

**STATEMENT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE**



## **Statement on Corporate Governance and Ownership Structure (2016)**

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.

### **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 and capital market services. Its footprint is international: it has branch offices in London, Paris, Frankfurt and Madrid, and subsidiaries based in New York, Luxembourg, Istanbul and London.

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.

Mediobanca adopts a traditional model of corporate governance based on the presence of Board of Directors (body with responsibility for strategic supervision), an Executive Committee (body with responsibility for management) and a Statutory Audit Committee (body with responsibility for control). This corporate governance system combines maximum efficiency in terms of operations with effective control.

The Articles of Association now in force provide for a significant number of executives (currently five) to be represented on the Banking Group's Board of Directors, as part of 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.

The Bank's traditional governance model was confirmed by its shareholders at the Annual General Meeting held on 28 October 2015, with the approval of the new Articles of Association revised to incorporate the Bank of Italy's new Supervisory Instructions for Banks on the subject of corporate governance.

In particular, at the 2015 AGM the Bank's shareholders adopted a resolution (with 99.9% voting in favour) to introduce new aspects to governance model in order to develop and refine it, seeking to ensure a system of efficient governance based on the principle of equilibrium between the respective powers, in which the body with responsibility for strategic supervision is called to adopt resolutions on the Bank's strategic direction and to monitor their implementation on an ongoing basis, whereas the executive bodies (Executive Committee, Chief Executive Officer and General Manager) are responsible for implementing the strategic guidelines and for the company's operations.

Overall, the changes to the Articles of Association are intended to:

1. provide clear definition of the role of the Chairman;
2. allow for clearer definition of the Board of Directors' role as body of strategic supervision;
3. provide for the Board of Directors to be entitled, rather than obliged as is presently the case, to establish an Executive Committee based on the size of the Board

in terms of the number of Directors, in view of the complexity of the Banking Group's operations and the variety and number of business areas covered;

4. submit the definition of the Executive Committees and the Chief Executive Officer's powers and responsibilities to the discretion of the Board of Directors.

By introducing a temporary provision, Mediobanca has availed itself of the right to defer the effectiveness of the following amendments to the Articles of Association until the next occasion on which the governing bodies are reappointed, i.e. the annual general meeting called to approve the financial statements for the year ending 30 June 2017:

1. reduction in the size of the Board of Directors to a variable number comprised between nine and fifteen;
2. reduction in the number of directors chosen from among members of the Group's senior management with at least three years' experience working for Mediobanca Group companies from five to three;
3. increase in the number of directors to be appointed from the minority list from one to two;
4. reduction in the number of members of the Executive Committee (if instituted), from nine as at present to a variable number comprised between three and five;
5. application of the independence criteria set forth in Article 19 of the Bank's Articles of Association.

In general terms, the Articles of Association are intended to define governance arrangements which will allow for speed of decision-making on the part of the executive Directors in running the Company, while at the same time ensuring the Board itself has an effective role in terms of strategic supervision, and that information flows more smoothly between and within the governing bodies themselves.

## **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), private banking (through Compagnie Monégasque de Banque, Spafid and investee company Banca Esperia), and asset management (CheBanca! and the Cairn Capital group).

The Group Regulations, approved by the Board of Directors of Mediobanca S.p.A. and adopted by the Boards of each of the Group's subsidiaries, regulate 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, the areas of competence and responsibility of the parent company's central functions, and the ranking of the various sources of internal regulations.

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.

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

## **Share capital and ownership**

The Bank's share capital at 30 June 2016 totalled € 435,510,047 made up of 871,020,094 par value € 0.50 shares. The shares are registered shares, and entitle shareholders to one vote per share in general meeting.

At the annual general meeting held on 28 October 2015, the shareholders of Mediobanca renewed the Board of Directors' authorization:

- under Article 2443 of the Italian Civil Code, to increase the Company's share capital, by means of rights issues and/or bonus issues in one or more tranches on or prior to the fifth anniversary of the date of this resolution in an amount of up to € 100m, including via warrants, through the issue of up to 200 million ordinary par value € 0.50 shares to be offered as an option or assigned to shareholders, and accordingly, to establish from time to time the issue price of the new shares, including the share premium, if any, the date from which they shall rank for dividends, and whether or not any of the

shares shall be used for exercising the warrants attached to the shares to be issued;

- under Article 2420-ter of the Italian Civil Code, to issue bonds convertible into ordinary shares and/or shares *cum* warrants, in one or more tranches on or prior to the fifth anniversary of the date of this resolution, in a nominal amount of up to € 2bn, to be offered as an option to shareholders, and accordingly, to establish from time to time the conversion ratio of the bonds to be issued and any other feature thereof, and to authorize the corresponding increase in the Bank's share capital for use in the conversion of the bonds.

The two mandates above shall not lead to the issue of a total number of shares in excess of 200 million;

- under Article 2443 of the Italian Civil Code, to increase the company's share capital by means of rights issues, in one or more tranches, on or prior to the fifth anniversary of the date of this 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, to be 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, with the right to establish the issue price of the shares from time to time (again in accordance with the provisions of Article 2441, paragraph four, second sentence of the Italian Civil Code);
- under Article 2349 of the Italian Civil Code, to increase the Company's share capital by and no later than 28 October 2020, in an amount of up to € 10m through the award of no more than 20 million par value € 0.50 ordinary shares, to be reserved to Mediobanca Group staff members by way of performance shares.

