launched on this occasion and was later turned into a regular Group communication tool.

Thanks to this multimedia mix, the Mediolanum Market Forum established a successful communication “format” that will be repeated periodically.

Mediolanum Market Forum received an award by BEA ITALIA (Best Event Award 2008) in the “meetings/presentations” category.

## Sponsorships and other initiatives

For six years now, Mediolanum has been sponsoring the Green Jersey of Giro d'Italia, the long-distance road bicycle race. This is the occasion for local Sales Network members and customers to meet one another in a variety of local venues.

Following the race, also the Bank tours Italy offering entertainment and information to the public at large. The Bank also meets thousands of people-customers in person and holds dedicated dinners that are also attended by managers.



Leveraging on past experience and the presence of celebrities, these tour-related events became even more appealing and featured Mediolanum hospitality areas and counters at the starting and finishing lines of each tour stop. The interest generated by the celebrities present at the 2008 Giro d'Italia helped to promote the Piccolo Fratello humanitarian project that helps disadvantaged children in Haiti.

Another event that gave us a chance to keep in touch with the customer was "**100 Città**" "**100 Cities**", which took place on April 21, 2008 following the Mediolanum Market Forum and presented the agreement signed with three prestigious asset management companies Black Rock, JP Morgan, Morgan Stanley, launching the Mediolanum Best brand service (after which was extended to other asset managers). Approximately 20,000 people including customers and prospects followed the event.

This evening dedicated to customers took place in 120 cities in Italy and Europe connected live via the Internet and the Mediolanum Channel supported by simultaneous translation in four languages. The evening was a virtual get-together of the customers from all the cities in Spain, Germany and Italy where Banca Mediolanum is present.

Another important communication tool was launched: the Banca Mediolanum newspaper "**4Freedoms**". In December, the Media Relations department prepared the first issue in two different versions: a four-page edition was distributed along with "24 Minuti" (the free-paper published by Il Sole 24 Ore) and the second, 8-page edition was delivered to every Family Banker Office® and made available to the public on December 2, 2008.



This company newspaper aims at spreading even more the spirit of the Group and the principles it is based on. It was distributed not only to customers but also to employees at Headquarters.

Since 2006, **Open Days** have given an additional reason to get together with customers and prospects inviting them to Family Banker Offices.

In 2008, a training course on financial markets was held on the 84<sup>th</sup> World Savings Day in the Family Banker Offices and was open to the public.

Sponsorship activities are not limited to the national level but are also carried out at the local level (fairs, festivals, conferences, sports and art exhibitions): it is the Family Bankers themselves who select the events that provide the occasion to get together with customers and prospects. In 2008, approximately **1,200 local events** were organized, an increase of 242% compared to the 350 that were organized in 2007. The number of customers and prospects involved was almost tripled, going from 70,000 in 2007 to approximately 200,000 in 2008.



**"My customers have learned to react  
in the most appropriate manner,  
i.e., rationally and lucidly."**

*(Family Banker® since 1989)*



**"I use Mediolanum because  
it does not make  
any sense to be submerged under a ton of paper."**

(Customer since 2001)

# The environment

## VALUES

The Group has given attention to environmental issues since its inception, even before concepts such as “impact” and “eco-sustainability” became a part of everyday practice. From the choice of the Headquarters location, far from Milan’s financial centre in a spacious green belt - to the continuous effort to improve the thousand aspects of living and working together.

## OPPORTUNITIES

A Group that on a daily basis has an average of more than 2,000 employees and contract workers at its Headquarters implemented numerous environmentally-related measures, many of which stemmed from the suggestions provided by the Teams for Improvement created by the employees.

The involvement of the employees resulted in **innovative and teamwork-generated proposals** in the area of energy saving, waste and emission reduction and increased environmental awareness.

## THE COMMITMENT

Preferring electronic transmission over paper use. Renovating workplace spaces using **environmentally-friendly materials and criteria**. Setting up employee-dedicated transportation services. Encouraging practices geared to the responsible use and saving of energy and resources, also through simple things such as turning off PCs at the end of the day. Large and small actions taken in the workplace contribute to protect and improve the environment. In 2009, a further contribution will be given by the completion of the three-phase power generation plant that will provide all the energy required based on new standards.



## Protecting the environment

Our attention to minimise the direct impact of the Group's activities on the environment results in concrete projects mainly geared to:

- launching and implementing measures aimed at reducing consumption;
- pursuing a more efficient use of resources (energy, paper, water, ...);
- adopting and promoting environmentally-friendly practices.

We also strive to reduce any indirect impact by giving priority to those vendors who implemented highly environmentally-sensitive processes including the use of innovative materials with lower environmental impact.

### RAISING EMPLOYEE AWARENESS

The Group's environmentally-friendly approach is a **daily reality** at the Headquarters demonstrated through the employees' simple practices which have led to a tangible containment of both costs and environmental impact in addition to helping employees to acquire more environmentally-aware "habits" at the workplace.

The "Innova" employee intranet website gives ample visibility to all of these projects as well as to other projects aimed at reducing the consumption of water and energy.

- A wiser use of copiers. By posting instructions at the main copy centres on all floors at HQ we encouraged our employees to use both sides of paper when making copies and thus reduced paper use.
- By changing copier settings to automatic switch off we contributed to reduce electricity consumption.
- Recycle bins for toner-cartridges and paper available on all floors.
- Reduction of paper consumption by code-locking copiers. Centralised copiers, printers, facsimiles, scanners and email (by sending documents to an email box). This measure was implemented in 2007 and in November 2008 was extended to all premises at Headquarters.
- Increasing awareness to the preference of electronic communication over the use of paper.

In 2008, an awareness campaign was launched for the reduction of energy consumption through the **practice of turning off PCs** and all other electronic devices at the end of the workday. Careful monitoring of these practices made it possible to know whether each workstation was compliant. Special green or red stickers were used to indicate whether the proper practice was followed in the use of electronic devices and proper attention was paid to energy consumption. The monitoring is on-going with notification of less attentive practices and reminders to pay better attention to energy saving.

