

MEDIOLANUM S.p.A.

**REPORT
ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURES**
pursuant to Art. 123-*bis* of the Consolidated Law on Finance

2012

Version approved by the Board of Directors' Meeting of 21 March 2013

WWW.MEDIOLANUM.COM

TABLE OF CONTENTS

GLOSSARY	pg.2
1. CORPORATE GOVERNANCE SYSTEM	pg. 3
<i>Introduction and information on the ownership structures</i>	pg. 3
<i>Powers of attorney issued pursuant to Art. 2443 of the Italian Civil Code</i>	pg. 5
<i>Governance structure</i>	pg. 5
2. ADOPTION OF THE CORPORATE GOVERNANCE CODE	pg. 21
3. ANNUAL SURVEY OF THE DIRECTORS' OFFICES PURSUANT TO PRINCIPLE 1.C.2. OF THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES	pg. 45
ATTACHMENTS	pg. 49

GLOSSARY

Code/Corporate Governance Code: the Corporate Governance Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

As explained in this report, on 8 November 2012 the company made the appropriate resolutions in order to comply with the Code in its updated version of December 2011, most of the changes of which are applicable from years subsequent to 2012.

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

Board: the Issuer's Board of Directors.

Issuer: the issuer of securities to which this Report refers.

Year: the financial year to which this Report refers.

CONSOB Issuers' Regulation: the Regulation issued by CONSOB through resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.

CONSOB Market Regulation: the Regulation issued by CONSOB through resolution no. 16191 of 2007 (as subsequently amended) regarding the markets.

CONSOB Regulation on Related Party Transactions: the Regulation issued by CONSOB through resolution no. 17221 of 12 March 2010 (as subsequently amended) regarding transactions with related parties.

Report: the report on corporate governance and ownership structures that companies are required to produce in accordance with Art. 123-*bis* of the Consolidated Law on Finance.

Consolidated Law on Finance (CLF) from the Italian "TUF" (*Testo Unico della Finanza*): Italian Legislative Decree 58 of 24 February 1998.

The objective of this report, drawn up by Mediolanum S.p.A., is to illustrate the characteristics of the governance structure adopted by the company.

Having adopted the Corporate Governance Code – available on the website www.borsaitalia.it under the section Borsa Italia/Publications – issued by the Corporate Governance Committee of Borsa Italiana, the Company also outlines in this report the degree of adaptation of its corporate governance system to the guidelines of the Code, according to the “comply or explain” principle, providing an explanation for any deviations.

1. CORPORATE GOVERNANCE SYSTEM

Introduction and information on the ownership structures (pursuant to Art. 123-bis, paragraph 1 of the Consolidated Law on Finance)

The share capital subscribed and paid-up by the company as at 31 December 2012 amounted to €3,441,716.90 subdivided into 734,417,169 ordinary shares with a nominal value of €0.10 each.

There are no shares of categories other than the one mentioned.

The following parties have a direct or indirect stake of over 2% of the share capital subscribed by Mediolanum S.p.A., through shares with voting rights, according to the shareholders' register, communications received and other available information:

(figures as at 21 March 2013)	# of shares	%
SILVIO BERLUSCONI INDIRECTLY THROUGH:		
- FININVEST S.p.A. (OWNED)	263,293,000	35.85
ENNIO DORIS		
- DIRECTLY, OWNED	23,563,070	3.21
- INDIRECTLY THROUGH:		
FIN.PROG.ITALIA S.A.P.A. di E. Doris & C.	194,449,557	26.47
H-INVEST	820,000	0.11
TOTAL	218,832,627	29.80
LINA TOMBOLATO		
- DIRECTLY, OWNED	24,307,595	3.31
- INDIRECTLY THROUGH:		
T-INVEST S.r.l.	25,394,701	3.46
TOTAL	49,702,296	6.77

On 14 September 2010, the shareholders' agreement between FININVEST S.p.A. on the one hand and Ennio Doris and Fin.Prog.Italia S.a.p.a. di Ennio Doris & C. on the other (together known as the "Doris Group") was renewed. Through this agreement, the parties contributed equal amounts of shares representing a total of at least 51% of the share capital of the company. This shareholders' and voting agreement governs the transfer of shares for equal control and joint management of Mediolanum S.p.A. by FININVEST and the Doris Group.

Details of the agreement – a copy of which was lodged with the Milan Register of Companies on 15 September 2010 – are available and can be viewed on the website www.mediolanum.com under the section Investor relations/corporate governance/shareholder structure.

Powers of attorney issued pursuant to Art. 2443 of the Italian Civil Code

In terms of powers of attorney for share capital increases pursuant to Art. 2443 of the Italian Civil Code, see Art. 6 of the Corporate By-Laws, available on the Borsa Italiana website and on the website www.mediolanum.com, under Investor relations/Corporate Governance/Documents of Business Conduct.

Governance structure

It is specified that the Issuer and its subsidiaries have not stipulated nor are they part of any significant agreements that become effective, are modified or are terminated in the event of a change in control of the company.

The company has a traditional Governance structure, consisting of the Shareholders' Meeting, Board of Directors, Board of Statutory Auditors and Auditing Firm, which has been assigned the task of auditing the accounts.

For the breakdown of the governing bodies as at 31 December 2012, see below.

The auditing firm Deloitte & Touche S.p.A. - appointed by the Shareholders' Meeting of 21 April 2011 - is responsible for auditing the accounts in accordance with the law, including the revision

of the Parent Company's and consolidated financial statements, in addition to a limited audit of the half-year financial report. The engagement will expire upon approval of the individual financial statements for the year ended 31 December 2019.

Shareholders' Meeting

The Shareholders' Meeting is governed in terms of its operation and with respect to the rights of shareholders and the methods of exercising said rights by the legislation in force - primary and secondary - as outlined by the Corporate By-Laws under Articles 9) to 16).

In particular, with regard to the aforementioned Articles 9) to 16), we highlight that:

- pursuant to Art. 11) – *“The entitlement to participate in the Shareholders' Meeting and exercise the voting right is documented by the notice to the Company, carried out by the intermediary, based on the accounting entries at the end of the seventh market trading day prior to the date set for the meeting on first call. Credit or debit entries made on the accounts subsequently to this deadline shall not be recognised for the purposes of entitlement to exercise the voting right in the Shareholders' Meeting. The notice must be received by the Company by the end of the third market trading day prior to the date scheduled for the Shareholders' Meeting on first call or by another deadline established by CONSOB (Commissione Nazionale per le Società e la Borsa - Italian Companies and Stock Exchange Commission) regulations. Entitlement to participate in the shareholders' meeting and exercise the voting right shall be effective if notifications are received by the*

Company after the deadlines indicated in this Article, as long as they are received prior to the beginning of the Shareholders' Meeting;”

- pursuant to Art. 12): *“The parties entitled to participate in the Shareholders’ Meeting may appoint a proxy to represent them, in writing and in compliance with the provisions of the law. The proxy may also be assigned electronically through the methods set forth by the regulations of the Ministry of Justice. Electronic notification of the proxy may be carried out, in accordance with what is indicated in the convocation notice, through the specific section of the Company’s internet site or, if envisaged in the convocation notice, by sending the document to the Company’s certified electronic mail address.*

The Board of Directors may designate for each Shareholders’ Meeting an individual to whom the shareholders may grant, in accordance with the methods envisaged by law and with the regulatory provisions, within the end of the second market trading day prior to the date set for the Shareholders’ Meeting on first or single call, a proxy with voting instructions on all or some of the proposals in the agenda. The proxy is valid only for proposals on which instructions to vote have been conferred.

Shareholders may ask questions on topics on the agenda even prior to the Meeting. Details on the methods of exercising this right are provided in the convocation notice, as well as by consulting the Company's website. ”

Lastly, the Company, as better specified below (in the paragraph “Relations with Shareholders, page 41), has adopted a Shareholders’ Meeting Regulation since 2001, available on the website www.mediolanum.com, under Investor Relations/Corporate Governance/Shareholders' Meeting.