The performance share schemes approved by shareholders at the 2010 and 2015 general meetings, and the various press releases regarding the awards made since 2010 are published on the Bank's website at [www.mediobanca.com](http://www.mediobanca.com). In particular, up to 30 June 2016 the Board of Directors had approved the award of 7,377,896 performance shares by 2020.

Mediobanca owns a total of 15,780,237 treasury shares (average book value € 13.17 per share) acquired following a resolution adopted in a general meeting held on 27 October 2007.

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 or other information received by the company or published on the regulatory authorities' websites, the significant interests in the Bank's share capital as at 30 June 2016 were as follows:

Shareholder	No. of shares	% of share capital
Unicredit group	74,532,273	8.56
Bolloré group	69,681,608	8.00
Banca Mediolanum group	29,895,110	3.43
Benetton group*	18,625,029	2.14
Fininvest group*	17,713,785	2.03

\* Data as at 30 June 2016 according to shareholders' register.

Mediobanca has approximately 46,000 shareholders. Shareholders representing some 31% of the Bank's share capital as at 30 June 2016 have entered into a shareholders' agreement expiring on 31 December 2016. 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.com/CorporateGovernance](http://www.mediobanca.com/CorporateGovernance)).

## Governing bodies

- Shareholders in general meeting
- Board of Directors
- Chairman of Board of Directors
- Board committees
- 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:

- 1) approval of financial statements and allocation of profits;
- 2) appointment and/or dismissal of the Board of Directors and Statutory Audit Committee;
- 3) responsibilities of members of the Board of Directors and Statutory Audit Committee;
- 4) engagement of, and termination of agreements with, external legal auditors;
- 5) transactions required by law to be approved by shareholders in extraordinary general meeting;
- 6) remuneration policies and compensation schemes based on financial instruments adopted for directors, Group employees and collaborators, the criteria for determining the compensation payable in the event of employment being terminated, and the cap on variable remuneration, if set, at 200% of the fixed salary or any other such limit set under the regulations in force at the time.

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 on the activities performed to shareholders at the general meeting in the 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.

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 current Board of Directors of Mediobanca was appointed by shareholders in a general meeting held 28 October 2014 for the 2015-17 three-year period, with

one member having been co-opted to the Board on 16 March 2016 following the resignation of a director. 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 and stated in the notice of meeting for the AGM (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).

As from the next occasion on which the governing bodies are reappointed, i.e. the annual general meeting called to approve the financial statements for the year ending 30 June 2017, the provisions of Article 15 of the new Articles of Association will apply, hence the Board of Directors will consist of between 9 and 15, members, two of whom to be appointed from the minority list, and three of whom from senior management with at least three years' experience working for the Mediobanca Banking Group. At least one-third of the Board shall also qualify as independent according to the definition to be provided in Article 19 of

the new Articles of Association, and at least one-third shall consist of members of the least-represented gender.

The current Board of Directors consists of 18 members, eleven of whom qualify as independent pursuant to Article 148, para. 3 of Italian Legislative Decree 58/98, with eight of the eleven also qualifying as independent pursuant to the Code of Conduct. Its composition reflects the legal requirements in terms of gender balance:

Member	Post held	Date of birth	Indep *	Indep **	Management	In office since ***
Renato Pagliaro •	Chairman	20/02/1957			X	02/07/07
Maurizia Angelo Commeno •	Deputy Chairman	18/06/1948	X	X		28/10/14
Marco Tronchetti Provera •	Deputy Chairman	18/01/1948		X		23/05/07
Alberto Nagel •	CEO	07/06/1965			X	02/07/07
Francesco Saverio Vinci •	General Manager	10/11/1962			X	02/07/07
Tarak Ben Ammar •	Director	12/06/1949	X	X		15/09/03
Gilberto Benetton •	Director	19/06/1941				28/10/02
Mauro Bini ■	Director	20/10/1957	X	X		28/10/14
Marie Bolloré •	Director	08/05/1988		X		28/10/14
Maurizio Carfagna •	Director	13/11/1947	X	X		28/10/14
Angelo Casò •	Director	11/08/1940	X	X		27/06/07
Maurizio Costa •	Director	29/10/1948	X	X		28/10/14
Massimiliano Fossati #	Director	30/01/1968		X		16/03/16
Vanessa Labérenne •	Director	08/01/1978	X	X		09/05/12
Elisabetta Magistretti •	Director	21/07/1947	X	X		28/10/11
Alberto Pecci •	Director	18/09/1943				27/10/12
Gian Luca Sichel •	Director	19/06/1968			X	28/10/14
Alexandra Young •	Director	14/02/1968			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.

