

Press Release

Corporate Governance Committee

- **Definition of the new Corporate Governance Code;**
- **2019 Report on the application of the Code: The Committee identifies some areas for improvement;**
- **Fifth edition of the *Italy Corporate Governance Conference*.**

Milan, 9 December 2019 - The Corporate Governance Committee, chaired by Patrizia Grieco and composed of the top representatives of listed companies and asset management companies, as well as of the promoters of the Code (ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria), has defined the contents of the new Corporate Governance Code, which will be approved in its final version by the end of January 2020 and will be applied by listed companies beginning in 2021.

The new Code is primarily intended to guide companies in the adoption of strategies oriented towards the sustainability of business activities: in this light, the primary task of the board of directors is to pursue the “sustainable success” of the company and therefore the shareholder value, taking into account the interests of other stakeholders.

Other priorities of the new Code are:

- motivate companies to strengthen their dialogue with the market through the adoption of “engagement policies” that are complementary to those of institutional investors;
- support access to capital markets for medium and small-sized companies and those with a strong ownership concentration through recommendations that are simplified and proportionate to the features of both categories.

The Committee also approved the 2019 Monitoring Report on the corporate governance of Italian listed companies and their application of the Corporate Governance Code.

The Report highlights the high transparency of governance structures and the progressive improvement in the application of the Code's recommendations: about half of the companies (up to two thirds in medium-large companies) almost entirely apply the Code; explanations provided in case of non-compliance are usually adequate.

The Report also points to the need to improve the application practices in some areas in order to respond more adequately to the evolution of investors’ expectations and, more generally, of the social context in which the companies operate, in compliance with some of the Code’s recommendations, which shall be approved by January 2020.

To this end, the Committee recommended to:

- integrate the sustainability of business activity into the definition of company strategies and remuneration policies on the basis of an analysis of the relevance of factors that may affect value generation in the long term;
- ensure proper information to the board of directors, also within possible internal board charters, and due consideration of confidentiality issues without compromising the completeness and the timeliness of the information to all board members;
- apply more rigorously the Code's independence principles by identifying the *ex-ante* quantitative and/or qualitative criteria in order to measure the director's relationship, which may hamper his/her independence;
- verify the appropriateness of the remuneration given to non-executive directors and to members of the supervisory body in light of the competence, professionalism and commitment required by their duties, referring to the remuneration practices that are common in the reference sectors and in companies of similar size, even on international level.

The fifth edition of the Italy Corporate Governance Conference commenced after the meeting. The conference was organised, on behalf of the committee, by Assogestioni and Assonime in collaboration with OECD and with the support of Borsa Italiana.

The Corporate Governance Committee, which is composed of representatives of the promoters and top representatives of listed companies and asset management companies, was updated with the inclusion of Cesare Bisoni, Chairman of UniCredit, Salvatore Rossi, Chairman of TIM, and Alessandro Profumo, CEO of Leonardo.

* * *

Corporate Governance Committee

The members of the Corporate Governance Committee are: Carlo Acutis, Paolo Astaldi, Stefania Bariatti, Cesare Bisoni, Santo Borsellino, Innocenzo Cipolletta, Tommaso Corcos (Vice Chair), Maria Bianca Farina, Gabriele Galateri di Genola, Fabio Galli, Andrea Ghidoni, Patrizia Grieco (Chair), Gian Maria Gros-Pietro, Raffaele Jerusalmi, Emma Marcegaglia, Stefano Micossi, Marcella Panucci, Alessandro Profumo, Salvatore Rossi, Giovanni Sabatini, Maurizio Sella, Andrea Sironi, Massimo Tononi.