

**REPORT OF THE BOARD OF DIRECTORS TO THE
ORDINARY GENERAL MEETING OF APRIL 21, 2011:**

6. Report on the remuneration policies of Mediolanum Group.

Report of the Board of Directors

at the Ordinary Shareholders' Meeting convened on 21 April 2011 on first call and on 22

April 2011 on second call

Dear Shareholders,

You have been called to an ordinary shareholders' meeting to decide, inter alia, upon the topic outlined below:

6. Report on the remuneration policies of Mediolanum Group;

Given the new legislative and self-regulatory framework, Mediolanum SpA intends to ask the Shareholders meeting's assessment of the attached report on remuneration policies of Mediolanum Financial Conglomerate

On this item, therefore, we ask you to pass the following resolutions:

"The Shareholders' Meeting:

- having examined the report of the Board of Directors;
- given that the Company is in the process of adopting a remuneration policy that provides for the involvement of the Remuneration Committee - composed of three non-executive directors the majority of whom are independent - in the definition of the policy itself;

resolves

to approve the report outlining the remuneration policy of Mediolanum Financial Conglomerate "

Milano 3, 1 March 2011

For the Board of Directors

The Chairman

(Roberto Ruozi)

Mediolanum SpA

Remuneration policies of Mediolanum SpA Financial Conglomerate

REMUNERATION POLICIES OF MEDIOLANUM SPA FINANCIAL CONGLOMERATE

GENERAL

I - PURPOSE AND STRUCTURE OF THE DOCUMENT

This document describes and explains the remuneration and incentive policies ¹ that Mediolanum Financial Conglomerate ² intends to adopt to ensure an adequate level of transparency about important aspects of governance and corporate disclosure to the market.

In particular, in addition to the general outline and the reference framework, this document is comprised of two sections, whose main contents are described below:

- APPLICATION PROFILES FOR MEDIOLANUM FINANCIAL CONGLOMERATE, which governs the general remuneration policies and principles determined by Mediolanum SpA and applicable to all the Companies of the Financial Conglomerate, as long as consistent also taking into account the local legal framework and the Supervisory regulations applicable to those companies (so-called "application principles");
- MEDIOLANUM SPA, REMUNERATION POLICIES which governs remuneration and incentive policies identified and prepared for Mediolanum SpA.

II - ADDRESSES AND IMPLEMENTATION

Pursuant to the roles and responsibilities assigned by law and existing statutory provisions as well as corporate regulations, the Board of Directors of Mediolanum SpA shall implement the Remuneration Policies within its organisation and transmit them to the other Companies of the Financial Conglomerate through its Managing Director and through appropriate internal and Group communications.

Specifically, the implementation of the provisions contained in the remuneration Policies involves, within each respective competence:

- with regard to Mediolanum SpA, the issuance of specific implementing regulations;
- with reference to Subsidiaries, acknowledgement by their respective Governing and Control bodies of the application principles as defined later in this document and, where expressly mandatory, the detailed description of such application principles in specific documents to be submitted to their respective Shareholders' Meetings.

¹ Hereinafter also "Remuneration Policies."

² Hereinafter also "Financial Conglomerate".

REFERENCE CONTEXT

The remuneration of directors of listed companies and, particularly, of those holding executive offices, represents an incentive and control mechanism that is essential to ensure the integrity and effectiveness of corporate governance mechanisms.

Regulators have focused on this issue both at the national level and at the international coordination level, with the aim of increasing the involvement of shareholders in defining remuneration policies and enhancing transparency on the contents of these policies and their actual implementation.

In Europe, the increasing attention to this subject is reflected in the succession of various EU initiatives that are an important reference in the field of remuneration through the issuing of guidelines, principles and implementation standards. In particular, in 2004, the Commission issued a preliminary Recommendation (2004/913/EC) on the promotion of an appropriate system with regard to the remuneration of directors of listed companies; in 2005, a second Recommendation (2005/162/EC) was issued on the role of non-executive directors or supervisory board members of listed companies and on the committees of the board of directors or supervisory board. More recently, the Commission adopted Recommendation 2009/385/EC, which supplements the two previous Recommendations and is applicable to all listed companies, and Recommendation 2009/384/CE on the remuneration policies in the financial sector.

At national level "Legislative Decree no.259 of 30 December 2010, containing: "Implementation of the Recommendations of the European Commission 2004/913/EC and 2009/385/EC with regard to the remuneration of directors of listed companies." introduces Article 123-ter into the Consolidated Finance Act (CFA); pursuant to this article - starting from the Shareholders' Meeting to be convened in 2012 - companies with listed shares shall make available to the public a remuneration report comprising two sections, at least 21 days prior to the annual Shareholders' Meeting³.

The first section explains the remuneration policy for members of the board, general managers and managers with strategic responsibilities with reference at least to the next financial year, and the procedures used to adopt and implement the policy.

The second section details the compensation actually paid or otherwise allocated to such persons in the current financial year, individually for the members of the administrative and control bodies and for general managers and in aggregate form for managers with strategic responsibilities, except where otherwise indicated by Consob regulations. As regards shareholders involvement, paragraph 3 of the new art. 123-ter of the C.F.A. provides that the shareholders' meeting shall express a non-binding vote on the first section of the report and that the outcome of the vote will be made available to the public.