Amendments to the Corporate By-Laws

In accordance with the Corporate By-Laws and without prejudice to the authority of the Extraordinary Shareholders' Meeting, which has the power to resolve on this matter, the Board of Directors is responsible for the following, pursuant to Articles 15, paragraph 2 and 23, paragraph 3:

- the establishment or closure of branch offices;
- reduction of capital in the event of shareholder withdrawal;
- adaptation of the corporate by-laws to the regulatory provisions.

Board of Directors

The current Board of Directors of Mediolanum S.p.A. was appointed by the Shareholders' Meeting of 21 April 2011. For the Board of Directors, a single list proposed by the participants of the aforementioned Shareholders' Agreement was submitted. The term of the members thus appointed will be effective until approval of the financial statements for the year ending 31 December 2013.

The by-laws governing the appointment and replacement of the Directors are set forth under Art. 17 of the Corporate By-Laws ¹, summarised below:

¹ During the Shareholders' Meeting convened on first call, also on an extraordinary basis, for 23 April 2013, amendment of Art. 17 will be proposed, inter alia, in order to adapt it to Law no. 120 of 12 July 2011 (the law on gender equality) that became effective on 12 August 2012 and which for Mediolanum S.p.A. will be applied upon the first expiry of the Board's mandate, envisaged upon approval of the 2013 financial statements.

Article 17)

1. The company is governed by a Board of Directors consisting of seven to fifteen directors, who must possess the requirements envisaged by the pro-tempore primary and secondary regulations in force and who may be re-elected.

2. Prior to proceeding with their appointment, the Shareholders' Meeting determines the number of members of the Board and the term of office, in accordance with the time limits envisaged by law.

3. Directors are appointed by the Shareholders' Meeting on the basis of lists, in which a maximum of fifteen candidates may be indicated, each identified by a progressive number.

Each candidate may only be part of one list, and if such condition is not met the candidate shall not be eligible.

Shareholders with voting rights who, alone or together with other shareholders, represent at least the percentage of share capital set by CONSOB may submit lists.

Ownership of the percentage of share capital is determined by considering the shares that are registered to the shareholders on the day in which the list is submitted to the Company, with regard to the share capital subscribed at said date.

The relative declaration may be communicated to the Company even after submission of the list, as long as it is received within the deadline envisaged for publication of the lists by the Company.

The Company permits shareholders who intend to submit lists to do so through at least one means of remote communication, according to the methods indicated in the convocation notice for the Shareholders' Meeting and which allow identification of the shareholders making the

submission.

The required stake in order to submit lists of candidates for election of the Board of Directors is indicated in the convocation notice for the Shareholders' Meeting called to resolve on the appointment of said body.

4. Shareholders may not submit or vote for more than one list, even by proxy or by fiduciary companies. Shareholders belonging to the same group – meaning the parent company, subsidiaries and companies subject to joint control – and the shareholders participating in a shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998 involving shares of the issuer may not submit or vote for more than one list, even by proxy or by fiduciary companies.

5. Each list that contains up to seven candidates must include and identify at least one candidate possessing the requirements envisaged by Italian 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”).

Lists containing over seven candidates must include and identify at least two candidates possessing the requirements envisaged for Independent Directors pursuant to Italian Legislative Decree 58/1998.

6. The lists are submitted with the Company within the twenty-fifth day prior to the date of the Shareholders' Meeting convened on first or single call to deliberate on the appointment of the members of the Board of Directors and made available to the public at its registered office, on its website and via other methods envisaged by CONSOB, with finalisation at least twenty-one days

prior to the date of the Shareholders' Meeting.

The lists contain:

a) information on the identity of the shareholders submitting the lists and an indication of the total percentage stake held;

b) a declaration by shareholders (other than those holding, even jointly, a controlling or relative majority interest) stating the absence or existence of affiliations with the aforementioned shareholders, in accordance with Article 144-quinquies, paragraph 1 of CONSOB Resolution no. 11971/1999 (hereinafter also "Issuers' Regulation);

c) comprehensive information on the personal and professional background of the candidates, a declaration by the candidates stating that they meet all of the legal requirements and their acceptance of the nomination, as well as the possession, where applicable, of the independence criteria envisaged by Articles 148, paragraph 3 of Italian Legislative Decree 58/1998 and any additional requirements envisaged by the codes of conduct drawn up by companies that manage regulated markets or trade associations in which the company is a member.

Submitted lists that do not comply with the above provisions are not subjected to voting.

7. Before beginning the voting, the Chairman of the meeting refers to any declarations as per letter b) above and invites the participants of the meeting who have not submitted or participated in submitting the lists to declare any affiliations, as defined above.

If a party who is affiliated with one or more key shareholders has voted for a minority list, the existence of this affiliation is significant only if the vote was decisive in the election of the director.

8. At the end of the voting, the votes obtained from the lists are divided by whole progressive numbers from one to the number of directors to be elected, without including any lists that have not achieved a percentage of votes at least equal to half of that required for their submission.

The quotients thus obtained are assigned to the candidates of each list, in the numerical order that the candidates appear on the list.

The quotients assigned to the candidates of the various lists are then organised into a single ranking in descending order. Those who have obtained the highest quotients are therefore elected, up to the number of directors set by the Shareholders' Meeting, without prejudice to the fact that the candidate at the top of the list that achieved the second highest number of votes must be appointed director, and that this candidate is in no way affiliated, not even indirectly, with the shareholders that submitted or voted the list that achieved first place in terms of number of votes. Therefore, if the aforementioned candidate has not obtained the necessary quotient to be elected, the candidate with the lowest quotient from the list that obtained the majority of votes shall not be elected, and the candidate ranking first on the list that obtained the second highest number of votes shall be elected to the Board.

9. The candidate ranking first on the list that obtained the majority of votes shall be elected as Chairman of the Board of Directors.

10. If, in order to complete the entire Board of Directors, several candidates obtain the same quotient, the elected candidate is the one from the list that has still not elected any director or the one that elected the lowest number of directors.

If none of said lists have elected a director yet, or if all have elected the same number of

directors, the candidate of the list that obtained the highest number of votes among these lists shall be the elected candidate.

In the event of a tie in list votes and in quotients, a new vote is carried out by the Shareholders' Meeting, with the candidate who obtains the simple majority of votes being elected.

If by following this procedure, with a nominated Board of Directors consisting of seven or more than seven members, at least one or two "Independent Directors pursuant to Italian Legislative Decree 58/1998" are not elected, respectively, the following shall be applicable:

a) in the case of a Board of Directors consisting of seven members, the candidate elected last based on the progressive quotient and taken from the list that obtained the majority of votes is replaced by the first candidate that obtained a lower progressive quotient but is identified in the list as an "Independent Director pursuant to Italian Legislative Decree 58/1998";

b) in the case of a Board of Directors consisting of more than seven members, the two candidates elected last based on the progressive quotient and taken from the list that obtained the majority of votes are replaced by the first two candidates that obtained a lower progressive quotient but are identified in the list as an "Independent Directors pursuant to Italian Legislative Decree 58/1998";

c) in the case of a Board of Directors consisting of more than seven members and with only one appointed director identified as "Independent Director pursuant to Italian Legislative Decree 58/1998", the procedure described in letter a) above is used to appoint the second candidate.

11. If only one list has been submitted, the Shareholders' Meeting votes on it and, if it obtains the relative majority of voters, not counting those abstaining, the candidates listed in numerical

order are elected as directors, up to the number set by the Shareholders' Meeting.

The candidate indicated in first place on the list is elected Chairman of the Board of Directors.

If by following this procedure, with a nominated Board of Directors consisting of seven or more than seven members, one or two "Independent Directors pursuant to Italian Legislative Decree 58/1998" are not elected, the candidate or candidates that were elected last based on the progressive order of the list and taken from the only list submitted is/are replaced, respectively, by the first or first two candidate(s) at a lower progressive order and identified in the same list as "Independent Directors pursuant to Italian Legislative Decree 58/1998".

12. If there are no lists and if following the list voting mechanism the number of candidates elected is lower than the number established by the Shareholders' Meeting, the Board of Directors is respectively appointed or integrated by the Meeting based on the legal majority.

