



# MEDIOBANCA CORPORATE GOVERNANCE

**Executive summary**

January 2022



MEDIOBANCA

# INTRODUCTION

**The Mediobanca Group has developed significantly in the last decade, strengthening existing business while developing new projects, addressing profitability growth and long-term solidity for the benefit of all its stakeholders. This process has resulted in steady evolution, allowing the Group to take the best opportunities offered by the market and regulation.**

**Responsibility and professionalism continue to be distinctive hallmarks of the Group's culture. Outstanding balance-sheet solidity will remain a crucial managerial driver to take advantage of growth opportunities, as we have done across the whole cycle.**

**Governance has a primary role in this process, evolving synergistically with the Group.**

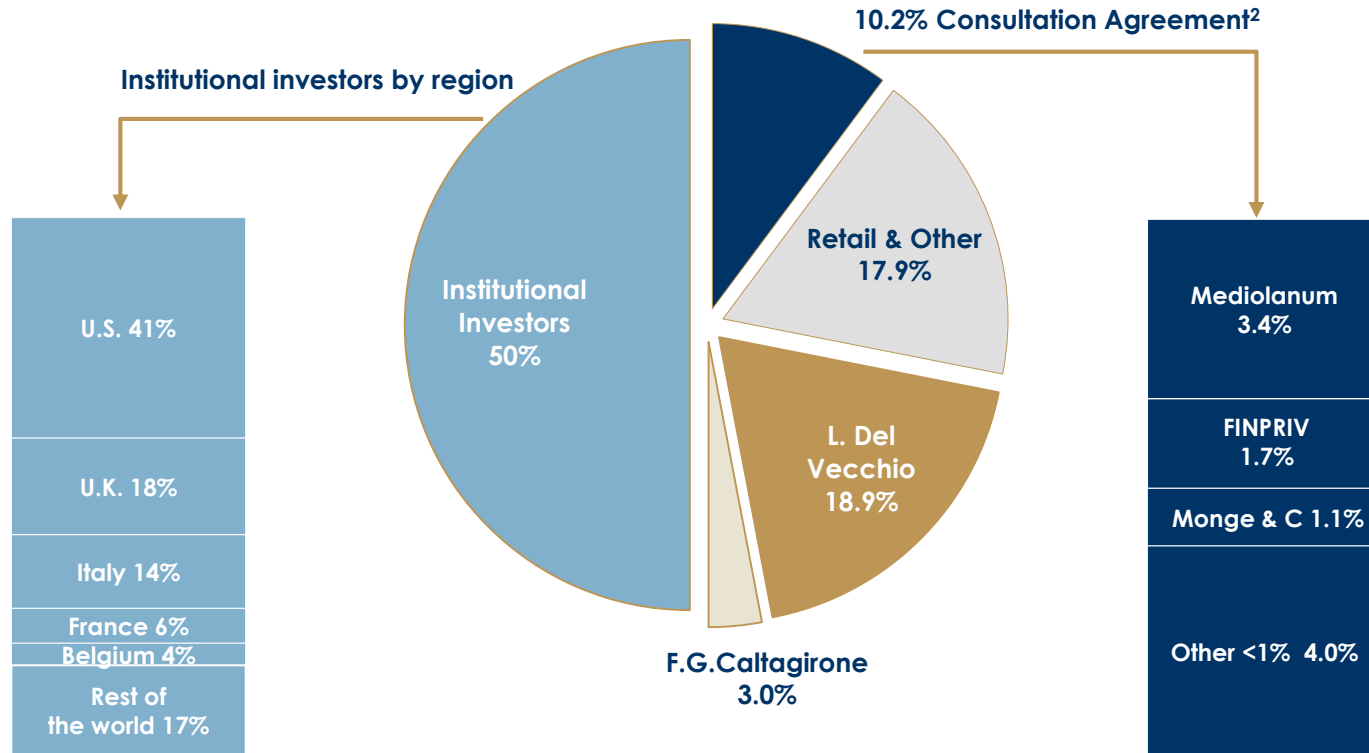
**In November 2019, the new 2019-23 Strategic Plan was approved, distinctive for its strategic consistency. Growth and Plan targets remain confirmed despite the Covid-19 emergency. By 2023, the Mediobanca Group will be enlarged, more solid and profitable. Shareholder remuneration will continue to be among the best in the industry, as it has in the past.**

**The ESG strategy is integrated into the business plan, with the effect of combining business growth and financial strength with social and environmental responsibility, creating value for all stakeholders in a sustainable long-term perspective.**

**The Mediobanca Group reacted promptly to the impact of the Covid-19 medical emergency in all areas, demonstrating its value, resilience and effective business model.**