At the same time, on 18 January 2011, Consob published in this regard the "Draft statement on remuneration, succession planning and self-evaluation of the board of directors of listed companies" establishing that information on remuneration and incentives must be included in the reports on corporate governance and ownership structure (as for the requests on agreements which envisage indemnities in the case of early termination, succession planning and board evaluation) and recommended full compliance with transparency rules on compensation paid to be presented in the notes to the financial statements.

In addition, considering the remuneration policy as an instrument to mitigate conflicts of interest,

³ In accordance with Article. 2 ("Entry into force") of the aforesaid Legislative Decree the remuneration report required by the new art. 123-ter of the C.F.A. shall be presented to the ordinary annual shareholders meeting "called for the year following that during which the regulation came into effect" issued by Consob in accordance with paragraphs 7 and 8 of the same art. 123-ter.

the same Supervisory Authority, in the regulation of transactions with related parties,⁴ provides that the procedures can exclude, in whole or in part, from the provisions of the Regulation, resolutions, other than those provided under Article. 2389 of the Italian Civil Code, relating to the remuneration of directors and board members holding special office as well as other managers with strategic responsibilities, provided that the company has adopted a remuneration policy. In this regard, Mediolanum SpA has exercised this option in accordance with the procedures established pursuant to art. 4 of Consob Resolution No.17221 and published in the website.

In terms of self-regulation, the Code of Conduct for listed companies was amended in March 2010 with regard to the remuneration of directors and managers with strategic responsibilities, implementing the main elements of the European recommendations on the process of setting remuneration policies and their content. To this end, the Committee for Corporate Governance, approved the new text of Article 7 of the Code of Conduct, which states, among other things, that a report outlining the general remuneration policy for executive directors, other directors holding specific offices (in particular, the Chairman and any Vice-Chairman), as well as managers with strategic responsibilities shall be presented to the shareholders' meeting.

Finally, it is noted that in relation to the different fields of activity of the Companies belonging to the Financial Conglomerate, the industry-specific supervisory regulations shall apply⁵.

APPLICATION PROFILES FOR MEDIOLANUM FINANCIAL CONGLOMERATE

On the basis of the regulatory framework mentioned above, Mediolanum SpA has identified a number of guidelines for each Company belonging to the Financial Conglomerate (so called "Application profiles") for the purposes of defining and establishing individual "remuneration and incentive systems" providing appropriate remuneration and incentive mechanisms for directors and the management thus enhancing competitiveness and corporate governance. Compensation, in particular that of persons with key roles within the corporate structure, tends to attract and retain persons with skills and experience meeting company's needs.

For ease of reference, such application profiles are classified in the following areas:

I - GOVERNMENT AND CONTROL;

II - STRUCTURE OF THE REMUNERATION AND INCENTIVE SYSTEM;

III - DISCLOSURE.

⁴ See Consob Regulation transactions with related parties (Resolution No. 17221), art 13, paragraph 3.

⁵ With regard to Mediolanum Banking Group the following paragraphs shall apply:

- par. 4, "Compensation and incentive mechanisms of the Supervisory provisions concerning banks' organization and corporate governance of 04.03.2008;
- par. 7, "Compensation and incentive mechanisms" of the Clarification Note of 19.02.2009;
- Communication of 28.10.2009 "Remuneration systems and incentive schemes;
- Supervisory provisions concerning banks' policies and practices of remuneration and incentives (Consultation paper which will repeal the points mentioned above);

For insurance companies the following shall apply:

- Regulation draft on remuneration policies in insurance companies "(Consultation document No 33/2009).

Please note that the application profiles described below will be applied in the manner defined by each company, only where mandatory - therefore in accordance with local guidelines as previously stated - and in compliance with the so called "Proportionality principle", which involves, for each company, taking into account its own level of technical and operational significance/complexity (including but not limited to: size of assets or other significant items in the financial statements, ownership structure, type of business, listing on regulated markets, degree of evolution of its risk-measurement system).

That said, the application profiles that should guide each Company of the Financial Conglomerate in the establishment or updating of its remuneration and incentive system are listed below, for each identified area.

I - GOVERNMENT AND CONTROL;

The corporate body with a strategic supervisory function ⁶ in the definition of remuneration and incentive systems, shall make sure that such systems take due account of risk mitigation policies and are consistent with long-term objectives, corporate culture and the overall arrangement of corporate governance and internal controls. To this end:

- it ensures that the remuneration and incentive system does not involve increased business risks, and in particular:
 - it makes sure that specific self-evaluations are carried out within the Company aimed at identifying specific categories of persons whose professional activity has or may have a significant impact on risk profile (so-called "more significant" or "risk taker" personnel);
 - it adopts appropriate internal regulation on the remuneration and incentives system (Policy, regulations, procedures, ...) whose contents:
 - can be accessed and consulted by the internal competent functions, subject to any necessary confidential requirements;
 - are in line with the strategic objectives and risk tolerance of the Company, with the values and long term interests of all the "stakeholders";
 - promote compliance with all applicable laws and regulations. Particular attention should be paid to the remuneration and incentives systems of internal and external networks, which the Company may rely on as well as the entities that are assigned with control duties.
- it manages the conflicts of interest including through the adoption of appropriate organizational measures and ensuring that the assignment of multiple functions to the relevant persons engaged in activities involving a conflict of interest does not prevent them from acting independently, thus making sure that such conflicts do not have an adverse impact on customers interests;
- it adopts measures and procedures to eliminate any direct connection between the compensations of relevant persons whose prevailing activity is likely to generate situations of potential conflict of interest;
- it provides that the shareholders' meeting, in addition to establishing the remuneration of the bodies it has appointed, may also approve:
 - the remuneration policies for the members of the board and executive directors, employees or external collaborators;
 - securities-based compensation schemes (e.g. stock options).
- within the body that determines the remuneration of the members of the board and executive directors charged with special tasks, it establishes a committee, a majority of whose members is independent, to provide advice and make proposals on directors' remuneration and to perform advisory tasks in relation to the determination of criteria for managers' remuneration.
- it provides for the involvement of the shareholders meeting in the process of approval of

