



MEDIOBANCA

## **Statement on corporate governance and ownership structure**



# MEDIOBANCA

## STATEMENT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

2015

This statement has been prepared in accordance with the provisions of Article 123-bis of Italian legislative decree 58/98 and the code of conduct for listed companies operated by Borsa Italiana (most recent update July 2014 and available at [www.borsaitaliana.it](http://www.borsaitaliana.it)), to which Mediobanca adheres, on the terms set forth below.

The statement is also intended to meet the public disclosure requirements for banks instituted by the Bank of Italy's supervisory instructions on the issue of corporate governance.

Mediobanca adopts a traditional model of corporate governance based on the presence of Board of Directors and a Statutory Audit Committee, both of which are appointed by shareholders in general meeting, considering this model to be better suited to combining maximum efficiency in terms of operations with effective control, at the same time satisfying shareholders' interests and leveraging fully on the Bank's management. In particular, the Articles of Association now in force provide for a significant number of executives (five) to be represented on the Banking Group's Board of Directors, in a system of corporate governance based on wide-ranging powers being granted to the Executive Committee (made up of a majority of executive members) and the Chief Executive Officer for the day-to-day running of the company. This allows the management's professional capabilities to be leveraged, and ensures their independence with respect to situations of potential conflicts of interest vis-à-vis shareholders. At the same time, under the provisions of the Articles, the Board of Directors is vested with the role of strategic supervision in the form of the traditional, non-delegable powers under primary regulations (approval of draft financial statements, rights issues pursuant to Article 2443 of the Italian Civil Code, etc.) and secondary regulations (decisions concerning strategic direction and business and financial plans, acquisition and disposal of significant equity investments, appointments to the post of General Manager and the control units).

The Statutory Audit Committee is responsible for supervising control activities.

Mediobanca is fully aware that an efficient corporate governance system is a key factor in pursuing its objectives, and for this reason devotes careful attention to its governance structures to ensure these are aligned not only with changes in the regulatory framework but also the best national and international practice.

### **Parent company**

Mediobanca was set up in 1946 and has been listed on the Italian stock market since 1956. Its core businesses are lending and investment banking, helping its clients (which include leading Italian corporates as well as numerous medium-sized businesses and international groups) to grow by providing them with professional advisory services in addition to traditional medium-term bank credit. In the meantime a footprint has developed on non-Italian markets, with branch offices opening in Paris, Frankfurt, Madrid, and London and subsidiaries in New York, Luxembourg, Istanbul and Mexico City.

As a listed company, Mediobanca is a bank of large size with complex operations, and for this reason is subject to prudential supervision by the ECB given its status as a significant bank. Following analysis of the governance system launched in the light of the new supervisory instructions for banks on the issue of corporate governance referred to above, Mediobanca intends to submit certain changes to the approval of shareholders at the annual general meeting called to adopt the financial statements for the year ended 30



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June 2015. While confirming the Bank's traditional governance model, the changes are intended in particular to:

- 1) provide clear definition of the role of the Chairman;
- 2) allow for consistent definition of the Board of Directors' role as body of strategic supervision, including:
  - . a number of directors to be comprised between nine and fifteen;
  - . three members to be chosen from among the Group's senior management;
  - . two directors, rather than one, to be appointed from a single minority list;
- 3) provide a new definition of independence;
- 4) provide for the Board of Directors to be entitled, rather than obliged as is presently the case, to establish an Executive Committee, chaired by the Chief Executive Officer, in view of the complexity of the Banking Group's operations and the variety and number of business areas covered ;
- 5) submit the definition of the Chief Executive Officer's powers and responsibilities entirely to the discretion of the Board of Directors, as is the case with the powers conferred on the Executive Committee (if any).

The changes described under points 2 and 3 above would become effective from the next occasion that the governing bodies are reappointed, that is, the annual general meeting called to adopt the financial statements for the year ending 30 June 2017. For further details please see the individual reports contained in the annual report being submitted to the approval of shareholders in annual general meeting.

## **Mediobanca Group**

Mediobanca is the parent company of the Mediobanca Banking Group, which has operations in consumer credit (through the Compass group), retail banking (through CheBanca!), leasing (through the SelmaBipiemme group), and private banking (through Compagnie Monégasque de Banque, Spafid and investee company Banca Esperia).

The Board of Directors of Mediobanca has approved a set of Group Regulations covering the activities of management, governance and control of the companies forming part of the Banking Group, activities which are performed by the parent company. In particular the Regulations define the Group's organizational architecture, the co-ordination mechanisms and governance instruments, and the areas of competence and responsibility of the parent company's central functions.

In the exercise of its management, governance and control activities, Mediobanca seeks to promote value creation for both the individual Group companies and the Group as a whole, directing its policies for growth and management according to objectives of operating efficiency and profitability which is sustainable over time. The Group companies' management contributes to achieving the Group's objectives. The governance rules contained in the Regulations are intended to guarantee the unity of the Group as a whole.

The Regulations have also been approved by the Boards of Directors of the respective Group companies.

Mediobanca fulfils its activities of direction and co-ordination by governing the process of planning at Group level, issuing Group-wide directives, providing centralized risk management, and issuing guidance on how to implement instructions received from the Bank of Italy.



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## Share capital and ownership

The Bank's share capital at 30 June 2015 totalled €433,583,880.50 made up of 867,167,761 par value €0.50 shares. The shares are registered shares, and entitle shareholders to one vote per share in general meeting.

Pursuant to Article 2443 of the Italian Civil Code, the Board of Directors was authorized by shareholders in a general meeting held on 28 October 2011 to increase the Bank's share capital by means of rights or bonus issues, on or prior to the fifth anniversary of the date of the relevant resolution, in an amount of up to €100m via the issuance of 200 million new ordinary shares, to be offered in option or otherwise allotted to shareholders, and to establish the issue price and ranking of such new shares from time to time; and to issue bonds convertible into ordinary shares in a nominal amount of up to €2bn also to be offered to shareholders; provided that exercise of such resolution should not lead to the issue of a total number of ordinary shares in excess of 200 million.

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca adopted a resolution empowering the Board of Directors, under Article 2443 of the Italian Civil Code, to increase the company's share capital, in one or more tranches, on or prior to the fifth anniversary of the date of said resolution in a nominal amount of up to €40m, including via warrants, through the issue of up to 80 million par value €0.50 ordinary shares, set aside for subscription by Italian and non-Italian professional investors with option rights excluded, under and pursuant to the provisions of 2441, paragraph four, second sentence of the Italian Civil Code, in accordance with the procedure and conditions set forth therein.

Following a resolution adopted in a general meeting held on 27 October 2007, Mediobanca bought back a total of 16,200,000 shares which were booked at an average price of €13.17 per share, for a total outlay of €213.4m. In September 2009, as the result of a bonus issue, the number of treasury shares increased to 17,010,000. Until 30 June 2015, some 1,208,037 treasury shares had been allocated to implement the performance share scheme, account of which will be given in the report on remuneration; a total of 15,801,963 treasury shares remains outstanding.

Since 1998 shareholders in general meeting have adopted resolutions to increase the company's share capital under the terms of stock option schemes restricted to company chief executives and to Mediobanca Group management (cf. Article 4, paras 5 and 6 of the company's Articles of Association). The stock option scheme approved by shareholders in general meeting and subsequently amended as a result of the Bank of Italy's instructions issued in March 2011 and renamed the performance stock option scheme has been published on the Bank's website at [www.mediobanca.com](http://www.mediobanca.com).

At a general meeting held on 28 October 2010, the shareholders of Mediobanca authorized the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase the company's share capital free of charge in a nominal amount of up to €10m, as permitted under Article 2349 of the Italian Civil Code, through the issue of no more than 20 million ordinary par value €0.50 shares, ranking for dividends *pari passu*, to be reserved to Mediobanca Group employees through the award of performance shares as well as up to 15,801,963 treasury shares owned by the Bank. The performance share scheme approved by shareholders in general meeting, as subsequently amended in line with the Bank of Italy's instructions issued in March 2011, and the various press releases regarding the existing schemes and awards made, are published on the Bank's website at [www.mediobanca.com](http://www.mediobanca.com).

Under these powers, at a Board meeting held on 25 November 2014, the directors adopted a resolution to increase the company's share capital free of charge in a nominal amount of up to €1,016,774.50, by transferring a corresponding amount taken from the statutory



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reserve, with the issue of 2,033,549 ordinary par value €0.50 shares ranking for dividends *pari passu*.

As at 1 July 2015 a total of 10,051,124 performance shares were available for award.

According to the company's register of shareholders, as amended in the light of statements received pursuant to Article 120 of the Italian consolidated finance act, as at 30 June 2015 the following shareholders own more than 2% of the subscribed and paid up share capital of Mediobanca, either in their own right or through subsidiaries:

Shareholder	No. of shares	% of share capital
Unicredit group	74,573,472	8.60
Bolloré group	68,887,075	7.94
Mediolanum group	29,795,110	3.45
Fondazione Ca.Ris.Bo	24,418,135	2.82
Benetton group	18,625,029	2.15
Fininvest group	17,713,785	2.04

Mediobanca has approximately 60,000 shareholders. Shareholders representing some 31.83% of the Bank's share capital as at 30 June 2015 have entered into a shareholders' agreement expiring on 31 December 2015. The agreement is filed with the Milan companies' register, and an excerpt from it may be found on the Bank's institutional website ([www.mediobanca.it/CorporateGovernance](http://www.mediobanca.it/CorporateGovernance)).

## GOVERNING BODIES

- Shareholders in general meeting
- Board of Directors
- Chairman of Board of Directors
- Executive Committee
- Chief Executive Officer
- General Manager
- Head of Company Financial Reporting
- Statutory Audit Committee

## GENERAL MEETINGS

The general meeting gives expression to the wishes of the body of the company's shareholders, and decisions taken in such meetings, which are adopted in conformity with the provisions of both the law and the company's Articles of Association, are binding on all shareholders.