13. In the event of withdrawal from office by one or more directors for any reason, those remaining in office shall replace them through co-option, pursuant to and in accordance with Art. 2386 of the Italian Civil Code, without prejudice to the requirement to respect the minimum number of Independent Directors pursuant to Legislative Decree 58/1998.

The Shareholders' Meeting's appointment of directors to replace directors who have withdrawn from office, also following their co-option and expansion of the number of members of the Board of Directors, during the course of the engagement, is freely carried out based on the legal majority, without prejudice to the requirement to respect the minimum number of Independent Directors pursuant to Legislative Decree 58/1998.

14. The directors indicated in the respective list as Independent Directors pursuant to Legislative

Decree 58/1998 are required to immediately notify the Board of Directors of any loss of the relative requirements, as well as the consequent disqualification, in accordance with the law.

During 2011, in exercising its legal and statutory powers (Art. 24 of the Corporate By-Laws), the Board of Directors of Mediolanum S.p.A. confirmed Ennio Doris as Managing Director, conferring all of the same powers of ordinary and extraordinary management already granted during the prior mandates, with the exception of those regarding significant and strategic issues, which remain under the sphere of responsibility of the Board of Directors (“more significant” transactions).

During the same period, the Deputy Vice Chairman (Alfredo Messina) was granted all of the powers of ordinary administration already granted during the prior mandates, assigning him functional and policy responsibilities in the following areas: tax affairs, corporate affairs, administration and management control, finance, legal affairs and internal auditing.

The Deputy Vice Chairman previously identified as “Director charged with overseeing operation of the internal control system” has taken on the new title of “Director charged with the internal control and risk management system”, with the tasks envisaged on this issue by the “Code” in its version of December 2011.

The other Vice Chairman, Massimo Antonio Doris, was assigned the task of coordination and supervision of the ordinary operation and regular functioning of the company’s offices and services.

The delegated activities, as well as the general performance of operations and the expected outlook (also with regard to the subsidiaries), the key transactions of economic, financial and

capital significance, those in which the directors have an interest, for themselves or on behalf of third parties and those governed by CONSOB Resolution no. 17221 on related party transactions are the subject of reports to the Board of Directors and Board of Statutory Auditors, through a periodic reporting system at least on a quarterly basis, as per the statutory provisions in effect (Art. 20).

The concrete objective of the distribution of tasks is to allow the Board of Directors to focus on creating value for shareholders.

The Board is responsible for defining the strategic guidelines and management policies and for supervising company performance.

The main legislative and regulatory changes are brought to the attention of and illustrated to the Board by the Corporate Affairs Department, which collaborates with the Chairman in order to provide the members of the Board with increasingly accurate knowledge of the sector.

On 26 April 2012 – in order to comply with the provisions of Art. 36 of Italian Legislative Decree of 6 December 2011, converted into Law no. 214 of 22 December 2011, which prohibits “holders of offices in the management, supervisory or control bodies and top executives of companies or groups of companies operating in the credit, insurance and financial markets to take on or exercise similar posts in competing companies or groups of companies” – Prof. Roberto Ruozi, Chairman, resigned from office.

Therefore, on 31 July 2012, Prof. Carlo Secchi, independent pursuant to the Corporate Governance Code for Listed Companies and Art. 148, paragraph 3 of Legislative Decree 58/1998, was appointed Director and Chairman, pursuant to Art. 2386, paragraph 1 of the Italian

Civil Code.

Even Prof. Secchi – as his predecessor – was not granted any operational power by the Board, without prejudice to the fact that, according to the statutory provisions in force, he is responsible for representing the company. The Chairman, or his deputy, is responsible for calling the Board of Directors meeting, envisaged by the statutory provisions to be carried out at least quarterly.

A comprehensive discussion of each topic on the agenda is carried out during the course of the Board meeting, generally supported by the presence of the heads of the relevant departments, in order to provide the appropriate details on the issues on the agenda, as well as by the delivery of the appropriate documentation to the Directors and Auditors in advance.

On this point, the Board of Directors, during its meeting of 8 November 2012, resolved – in compliance with the amended “Code” – that for proper examination and discussion during the meeting, where there are no confidentiality issues, any available documentation supporting the meetings should be sent at least 48 hours in advance of said meetings.

The Board of Directors has defined the following general criteria on the maximum number of offices as Director and Auditor that may be held by its members in companies involving significant commitment (listed, banking, insurance, financial or large companies), also updated based on the “Code” amended by the aforementioned resolution of 8 November 2012, in order to include participation in board Committees (new items in italics):

I) an **executive** director may not occupy the following:

- i) the office of executive director in another Italian or foreign listed company, or in a financial, banking or insurance company;
- ii) the office of non-executive director or auditor (or member of another supervisory body) in more than five of the aforementioned companies;

II) a **non-executive** director, in addition to the office held in the Company, may not occupy the following:

- i) the office of executive director in more than three of the aforementioned companies and the office of non-executive director or auditor (or member of another supervisory body) in more than five of said companies;
- or
- ii) the office of non-executive director or auditor (or member of another supervisory body) in more than eight of the aforementioned companies.

Any multiple offices held in the same Group of companies – and therefore related to one another as a result of having a common key shareholder or shareholders and/or subject to joint control – must be considered as a single office.

For non-executive Directors who are also members of one or both Board Committees of the company, the above-mentioned limits are respectively reduced by 50% of the office or by one entire office.

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

On 27 February 2013, the Board of Directors verified – through declarations issued by the interested parties – respect of the aforementioned limits by all members of the governing body.

Internal Dealing

In accordance with Art. 114, paragraph 7 of the Consolidated Law on Finance, the Board of Directors of Mediolanum S.p.A. has approved the “Regulations on transactions by relevant persons and strictly related parties - INTERNAL DEALING”, available on the Company’s website.

These Regulations, in line with the regulatory provisions (provided as an attachment to the Regulations), govern transactions involving the purchase/sale of shares of the Issuer and related financial instruments which during the year amount to €5,000.00 and which are carried out by so-called “relevant persons”, as defined by Art. 152-*sexies* of the CONSOB Issuers’ Regulation (CONSOB Resolution no. 11971/99), directly or through proxy or fiduciary companies, as well as by parties strictly related to the above relevant persons.

In addition to the relevant persons identified by law (Directors, Auditors and strictly related individuals), the Company has deemed the regulations to also be applicable to Mr. Luigi Del Fabbro, Manager responsible for preparing the Company’s financial statements.

As envisaged by the current Regulations, the aforementioned Parties have delegated the company’s Corporate Affairs Departments to generate the required reports, through the methods and according to the terms envisaged by Art. 152-*octies* of the Issuers’ Regulation.

Significant purchase and sale transactions for the purposes of Internal Dealing are published on the Company's website - within the next market trading day from their notification - and reported to CONSOB and to the public.

Disclosure of Confidential and Price-Sensitive Information

In application of Art. 115-*bis* of the Consolidated Law on Finance, a Register of individuals with access to price-sensitive information has been established (namely, information that has not been publicly disclosed, directly concerning Mediolanum S.p.A. or its subsidiaries, and which may, if disclosed, significantly impact the price of its financial instruments).

According to the application methods established by Art. 152-*bis* and subsequent articles of the CONSOB Regulation, each company of the Group - controlled by Mediolanum S.p.A. - has established its own Register, which is managed by the parent company Mediolanum S.p.A., to which all subsidiaries have delegated management of the Register.

The Register is managed through a specifically adopted procedure.

The information management procedures, including management of the Register, are outlined in the “**Manual on the disclosure and monitoring of confidential and price-sensitive information**” which has been distributed to all subsidiaries of the Group and published on the Company's website (www.mediolanum.com under Investor Relations/Corporate Governance/Other documents).

The individuals who are included in the Registers are, in accordance with the law, informed on this circumstance and on its legal consequences, also via reference to the regulatory excerpt published on the company's website.

2. ADOPTION OF THE CORPORATE GOVERNANCE CODE

Mediolanum S.p.A. has resolved to adopt the Corporate Governance Code for listed companies - available on the website www.borsaitalia.it – and, from the meeting of the Board of Directors of 9 November 2006, identified the wholly-owned company Banca Mediolanum S.p.A. as a company with strategic importance, in terms of its size as well as for its role within the Group.