# SHAREHOLDERS' BASE

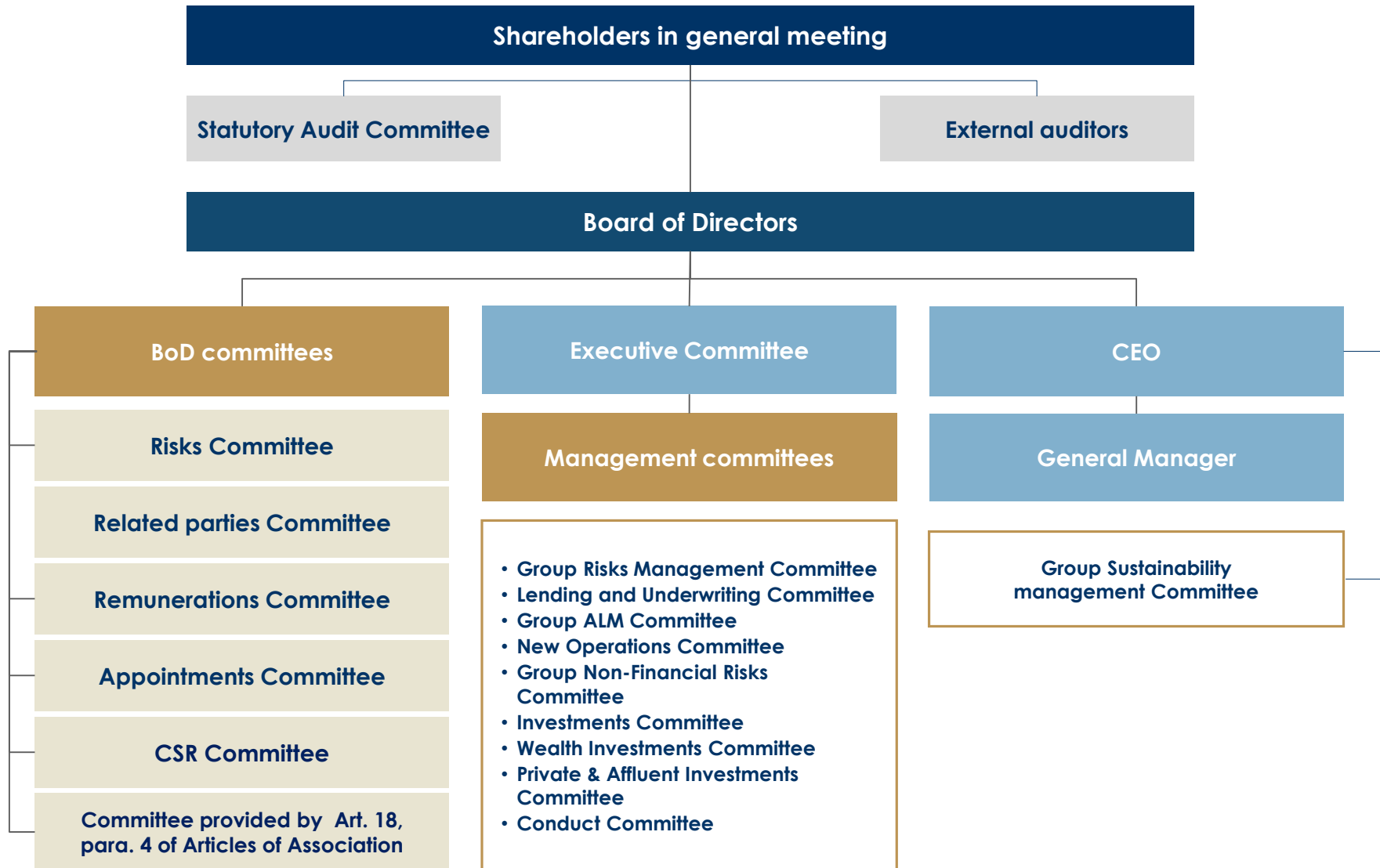
## Mediobanca shareholders' structure<sup>1</sup>



- ◆ **Historical shareholders' agreement has expired.** Since December 2018 a new consultation agreement has been in force, gathering 10.2% of the capital with no restrictions on shares
- ◆ **Institutional investors account for almost 50%**, stably split by geographical region: U.S. (41%), U.K. (18%) and Italy (14%)

1) Institutional investor breakdown by geographical source: Nasdaq Shareholder Analysis, August 2021  
 2) No provision made for commitments either in terms of lock-up or voting rights over shares syndicated. The agreement governs the means by which shareholders meet to share reflections and considerations regarding the Group's performance, in accordance with the principle of parity of information versus the market

# CORPORATE GOVERNANCE STRUCTURE



# CORPORATE GOVERNANCE MODEL: DESCRIPTION

- ◆ Mediobanca has adopted a traditional corporate governance model based on a BoD and a Statutory Audit Committee, both of which are appointed by shareholders in AGM:
  - ◆ **Strategic Supervision** is attributed to the BoD (with the support of the BoD Committees, which have processing, advisory and proposal functions)
  - ◆ **Operations** are managed by the Executive Committee and the CEO, who are responsible for implementing strategic policies and managing the company
  - ◆ the **Statutory Audit Committee** is responsible for supervising control activities
  - ◆ an **Audit Firm**, appointed by the AGM on the proposal made by the Statutory Audit Committee, is engaged to audit the Group's financial statements,
- ◆ **BoD Committees** - the Board of Directors has established **six Board committees** :
  - ◆ **Risks Committee**: duties for matters relating to risk management, the internal controls system and the financial reporting structure
  - ◆ **Related parties Committee**: assists the Board of Directors on matters pertaining to transactions with related parties
  - ◆ **Remuneration Committee**: consultative and administrative duties regarding the staff remuneration and incentivization policy and for setting the compensation payable to senior management figures
  - ◆ **Appointments Committee**: supports the BoD in the process of appointing Directors, the BoD self assessment exercise, and in preparing the succession planning for senior management positions
  - ◆ **CSR Committee**: administrative duties for sustainability issues to be submitted to the attention of the BoD
  - ◆ **Committee instituted pursuant to Article 18 of Articles of Association**: adopts resolutions in respect of decisions to be taken in general meetings of the investee listed companies, with reference to the appointments to be made to their governing bodies, in which the Bank holds at least 10% of share capital and for which the investment represents >5% of the Group's consolidated regulatory capital.
- ◆ **Management committees**<sup>1</sup> – these are **committees made up of members of the Group's senior management** (including the CEO and Group General Manager), to which the Executive Committee has delegated **powers of approval on matters involving credit, market, liquidity, operational and conduct risk, plus investments for clients.**
- ◆ **The Group Sustainability management Committee**, made up of key people within Mediobanca and the Group Sustainability Unit, **reporting directly to the CEO.**

1) In particular: the Group Risk Management Committee, the Lending and Underwriting Committee, the Group ALM Committee, the Investments Committee, the New Operations Committee, Group Non-Financial Risks Committee, the Wealth Management Investments Committee, the Private & Affluent Investments Committee, and the Conduct Committee.