Issues which fall within the jurisdiction of shareholders in general meeting include the following:

- approval of financial statements and allocation of profits;
- appointment and/or dismissal of the Board of Directors and Statutory Audit Committee;
- responsibilities of members of the Board of Directors and Statutory Audit Committee;
- engagement of, and termination of agreements with, external legal auditors;
- transactions required by law to be approved by shareholders in extraordinary general meeting;



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- remuneration policies and compensation schemes based on financial instruments adopted for directors, Group employees and collaborators.

Mediobanca intends to propose certain changes to its Articles of Association for approval by shareholders at the annual general meeting called to approve the financial statements for the financial year ended 30 June 2015, including the provision for shareholders in general meeting to: i) approve the criteria for determining the compensation to be agreed in the event of early termination of the employment relationship or term of office; and ii) decide on the variable remuneration of Group staff and collaborators up to a cap of 200% their fixed salaries.

The right to attend and vote at General Meetings is governed by the Articles of Association (Section III, Articles 5ff), which stipulate that shareholders for which the issuer has received, by the end of the third business day prior to the date set for such meeting, notification from an authorized intermediary based on the evidence at the end of the accounting day of the seventh business day prior to the date set for the meeting in the first or only instance. Authorization to take part and vote in cases where the notice is received by the issuer after this deadline may still be granted, provided such notice is received before proceedings at the specific session of the meeting commence.

Persons authorized to take part and vote may choose to be represented in the general meeting under a proxy issued in writing or electronically where this is permitted by the regulations in force and in accordance with them, without prejudice to grounds of incompatibility and within the limits provided by law. Proxies may also be issued free of charge, along with instructions on how to vote on all or some of the items on the agenda, to a representative appointed to such end by Mediobanca under Article 135-*undecies* of Italian legislative decree 58/98.

The Bank has not adopted a specific set of regulations for holding general meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman of the meeting, who under the Articles is the Chairman of the Board of Directors, has the duty of establishing that a quorum has been reached, ascertaining the identity of those in attendance, and assessing their entitlement to be so present, chairing and conducting the proceedings, and checking and announcing the results of any votes taken.

As provided under Article 127-*ter* of the Italian consolidated finance act, shareholders may table questions on items on the agenda even prior to the meeting itself. Questions received prior to the meeting will be answered during the meeting itself at the latest, including by means of a single answer if other questions with substantially the same content have been received.

The Board of Directors reports to shareholders in general meetings on the activity performed in its review of operations, and prepares the reports on the various items of agenda within the timeframe set by the regulations in force.

## **BOARD OF DIRECTORS: COMPOSITION AND ROLE**

The Board of Directors consists of between fifteen and twenty-three members, with one place reserved for minority shareholders. Of the Directors thus appointed, five are managers with at least three years' experience of working for the Mediobanca Banking Group, three qualify as independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98, and one-third, who may coincide with the three qualifying as independent referred to above, qualify as independent based on the Code of conduct for listed companies. No person may be appointed director if they are aged seventy-five or over.



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In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation in the composition of the Board of Directors, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of directors. Currently at least one-fifth of the total number of directors must be made up by the least-represented gender.

The Board of Directors of Mediobanca was appointed by shareholders in a general meeting held 28 October 2014 for the 2015-17 three-year period. In accordance with the Articles of Association, Directors are appointed on the basis of lists of candidates who are in possession of the requisite professional credentials, qualify as fit and proper persons to hold such office and as independent in accordance with the law and the company's Articles of Association. Such lists are submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the time (currently 1%).

In submitting their lists of candidates, the shareholders have taken account of the guidance issued by the Board of Directors in its "Report on the qualitative-quantitative composition of the Board of Directors" dated 4 July 2014 to the effect that such candidates should possess the appropriate expertise or experience in one or other of the following areas:

- banking sector, valuation methodologies and management of risks relating to exercise of banking operations;
- experience of business management or organization;
- capability to analyse and interpret balance-sheet data for financial institutions and their counterparties;
- expertise in corporate affairs (audit, compliance, legal, corporate);
- knowledge of banking and financial regulation;
- international experience or knowledge of non-domestic markets;
- understanding of global trends in the economic system;
- expertise in the area of corporate governance.

Please see Article 15 of the Articles of Association for the procedures relating to the appointment and dismissal of Directors, which may be found on the Bank's website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

The Board of Directors appointed on 28 October 2014 for the 2015, 2016 and 2017 financial years consists of 18 members, 10 of whom qualify as independent pursuant to Article 148, para. 3 of Italian Legislative Decree 58/98, and 8 of whom also qualify as independent pursuant to the Code of Conduct. Its composition reflects the legal requirements in terms of gender balance:



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Member	Post held	Date of birth	Indep. *	Indep. **	Manage- ment	In office since
Renato Pagliaro ♦	Chairman	20/2/57			X	2/7/07
Maurizia Angelo Comneno ♦	Deputy Chairman	18/6/48	X	X		28/10/14
Marco Tronchetti Provera ♦	Deputy Chairman	18/1/48		X		23/5/07
Alberto Nagel ♦	CEO	7/6/65			X	2/7/07
Francesco Saverio Vinci ♦	General Manager	10/11/62			X	2/7/07
Tarak Ben Ammar ♦	Director	12/6/49	X	X		15/9/03
Gilberto Benetton ♦	Director	19/6/41				28/10/02
Mauro Bini □	Director	20/10/57	X	X		28/10/14
Marie Bolloré ♦	Director	8/5/88		X		28/10/14
Maurizio Carfagna ♦	Director	13/11/47	X			28/10/14
Angelo Casò ♦	Director	11/8/40	X	X		27/06/07
Maurizio Costa ♦	Director	29/10/48	X	X		28/10/14
Alessandro Decio ♦	Director	10/1/66		X		27/06/12
Vanessa Labérenne ♦	Director	8/1/78	X	X		9/5/12
Elisabetta Magistretti ♦	Director	21/7/47	X	X		28/10/11
Alberto Pecci ♦	Director	18/9/43				27/10/12
Gian Luca Sichel ♦	Director	19/6/68			X	28/10/14
Alexandra Young ♦	Director	14/2/68			X	28/10/14

\* Independent as required in Code of conduct for listed companies.

\*\* Independent as required by Article 148, para. 3 of Italian Legislative Decree 58/98.

\*\*\* Period also comprises post held in governing bodies under dualistic governance system adopted by Mediobanca from 27/6/07 to 28/10/08.

♦ Taken from the list submitted by shareholder Unicredit S.p.A., owner of 8.655% of the company's share capital.

□ Taken from the list submitted by a group of investors holding 1.699% of the share capital.

A breakdown of the Board of Directors by years of seniority is shown below.

0-2 years	2-4 years	6 years
39%	22%	39%

The shareholders who submitted the minority list have issued a statement to the effect that no links exist, as defined in Article 144-quinquies of Consob regulation 11971/99, with shareholders owning, including jointly between themselves, a controlling or majority shareholding in Mediobanca.

The Board includes prominent figures from the banking and industrial sectors, which ensures an appropriate degree of professionalism as required by the complexity of the Bank's operations, and given the Board's role in strategic supervision. The composition of the Board of Directors illustrated below reflects the appropriate combination of capabilities and professional expertise, in line with the recommendations made in the "Report on the qualitative-quantitative composition of the Board of Directors".





The Board of Directors is comprised of thirteen men (72%) and five women (28%); a breakdown of the Board members by age bracket is shown below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	70/75
2	0	4	1	2	0	6	3

All the Directors have made statements to the effect that no cause exists for them to be disqualified from office under legislation currently in force on the grounds of their being incompatible (including those provided by Article 36 of Italian decree law 201/11 in respect of interlocking directorates), ineligible or otherwise having lapsed from office, and further statements to the effect that they are fit and proper persons in possession of the requisite qualifications to hold such office and that they qualify as independent where this is required by legislation currently in force and in particular Article 148, paragraph three of the Italian consolidated finance act, which the Board has duly noted. The Articles of Association do not provide for any further requirements in terms of professional qualifications than those stipulated by Article 26 of the Italian Consolidated Banking Act.

Following the appointment process, the Board of Directors, with the support of the Appointments Committee, ascertained that the qualitative and quantitative composition of the Board actually appointed was consistent with that considered to be optimal.

The independence of each Director is assessed annually on the basis of information provided by him/her, and any relations which might compromise, or appear to compromise, the Director's independence of judgement are assessed accordingly.

The Board of Mediobanca has ascertained that the following directors qualify as independent under the terms of the Code of conduct in respect of listed companies: Maurizia Angelo Comneno, Tarak Ben Ammar, Mauro Bini, Angelo Casò, Maurizio Costa, Vanessa Labérenne and Elisabetta Magistretti (on 28 October 2014); and Maurizio Carfagna (on 25 November 2014).

With reference to the fact that some independent directors are members of the Executive Committee, under the governance model adopted by the Bank members of the Executive Committee do not become "executive" as defined by the Code of Conduct merely by fact of their belonging to this body, as a result in particular of its composition, given that the Executive Committee includes the Chairman plus four members of the Bank's senior management, including the Chief Executive Officer and General Manager, who are responsible for the day-to-day running of the Bank. The Chairman and the other non-



management members of the Committee do not have individual powers of management, and the governance model also features managerial committees with broad powers in respect of the Bank's ordinary operations.

The supervisory instructions for banks in the area of corporate governance, which - by contrast - define all members of the Executive Committee as executive, do not affect the Directors' independence, which is currently assessed with respect to the guidelines and definitions contained in the Code of conduct. The Bank will take the new arrangements into account in its formulation of a single definition of "independence", to be submitted, along with the other amendments to the Articles of Association, to shareholders at the annual general meeting called to take place on 28 October 2015 to adopt the financial statements for the year ended 30 June. In line with the supervisory instructions referred to above, directors who are members of the Executive Committee shall not be included in the other committees instituted by the Board, the Remunerations and Control and Risks Committees.

The Statutory Audit Committee then checked that the criteria and procedures adopted by the Board of Directors had been applied correctly with respect to the ascertaining of its members' independence. The Committee's activities were principally aimed at ensuring that the Board expressed its opinion on the basis of adequate information and material, that the proper procedural process was followed for decisions made by the Board, and that the criteria stipulated by the regulations (the Code of conduct and Article 148 of the Italian consolidated finance act) regarding the requirements for independence were correctly applied.