## TARGETED MEASURES

The optimisation and reorganisation of HQ spaces started in 2006 was completed in 2008. Additionally, the Group developed and implemented a number of projects designed to significantly reduce energy consumption and enhance workplace safety and health.

These included:

- The installation of energy-saving lamps.
- The installation of false ceilings to improve the acoustics.
- The installation of sun protection films to the windows.
- The replacement of all CRT displays with LCD monitors.
- The replacement of all office chairs with 96% recyclable Mirra chairs.
- The installation of a new power supply and distribution system that guarantees better safety.

In 2008, a new project was launched to build a **three-phase power generation plant**.

A natural gas-powered device installed on the roof of every building will simultaneously generate:

- electricity
- hot water for heating system
- cold water for air conditioning

This measure will help to reduce CO<sub>2</sub> (carbon dioxide) air emissions and progressively reduce the use of the Milano 3 condominium's thermal power plant.

### "Baby Med"

Also the day care centre was developed with environmentally-sustainable criteria and is an example of the company's commitment in this area.

Parameters for the correct sizing of spaces: structural standards set out in the Welfare Plan of the Lombardy Regional Government (Section: Asilo Nido - Day Care Centres).

The design criteria meet the requirements of Act 13 of 1989 "Regulations to facilitate the overcoming and elimination of architectural barriers"; Act 104 of 1992 "Outline Legislation on Disability"; and Presidential Decree 503 of July 24, 1996, "Regulations for the elimination of architectural barriers in public premises, spaces and services".

The furnishings selected for BabyMed are made of **fully recyclable** chipwood, certified by TÜV ITALIA as compliant with UNI EN ISO 9001 standards for safety and with UNI and UNI EN standards for robustness.

Furnishings are manufactured in compliance with the regulations in force using **non toxic** coatings and colours, class E1 formaldehyde content, class 1 fire-resistant materials. They are easy to assemble, maintain, clean and are anchored to the floor or the walls to avoid tipping over.

In compliance with Act 46/90 and CEI regulations the premises were fitted with systems to optimise safety and security, e.g., anti-theft system, smoke and fire detection system, CCTV, emergency call buttons, improved primary air circulation system.

In 2009, the day-care centre will be **further enlarged** to accommodate 116 children, up from 88.

**"We are at the service of people:  
and what counts is what we do  
to be up to the task  
that these people expect from us."**

*(Interviews with Top Management)*



## Energy consumption



The information presented in this section relates only to the **Milano 3 Headquarters** (37,498 sq. m in 2008 compared to 33,898 sq. m in 2007) and to a population that includes both employees and contract workers, e.g., interns, project contractors and advisors who are usually present at the Headquarters.

For 2007 we considered a population of 1,894 people, in 2008 this figure increased to 2,030. As already mentioned in "Targeted Measures", the construction of a three-phase power generation plant that will allow the Headquarters to optimize energy consumption is underway.

### ELECTRICITY

The Mediolanum Group devotes much attention to energy consumption since this is an area in which direct actions can be taken to reduce the environmental impact.

In February 2006, through its membership in ASSBANK, the Association of Italian Private Bankers, Mediolanum joined the "ABI Energia" Consortium.

ABI Energia provides services to its member for optimal energy procurement and use. Thanks to agreements made with energy companies, the members of the consortium can benefit from below-market energy prices and other advantageous contractual terms.

	2008	2007	% Change
Total consumption [MW]	9,327	9,735	(4.2)
Consumption/sq. m [kW/sq. m]	248.7	287.2	(13.4)
Per-capita consumption [MW/employee]	4.5	5.1	(11.8)

Despite an increase in the Headquarters square footage and corporate population, consumption has been reduced **both in absolute and per-capita terms** as a result of the awareness-building activities and the technical measures put in place.

## HEATING

Last year, energy consumption for heating increased slightly in absolute terms but square-meter and per-capita consumption fell.

	2008	2007	% Change
Total consumption [KCal]	1,914,000	1,889,583	1.3
Consumption/sq. m [KCal/sq. m]	51.0	55.7	(8.4)
Per-capita consumption [KCal/employee]	942.9	997.7	(5.5)

## WATER

The initiatives taken to raise personnel's awareness of environmental issues contributed to reduce water consumption.

	2008	2007	% Change
Total consumption [m3]	6,859	7,244	(5.3)
Per-capita consumption [m3/employee]	3.4	3.8	(10.5)

## PAPER

In 2008, it was possible to carefully monitor the consumption of paper across all of the Group's work areas and not just based on the paper used for photocopying.

	2008	2007	% Change
Letterhead and blank paper [tons]	10.0	7.5	33.3
Recycled paper [tons]	57.7	49.0	17.8
Per-capita consumption [Kg/employee]	33.3	29.8	11.7

Due to the 2008 increase in paper consumption that is specifically attributable to office work, a workgroup was set up to sensitise, monitor and check the correct use of paper by the Group's employees.

## Waste collection and disposal

The following waste is source separated:

- paper
- packaging (cardboard, Styrofoam, wood)
- toner and cartridges for printers and copiers
- PCs and electronic equipment.

Under the Mediolanum waste collection and disposal programme, 2.5 and 7.4 tons of paper were sent to recycling facilities in 2007 and 2008 respectively.

In 2009, a project will be launched to equip all the break rooms at the Headquarters with source-separated recycling bins.

## Environmental impact of transportation

### SUSTAINABLE MOBILITY

Mediolanum has had in place for some years now a **shuttle bus service** for its employees, with frequent runs from Milan (from the Famagosta and Rogoredo Underground stops) to the Headquarters in Basiglio. The number of employees who took the shuttle bus to go to work increased from 258 in 2007 to 286 in 2008.