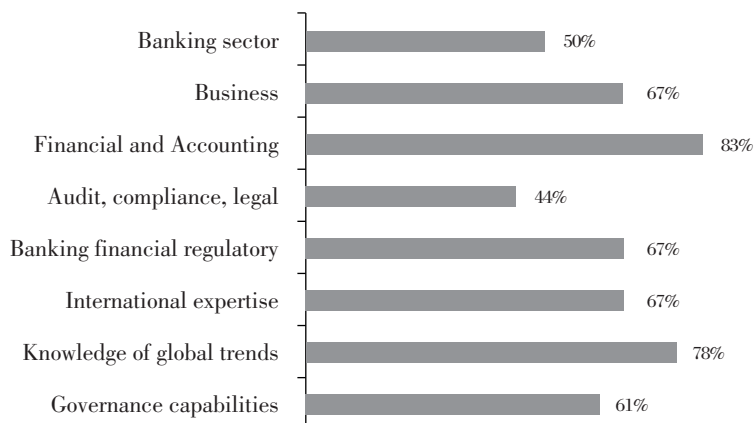
# Co-opted to replace Alessandro Decio on 16 March 2016.

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

0-2 years	2-4 years	6 years
44%	17%	39%

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 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	71/75
2	0	3	2	2	0	6	3

Subsequent to their appointment, the directors, with the support of the Appointments Committee, ascertained that its composition as a result of the appointment process effectively matched with the composition considered to be optimal in qualitative and quantitative terms.

All the Directors, upon their appointment and then annually, make 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.

The independence of each Director is assessed annually on the basis of information provided by him/her, and also 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, Maurizio Carfagna, Angelo Casò, Maurizio Costa, Vanessa Labérenne and Elisabetta Magistretti (on 15 December 2015).

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 four members of the Bank's senior management, including the Chief Executive Officer (who chairs the Committee) and General Manager, who are responsible for the day-to-day running of the Bank. The other non-management members of the Committee do not have individual powers of management, and the Bank's governance model also features managerial committees with broad powers in respect of the Bank's ordinary operations. In accordance with the supervisory instructions for banks in the area of corporate governance, directors who are members of the Executive Committee are not included in the Remunerations, Appointments 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 regularly 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 is available on the Bank's website at [www.medioBANCA.com/Corporate Governance](http://www.medioBANCA.com/Corporate%20Governance).

Under the Articles of Association currently in force, the following matters are the sole jurisdiction of the Board of Directors:

- 1) definition and 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 are equal to 10% of the investee company's share capital and also involve an amount which is above 5% of the Group's regulatory capital;
- 4) appointment and dismissal of the Executive Committee, Chief Executive Officer, General Manager, Head of company financial reporting and the heads of the Group Audit, Compliance and Risk Management units;
- 5) definition of the overall governance arrangements and approval of the Bank's organizational structure, ensuring clear distinction of duties and function and preventing conflicts of interest.

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

- proposals to be submitted to shareholders in ordinary and extraordinary general meetings, including staff remuneration policies;
- 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;
- approval of "most significant" transactions involving related parties;
- approval of the Risk Appetite Framework and the general guidelines for the ICAAP process;

- approval of the Recovery Plan (required under EU Directive 2014/59);
- approval of annual plans and review of reports by the internal control units.

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 delegated bodies report 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 of Directors normally adopts resolutions on proposals from the Executive Committee or Chief Executive Officer, with a majority of those in attendance voting in favour.

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 six 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, giving priority to issues of strategic relevance and guaranteeing that the debate is effective. 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 induction sessions or further analysis for the individual directors.

The Chief Risk Officer, Head of company financial reporting and other Group staff whose presence is necessary also take part in Board meetings.

A total of eight Board meetings took place in the period from 1 July 2015 to 30 June 2016. Four induction meetings were also held for Board members.

The average duration of Board meetings was around three hours and 30 minutes.

During the year induction meetings were also held for Board members and Statutory Auditors on strategic issues, IAS/IFRS, internal models and the RAF.

### **Self assessment of Board of Directors**

The Board of Directors 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.

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 July 2016, 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, which, building on the results to emerge from last year's process, focused increasingly on concrete areas for improvement;
- 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 sixteen 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 of Directors.



The following points in particular emerged:

- the composition (in terms of size, capabilities, diversity and number of independent members) and functioning of the Board itself and the committees set up by it were considered to be adequate;
- the flow of information ahead of the meetings, the operations of the Board in terms of the number and duration of its meetings, meeting agendas in terms of the amount of time devoted to dealing with each item despite their high number, documentation on risks facing the company and risk controls, and segmentation of budget and closing data by business line, were all held to be satisfactory;
- the exchanges of information with the bodies delegated by the Board, debate within the Board itself and the accuracy of the minutes for the meetings were all judged to be effective;
- the Board members were appreciative of the ways in which the Chairman informs, directs and stimulates the discussions in the Board meetings and of the leadership shown by him;
- there was general satisfaction at the induction sessions arranged and the supporting documentation provided;
- the verdict on the work done by the Board as a whole and by each of its members was also generally satisfactory.

The Executive, Appointments, Remunerations and Risks Committees were felt to be excellent in terms of role, functioning, composition and size, including since the latter has been expanded to four members (cf. below).

As from FY 2015/2016, the Board's self-assessment process has also been extended to include the Group's other four banks, in order to provide an overview of the functioning of the Group's governance. The self-assessment exercises performed by the Group companies, in which all directors and Statutory Auditors participated, revealed a generally positive view of the Board's role, the adequacy and timing of the information flows regarding the items on the agenda, the role of the Chairman and Statutory Audit Committee (where there is one), the mixture of professional capabilities represented on the Board of Directors, and the number and duration of the meetings. Certain areas for improvement also emerged from the self-assessment exercise.