# THE NEW BOARD OF DIRECTORS IN CHARGE UNTIL FY 2023 ...

## List of Board members

Name	Age		Independent*	First Election
Renato Pagliaro	64	Chairman <sup>1</sup>		2008
Maurizia Angelo Comneno	73	Deputy Chairman	X <sup>3</sup>	2014
Alberto Nagel	56	CEO		2008
Francesco Saverio Vinci	58	GM		2008
Virginie Banet	55	Director	X <sup>2,3</sup>	2020
Maurizio Carfagna	73	Director	X <sup>2,3</sup>	2014
Laura Cioli	58	Director	X <sup>2,3</sup>	2020
Maurizio Costa	72	Director	X <sup>2,3</sup>	2014
Angela Gamba	51	Director	X <sup>2,3,4</sup>	2017
Valérie Hortefeux	53	Director	X <sup>2,3</sup>	2017
Maximo Ibarra	52	Director	X <sup>2,3</sup>	2018
Alberto Lupoi	51	Director	X <sup>2,3,4</sup>	2017
Elisabetta Magistretti	74	Director	X <sup>3</sup>	2011
Vittorio Pignatti Morano	64	Director	X <sup>2,3</sup>	2018
Gabriele Villa	57	Director	X <sup>3</sup>	2017

## Main features

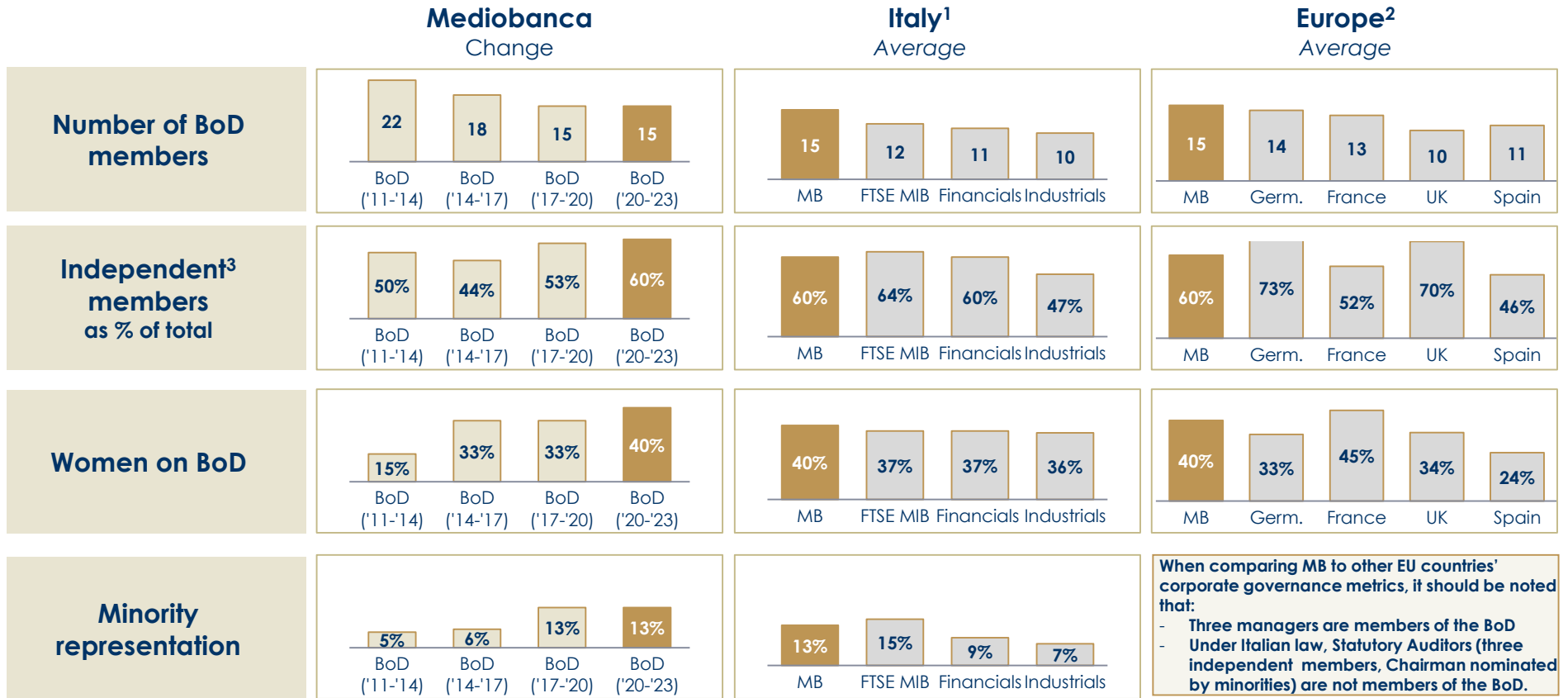
- ◆ **The current BoD** (appointed by shareholders at the AGM held in 2020, expiring with approval of the financial statements for the year ended 30/6/23), **is aligned with the best national and International practice**, complies with the regulations issued by the ECB and the Bank of Italy, and reflects the results of the self-assessment process.
- ◆ **Size: 15 Directors**
- ◆ **Continuity in BoD composition to confirm strategy of 2019-23 Strategic Plan**
- ◆ **Balanced combination of expertise**
- ◆ **Increasing gender diversity (@ 40%)**
- ◆ **Strengthening international experience and profiles in areas other than legal and economic**
- ◆ **In compliance with the Supervisory Instructions for banks on corporate governance and with the Articles of Association:** the non-executive directors who are members of the Executive Committee have been deemed to be executive directors and are therefore not members of the other intra-board committees.

**... FEATURES IMPROVEMENT IN QUALITY...**  
**ENRICHED BLEND OF SKILLS TO STRENGTHEN BUSINESS PROFILE**

Name	Gender	Age	Skills & expertise										
			Business in which MB Group operates	Banking accounting and reporting	Macro/international economics	Risk management, compliance and internal audit	Information technology, security	Legal and regulatory frameworks	Manag. capab. and entrepr. exp.	Banking governance	Planning of regulatory and economic capital	Sustainability	
Renato Pagliaro	M	64	X	X	X	X	X	X	X	X	X	X	X
Maurizia Angelo Comneno	F	73	X			X			X	X	X		X
Alberto Nagel	M	56	X	X	X	X			X	X	X	X	X
Francesco Saverio Vinci	M	58	X	X	X	X	X	X	X	X	X	X	X
Virginie Banet	F	55	X	X	X	X	X	X	X	X	X	X	X
Maurizio Carfagna	M	73	X	X	X	X	X	X	X	X	X	X	
Laura Cioli	F	58	X		X	X	X			X	X	X	X
Maurizio Costa	M	72	X		X	X				X	X		X
Angela Gamba	F	51	X				X			X	X		X
Valérie Hortefeux	F	53	X		X	X				X	X	X	X
Maximo Ibarra	M	52	X		X			X		X	X		X
Alberto Lupoi	M	51	X				X		X		X	X	X
Elisabetta Magistretti	F	74	X	X			X		X	X	X	X	X
Vittorio Pignatti Morano	M	64	X	X	X	X				X	X	X	
Gabriele Villa	M	57	X	X			X		X		X		