⁶ The strategic supervisory function concerns the definition of corporate strategic guidelines and goals and the verification of their implementation; the expression "body with strategic supervisory function" should be understood as referring to the body in charge of the direction and/or supervision of the company's management (for example, by examining and resolving on business or financial plans or the Company's strategic operations).

- remuneration policies, aiming to increase the shareholders' awareness of and monitoring on overall costs, benefits and risks of the selected remuneration and incentive system;
- it provides clear rules and procedures, documented and inherently transparent to determine compensations within the Company;
 - it provides for the involvement of control functions and corporate competent functions in the process of setting compensation policies, in accordance with the principles and criteria provided by the applicable legislation of the sector concerned (in particular, the persons in charge of risk management and control, compliance, human resources, strategic planning). In this regard, all parties involved, including members of the strategic supervisory body in charge of the remuneration policy, and members of in-house committees established for this purpose, should have the necessary skills in order to make an objective assessment of the relevance of the remuneration policy and its implications with regard to deliberately assuming risks on behalf of the Company.
 - In compliance with Supervisory regulations specific to the sector, it provides for an independent internal review of the remuneration Policy, to verify its compliance with the applicable legal framework and to ensure that remuneration practices are consistent with approved remuneration policies. The internal audit function should report on the outcome of this review to the strategic supervisory body and the shareholders meeting;
 - it provides for the periodic updating of the structure of the remuneration Policy to ensure it meets the changes occurring within the Company and/or in the external applicable regulatory environment.

II - STRUCTURE OF THE REMUNERATION AND INCENTIVE SYSTEM;

The structure of the remuneration and incentives system should be based on the application profiles set out below and comply with the provision laid down by any supervisory regulations in the relevant field of business. To this end, the structure of fees provides that:

- the fixed component makes up a sufficiently high proportion of total remuneration, so that the company may pursue a fully flexible bonus policy. In particular:
 - the fixed component should be enough to compensate the administrator for the work carried out if the variable component were not paid out because of failure to achieve performance objectives;
 - the Company should be allowed not to pay, in whole or in part, the bonuses, if the individual employees or a business unit or the company do not meet the efficiency criteria;
 - in addition, the company should also be allowed not to pay bonuses if the market situation deteriorates significantly, particularly when there is doubt about the Company's present or future ability to continue its normal activities.
- Where remuneration includes a variable component or a bonus, the compensation scheme itself should be structured so as to ensure an appropriate balance between the fixed and variable components. An appropriate balance between the remuneration components may vary depending on personnel, market conditions and the specific context in which the company operates;
- the ratio between total compensation and the variable component should also be accurately

and carefully evaluated;

- the variable remuneration component should meet the following criteria:
 - it should be symmetric with respect to actual results, and decrease significantly or even become zero in the event of lower than expected or negative performance ;
 - it should be parametrised to indicators of performance measured net of risks over a multi-year horizon (so-called ex-ante risk adjustment) and take into account the level of assets and cash necessary to carry out the activities undertaken;
 - it should be aiming at the establishment of incentive mechanisms of the corporate structure based on criteria that are consistent with the best interest of the client. Particular attention must be paid to the remuneration arrangements for employees, collaborators and financial advisors in relation to different types of products offered as well as to budget targets and the related bonuses set for the sales network;
 - Regardless of the way (top-down or bottom-up) of determination, the aggregate amount of variable compensation should be based on effective and lasting results. The reference parameters to which the remuneration amounts should refer, must be clearly identified, objective and allow for an immediate assessment. Where discretionary assessments are made, the criteria underlying such assessments must be clear and predetermined and the entire decision-making process must be properly documented;
 - it must take into account the performance of the respective business units as well as those of the Company and the Group, (or the Financial Conglomerate) overall and where possible individually.
 - a substantial part, should be subject to some type of securities-based incentives or similar; in this regard, in compliance with the applicable supervisory regulations, this type of incentives must be benchmarked to the risk taken and structured so as to prevent the occurrence of incentives in conflict with the interests of the company in the long term; in setting up equity based remuneration policies, it is ensured that:
 - equities, options and other rights granted to directors to buy shares or to be remunerated on the basis of developments in the price of the shares have a vesting period of at least three years;
 - the vesting referred to in the preceding paragraph is subject to predetermined and measurable performance targets;
 - administrators keep a portion of the shares granted or purchased until the expiry of their office, or in any case for a reasonable period,
 - a reasonably substantial portion, is subject to an adequate system of deferred compensation, for a reasonable period of time; the size of this portion and the duration of the deferral are consistent with the characteristics of the business carried out and the associated risk profiles;
 - it must be subject to ex post correction mechanisms (malus or claw back) adequate, among other things, to reflect the level of performance net of risk actually assumed or achieved, up to a significant decrease becoming nihil if the results are significantly lower than expected or negative. In this regard, where possible, in determining individual performance, non-financial criteria should be taken into account, such as compliance with internal rules and procedures, as well as the rules governing relations with customers and investors.
- non-executive directors should normally be excluded from incentive-based mechanisms,

which in any case, should represent only a small proportion of their total remuneration;