The use of public transport to get to Headquarters has been incentivised and promoted through the renewal of a dedicated agreement with ATM (Azienda di Trasporto Milanese - Milan's Public Transport Company) for the purchase of annual passes at a discount.

In 2007, a **car pool** scheme became operational. Car pooling is the sharing of rides in a private vehicle among two or more employees. The employees who are willing to join the car pool scheme can go to the Innova section of the intranet portal and get in touch with colleagues who travel on the same route.

## TRAVEL EXPENSES

The table below shows the various line items for travel expenses. In particular, **fuel costs** that the company reimburses to those employees who have a company car as a benefit increased due to the trend in raw material price in the first half of 2008 compared to the previous year. Car rental costs covered by the company with a contribution by the employee increased slightly due to the increase in the number of company cars.

The shuttle costs for the runs between Basiglio Headquarters and Milan are **covered by the company**.

(Euro)	2008	2007	% Change
Fuel	340,170	282,575	20.4
Car rental	1,419,800	1,383,597	2.6
Bus (shuttle)	494,871	503,046	(1.6)

## Workplace health

The workplace health projects include the regular analysis and monitoring of certain emissions, namely:

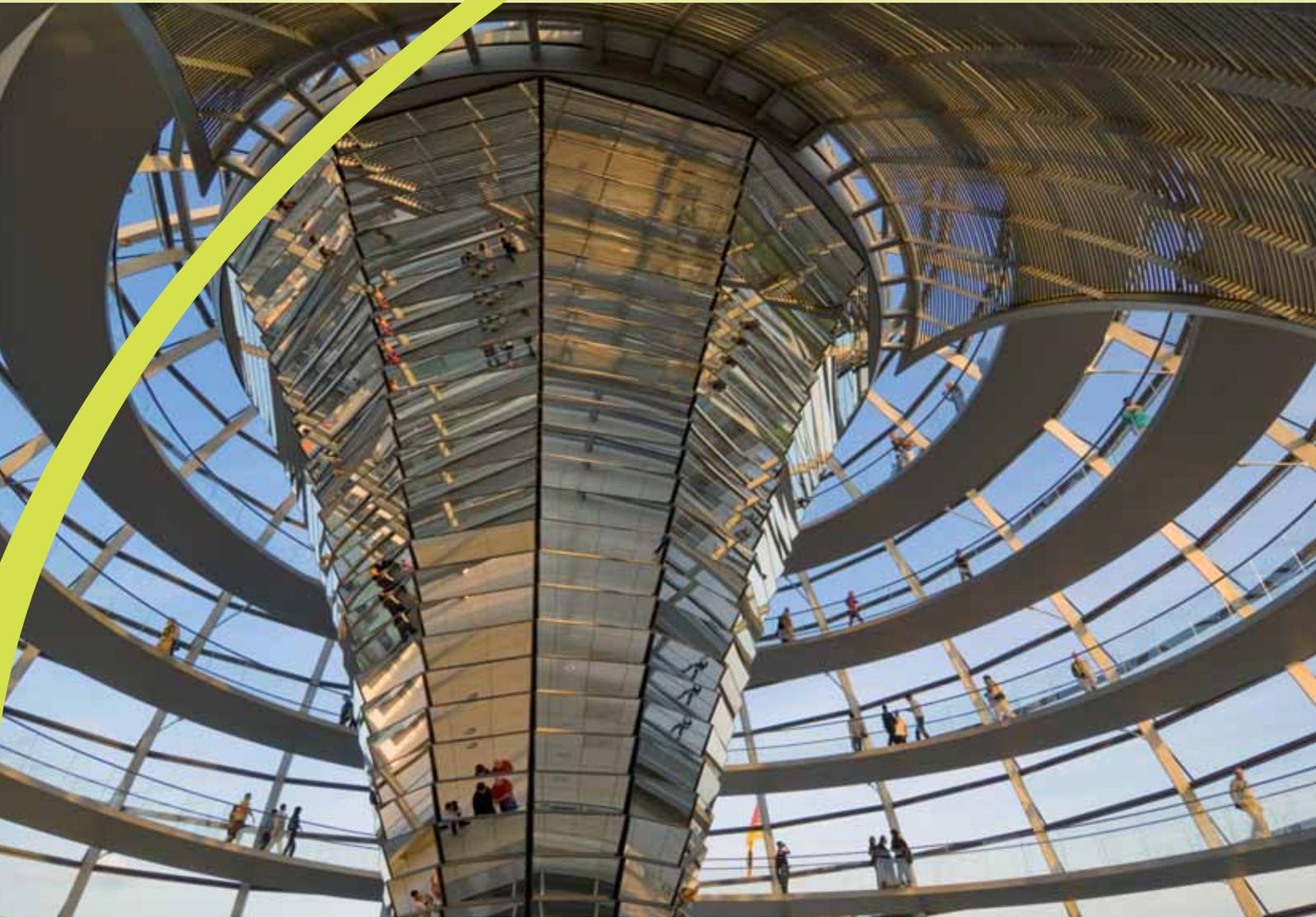
- the values of electromagnetic field emissions (company television aerial) in the workplace and adjoining premises were within regulatory limits when measured.
- the values of Radon gas emissions from the ground in the area surrounding the Headquarters were within regulatory limits when measured.

In 2009, emissions from mobile telephony base stations are planned to be measured as well.

The measures taken to protect health in the workplace include also the smoke-free programme adopted by Group companies several years ago: smoking is prohibited in the offices and in common areas.

**"I believe we have to somehow start  
saving the world we live in  
and I think you start with the little things first."**

*(Intern 2008)*



**“Mediolanum is not just a company,  
it’s also people.”**

(Employee since 2000)

# Regulatory and Legal Authorities, Trade Associations

## **VALUES**

For a Group that operates in the financial services industry, relations with **regulatory authorities** are particularly important.