# ... AND METRICS

## IN LINE WITH NATIONAL AND EUROPEAN BEST PRACTICE



- ◆ **MB's BoD continues to stand out for the independence of its members, number of Directors and gender diversity**
- ◆ **Even with significant differences between European countries, the MB BoD reflects outstanding indicators in terms of gender diversity, independence and number of members**

1. Source: Consob Report on corporate governance of Italian Listed Companies 2020  
 2. Source: Spencer Stuart Board Index 2020: Spencer Stuart International Comparison Chart; Germany's figure for independents reproduces the "aspired goal concerning independence".  
 3. As defined by Article 19 of the Articles of Association providing for a single definition of independence, in line with the requirements of the Code of Conduct for listed companies operated by Borsa Italiana.

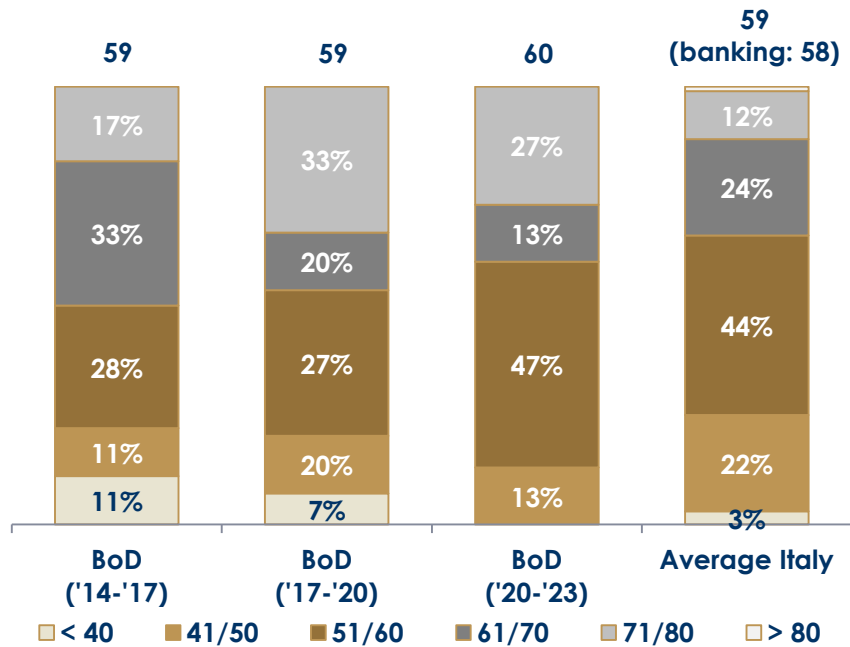




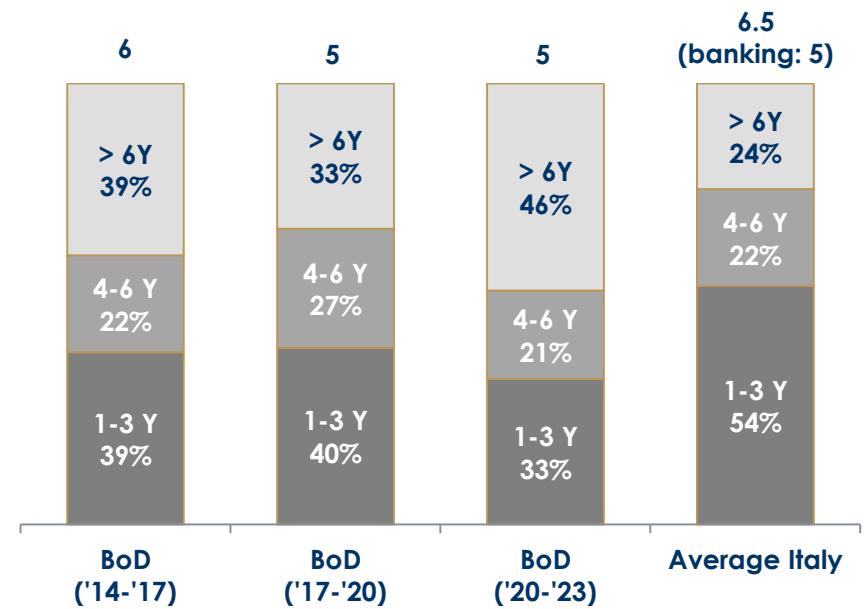
## ... AND IN METRICS (CONT.)