- Members of the body charged with the control function should be excluded from securities-based compensation or bonuses linked to corporate performance;
- The remuneration of persons responsible for the internal control function and similar functions (such as, for example, the Manager in Charge for preparing the financial statements) must be commensurate with their considerable responsibilities and commitment. Incentive-based mechanisms must be consistent with the assigned tasks; bonuses linked to corporate results should be excluded except for valid and justifiable reasons;
- to ensure the fairness and independence of control functions, the method for determining the remuneration of relevant persons involved in corporate control functions should not jeopardize their objectivity;
- indemnity and pension policy must be in line with the company's strategy, its goals, values and the long-term interests of the Company.. In this regard. the terms agreed upon in the event of early termination of the relationship is such as to ensure that the compensation paid in these circumstances is related to the performance achieved and the risks assumed.

III -DISCLOSURE.

Each company of the Mediolanum Financial Conglomerate, subject to the provisions on confidentiality and data protection and in compliance with any more restrictive sector-specific Supervisory regulations , discloses the information relating to its remuneration Policy (so called "Remuneration statement") in a way that is clear and easy to understand for all stakeholders. To this end, the following application profiles are presented, to be complied with where, as already mentioned, they are expressly binding:

- a report should be drafted at least annually to be presented to the Shareholders' meeting, to be organized in two sections:
 - the former, focused on *ex ante disclosure*, which describes the remuneration policy of the Company at least with reference to the following year as well as the implementation procedures of these policies; in addition, this type of information, should highlight any significant change compared to the remuneration policy applied during the reference period ;
 - the latter, focused on *ex post* information, is aimed at ensuring adequate reporting on the actual implementation procedures of compensation policies with particular regard to the variable components in order to emphasize its consistency with the goals and targets set, and possibly providing statistical information on the evolution of wage dynamics, even with respect to industry trends;
- Where mandatory, specific information should be provided to the general public and/or investors, within the financial reports ⁷ or through other methods or forms of reporting ⁸ .
- To the benefit of the internal organization, the general principles of the remuneration Policy should be accessible to all personnel to whom they apply. Personnel should be informed in

⁷ See Consob Resolution no.11971 - "Issuers Regulation", Art. 78.

⁸ See Bank of Italy, Circular No 263 of. 27 December, 2006 (so called "Third pillar"), Title IV "Disclosure" and the Consolidated Finance Act, article 123-bis (Report on corporate governance and ownership structure).

advance of the criteria that will be used to determine future remuneration and evaluation. The evaluation process and the remuneration Policy should be properly documented and transparent for the personnel concerned.

COMPENSATION POLICIES OF MEDIOLANUM SPA

I - REASONS AND AIMS OF REMUNERATION POLICIES

In accordance with the application profiles that apply to the Financial Conglomerate, the remuneration policy adopted by Mediolanum SpA aims to attract and retain individuals with professional competence and skills appropriate to the needs of the company and to provide an incentive to increase their commitment to improving corporate performance through personal satisfaction and motivation.

By implementing this remuneration Policy the interests of shareholders and that of "management" of Mediolanum SpA are made more consistent, both in the short term, through the maximization of value creation for shareholders, and in the long-term, through careful management of business risks and the pursuit of long-term strategies.

In this regard, the remuneration and incentives criteria based on objective parameters, performance-related and in line with the medium/long term strategic objectives represent the tool that better stimulate the commitment of all stakeholders and therefore better respond to Mediolanum SpA interests.

In addition, these remuneration and incentive Policies, pursuant to Article 13, paragraph 3 of Consob Resolution No. 17221, allow the exclusion of procedures provided for transactions with related parties concerning the remuneration of directors and board members holding special offices as well as other managers with strategic responsibilities

II - GOVERNANCE OF THE REMUNERATION AND INCENTIVE SYSTEM;

1. Statutory provisions relating to remuneration policies

With reference to Mediolanum SpA bylaws, Article 24 provides that:

- the Board shall allocate among its members the remuneration determined by the Shareholders' Meeting in favour of all Directors; it also allocates or determines, depending on whether the company has exercised the option granted to the Shareholders' Meeting, the remuneration for directors holding special offices, after consulting with the Board of Statutory Auditors.

Article 26 of the bylaws provides that:

- Directors are entitled to the reimbursement of expenses incurred for their office;
- The Shareholders' Meeting:
 - determines the overall amount of compensation of all Directors. This amount may include compensation of Directors holding special offices;

- it may also grant indemnities or other fees to directors.

Article 27 of the bylaws provides that:

- The Shareholders' Meeting shall determine the remuneration of statutory auditors in addition to the reimbursement of expenses incurred in carrying out their duties.

2. Roles and Responsibilities

In relation to the governance of the remuneration and incentive systems, the management activities concerning this system are listed below, separately by Body and business functions involved, in order to further understand the process of production and updating of these remuneration policies.