## **Chairman of Board of Directors**

The Chairman of the Board of Directors calls, chairs and directs proceedings at general meetings and Board meetings, and ensures that 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 has a duty of care versus the Board as a whole, while at the same time forms the main point of contact with the executive Directors. 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 16 of the Bank's Articles of Association, the Board of Directors 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, Renato Pagliaro, as a member of its senior management, also participates in internal committee meetings without having voting rights.

## **Board committees**

In the new arrangements provided for in the Articles of Association approved by shareholders in the annual general meeting held on 28 October 2015, the Board of Directors, at the Appointments Committee's proposal, confirmed the institution of the Executive Committee, the composition of which has been adapted to reflect the Supervisory Instructions referred to above.

Furthermore, 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 consisting exclusively of non-executive directors, the majority of whom are independent from whom the Chairman is selected.

The Board committees reach a quorum when the majority of directors in office participate and resolutions are adopted on the basis of the majority of those participating voting in favour.

Minutes are taken of meetings by each Committee which are kept in specific registers.

### ***Composition and role of Executive Committee***

The Executive Committee presently has six members.

As from the next occasion on which the governing bodies are reappointed, i.e. when the financial statements for the year ending 30 June 2017 are approved, the provisions of Article 23 of the new Articles of Association will start to apply, hence the Executive Committee, if appointed, will consist of between three and five directors.

Without prejudice to situations of incompatibility and the restrictions set under the regulations in force, the 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.

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

The Executive Committee is chaired by the Chief Executive Officer. The Chairman of the Board of Directors also takes part as a guest in Executive Committee meetings, to ensure adequate information and reporting flows to the full Board of Directors. The Statutory Audit Committee also participates, as does the Chief Risk Officer and the Head of Company Financial Reporting.

Members	Post held	Executive
Alberto Nagel	CEO and EC Chairman	X
Maurizia Angelo Commeno *	Deputy Chair	
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 four men (67%) and two women (33%). 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	2	2	0	0	1	1

Under the Articles of Association, the Executive Committee is responsible for managing the ordinary activities of the Bank, vested with every power including to disburse credit, without prejudice to those issues for which the Board of Directors has sole jurisdiction or which the Board has otherwise delegated to the Chief Executive Officer. In particular the Executive Committee:

- manages the Bank’s ordinary activities;
- approves resolutions, in accordance with the guidelines and general directives adopted by the Board of Directors, to grant loans, including pursuant to Article 136 of the Italian banking act, and trading involving shareholdings considered relevant under the terms of the Articles and for percentage values not to exceed those for which the Board of Directors itself has jurisdiction;
- draws up and implements internal regulations, to be submitted to the approval of the Board of Directors, and establishes the principles for coordination and management of the Group companies in execution of the strategic guidelines approved by the Board of Directors;

- establishes operating limits on the taking of various types of risk, in accordance with the Risk Appetite Framework. The Executive Committee may delegate some of their powers to the internal managerial committees or to individual management staff, while giving priority to the principle of collegiality in decision-making. In accordance with the provisions of the Articles of Association, and in order to facilitate the smooth running of the company's operations, the Executive Committee has assigned the following powers to the following committees:
  - Group Risk Management, powers of consultation on matters of credit, issuer, operational and conduct risk, and executive powers on market risks;
  - Lending and Underwriting, with executive powers for matters of credit, issuer and conduct risk;
  - Group ALM and Operating ALM, for monitoring the Group's ALM risk-taking and management policy (treasury and funding) and approving the methodologies for measuring exposure to liquidity and interest rate risk and the internal fund transfer rate;
  - Investments, for the equity investments referred to in Article 18 of the Bank's Articles of Association and other equities and banking book investments (excluding those in the Banking Group companies and Banca Esperia);
  - New Operations, for prior analysis of new operations and the possibility of entering new sectors, new products and the related pricing models;
  - Operational Risks, for management of operational risks in terms of monitoring risk profiles and defining mitigation actions.

Reports on these committees' activities are presented at each Executive Committee meeting.

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 ten meetings were held in the period from 1 July 2015 to 30 June 2016, with an average duration of roughly 1 hour and 45 minutes.

### ***Risks Committee***

<b>Risks Committee</b>	<b>Auditor</b> ◇	<b>Independent (Code) *</b>	<b>Independent (Finance Act) **</b>
Elisabetta Magistretti (C)	X	X	X
Mauro Bini		X	X
Maurizio Carfagna <sup>1</sup>		X	X
Vanessa Labérenne		X	X

◇ Registered auditor.

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

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

<sup>1</sup> Since 28 October 2015.

