

MEDIOLANUM S.p.A.

**REPORT ON
CORPORATE GOVERNANCE &
OWNERSHIP STRUCTURE
pursuant to article 123-bis
of the Consolidated Finance Act**

YEAR 2013

**Version approved by the Board of Directors
on March 26, 2013**

WWW.MEDIOLANUM.COM

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GLOSSARY

Corporate Governance Code or the Code: the Corporate Governance Code for listed companies promoted by *Borsa Italiana S.p.A.* (Italy's stock market regulator), ABI (Italian Bankers' Association), ANIA (Association of Italian Insurers), Assogestioni (Italian Investment Management Association), Assonime (Association of Italian Joint Stock Companies) and Confindustria (Confederation of Italian Industry) prepared and approved by Borsa Italiana's Corporate Governance Committee in December 2011.

As noted further herein, on November 8, 2012, the Mediolanum Board passed the resolutions needed to comply with the December 2011 amended version of the Corporate Governance Code. Most amendments to the Code became effective for periods beginning on or after January 1, 2013.

Civ. Code/c.c.: the Italian Civil Code.

Board: Board of Directors of the Issuer.

Issuer: the securities issuer to which this Report relates.

Year: the financial year to which this Report relates.

CONSOB Issuers' Regulation: the Regulation for Issuers issued by CONSOB with Resolution No. 11971 of 1999 (as subsequently amended).

CONSOB Market Regulation: the Market Regulation issued by CONSOB with Resolution No. 16191 of 2007 (as subsequently amended).

CONSOB Regulation on Related Party Transactions: the Regulation on transactions with related parties issued by CONSOB with Resolution No. 17221 of March 12, 2010 (as subsequently amended).

Corporate Governance Report: the report on corporate governance and ownership structure that listed companies are required to prepare under Art. 123-bis of the Consolidated Finance Act.

Consolidated Finance Act: Italian Legislative Decree 58 of February 24, 1998.

This report was prepared by Mediolanum S.p.A to present its corporate governance system. The report also contains information on the implementation of the recommendations set out in the Corporate Governance Code (the “Code”) issued by the Corporate Governance Committee of Borsa Italiana (www.borsaitalia.it), including explanations of departures, if any, from said recommendations, in accordance with the “comply or explain” principle.

1. CORPORATE GOVERNANCE SYSTEM

Introduction and information on the ownership structure (pursuant to article 123 bis, paragraph 1 of the Consolidated Finance Act)

At December 31, 2013, the company’s subscribed and fully paid up share capital amounted to €73,600,180.70 divided into 736,001,807 ordinary shares, each with par value of €0.10. There are no shares other than ordinary shares.

The shareholders who, directly or indirectly, own over 2% of Mediolanum S.p.A.’s subscribed share capital represented by shares entitled to vote, based on the company’s records as supplemented by notices and other information received by the company, are as follows:

(information as of March 26, 2014)	No. of shares	%
SILVIO BERLUSCONI INDIRECTLY THROUGH:		
- FININVEST S.p.A. (OWNERSHIP)	221,859,973	30.14
ENNIO DORIS		
- OWNED DIRECTLY	23,563,070	3.20
- INDIRECTLY THROUGH:		
FIN.PROG.ITALIA S.A.P.A. di E. Doris & C.	195,269,557	26.53
TOTAL	218,832,627	29.73
LINA TOMBOLATO		
- OWNED DIRECTLY	24,307,595	3.30
- INDIRECTLY THROUGH:		
T-INVEST S.r.l.	25,394,701	3.45
TOTAL	49,702,296	6.75

On September 14, 2013, FININVEST S.p.A., as one party, and Fin.Prog.Italia S.a.p.a. di Ennio Doris & C. (Fin.Prog.), as the other party, renewed the shareholders' agreement whereby they undertook to lock up their respective equal shareholdings totalling at least 51% of the company's share capital. The agreement regulates voting and transfers of shares by the parties thereto for the purpose of ensuring equal control and joint management of Mediolanum S.p.A.

by FININVEST and Fin.Prog.

A copy of the Shareholders' Agreement was deposited with the Milan Register of Companies on September 16, 2013. Information on the Shareholders' Agreement is available on the corporate website www.mediolanum.com under **investor relations/ corporate governance / shareholder structure /essential information according to article 130 of the Regulations for Issuers.**

Delegated authorities pursuant to art. 2443 of the Italian Civil Code

For information on authorities delegated to the Board of Directors to effect capital increases pursuant to art. 2443 of the Italian Civil Code, readers are referred to article 6 of the company's Bylaws available on the website of Borsa Italiana and on the corporate website www.mediolanum.com under Investor Relations/Corporate Governance/Documents of Business Conduct.

Governance structure

The Company and its subsidiaries have not entered into any agreement nor are in any way part of any agreement that would take effect, be altered or terminated in the event of a change in control of the company.

The Company has a traditional governance structure consisting of the General Meeting, the Board of Directors, the Board of Statutory Auditors and the Independent Auditors responsible for auditing the accounts.

Information on the composition of corporate governing bodies at December 31, 2013 is set out in the relevant sections below.

Appointed by the shareholders at the Annual General Meeting held on April 21, 2011, Deloitte & Touche S.p.A. are the Company's independent auditors responsible, *inter alia*, for the audit of the separate and consolidated annual financial statements as well as the limited audit of the half-year financial statements. The tenure of Deloitte & Touche S.p.A as the company's independent auditors will expire with the approval of the financial statements for the year ending December 31, 2019.

General Meeting

Shareholders' rights and procedures at General Meetings are set forth in primary and secondary regulations as indicated in the Company's Bylaws articles 9 through 16.

In relation to said articles 9 through 16 of the Bylaws, you are reminded that:

- under article 11 of the Bylaws -
- *"To participate in and vote at the General Meeting shareholders entitled to vote must be registered in the register of members of the Company as of the end of the record date which is the seventh trading day prior to the date of the General Meeting (on first or single call), and be attested as such in the communication given to the Company by the intermediary.*

- *Changes in the register of members after said deadline shall be disregarded in determining the rights to vote at the Meeting.*
- *The communication shall be received by the Company by the end of the third trading day prior to the date of the Annual General Meeting (first or single call) or within the other deadline set forth in applicable regulations.*
- *If the communication is received by the Company after said deadline shareholders will still be entitled to participate in and vote at the Meeting provided that the communication is given prior to the beginning of the Meeting;*
- *under article 12 of the Bylaws: “The shareholders entitled to participate in the General Meeting may appoint a proxy in writing to represent them in accordance with law.*
- *Proxies can be appointed also by electronic document signed electronically pursuant to art. 135-novies, paragraph 6, of Legislative Decree 58/1998 and related implementing regulations.*
- *Electronic proxy notification shall be made in accordance with the instructions set out in the notice of meeting via the relevant section of the Company’s website or by sending the relevant document to the Company’s certified email address.*
- *2. The Board of Directors may designate for each General Meeting a person - to be indicated in the notice of meeting - whom the shareholders can appoint as their proxy and to whom they can give voting instructions on all or part of the items on the agenda in accordance with regulatory and statutory requirements by the end of the second trading day prior to the date of the General Meeting also for calls subsequent to the first*

call. Proxies shall have effect only for proposals for which voting instructions are received.

- *3. The shareholders have the right to ask questions in relation to the items on the agenda also prior to the General Meeting. Details on how to exercise this right are given in the notice of meeting including by reference to the Company's website.*

Finally, as further noted herein ('Investor Relations' on page 41), you are reminded that as early as 2001 the Company adopted 'General Meeting Rules and Regulations' which can be found on the website www.mediolanum.com under Investor Relations / Corporate Governance / Annual General Meeting.

Amendments to the Bylaws

Pursuant to article 15, section 2, and article 23, section 3, of the Company's Bylaws, without prejudice to the powers of the Extraordinary General Meeting to resolve on the matters, the Board of Directors has authority on:

- mergers within the scope of article 2505 of the Italian Civil Code, within statutory limits;
- the institution or liquidation of secondary offices;
- the choice of directors with authority to represent the company;
- share capital reductions in the event that any dissenting shareholders obtain payment of their shares;
- amendments to the bylaws to comply with statutory requirements;

- the issue of non-convertible bonds within the limits under article 2412 of the Italian Civil Code. Any issue of non-convertible bonds in excess of said limits shall be authorised by the Extraordinary General Meeting.