2.1 Shareholders' Meeting

The Ordinary Shareholders' Meeting of Mediolanum SpA, pursuant to the provisions laid down by these policies as well as the relevant regulations in force, in order to increase the level of awareness and be able to monitor the overall costs, benefits and risks of the chosen remuneration and incentive system shall:

- resolve in favour or against the remuneration Policy prepared by the Board of Directors. This resolution is not binding and the outcome of the vote is made available to the public;
- receive adequate information on the implementation of the remuneration Policies with the aim to examine the practical implementation of those policies with particular regard to the variable components and to evaluate consistency with the defined guidelines and objectives.

2.2 Board of Directors

The Board of Directors shall review and adopt, at least annually, the remuneration Policy with regard to the Financial Conglomerate and Mediolanum SpA and is responsible for its adequate implementation.

It also ensures that the remuneration and incentive policy is adequately documented and:

- transmitted to the Shareholders' Meeting for the required resolution;
- accessible within the company's organisation.

Notably, in addition to the existing statutory provisions, relying on the Remuneration Committee and the business functions identified in this remuneration Policy:

- it is responsible for preparing of the Compensation Plan Regulation based on the allocation of options (stock option) to subscribe for shares of Mediolanum SpA;
- it may, if provided for in the Plan Regulation, establish additional individual goals for each Recipient, whose achievement is a prerequisite for the exercise of the options;
- it ensures the implementation and administration of the compensation plan including the identification of Recipients, determining the number of Options to be granted to each of them, the "vesting period, the "Three-year Performance Targets", together with any individual targets; it also carries out any act, communications and formalities and fulfils all requirements necessary or desirable for the management and/or the implementation of the Plan;

- upon the proposal of the Remuneration Committee, it identifies the recipients - within the Company and its Subsidiaries - of the compensation Plan;
- it determines the number of options to be granted to each recipient of the compensation Plan in accordance with criteria related to:
 - the office held by each Recipient and the compensation received, as far as the Directors are specifically concerned;
 - the position within the organisation, the responsibilities and professional competence as concerns the recipients other than the directors;
 - the strategic value of each Recipient and his ability to affect the future creation of value of the Company's or Group's shares;
- it manages changes/supplements to the compensation Plan (and the related Regulation) as deemed useful or necessary to better ensure the achievement of the Plan's objectives, provided that such changes do not affect the rights already granted to the Recipients of the Plan.
- following the implementation of the policies adopted:
 - it is informed on the level of achievement of the goals established for the recognition of the incentive component linked to economic parameters to the Directors holding special offices, the Managing Director, the corporate executives, the employees and collaborators who are not employees of the Company - or its subsidiaries and/or associates;
 - it verifies the consistency of the remuneration Policies adopted with the sound and prudent management of the company and its long-term objectives;
 - it evaluates and approves proposals to amend remuneration and incentive policies to be submitted to the Ordinary Shareholders' Meetings as well as the subsequent implementing regulations;
 - it approves the information to be provided to the Ordinary Shareholders' Meeting on the implementation of remuneration policies in favour of all corporate functions.

2.3 Remuneration Committee

The Remuneration Committee is composed of non-executive directors, the majority of whom are independent, acting within their powers:

- it submits proposals to the Board for the remuneration of Managing Directors and other directors holding specific offices, monitoring the implementation of decisions taken by the Board itself;
- it periodically reviews the criteria adopted for the remuneration of managers with strategic responsibilities, monitoring their implementation based on information provided by the Managing Directors and making general recommendations on this matter to the Board of Directors;
- it draws up the regulations governing the Stock Option Plan in all respects, to be approved by the Board of Directors;

- it manages all necessary steps to implement the Stock Option Plan, including the identification of recipients, the determination of the number of options to which each one of them is entitled and the conditions in which such options can be exercised;
- it defines the economic and/or financial objectives to be attained in order for the recipients of the options to be able to exercise them;
- after consulting with the Remuneration Committee and the Board of Directors of Banca Mediolanum, it proposes to the Board of Directors the Compensation Plan of employees pursuant to art. 84-bis, paragraph 2, of the Issuers Regulation;
- with reference to the Company and its Subsidiaries, it proposes the recipients of the Compensation Plan who are identified from time to time by the Board of Directors of the Company.

2.4 Managing Director

The Managing Director acting within the powers of ordinary and extraordinary administration he has been granted⁹ :

- can make proposals on the remuneration Policies of the Financial Conglomerates and Mediolanum SpA;
- is responsible for adjusting the remuneration and implementation system on the basis of the Policies approved by the Board of Directors. With reference to the Financial Conglomerate's Companies, it communicates the compensation Policies to their Administrative Bodies, for the purposes of applying the same Policies to the corresponding corporate functions within the Subsidiaries, after drafting specific company documents to be approved by their respective Shareholders' Meetings ;
- it receives from the relevant organizations the appropriate information concerning:
 - the state of implementation of remuneration and incentives policies (including the implementation of any securities-based compensation plans) in favour of different corporate functions, summarizing compensation approved and entitlements accrued in favour of the recipients of these policies;
 - the checks carried out on the implementation of the remuneration policy and any proposal to amend the Policies themselves;
 - where appropriate, the results of statistical surveys on the development of remuneration trends and the company's market positioning.