The Risks Committee is currently made up of four 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. The person chairing the Committee is an independent director in possession of the requisite experience in accounting and financial matters. The Committee consists of two men (50%) and two women (50%). 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	2	0

In particular, the committee:

- 1) performs duties of monitoring, instruction and support to the Board of Directors in respect of:
  - defining the Risk Appetite Framework, monitoring its thoroughness, adequacy, functioning and reliability and those of the risk governance policies;
  - 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;

- 2) expresses non-binding opinions, with the assistance of the Appointments Committee, 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;
- 3) examines the regular reports and work plans of the Group Audit, Compliance and Risk Management units, and supervising the internal auditing system;
- 4) reports to the Board, at least once every six months, on the activities performed and the adequacy of the internal control and risk management system;
- 5) 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;
- 6) 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 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 Group staff considered necessary.

The Risks Committee currently 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 15 December 2015 ([www.mediobanca.com/Corporate Governance](http://www.mediobanca.com/Corporate%20Governance)), with the following duties:

- 1) expressing opinions in advance on the adoption and possible amendments to the procedure;
- 2) 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;

- 3) 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 Risks Committee met on a total of thirteen occasions in the period from 1 July 2015 to 30 June 2016 and on twelve occasions as the Related Parties Committee.

The average duration of Risk Committee meetings was roughly two hours and 40 minutes, and that of Related Parties Committee meetings of around 40 minutes.

### ***Remunerations Committee***

<b>Remunerations Committee</b>	<b>Independent (Code)*</b>	<b>Independent (Finance Act) **</b>
Vanessa Labérenne (P)	X	X
Maurizio Carfagna	X	X
Maurizio Costa	X	X
Elisabetta Magistretti	X	X
Alberto Pecci		

\* 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 currently made up five non-executive members, the majority of whom qualify as independent under the terms of the Code of conduct for listed companies, including the Chair. 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. The Committee currently consists of three men (60%) and two women (40%). 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:

- 1) proposes the allocation of the fixed emolument approved by the shareholders in general meeting among the various directors;
- 2) regularly assesses the adequacy, overall consistency and practical application of the remuneration policy for directors and relevant staff;



- 3) 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;
- 4) monitors application of the rules on the remuneration of the heads of the company's control units, liaising closely with the body with responsibility for control;
- 5) gives its opinion on the Remunerations Policies to be submitted to the approval of the Board of Directors and shareholders in annual general meeting, with reference in particular to the issue of whether or not the performance objectives have been reached on which the incentivization schemes are based, and to ascertaining whether or not the further conditions set to payment of bonuses have been met.

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 (in an advisory capacity) the Chief Executive Officer, the General Manager, the Head of company financial reporting and any other Group staff considered necessary.

The Committee met seven times in the period from 1 July 2015 to 30 June 2016, 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 45 minutes.

### ***Appointments committee***

<b>Appointments committee</b>	<b>Independent (Code)*</b>	<b>Independent (Finance Act)**</b>
Mauro Bini (P)	X	X
Marie Bolloré		X
Maurizio Costa	X	X
Elisabetta Magistretti	X	X
Renato Pagliaro		

\* 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 Appointments Committee currently consists of five non-executive directors, the majority of whom qualify as independent under the Code of conduct for listed companies, including the Chairman.

The Committee consists of three men (60%) and two women (40%). 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	0	0	2	0	2	0

The Appointments Committee:

- performs administrative activities in connection with the Board of Directors’ annual self-assessment exercise;
- performs advisory duties to identify 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 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;
- performs administrative duties in connection with succession planning for directors who are members of the Bank’s management;
- supports the Risk Committee in identifying the heads of the company control units.

The Chief Executive Officer, General Manager and Head of Company Financial Reporting take part in Committee meetings, along with any other Group staff considered necessary.

The Committee met five times in the period from 1 July 2015 to 30 June 2016 to adopt resolutions on appointments to positions in investee companies, the Board of Directors’ self-assessment process and succession planning.

The average duration of committee meetings was roughly 1 hour and 10 minutes.

## Committee instituted pursuant to article 18, para. 4 of the articles of association

In addition to the Committees provided for in the regulations and codes of conduct and listed above, the Board of Directors has also set up a committee pursuant to Article 18, para. 4 of the new Articles of Association, as approved by shareholders in the Annual General Meeting held on 28 October 2015.

Committee instituted pursuant to Article 18, para. 4 of Articles of Association	Independent (Code)*	Independent (Finance Act) **
Alberto Nagel (C)		
Francesco Saverio Vinci		
Gian Luca Sichel		
Marie Bolloré		X
Elisabetta Magistretti	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.

The Committee consists of three men (60%) and two women (40%). 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	2	0	0	1	0

The Committee currently consists of the three Banking Group senior management members and two Directors qualifying as independent, and adopts resolutions in respect of decisions to be taken in general meetings of listed investee companies in which the Bank's investment is equal to at least 10% of the investee company's share capital and at the same time involves an amount in excess of 5% of the Group's own consolidated regulatory capital.

The Committee met on one occasion in the period from 28 October 2015 to 30 June 2016.