During the Mediolanum S.p.A. Board of Directors' Meeting of 27 February 2013, the Board – in agreement with the evaluations of the Board of Directors of Banca Mediolanum S.p.A. regarding the adequacy of the Bank's organisational, administrative and accounting structure – unanimously agreed on the adequacy of the subsidiary's organisational, administrative and accounting structure.

The Company also envisaged that the subsidiaries submit any transactions of significant strategic, economic, capital or financial importance for Mediolanum S.p.A. to the Board of Directors of Mediolanum S.p.A. for approval.

Board of Directors

The Board of Directors of Mediolanum S.p.A. established both the Control and Risks Committee

(previously the Internal Control Committee) and the Nomination and Remuneration Committee (previously the Remuneration Committee) described below.

Based on the criteria established by the Code and on the information provided by each Director, the Board of Directors evaluated the eligibility of a number of directors who indicated themselves as being independent.

The Board of Directors also determined the annual amount over which economic transactions are considered to be significant as equal to Euro 200,000.00, and confirmed the second degree of kinship as the significant level for definition of family relationship.

The Board of Directors, appointed by the Shareholders' Meeting of 21 April 2011 based on a list submitted to the Meeting – pursuant to Art. 147-ter of the Consolidated Law on Finance and Art. 17 of the Corporate By-Laws – by the participants of the Shareholders' Agreement indicated in paragraph 1, page 3, shall remain in office until approval of the financial statements for the year ended 31 December 2013. Following said resolutions, the communications by the individual parties and the subsequent verifications by the board, the Board of Directors currently comprises the following:

- | | |
|---|---|
| Carlo Secchi – Chairman (no powers of attorney) | - Independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance, in office since July 2012; |
| Alfredo Messina – Deputy Vice Chairman | - Executive, in office since December 1995; |
| Massimo Antonio Doris – Vice Chairman | - Executive, in office since February 1996; |

Ennio Doris – Managing Director	- Executive, in office since December 1995;
Luigi Berlusconi – Director	- Non-executive, in office since April 2007;
Pasquale Cannatelli – Director	- Non-executive, in office since April 2004;
Maurizio Carfagna – Director	- Non-executive, in office since April 2007;
Edoardo Lombardi – Director	- Executive (Vice Chairman Banca Mediolanum S.p.a.), in office since February 1996;
Mario Molteni – Director	- Independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance, in office since April 2001;
Danilo Pellegrino – Director	- Non-executive, in office since April 2008;
Angelo Renoldi – Director	- Independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance, in office since April 2001;
Paolo Sciumè – Director	- Non-executive, in office since February 1996;
Maria Alessandra Zunino de Pignier	- Independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance, in office since

March 2012;

On 18 July 2012, non-executive Director Bruno Ermolli resigned - in order to comply with the provisions of Art. 36 of Italian Legislative Decree of 6 December 2011, converted into Law no. 214 of 22 December 2011, which prohibits “holders of offices in the management, supervisory or control bodies and top executives of companies or groups of companies operating in the credit, insurance and financial markets to take on or exercise similar posts in competing companies or groups of companies”- and the plenum of the Board of Directors shall be reconstituted through the appropriate resolutions by the Shareholders’ Meeting convened on first call for 23 April 2013.

With regard to the qualification of Mario Molteni and Angelo Renoldi as independent directors pursuant to the Corporate Governance Code, the Board of Directors has confirmed, with a view to prevalence of substance over form, what was already declared and has therefore unanimously decided on the existence of this qualification, even with reference to the application criterion 3.C.1 e) and, therefore, continuation in office for more than nine years in the last twelve. In fact, the Board verified and took into consideration the duration of the ethical traits of the parties in question and the recognised professional attributes that have always allowed them to maintain and express the utmost autonomy and independence of judgement – as they themselves stated in the self-assessments submitted – and deemed the requirement of independence as existent, pursuant to the Code, also taking into account the fact that they have held this office for over nine of the last twelve years.

Lastly, the Board of Directors noted that the presence amongst its members of four independent

directors compared to the total fourteen appointed by the Shareholders' Meeting makes the Board of Directors already compliant with the new provisions of the Corporate Governance Code (December 2011 edition), which requires that at least one-third (rounded down) of the Board of Directors of Issuers belonging to the FTSE- Mib index comprise Independent Directors.

The Board of Statutory Auditors verified proper application of the assessment criteria and procedures used by the Board of Directors to evaluate the independence of its members and will refer its findings in its report.

The Independent Directors who, starting from 2007, meet collectively in meetings consisting solely of independent members, provide the Board with an evaluation of the size, composition and operation of the Board itself and of its Committees, which may include an indication of the professional figures whose presence on the Board is deemed appropriate (the so-called self-assessment); furthermore, they monitor the Company's Governance, submitting to the Board any variations or integrations considered advisable. In this respect, the Independent Directors have examined the changes to the Code, in its updated version of December 2011, in advance, in order to report their assessments to the Board. Among these, it is noted that the Independent Directors did not consider it necessary to identify a Lead Independent Director.

The Independent Directors met 4 times during 2012 (average duration: 1 hours and 3 minutes), in order to support the Board: i) as regards the report on Corporate Governance and ownership structures for 2011; ii) to examine, as mentioned, the changes in the December 2011 version of the "Code"; iii) to evaluate – pursuant to Art. 4, paragraph 3 of CONSOB Regulation 17221/2010 – any changes to the Regulations governing related party transactions and iv) as regards the

aforementioned self-assessment. For the latter, as in prior years, the Independent Directors carried out a self-assessment of the Board of Directors through a questionnaire sent to all Directors.

An examination of the answers received – which took place in the additional meeting of 12 February 2013 by the Independent Directors and in the meeting of 27 February 2013 by the Board – verified and confirmed the existence of a suitable level of satisfaction amongst Directors in terms of the size, composition and operation of the Board.

A total of 6 meetings of the Board of Directors were held during 2012 (average duration: 2 hours and 10 minutes).

Six (6) meetings of the Board of Directors are currently envisaged for 2013 as well, of which 2 have already been held (average duration: 1 hour and 45 minutes).

The Board of Directors identified the **most significant transactions** from among those listed under Art. 23 of the Corporate By-Laws, indicated by the latter as being under the exclusive responsibility of the Board.

In terms of **transactions with related parties**, the Board of Directors, with resolution of 10 November 2010, adopted the “Procedures pursuant to CONSOB Resolution no. 17221, Article 4” – updated on 9 November 2011 – promptly distributed to all companies of the Mediolanum Financial Conglomerate. These procedures are published on the website www.mediolanum.com under Investor Relations/Corporate Governance/Documents of Business Conduct.

Nomination and Remuneration Committee (previously the Remuneration Committee)

As mentioned in the report on the past year, in 2012 the company carried out the appropriate analyses regarding changes in the subject issue by the December 2011 version of the “Code”.

Based on the new guidelines and following the aforementioned resolutions of 8 November 2012, the Board of Directors – supported by the Independent Directors who expressed their opinions during the meeting of 23 October 2012 - changed the name of the Remuneration Committee to “Nomination and Remuneration Committee”, assigning to said Committee, in addition to the tasks of the prior Remuneration Committee, the following tasks as well for the year 2013:

- *to submit opinions to the Board of Directors regarding the Board's size and composition and, where applicable, to make recommendations on the professional figures whose presence on the Board is deemed appropriate, as well as on the issues pursuant to Articles 1.C.3 (number of offices held) and 1.C.4 (competing offices) of the “Code”;*
- *to propose to the Board of Directors candidates for the office of director in cases of co-option, when it is necessary to replace independent directors.*

The current composition was also confirmed – the plenum of which still requires reconstitution following the resignation of Mr. Bruno Ermolli – as follows:

- Angelo Renoldi (independent) – appointed Committee Chairman on 8/11/12
- Mario Molteni (independent).