2.5 Manager in Charge for preparing corporate accounting documents

The Manager in Charge, also relying on department 262 which directly reports to him, is responsible for preparing appropriate administrative and accounting procedures with regard to the preparation of the notes to the financial statements and, in particular, in relation to the disclosure on compensation paid to members of the Administrative and Control Bodies and the General Managers (if appointed), for any reason and in whatever form, including from Subsidiaries. In addition, the aforesaid administrative and accounting procedures are verified for their actual implementation.

⁹ Cf. Art. 24 of the bylaws.

2.6 Management Control

The department in question contributes to the definition of remuneration and incentive policies, by providing, at the request of the competent Bodies and functions, data and information useful for determining the objectives to be assigned to the persons for whom a variable compensation component linked to expected results has been provided for, as well as for verifying the results achieved by them.

2.7 Functions outsourced to Banca Mediolanum

To carry out certain technical activities including with regard to the remuneration and incentive systems, Mediolanum SpA entered into appropriate service agreements with its subsidiary Banca Mediolanum SpA, in order to exploit the synergies and expertise of the Group.

2.7.1 Human Resources Division

This division cooperates with the competent Bodies and functions of Mediolanum SpA and Banca Mediolanum (for functions outsourced to this company) in the definition of remuneration Policies, by providing a preliminary analysis of relevant legislation, studying market trends and practices in this area as well as examining the National Collective Bargaining Agreements (*CCNL*) in force and internal supplementary agreements in place, that were negotiated with the unions.

In addition, with the possible support of the relevant business functions:

- it is responsible for defining and implementing the self-assessment process of "key personnel" as shown later in this document;
- it identifies and proposes possible indicators to be used in the calculation of the fixed and variable components of the total compensation, according to the criteria laid down by best practices and supervisory provisions (where applicable) and taking into consideration the function and tasks assigned to each person;
- it carries out statistical surveys on the development of remuneration trends and the company's market positioning.
- it reviews the state of implementation of remuneration and incentive policies;
- in compliance with the guidelines issued internally, it is responsible for the technical aspects related to the formulation and implementation of securities-based compensation plans;
- it proposes amendments to remuneration Policies as a result of any changes in the internal organization and/or the regulatory framework;
- it monitors the impact resulting from a possible updating of the remuneration policies on the remuneration system in place, highlighting any critical issues in the application of new policies.

2.7.2 Operational Risk Department and Financial Risk Department

These two departments contribute to the definition of remuneration and incentive policies and, at the request of the competent bodies and functions, they provide opinions on the adoption of appropriate indicators for measuring performance, which may reflect the Company's profitability over time while taking into account all risks, both current and prospective, the cost of capital and the liquidity necessary to carry out its business.

2.7.3 Internal Auditing

This department verifies, at least annually, the procedures adopted to ensure that the remuneration practices inside the company comply with the applicable laws and regulations.

Audit findings, along with an indication of any non compliance identified are brought to the attention of Mediolanum SpA competent Bodies and functions, for the implementation of any improvement actions, as well as, following an assessment of significance and where expressly provided, for the provision of adequate information to be transmitted to the Shareholders' Meeting.

III -SELF-ASSESSMENT PROCESS OF "KEY PERSONNEL"

1. Recipients of Mediolanum SpA remuneration policy

Mediolanum SpA remuneration and incentive policies cover any payment or benefit paid ¹⁰ directly or indirectly, in cash, securities or assets in kind ("fringe benefits"), in exchange for performance of work or professional services rendered by "personnel" ¹¹. "Personnel" includes:

- members of the Board of Directors and the Board of Statutory Auditors;
- employees;
- others (including but not limited to external collaborators), if they may create significant risks for the Company.

With reference to the entities listed, Mediolanum SpA shall carry out a thorough self-assessment to identify categories of personnel whose professional activities have or may have a significant impact on the risk profile of the Company (so called "key personnel")

2. "Key" Corporate roles

Within Mediolanum SpA a system of classification of corporate roles has been defined which identifies comparable roles across the organisation, thus allowing for a homogeneous identification of the various decision-making levels and a consistent design, implementation and supervision of the remuneration system.

Accordingly, the table in Appendix identifies the corporate roles with the indication of "key personnel".

3. Methods for defining the compensation structure

In general, the personnel compensation structure is based on the rules presented below.

With regard to "key personnel" the utmost attention is paid to the full compliance with application profiles as provided for in the paragraph entitled "Structure of remuneration and incentive systems" in this Remuneration Policy.

IV - The compensation structure for each corporate role

¹⁰ Discretionary pension benefits are also included.

¹¹ Payments or marginal benefits, granted to personnel on a non-discretionary basis that fall under a general policy of the Company and have no effect on recruitment incentives or risk control, are not considered.

The compensation structure provides a balanced package made up of a **fixed component** that rewards the role and scope of responsibilities, reflecting the experience and expertise required for each position and the level of demonstrated excellence and the overall quality of the contribution to business results, and an **incentive component** that aims at recognizing the results achieved, by establishing a direct link between compensation and the actual company and individual outcome in the short, medium and long term.

1. Fixed component

The significance of the weight of the fixed component is provided within the overall package in order to reduce the risk of excessive risk-oriented behaviour, to discourage initiatives focused on short-term results that could endanger sustainability and value creation in the medium and long term.

These incentive policies provide that the remuneration attributed by the Shareholders' Meeting to the Directors at the time of appointment and to the Statutory Auditors is commensurate with their responsibilities, tasks and degree of participation in the meetings of their respective collegiate body, with the assumption of all consequent responsibilities: the adoption of these parameters provides adequate justification and transparency in relation with the compensation awarded.