In addition to relating to supervisory authorities, the Group collaborates, shares views and practices with trade associations, with which it also develops programmes, with the idea of monitoring, expanding and improving its knowledge base.

## **THE COMMITMENT**

A dialogue and exchange with regulatory authorities and trade associations are to be pursued and further extended in this climate of increased transparency and responsiveness, in which new opportunities are presented by the change that characterises this epoch.

## Regulatory Authorities

The industries in which the Mediolanum Group operates are heavily regulated (statutes and other industry regulations) and companies are subject to **inspections** by the competent supervisory authorities.

Company	Type of Business	Agenzia delle Entrate	Antitrust	Electricity and Gas Regulator	Communications Authority	Bank of Italy	Borsa Italiana	CONSOB	COVIP	Information Commissioner's Office	ISVAP	ENASARCO	UIF
Mediolanum S.p.A.	Holding company	✓	✓	✓			✓	✓		✓	✓		✓
Banca Mediolanum S.p.A.	Bank	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Mediolanum Gestione Fondi S.G.R.p.A.	Asset Management	✓	✓	✓		✓		✓	✓	✓			✓
Mediolanum Vita S.p.A.	Life Insurance	✓	✓	✓					✓	✓	✓		✓
Mediolanum Corporate University S.p.A.	Training and Education	✓	✓	✓				✓	✓	✓	✓		✓
Mediolanum Comunicazioni S.p.A.	Communications	✓	✓	✓	✓					✓			✓
Mediolanum Distribuzione Finanziaria S.p.A.	Financial Services (Section 106 of the Consolidated Banking Act)	✓	✓	✓		✓		✓		✓		✓	✓

In 2008, the following periodic inspections were conducted on Italian Group companies:

- **The Bank of Italy**, started an inspection at Mediolanum Gestione Fondi S.G.R.p.A. in February 2008 which was concluded in the month of April;
- **Enasarco**, (Italy's Sales Reps Social Security Service) conducted inspections at Banca Mediolanum S.p.A in November 2007 (the audit was concluded in May 2008).
- **Agenzia delle Entrate** (IRS), conducted an audit in relation to Mediolanum S.p.A.'s direct tax, which was concluded in the month of December.

## Trade Associations

The companies within the Mediolanum Group are members of a variety of trade associations in relation to the different business they conduct. These memberships include:

- ABI (Italian Bankers' Association);
- Assoreti (National Association of Sales Networks in the Financial Services Industry);
- Assogestioni (Asset Managers Association);
- Assofin (Association of Consumer Credit and Mortgage Lenders);
- Ania (Association of Italian Insurers);
- Assonime (Association of Italian Joint-Stock Companies);
- Assosim (Italian Association of Securities Brokerage Firms).

Mediolanum constantly exchanges information with and is an active **member** of the trade associations above. This entails, inter alia:



- Membership of the Group officers in the governance bodies of certain trade associations (the Cavaliere del Lavoro (Knight of Labour) Mr. Ennio Doris is Vice President of Assoreti, Mr. Giovanni Pirovano, Deputy General Manager of Banca Mediolanum S.p.A., is a member of the ABI Board of Directors; the Chief Executive Officer of Mediolanum Gestione Fondi S.G.Rp.A., Mr. Walter Ottolenghi, sits on the Executive Board of Assogestioni.



- Participation in workgroups on specific issues.
- Participation in initiatives geared to regularly monitor developments in the relationship with customers, regulatory and legal authorities, etc.
- Research studies and surveys.

\* \* \*

In the course of business, the Mediolanum Group also interacts with the **Judiciary** and the **Tax Authority** through the Group's Legal Affairs Department, which is responsible, among other things, for the preparation and delivering of documents expressly requested by the bodies mentioned above.

# Standards

## TABLE OF INDICATORS

Indicators	Standard GBS	Type of data (N/Q)	Coverage (I/G)	Reference to Mediolanum Social Report
<b>CORPORATE IDENTITY</b>				
CORPORATE GOVERNANCE STRUCTURE	✓	N - Q	G	25
PRINCIPLES	✓	Q	G	13, 15
MISSION	✓	Q	G	14
STRATEGIES	✓	Q	G	3, 18, 35
POLICIES	✓	Q	G	3, 18, 35
<b>VALUE ADDED CREATION AND DISTRIBUTION</b>				
RECONCILIATION WITH FINANCIAL REPORTING	✓	N	I	62
VALUE ADDED FORMATION	✓	N	I	63
VALUE ADDED DISTRIBUTION	✓	N	I	64
Personnel	✓	N	I	64
Public Administration	✓	N	I	64
Financing Parties	n.a.			
Return on Equity	✓	N	I	64
Company Return	✓	N	I	64
Donations	✓	N	I	64
<b>SOCIAL INDICATORS</b>				
<i>KEY SECTIONS</i>				
CONTENT	✓	Q	I	1, 35, 66
Indication of commitments, goals, rules of conduct	✓	Q	I	3, 35, 51
Identification of the stakeholders	✓	Q	I	3, 35
Policies relating to each stakeholder category, expected results, consistency with stated values	✓	Q	I	68, 98, 118, 146, 152, 160, 170, 180, 193
Opinions and judgments of the stakeholders	✓	N - Q	I	6, 73, 105, 140, 155
Objectives to improve process design and process substance	✓	Q	I	3, 35
Opinions of third parties requested to assess process quality and compliance with standards	✓	Q	I	193
IDENTIFICATION OF THE STAKEHOLDERS	✓	Q	I	3, 4
MAIN ASSUMPTIONS BY STAKEHOLDER CATEGORY	✓	Q	I	68, 98, 118, 146, 152, 160, 170, 180, 188
<u>Common denominator in the relations with stakeholders</u>				
Policies and expected results consistent with corporate values and mission	✓	Q	I	68, 98, 118, 146, 152, 160, 170, 180, 188
Measurement process, legitimate expectations and level of satisfaction/agreement	✓	N - Q	I	73, 105, 140, 155
Disclosures and communications	✓	N - Q	I	5
Litigations and disputes	✓	N - Q	I	93, 108, 137, 158
<u>Recommended detailed information</u>				
<b>Personnel*</b>				
1. Analysis of personnel	✓	N - Q	I	99, 119
2. Analysis by age, gender, level of education, category, job title, length of service, origin, nationality and type of contract	✓	N - Q	I	100, 119
3. Work organisation	✓	N - Q	I	101, 119
4. Turnover	✓	N - Q	I	102, 125
5. Social initiatives	✓	N - Q	I	127, 141
6. Recruitment policy	✓	N - Q	I	124, 126
7. Equal opportunities policy	✓	N - Q	I	135
8. Training policy	✓	N - Q	I	109, 134
9. Compensation and incentives	✓	Q	I	104, 130
10. Workplace Health & Safety	✓	N - Q	I	129, 138
11. Relations with trade unions	n.a.			