The independent Directors meet at least twice a year on their own without the other Directors present.

The documentation submitted by the Directors in conjunction with the lists for appointment to the Board of Directors are available on the Bank's website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

Article 36 of Italian decree law 201/11 has instituted a ban on representatives of banks, insurance companies and financial institutions from holding equivalent positions in companies which operate in the same sectors. The Board assesses the position of individual directors annually, as these may change on the basis of changes in the activities or size of the other companies in which they hold posts. To this end, each director is bound to inform the Board of any changes in the positions which he/she might have taken on in the course of his/her term of office.

Under the Articles of Association currently in force, the Board of Directors delegates management of the Bank's current operations to the Executive Committee and the Chief Executive Officer who exercise such powers in accordance with the strategic guidelines and direction formulated by the Board itself. The following matters, however, are the sole jurisdiction of the Board of Directors:

- 1) approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;
- 2) approval of quarterly and interim accounts and of draft individual and consolidated financial statements;
- 3) decisions concerning the acquisition or disposal of equity investments which alter the composition of the Banking Group for amounts of over €500m or otherwise of investments worth in excess of €750m;



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- 4) trading involving equity investments in excess of 15% of the holdings owned at the start of each financial year in Assicurazioni Generali S.p.A., RCS MediaGroup S.p.A. and Telco S.p.A.;
- 5) appointment and dismissal of the Executive Committee with the powers provided for in the Articles of Association, under Article 22, and establishment of any additional powers to be vested in it;
- 6) appointment and dismissal of the Chief Executive Officer with the powers described in the Articles of Association, and establishment of any additional powers to be vested in him as well as his remuneration;
- 7) appointment and dismissal of the General Manager and establishment of any additional powers to be vested in him as well as his remuneration;
- 8) appointment of the Head of Company Financial Reporting and of persons responsible for internal audit and compliance duties;
- 9) proposals to be submitted to shareholders in ordinary and extraordinary general meetings;
- 10) approval of or amendment to an internal regulations;
- 11) ascertaining that Directors and members of the Statutory Audit Committee upon their appointment, or without prejudice to the foregoing on at least an annual basis, are in possession of the requisite professional credentials and qualify as fit and proper persons and as independent as required by regulations in force and the Articles of Association.

Under the regulations currently in force, the following matters are also under the sole jurisdiction of the Board of Directors:

- 1) adoption of succession planning for executive directors;
- 2) approval of “most significant” transactions involving related parties.

The delegated bodies report once a quarter to the Board of Directors on the Bank’s general performance, outlook, and the most significant transactions in terms of size or characteristics that have been executed either by Mediobanca itself or by Mediobanca Group companies.

The Board normally adopts resolutions on proposals from the Executive Committee or Chief Executive Officer, with a majority of those in attendance voting in favour, while a majority of all Directors in office is required for resolutions on appointments to the Executive Committee or to the posts of Chief Executive Officer or General Manager. The same majority is required where the Board is to take resolutions in respect of transactions which fall within the jurisdiction of the appointed governing bodies.

Meetings of the Board of Directors are called by the Chairman or Acting Chairman, on his own initiative or when requisitioned by at least three Directors. As a rule, the Board of Directors meets at least five times a year, and a quorum is established when a majority of the Directors in office is in attendance. Board meetings may also be called by the Statutory Audit Committee or one of its members, provided the Chairman has been notified to such effect in advance.

The Chairman is responsible for ensuring that the directors receive adequate information on the various items on the agenda in good time for the meeting, and ensures that sufficient room is given for discussing the individual items. The Chairman regularly invites Board members to indicate issues of interest to them which require further analysis or explanation. The secretary to the Board is available to arrange training sessions or further analysis for the individual directors.



Non-Board members who are responsible for individual company units also take part in Board meetings on occasion, to provide the appropriate depth of information on the various items included on the agenda.

A total of twelve meetings took place in the period from 1 July 2014 to 30 June 2015, four of which in the period from 1 July - 27 October 2014, and eight since 28 October 2014, the date on which the current Board of Directors was appointed.

The average duration of Board meetings was two hours and forty-five minutes.

Twice a year the Board of Directors also assesses the adequacy of the Bank's administrative and accounting structure, with particular attention paid to the internal control system and risk management based on the enquiries made by the Control and risks committee and the report presented by the Head of company financial reporting on the adequacy and application of administrative and accounting procedures required by Italian law 262/05.

The Board of Directors continuously appraises the adequacy of the company's organizational structure on the basis of the information it receives from the management.

During the year induction sessions were arranged for directors and statutory auditors outside the Board meetings themselves, on issues such as governance, risk management, capital and liquidity requirements and remuneration systems.

## **SELF ASSESSMENT OF BOARD OF DIRECTORS**

The Board has approved internal regulations in the area of self-assessment to govern the various phases into which the process is structured, identifying the means and instruments by which it is implemented. Such formalization enables a standardized process to be developed over the years meaning that results can also be compared more easily.

The process of self assessment of the size, composition and functioning of the Board of Directors and its committees required *inter alia* by the supervisory instructions for banks in the area of corporate governance was conducted in the months of May and June 2015, with the assistance of an external specialist advisor.

The process was structured in three different phases:

- obtaining indications from each director, following the outline of a questionnaire with standard contents for all recipients;
- analysis by the Appointments Committee of aggregated data collected;
- approval by the Board of Directors of the summary report including the key outcomes, subject to a prior favourable opinion being expressed by the Appointments Committee.

The self assessment process, in which seventeen of the directors participated and also, in line with the supervisory instructions for banks, the three standing auditors plus four members of the Bank's management external to the Board, revealed a positive situation which confirms the effectiveness of the work carried out by the Board.

In particular it emerged that the strategic direction of the Group remains clear, and that the climate within the Board itself is satisfactory, as are the flow of information, the way in which the proceedings are chaired and the items discussed on the agendas that are set. The means by which the Chairman informs, directs and stimulates the discussions at Board meetings were felt to be effective. It was also felt that the relationship between the independent and non-independent directors is appropriate, and the possibility of appointing a Lead Independent Director was being looked into. The Board also proved to



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be satisfied with: the systems adopted for managing the risks facing the company and the related controls, the mix of experience represented, and its functioning with reference to the inclusion of strategy-related items on the agenda and to the level of internal debate.

The Executive, Control and risks, Appointments and Remunerations committees were felt to be excellent in terms of role, functioning, composition and size, while it is hoped that the Control and risks committee will be expanded.

## **SUCCESSION PLANNING**

Mediobanca has formalized its “Succession planning policy” for the positions of the executive directors and key managers (business areas, control units, and staff and support roles) was updated in the course of the 2014-15 financial year.

It also reflects the regulatory authority’s specific instructions on the heads of the control units.

At Group level 21 key positions have been identified, which include the executive directors, for which positions internal staff have been earmarked as able to ensure they are replaced smoothly, without, however, ceasing to monitor the market constantly. The skills and capabilities which candidates for the various leadership profiles must possess have also been defined and formalized. The types of role identified, in addition to the Chief Executive Officer and the General Manager, are the other executive directors responsible for business areas, the other heads of the parent company’s main areas of operation (Corporate and Investment Banking, Principal Investing, and Finance) and the principal Group companies (Compass, CheBanca! and CMB), and the heads of the control, staff and support units.

The Chief Executive Officer and General Manager, with the help of Human Resources, annually select the staff who will make up the senior talent pool, currently consisting of 23 staff, to ensure key positions can be replaced in the short and medium term. Career development paths are identified for these staff members, including in terms of involvement in specific strategic projects, exposure to Board/committee meetings, and international and intra-group rotation. As far as regards coverage of the role of Chief Executive Officer, particular attention is paid to individuals who play senior and/or key roles in Mediobanca. Selection is based on an assessment of professional and technical characteristics, as shown by the candidates’ CVs and track record in Mediobanca, performance over time, and possession and development of key leadership capabilities.

The results of this process are presented to the Appointments committee and to the Board of Directors.

With reference to the succession of directors, in line with the best international practice the Board of Directors intends to following the recommendations made in the “Report on the qualitative-quantitative composition of the Board of Directors” dated 4 July 2014” for cases in which a new director has to be co-opted to replace a Board member leaving office.

In particular the Board will take steps primarily in order to identify a candidate who possesses the same characteristics as the director who has left office (in terms of gender, independence, international experience and specialization), and where this is not possible, a candidate who in any case possesses the characteristics identified in the “Report on the qualitative-quantitative composition of the Board of Directors”.

If the director leaving office was appointed by the minority shareholders, their replacement will be also be chosen, wherever possible, from the candidates included in the same list or based on the recommendation of the shareholder which submitted the list.



The regulations in force at the time in respect of the balance of directors in terms of gender and independence will of course be observed.

As for the limitations on the number of posts which representatives of banks may hold under the new CRD IV directive, the relevant decree law has still to be enacted by the Italian ministry for the economy and finance which, after consulting with the Bank of Italy, will set the limits pursuant to Article 26 of the Italian banking act, as amended by Italian legislative decree 72/15. These provisions will apply to appointments subsequent to its coming into force as provided by Article 2 of Italian legislative decree 72/15.

## **DIRECTORS' AND STRATEGIC MANAGEMENT'S REMUNERATION**

The executive directors' remuneration is structured in such a way as to ensure their interests are aligned with the main objective of value creation for shareholders over the medium and long term, within a framework of regulations directed towards achieving proper management of the current and future risks facing the company, and maintaining appropriate liquidity and capitalization levels. The compensation package is structured into three components so that the economic benefits accruing to executive Directors are diversified over time:

- fixed salary;
- a variable annual component which accrues only if the gateways established in the Remuneration policies approved by shareholders in general meeting are met. The amount of the individual bonuses will depend on certain specific quantitative and qualitative performance criteria being met, which are assigned annually by the relevant governing bodies. Achievement of these objectives results in variable remuneration being paid which varies from 50% (or a lower percentage) of annual gross salary when minimum targets (usually those set by the budget) are reached to up to of 200% for particularly outstanding performances (indicatively between 115% and 150% of the minimum). Payment of the bonus is made in accordance with the terms, conditions and methods stipulated in the Remuneration policies;
- when the Group's long-term plans are approved, the Board of Directors may establish a further extraordinary bonus by way of a long-term incentive, as recognition for achievement of the targets set in the plan. Payment of the bonus is made in accordance with the terms, conditions and methods stipulated in the Remuneration policies.