In particular, as stated earlier:

- The Ordinary Shareholders' Meeting is the body responsible for deciding on the remuneration of the Directors at the time of appointment (with the authority to determine the compensation for directors holding special offices) as well as the remuneration to be granted to the members of the Statutory Board;
- The Board of Directors determines the compensation for the Chairman, the Vice president, the Directors who may have been appointed to special offices (if that option is not exercised by the Shareholders' Meeting) and the total remuneration of the Managing Director;
- employees are subject to the provisions of the applicable collective bargaining agreement and the Company Supplementary Agreement as well as the remuneration and incentives system that takes into account the organizational weight of the positions held by employees with regard to the situation of the target market and the budget available for period;
- for external collaborators, their respective consulting, project work or coordinated and continuous collaboration agreements shall apply, subject to compliance with the internal system of delegation.

With reference to the last point, the compensation paid for these agreements is determined in close relation with the benefit the Company derives from the work performed by collaborators.

Where the agreement concerns the provision of an intellectual activity and organizational support, it is necessary to take into account the levels of compensation offered by the reference market in relation also to the qualitative value of the services provided for in the agreement and the professionalism of the employee.

By contrast, where the agreement concerns the promotion of business or the sale of products, compensation is determined based on specific schedules of commission, taking into account best practices prevailing on the market and in accordance with the regulations in force.

Within the compensation fixed components, a benefit package is envisaged, that contributes to the creation of a system of internal fairness and market competitiveness. In particular:

- for Directors and Managers, the Company may assign the company's car for business and private use, as specified in the appropriate company policy;

- in general, employees can also be granted access at special conditions to banking and financial products offered by Companies of the Financial Conglomerate; in addition, systems supplementing institutional retirement plans may be provided, such as those designed to provide employees and their families with health insurances.

With regard to the reimbursement of expenses incurred in relation to the office as member of the Board of Directors and member of the Board of Statutory Auditors, the conditions and procedures for reimbursement are governed by specific internal rules depending on their respective office; for all other corporate roles, please refer to the respective collective or individual labour agreements.

2. Incentive Component

2.1 Structure of the incentive component

The incentive component is composed of a variable remuneration:

- Short-term on an annual basis and made up of monetary bonuses;
- a medium / long term, typically over three years and consisting of monetary bonuses and/or financial instruments.

The above components are perceived in relation to the achievement of certain business goals, both individual and behavioural related to both economic and non-economic factors.

In this regard, with reference to the medium to long term incentive component, the Ordinary Shareholders' Meeting of Mediolanum SpA on 27 April 2010, approved, inter alia, the following general outline of the plan whose recipients were also certain corporate functions within the Company:

- stock option plan reserved for the directors and managers of the Company and its subsidiaries holding strategic positions within the Company and/or its subsidiaries referred to as the "2010 Top Management Plan "

According to the above plan, the recipients are granted, in multiple annual cycles, the rights to subscribe for the newly issued ordinary shares of Mediolanum SpA.

Through the implementation of the above plan, the Company is provided with the most effective tool to stimulate and retain those directors, managers and employees who contribute significantly to the success of the Company and the Group.

2.2 Economic parameters related to incentive components

The parameters identified as targets of the incentive plan must have specific characteristics, i.e. they must be easily identifiable, even with reference to the sources of procurement, and objectively measurable.

To this end, these policies identify short-term parameters set on an annual basis and medium / long term ones, established over three years, whose rules of implementation are determined by the Board of Directors through the adoption of internal implementation rules that include the related budget.

In this respect, the short and medium term economic parameters are linked to net income at the Financial Conglomerate level; correlated to the level of capital adequacy, as an indicator of business risk, also expressed at the financial conglomerate level.

In particular, with reference to the 2010 Top Management Plan, the exercise of options is conditional upon the achievement of specific performance objectives, measured with reference to

the performance of the above mentioned economic parameters during the three years following the allocation of the Options ("Three-year Performance Targets").

2.3 Non Economic parameters related to incentive components

The incentive component unrelated to economic parameters is closely linked to an assessment that objectively considers the activities carried out by the corporate role (activities planned in the preceding year for the year of assessment, ordinary activities carried out by the department, etc..) and qualitatively the effectiveness and efficiency of such activities.

In particular, also taking into account the "Management Appraisal" system adopted by the Company, the short term and the medium/long term variable compensation, not related to economic parameters, payable to:

- Corporate Managers, is related to the acquisition of competence, design and implementation skills, the increased responsibilities assigned them by virtue of their role in resource management, internal and/or external customer's satisfaction, and process improvement as well as to specific projects assigned to the said managers;
- Control functions managers, is connected to an evaluation that objectively considers the activities carried out by individual business role as well as other components of a purely qualitative nature;
- as for the remainder of the employees, where applicable, it is mainly related to the recognition of acquired competences, abilities and skills, as well as to customer's satisfaction and process improvement.

With reference to the 2010 Top Management Plan, the exercise of options is also subject to the achievement of objectives at the individual level, assigned to each person according to the aforesaid "Management Appraisal" system.

3. Relationship between the fixed component and the incentive component

Please refer to the table in the appendix; also please note that the variable data are the result of estimates.