### IN LINE WITH NATIONAL AND EUROPEAN BEST PRACTICE

**BoD average age and age distribution (%)**



**BoD average tenure and tenure distribution (%)**

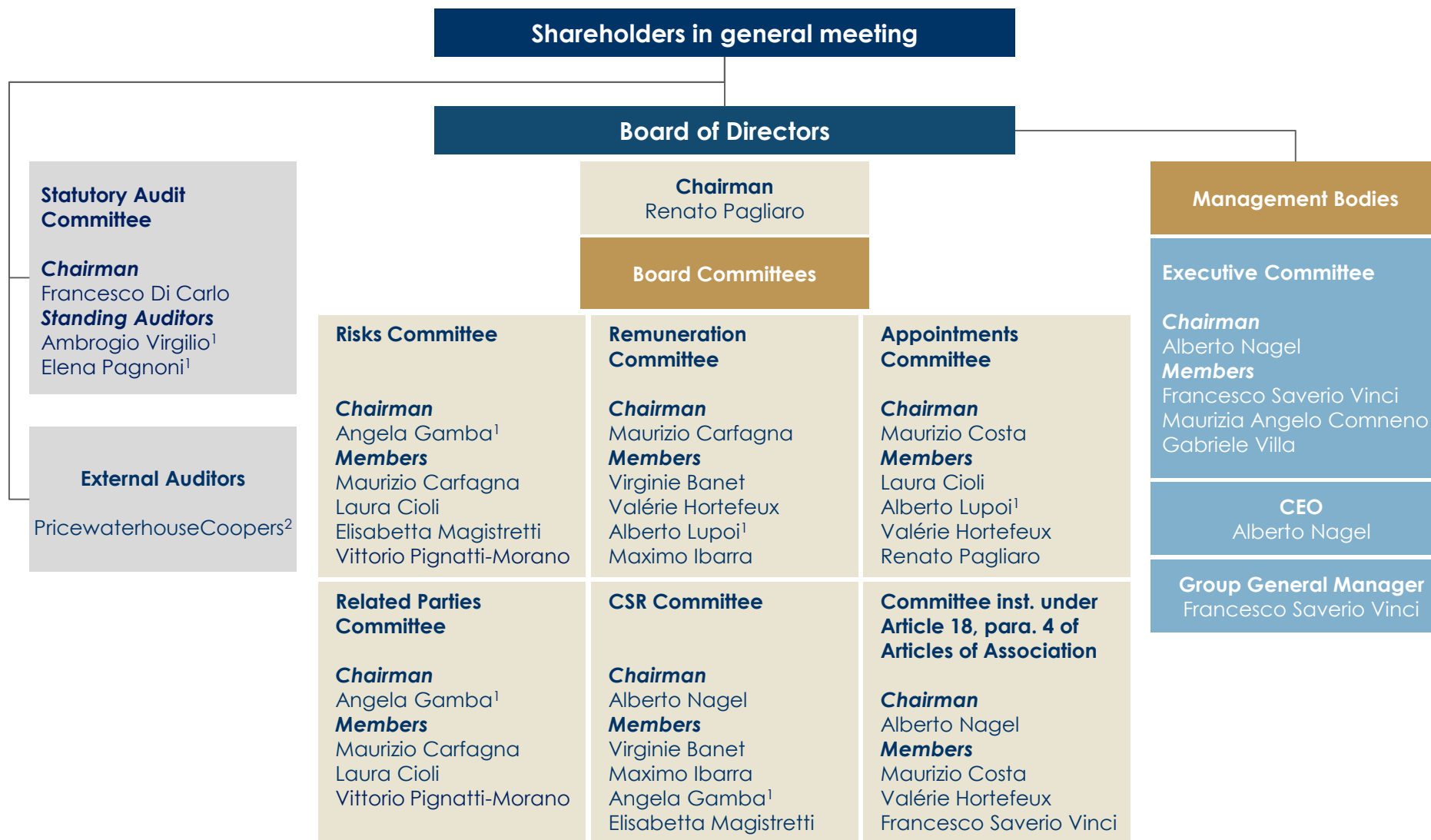


- ◆ **BOD average age 60, almost in line with the Italian (59) and EU average** (Germany 60, France 59, Spain 61 and U.K. 59).
- ◆ **BOD average tenure stable at five years, in line with Italian banks average.**

# BOARD OF DIRECTORS' COMMITTEES: COMPOSITION

Director	Post	Independent	Committees						
			Executive	Risks	Related Parties	Remunerations	Appointments	CSR	Committee inst. under Article 18, para. 4 of Articles of Association
R. Pagliaro	Chairman <sup>1</sup>						X		
M.A. Comneno	Deputy Chairman	X <sup>3</sup>	X						
A. Nagel	CEO		Chairman					Chairman	Chairman
F. Saverio Vinci	GM		X						X
V. Banet	Director	X <sup>2,3</sup>				X		X	
M. Carfagna	Director	X <sup>2,3</sup>		X	X	Chairman			
L. Cioli	Director	X <sup>2,3</sup>		X	X		X		
M. Costa	Director	X <sup>2,3</sup>					Chairman		X
A. Gamba	Director	X <sup>2,3,4</sup>		Chairman	Chairman			X	
V. Hortefeux	Director	X <sup>2,3</sup>				X	X		X
M. Ibarra	Director	X <sup>2,3</sup>				X		X	
Lupoi	Director	X <sup>2,3,4</sup>				X	X		
E. Magistretti	Director	X <sup>3</sup>		X				X	
V. Pignatti Morano	Director	X <sup>2,3</sup>		X	X				
G. Villa	Director		X						

# BOARD OF DIRECTORS COMMITTEES COMPOSITION (CHART)








# GROUP CSR : FROM COMPLIANCE TO STRATEGY

## Integrating CSR into corporate strategy ...

2017	2018	2019	2020	2021
<b>Structure created</b>	<b>First Consolidated Non-Financial Statement</b>	<b>Policy on responsible investing and financing</b>	<b>CSR objectives included in new Strategic Plan</b>	<b>Continued commitment to CSR objectives</b>
<ul style="list-style-type: none"> <li>◆ Sustainability unit</li> <li>◆ Group managerial Sustainability Committee</li> <li>◆ Group Sustainability Policy</li> <li>◆ First materiality matrix</li> <li>◆ First Group sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>◆ Directive on responsible investing</li> <li>◆ Multi-stakeholder forum to update materiality matrix</li> <li>◆ Signed up to UN Global Compact</li> <li>◆ First Consolidated Non-Financial Statement</li> </ul>	<ul style="list-style-type: none"> <li>◆ New Group policy on responsible investing and lending</li> <li>◆ Responses to leading ESG Index questionnaires</li> <li>◆ Signed up to Principles for Responsible Investing</li> <li>◆ E-learning course on Sustainability and Human Rights</li> <li>◆ Second Consolidated Non-Financial Statement</li> </ul>	<ul style="list-style-type: none"> <li>◆ CSR objectives included in the 2019-23 Strategic Plan and in the LTI for senior management</li> <li>◆ BoD CSR Committee</li> <li>◆ Revised version of Group Sustainability Policy</li> <li>◆ Signed up to Principles for Responsible Investing</li> <li>◆ Third Consolidated Non-Financial Statement</li> </ul>	<ul style="list-style-type: none"> <li>◆ Achievement of Carbon Neutrality</li> <li>◆ Inclusion in the S&amp;P Europe 350 ESG Index</li> <li>◆ Participation in the main sustainability questionnaires</li> </ul>