The Board of Directors

The current Board of Directors of Mediolanum S.p.A. was elected at the General Meeting of April 21, 2011. A single list of nominees to the Board was submitted by the members of the Shareholders' Agreement mentioned earlier. The tenure of the current Board members expires upon the approval of the financial statements for the year ending December 31, 2013.

The procedures for the election of the members of the Board of Directors including any successors needed to fill any vacancies are set out in article 17 of the Bylaws which was amended at the Extraordinary General Meeting held on April 23, 2013 to incorporate provisions set forth in Act 120 of July 12, 2011 (so called 'Gender Quotas Act'). The full text of Article 17 as amended is as follows:

Article 17)

- 1. The company shall be managed by a Board of Directors consisting of no less than seven and no more than fifteen members. Directors shall have the qualifications required by primary and secondary regulations as may be in force from time to time, and may be re-elected.*
- 2. The General Meeting shall set the number of directors and their term in office in accordance with law, prior to proceeding to their election.*
- 3. The General Meeting shall elect directors from lists of nominees. The lists shall set out no more than fifteen nominees and each nominee's name shall bear a sequential number.*

If any one nominee's name appears on more than one list, that nominee shall be declared ineligible.

Lists can be presented by shareholders entitled to vote who, either alone or together with other shareholders, represent at least the percentage of share capital indicated by Commissione Nazionale per le Società e la Borsa.

Compliance with said ownership threshold shall be determined considering the shares registered to the shareholders on the date the list is submitted and their percentage of subscribed share capital as of that date.

The attesting communication can be given also at a later date provided that it is received by the Company within the deadline for the publication of lists by the Company.

The Company allows shareholders who intend to present lists to do so by at least one means of remote communication as indicated in the notice of Meeting and in ways that allow the identification of shareholders who submit lists.

The percentage required to present a list will be indicated in the notice of the general meeting convened to elect the members of the Board of Directors.

4. Each shareholder, either directly or through any third-parties or trustees, can present and vote only one list. Shareholders in the same group, intended as the parent, its subsidiaries and companies under its control, as well as shareholders that are members of a shareholders' agreement as per article 122 of Legislative Decree 58/1998 in relation to the company's shares can present and vote, either directly or through any third-parties, only one list.

5. Any list setting out a maximum of seven nominees shall include and identify at least one

nominee who meets the requirements set forth in Legislative Decree 58/1998 for independent directors of listed companies (hereinafter also “Independent Directors pursuant to Legislative Decree 58/1998” or “Independent Director pursuant to Legislative Decree 58/1998”).

To ensure gender-balanced representation on the Board in accordance with statutory and regulatory provisions in force, any list setting out three or more nominees shall include nominees of both genders so that at least one third of nominees, rounding up in case of a fractional number, be of the less represented gender. On first time adoption of this provision, the quota reserved to the less represented gender shall be at least one fifth, rounding up in case of a fractional number.

6. The lists shall be filed with the company’s registered office within the twenty-fifth day prior to the date of the General Meeting (first or single call) convened to elect the members of the Board of Directors and made available to the public at the registered office, on the website and in all other manners indicated by Commissione Nazionale per le Società e la Borsa in its rules, at least twenty-one days prior to the General Meeting date.

The lists shall be accompanied by the following information:

a) the names of the shareholders that present the lists, and the percentage of share capital they own in the aggregate;

b) a statement made by the shareholders, other than those who, either individually or jointly, control or have a relative majority shareholding in the company, whereby they represent they are or are not related to shareholders who, either individually or jointly, control or have a relative majority shareholding in the company, in compliance with article 144-quinquies, first

paragraph, of Consob resolution 11971/1999 (hereinafter also “Regulations for Issuers”);

c) exhaustive information on the personal and professional profile of nominees as well as a declaration whereby the nominees personally warrant they meet the requirements of law, and accept their nomination. Information on any qualifications as independent directors pursuant to article 148, paragraph 3 of Legislative Decree 58/1998 as well as any further qualifications under codes of conduct issued by stock market regulators or trade associations of which the company is a member is also to be disclosed.

The lists, for which the above conditions are not met, shall not be voted.

*7. Before proceeding to voting, the Meeting Chairman notes the statements under b) above, if any, and invites the **participating shareholders** who did not submit any lists to disclose any relationships under b) above*

If a shareholder related to one or more key shareholders voted a minority list, that relationship would be relevant only if his/her vote was crucial to the election of the Board member.

8. When voting is completed, the votes obtained by the lists shall be divided by integers in sequential order from one to the number of directors to be elected, without considering those lists which did not obtain a percentage of votes equal to at least 50% of the percentage required to present lists.

The resulting quotients shall be attributed to the nominees of each list, according to their ranking on the list.

Then, the nominees from all lists shall be ranked in descending order of the quotients received.

The nominees receiving the highest quotients are elected directors until all directorships, as set

by the General Meeting, are filled. The nominee ranking first on the list obtaining the second highest number of votes shall be elected director, provided that the list is not related in any way, also indirectly, to the shareholders who presented or voted the list obtaining the highest number of votes.

If said nominee does not obtain the quotient required to be elected, the nominee with the lowest quotient from the list that obtained the highest number of votes shall not be elected and the Board of Directors will be completed by electing the nominee ranking first on the list obtaining the second highest number of votes.

9. The nominee who ranks first on the list obtaining the highest number of votes shall be elected Chairman of the Board of Directors.

10. In the event that to complete the Board of Directors more nominees obtain the same quotient, the nominee from the list from which either no director or the lowest number of directors was taken, shall be elected director.

In the event that no director is elected from any of the lists or an equal number of directors is elected from all lists, the nominee from the list receiving the largest votes shall be elected.

In case of a tie in list votes and equal quotients, the General Meeting shall hold a new voting session and the nominee be elected by simple majority of votes.

If by so doing, in an election of a Board of Directors composed of seven or more members, the "Independent Director or the two Independent Directors pursuant to Legislative Decree 58/1998" are not elected, then:

a) if the Board of Directors is composed of seven members, the nominee who would be elected

last according to the progressive quotient and taken from the list that obtained the highest number of votes are replaced by the first nominee who obtained the lowest progressive quotient and is identified on the list as “Independent Director pursuant to Legislative Decree 58/1998”;

b) if the Board of Directors is composed of more than seven members, the two nominees who would be elected last according to the progressive quotient and taken from the list that obtained the highest number of votes are replaced by the first two nominees who obtained the lowest progressive quotient and are identified on the list as “Independent Directors pursuant to Legislative Decree 58/1998”;

c) if the Board of Directors is composed of more than seven members, and only one nominee is identified as “Independent Director pursuant to Legislative Decree 58/1998”, then the second nominee to serve as independent director is elected as per a) above.

If after the voting procedures above the resulting composition of the Board of Directors is not gender-balanced as required by statutory and regulatory provisions in force, the nominee of the more represented gender that would be elected last according to the progressive quotient and taken from the list that obtained the highest number of votes is replaced by the first nominee of the less represented gender who obtained a lower progressive quotient and is on the same list, provided that the minimum number of independent directors required by statutory and regulatory provisions in force is warranted. If not, the replaced nominee of the more represented gender shall be the second last elected, the third last elected and so forth, according to the progressive quotient, from the list that obtained the highest number of votes.

If by so doing the intended result is not attained, the replacement shall be effected by a General

Meeting resolution passed by relative majority of votes subsequent to the presentation of nominees of the less represented gender.

11. If a single list is presented, the General Meeting shall vote that list and if the list obtains the relative majority of votes, calculated by excluding any votes withheld, the nominees shall be elected according to their ranking on the list until all directorships, as set by the General Meeting, are filled.

The nominee ranking first on the list shall be elected Chairman of the Board of Directors.