The Chairman is entitled to fixed remuneration only.

Directors who are also members of the Group's senior management receive a fee for their position as directors, but do not receive any remuneration in respect of their participation in committees, and in cases where such directors hold posts on Mediobanca's behalf in Group or investee companies, any emoluments due are paid to Mediobanca itself as the persons concerned are members of the Bank's staff.

Non-executive Directors' remuneration is set by shareholders in annual general meeting, and does not include incentives linked to the Bank's performance.

The general policy in respect of the remuneration of directors and management with strategic responsibilities is illustrated in the "Remuneration policy", which at the Remuneration Committee's proposal is approved by the Board of Directors and submitted to shareholders in general meeting. The policy for the 2014-15 financial year, as approved by the shareholders, is available on the Bank's website at [www.mediobanca.it/CorporateGovernance](http://www.mediobanca.it/CorporateGovernance).



## CHAIRMAN OF BOARD OF DIRECTORS

The Chairman of the Board of Directors calls, chairs and directs proceedings at general meetings, Board and Executive Committee meetings, and ensures that all the other Directors are provided with adequate information regarding the items on the agenda. No person aged seventy or over may be elected as Chairman.

The Chairman of the Board of Directors, Renato Pagliaro, also chairs the Executive and Appointments committees.

The Chairman is responsible for ensuring that the corporate governance system runs smoothly in practice, guaranteeing due balance between the powers of the Chief Executive Officer and the other executive Directors; he is the counterparty for dialogue with the internal control bodies and internal committees; he ensures that the self-assessment process is completed effectively, and that the corrective measures devised in order to meet any shortcomings detected are implemented in practice; he ensures that the directors are able to take part in meetings to analyse strategic issues in greater depth, with a view to providing adequate knowledge of the company itself and the regulatory framework. In addition to the duties provided for under Article 15 of the Bank's Articles of Association, the Board has also assigned responsibility to the Chairman for overseeing internal audit activities.

The Board of Directors has not tasked the Chairman with specific duties or vested him with special powers; his participation in Board meetings reflects the provisions contained in the Articles of Association.

In addition to the duties associated with his role, the Chairman of Mediobanca, as a member of its senior management, also participates in internal committee meetings without having voting rights.

## COMMITTEES

In accordance with the recommendations made in the Code of conduct and the Bank of Italy's corporate governance instructions, the Board of Directors has established three committees:

### Control and risks committee

Control and risks committee	Auditor <sup>◇</sup>	Independent (Code) <sup>*</sup>	Independent (Finance Act) <sup>**</sup>
Elisabetta Magistretti (Chair)	X	X	X
Mauro Bini		X	X
Vanessa Labérenne		X	X

<sup>◇</sup> Registered auditor.

<sup>\*</sup> Independent as defined in Code of conduct for listed companies.

<sup>\*\*</sup> Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is currently made up of three non-executive Directors who qualify as independent as defined by the Code of Conduct for Listed Companies, which has duties of consultation and enquiry in particular with respect to the Bank's system of internal control and risk management, and the structure of its accounting reporting organization. A breakdown of the committee members by age is shown below:



<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	0	0	1	0	1	0

In particular, the committee:

- performs duties of monitoring, instruction and support to the Board of Directors in respect of:
  - defining the guidelines for the internal control and risk management system, to ensure that the principal risks facing the Bank and its Group companies are properly identified and adequately measured, managed and monitored;
  - reviewing, at least once a year, the adequacy of the internal control and risk management system vis-à-vis the Bank's characteristics and the risk profile assumed;
- expresses non-binding opinions on the appointment and dismissal of the heads of the internal control units (Group Audit, Compliance and Risk Management), their salaries and powers, and the means guaranteed for them to exercise their functions;
- examines the regular reports and work plans of the Group Audit, Compliance and Risk Management units, and supervising the internal auditing system;
- reporting to the Board, at least once every six months, on the activities performed and the adequacy of the internal control and risk management system;
- reviews plans for calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP) reporting back to the Board on this issue;
- monitors the thoroughness, adequacy, functioning and reliability of the Risk Appetite Framework;
- checks that the Bank's remuneration and incentivization system is consistent with the Risk Appetite Framework.

With reference to the structure of the Bank's IT and financial reporting organization, the Control and risks committee assesses the compliance of decisions taken by the Head of Company Financial Reporting, the external auditors and the Board of Directors in respect of the correct application of accounting standards with primary and secondary regulations, their consistency for purposes of drawing up individual and consolidated financial statements, and generally serves in an advisory capacity to assist the Board of Directors in taking the decisions for which it has responsibility on matters of financial documents.

The Statutory Audit Committee takes part in Committee meetings, and the Chief Executive Officer and General Manager are also invited to take part as guests. The head of company financial reporting, the heads of the control units and other management necessary for indepth discussion of items on the agenda also participate.

The Control and Risks Committee presently also acts as the Related Parties Committee instituted pursuant to the procedure for transactions with related parties approved on 20 June 2012 and most recently revised on 7 May 2015 ([www.mediobanca.com/CorporateGovernance](http://www.mediobanca.com/CorporateGovernance)), with the following duties:

- expressing opinions in advance on the adoption and possible amendments to the procedure;
- participating in negotiating and processing the most significant transactions with related parties, by receiving thorough and prompt reporting on them with the right to





request further information and make comments;

- expressing reasoned opinions (binding only in respect of the largest transactions) on the Bank's interest in executing the transaction with related parties and the convenience and substantial correctness of the financial terms, including with the help of independent experts.

The Committee met on a total of fourteen occasions in the period from 1 July 2014 to 30 June 2015 and on fifteen occasions as the Related parties committee.

The average duration of Committee meetings was roughly two hours and thirty minutes.

## Remunerations committee

Remunerations committee	Independent (Code) *	Independent (Finance Act) **
Vanessa Labérenne (Chair)	X	X
Maurizio Carfagna	X	
Maurizio Costa	X	X
Elisabetta Magistretti	X	X
Alberto Pecci		X

\* Independent as defined in Code of conduct for listed companies.

\*\* Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

The Committee is made up five non-executive members, the majority of whom qualify as independent under the terms of the Code of conduct for listed companies. The Committee has duties of consultation and enquiry to determine the remuneration of Directors vested with particular duties and the General Manager, as well as on the proposals formulated by the Chief Executive Officer regarding the guidelines for the remuneration system for senior management and Group staff remuneration, loyalty retention and incentivization schemes. A breakdown of the committee members by age is shown below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	0	0	0	0	3	1

In particular the Committee:

- regularly assesses the adequacy, overall consistency and practical application of the remuneration policy for directors and relevant staff;
- formulates proposals and/or opinions regarding the remuneration of directors who are members of the Group's senior management and relevant staff, and verifies the achievement of their performance;
- monitors application of the rules on the remuneration of the heads of the company's control units;
- proposes the allocation of the fixed emolument approved by the shareholders in general meeting among the various directors, and gives its opinion on the Remuneration policies to be submitted to the approval of the Board of Directors and shareholders in general meeting.



The Chairman of the Board of Directors, the Statutory Audit Committee, the Chief Risk Officer and Head of Human Resources take part in Committee meetings, along with the Chief Executive Officer and the General Manager (the last two in an advisory capacity).

The Committee met eight times in the period from 1 July 2014 to 30 June 2015, to review changes in the regulatory framework and formulate proposals to the Board of Directors in respect of the staff remuneration policies. For further information on the issue of remuneration, please see the Report on remuneration available on the Bank's website under [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

The average duration of Committee meetings was roughly one hour and fifty minutes.

## Appointments committee

Appointments committee	Independent (Code) *	Independent (Finance Act) **
Renato Pagliaro (Chairman)		
Alberto Nagel (CEO)		
Francesco Saverio Vinci (GM)		
Vanessa Labérenne	X	X
Elisabetta Magistretti	X	X
Mauro Bini ♦	X	X
Maurizio Costa ♦	X	X

\* Independent as defined in Code of conduct for listed companies.

\*\* Independent as defined in Article 148, para. 3 of Italian Legislative Decree 58/98.

♦ Independent as defined in the Articles of Association, who takes part in committee meetings for certain resolutions.

The Appointments committee is made up of five members and includes *de jure* the Chairman, who chairs the committee, the Chief Executive Officer and General Manager, and at least two other members appointed by the Board of Directors from among its own number who qualify as independent under the Code of conduct.

A breakdown of the committee members by age is provided below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
1	0	1	1	2	0	2	0

The Appointments committee adopts resolutions based on proposals made by the Chief Executive Officer, having first sought the Chairman's opinion, regarding appointments to be made to positions in the governing bodies of the Bank's investee companies Assicurazioni Generali, RCS MediaGroup and Telco.

The Committee - with the addition in this case of two further directors qualifying as independent under the Code of conduct - also:

- has duties of enquiry in respect of proposals of submission of lists for the Board of Directors, co-opting of new directors to replace those who have left their post, and for the appointment of the Executive Committee, Chief Executive Officer and, at the CEO's proposal, the General Manager;



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- performs advisory duties in respect of identifying the optimal qualitative/quantitative composition of the Board of Directors, and subsequently checks that this corresponds to the actual composition which results from the appointment process;
- has duties of enquiry with reference to the plans of succession for the directors who are members of the Bank's management.

The Committee met six times in the period from 1 July 2014 to 30 June 2015 to adopt resolutions on appointments to positions in investee companies, the Board of Directors' self-assessment process and on the plans of succession.

The average duration of committee meetings was roughly 55 minutes.

Minutes are taken of committee meetings which are kept in specific registers.

## EXECUTIVE COMMITTEE: ROLE AND COMPOSITION

The Board of Directors appoints an Executive Committee to comprise up to nine members, establishing their powers in accordance with the provisions of the Articles of Association.