## ... to satisfy the demands of all stakeholders with our acknowledged ethical approach

<b>SHAREHOLDERS</b>  <p><b>Solid profitability</b> <b>Outstanding capital ratios</b></p>	<b>OUR PEOPLE</b>  <p><b>4,921<sup>1</sup></b> employees <b>58% men 42% women</b> <b>157,224</b> hours of training</p>	<b>ENVIRONMENT</b>  <p><b>100%</b> of electricity acquired from renewable sources Issue of first MB <b>green bond</b></p>	<b>COMMUNITY</b>  <p><b>€7,3m<sup>1</sup></b> community investment in 3 areas:</p> <ul style="list-style-type: none"> <li>◆ Environment and territory</li> <li>◆ Culture, research and innovation</li> <li>◆ Social inclusion</li> </ul>	<b>SUPPLY CHAIN</b>  <p><b>40%</b> of spending on supplies screened using ESG criteria<sup>1</sup></p>
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# BOARD ASSESSMENT PROCESS

Annex 1



# BoD – SELF-ASSESSMENT RESULTS

**Largely positive assessment of the composition and functioning of the Board and the Committees (adequacy and self-assessment) which confirms the effectiveness of the work done**

**Adequacy of the individual and collective composition** (in terms of the mix of skills and backgrounds of the Board members and allowed the Board to operate with awareness regarding the understanding of the current strategic plan, business management, planned objectives and achieved results)

**Adequacy of the information flow** in terms of usability and content; in particular, the documentation concerning the management of corporate risks and related controls (e.g., RAF document, quarterly segment reporting, *tableau de bord*, reports of the control functions)

**Unanimous appreciation** for the integration of corporate sustainability objectives into the strategic plan (e.g., the appointment of an internal committee dedicated to CSR)

**Satisfaction** with the training programme for the benefit of the Board organized over the past year, in terms of attendance, topics covered, and the supporting documentation prepared

**Appreciation for active participation in board meetings**, albeit in the predominantly virtual mode that has characterized the past year

**Appreciation** for the role and leadership style of the Chairman of the Board of Directors in the dynamics and management of the Board

## Areas for improvement

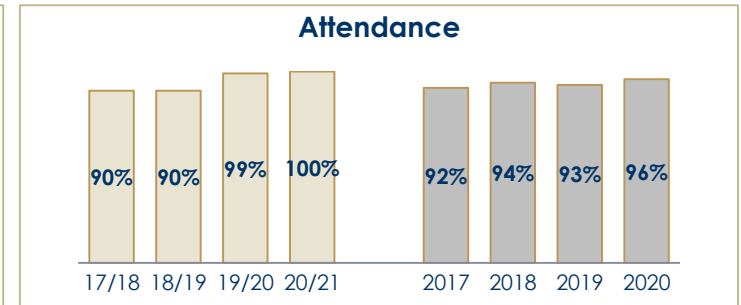
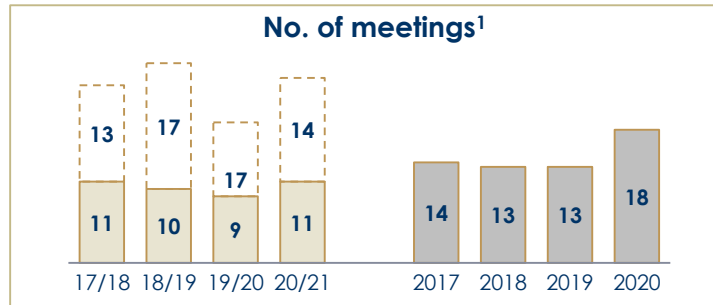
- Enhancing the training programme with special sessions on, among others, sustainability; digital innovation; IFRS9 implementation; Diversity & Inclusion
- Continuing monographic board meetings dedicated to strategies
- Increasing the number of meetings of the Corporate Social Responsibility Committee

# BOD AND BOARD COMMITTEES: STATISTICS

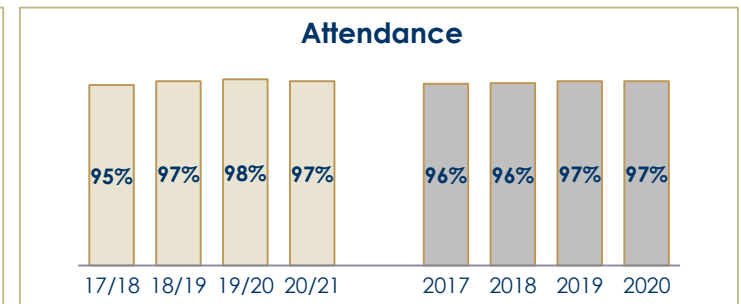
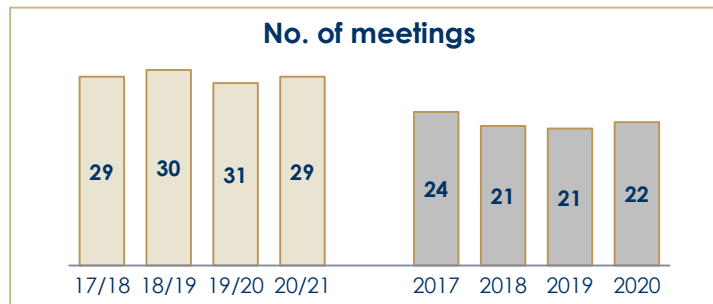
Annex 2

# BOD STATISTICS (FY 2020-21)

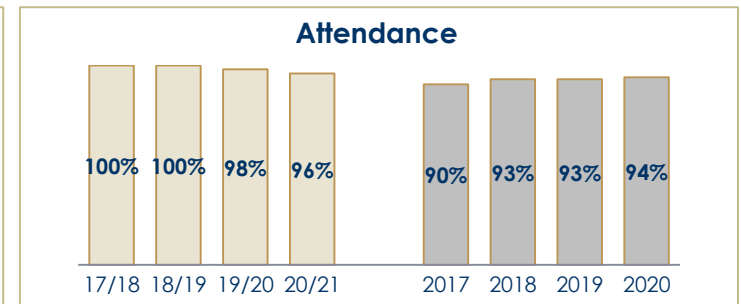
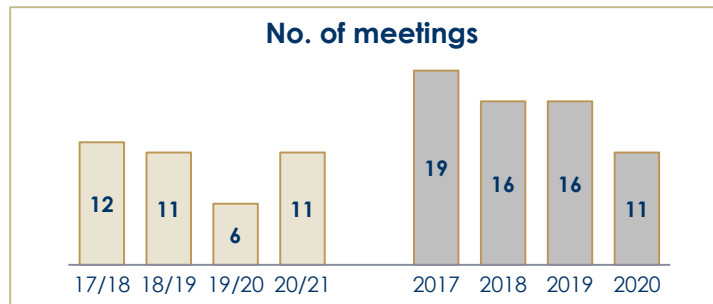
## BoD