When by so doing, the resulting composition of the Board of Directors does not satisfy the statutory and regulatory requirements in force regarding independent directors and/or gender-balanced representation, the procedures set out in the preceding paragraph 10 shall apply mutatis mutandi.

12. In the absence of lists, or when, by list voting, the number of elected nominees is lower than the number of directors established by the General Meeting, then all members of the Board of Directors or the number of directors needed to complete the Board shall be elected by the General Meeting in accordance with the majorities set out in statute.

13. If, for any reasons, one or more directorships become vacant, the remaining directors proceed to appoint the successors by cooptation pursuant to and to the effects of article 2386 of the Italian Civil Code, while ensuring that the Board includes the minimum number of Independent Directors pursuant to Legislative Decree 58/1998 and gender-balanced representation in compliance with statutory and regulatory provisions in force.

The General Meeting shall vote on the election of any directors needed to fill any vacancies,

including directors appointed by cooptation, in accordance with the majorities set out in statute while ensuring that the Board includes the minimum number of Independent Directors pursuant to Legislative Decree 58/1998 and gender-balanced representation in compliance with statutory and regulatory provisions in force.

14. Any directors indicated on their respective lists as “Independent Directors pursuant to Legislative Decree 58/1998” shall promptly inform the Board of Directors of any circumstances as a result of which they no longer qualify as independent and subsequently cease to be a director.

In 2011, exercising the authority vested in it by law and the Bylaws (article 24 of the Bylaws), the Board of Directors of Mediolanum S.p.A. confirmed Ennio Doris Chief Executive Officer and, as in prior mandates, conferred upon him all powers for the ordinary and extraordinary management of the company, except for those relating to significant and strategic matters, which remain exclusively reserved to the Board of Directors ('significant' transactions).

In 2011, as in prior mandates, all powers for ordinary management, including guidance and operational management with respect to tax affairs, corporate affairs, administration and management control, finance, legal affairs and internal audit were conferred upon the Deputy Chairman (Alfredo Messina). The Board of Directors also conferred upon the Deputy Chairman the authority to oversee the internal control and risk management systems in accordance with article 7, principle 7.P.3. of the Corporate Governance Code.

The authority to coordinate and supervise ordinary business and the regular operation of the company's offices and services was conferred upon the Executive Deputy Chairman Massimo

Antonio Doris.

Any business under delegated authorities, as well as the performance and outlook of the company (and of its subsidiaries), any transactions which may have a significant impact on earnings, financial position and equity, those transactions in which directors have an interest, either personally or to the benefit of any third party, and related party transactions as per Consob Resolution 17221 are subject to the scrutiny of the Board of Directors and of the Board of Statutory Auditors, through a system of periodic reports made to them at least on a quarterly basis, as set out in the Bylaws (article 20).

Authorities are delegated to enable the Board of Directors to focus on the creation of value for the shareholders. The Board of Directors reserved to itself responsibilities for strategic guidance and management policies as well as control of the company's performance. The Board of Directors is briefed on any significant statutory and regulatory changes through regular reports from Corporate Affairs staff who liaise with the Chairman to keep the Board well informed of anything that concerns the Group's business segments.

Abiding by the requirements of article 36 of the Government Decree dated December 6, 2011 converted into Act 214 on December 22, 2011 setting forth that 'individuals sitting on Board of Directors, management or supervisory Boards, Board of Statutory Auditors and other top-level executives of financial, banking and insurance companies or Groups cannot hold similar positions at competitor companies or Groups', the Chairman, Professor Roberto Ruozi resigned from his position on April 26, 2012. His successor Professor Carlo Secchi was appointed director and Board Chairman on July 31, 2012 pursuant to article 2386, first paragraph of the Italian Civil

Code. Independent Board member pursuant to the Corporate Governance Code of listed companies and to article 148, paragraph 3 of Legislative Decree 58/1998, Professor Secchi was confirmed Board Chairman at the Annual General Meeting of April 23, 2013. Like his predecessor, Professor Secchi was not conferred any operational authorities by the Board of Directors. However, to him as Board Chairman the Bylaws reserve the power to represent the company. The Chairman, or anyone acting on his behalf, is also responsible for convening the meetings of the Board of Directors, which pursuant to the Bylaws are to be held at least on a quarterly basis.

At its Meetings the Board of Directors exhaustively discusses all items on the agenda assisted for specific matters by the heads of the relevant functions and appropriate documentation prepared and delivered to Directors and Statutory Auditors prior to the Board meeting.

In this respect, abiding by the Corporate Governance Code, at its meeting of November 8, 2012, the Board of Directors resolved that documentation that would be relevant to the discussion of items on the meeting agenda should be made available to the members of the Board of Directors and to the Statutory Auditory within 48 hours of the Board Meeting except for documents whose provision is restricted due to their confidentiality.

The Board of Directors defined general guidelines in relation to the maximum number of positions as director and statutory auditor held by its members in other companies (listed companies, banks, insurance companies, financial companies or companies of a material size) which require the commitment of significant time and work for the fulfilment of the relevant duties, including positions held on Board Committees. These guidelines are as follows:

I) an **executive** director should not serve as:

- i) executive director of another Italian or foreign listed company, or financial, banking or insurance company;
- ii) non-executive director or statutory auditor (or member of any other control body) in more than five of the companies above;

II) a **non-executive** director, in addition to the position held with the Company, should not serve as:

- i) executive director in more than three of the companies above, and non-executive director or statutory auditor (or member of any other control body) in more than five of the companies above;
- or
- ii) as non-executive director or statutory auditor (or member of any other control body) in more than eight of the companies above.

Any multiple positions held within the same Group of companies – i.e. that have the same key shareholder/s and/or are controlled by the same parent – shall be considered to be a single position.

The restrictions above are reduced by 50% of a position or by a full position for non-executive directors who also sit on one or both Board Committees of the Company, respectively.

The Board of Directors reserves the right to make different decisions which will be duly disclosed in the annual report on corporate governance.

On March 4, 2014, after examining the disclosure statements completed and signed by its members, the Board of Directors found all Board members were in compliance with the limits above.

Internal Dealing

Pursuant to article 114, paragraph 7 of the Consolidated Finance Act, the Board of Directors of Mediolanum S.p.A. approved the company's **"Rules for purchases and sales made by insiders and their close family members - INTERNAL DEALING"**, that can be found on the Company's website. These rules were last updated on March 21, 2013

In compliance with statutory and regulatory requirements (abstracts appended to the Rules), these rules govern purchases and sales of shares of the Issuer and related financial instruments amounting to or higher than €5,000.00/year made by insiders – as defined in art. 152 *sexies* of the Consob Regulations for Issuers (Consob Resolution 11971/99) - either directly or through third-parties or trustees, as well as by their close family members. After each disclosure, subsequent transactions made within year-end that aggregate to less than €5,000.00 as additional amount are not disclosed.

In addition to insiders as set out in the regulations (i.e. directors, statutory auditors, and their close family members), the Company judged that also Mr. Luigi Del Fabbro, Officer responsible for accounting and financial reporting, falls within the purview of the Act above.

As allowed under current regulations, the aforementioned individuals delegated the company and, on its behalf, Corporate Affairs staff to disclose any such purchases and sales of shares and

related financial instruments in the manner and within the term set out in art. 152 *octies* of the Regulations for Issuers.

Information on any such purchases and sales - subject to disclosure as set out above - is published on the Company's website within the next trading day of their notification, and disclosed to CONSOB, the stock market operator and the public.

Confidential price-sensitive information

Pursuant to Article 115 *bis* of the Consolidated Finance Act the Company keeps the register of officers having access to confidential price-sensitive information, i.e. information not in the public domain that directly relates to Mediolanum S.p.A. or its subsidiaries and if made public would materially influence the price of said financial instruments.

Pursuant to the implementation rules set out in art. 152 *bis et seq.* of the Consob Regulations for Issuers, each Group company that is controlled by Mediolanum S.p.A. has proceeded to create its own register, which is kept on their behalf by the parent company Mediolanum S.p.A. in accordance with a specific policy.