The Executive Committee presently has seven members.

The Chairman of the Board of Directors and the other Directors who are members of the management of Mediobanca Group companies are members of the Executive Committee *de jure*. Members of the Executive Committee who are part of the Mediobanca Group's management are bound to devote themselves exclusively to the performance of activities relating to their post, and without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for companies or entities other than those owned by Mediobanca. The other Executive Committee members, again without prejudice to the provisions of the law and unless permitted otherwise by the Board of Directors, may not carry out duties of management, direction, control or of any other nature for other banking or insurance groups.

Directors who are also part of the Banking Group's management, and who in such capacity are called to form part of the Executive Committee, cease to be Directors upon their ceasing to be employed by the company belonging to the Banking Group.

Members of the Executive Committee shall also be disqualified from the office of Director upon the occasion of any breach on their part of the restriction on not accepting positions of administration, management, control or of any other kinds for banking groups or insurance companies. Disqualification is pronounced by the Board of Directors.

The Committee remains in office for the entire duration of the office of the Board of Directors which appointed it.

The Statutory Audit Committee takes part in Executive Committee meetings.



The Executive Committee is currently made up as follows:

Members	Post held	Executive
Renato Pagliaro	Chairman	X
Maurizia Angelo Comneno*	Deputy Chair	
Alberto Nagel	CEO	X
Francesco Saverio Vinci	General Manager	X
Angelo Casò*	Director	
Gian Luca Sichel	Director	X
Alexandra Young	Director	X

\* Independent as defined in Code of conduct for listed companies and under Article 148, para. 3 of Italian legislative decree 58/98.

The Executive Committee comprises five men (71%) and two women (29%); A breakdown of the committee members by age is provided below:

<40	41/45	46/50	51/55	56/60	61/65	66/70	71/75
0	0	3	1	1	0	1	1

Pursuant to the Bank's Articles of Association, the Executive Committee is responsible for managing the ordinary activities of the bank and for co-ordinating and directing the Group companies without prejudice to those issues for which the Board of Directors has sole jurisdiction. In particular the Executive Committee is responsible, usually via the Chief Executive Officer's proposals and in conjunction with him, for the Bank's operating performance, approving resolutions, in accordance with the guidelines and general directives adopted by the Board of Directors, to grant loans and trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco as well as other shareholdings for amounts and percentage values not to exceed those for which the Board of Directors itself has jurisdiction. It also draws up internal regulations, to be submitted to the approval of the Board of Directors, and establishes the principles for co-ordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors.

The Committee regularly assesses the general operating performance, including on the basis of information received from the Chief Executive Officer and from the internal management committees.

Resolutions are approved by the Executive Committee with the majority of its members in attendance and voting in favour.

Meetings are called on the initiative of the Chairman based on the requirements of the business, as a rule meeting once a month.

A total of eleven meetings were held in the period from 1 July 2014 to 30 June 2015.

The average duration of committee meetings was roughly one hour and twenty minutes.



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## **CHIEF EXECUTIVE OFFICER**

The Board of Directors appoints a Chief Executive Officer from among the Directors who have been members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors establishes the powers of the Chief Executive Officer. The Chief Executive Officer in particular:

- 1) has executive powers, and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee and - in accordance with the powers attributed to him - the plans and strategic directions established by the Board of Directors and Executive Committee;
- 2) is empowered to make proposals to the Board of Directors and Executive Committee, with reference in particular to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts, and the principal internal regulations;
- 3) is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
- 4) ensures that the organizational, administrative and accounting systems of the bank are adequate for its operations and the size of the Company;
- 5) reports, with the General Manager, if appointed, to the Board of Directors and Executive Committee each quarter on the Bank's operating performance and prospects, and on the most significant transactions carried out by the Company and its subsidiaries.

The Chief Executive Officers is Mr Alberto Nagel.

## **GENERAL MANAGER**

The Board of Directors may, at the Chief Executive Officer's proposal, appoint a General Manager from among the Directors who have members of the Banking Group's management for at least three years and who is not more than sixty-five years old.

The Board of Directors authorizes the General Manager to sign jointly or severally on behalf of the Company as laid down in the Articles of Association, and vests him with powers to carry out the day-to-day business of the company which in particular involve supervision of the other Group companies, and implement resolutions passed by the Board of Directors and Executive Committee in accordance with the directions issued by, and based on the individual remit of, the Board of Directors, Executive Committee and Chief Executive Officer. The General Manager is responsible for approving the guidelines to ensure that the risk mitigation techniques implemented are effective and that suitable training programmes are instituted to embed the requisite risk culture.

The General Manager is Mr Francesco Saverio Vinci, who heads up the Operations division and the Banking Group's principal investments; he is also responsible for the Financial Markets area which is part of the Corporate and Investment Banking division.

## **HEAD OF COMPANY FINANCIAL REPORTING**

On the proposal of the Executive Committee and having sought the opinion of the Statutory Audit Committee, the Board of Directors appoints one person to act as head of financial reporting, who shall be chosen from among the Bank's management and who has held management positions for a period of at least three years in the field of accounting administration at the Bank itself or at other leading banks. Currently the post is held by Massimo Bertolini who was appointed Head of Company Financial Reporting on 4 July 2007.



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The Head of Company Financial Reporting is responsible for putting in place adequate administrative and accounting procedures for the preparation of the individual and consolidated accounts, plus all other reporting which is financial in nature. The appointed bodies and the Head of Company Financial Reporting issue the statements on the company's capital, earnings and finances required by law.

The Board of Directors has assigned a budget to this office in terms of funding and staff, and exerts supervision to ensure that the Head of Company Financial Reporting is vested with suitable powers and means to carry out the duties entrusted to him, and to ensure that the administrative and accounting procedures are complied with in practice.

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers to audit the company's full-year financial statements and interim accounts, and to perform other activities provided for under Article 155 of the Italian Consolidated Finance Act for the 2013/2021 period.

## **STATUTORY AUDIT COMMITTEE**

The Statutory Audit Committee consists of three standing auditors and three alternate auditors. Appointment to the Statutory Audit Committee is made on the basis of lists deposited at least twenty-five calendar days prior to the date scheduled for the general meeting to be held in the first or only instance along with professional CVs for the individual candidates and statements by them agreeing to stand as candidates and confirming that they are in possession of the qualifications required under law and the Articles of Association. The Articles in particular provide that, without prejudice to the provisions of the law, members of the Statutory Audit Committee may not hold posts in governing bodies other than those with responsibility for control of other Group companies or in companies in which Mediobanca holds, including indirectly, an investment which is deemed to be strategic under supervisory requirements laid down by the Bank of Italy, hold the post of Chief Executive Officer, manager or officer in companies or entities, or who otherwise work with the management of companies operating directly or indirectly (including through subsidiaries) in the same sectors as Mediobanca. The Articles of Association further provide that lists may only be submitted by shareholders representing in the aggregate at least the percentage of the company's share capital established under regulations in force at the date of the general meeting (currently 1%).

The mechanism for appointments provides that the Chairman of the Statutory Audit Committee shall be chosen from the minority list.

In order to incorporate the changes introduced by Italian law 120/11 which supplements Articles 147-ter and 148 of the Italian consolidated finance act (Italian legislative decree. 58/98) on the matter of gender representation, with reference to the Statutory Audit Committee, at an annual general meeting held on 27 October 2012 the shareholders of Mediobanca introduced provisions to the company's Articles of Association regarding the composition of the governing bodies, to ensure that the least represented gender accounts for at least one-fifth (in the current term of office) or one-third (of future terms of office) of the total number of standing auditors.

Its composition also ensures the gender balance stipulated in Italian law 120/11.

The Statutory Audit Committee, appointed on 28 October 2014 for the 2015, 2016 and 2017 financial years, is currently made up as follows:



Members	Position	In office since
Natale Freddi *	Chairman	28/10/11
Laura Gualtieri ♦	Standing auditor	28/10/14
Gabriele Villa ♦	Standing auditor	28/10/08
Alessandro Trotter ♦	Alternate auditor	28/10/14**
Barbara Negri ♦	Alternate auditor	28/10/14
Silvia Olivotto *	Alternate auditor	28/10/14

♦ Appointed from the list submitted by shareholder UniCredit S.p.A., which holds 8.65% of the company's share capital.

◇ Appointed from the minority list submitted by a group of investors owning 1.699% of the share capital.

\*\* Alternate audit until 2 July 2007; member of Management Board from 2 July 2007 to 28 October 2008; and alternate auditor as from 28 October 2014.

The members of the Statutory Audit Committee all qualify as independent under Article 148 of Italian legislative decree 58/98 and the Code of conduct in respect of listed companies.

The CVs of the Statutory Auditors deposited along with the lists for appointments to the Statutory Audit Committee may be found on the Bank's website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

The Statutory Audit Committee performs the duties and functions required of it under the regulations in force. In particular it:

- is responsible for monitoring compliance with the provisions of the law, regulations and the Company's memorandum of incorporation, with the principles of proper management, and in particular the adequacy of the organizational, administrative and accounting arrangements set in place by the company and their functioning in practice, as well as the effectiveness of the financial reporting process;
- monitors the thoroughness, adequacy, functioning and reliability of the internal control system and Risk Appetite Framework;
- annually reviews the plans of activity for the company's control units, along with the reports prepared by them on the work carried out;
- monitors the process of calculating the adequacy of the Bank's aggregate capital, current and estimated, at the consolidated level in view of the large risks to which the Bank and Group are exposed (ICAAP);
- assesses the proposal submitted by audit companies to act as the Bank's legal external auditors;
- reviews the working plan prepared by the external auditors to audit the Bank's accounts, and the results as described in their report and their letter containing suggestions;
- monitors the effectiveness of the external auditing process of the annual and consolidated accounts;
- monitors the independence of the external legal auditors, in particular with respect to the provision of non-auditing services;
- gives its opinion on the appointment and dismissal of the heads of the control units;
- gives its opinion on appointments to the role of Head of Company Financial Reporting;



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- reports any operating irregularities or breaches of regulations noted to the supervisory authorities;
- monitors the adequacy of the procedures adopted to regulate transactions involving related parties and compliance with them;
- checks that the criteria and procedures adopted by the Board of Directors to assess the independence of its members are applied correctly;
- monitors the thoroughness, adequacy, functioning and reliability of the business continuity plan.