## Statutory Audit Committee



## Executive Committee



Mediobanca

FTSE MIB<sup>2</sup>

1) Including BoD induction and training sessions (dashed boxes). It should be noted that the figure for the 2020-21 financial year includes 6 sessions dedicated to new Board members.  
2) Source: Assonime, *La Corporate Governance in Italia 2020*, Consob Report on corporate governance 2020

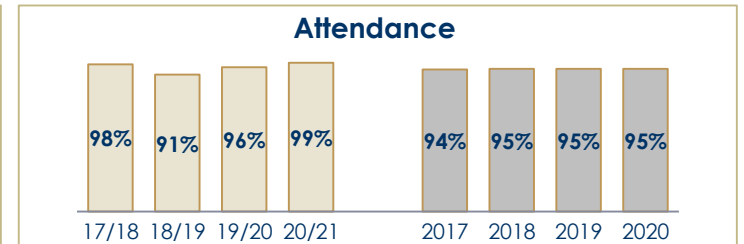
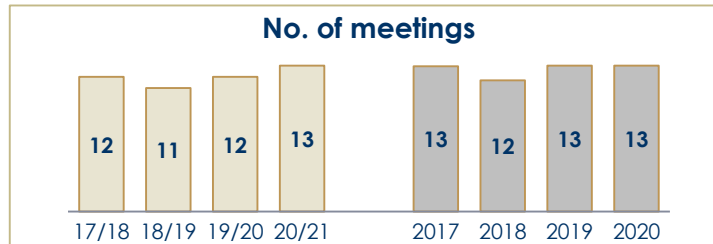




# BOD STATISTICS (FY 2020-21)

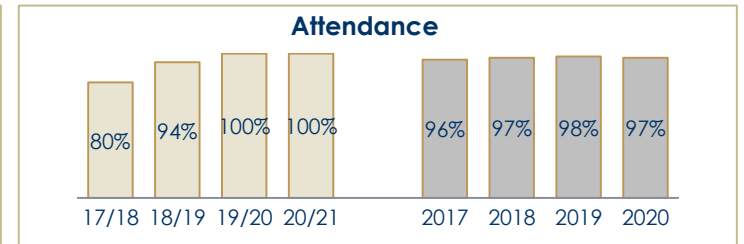
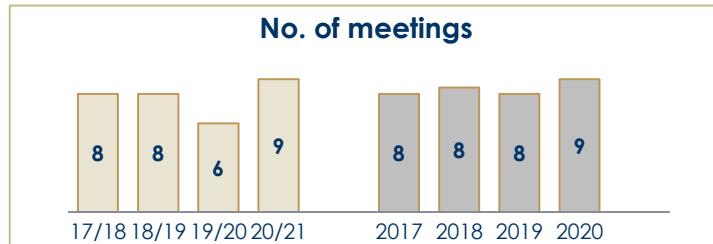
## Risks Committee

(80% independent members)



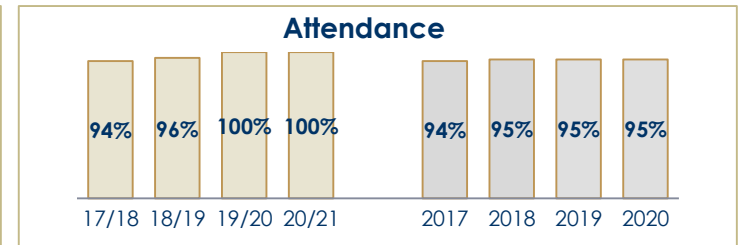
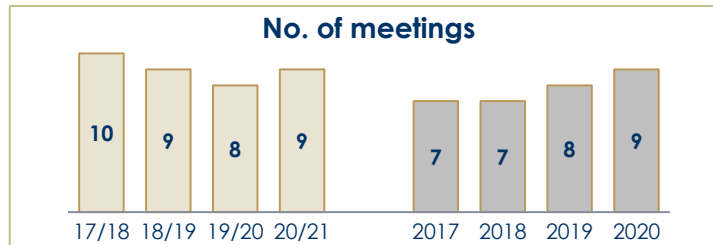
## Remuneration Committee

(100% independent members)



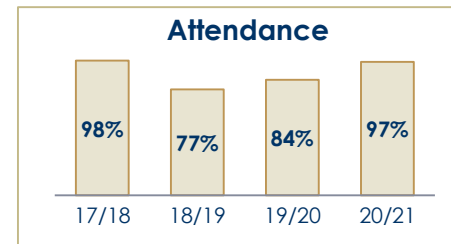
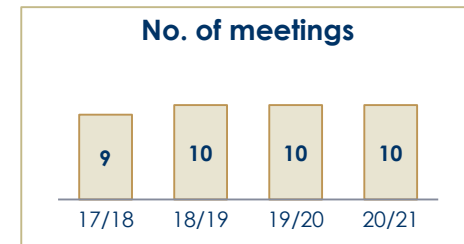
## Appointments Committee

(80% independent members)



## Related Parties Committee

(100% independent members)



 **Mediobanca**  
 **FTSE MIB<sup>1</sup>**

1) Source: Assonime, *La Corporate Governance in Italia 2020*, Consob Report on corporate governance 2020



# CORPORATE GOVERNANCE CODES AND POLICIES

Annex 3

# CORPORATE GOVERNANCE – CODES AND POLICIES

## Code of Ethics

Our Code of Ethics contains references and guidance which complement the legal requirements and self-regulation obligations, with a view to ensuring that behaviour is consistent and compliant with the Group's mission and its fundamental values.