Said policy, including procedures for the maintenance of the Register and the management of information, is set out in the "**Policy Document on confidential price-sensitive information**" which was last updated on July 30, 2013. The policy has been distributed to all subsidiaries and is available on the Company's website www.mediolanum.com under Investor Relations/ Corporate Governance/ Other documents.

In accordance with the law, the individuals whose names are entered in said Register are informed of it and the consequences thereof, also by reference to the abstracts of regulations published on the Company's website.

2. ADHERENCE TO THE CODE OF CONDUCT

Mediolanum S.p.A. has adhered to the Corporate Governance Code for listed companies – which can be found on the website of Borsa Italiana www.borsaitalia.it and as early as at its November 9, 2006 meeting the Board of Directors of Mediolanum S.p.A. identified the wholly owned subsidiary, Banca Mediolanum S.p.A., as a strategic subsidiary, both for its size and the role it plays within the Group.

At its meeting of March 4, 2014, the Board of Directors of Mediolanum S.p.A. unanimously agreed with Banca Mediolanum S.p.A.'s Board of Directors judgement that the organisational structure, management and control systems of the Bank is appropriate.

The Company also established that subsidiaries are to submit any transaction of strategic significance or with a potential significant impact on the earnings, financial position and equity of Mediolanum S.p.A. to the Board of Directors of the Parent Company Mediolanum S.p.A. for approval.

Board of Directors

The Board of Directors of Mediolanum S.p.A. has established both the Audit & Risk Committee (previously Audit Committee) and the Nomination & Compensation Committee (previously Compensation Committee). Further information on these committees is set out in the relevant

sections below.

The Board of Directors has verified the qualifications of certain directors to serve as independent directors against the requirements set out in the Corporate Governance Code and the information provided by each individual director.

The Board of Directors has also established that transactions in excess of €200,000.00/year are to be considered “significant transactions” and confirmed the definition of close family members as relatives within the second degree.

The current Board of Directors was elected by the shareholders at the General Meeting of April 21, 2011 from the list of nominees presented by the parties to the Shareholders’ Agreement under section 1) herein, in accordance with article 147 *ter* of the Consolidated Finance Act and article 17 of the company’s Bylaws. The tenure of the current Board of Directors expires upon the approval of the financial statements for the year ending December 31, 2013.

Based on the relevant resolutions, after verifications of qualifications, including the examination of disclosures made by individual members, the current Board of Directors is composed as follows:

Carlo Secchi – Chairman (no delegated authorities) since July 2012	Independent under the Corporate Governance Code & article 147- <i>ter</i> of the Consolidated Finance Act;
Alfredo Messina – Deputy Chairman since December 1995	Executive
Massimo Antonio Doris – Executive Deputy Chairman since February 1996	Executive
Ennio Doris – Chief Executive Officer since December 1995	Executive

Francesco Barbaro – Director
since April 2013

Independent under article 147-ter of
the Consolidated Finance Act;

Luigi Berlusconi – Director
since April 2007

Non Executive

Pasquale Cannatelli – Director
since April 2004

Non Executive

Maurizio Carfagna – Director
since April 2007

Non Executive

Edoardo Lombardi – Director
since February 1996

Executive (Executive Deputy
Chairman, Banca Mediolanum S.p.A.);

Mario Molteni – Director
since April 2001

Independent under the Corporate
Governance Code & article 147-ter of
the Consolidated Finance Act;

Danilo Pellegrino – Director
since April 2008

Non Executive

Angelo Renoldi – Director
since April 2001

Independent under the Corporate
Governance Code & article 147-ter of
the Consolidated Finance Act;
Non Executive

Paolo Sciumè – Director*
since February 1996

Maria Alessandra Zunino de Pignier
since March 2012

Independent under the Corporate
Governance Code & article 147-ter of
the Consolidated Finance Act;

* resigned on March 26, 2014

It should be noted that, applying the substance-over-form principle, the Board of Directors confirmed its previous conclusions and unanimously agreed that although they served as directors for more than nine years in the last twelve years (*criterion 3.C.1 paragraph e*) of the Corporate Governance Code) Messrs. Molteni and Renoldi still qualify as independent members of the Board. The Board of Directors has ascertained and satisfied itself that said directors have continued to meet high ethical standards and prove with their conduct the professional competence for which they are well-recognised as well as their independence, as they vouched in their statements of independence.

Finally, the Board of Directors also noted that the presence of five independent members who qualify as independent under the Consolidated Finance Act (four also under the Corporate Governance Code) out of the total fourteen Board members elected by the shareholders at the General Meeting, already satisfies the requirement set out in the Corporate Governance Code that at least one-third of members of the Board of Directors of companies listed on the FTSE-Mib Index be Independent Directors (when one-third is not an integer, the number is rounded down to the nearest whole number).

The Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members (cf. Statutory Auditors' Report).

The independent directors hold independent directors' meetings. This practice was first introduced in 2007. The independent directors prepare a report for the Board of Directors in which they set out their assessment of the adequacy of the size, composition and operation of

the Board of Directors and its Committees and which may include recommendations on the recruitment of any professional figures whose presence on the Board may be useful (so called self-assessment). The independent directors also monitor the Company Governance system and present their recommendations on required amendments thereto, if any, to the Board of Directors. The Independent Directors agreed not to appoint any Lead Independent Director.

In 2013, the Independent Directors held 7 meetings (average length of the meetings: 55 minutes) to assist the Board of Directors in relation to i) the report on Corporate Governance and ownership structure for the year 2012; ii) changes in the rules governing transactions with related parties as per article 4, paragraph 3 of CONSOB Regulation 17221/2010; iii) selection of the person seeing to outsourced activities; iv) as well as for purposes of self-assessment. For self-assessment, as they did in past years, the Independent Directors used a questionnaire sent to all members of the Board of Directors for completion.

The self-assessment questionnaire consists of the following three sections.

A) BOARD ASSESSMENT

Made up of the questionnaire used up until 2012 for this exercise, the first section, 'Board Assessment', is the common thread connecting the various sections of the 2013 self-assessment questionnaire.

B) CORE COMPETENCIES

The second section is new and was introduced for the purpose of reporting to shareholders on the Board's view about the professional profile expected of Board members prior to Board

members nomination, in accordance with criterion 1.C.1. letter h of the Corporate Governance Code.

This section contains the list of the areas of focus for the Mediolanum Group and the competencies that are considered to be fundamental for a proper functioning Board given the Group's size and business segments and against which Board nominees should be assessed and selected.

C) COMMENTS AND SUGGESTIONS

The third and last section is where directors can leave their comments and suggestions.

The analysis of the answers to the questionnaire, made by the Independent Directors on February 18, 2014 during an additional meeting, and by the Board of Directors at the meeting held on March 4, 2013, confirmed that directors are reasonably satisfied with the size, composition and operation of the Board of Directors. For information on the results relating to core competencies readers are referred to the Report of the Board of Directors to the Annual General Meeting on the election of the new Board prepared in accordance with article 125 *ter* of the Consolidated Finance Act.

In 2013, the Board of Directors held 6 meetings (average length of the meetings: 2 hours and 8 minutes).

For 2014, six meetings of the Board of Directors have been scheduled so far.

The Board of Directors has identified **significant transactions** as those set out in article 23 of the Bylaws, which under the Bylaws are exclusively reserved to the Board of Directors.

As to **related party transactions**, on November 10, 2010, the Board of Directors approved the “Procedures pursuant to article 4 of Consob Resolution 17221” – last updated on November 12, 2013 - that were promptly circulated to all companies within the Mediolanum Financial Conglomerate. Said procedures are available on the corporate website www.mediolanum.com under Investor Relations / Corporate Governance / Documents of Business Conduct.