The additional tasks of the Committee – in line with the provisions of the December 2011 version of the code – are as follows:

- to submit proposals or express opinions to the Board on the remuneration of executive directors and other directors charged with special tasks, as well as to set

performance objectives for the variable component of said remuneration; oversees application of the decisions adopted by the board, verifying effective achievement of the performance objectives;

- to periodically evaluate the adequacy, overall consistency and concrete application of the general policy adopted for the remuneration of Directors and Key Managers, based on information provided by the Managing Director; to make the relative recommendations on this matter to the Board of Directors;
- to draw up the regulation governing all aspects of the Stock Option Plan, submitted for approval by the Board of Directors;
- to manage all of the necessary initiatives for implementation of the Stock Option Plan, including identification of the Recipients, determination of the number of stock options assigned to each and the relative exercise conditions;
- to define any economic and/or financial performance objectives to which exercising of the options assigned to the Recipients will be subject.

Furthermore, the Nomination and Remuneration Committee presents its annual budget on a yearly basis; this took place during the Board of Directors' Meeting of 21 March 2013.

During 2012, the Committee (for remuneration) met 4 times (average duration: 1 hours and 14 minutes) - with the presence of members of the Board of Statutory Auditors and taking the minutes of all meetings, as it has done since its establishment – in order to proceed with evaluation and examination – in collaboration with the Remuneration Committee and with the

Board of Directors of subsidiary Banca Mediolanum S.p.A. where appropriate – leading to the following:

- a) the Shareholders' Meeting of 19 April 2012 resolved - upon proposal by the Board of Directors - (i) an increase in total number of options in the “Piano Top Management 2010” from 5,000,000 to 11,000,000, without prejudice to all of the applicable terms and conditions for said options according to the Plan and, consequently, (ii) an increase in the authorisation granted to the Board of Directors by the Shareholders' Meeting of 27 April 2010 pursuant to Art. 2443 of the Italian Civil Code for the increase in capital needed for the Plan reserved for Directors and Executives, from the already resolved maximum nominal amount of €500,000.00 to a maximum nominal amount of €1,100,000.00, all at the same terms and conditions as the authorisation granted through resolution by the Shareholders' Meeting of 27 April 2010 (including the issue price for newly-issued shares and the final deadline to exercise the authorisation);
- b) on 10 May 2012, the Board of Directors implemented the two long-term stock-option based plans dedicated (i) to Directors and Executives of the Company and of the subsidiaries (**Top Management Plan 2010**) and (ii) to collaborators – meaning members of the sales network – of the Company and of the subsidiaries (**Collaborators Plan 2010**) as follows:
 - (i) by increasing the Company's share capital, for consideration, up to a maximum of €186,405.00, through the issuance of a maximum of 1,864,050 shares to be used for assignment of the options under the Top Management Plan 2010;

(ii) by increasing the Company's share capital, for consideration, up to a maximum of €70,840.00, through the issuance of a maximum of 708,400 shares to be used for assignment of the options under the Collaborators Plan 2010;

(iii) by assigning part of the options under the Plans to recipients – consisting of a total of 20 recipients for the Top Management Plan and 136 recipients for the Collaborators Plan.

During the course of 2012, following the changes in the regulatory framework, the Committee also put together a report on remuneration (available at www.mediolanum.com under Investor Relations/Corporate Governance/Annual General Meeting 2012), with the support of the relevant internal offices. Upon evaluation and approval by the Board of Directors on 22 March 2012, this report was submitted for examination by the Shareholders' Meeting on 19 April 2012.

The updated report will be submitted to the Shareholders' Meeting – again after evaluation and approval by the Committee and by the Board of Directors – convened on first call for 23 April 2013, as an attachment to the relative report drawn up pursuant to Art. 123-ter of the Consolidated Law on Finance.

At the same time, the Committee declared, as required by the Corporate Governance Code, to have fully and thoroughly evaluated the criteria adopted for the remuneration of Key Managers, to have monitored their implementation based on information provided by the Managing Directors and to have made the relevant general recommendations to the Board of Directors.

In terms of the variable remuneration for Executive Directors, the Committee proposed, again in 2012, to add two Executive Directors to the **Top Management Plan 2010** stock option plan, and

this proposal was positively evaluated by the Board.

Note that, in terms of relevance, the Board of Directors' Meeting of 8 November 2012 determined that it was not currently necessary to draw up a plan for succession of the executive directors, given the current shareholding structure and the existing Shareholders' Agreement governing the company and its outlook in terms of selection of Executive Directors.

Control System

A description of the current control system, supported by Attachment 1) to this report and regarding the **“Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process”**, drawn up pursuant to Art. 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance, is provided below.

Based on the provisions of the Code and as already indicated, the Board of Directors selected Deputy Vice Chairman Alfredo Messina as Director “charged with overseeing the internal control and risk management system”, with the relative duties envisaged by the December 2011 version of the “Code”.

Through the aforementioned resolution of 8 November 2012, the Board of Directors of Mediolanum S.p.A. confirmed Massimo Rella as Head of Internal Audit – and no longer Internal Control Manager – upon proposal by the Deputy Vice Chairman, and after consulting with the members of the Control and Risks Committee as well as with the Board of Statutory Auditors, and after presenting Mr. Rella's curriculum vitae, the structure managed and the relative remuneration plan, assigning the following tasks to him:

- 1) assisting the Director charged with the control and risk management system:
 - 1.1) in identifying the main company risks to submit to examination by the Board of Directors;
 - 1.2) in implementing the guidelines of the Board of Directors as regards the Internal Control and Risk Management system, through planning, implementation, management and monitoring of said system.
- 2) verifying, on an ongoing basis as well as in relation to specific requirements and in accordance with the international standards, the effectiveness and appropriateness of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on structured analysis and prioritisation of the main risks;
- 3) preparing periodic reports containing the appropriate information on activities, on the methods through which risk management is carried out and on compliance with the plans defined to limit risks. The periodic reports contain an evaluation of the appropriateness of the internal control and risk management system;
- 4) promptly preparing reports on events of particular significance;
- 5) submitting the reports pursuant to points 3) and 4) to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director charged with the internal control and risk management system;
- 6) verifying, as part of the audit plan, the reliability of the information systems, including the accounting systems.

The Head of Internal Audit, although reporting to the Deputy Vice Chairman (executive), has

ample autonomy, as the fact of reporting to the Deputy Vice Chairman – charged with the internal control and risk management system – is a result of the shareholders’ agreement mentioned in point 1) according to which, essentially, one party exercises the operational/strategic management function and the other party the control and guarantee function. Furthermore, since 2005, the risk management and control model has been strengthened, in order to implement the risk monitoring and management system within the group, also in accordance with the regulations in the banking and financial sector, through establishment of the unit now referred to as “Compliance & Risk Control”. This unit, also established within subsidiary Banca Mediolanum S.p.A., has been providing the service on an outsourcing basis to Mediolanum S.p.A. as well since 2006, in order to ensure adequacy of the procedures adopted in terms of control of financial, operational and credit risk, in addition to non-compliance risk within the financial conglomerate headed by Mediolanum S.p.A.

The function exercises the following activities, among others:

With regard to “Financial and Operational Risk Control”:

- Supervision of the subsidiaries’ risk control structures in defining the risk measurement methods;
- Verification of the accuracy of the process of validation by subsidiaries of the information flows necessary to ensure timely control of the exposure of managed assets to financial and operational risk, implementation of mitigating actions and, where possible, prevention of any anomalies;

- Preparation of reports to the Internal Control Committee, Senior Management and the heads of the operational structures regarding the evolution of risk in Group companies, proposing any corrective action;
- Support to the line structures of subsidiaries in evaluating the asset-liability management techniques and models, for accurate comprehension and management of the risk exposure that could be generated by interrelations and by an imbalance of assets and liabilities.

With regard to “Regulatory Compliance”:

- Analysis of the impacts of regulatory changes on business at the Group level and implementation of the operational processes for adaptation of company procedures;
- Verification of the conformity of company processes to the provisions of the law, of the supervisory authorities and of the self-regulation rules (for e.g., autonomy protocols, self-governance codes), as well as any other sector regulation, collaborating, in particular, with the Corporate Affairs and Organisation structures.