## 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, without prejudice to the provisions of the Articles of Association, establishes the duties and powers of the Chief Executive Officer. In particular the Chief Executive Officer has executive powers and is responsible for implementing resolutions adopted by the Board of Directors and the Executive Committee, which he chairs, and also:

- 1) within the limits of his powers, implements the plans and strategic guidelines set 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 empowered to make proposals to the Committee instituted pursuant to Article 18, para. 4 of the Articles of Association regarding the decisions to be taken regarding appointments to the governing bodies of the investee companies, if listed;
- 4) is responsible for staff management, and having sought the opinions of the General Manager, if appointed, appoints managerial staff;
- 5) ensures that the organizational, administrative and accounting systems of the bank are adequate for its operations and the size of the Company;
- 6) 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 with an indication of powers and duties, 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 vests the General Manager, who is the head of the internal organization and as such has duties of management, 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 Chief Executive Officer, and having consulted with 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.

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.

## **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. 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;

<sup>1</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.

- 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.

## **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.

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	28.10.2011
Laura Gualtieri ◇	Standing Auditor	28.10.2014
Gabriele Villa ◇	Standing Auditor	28.10.2008
Alessandro Trotter ◇	Alternate Auditor	28.10.2014 **
Barbara Negri ◇	Alternate Auditor	28.10.2014
Silvia Olivotto *	Alternate Auditor	28.10.2014

◇ 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:

- 1) 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;



- 2) monitors the thoroughness, adequacy, functioning and reliability of the internal control system and Risk Appetite Framework;
- 3) annually reviews the plans of activity for the company's control units, along with the reports prepared by them on the work carried out;
- 4) 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);
- 5) assesses the proposal submitted by audit companies to act as the Bank's legal external auditors;
- 6) 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;
- 7) monitors the effectiveness of the external auditing process of the annual and consolidated accounts;
- 8) monitors the independence of the external legal auditors, in particular with respect to the provision of non-auditing services;
- 9) gives its opinion on the appointment and dismissal of the heads of the control units and appointments to the post of Head of Company Financial Reporting;
- 10) reports any operating irregularities or breaches of regulations noted to the supervisory authorities;
- 11) monitors the adequacy of the procedures adopted to regulate transactions involving related parties and compliance with them;
- 12) checks that the criteria and procedures adopted by the Board of Directors to assess the independence of its members are applied correctly;
- 13) 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.

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 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 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.

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.

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.

A total of thirty-one meetings of the Statutory Audit Committee were held in the last financial year, thirteen of which jointly with the Risks committee, and met on several occasions with representatives of the external auditors engaged to audit the company's financial statements pursuant to the Italian Finance Act.

The average duration of the Statutory Audit Committee meetings was roughly three hours.

## **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 is independent in its operations, has direct access to all useful information, and adequate means to perform all its duties. The head of Group Audit takes part in meetings of the 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 Risks Committee and the Board of Directors, and presents an update on the critical issues encountered to the 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:

1. centralizing co-ordination responsibilities at, and providing for direct coverage, by the Group audit unit for all subsidiaries;
2. 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;
3. 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 Group, 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 and the Group. For the Bank, the unit proposes and monitors the adoption of procedures intended, as required by the joint Consob-Bank of Italy resolution issued on 29 October 2007, to manage risks of non-compliance linked to the provision of investment services and activities and ancillary services governed by the MiFID directive, ensuring staff are fully updated on developments in the domestic and European regulatory scenario. The unit manages compliance risks at the Group level as well, with the assistance of representatives and officers of the various Group companies, who in functional terms report to the head of the Compliance unit on such matters.

The head of Compliance takes part in 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. The unit manages these risks at the Group level as well, with the assistance of representatives and officers of the various Group companies, who in functional terms report to the head of the AML unit on such matters

## **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 unit also issues guidance to the Group companies, to ensure that the entire Group's exposure to the above risks is governed appropriately.

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.

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

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.

## **Organization model instituted pursuant to Italian legislative decree 231/01**

At a Board meeting held on 15 December 2015, the Directors of Mediobanca approved the revised version of the new organizational model following changes to the regulatory framework.

The organizational model consists of:

1. **General Part**, which provides an overview of the set of principles on which the model is based and functions, containing references to the primary regulations and with them a list of the crimes pursuant to Italian Legislative Decree 231/01, the cases of possible exemption from liability, an indication of the requisites for the supervisory body and its members, references to the staff remuneration and incentivization system, the disciplinary system and reporting flows to the supervisory body. For each category there is also a series of considerations regarding sensitive areas and the principles of conduct to be adopted in each case.
2. **Special Parts:**
  - **Map of activities at risk:** these involve crimes against the public administration, money-laundering and self-laundering, white-collar crimes and instances of market abuse, for which specific preventative measures have been adopted, crimes committed in breach of the law on protection of health and safety in the workplace, and bribery and corruption between private individuals, 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.
  - **Reporting 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 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.

## **Code of Ethics and Code of Conduct**

MedioBANCA has adopted a Code of Ethics summarizing the ethical principles on which the Bank bases its activity and describing the values which underpin its daily operations.

These principles have also been set out in a Code of Conduct, which represents the benchmark for governing, in cases not expressly covered by the regulations, the Bank's internal and external relations in ethical terms, describing the standard of conduct required from all staff and collaborators.

## **Whistle-blowing**

Mediobanca has also adopted a policy on whistle-blowing to enable staff to report, including on a confidential basis, any issues with the functioning of the Bank's organizational structure or internal control systems, or any other irregularity in the Bank's operations or breaches of the regulations on banking activity. The policy provides for liaison with the supervisory body, to which such reports are addressed. The policy, adopted by all Group companies, defines the principles, methods and measures to ensure that such instances of whistle-blowing are managed correctly, respecting the confidentiality of the parties involved.