\* Personnel includes Employees and Sales Network members

## TABLE OF INDICATORS

Indicators	Standard GBS	Type of data (N/Q)	Coverage (I/G)	Reference to Mediolanum Social Report
<b>Shareholders</b>				
1. Analysis of shareholders by status and nationality	✓	N - Q	I	148
2. Shareholders' benefits	n.a.			
3. Return on invested capital	✓	N - Q	I	147
4. Shareholders' participation in corporate governance and protection of minority shareholders	✓	Q	I	146
5. Investor relations	✓	N - Q	I	149
<b>Financing parties</b>	n.a.			
<b>Customers/Users</b>				
1. Characteristics and analysis of customers and markets	✓	N - Q	I	69
2. Quality systems	✓	N - Q	I	35
3. Assessment of customer satisfaction	✓	N - Q	I	73
4. Customer contractual terms and conditions	✓	N - Q	I	91
<b>Vendors</b>				
1. Characteristics and analysis of vendors	✓	N - Q	I	152, 153
2. Quality systems	✓	Q	I	153
3. Vendor contractual terms and conditions	✓	Q	I	153
4. Local economic benefits	✓	N	I	158
5. Compliance with consistent standards along the supply chain	✓	Q	I	153
<b>Public Administration</b>				
1. Income tax, other taxes and contributions paid	✓	Q	I	63, 64
2. Subsidies, tax reliefs and/or soft loans received by segment	n.a.			
3. Preferential rates	n.a.			
4. Contractual relationships with the Public Administration	n.a.			
5. Internal rules and control systems to ensure regulatory and statutory compliance	✓	Q	I	45
<b>The community at large</b>				
(a) Initiatives in the social sphere	✓	Q	I	160
(a.1) Improvement of the quality of life in programme areas:	✓	Q	I	161
1. Education	✓	Q	I	161
2. Sports	✓	Q	I	141, 177
3. Healthcare	✓	Q	I	162
4. Culture	✓	Q	I	141
5. Research	✓	Q	I	161
6. Solidarity	✓	Q	I	163
(a.2) Relations with associations and organisations	✓	Q	I	188
(b) The environment	✓	Q	I	181
1. Environmental and risk management systems	✓	Q	I	181
2. Education and training	✓	Q	I	181
3. Environmental performance indicators	✓	N - Q	I	183
4. Use and consumption of energy and non-recyclable materials	✓	N - Q	I	183
<b>SUPPLEMENTARY SECTIONS</b>				
OPINIONS AND JUDGMENTS OF STAKEHOLDERS	✓	N - Q	I	6, 73, 105, 140, 155
COMMENTS AND STATEMENTS MADE BY THE COMPANY	✓	Q	I	1
SOCIAL REPORT IMPROVEMENT	✓	Q	I	4, 5

**Legenda**    Type of data:                      Coverage:  
                   N: Number                                      I: Italian Companies  
                   Q: Qualitative Information              G: Mediolanum Group

**AUDITORS'REPORT**  
(Translation from the original Italian text)To the Board of Directors  
of Mediolanum S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of Mediolanum Group as of December 31, 2008, described in paragraph 2 of this report. The procedures were carried out to evaluate the Board of Directors' statements, included in the paragraph "Introduction and Note on Method" of the Social Report of Mediolanum Group as of December 31, 2008, that such report has been prepared in compliance with the guidelines issued by the Gruppo di Studio per il Bilancio Sociale ("GBS"). The preparation of the Social Report in accordance with the above mentioned guidelines is the responsibility of Mediolanum S.p.A.'s management.
2. In order to evaluate the Board of Directors' statements mentioned in paragraph 1, we have performed certain procedures as recommended by the Research Document n. 1 issued by GBS - Gruppo di Studio per il Bilancio Sociale - and in accordance with the criteria stated by the Audit Standard "International Standard on Assurance Engagements 3000", issued by the International Auditing and Assurance Standard Board ("IAASB"), which are summarized as follows:
  - verified that the financial data and information are consistent with those included in the financial statements of Mediolanum S.p.A. and the consolidated financial statements of Mediolanum Group as of December 31, 2008 with respect to which we issued our audit report dated April 6, 2009;
  - analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
    - interviews and discussions with management and personnel, to obtain an overview of the activity of Mediolanum Group, to gather information on the technology, accounting and reporting systems used in preparing the Social Report, and to document processes and procedures used to gather, combine, process and transmit data and information to the function responsible for preparing the Social Report;
    - sample-based analysis of supporting documentation used in preparing the Social Report to confirm the reliability of the interview-derived information, the effectiveness of processes and their adequacy in relation to business objectives, and the operation of the internal control system in managing the data and information;

- analyzed the completeness and consistency of the qualitative information included in the Social Report. This activity was carried out in line with the above mentioned guidelines;
- verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and analysis of data of significant findings in this respect, compared to the information reported in the Social Report;
- obtained the representation letter signed by the legal representative of Mediolanum S.p.A. on the compliance of the Social Report with the guidelines indicated in paragraph 1 and on the reliability and completeness of information and data contained therein.