The statutory auditors are vested with the broadest powers provided for by legal and regulatory provisions in force.

The committee takes part in all meetings of the Board of Directors, the Executive Committee and the other committees set up by the Board for which their participation is required under the Board's regulations. In this way the Committee is kept informed of the activities carried out and the most significant transactions in earnings, financial and capital terms, executed by the Company or its subsidiaries, transactions with related parties, and transactions in which the Directors have an interest either in their own right or by means of third parties, through participating in the meetings of the Board of Directors and Executive Committee.

Information is also provided to the Statutory Audit Committee outside of meetings of the Board of Directors, the Executive Committee and the other committees, in writing, addressed to the Chairman of the Statutory Audit Committee.

The Statutory Audit Committee receives information flows organized and channelled via the company's control units, i.e. Group audit, Risk management and Compliance, deals with issues in conjunction with the Control and risks committee, and maintains regular relations, with a view to reciprocal exchanges of information, with the external legal auditors, and with other Group companies' Statutory Audit Committees.

The Statutory Audit Committee checks that the provisions regarding the external legal auditors' independence are complied with, in particular regarding the services other auditing provided to Mediobanca and the Mediobanca Group companies by it and other entities forming part of the same network.

As part of their duties, the Statutory Auditors may ask the company's control units to perform specific checks on areas of activity or the company's operations.

Any Statutory Auditor who has an interest, either in his/her own right or via third parties, in a particular transaction in which Mediobanca is involved informs the other Statutory Auditors and the Chairman of the Board of Directors promptly and exhaustively regarding the nature, terms, origin and scope of such interest.

The heads of the various areas of the company hold regular meetings with the Statutory Audit Committee to provide further analysis or training on issues that are of interest to them.

A total of thirty-two meetings of the Statutory Audit Committee were held in the last financial year, fourteen of which jointly with the Control and risks committee, and met on several occasions with representatives of the external auditors engaged to audit the company's financial statements pursuant to Italian Legislative Decree 39/10.

The average duration of committee meetings was roughly two hours and twenty minutes.





## **RELATED PARTY TRANSACTIONS**

At a Board meeting held on 7 May 2015, following the unanimous favourable opinion of the Control and risks committee and the Statutory Audit Committee, the Directors of Mediobanca approved a revised version of the Procedure in respect of transactions with related parties and their associates adopted in pursuance of Consob resolution 17221/10 and the Bank of Italy provisions on this subject, which set out the provisions with which the Bank must comply to ensure that transactions with related parties carried out directly or also via Group companies are executed transparently, fairly in terms of both substance and form, objectively and impartially, and also that the prudential limits on risk assets vs related parties are complied with.

The procedure uses a definition of “related party” which combines the areas of application provided under the Consob regulations and Bank of Italy instructions in respect of procedural and approval obligations. The scope of the definition of related parties to which the prudential limits set by the Bank of Italy and the transparency regulations set by Consob apply remains distinct.

The procedure is activated every time the Bank intends to implement a Transaction with a related party (as defined in Annex 1 of the regulations). It involves an initial classification between “Most significant transactions” and “Transactions of minor significance”, which determines the respective responsibilities and approval procedures. The procedure does not apply to transactions which qualify as “Exemptions” (which include “Ordinary transactions of minor significance carried out on market terms” and “Transactions involving negligible amounts”).

The procedure also prescribes a specific “transparency regime” which defines the reporting requirements and deadlines versus both the public and the company’s governing bodies. This procedure is published on the Bank’s website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate Governance).

## **INTERNAL DEALING**

The Directors of Mediobanca have approved a code of conduct for reporting requirements in respect of internal dealing, i.e. dealing transactions involving equity instruments issued by Mediobanca (shares, convertible bonds, warrants, equity derivatives, etc.) carried out by persons defined as “relevant”. Such relevant persons (chiefly Directors, statutory auditors and key management) have all subscribed to the code, and notify Mediobanca of each such transaction involving said equity instruments within three days of their completion. Transactions involving sums of less than €5,000 in the course of the year are not considered (the underlying amount is used in the case of linked derivative products). Mediobanca then discloses all such information to the market and Consob by the next successive day, according to the methods laid down under regulations in force. Relevant persons may not effect such transactions in the thirty days prior to the date on which the Management Board’s approval of the Bank’s annual and interim accounts is made public, or in the fifteen days prior to approval of the quarterly results. Disclosure is not required for exercise of stock options, provided that the disposal of shares arising from such exercise is disclosed. The code is published on the Bank’s website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate Governance).

## **PERSONAL TRANSACTIONS**

In accordance with the provisions of Article 18 of the Bank of Italy-Consob combined regulations issued on 29 October 2007, Mediobanca has adopted a procedure to ban and/or identify personal transactions made (or transactions recommended, solicited or divulged



to third parties) by relevant persons which may give rise to conflicts of interest or otherwise be in breach of the regulations on insider or confidential information.

Under the procedure, relevant persons must be made aware of and comply with the restrictions and reporting requirements on personal transactions.

## ORGANIZATION MODEL INSTITUTED PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01

At a Board meeting held on 27 October 2014, the Directors of Mediobanca approved the revised version of the new organizational model instituted pursuant to Italian Legislative Decree 231/01 .

The organizational model consists of:

- a general part, comprising:
  - . map of the activities at risk, with the addition or rationalization of existing measures;
  - . indication of the requirements for the supervisory body and its members;
  - . revised references to organizational procedures, *ordini di servizio* and/or internal regulations;
  - . new staff remuneration and incentivization system;
  - . indication of information flows and reports addressed to the supervisory body.
- special parts:
  - . **mapping of activities at risk**: these involve money-laundering, white-collar crimes and instances of market abuse, for which specific preventative measures have been adopted.
  - . **protocols**, summarizing the principles of conduct and operating procedures for each sensitive area: in particular the protocols contain the methods to be followed in conducting relations with the public administration, in compliance with the principles of accountability and transparency.
  - . **information flows** from/to the supervisory body, containing the data and information which each organizational unit is required to transmit to the supervisory body. Obtaining such data allows the supervisory body to monitor the model's functioning and compliance with it, and to propose revisions where these may be necessary in order to render the company's organizational and internal control measures more effective. In execution of the powers and duties assigned to it under the organizational model, the supervisory body prepares an annual report to the Board of Directors and the Control and risks committee on the controls carried out with a view to preventing the crimes to which the model refers;
  - . **form for reporting** suspected breaches of the model to the supervisory body;
  - . the Group Code of ethics, which has been adopted by all Group companies, constitutes an integral part of the model, and contains references and principles which are complementary to the legal obligations and self-regulation requirements for directors, advisors, outside staff and suppliers, and are continuous and consistent with the Group's mission and its basic values. The document is available on the Bank's website at [www.mediobanca.it/Corporate Governance](http://www.mediobanca.it/Corporate%20Governance).

The Statutory Audit Unit also performs the functions assigned to the supervisory unit instituted pursuant to Italian legislative decree 231/01. In this connection the Statutory



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Audit Committee is responsible for monitoring the functioning of and compliance with the model and the functioning of the disciplinary system. It maintains and ensures flows of information to the Board of Directors, including:

- presenting an annual report on the activity carried out;
- serious breaches of the model, also informing the Chairman of the Control and risks committee.

The committee also maintains relations with the external auditors with a view to appraising all data and information regarding the decree and the model.

## **INTERNAL AUDIT UNIT**

As required by Bank of Italy regulations, Mediobanca maintains a Group audit unit, centralized at Mediobanca S.p.A. but covering the Group as a whole, which is organized so as to monitor and ensure on an ongoing basis that the company's internal control system functions effectively and efficiently. Control is extended to the other companies in the Banking Group both by the unit itself and via its co-ordination of the corresponding subsidiaries' units (where applicable; e.g. in the case of Compagnie Monégasque de Banque).

The unit is responsible in particular for assessing the thoroughness, adequacy, functioning and reliability of the individual components of the internal control system.

The unit has direct access to all useful information, and has adequate means to perform all its duties. The head of Group audit takes part in meetings of the Control and risks committee to support the committee in its own supervisory activities. The unit prepares a six-monthly report on the activities carried out by it, which it submits to the Control and risks committee and the Board of Directors, and presents an update on the critical issues encountered to the Control and risks committee, again twice a year.

The planned audits are conducted in accordance with the unit's own Regulations and with the audit plan approved by the Board of Directors for the year in course.

Centralizing internal audit activities in this way allows Mediobanca's role of co-ordination of the internal controls system to be strengthened and make the whole control structure more efficient by:

- centralizing co-ordination responsibilities at, and providing for direct coverage, by the Group audit unit for all subsidiaries;
- defining a Banking Group audit plan, to be submitted to the approval of Mediobanca's Board of Directors and thereafter of the individual companies' Boards for what concerns them;
- sharing specialist skills (e.g. IT auditing, Basel II, regulations) and audit methodologies, technical skills and reporting standards vis-à-vis the governing bodies and senior management.

The head of the Group Audit Unit is Piero Pezzati, who reports to the Board of Directors.

A suitable budget is made available to the head of the Group Audit Unit each year, subject to the approval of the relevant governing bodies.

## **COMPLIANCE UNIT**

The Compliance unit manages the regulatory and reputational risks of the Bank, and to monitor in particular that the internal procedures set in place are consistent with the objective of preventing breaches of regulations applicable to the Bank. In this connection,



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as required by the joint Consob-Bank of Italy resolution issued on 29 October 2007, the Compliance unit manages risks of non-compliance linked to the provision of investment services and activities and ancillary services governed by the MiFID directive.

The head of Compliance takes part in Control and risks committee meetings, providing support to the committee in its control activities. The Compliance unit reports to the Control and risks committee, the Board of Directors and the Statutory Audit Committee twice a year. The Compliance unit is headed up by Massimiliano Carnevali, who reports directly to the Chief Executive Officer.