Nomination & Compensation Committee

In accordance with the December 2011 version of the Corporate Governance Code, in agreement with the Independent Directors, the Board of Directors changed the name of the Compensation Committee to “Nomination & Compensation Committee”. The duties of the “Nomination & Compensation Committee” are those of the previous Compensation Committee plus those indicated under criterion 5.C.1 of the Code, namely to

- provide opinions to the Board of Directors in relation to the size and composition of the Board and make recommendations about the skills, experience and knowledge that should be represented on it as well as in relation to the matters under articles 1.C.3. (maximum number of similar positions) and 1.C.4. (positions at competitors) of the Code;
- propose Board appointees for co-optation when appointment of a successor is needed to replace an independent director.

The Nomination & Compensation Committee is composed of the following members:

- Angelo Renoldi – Chairman of the Committee - Independent (under the Consolidated Finance Act and the Code)

- Francesco Barbaro – Independent (under the Consolidated Finance Act)
- Mario Molteni - Independent (under the Consolidated Finance Act and the Code).

The Committee has also other duties, namely to:

- a) submit proposals and make recommendations to the Board of Directors in relation to the compensation of executive directors and other directors holding special positions as well as on performance targets for the variable component of compensation, it monitors the implementation of decisions made by the Board, verifying, in particular, that performance targets are met;
- b) periodically review the adequacy and overall consistency of the compensation policy for directors and other key management, and, availing of information provided by chief executives, assess actual implementation of said policy, as well as make recommendations on the matter to the Board of Directors;
- c) draft the rules governing all aspects of the Stock Options Plans, which are submitted to the Board of Directors for approval;
- d) manage all actions required for the implementation of the Stock Options Plans, including the selection of the Beneficiaries, determination of the number of options to be allotted to each of them and the conditions for their exercise;
- e) define business and/or financial performance targets for the exercise of stock options;

Every year the Nomination & Compensation Committee presents its annual budget, which was last presented at the Board of Directors meeting of March 26, 2014.

In 2013, the Nomination & Compensation Committee held 3 meetings (average length of the meetings: 1 hour and 12 minutes) that were attended also by statutory auditors. Minutes of all meetings were duly taken as it has always occurred since the Committee's formation. When necessary, also in collaboration with the Compensation Committee and the Board of Directors of the subsidiary Banca Mediolanum S.p.A., during those meetings the Committee carried out the reviews and assessments leading

a) shareholders at the General Meeting held on April 23, 2013 to express their (non-binding) approval of the compensation policy report (available at www.mediolanum.com under Investor Relations/Corporate Governance/Annual General Meeting 2013). Appended to the report prepared under article 123 *ter* of the Consolidated Finance Act, the compensation policy report as reviewed and approved by the Committee and the Board of Directors will be submitted to the vote of the shareholders at the upcoming Annual General Meeting convened on April 29, 2014 (single call)

b) the Board of Directors at its meeting of May 9, 2013 to execute the two long-term share-based incentive plans (stock option plans), namely (i) the plan reserved to the directors and executives of the Company and its subsidiaries ("**Top Management Plan 2010**") and (ii) the plan reserved to contract workers - i.e. the members of the sales network – of the Company and its subsidiary ('**Sales Network Plan 2010**') as follows:

- (i) increase the Company's share capital up to €136,155.00, for a consideration, through the issue of up to 1,361,550 shares for allotments under the Top Management Plan 2010;

- (ii) increase the Company's share capital up to €95,100.00, for a consideration, through the issue of up to 951,000 shares for allotments under the Sales Network Plan 2010;
- (iii) grant the beneficiaries – 20 under the Top Management Plan and 135 under the Sales Network Plan – part of the stock options under the Plans

In accordance with the Corporate Governance Code for listed companies, the Committee confirms it extensively and exhaustively reviewed the principles adopted for the compensation of key management, exercised oversight over their application based on the information provided by chief executives and submitted general recommendations on the matter to the Board of Directors.

As to the variable compensation of the executive Directors, again in 2013, the Committee proposed to include two executive directors in the “**Top Management Plan 2010**” Stock Options plan and the Board of Directors approved the Committee's proposal.

Finally, you are also advised that at its meeting of November 8, 2012, in light of the current ownership structure and shareholders' agreement relating to governance of the company and provisions therein regarding the choice of executive officers, the Board of Directors deemed unnecessary to put in place any succession plans.

Internal Control System

This section gives a brief description of the current internal control system. A more detailed description is set out in Annex 1) Information on the “**Key features of the risk management framework and of the system of internal controls over financial reporting**” pursuant to article 123-bis, paragraph 2, letter b), Consolidated Finance Act.

In accordance with the Corporate Governance Code, the Board of Directors appointed the Deputy Chairman Alfredo Messina officer responsible for the internal control and risk management systems assigning to him the duties set out in the Code.

At its meeting of November 8, 2012, seconding the proposal of the Deputy Chairman that was backed by the favourable opinion of the Audit & Risk Committee and of the Board of Statutory Auditors, after a brief review for those in attendance of the professional profile, team and compensation of Mr. Rella, the Board of Directors of Mediolanum SpA confirmed him as Chief Auditor with the following duties:

1) provide assistance to the officer responsible for overseeing the internal control and risk management systems, in order to:

1.1 identify key corporate risks and report them to the Board of Directors;

1.2 implement the internal control and risk management policies set by the Board of Directors through internal control and risk management system planning, management and monitoring.

2) monitor the adequacy and the operation of the internal control and risk management systems, on an ongoing basis as well as when specific needs so warrant, in accordance with

international standards and the audit plan built on structured processes for risk analysis prioritised by key risks as approved by the Board of Directors;

3) prepare regular reports on activities carried out, on how risks are managed and on adherence to risk mitigation plans. These reports also provide information about the adequacy of the internal control and risk management systems;

4) prepare timely reports on events of particular relevance;

5) submit the reports under preceding items 3) and 4) to the Chairmen of the Board of Statutory Auditors, of the Audit & Risk Committee, of the Board of Directors as well as to the officer responsible for the internal control and risk management systems;

6) review the reliance of information systems including those used to capture financial information, under the audit plan.

The Chief Auditor is a direct report of the Deputy Chairman (executive) but has broad powers and is independent in the performance of his duties. Being a direct report of the Deputy Chairman, who is responsible for overseeing the effectiveness of the internal control and risk management systems, is largely a function of the shareholders' agreement under which one party has strategic/operational responsibilities and the other party exercises control.

You are reminded that, also to comply with new financial and banking regulations, as early as 2005 the Group risk management framework was enhanced with the establishment of the 'Compliance & Risk Control' function. This function is responsible for ensuring the adequacy of risk management procedures for financial, operational and credit risks as well as regulatory compliance of the financial conglomerate headed by Mediolanum S.p.A.. Since 2006 these

activities have been carried out for the entire Group by the 'Compliance & Risk Control' function of the subsidiary Banca Mediolanum S.p.A.

The 'Compliance & Risk Control' function conducts, *inter alia*, the activities set out below.

As to Financial Risk and Operational Risk Management:

- supervision of the definition of risk measurement methods applied by the risk management units of subsidiaries;
- validation of the flows of information needed to ensure timely control of exposure to operational and financial risks associated with assets managed by subsidiaries, adoption of mitigating actions and, when possible, prevention of any anomalies;
- preparation of reports to the Audit Committee, Senior Management and heads of operating units on risk evolution within Group companies, including any proposed corrective measures;
- assistance to the line control units of subsidiaries in assessing Asset Liability Management models and techniques for proper understanding and management of risk exposures arising from any asset/liability mismatch.

As to Regulatory Compliance:

- assessment of the impact of regulations on the business at Group level, and changes in operating processes and/or procedures;
- assessment of compliance of processes with the law, the regulations issued by Supervisory Authorities and self-discipline rules (e.g. codes of conducts) as well as with any other

applicable rules. This is done working together with Corporate Affairs and Organisation officers.

Audit & Risk Committee

In office until the expiration of the entire Board of Directors, i.e. until the General Meeting convened to approve the financial statements for the year ending December 31, 2013, the current members of the Committee are:

- Angelo Renoldi (independent under the Consolidated Finance Act & under the Corporate Governance Code), Chairman;
- Mario Molteni (independent under the Consolidated Finance Act & under the Corporate Governance Code);
- Paolo Sciumè (non executive)*;

All the members of the Audit & Risk Committee have accounting and financial reporting competency.