It defines ethical principles and conduct rules regarding several principles

- ◆ Fairness and honesty
- ◆ Impartiality
- ◆ Professionalism and valorization of staff
- ◆ Confidentiality
- ◆ Conflicts of interest
- ◆ Transparency and completeness of information
- ◆ Health and safety
- ◆ Environment

## Code of Conduct

The Code of Conduct is the document which, along with the Code of Ethics, sets out the fundamental principles on which the Bank's reputation is based, and contains the values which underlie its everyday operations. It constitutes the benchmark for regulating relations inside and outside the Bank in ethical terms, describing the standard of conduct required of all its staff and collaborators

The core values are

- ◆ Proper conduct
- ◆ Confidentiality
- ◆ Professionalism
- ◆ Independence

## Regulations on Internal Dealing

The regulations in respect of internal dealing (the "Regulations") have been approved by the Board of Directors of Mediobanca and adopted pursuant to the new EU regulations on this subject (Regulation (EU) 596/2014, Commission Delegated Regulation (EU) no. 522 issued on 17 December 2015, Implementing Regulation EU no. 523 issued in March 2016). The Regulations are intended to govern, with binding effect, behavioural and reporting requirements in respect of transactions executed, *inter alia* through intermediaries, by persons defined as "Relevant Persons"<sup>1</sup> and by persons or entities closely related to such Relevant Persons, involving shares in Mediobanca and bonds issued by the company and derivative financial instruments or other financial instruments linked to them

## Related Parties

These Regulations provide the instructions with which Mediobanca must comply to ensure the transparency, proper conduct, objectivity and impartiality of transactions with related parties, executed directly or via subsidiaries.

## Sustainability

The Sustainability Policy contributes to the strengthening and implementation of the values of ethics, integrity and responsibility as a form of respect towards people, the environment and society as a whole. The Mediobanca Group is convinced that fair, transparent and responsible conduct increases and protects its reputation, credibility and consensus over time, all of which are prerequisites to deliver sustainable growth for the business with a view to creating and protecting value for all its own stakeholders.

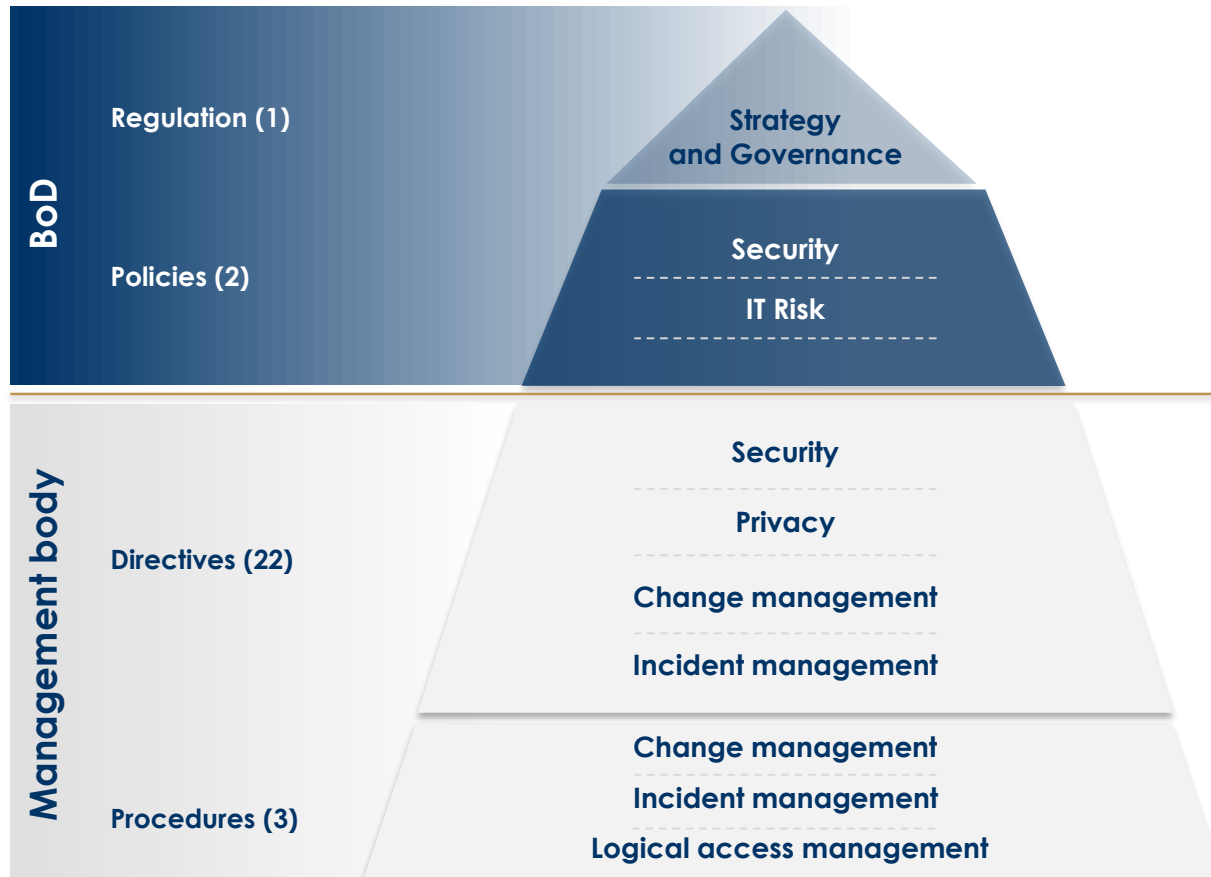
# GROUP IT GOVERNANCE

Annex 4



# GROUP IT GOVERNANCE MODEL

The Mediobanca Group considers the protection of its information assets to be a fundamental principle in guaranteeing its operations, the achievement of its strategic objectives and regulatory compliance. The proper management of information systems and information risk is the cornerstone and main guide to ensuring that organizational, procedural and technological protection measures are adequate and commensurate with the value of the information and resources to be protected.



The Group IT Regulations describes:

- ✓ The governance model for Group IT;
- ✓ The respective roles and areas of responsibility of the governing bodies and business units involved;
- ✓ The lifecycle of the IT regulations of the Group;
- ✓ References to standards, best practices and internal and external regulations which the governance of Group Information Systems is based on.

On 24 June 2021, the Board of Directors approved the update of the Group Policy on the system of internal controls, which provides, inter alia, for specialized systems within the Group IT & Governance Unit of the Parent Company, with the aim of supporting the Control Functions and the Executive in Charge in the analysis and control activities relating to information systems.