A suitable budget is made available to the head of the Compliance unit each year, subject to the approval of the relevant governing bodies.

## **ANTI-MONEY-LAUNDERING UNIT**

The Anti-money-laundering unit was established in 2011, and again is headed up by Massimiliano Carnevali. As required by the instructions issued by the Bank of Italy on 10 March 2011 as amended, the unit is responsible for ongoing monitoring of the company's procedures to prevent and tackle breach of the regulations on money-laundering and terrorist financing.

## **RISK MANAGEMENT UNIT**

The Risk Management unit reports directly to the Chief Executive Officer under the leadership of the Chief Risk Officer, Mr Pierpaolo Montana.

The Risk Management unit is responsible for identifying and implementing an efficient risk management process and for ensuring this is embedded across the Group. To this end it presides over the functioning of the Bank's and the Group's risk management systems, defining the appropriate methodologies for measuring the current and future set of risks faced by them. The unit ensures ongoing control of the aggregate exposure, at Group and individual unit level, to credit, financial, operational and other relevant risks, within the limits set by the internal and supervisory regulations.

The Chief Risk Officer takes part in Control and risks committee meetings, providing support to the committee in its control activities. The Risk Management unit reports to the Control and risks committee and the Board of Directors twice a year on the activities performed.

In the exercise of his duties of control, the Chief Risk Officer is the person responsible for identifying and implementing an efficient risk management process through developing risk management policies which include defining and quantifying risk appetite and risk limits at both the individual operating unit and Group level.

As part of the Risk Appetite Framework, the Risk Management unit performs a set of regular internal controls with the aim of measuring the current level of the metrics relative to the limits set in the framework. It also gives prior opinions on whether Most Significant Transactions are consistent with the Risk Appetite Framework and identifies any needs in terms of decision-making escalation. If needs be and depending on the nature of the transaction, it also seeks the opinion of other units involved in the risk management process.

A suitable budget is made available to the head of the Risk Management unit each year, subject to the approval of the relevant governing bodies.



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## **SHAREHOLDERS AND INVESTOR RELATIONS**

Mediobanca maintains an ongoing dialogue with its shareholders, institutional investors and individual holders of shares and bonds and with all other stakeholders within the national and international financial community.

Transparent and prompt disclosure are the hallmarks of the relationship between Mediobanca and its interlocutors, in compliance with the regulations and the internal procedures governing the circulation of inside information.

To enable all shareholders to exercise their rights knowingly, information concerning the Group's business model, corporate governance structure, earnings/financial data, products and services, and social and cultural initiatives, is available on the Bank's website; to promote the widest possible attendance at annual general meetings, the relevant documentation is sent beforehand to the addresses of participants at the most recent meetings.

Furthermore, to promote dialogue via its institutional website at [www.mediobanca.com](http://www.mediobanca.com) (content in English and Italian), Mediobanca offers interested parties an opportunity to be kept up-to-date with the Group's earnings results and strategic objectives. As well as making available the full documentation produced by the Bank (again in both languages), the website also offers the opportunity to follow the conference calls organized for the publication of the Bank's quarterly, half-yearly and annual results via a web streaming service.

Relations with institutional investors, financial analysts and journalists are handled by the relevant units (Paola Schneider - Corporate Affairs, Jessica Spina - Investor Relations and Lorenza Pigozzi - Media Relations).

## **OTHER INFORMATION REQUIRED UNDER ARTICLE 123-BIS OF THE ITALIAN CONSOLIDATED FINANCE ACT ON SEVERANCE PAY AGREEMENTS**

In the event of the directors in the employ of Mediobanca ceasing to work for the company for any reason, the provisions of the law and the national collective labour contract alone.

Save in the case of dismissal for just cause, such directors will be allowed to retain any stock options and/or other financial instruments that have been awarded to them up to the date on which their employment by Mediobanca ceases.

## **CHANGE OF CONTROL CLAUSES**

Mediobanca is a party to shareholder agreements in respect of unlisted companies. Such agreements may make provision, in the event of substantial changes to the controlling structure of party, for the other parties to exclude it from the agreement and oblige it to sell its shareholding.

## **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR FINANCIAL REPORTING PROCESS**

Mediobanca has equipped itself with an internal control system for accounting and financial reporting requirements based on benchmark standards which are widely accepted at international levels (COSO and COBIT framework).<sup>1</sup> The system provides for:

- company level controls: controls to ensure that general and supervisory regulations are complied with in the running of the business, which are the norms, regulations and control mechanisms in force at Group level. Company level controls regard the



organization of the company and impact on the methods by which the financial reporting and disclosure objectives are reached.

- administrative/accounting model: organizational processes (operators, activities, risks and controls) which generate the most significant earnings and asset figures included in the financial statements and information disclosed to the market.
- general IT controls: general rules governing technologies and applications developments which are common to the architectures and IT applications used to generate financial reporting.

The system has been constructed and is applied according to the relevance of the company, accounts or processes.

Checks are carried out according to two distinct methods based on the reference process:

- test of controls, for non-accounting processes (chiefly relating to the support areas) IT processes, which are carried out by the process-owners using a self assessment methodology and checked by the heads of their respective organizational areas;
- test of controls for accounting processes, carried out in part using a self assessment methodology and in part by the Group Audit unit.

The Group Audit unit ascertains annually that the tests carried out on a self-assessment basis have been performed in accordance with the relevant methodologies.

Any gaps that emerge from the testing activity are analysed in conjunction with the heads of the organizational units responsible for the process, and possibly also with the areas that will be involved in resolving the problems. With the Head of company financial reporting, a plan of corrective action is drawn up which assigns responsibilities and defines timescales.

Based on this model, the relevant administrative bodies and the Head of Company Financial Reporting attest, by means of a declaration attached to the annual report, the condensed interim report and the consolidated financial statements, that the procedures in force are adequate and have been effectively applied during the period to which the documents apply, and that the documents correspond to the data recorded in the company's books and accounts ledgers, and are adequate for the purpose of providing a truthful and adequate representation of the capital, earnings and financial situation of the issuer and the group of companies included within its area of consolidation.

Milan, 22 September 2015

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<sup>i</sup> *The CoSO Framework has been compiled by the Committee of Sponsoring Organizations of the Treadway Commission, a US body with the objective of improving the quality of corporate information through defining ethical standards and an effective corporate governance and organizational system. The CobIT Framework-Control Objectives for IT and related technology, meanwhile, is a set of rules prepared by the IT Governance Institute, another US body whose objective is to set and improve corporate standards in the IT sector.*



Table 1: Structure of Board of Directors and Committees as at 30 June 2015

Board of Directors													Executive Committee		Control and Risks Committee		Remuneration Committee		Appointments Committee		
Office	Member*	Year of birth	Date first appointed**	In office since	In office until	List	Non exec.	Exec.	Indep., Code of conduct	Indep. Finance act	No. of other posts held***	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	
Chairman ♦	Renato Pagliaro	1957	28/10/08 (1)	28/10/14	28/10/17	(a)	X				0	100%	C	100%					C	100%	
Deputy Chair ♦	Maurizia Angelo Comneno	1948	28/10/14	28/10/14	28/10/17	(a)	X		X	X	0	100%		100%							
Deputy Chair	Marco Tronchetti Provera	1948	23/05/07	28/10/14	28/10/17	(a)	X			X	5	75%									
CEO ♦ ♦	Alberto Nagel	1965	28/10/08 (1)	28/10/14	28/10/17	(a)		X			0	100%		100%						100%	
Director and General Manager ♦	Francesco Saverio Vinci	1962	28/10/08 (1)	28/10/14	28/10/17	(a)		X			1	100%		100%						100%	
Director	Tarak Ben Ammar	1949	15/09/03	28/10/14	28/10/17	(a)	X		X	X	7	91.7%									
Director	Gilberto Benetton	1941	28/10/02	28/10/14	28/10/17	(a)	X				3	83.3%									
Director	Mauro Bini	1957	28/10/14	28/10/14	28/10/17	(b)	X		X	X	0	100%				100%			•	100%	
Director	Marie Bolloré	1988	28/10/14	28/10/14	28/10/17	(a)	X			X	7	87.5%							(2)	100%	
Director	Maurizio Carfagna	1947	28/10/14	28/10/14	28/10/17	(a)	X		X		6	100%								100%	
Director ♦	Angelo Casò	1940	28/10/08	28/10/14	28/10/17	(a)	X		X	X	10	100%		100%	(3)	100%	(3)	100%	(3)	100%	
Director	Maurizio Costa	1948	28/10/14	28/10/14	28/10/17	(a)	X		X	X	2	87.5%								•	66.7%
Director	Alessandro Decio	1966	27/06/12	28/10/14	28/10/17	(a)	X			X	3	83.3%									
Director	Vanessa Labérenne	1978	09/05/12	28/10/14	28/10/17	(a)	X		X	X	0	100%	(3)	100%		100%	C	100%	(5)	100%	
Director	Elisabetta Magistretti	1947	28/10/11	28/10/14	28/10/17	(a)	X		X	X	3	100%			C	100%	(4)	100%		100%	
Director	Alberto Pecci	1943	27/10/12	28/10/14	28/10/17	(a)	X				4	83.3%						(4)	100%		
Director ♦	Gian Luca Sichel	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	100%		100%							
Director ♦	Alexandra Young	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	100%		100%							



DIRECTORS WHO LEFT OFFICE DURING FY 2014/15

Board of Directors												Executive Committee		Control and Risks Committee		Remuneration Committee		Appointments Committee	
Office	Member*	Year of birth	Date first appointed**	In office since	In office until	List***	Non exec.	Exec.	Indep. Code of conduct	Indep. Finance act	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)
Deputy Chair	Dieter Rampl	1947	14/09/06	28/10/11	28/10/14	(a)	X		X	X	75%								
Director	Roberto Bertazzoni	1942	28/10/08	28/10/11	28/10/14	(a)	X		X	X	75%					0	•	0	
Director ♦	Maurizio Cereda(1)	1964	28/10/08	28/10/11	28/10/14	(a)		X			100%		100%						
Director ♦	Massimo Di Carlo(1)	1963	28/10/08	28/10/11	28/10/14	(a)		X			100%		100%						
Director	Bruno Ermolli	1939	27/06/12	27/10/12	28/10/14	=	X		X	X	100%					100%			
Director	Giorgio Guazzaloca	1944	17/09/13	28/10/13	28/10/14	=	X		X	X	50%								
Director	Anne Marie Idrac	1951	28/10/11	28/10/11	28/10/14	(a)	X		X	X	75%					100%	•	0	
Director	Carlo Pesenti	1963	29/03/99	28/10/11	28/10/14	(a)	X			X	50%					50%			
Director ♦	Eric Strutz	1964	28/10/04	28/10/11	28/10/14	(a)	X		X	X	75%		100%						

No. of meetings held during year ended 30 June 2015:

Board of Directors:	12	Executive Committee:	11	Control and Risks Committee:	14	Remunerations Committee:	8	Appointments Committee:	6
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Quorum required for minority shareholders to submit lists for the appointment of one or more directors:

at least 1% of the share capital

\* The CVs submitted by the directors in conjunction with the lists for appointment to the Board of Directors are available on the Bank's website at [www.medioBANCA.com/Corporate Governance](http://www.medioBANCA.com/Corporate Governance).