Control and Risks Committee (previously the Internal Control Committee)

The name of the previous Internal Control Committee was changed through the aforementioned resolution of 8 November 2012 to the Control and Risks Committee, and its composition, which will remain in office until expiry of the entire Board of Directors and, specifically, until the Meeting to approve the financial statements as at 31/12/2013, was confirmed as follows:

- Angelo Renoldi (independent), Chairman;

- Mario Molteni (independent);
- Paolo Sciumè (non-executive);

all of whom are experts in accounting and finance.

In 2012, the Control and Risks Committee met 7 times (average duration: 1 hour and 30 minutes), plus 2 additional meetings respectively held on 22 January 2013 and 18 March 2013.

Since its establishment, the Committee draws up the minutes of all meetings which, inter alia, generally include the members of the “Internal Control and Risks Committee” of the Mediolanum Banking Group, which in turn meets with the presence of members of the “Control and Risks Committee” of Mediolanum S.p.A., in order to integrate their mutual knowledge of Internal Control issues for the entire Mediolanum Group.

Issues examined and evaluated by the Committee in 2012 include: i) Risk Assessment activities carried out; ii) activities carried out as well as planned in terms of internal control and Compliance & Risk Control; iii) the annual Report by the Supervisory Board established pursuant to Italian Legislative Decree 231/2001; iv) proper use – together with the Manager responsible for preparing the Company’s financial statements, Mr. Luigi Del Fabbro, and upon consultation with the auditors and the Board of Statutory Auditors - of the accounting standards used and their uniformity in terms of the consolidated financial statements.

The Committee was also called upon to assist the Board of Directors in selecting the expert to whom to assign the engagement for assessment of the 100% interest being acquired in the share capital of Mediolanum Assicurazioni S.p.A., as well as for the subsequent assessments in accordance with paragraphs 5.4 and 7.1 of the “Procedures pursuant to CONSOB Resolution no.

17221, Art. 4”, which govern transactions with related parties “of minor significance”, as the sellers of the stake (Fininvest Gestione Servizi S.p.A. - Gruppo Fininvest e Fin. Prog. Italia S.A.p.A. di Ennio Doris e C. - Gruppo Doris) are also participants of the shareholders’ agreement indicated in paragraph 1.

Lastly, the Committee also examined the impairment procedure for the investment in Mediobanca S.p.A., which led the Board of Directors’ Meeting of 8 November 2012 to write down said investment.

The rules outlined below are applicable to the Control and Risks Committee.

The Committee – viewed as an opportunity for briefing and coordination of the functions involved in the risk control and management system – was assigned the following tasks in accordance with the December 2011 version of the “Code”, with aforementioned Board resolution of 8 November 2012, specifying that the additional tasks to those assigned previously must be exercised with respect to the 2013 financial year (the new tasks and/or reformulation of tasks already present are in italics):

- 1) to assist the Board of Directors in defining the guidelines for the internal control and risk management system, so that the main risks impacting the issuer and its subsidiaries are properly identified, as well as adequately measured, managed and monitored, also determining the level of compatibility of said risks with company management that is consistent with the strategic objectives identified;
- 2) to assist the Board of Directors in evaluating, at least yearly, the adequacy of the internal control *and risk management system with respect to the characteristics of the company*

- and risk profile adopted, as well as its effectiveness;*
- 3) *to approve, at least yearly, the work plan drawn up by the Head of Internal Audit, after consulting the Board of Statutory Auditors and the Director charged with the internal control and risk management system;*
 - 4) *to assist the Board of Directors in the description, within the corporate governance report, of the main characteristics of the internal control and risk management system, expressing its own assessment on its adequacy;*
 - 5) *to assist the Board in evaluating, upon consultation with the Board of Statutory Auditors, the results of the auditor in its letter of recommendations, if any, and in the report on fundamental issues that emerged during the audit;*
 - 6) *to express its advance, favourable opinion to the Board of Directors as regards the appointment of the Head of Internal Audit and of the dedicated resources, upon proposal by the Director charged with the internal control and risk management system;*
 - 7) *to assess, together with the Manager responsible for preparing the Company's financial statements - and upon consultation with the auditor and with the Board of Statutory Auditors - proper use of the accounting standards and, in the case of groups, their uniformity in terms of the consolidated financial statements;*
 - 8) *to express opinions on specific aspects regarding identification of the main company risks;*
 - 9) *to examine the periodic reports on assessment of the internal control and risk management system, as well as those of particular significance prepared by the internal*

audit department;

- 10) *to monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit department, to which it may request verifications on specific operational areas, with simultaneous notification to the Chairman of the Board of Statutory Auditors;*
- 11) *to report to the Board at least on a half-yearly basis upon approval of the annual and half-year financial report, on the activities carried out and on the adequacy of the internal control and risk management system.*

In performing its functions, the Control and Risks Committee shall also liaise with the Board of Statutory Auditors.

The Internal Control Committee presents its annual budget on a yearly basis and, for urgent matters, asks the Executive Directors to intervene in the expenses. The Committee has the faculty to access the company information and functions necessary to carry out its tasks, as well as to use external advisors where necessary.

Finally, note that:

- the Committee has the faculty to access the company information and functions necessary to carry out its tasks, as well as to use external advisors where necessary;
 - the Committee has already submitted its 2013 budget for approval by the Board of Directors;
- and from an analysis of the activities carried out, as reported by the Committee and assessed by the Board of Directors, no significant problems emerged in terms of the control system.

Manager responsible for preparing the financial statements

On 21 April 2011, the Board of Directors confirmed Mr. Luigi Del Fabbro – upon verification that the prerequisites are satisfied and with the favourable opinion of the Board of Statutory Auditors – as Manager responsible for preparing the financial statements, also confirming the appropriate powers.

The above Manager's title will expire – pursuant to the Corporate By-Laws (Art. 24) – “at the date of the first Board of Directors’ meeting subsequent to the Meeting that resolved the appointment of the entire Board”, therefore after the next renewal of the governing bodies envisaged with approval of the 2013 financial statements.

Supervisory Board established pursuant to Italian Legislative Decree 231/2001

Upon adoption of the “Organisational, Management and Control Models” envisaged by Art. 6 of Italian Legislative Decree 231/2001 (Administrative responsibility of entities), the Company's Board of Directors established a Supervisory Board that was assigned the task of monitoring the effectiveness, compliance with and updating of said Models.

This Collective Body consists of the following individuals:

- Angelo Renoldi, Director (Independent) in the office of Chairman;
- Alfredo Messina, Deputy Vice Chairman of Mediolanum S.p.A.;
- Ettore Parlato Spadafora, Head of the Group’s Legal Division;

confirmed as members of the Supervisory Board by the Board of Directors’ Meeting of 21 April 2011, until approval of the 2013 financial statements.

The Supervisory Board submits an annual report to the Internal Control Committee, to the Board of Directors and to the Board of Statutory Auditors on the activities carried out and on those planned, also indicating its expenditure budget.

In 2012, the Board of Directors approved the implementations proposed by the Supervisory Board in terms of procedures and information flows for the “Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001”, as well as the expenditure budget submitted.

Relations with shareholders

A unit referred to as **Investor Relations** exists in Mediolanum, under the responsibility of the Managing Director. This function of this unit, assigned to a Manager, is to maintain relations with Institutional Investors, and it contributes to fulfilling the market disclosure requirements in terms of price-sensitive information, in full compliance with the regulations in force.

The **Corporate Affairs Department** is in charge of handling relations with all other shareholders other than the institutional ones, particularly as regards corporate reporting.

In terms of management of the meetings, the Board of Directors fulfils its objective of maximising shareholder participation and facilitating the exercising of their rights, also by encouraging use of the meetings to provide shareholders with information on the company.

A specific section of the Company's internet site (www.mediolanum.com) was established some time ago – now the subject of key regulatory provisions of primary and secondary level – and is continuously being implemented and easily identifiable and accessible, containing the major

corporate information.

The appropriate section also contains relevant company documents such as the Corporate By-Laws, the press releases already published and the Report on Corporate Governance.

Furthermore, a set of Rules governing the meetings has been adopted by the Ordinary Shareholders' Meeting since 12 April 2001. These Rules are also available on the Company's internet site.