4. Mode of disbursement of the incentive component

In general, there are no incentive bonuses in the event of non-compliant behaviour or formal disciplinary action. Incentives recognition is subject to the absence of proceedings initiated by the company against the employee for improper dealings or behaviour.

With reference to the Directors holding special offices, the Managing Director and the Managers, the variable component, if due, is paid subject to the condition that the person concerned is employed at the time the related resolution is passed.

Regarding the timing of disbursement, the short-time incentive period is paid out after the results for the reference period have been calculated, while the payment of any medium to long term incentive, which may also be in monetary form, is made after the approval of the financial statements for the last financial year of the reference period. These components are recognized as cost of the previous year.

In addition, with reference to the securities-based plans :

- the "2010 Top Management Plan " provides a "vesting period" of the options (which have become exercisable upon fulfilment of the required conditions), with a minimum of three

and a maximum of five years from the granting date and currently fixed in three years.

V -COMPENSATION IN CASE OF EARLY TERMINATION OF OFFICE

In general, indemnity and pension policy must be in line with the company's strategy, its goals, values and the long-term interests of the Company.

In case of resignation, dismissal or early retirement from the office held in Mediolanum SpA, special indemnities for the directors may be recognized, in exceptional and carefully evaluated situations, based on performance achieved.

For managers (including those responsible for control functions) the right to be awarded the incentive components, in the event of resignation, dismissal or termination of employment with the Company, is excluded.

For external collaborators not employed by Mediolanum S.p.A, the provisions included in their respective consulting, project work or coordinated and continuous collaboration agreements, shall apply.

VI - DISCLOSURE

Mediolanum SpA, in accordance with the application profiles described above for the Mediolanum Financial Conglomerate, discloses the data and information relating to its remuneration and incentives system in the manner required by the law and the applicable external Supervisory regulations:

- **a remuneration report is made available to the public¹²** at the Company's Registered Office, on its website and in accordance to what will be determined by Consob within its implementing regulations. The remuneration report is divided into two sections, and in this regard:
 - the first section of the remuneration report describes:
 - the Company's remuneration policy for the members of the Board of Directors, the General Managers (if appointed) and managers with strategic responsibilities with regard at least to the next financial year;
 - the procedures used for the adoption and implementation of this policy.
 - The second section, by name, for members of the Board of Directors and Board of Auditors, the General Managers (if appointed) and, in aggregate form, except as provided for by regulation issued by Consob, for managers with strategic responsibilities:
 - provides an adequate representation of each of the items making up the remuneration, including indemnities envisaged in the event of termination of office or termination of employment, justifying their consistency with the company's remuneration policy approved in the preceding year;

¹² Starting from the Shareholders' Meeting convened in 2012

- analytically describes the compensation paid during the reference period for any reason and in whatever form by the Company and its subsidiaries or affiliates, indicating the possible components of these fees that are related to activities carried out in years prior to the reference year, and highlighting also, the fees payable in one or more subsequent years for the activity carried out in the reference year, possibly indicating an estimated value for those components that can not be objectively quantified in the reference year.

Annexes to the report are the compensation plans referred to in Article 114-bis of the Consolidated Finance Act; alternatively, the section of the Company's website where these documents are available is listed in the report.

- **Financial Statements disclosure regarding compensation paid;** in this regard, Mediolanum SpA ensures compliance with art. 78 of Consob Resolution No. 11971 (the "Issuers Regulation") which provides that issuers of shares shall indicate in the notes, by name and according to the criteria and forms set out in Annex 3-C of the said Regulation, the fees paid to members of the Board of Directors and the Board of Statutory Auditors and to General Managers (where appointed), for any reason and in whatever form, including by subsidiaries. In particular, in full compliance with Form No 1 of the aforesaid Annex 3-C:
 - for information on compensation paid, Form No 1 is filled out thoroughly, indicating any non-paid components;
 - in its columns or in the special notes, a separate indication of the different components of items "Remuneration for the office" and "Other Compensation" is provided for and reference is made to the specific sub-items provided in Form No 1 to clarify the contents of the table. With regard to the item "Remuneration for the office", the fees paid for attending the committees' meetings are indicated separately.

VII - APPENDIX TO REMUNERATION POLICIES

1. Remuneration structure provided by the remuneration Policies of Mediolanum SpA ("target pay-mix")

Corporate Role	Notes	Fixed component (*)	Short-term incentive (**)	Medium/long term incentive (**)
Chairman of the Board of Directors	Key Personnel	100%	Not applicable	Not applicable
Senior Vice President	Key Personnel	65%	Not applicable	35%
Vice President	Key Personnel	100%	Not applicable	Not applicable
Executive directors	Key Personnel	100%	Not applicable	Not applicable
Non Executive directors	Not considered as key personnel	100%	Not applicable	Not applicable
Statutory auditors	Not considered as key personnel	100%	Not applicable	Not applicable

Corporate Role	Notes	Fixed component (*)	Short-term incentive (**)	Medium/long term incentive (**)
Managing Director	Key Personnel	100%	Not applicable	Not applicable
Manager in charge	Key Personnel	100%	Not applicable	Not applicable
Managers	Not considered as key personnel	85%	15%	Not applicable
Managers with control functions	Not considered as key personnel			

(*) Data refer only to Mediolanum SpA

(**) Estimated data based on the values assigned in the previous year to achieve the target objectives.