\*\* The "date first appointed" for each Director refers to the date on which they were appointed for the first time (ever) to the issuer's Board of Directors.

\*\*\* Data refers to posts held in other listed companies in regulated markets, including outside Italy, in financial companies, banks and/or insurances of significant size.

♦ Members of the Executive Committee.

a. Taken from the majority list submitted by Unicredit S.p.A. which holds 8.65% of the Bank's share capital.

b. Taken from a minority list submitted by a group of investors representing an aggregate 1,699% of the Bank's share capital.

A. Indicates the director's role within the committee: "C": Chairman.

B. Indicates the directors' attendance records in percentage terms at meetings of the Board of Directors and Committees (no. of meetings which each director attended out the total no. of meetings which they could have attended).

◇ Main person responsible for managing the issuer (Chief Executive Officer, or CEO).

(1) Member of the Management Board from 2 July 2007 to 28 October 2008.

(2) Office held from 28 October 14 to 25 March 2015.

(3) Office held until 28 October 2014.

(4) Office held from 28 October 2014.

(5) Office held from 25 March 2015.

• In an advisory capacity only, as provided by Article 19, point i) of the Bank's Articles of Association.





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- In the year ended 30 June 2015, the Board of Directors also held one meeting of independent directors (25 March 2015) and four induction sessions (on 21 November and 12 December 2014; 26 February and 26 May 2015).

Table 2: Structure of Statutory Audit Committee as at 30 June 2015

Office	Member	Year of birth	Date first appointed *	In office since	In office until	List	Indep. Code of conduct	Percentage of Committee meetings attended	No. of other posts held**
Chairman	Natale FREDDI	1952	28/10/11	28/10/14	28/10/17	(b)	X	100%	-
Standing Auditor	Laura GUALTIERI	1968	28/10/14	28/10/14	28/10/17	(a)	X	100%	1
Standing Auditor	Gabriele VILLA	1964	28/10/11	28/10/14	28/10/17	(a)	X	96.9%	1
Alternate Auditor	Alessandro TROTTER	1940	28/10/00	28/10/14	28/10/17	(a)			
Alternate Auditor	Barbara NEGRI	1973	28/10/14	28/10/14	28/10/17	(a)			
Alternate Auditor	Silvia OLIVOTTO	1950	28/10/14	28/10/14	28/10/17	(b)			

STATUTORY AUDITORS WHO LEFT OFFICE DURING FY 2014/15

Office	Member	Year of birth	Date first appointed *	In office since	In office until	List	Indep. Code of conduct	Percentage of Committee meetings attended	No. of other posts held**
Standing Auditor	Maurizia ANGELO COMNENO	1948	28/10/08	28/10/11	28/10/14	(a)	X	100%	-
Alternate Auditor	Guido CROCI	1959	28/10/03	28/10/11	28/10/14	(a)			
Alternate Auditor	Mario BUSSO	1951	28/10/11	28/10/11	28/10/14	(c)			



No. of meetings held during the year ended 30 June 2015s:

32

Quorum required for minority shareholders to submit lists for the appointment of one or more Statutory Auditors:

at least 1% of the share capital

§ 14 of which in conjunction with the Control and Risks Committee.

\* The "date first appointed" for each Statutory Auditor refers to the date on which they were appointed for the first time (ever) to the issuer's Statutory Audit Committee.

\*\* Indicates the no. of posts as director or Statutory Auditor held by the person concerned in other companies listed on regulated Italian markets.

- a. Taken from the majority list submitted by Unicredit S.p.A. which holds 8.65% of the Bank's share capital.
- b. Taken from a minority list submitted by a group of investors representing an aggregate 1.699% of the Bank's share capital.
- c. Taken from a minority list submitted by a group of investors representing an aggregate 1.066% of the Bank's share capital.



**Table 3: Other requirements under code of conduct for listed companies**

	YES	NO	Reasons for any departures from recommendations made in the code
<b>Power to represent the Bank and related party disclosure</b>			
Has the Board of Directors authorized parties to represent the Bank and established:			
a) limits	x		
b) methods for exercising such powers	x		
c) regular reporting requirements?	x		
Has the Board of Directors reserved for itself the right to inspect and approve all significant transactions in terms of earnings, capital and finances (including transactions with related parties)?	x		
Has the Board of Directors set guidelines and established criteria for identifying "significant" transactions?	x		
If so, have such guidelines/criteria been set out in the statement on corporate governance?	x		
Has the Board of Directors implemented procedures for reviewing and approving transactions with related parties?	x		
If so, have such procedures been set out in the statement on corporate governance?	x		
<b>Procedures for most recent appointments to Board of Directors/Statutory Audit Committee</b>			
Were candidates' applications for the post of director lodged at least twenty-five days in advance?	x		
Were they accompanied by appropriately detailed documentation?	x		
Were they accompanied by statements regarding the candidates' eligibility to stand as independent Board members?	x		
Were candidates' applications for the post of statutory auditor lodged at least twenty-five days in advance?	x		
Were they accompanied by appropriately detailed documentation?	x		
<b>General meetings</b>			
Has the Bank adopted specific regulations in respect of the holding of general meetings?		x	Orderly proceedings are ensured by the powers vested in the Chairman under law and the company's Articles of Association.
If so, are such regulations attached as an annex hereto, or is indication provided in the annual report as to where they may be obtained or downloaded?		x	
<b>Internal controls</b>			



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Has the company designated staff to take charge of internal control?	X	
If so, are such staff independent in operational terms from the various heads of the individual operating units?	X	
Organizational unit responsible for internal control	X	Group Audit Unit

## Investor relations

Has the company appointed a head of investor relations?	X	
If so, what are the head of the IR unit's contact details?	Jessica Spina Tel. no.: (0039) 02-8829.860 - Fax no.: (0039) 02-8829.819 Email: <a href="mailto:investor.relations@mediobanca.it">investor.relations@mediobanca.it</a>	



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## Annex

Posts held in other financial companies, banks, insurances or other companies of significant size by members of the Board of Directors of Mediobanca<sup>1</sup>

Name	Post held in Mediobanca	Post held in other companies
Renato PAGLIARO	Chairman of Board of Directors and Executive Committee	=
Maurizia ANGELO COMMENO	Deputy Chair and Executive Committee member	=
Marco TRONCHETTI PROVERA	Deputy Chair	Chairman and Chief Executive Officer, Pirelli & C. Chairman and Chief Executive Officer, Pirelli Tyre Chairman, Gruppo Partecipazioni Industriali Chairman, Coinv Director, Eurostazioni
Alberto NAGEL	Chief Executive Officer and Executive Committee member	=
Francesco Saverio VINCI	General Manager, Director and Executive Committee member	Director, Banca Esperia
Tarak BEN AMMAR	Director	Chairman, Eagle Pictures Chairman and Chief Executive Officer, Prima TV Chief Executive Officer (CEO), Quinta Communications Chief Executive Officer, Carthago Film Services Chief Executive Officer (CEO), Andromeda Tunisie Director, Telecom Italia Member of Supervisory Board, Vivendi



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Name	Post held in Mediobanca	Post held in other companies
Gilberto BENETTON	Director	Chairman, Edizione Chairman, Autogrill Director, Atlantia
Mauro BINI	Director	=
Marie BOLLORE	Director	Director, Bolloré Director, Financière de l'Odet Director, Bolloré Participations Director, Financière V Director, Omnium Bolloré Director, Société Industrielle et Financière de l'Artois Member of Supervisory Board, Sofibol
Maurizio CARFAGNA	Director	Chief Executive Officer, H-Invest Director, Banca Esperia Director, Class Editori Director, Compagnia Immobiliare Azionaria Director, Duemme SGR Director, Futura Invest
Angelo CASO'	Director and Executive Committee member	Chairman, Fineldo Director, Tre Laghi Chairman of Statutory Audit Committee, Edizione Chairman of Statutory Audit Committee, Bracco Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Falck Chairman of Statutory Audit Committee, Bic Italia Standing Auditor, Italmobiliare Standing Auditor, Padis Investimenti Standing Auditor, Sidis Investimenti



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Name	Post held in Mediobanca	Post held in other companies
Maurizio COSTA	Director	Chairman, RCS MediaGroup Director Amplifon
Alessandro DECIO	Director	Member of Supervisory Board, Bank Pekao Member of Supervisory Board, Unicredit Bank Austria Member of Supervisory Board, Zao Unicredit Bank
Vanessa LABERENNE	Director	=
Elisabetta MAGISTRETTI	Director	Director, Luxottica Group Director, Pirelli & C. Director, Smeg
Alberto PECCI	Director	Chairman, E. Pecci & C. Chairman, Pecci Filati Chairman, Tosco-Fin Director, EL.EN.
Gian Luca SICHEL	Director and Executive Committee member	=
Alexandra YOUNG	Director and Executive Committee member	=

(1) Full list of positions available at [www.mediobanca.com](http://www.mediobanca.com).