The head of the internal reporting systems is Massimiliano Carnevali, who is also responsible for the Compliance unit.

## **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.

## **Internal Dealing**

The Board of Directors has adopted Regulations on Internal Dealing to govern reporting requirements for 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 two days of their completion. Transactions involving sums of less than € 5,000 (or a higher figure set by the relevant authority, if any) are not considered. Mediobanca then discloses all such information to the



market and Consob by the next successive day, using the methods laid down by the 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, interim and quarterly accounts is made public.

## **Related party transactions**

At a Board meeting held on 15 December 2015, following the unanimous favourable opinion of the Related Parties 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's 2011 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, whether directly or via subsidiaries, 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.com/Corporate Governance](http://www.mediobanca.com/Corporate%20Governance).

## **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, as part of 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:

- 1) fixed salary;
- 2) 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;
- 3) 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. In such cases, the short-term scheme is linked to the provisions of the long-term scheme, without prejudice to the cap on variable remuneration in force (currently 200%). Actual payment is made in accordance with the terms, conditions and methods stipulated in the Remuneration policies, unless provided otherwise by the Board of Directors in accordance with the regulations in force.

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 policy on 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 annual general meeting. The policy for FY 2015/16 as approved by the shareholders is available on the Bank's website at [www.mediobanca.com/Corporate Governance](http://www.mediobanca.com/Corporate%20Governance).

### **Other information required under article 123-bis of the Italian consolidated finance act on severance pay agreements**

In the event of the directors employed by Mediobanca ceasing to work for the company for any reason, the provisions of the Group's remuneration policies for identified staff and the sector regulations in force at the time shall apply, as approved by the shareholders in annual general meeting and published on the Bank's website at [www.mediobanca.com](http://www.mediobanca.com).

### **Succession planning**

Mediobanca's "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 2015/16 financial year.

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

A total of 24 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 34 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 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.

During the twelve months under review, Alessandro Decio resigned from his position as director of Mediobanca; Massimiliano Fossati \*, who has the same professional profile as Mr Decio, was co-opted to replace him.

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.

## **Relations with shareholders and investors**

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.

\* Resigned on September 21, 2016.

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 – Group Corporate Affairs, Jessica Spina - Investor Relations and Lorenza Pigozzi – Media Relations).

Milan, 21 September 2016

**Table 1: Structure of Board of Directors and Committees as at 30 June 2016**

Office	Member*	Year of birth	Date first appointed ***	In office since	In office until	List	Non exec.	Exec.	Indep. Code of Finance conduct	Indep. Finance act	No. of other posts held****	B (%)	Executive Committee		Risks Committee		Remuneration Committee		Appointments Committee		
													A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)
Chairman	Renato Pagliaro	1957	28/10/08 <sup>1</sup>	28/10/14	28/10/17	(a)	X				0	100%	3	100%						100%	
Deputy Chair •	Maurizia Angelo Comeno	1948	28/10/14	28/10/14	28/10/17	(a)	X	X			0	100%		100%							
Deputy Chair	Marco Tronchetti Provera	1948	23/05/07	28/10/14	28/10/17	(a)	X		X		5	50%									
CEO † •	Alberto Nagel	1965	28/10/08 <sup>1</sup>	28/10/14	28/10/17	(a)		X			0	100%	P <sup>1</sup>	100%					6	100%	
Director and General Manager •	Francesco Saverio Vinici	1962	28/10/08 <sup>1</sup>	28/10/14	28/10/17	(a)		X			1	100%		100%					6	100%	
Director	Tarak Ben Ammar	1949	15/09/03	28/10/14	28/10/17	(a)	X		X		7	50%									
Director	Gilberto Benetton	1941	28/10/02	28/10/14	28/10/17	(a)	X				3	100%									
Director	Mario Bini	1957	28/10/14	28/10/14	28/10/17	(b)	X		X		0	100%			84.6%				P	100%	
Director	Maria Bolleré	1988	28/10/14	28/10/14	28/10/17	(a)	X		X		7	100%							7	100%	
Director	Maurizio Carfagna	1947	28/10/14	28/10/14	28/10/17	(a)	X		X		6	75%			5	100%					
Director •	Angelo Casò	1940	28/10/08	28/10/14	28/10/17	(a)	X		X		10	87.5%		100%							
Director	Maurizio Costa	1948	28/10/14	28/10/14	28/10/17	(a)	X		X		2	75%								80%	
Director	Massimiliano Fossati <sup>2</sup>	1968	16/03/16	16/03/16	28/10/16		X		X		0	100%									
Director	Vanessa Labérenne	1978	09/05/12	28/10/14	28/10/17	(a)	X		X		0	100%				100%		P	100%	6	100%
Director	Elisabetta Magistretti	1947	28/10/11	28/10/14	28/10/17	(a)	X		X		2	100%			P	100%					100%
Director	Alberto Pecci	1943	27/10/12	28/10/14	28/10/17	(a)	X				3	87.5%									85.7%
Director •	Gian Luca Sicel	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	87.5%		80%							
Director •	Alexandra Young	1968	28/10/14	28/10/14	28/10/17	(a)		X			0	100%		100%							