Dividends Policy

The Company continued its dividends distribution policy in 2012, which envisages, assuming good economic performance, the distribution of part of the dividends in advance during the year. In fact, on 8 November 2012, the Company resolved to distribute an account on dividends for the year 2012 of €73,426,785.60, designating €0.10 for each share with a nominal value of €0.10, gross of legal withholding tax.

Board of Statutory Auditors

The Board of Statutory Auditors – whose office expires with the Shareholders' Meeting to approve the financial statements ended 31 December 2013 - consists of the following individuals:

Ezio Maria Simonelli – Chairman of the Board of Statutory Auditors;

Riccardo Perotta – Permanent Auditor;

Francesco Vittadini – Permanent Auditor;

Antonio Marchesi – Alternate Auditor;

Ferdinando Gatti – Alternate Auditor.

Even the Board of Statutory Auditors – like the Board of Directors – was appointed by the Shareholders' Meeting of 21 April 2011. All elected auditors were appointed based on a single list proposed by the participants of the aforementioned Shareholders' Agreement (see page 1).

The Board of Statutory Auditors met 9 times during the course of 2012 (average duration 2 hours).

Lastly, it is noted that the Board of Directors has expressed its opinion according to which it is appropriate to fully apply the independence criteria established for the Directors by Art. 3 of the Corporate Governance Code for listed companies to members of the Board of Statutory Auditors as well. During the aforementioned meeting of 27 February 2013, the Board of Directors verified the existence of said requirements, following examination of the relative declarations issued by members of the Board of Statutory Auditors.

For the offices held by the permanent members of the Board of Statutory Auditors, pursuant to Art. 148-*bis* of the Consolidated Law on Finance, see the table attached to this report, also available at www.consob.it (*Area interattiva/SAIVIC/Informativa al pubblico*), where they are published in full.

Changes since the end of the year in question

There have been no changes in the Corporate Governance structure since the end of 2012.

3. ANNUAL SURVEY OF THE OFFICES HELD BY DIRECTORS PURSUANT TO PRINCIPLE 1.C.2 OF THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

On 27 February 2013, the Company's Board of Directors - after acknowledging respect of the guidelines expressed by the Board of Directors' Meeting of 8 November 2012 in terms of limitations on the number of offices held by Directors, also taking into account participation in Board Committees pursuant to the updated version of the "Code" - examined, as envisaged by the Corporate Governance Code, the offices of Director and Auditor currently held by the directors in other companies outside of the Mediolanum Group, listed in regulated markets (even foreign) and in financial, banking, insurance or large-sized companies.

More specifically:

CARLO SECCHI - Chairman

Member of the Boards of Directors of:

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

ALFREDO MESSINA - Deputy Vice Chairman

Member of the Boards of Directors of:

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

MASSIMO ANTONIO DORIS – Vice Chairman

Member of the Board of Directors of:

- Banca Esperia S.p.A.

ENNIO DORIS – Managing Director

Does not hold any significant offices in companies outside of the Group.

LUIGI BERLUSCONI – Director

Managing Director of:

- Holding Italiana Quattordicesima S.p.A.

Member of the Board of Directors of:

- Fininvest S.p.A.

PASQUALE CANNATELLI – Director

Managing Director 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

Member of the Boards of Directors of:

- Class Editori S.p.A.
- CIA S.p.A.



- Molmed S.p.A.
- Banca Esperia S.p.A
- Duemme S.g.r.

EDOARDO LOMBARDI – Director

Chairman of the Boards of Directors of:

- Banca Esperia S.p.A.
- I'M S.p.A.

Member of the Boards of Directors of:

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

MARIO MOLTENI - Director

Member of the Boards of Directors of:

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

DANILO PELLEGRINO - Director

Chairman of the Boards of Directors of:

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

Member of the Boards 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

Vice 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

Permanent Auditor of:

- Esperia Fiduciaria S.p.A.

Basiglio - Milano 3, 21 March 2013

(for the) Board of Directors

The Chairman

Carlo Secchi

MEDIOLANUM S.P.A.

Attachment 1: Paragraph on the “Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process” pursuant to Art. 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance.

The internal control system of Mediolanum S.p.A. consists of the set of company functions (including management functions) and organisational rules, procedures and structures that aim to ensure:

1. effectiveness and efficiency of company processes;
2. adequate monitoring of risks;
3. safeguarding of the value of company assets and proper management of assets held on behalf of customers;
4. reliability and integrity of accounting and operating information;
5. compliance of transactions with the law, with supervisory regulations, with the self-regulation rules and with the Company’s internal provisions.

The Group’s control system is broken down into several levels, briefly described below.

The first level of control consists of verifications carried out by those implementing a specific activity, as well as by those with supervisory responsibility, generally in the same organisational unit or department. First-level controls are carried out by the actual productive departments or incorporated into automated procedures. They are more or less detailed depending on the services provided, the complexity and the operational extent.

The second level of control regards specific activities assigned to departments other than the operational ones, with the task of defining the risk measurement methods and operating limits assigned to delegated parties and checking the consistency of operations with the objectives and risk levels defined by the relative company boards and officers. These controls are carried out mainly by the Compliance & Risk Control Department of Banca Mediolanum, whose mission is to monitor, within the overall financial conglomerate, the exposure to financial and credit risk, as well as to evaluate the impacts of operational, non-compliance and reputational risk, keeping a constant watch on capital adequacy in relation to the activities carried out. The activities are carried out on an outsourcing basis by the same department of Banca Mediolanum for the Italian companies of the Group. To coordinate the activities of the foreign companies, Banca Mediolanum deals with the specific Compliance & Risk Control units of Banco Mediolanum, parent company of the Spanish banking sub-holding, and with Irish companies Mediolanum International Funds, Mediolanum Asset Management and Mediolanum International Life, as well as with contacts of Bankhaus August Lenz in Germany. This department coordinates with the other second-level control departments and, in particular, with the Network Inspection and Anti-Money Laundering Section, responsible for overseeing operations of the Sales Network of Banca Mediolanum, main distributor of the Group's products, and compliance with the obligations envisaged by the "Anti-Money Laundering and Anti-Terrorism Financing" regulations.

The third level of control consists of Internal Auditing, which periodically evaluates the completeness, functionality and adequacy of the internal control system with respect to the nature of the activities carried out and the level of risk adopted. These controls are carried out by the

Internal Auditing Department of subsidiary Banca Mediolanum S.p.A., to which the internal auditing services have been assigned through an outsourcing contract.

An additional level of control comprises the Board of Statutory Auditors which i) pursuant to the Civil Code, monitors, inter alia, the adequacy of the organisational, administrative-accounting and control structure and ii) in accordance with the provisions of Legislative Decree 39 of 27 January 2010, now has, in the so-called entities of public interest, which include listed companies, supervisory duties regarding:

- a) the financial reporting process;
- b) effectiveness of the internal control system, internal audit system, if applicable, and the risk management system;
- c) auditing of the annual accounts and consolidated accounts;
- d) independence of the auditor or auditing firm, particularly as regards the providing of non-auditing services to the entity subject to auditing of the accounts.

Finally, we have the Auditing Firm, responsible for verifying the regular keeping of the accounts and correspondence of the Parent Company's financial statements with the accounting entries and compliance with the regulations that govern them.

Lastly, the Company, pursuant to Legislative Decree 231/2001 – which introduced into our legislation the notion of “administrative” responsibility of entities for offenses strictly listed and committed in their interest – adopted the “Organisational, Management and Control Models” and established a Supervisory Board in charge of monitoring the effectiveness, compliance and updating of said Models.

The Board of Directors ensures, in any case, periodic verification of the effectiveness and efficiency of the internal control system, in relation to the complexity of the activity carried out.

With the introduction of the provisions envisaged by Art. 154-*bis* of the Consolidated Law on Finance, amended in application of Law 262/2005, Legislative Decree 303/2006 and Legislative Decree 195/2007, Mediolanum S.p.A. also implemented an organisational model for management of the provisions under the Manager responsible for preparing the financial statements of Mediolanum S.p.A., governed by the “Policy for the management of activities under the designated Manager – Law 262/2005”.