In 2013, the Audit & Risk Committee held 4 meetings (average length of the meetings: 1 hour and 34 minutes).

Minutes of all meetings have always been duly taken since the Committee's formation. Most meetings of the Audit & Risk Committee are attended also by the members of the Mediolanum Banking Group's Audit & Risk Committee whose meetings are likewise also attended by the members of the Mediolanum S.p.A.'s Audit & Risk Committee for mutual exchange of information that is relevant to the entire Mediolanum Group.

* resigned on March 26, 2014

At their meetings held in 2013, the members of the Audit & Risk Committee reviewed and assessed, *inter alia* i) risk assessment activities; ii) compliance and risk control as well as internal control activities both carried out and planned; iii) the annual report of the Supervisory Board established pursuant to Legislative Decree 231/2001; iv) in conjunction with the Officer responsible for preparing accounting and financial reporting documents, Luigi Del Fabbro, after consulting the external auditors and the statutory auditors, the adequacy of the accounting policies applied and their consistency in relation to the preparation of the consolidated financial statements.

The Audit & Risk Committee also verified the procedure used for impairment testing of the investment in Mediobanca S.p.A that led the Board of Directors to write-down –although to a limited extent – the carrying amount of that investment, at the Board Meeting held on March 21, 2013.

Duties of the Audit & Risk Committee

The Audit & Risk Committee is made up of Directors and is the Committee that coordinates internal control and risk management activities. In accordance with the December 2011 version of the Corporate Governance Code, at its meeting of November 8, 2012, the Board assigned the following duties to the Audit & Risk Committee

- 1) assist the Board of Directors in the definition of guidelines for the internal control and risk management systems to ensure the key risks to which the issuer and its subsidiaries

- are exposed be correctly identified, adequately measured, properly monitored and managed, as well as determine the level of risk that is consistent with strategic targets;
- 2) assist the Board of Directors in its at least annual assessment of the adequacy and effectiveness of the internal control and risk management systems for the type of business and its risk appetite;
 - 3) approve the audit plan prepared by the head of internal audit at least annually, after consulting the Board of Statutory Auditors and the Board member responsible for overseeing the internal control and risk management systems;
 - 4) assist the Board of Directors in the preparation of the corporate governance report with respect to the description of the main characteristics of the internal control and risk management systems, expressing the Committee's opinion regarding the adequacy of said system;
 - 5) assist the Board of Directors in its assessment of the outcome of the audit conducted by the external auditors and their recommendations, if any, as well as their report, after consulting the Board of Statutory Auditors
 - 6) present to the Board of Directors the Committee's opinion on the chief auditor, prior to the appointment of this officer, and the resources given to the chief auditor upon the proposal received from the Board member responsible for overseeing the internal control and risk management system;
 - 7) assess the correctness of the application of the accounting policies and, for the preparation of consolidated financial statements, consistency of their application in

- conjunction with the Officer responsible for preparing accounting and financial reporting documents, after consulting the external auditors and the Board of Statutory auditors;
- 8) express opinions on specific aspects relating to the identification of the main risks to which the business is exposed;
 - 9) examine the periodic reports on the adequacy of the internal control and risk management systems, especially the highly relevant reports prepared by internal audit staff;
 - 10) monitor the independence, adequacy, effectiveness and efficiency of the internal audit team that the Audit & Risk Committee may ask to carry out tests in specific operational areas, informing the Chairman of the Board of Statutory Auditors when it makes such requests;
 - 11) report to the Board of Directors on its activities as well as on the adequacy of the internal control and risk management systems at least biannually when the half-year and the annual report and accounts are approved.

In the performance of its duties the Audit & Risk Committee coordinates its activities also with those of the Board of Statutory Auditors.

Finally, you are advised that:

- the Audit & Risk Committee is authorised to access corporate information and receive assistance from those staff members that may help the Committee in the performance of its duties as well as to avail itself of external advisors when necessary;

- the Audit Committee presented its 2014 annual budget to the Board of Directors for approval;

and the work of Audit & Risk Committee did not reveal any significant issue in relation to the control system as set out in its report to the Board of Directors who reviewed it.

Officer responsible for accounting and financial reporting documents

On April 21, 2011, after satisfying itself that the officer was qualified for the position and upon the favourable opinion of the Board of Statutory Auditors, the Board of Directors confirmed Luigi Del Fabbro in the position of Officer responsible for accounting and financial reporting documents and all his authorities.

The tenure of the Officer responsible for accounting and financial reporting documents – under the Bylaws (art. 24) – expires on “the date of the first meeting of the Board of Directors successive to the General Meeting that elected the entire Board of Directors”, hence after the election of the new Board of Directors and approval of the financial statements for the year ended December 31, 2013 at the upcoming AGM.

Supervisory Board established pursuant to Legislative Decree 231/2001

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

The Supervisory Board is composed of the following members:

- Angelo Renoldi, Director, (Independent under the Consolidated Finance Act & under the Corporate Governance Code), Chairman of the Committee;
- Alfredo Messina, Deputy Chairman of Mediolanum S.p.A. (Executive);
- Ettore Parlato Spadafora, Head of the Group’s Legal Affairs Department;

At its meeting held on April 21, 2011, the Board of Directors confirmed all Supervisory Board members above up until the approval of the financial statements for the year ending December 31, 2013.

Annually the Supervisory Board prepares a report on the activities carried out during the year and planned for the following year, including its annual budget, and submits it to the Audit Committee, the Board of Directors and the Board of Statutory Auditors.

In 2013, the Board of Directors approved the actions proposed by the Supervisory Board in relation to flows of information and procedures in connection with the “Organisation, Management and Control Models” pursuant to Legislative Decree 231/2001” and approved the annual budget presented by the Supervisory Board.

Investor Relations

Mediolanum has an **Investor Relations** office which is under the responsibility of the Chief Executive Officer and is headed by the Investor Relations Manager. This office is responsible for, *inter alia*, dealing with institutional Investors, and complying with market disclosure requirements for confidential price-sensitive information pursuant to the regulations in force.

The **Corporate Affairs Department** is responsible for dealing with all investors other than institutional investors especially with respect to corporate information.

As to General Meetings, the action of the Board of Directors is aimed at maximising shareholders' participation, favouring the exercise of shareholders' rights and taking the General Meeting as an occasion to communicate company information to the shareholders.

All relevant corporate information is made available on the Company's website (www.mediolanum.com) that is now subject to specific primary and secondary regulations. The Company's website includes a specific Investor Relations section which is easily found and accessible and whose contents are continuously upgraded and updated. Key corporate documents including the Bylaws, press releases, the Corporate Governance Report are also made available in the specific section of the website.

The **Rules and Regulations of the General Meetings** adopted at the Ordinary General Meeting of April 12, 2001 are also available on the Company's website.

Dividend Policy

In 2013, the Company continued its policy of dividend distribution, which entails the distribution of interim dividends any time steadily positive business performance so allows. On November 12, 2013, the Board of Directors resolved to distribute a 2013 interim dividend of €0.10 per share with par value of €0.10, before withholding tax, for a total amount of €73,589,640.70

Board of Statutory Auditors

The members of the Board of Statutory Auditors, whose term will expire at the General Meeting convened to approve the financial statements for the year ending December 31, 2013, are as follows:

Francesco Vittadini – Chairman;

Riccardo Perotta – Standing Auditor;

Antonio Marchesi – Standing Auditor;

Antonio Marchesi – Alternate Auditor.

Ferdinando Gatti – Alternate Auditor;

The current composition of the Board of Statutory Auditors resulted from the resignation of Ezio Maria Simonelli as Chairman of the Board of Statutory Auditors whose reasons for stepping down was compliance with the requirements of article 36 of the Government Decree passed on December 6, 2011 and converted into Act 214 of December 22, 2011 (so-called Act on interlocking directorates). Ezio Maria Simonelli was replaced as Chairman by the standing auditor Francesco Vittadini and alternate auditor Antonio Marchesi became standing auditor.