### Directors who left office during fy 2015/16

Board of Directors																			
Office	Member*	Year of birth	Date first appointed ***	In office since	In office until	List (***)	Non exc.	Exec.	Indep., Code of Finance conduct act	B (%)	Executive Committee		Risks Committee		Remuneration Committee		Appointments Committee		
											A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	A (Office)	B (%)	
Director	Alessandro Decio	1966	27/06/12	28/10/14	16/03/16	(a)	X				83.3%								

### No. of meetings held during year ended 30 June 2016:

Board of Directors	8	Executive Committee:	10	Risks Committee:	13	Related Parties Committee	12	Remunerations Committee:	7	Appointments Committee:	5
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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/CorporateGovernance](http://www.mediobanca.com/CorporateGovernance).

\*\* 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 Co-opted by the Board of Directors meeting held on 16 March 2016.

3 Chairman of the Executive Committee until 27 October 2015.

4 Chairman of the Executive Committee from 27 October 2015.

5 Member of Risks Committee from 27 October 2015

6 Member of Appointments Committee until 27 October 2015.

7 Member of Appointments Committee from 27 October 2015.

– In the year ended 30 June 2016, the Board of Directors also held one meeting of independent directors (16 March 2016) and four induction sessions (25 November 2015, 16 March, 10 May and 27 May 2016).



**Table 2: Structure of Statutory Audit Committee as at 30 June 2016**

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	88,9%	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 OLIIVOTTO	1950	28/10/14	28/10/14	28/10/17	(b)			

**No. of meetings held during the year ended 30 June 2016§:**

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Quorum required for minority shareholders to submit lists for the appointment of one or more Statutory Auditors: at least 1% of the share capital

§ 13 of which in conjunction with the Risks Committee.

\* The "date first appointed" for each Statutory Auditor refers to the date on which they were appointed for the (very) first time 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.

† The percentage refers to the Statutory Audit Committee meetings excluding those held jointly with the Risks Committee. The percentages for the meetings as a whole are as follows: Natale Freddi (96,8%), Laura Gualtieri (100%) and Gabriele Villa (93,5%).

**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>			
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
<b>Investor relations</b>			
Has the company appointed a head of investor relations?	X		
<i>If so, what are the head of the IR unit's contact details?</i>	Jessica Spina tel +39 02 8829.860 - fax +39 02 8829.819 e-mail investor.relations@mediobanca.it		

*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>*

<b>Name</b>	<b>Post held in Mediobanca</b>	<b>Post held in other companies</b>
PAGLIARO Renato	Chairman	=
ANGELO COMNENO Maurizia	Deputy Chair and Executive Committee member	=
TRONCHETTI PROVERA Marco	Deputy Chair	Deputy Executive Chairman and CEO, Pirelli & C. Chairman and Chief Executive Officer, Pirelli Tyre Chairman, Gruppo Partecipazioni Industriali Chairman, Coinv Director, Eurostazioni
NAGEL Alberto	Chief Executive Officer and Chairman of Executive Committee	=
VINCI Francesco Saverio	General Manager, Director and Executive Committee member	Director, Banca Esperia
BEN AMMAR Tarak	Director	Director, Telecom Italia Member of Supervisory Board, Vivendi Chairman and Chief Executive Officer, Prima TV Chairman, Eagle Pictures Chief Executive Officer (CEO), Quinta Communications Chief Executive Officer, Carthago Film Services Chief Executive Officer (CEO), Andromeda Tunisie
BENETTON Gilberto	Director	Chairman, Edizione Chairman, Autogrill Director, Atlantia
BINI Mauro	Director	=
BOLLORE Marie	Director	Director, Bolloré S.A. 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
CARFAGNA Maurizio	Director	Chief Executive Officer, H-Invest Director, Banca Esperia Director, Class Editori Director, Compagnia Immobiliare Azionaria Director, Duemme SGR Director, Futura Invest
CASO' Angelo	Director and Executive Committee member	Chairman of Statutory Audit Committee, Edizione Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Bracco Imaging Chairman of Statutory Audit Committee, Falck Chairman of Statutory Audit Committee, Bic Italia Statutory Auditor, Italmobiliare Chairman, Fineldo Director, Tre Laghi Statutory Auditor, Padis Investimenti Statutory Auditor, Sidis Investimenti

<b>Name</b>	<b>Post held in Mediobanca</b>	<b>Post held in other companies</b>
COSTA Maurizio	Director	Chairman, RCS Mediagroup <sup>2</sup> Director, Amplifon
FOSSATI Massimiliano	Director	=
LABERENNE Vanessa	Director	=
MAGISTRETTI Elisabetta	Director	Director, Luxottica Group Director, Smeg
PECCI Alberto	Director	Chairman, Pecci Filati Chairman, Tosco-Fin Director, ELEN.
SICHEL Gian Luca	Director and Executive Committee member	=
YOUNG Alexandra	Director and Executive Committee member	=

<sup>1</sup> Full list of positions available at [www.mediobanca.it](http://www.mediobanca.it).

<sup>2</sup> Left office on 3 August 2016.