The figure of Designated Manager, who takes on the role of guarantor towards third parties with respect to the financial reporting produced, is among the various participants jointly working to create an effective corporate governance system, interpreted as the set of organisational rules and structures that oversee proper and efficient corporate governance.

The Designated Manager is therefore responsible for signing the accounting reports disclosed to the market, declaring their concordance with the data disclosed and the accounting results of the Company.

Furthermore, in terms of the financial statements, including the consolidated ones, and the half-year report, a declaration is issued periodically, in accordance with the model provided by CONSOB (Attachment 3C-*ter* of the Issuers’ Regulation) that confirms, in addition to concordance of the contents of the financial statements and of all of the documents disclosed to the market with the accounting entries, the adequacy of the administrative-accounting procedures adopted. It is also declared that the financial statements drawn up truthfully and accurately

illustrate the financial and economic position of the issuer and of the Companies included within the scope of consolidation.

The framework at the basis of the existing risk management and internal control system in relation to the financial reporting process.

Following the market's best practices and in accordance with the regulatory provisions in force, Mediolanum S.p.A. has adopted, for the risk control and monitoring activities in relation to the process of production and dissemination of financial information, a methodological approach that allows the Designated Manager to certify the concordance with accounting entries of all documents issued to the market, the adequacy of the administrative-accounting procedures adopted and drawing up of the financial statements, in order to truthfully and accurately represent the financial and economic position of the issuer and of the consolidated companies.

This adaptation project, now fully operational, was developed through four distinct phases which are repeated on a cyclical basis as part of the periodic updating and maintenance of the model:

- Scoping & Planning: identification, for each Company that significantly contributes to the Consolidated Financial Statements of Mediolanum S.p.A., of the processes deemed relevant based on the financial statement item to which they are related, taking into account qualitative and quantitative criteria.
- Governance and Control Environment: definition of the processes and instruments comprising the Group's governance environment; in other words, identification of the rules, regulations and control mechanisms (Company Level Control) and identification of

the general rules governing the application technologies and developments (IT General Controls).

- Survey of the administrative and accounting processes: better formalisation of the administrative and accounting processes, identifying any critical points, the presence of control points and the adequacy of the overall existing control procedures.
- Definition and full implementation of the management model and of the documents systems for the purposes of Unit 262: creation of a management model consisting of information flows between the Designated Manager, through Unit 262, and the contact persons of the functions involved in the monitoring activities for the purposes of Unit 262.

Furthermore, the management model is also based on the following:

- Certification system: regards the line responsibility system defined under the process managers of the administrative areas and departments involved, to which the processes analysed are respectively associated. The key objective of this governance system is to ensure, through certification by the relative managers, that the procedures defined as suitable in ensuring the control objectives identified are respected on an ongoing basis, and any events that may jeopardise objectives are highlighted and brought to the attention of the Designated Manager in time to resolve them.
- Testing system: regards the activity, carried out mainly with the support of Internal Auditing, of verifying the traceability and repeatability of control activities, in order to evaluate the effectiveness of the controls present, their adequacy and any necessity to

define additional controls, so that the measures adopted by the relative departments on the processes subject to auditing are adequate in ensuring proper implementation of the administrative and accounting processes.

The logical process followed is based on the requirement to identify and better define, if necessary, the procedures and activities carried out for the processes under analysis; within these processes, all of the controls for their proper implementation are then highlighted. After defining and better formalising the documents structure, the appropriate measures are agreed upon with the process contacts and implemented, ensuring performance of the processes in accordance with the control measures identified and monitored centrally by Unit 262, using both passive measures, through the certification system adopted, as well as active measures, with direct performance of control tests.

The Foreign Companies significantly contributing to items in the Consolidated Financial Statements of Mediolanum S.p.A. are subsidiaries Banco Mediolanum S.A., Mediolanum International Life Limited, Mediolanum Asset Management Limited and Mediolanum International Fund Limited. For these Companies, the Delegated Governing Bodies, upon request by the Designated Manager, identified a local contact in charge of replicating, based on a proportionality criterion, the activities carried out by the Designated Manager in order to control the administrative and accounting processes, in accordance with the Group model. In addition to carrying out the activities necessary to satisfy the regulatory requirements of the Designated Manager, the foreign local contact persons also provide the latter with information on the activities carried out, through an internal certification submitted prior to drawing up of the Parent



Company's financial statements. The measures implemented with respect to control of the process at the basis of preparation and dissemination of financial information are subject to ongoing reporting, and the control model is subject to updating in order to make it increasingly compliant with the characteristics of the business model of the financial conglomerate.

TABLE 1: INFORMATION on OWNERSHIP STRUCTURES

SHARE CAPITAL STRUCTURE				
	No. shares	% of share capital	Listed (indicate markets) / not listed	Rights and obligations
Ordinary shares	734,417.169	100%	ITALY (MI)	
Shares with limited voting right				
Shares without voting right				
OTHER FINANCIAL INSTRUMENTS (granting the right to subscribe newly-issued shares)				

Not present

SIGNIFICANT INVESTMENTS IN CAPITAL

See table on page 4

Director	Angelo Renoldi	21/04/2011	Approv. Fin. Stmts. 31/12/13	(1)			X	100%	1	X	100%	X	75%				
Director	Paolo Sciumè	21/04/2011	Approv. Fin. Stmts. 31/12/13	(1)		X		100%	2	X	86%						
Director	Maria Alessandra Zunino de Pignier	19/04/2012	Approv. Fin. Stmts. 31/12/13				X	100%	1								
DIRECTORS WHO WITHDREW FROM OFFICE DURING THE YEAR																	
Chairman	Roberto Ruozi	21/04/2011	26/04/2012	(1)			X	100%	14								
Director	Bruno Ermolli	21/04/2011	05/07/2012	(1)		X		33%	17			X	50%				
Indicate the quorum required to submit lists for the last appointment: 1.5% (CONSOB Resolution no. 17633 of 26 January 2011)																	
No. meetings held during the year in question:			BoD: 6			CRC: 7		NRC: 4			EC: -			Other Committees: -			

NOTES

* This column indicates M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

**This column indicates the percent participation of directors in the meetings of the BoD and committees, respectively (no. of presences/no. of meetings held during the actual period of office of the interested party).

***This column indicates the number of offices of director or auditor held by the relevant party in other companies listed in regulated markets, including foreign ones, in financial, banking, insurance or large-sized companies. Attach to the Report the list of said companies with reference to each director, specifying whether the company in which the office is held is or is not part of the Group that headed by the Issuer or to which the Issuer belongs.

****In this column, an "X" indicates that the BoD member is a member of the Committee.

(1) A single list of candidates was submitted for the appointment of the Board of Directors.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Office	Member	In office since	In office until	List (M/m)*	Independence from Code	** (%)	Number of other offices ***
Chairman	Ezio Simonelli	21/04/2011	Approv. Fin. Stmts 31/12/2013	(1)	X	100%	13
Permanent Auditor	Riccardo Perotta	21/04/2011	Approv. Fin. Stmts 31/12/2013	(1)	X	100%	6
Permanent Auditor	Francesco Vittadini	21/04/2011	Approv. Fin. Stmts 31/12/2013	(1)	X	100%	27
Alternate Auditor	Ferdinando Gatti	21/04/2011	Approv. Fin. Stmts 31/12/2013	(1)	-	-	10
Alternate Auditor	Antonio Marchesi	21/04/2011	Approv. Fin. Stmts 31/12/2013	(1)	-	-	- 0 -

Indicate the quorum required to submit lists for the last appointment: 1.5% (CONSOB Resolution no. 17633 of 26 January 2011)

No. meetings held during the year in question: 9

NOTES

* This column indicates M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column indicates the percent participation of the Auditors in the meetings of the Board of Statutory Auditors (no. of presences/no. of meetings held during the actual period of office of the interested party).

*** This column indicates the number of offices of director or auditor held by the relevant party pursuant to Art. 148-*bis* of the Consolidated Law on Finance. The complete list of offices is published by CONSOB on its website, pursuant to Art. 144-*quinqüesdecies* of CONSOB's Issuers' Regulation.

(1) A single list of candidates was submitted for the office of Auditor.