Like the members of the Board of Directors also the members of the current Board of Statutory Auditors were elected at the General Meeting of April 21, 2011. All members of the Board of Statutory Auditors were elected from the single nominees' list presented by the parties to the Shareholders' Agreement. (cf. page 1).

In 2013, the Board of Statutory Auditors held 10 meetings (average meeting length: 1 hour and

54 minutes).

You are reminded that the Board of Directors decided to apply all the independence requirements for directors set forth in article 3 of the Code of Conduct for Listed Companies also to the members of the Board of Statutory Auditors.

At its meeting of March 4, 2014, after examining the disclosure statements made by the statutory auditors, the Board of Directors ascertained compliance with said requirements.

Details on key positions held by the current members of the Board of Statutory Auditors in other entities as per article 148 bis of the Consolidated Finance Act are set out in the relevant schedule at the end of this report and can also be found on CONSOB website www.consob.it (area interattiva/SAIVIC/Informativa al pubblico) where all positions held at other entities are indicated.

Post-balance sheet date changes

There has been no change in the corporate governance structure after the end of financial year 2013.

3. ANNUAL REPORT ON POSITIONS HELD BY DIRECTORS UNDER PRINCIPLE 1.C.2. OF THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

In accordance with the Corporate Governance Code, after ascertaining compliance with the resolution made by the Board of Directors on November 8, 2012 regarding limits to the number of key positions held by directors in other companies, that take account also of Board Committee membership, at its meeting of March 4, 2014, the Board of Directors of the company verified the positions as Director or Statutory Auditor held by Directors in other companies outside the Mediolanum Group that are listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or companies of a material size.

These positions were:

CARLO SECCHI - Chairman of the Board of Directors

Member of the Board of Directors of:

- Italcementi S.p.A.
- Mediaset S.p.A.
- Pirelli & C. S.p.A

ALFREDO MESSINA – Deputy Chairman

Member of the Board of Directors of:

- Mediaset S.p.A.
- Molmed S.p.A.

MASSIMO ANTONIO DORIS – Executive Deputy Chairman

Member of the Board of Directors of:

- Banca Esperia S.p.A.

ENNIO DORIS – Chief Executive Officer

He does not hold key positions in companies outside the Group.

FRANCESCO BARBARO – Director

He does not hold key positions in companies outside the Group.

LUIGI BERLUSCONI – Director

Chairman of:

- Holding Italiana Quattordicesima S.p.A.

Member of the Board of Directors of:

- Fininvest S.p.A.

Sole Director of:

- B Cinque S.r.l.

PASQUALE CANNATELLI – Director

Chief Executive Officer of:

- Fininvest S.p.A.

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.
- A.C. Milan S.p.A.
- Mediaset S.p.A.

MAURIZIO CARFAGNA – Director

Chairman of:

- Duemme S.g.r.

Member of the Board of Directors of:

- Class Editori S.p.A.
- CIA S.p.A.
- Molmed S.p.A.
- Banca Esperia S.p.A

EDOARDO LOMBARDI – Director

Chairman of the Board of Directors of:

- Banca Esperia S.p.A.
- I’M S.p.A.

Member of the Board of Directors of:

- Istituto Europeo di Oncologia S.r.l.
- Fedrigoni S.p.A.

MARIO MOLTENI - Director

Member of the Board of Directors of:

- Opera SGR
- SCM Group S.p.A.
- Ternienergia S.p.A.
- Member of the Steering Board of Fondazione Cariplo

DANILO PELLEGRINO - Director

Chairman of the Board of Directors of:

- Il Teatro Manzoni S.p.A.
- ISIM S.p.A.

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.
- Fininvest S.p.A.
- Fininvest Gestione Servizi S.p.A.

ANGELO RENOLDI – Director

Member of the Board of Directors of:

- Arnoldo Mondadori Editore S.p.A.

PAOLO SCIUMÈ – Director

Deputy Chairman of the Board of Directors of

- Cremonini S.p.A.

Member of the Board of Directors of:

- Cagin S.a.p.a.

MARIA ALESSANDRA ZUNINO DE PIGNIER – Director

Standing Auditor of:

- Esperia Fiduciaria S.p.A.



Basiglio - Milano 3, March 26, 2014

On behalf of the Board of Directors

The Chairman

Carlo Secchi

MEDIOLANUM S.P.A.

Annex 1: Information on the “Key features of the risk management framework and of the system of internal controls over financial reporting” pursuant to article 123-bis, paragraph 2, letter b), Consolidated Finance Act

The internal control system of Mediolanum S.p.A. consists of the set of corporate functions (including management), rules, procedures and organisational units established to ensure:

1. the effectiveness and efficiency of corporate processes,
2. an adequate control of risks,
3. the protection of the company’s assets and the proper management of customer assets,
4. the reliability and integrity of accounting and management information,
5. the compliance of transactions with the law, the regulations issued by Supervisory Authorities, self-discipline and internal rules.

The Group’s internal control system is designed to encompass the main lines of defence briefly described below.

The first line of defence consists of controls made by the individuals who carry out a certain activity and by their supervisors, generally within the same organisational unit or function. These controls are carried out by operational units or embedded in automated procedures. The level of controls depends upon the size, nature and complexity of the business.

The second line of defence is made up of specific controls performed by units other than

operating units that contribute to the definition of risk measurement methods, control of operating limits of officers to whom authorities are delegated, and verify compliance of transactions with the risk/return targets set by corporate bodies in their respective areas of responsibility. These controls are primarily carried out by the “Compliance & Risk Control” function of Banca Mediolanum whose mission is to monitor the exposure of the financial conglomerate to financial and credit risks, assess the impact of operational, compliance and reputational risks as well as monitor the capital adequacy vis-à-vis the activities performed. The “Compliance & Risk Control” function of Banca Mediolanum conducts these activities for Italian subsidiaries within the Group under specific outsourcing arrangements. To coordinate its activities with foreign entities Banca Mediolanum liaises with the compliance and risk control functions of Banco Mediolanum, which is the parent company of the Spanish banking subholding, and of the Irish subsidiaries Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life, as well as with officers of Bankhaus August Lenz in Germany. The compliance & risk control function also coordinates with other second level functions, in particular with Anti-Money Laundering officers and Network Inspectors who are responsible for compliance with Anti-Money Laundering and Anti-Terrorist Financing legislation and controls over the sales network of Banca Mediolanum, which is the main distributor of Group products.

The third line of defence is made up of Internal Audit exercises which entail the periodic assessment of the completeness, effectiveness and adequacy of the internal control system in relation to the nature of the business and the level of risks undertaken. These activities are

conducted by the internal audit team of Banca Mediolanum S.p.A. under specific outsourcing arrangements.

A further line of defence is assured by the Board of Statutory Auditors who i) under the Italian Civil Code, are responsible, *inter alia*, for overseeing the adequacy of the company's organisational structure, accounting and internal control systems and, ii) as required under Legislative Decree 39 of January 27, 2010 of so-called public interest organisations which include listed companies, also for:

- a) the financial reporting process;
- b) the effectiveness of the internal control, internal audit, where applicable, and risk management systems;
- c) audit of the annual separate and consolidated accounts;
- d) the independence of the independent auditors in particular in relation to non-audit services rendered to the entity to which they provide audit.

Then, there are the independent auditors responsible for the verification that accounting entries and records support the amounts and disclosures in the financial statements, and that the financial statements are prepared in compliance with applicable standards and legislation.

Finally, pursuant to Legislative Decree 231/2001 that introduced into Italian legislation the notion of liability of corporate persons for a specified list of offences committed in their interest – the Company adopted the “Organisation, Management and Control Models” and established the Supervisory Board responsible for overseeing the effectiveness, compliance and update of said Models.

The Board of Directors assures regular review and assessment of the effectiveness and efficiency of the internal control system and of its adequacy to the type of business.