For our opinion on the Social Report of the prior year, which data and information are presented for comparative purposes, reference should be made to our Auditors' Report dated May 9, 2008.

3. In the section " Financial Indicators", paragraph "Embedded Value", the management report the Mediolanum Group's embedded value on the basis of the EEV principles (European Embedded Value). The verify of the consistency of the data and information included in the above mentioned paragraph was not performed since those data and information are not reported in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2008.
4. Based on the procedures performed, we believe that the Social Report of Mediolanum Group as of December 31, 2008 complies with the guidelines and principles which form the basis of preparation and which are described in the paragraph "Introduction and Note on Method" of the Social Report. Moreover, the financial data included in the Social Report, except for the matter referred to in the paragraph 3, are consistent with the data and information included in the financial statements of Mediolanum S.p.A. and in the consolidated financial statements of Mediolanum Group as of December 31, 2008 and the other data and information are consistent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.

Milan, May 15, 2009

Reconta Ernst & Young S.p.A.  
Signed by: Daniele Zamboni (Partner)



# Glossary

# Glossary



## **ABI (Associazione Bancaria Italiana) Italian Bankers' Association**

The Italian Bankers' Association represents, defends and promotes the interests of the banking and financial services industry. The majority of Italian banks are ABI members.

## **AGCM (Italian Competition Authority)**

Also known as the Antitrust Authority, it is an independent agency established under Act 287 of October 10, 1990 ("Regulations for the protection of competition and the market") responsible for overseeing compliance therewith.

The Antitrust Authority also protects consumers from misleading and unacceptable comparative advertising and its jurisdiction also includes the overseeing of bank M&A's.

## **AGCOM (Italian Communications Authority)**

Independent Authority established under Act 249 of July 31, 1997, AGCOM is first and foremost a watchdog.

## **Agenda**

The list of items for discussion during a meeting (e.g. meeting of the Board of Directors, General Meeting, meeting of a Committee).

## **ANIA (Association of Italian Insurers)**

The Association of Italian Insurers that represents and defends the interests of insurance companies with the government and during negotiations with trade unions.

## **Annual Report**

The report presented annually by the company to its shareholders, It sets out the analysis of the financial position and results of operations for the prior year including the following financial statements: balance sheet, income statement, cash-flow statement, auditors' report etc.

## **Asset management**

The management of assets invested on behalf of the customers.

**Bank of Italy**

The Bank of Italy is the central bank of the Republic of Italy and part of the European System of Central Banks (ESCB) and the Eurosystem. It is a public-law institution and pursues objectives of general interest in monetary and financial matters: price stability, the primary objective of the Eurosystem under the Treaty establishing the European Community (the EC Treaty); the stability and efficiency of the financial system, thus implementing the principle of the protection of savings embodied in the Constitution (Article 47 - "The Republic encourages and protects savings in all its forms. It regulates, coordinates and controls lending"); and the other duties entrusted to it by Italian law.

**Banking Services Center**

Call center for customers that provides assistance with banking transactions (home banking) or information. It is also used as customer care centre and telemarketing service.

**Best practice**

Generally, it indicates a practice which reflects the best knowledge in a certain technical/professional area.

**Bylaws**

Document which sets forth the regulations for the management and operation of a public or private organisation.

**Borsa italiana - Italian Stock Exchange (ISE)**

Created in 1998 with the privatisation of the Italian stock market, the ISE has been responsible for the organisation, management and operation of Italy's financial markets. Its main objectives are market growth and maximisation of liquidity, transparency, competitiveness and efficiency.

**Board of Directors**

Members elected by the shareholders and called "directors" who are responsible for the conduct of the business and corporate policies.

**Board of Statutory Auditors**

Collegial body mainly responsible for: verifying the adherence to principles of proper management, compliance with the law and the articles of incorporation, ensuring that accounting records are properly kept and reflected in the financial statements.

**Brand**

An identifying mark or trademark. It indicates the name or symbol whereby a company distinguishes its product from other products that are similar or are in the same category.



### **Chief Executive Officer**

A member of the Board of Directors of an organisation, to whom the Board may delegate certain powers and determines the limits of those powers.

### **Code of ethics**

The document a company prepares on a voluntary basis that concisely stipulates all the values recognised and internalised by the company and the consequent set of principles and standards of behaviour all those working for the company are to comply with.

Those principles and standards of behaviour also include the environmental, social and financial commitments of the company vis-à-vis the main categories of stakeholders, both within and outside the company.

### **Code of insider dealing**

The code sets out disclosure requirements and the limits on the dealing of financial instruments that are issued by the company or its listed subsidiaries by individuals who are close family members or otherwise related to insiders, e.g. directors, statutory auditors, the Chairman's and the Chief Executive Officer's direct reports. The identification of insiders and the disclosure to the market if ever the value limit of dealings is exceeded are two requirements set out in the Borsa Italiana Regulation and in the Code of Conduct of the individual listed companies.

### **CONSOB (Commissione Nazionale per le Società e la Borsa) - Stock Market Regulator**

An independent authority established under Act 216 of June 7, 1974, Act 281 of 1985 conferred legal personality and full independence to CONSOB. Its key purposes are to protect investors and ensure the efficiency, transparency and growth of securities markets. Its functions have progressively increased over time together with the need for greater investor protection associated with the expansion of financial markets and related regulations.

### **Consolidated Financial Statements**

The financial statements (Balance sheet, Income Statements and Notes) of a group of companies of a holding company. The consolidated financial statements include the balance sheets and income statements of all the companies within the group.

### **Core Business**

The main business that is the focus of the strategic choices and policies of an organisation.

### **Corporate Governance Code**

The set of rules and functions that govern and control the company, especially in relation to the transparency of documents and the complete disclosure to the market.

**Corporate Governing Bodies**

The Boards and officers of a company that manage and run the business.

**Corporate Social Responsibility**

Reporting, on a voluntary basis, of social and environmental issues as they relate to industrial and commercial activities of a company and to the stakeholders.

**COVIP (Commissione di vigilanza sui fondi pensione) - Pension Fund Supervisory Authority**

The Pension Fund Supervisory Authority was established in 1993 by Legislative Decree 124/93, and started to operate under the current configuration in 1996. Its mandate is to ensure the protection of retirement savings, the transparency and proper operation of the pension fund industry to ensure the greatest possible pension coverage.

**Cross Selling rate**

An indicator of the degree of coverage of the customers financial needs by the bank.

**Current account**

The most common form of bank deposits under an agreement whereby the bank undertakes the custody of money for the account holder (and pays the holder regular interest) and allows withdrawals at any time.

**Customer care**

All those forms of assistance provided by an organisation to its customers to help them choose the right products and services and properly use them post-sales. It can also include the assistance provided by call centers or service centers helping customers troubleshoot any problems they may have.

**Customer satisfaction**

The customer is the focus of the attention of the company, which seeks to provide superior customer service. Winning the customer and retaining his/her trust: these are the objectives that make measuring customer satisfaction increasingly important for all functions within an organisation.

Customer satisfaction can be assessed by measuring customer perception of the product and service quality and how much actual values deviate from expected values.



### **Diversification**

Strategy geared to mitigate risk exposure and ensure greater stability by investing into a variety of asset classes.

### **Dividend**

Amount distributed by a company to its shareholders at the end of the financial year as return on invested capital.

### **Dividend per share**

The amount of dividend for each share entitled to dividend distribution.



### **Extraordinary General Meeting**

General Meeting of shareholders with powers to vote on special business e.g. amendments to the articles of incorporation, the issue of bonds (for joint stock companies) and, in case of winding up, the appointment and powers of liquidators.

### **Embedded value**

The valuation measure of the core business of an organisation, which analyses sources of income/loss. Embedded value is measured on the basis of estimated future cash flows (in the form of streams of profits) discounted at their net present value.



### **Family Banker**

Banca Mediolanum sales network member.

### **Financial Agent**

Junior Family Banker of Mediolanum Distribuzione Finanziaria that promotes and sells banking and credit products and services, excluding financial products and investments services.

These professionals are regulated by the decree 485 dated December 13, 2001 issued by the Minister of Economy and Finance. They are entrusted by one or more financial intermediaries with the sale and the signing of contracts associated with the carrying out of financial activities as set out by article 106, paragraph 1, of the Consolidated Finance Act without being entitled to autonomously set prices nor other contractual conditions. The carrying out of this profession with the public is reserved to those agents registered in the UIC list (now renamed UIF).

## **Financial Statements**

The purpose of financial statements is to provide shareholders and third parties with faithful and transparent information on the Company's balance sheet, income statement and cash-flows at the end of the financial year. The financial statements are a snapshot of the main business activities conducted in the year and the related results of operations (net profit or loss).



## **IAS/IFRS**

The international accounting and financial reporting standards that under EU regulations are to be used by all European publicly traded companies in the preparation of their consolidated financial statements beginning from 2005.

The adoption of these accounting and financial reporting standards is intended to ensure uniformity, comparability and transparency of the financial information reported by European listed companies.

## **Index linked policies**

These are term policies under which the amount paid at maturity is linked to the performance of certain benchmark indices (stock indices or basket of shares).

## **Independent auditors**

External auditors responsible for auditing the accounts and the financial statements of an organisation and for verifying compliance with accounting standards.

## **Information Commissioner's Office**

The Information Commissioner's Office was established in 1997. This office is responsible for overseeing protection of personal data in every aspect of Italy's social, economic and cultural life.

The responsibilities of the Information Commissioner's Office are set out in Section 31 of Act 675/1996.

## **Insider Trading**

Illegal use of confidential information relating to a publicly traded company by individuals who received this price sensitive information in the fulfilment of their duties or from third parties, which if made public, would have a significant effect on the companies stock price.

## **Internal audit department**

The department within the organisation which conducts internal audit.

## **Institutional Investors**

Organisations that invest in securities markets as part of their business. These organisations are largely banks, investment funds, insurance companies, pension funds and financial companies.

**Insurance agent (Banca Mediolanum)**

A member of the Banca Mediolanum sales force under a mandate to sell insurance products.

**Insurance policy**

The most common insurance contract issued by an insurance company that demonstrates that the insured is protected against certain risks.

**Investor Relations**

The department in listed companies that is responsible for communicating with investors and intermediaries.

**Italy's Electricity and Gas Regulator**

An independent authority established under Act 481 of November 14, 1995 responsible for regulating and supervising the electricity and gas markets.

**ISVAP (Supervisory Authority for Insurance Companies)**

Supervisory Authority for Insurance Companies.

Established in 1982, ISVAP is an independent authority set up as an organisation with its own capital, financial reporting system and management. The objective of this authority is to guarantee the stability of the market and of insurance companies and also the transparency of products in the interest of the insured and of insurance market participants in general.

**Joint Venture**

Agreement between two or more parties to work together on an investment or work project, where the duties and responsibilities as well as the risks and profits are shared between the parties on a pro-rata basis.

**Life policy**

An insurance contract under which the insurer's payment to the beneficiary is conditional upon the occurrence of a certain event in the life of the policyholder.

Life policies are classified into:

- death benefit policies where the insurer makes the payment upon the death of the policyholder;
- living benefit policies where upon maturity the insured receives a lump sum payment, which is the sum of premiums paid plus annual interest, or an annuity. If the insured dies before the expiration of the term of the policy, the insurance company will pay the amount equivalent to the premiums paid to the heirs.

**Licensed Financial Advisor**

Professional advisor specialised in the selling of financial products and services on behalf of a securities brokerage firm or a bank.