Following the introduction of regulations under article 154-*bis* of the Consolidated Finance Act, as amended by Act 262/2005, Legislative Decree 303/2006 and Legislative Decree 195/2007, Mediolanum S.p.A. also put in place a system for compliance with relevant requirements by the Officer responsible for accounting and financial reporting documents of Mediolanum S.p.A. whose duties and activities are set out in the “Policy Document and Terms of Reference for the Officer responsible for accounting and financial reporting documents – Act 262/2005”.

The Officer responsible for accounting and financial reporting documents is the officer that certifies financial reporting information to third parties. Therefore he is one of the various officers who contribute to an effective corporate governance system intended as the set of rules and organisational functions that ensure an appropriate and effective governance of the organisation.

The Officer responsible for accounting and financial reporting documents is responsible for signing financial information disclosed to the market, confirming that said information reflects the accounting entries and records.

For information set out in the annual separate and consolidated financial statements as well as in the half-year financial statements said officer signs the responsibility statement prepared in accordance with Consob template (Annex 3C-ter of the Regulations for Issuers). In the responsibility statement said Officer confirms that the financial statements and any other financial information given to the market reflect the accounting entries and records, and attests

to the adequacy of accounting and financial reporting procedures applied. He also confirms that the financial statements give a true and fair view of the financial position, result of operations and cash flows of the issuer and of all entities included in the consolidated financial statements.

Internal controls over financial reporting

To ensure adequate internal controls over financial reporting and disclosure, as required by regulations in force, Mediolanum S.p.A. adopted a framework based on best practices that enables the Officer responsible for accounting and financial reporting documents to attest that financial reports and disclosures reflect the accounting entry and records, that accounting and financial reporting procedures are adequate and the financial statements give a true and fair view of the financial position, result of operations and cash flows of the issuer and of all entities included in the consolidated financial statements.

This framework is operated in accordance with the relevant policy and is divided into four areas:

- Definition of a formal structure and documenting system for compliance with Act 262: procedures and information flows, roles and duties of the various teams and people
- Scoping & Planning: identification of Group companies and within them of processes that contribute significantly to the Mediolanum S.p.A. consolidated financial statements and related planning, taking account of both quantitative and qualitative measures. Processes fall within two categories: strictly accounting processes (e.g. closing of accounts at the end of each period, updates, preparation of financial statements) and

processes carried out by other functions that either automatically or manually generate G/L entries.

- Assessment of accounting and financial reporting processes: formalisation of accounting and financial reporting processes under the previous paragraph, assessment of related risk exposures and of the effectiveness of risk controls in place, taking risk mitigation measures when needed.
- Control Environment: definition of the processes and systems that make up the Group control environment, i.e. identification of rules and control mechanisms (Company-Level Control) as well as general rules governing technology and application development (IT General Controls).

The control structure principally rests on the following keystones:

- Attesting system: assignment of ownership to the heads of the various accounting, finance and other relevant units so that their vigilant eyes ensure the procedures that are defined as adequate to achieve set control goals are adhered at all times and attested as such by them, as well as their prompt reporting of any shortcomings to the Officer responsible for accounting and financial reporting documents so that remedial actions can be readily taken.
- Testing: tests made by the internal audit staff to check the effectiveness of the controls embedded in administrative and accounting procedures and related reporting .

The method adopted entails the identification of internal control procedures and activities, their

refinement or upgrade, if necessary. After defining and formalising the documenting system, adequate measures are put in place to ensure, both through the attesting system and via direct testing as outlined above, that controls are properly applied.

As to foreign companies that contribute significantly to the Mediolanum S.p.A. Consolidated Financial Statements, these were identified as the subsidiaries Banco Mediolanum S.A., Mediolanum International Life Limited, Mediolanum Asset Management Limited and Mediolanum International Fund Limited. Upon request of the Officer responsible for accounting and financial reporting documents, the Boards of these companies have appointed their local officer who in accordance with the proportionality principle replicates the activities conducted by the Officer responsible for accounting and financial reporting documents to ensure control over financial information, in accordance with the Group framework. In addition to activities needed for compliance with regulatory requirements by the Officer responsible for accounting and financial reporting documents, said officers of foreign subsidiaries also provide their attestation prior to the preparation of the financial statements. The control activities are the subject of regular reports and the internal control framework is regularly reviewed and upgraded to ensure it is always adequate to the type of business of the financial conglomerate.



MEDIOLANUM

GRUPPO MEDIOLANUM

SCHEDULE 1: INFORMATION on OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE				
	No. shares	% of share capital.	Listed (indicate markets) / not listed	Rights & obligations
Ordinary shares	736,067,257	100%	ITALY (Milan)	
Shares with limited voting rights				
Shares with no voting rights				
OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe newly-issued shares)				

None

SUBSTANTIAL SHARE INTERESTS

See table on page 4

Director	Molteni Mario	April 21, 2011	Approval of financial statements for FY 2013	(1)			X		100%	4	X	100%	X	100%				
Director	Pellegrino Danilo	April 21, 2011	Approval of financial statements for FY 2013	(1)		X				5								
Director	Renoldi Angelo	April 21, 2011	Approval of financial statements for FY 2013	(1)			X		100%	1	X	100%	X	100%				
Director	Sciumè Paolo	April 21, 2011	Approval of financial statements for FY 2013	(1)		X			100%	2	X	100%						
Director	Zunino de Pignier Maria Alessandra	April 21, 2011	Approval of financial statements for FY 2013				X			1								

BOARD MEMBERS WHO CEASED TO SIT ON THE BOARD IN THE YEAR

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Indicate the percentage of share capital required of shareholders to present lists for the last election of the Board of Directors: 1.5% (Consob Resolution 17633 of January 26, 2011)

Number of meetings held during the year	Board of Directors: 6	Audit & Risk Committee: 4	Nomination & Compensation Committee: 3	Executive Committee: -	Other Committee: -
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NOTES

* M (upper case) indicates the Board member was elected from a majority voted list, m (lower case) signifies the Board member was elected from a minority voted list

** This column shows the percentage of Board of Directors and Committee meetings attended by directors during their term in office

*** This column indicates the number of directorships or positions as statutory auditor held by the specific member in other companies listed on regulated exchanges, including exchanges located outside Italy, in financial companies, banks, insurance companies or companies of a material size. The positions are detailed in the Corporate Governance Report.

**** An "X" in this column indicates the membership of the Board Director on the Committee.

(1) signifies a single list of nominees was presented for the election of the Board of Directors.

SCHEDULE 3: BOARD OF STATUTORY AUDITORS

Position	Member	Elected on	Until	List (M/m)*	Independent under CG Code	** (%)	Number of other positions ***
Chairman	Simonelli Ezio	April 21, 2011	February 2, 2014	(1)	X	100%	15
Standing auditor	Riccardo Perotta	April 21, 2011	Approval of financial statements for FY 2013	(1)	X	100%	6
Standing auditor	Vittadini Francesco	April 21, 2011	Approval of financial statements for FY 2013	(1)	X	100%	22
Alternate auditor	Gatti Ferdinando	April 21, 2011	Approval of financial statements for FY 2013	(1)	-	-	9
Alternate auditor	Marchesi Antonio	April 21, 2011	Approval of financial statements for FY 2013	(1)	-	-	2

Indicate the percentage of share capital required of shareholders to present lists for the last election of the Board of Statutory Auditors: 1.5% (Consob Resolution 17633 of January 26, 2011)

Number of meetings held during the year: 7

Please note that on February 18, 2014, Ezio Simonelli resigned. Francesco Vittadini was his successor as Chairman of the Board of Statutory Auditors and alternate auditor Antonio Marchesi became standing auditor

NOTES

* M (upper case) indicates the auditor was elected from a majority voted list, m (lower case) signifies the auditor was elected from a minority voted list

** This column shows the percentage of Board of Directors and Committee meetings attended by members of the Board of Statutory Auditors during their term in office

*** This column indicates the number of directorships or positions as statutory auditor held by the specific member of the Board of Statutory Auditors under art. 148 bis of the Consolidated Finance Act. The full list of these positions is published on CONSOB website in accordance with article 144-quinquiesdecies of CONSOB Regulations for Issuers

(1) signifies a single list of nominees was presented for the election of the Board of Statutory Auditors.