A financial advisor needs to be licensed and registered in the FA register in order to practice, and has to meet basic minimum requirements and pass a state exam in order to become licensed. The state exam certifies that the candidate is capable of practicing ethically and effectively.

**Loan**

Sum of money given by a bank to an individual (or organisation) for a period of time to be paid back with interest.

**Logo**

Graphic symbol that identifies an organisation.

**Management**

The management techniques of an organisation or the management team that runs the business.

**Managed accounts investing in mutual funds**

Asset management service under which customer assets are invested in mutual fund units.

**Managed accounts investing in securities**

Asset management service under which customer assets are invested in securities (shares, bonds, treasuries, mutual funds, etc. ).

**Mission**

A company's overriding corporate purpose. It expresses the ideals and values which form the foundation of the company's policies and are fundamental and drive the organisation.

**Mortgage loan**

A loan extended by a bank for the purchase or the renovation of a property or a house. The loan is repaid in instalments (typically, half-yearly or monthly); interest on the residual debt can be at a fixed or floating rate.

**Multi-channel bank**

A bank, that in addition to traditional channels, uses innovative channels based on electronic or telecommunications networks for the provision of banking services, e.g. home banking, telephone and cellular phone banking.

**Mutual Funds**

Financial instruments managed by an investment professionals and targeted to individual investors, investing their assets in a variety of securities or property. The individual becomes a shareholder in the Fund with a stake that is equal to the amount invested.

**NGO (Non-Governmental Organisation)**

A private, non-profit organisation. NGOs are active in various areas of international cooperation and solidarity and may have different purposes (humanitarian, political, religious).

**Net profit**

Profit for the year after tax.

**Ordinary General Meeting**

General Meeting of shareholders, who have the power to vote on: 1) the approval of the financial statements; 2) the appointment of directors, statutory auditors, the chairman of the board of statutory auditors; 3) the determination of the compensation of directors and statutory auditors, when not stipulated in the articles of incorporation 4) other business relating to the management of the company that they have the authority to vote on, under the articles of incorporation, or other business submitted to them by the directors, as well as on the directors' and statutory auditors' liability.

**Parent Company**

The company - also called holding company - that provides guidance and controls the policies and management of subsidiaries.

**Payout ratio**

The percentage of a company's earnings paid out to shareholders, i.e. the ratio of total dividends (distributed earnings) to total earnings for the period.

**Pension Funds**

Funds established to provide pension benefits which supplement those paid by the national social security and pension agency under the national mandatory pension scheme to retired workers (employees or self-employed).

Pension funds are classified into two categories: occupational and non-occupational pension funds. Occupational funds are those created under collective agreements and provided to homogeneous groups of workers (e.g. the employees of a company or of an industry). Non-occupational funds are those set up by authorised financial intermediaries (insurance companies, banks, securities brokerage firms or asset management companies) and are offered to any category of workers, employees or self-employed, for which there is no occupational pension fund.

**Pre-tax profit**

Profit for the year before tax.

**Quote**

The price of a security as it results from its trading on an exchange.

**Return**

Profit on investment.

**Risk profile of the investor**

Represents the risk tolerance of the investor measured on the basis of the investor's objective personal characteristics and subjective behaviour.

**ROE (Return on Equity)**

The percentage obtained by dividing net profit by shareholders' equity, which indicates how effectively equity was employed to generate net profit.

**Ruir**

Isvap Register of Insurance and Reinsurance Intermediaries established in February 2007.

**Share capital**

Shares subscribed by the shareholders of a joint-stock company to form the capital needed to start up and run the business.

Share capital may be increased or reduced only by a resolution passed by the shareholders at the extraordinary general meeting, which sets out the terms thereof (e.g. amount of share capital increase/decrease, procedures for subscribing to new share issue or for reducing share capital).

**Share certificate**

A document of ownership in a joint stock company and related rights. A company can issue different classes of shares which give the holders different rights. Shares can be registered shares or shares in the bearer's name.

**Shareholders' Agreement**

Agreement among major shareholders aimed at stabilising control in a company.

**S&P/MIB**

The S&P/MIB index tracks the performance of major stocks listed on the markets regulated and managed by Borsa Italiana.

**SGR (Asset Management Company)**

A company that actively manages the assets of a mutual fund.

**Stakeholder**

Any category of individuals who can influence, be affected or have an interest in the business, e.g. employees, shareholders, clients, vendors, non-governmental organisations, local communities.

**Stock Option Plan**

A plan for employees for the granting of options on corporate shares (either for a consideration or not) exercisable at a certain date.

**Stock split**

Increase in a corporation's total number of shares outstanding, without any capital increase. Each shareholder will thus hold a greater number of shares with lower par value without any disbursement.

**Sustainable development**

A term that indicates the ability to ensure the industrial, infrastructure, and economic development of an area, fully respecting the local environment. It entails a form of growth in which the use of resources, the investments, the direction of economic development and governmental changes are all in harmony with each other and preserve the physical environment and ensure the availability of fundamental resources such as clean air, drinkable water, fertile soil, diversified ecosystems and climate stability.

**Supplementary pension**

Pension schemes underwritten by individuals that are meant to complement the national compulsory pension system.

**Teletext**

A news and information service in the form of text transmitted from a database to the television screen.

**UIC (Ufficio Italiano dei Cambi) - Italian Foreign Exchange Office**

Established in 1945 and reformed in 1998, it is the Bank of Italy's agency responsible for processing the balance of payments statistics, managing currency reserves, preventing and combating money laundering.

**Unit linked policy**

A policy under which benefits are linked to the unit value of shares in ad hoc insurance funds or mutual funds.



**Vision**

Strategy for a future scenario that reflects the company's values.

**Volatility**

Indicator of the level of risk of an investment that through statistical analysis measures the amount a security is expected to fluctuate in a given period of time.



**Yield**

Coupon rate of interest on fixed-income securities divided by the purchase price, or the rate of return paid on a stock in dividends.



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