



MEDIOBANCA
International (Luxembourg) S.A.

Corporate Governance Statement



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Executive summary

The Board and Management of Mediobanca International (Luxembourg) S.A. are committed to maintain the highest standards of corporate governance. Decision making and governance comply with the institution's Articles of Association, the law of 5 April 1993 (as amended), and other applicable legislation.

Governing bodies are the following:

- ♦ General meeting of Shareholders;
- ♦ Board of Directors;
- ♦ Risk Committee;
- ♦ Authorised managers.

General meeting of Shareholders

The general meeting is the highest decision-making body and is vested with the broadest powers to perform, authorize or ratify all acts concerning the Bank. In accordance with the Articles of Association, the annual general meeting is held in Luxembourg at the registered office of the Bank (or at any other place in the municipality of Luxembourg to be indicated in the notice of meeting) within six (6) months of the end of each financial year. Further ordinary or extraordinary general meeting can be held during the year, if necessary, in accordance with the provisions of the bylaws.

The shareholders general meeting resolves – among others – on the following matters:

- Approval of the financial statements and allocation of profit;
- Discharging members of the Board of Directors and the Managing Director from liability;
- Defining the number of Board members and their appointment;
- Remuneration of the Board of Directors;
- Transaction required by law to be approved by shareholders in general meeting.

Only holders of registered shares, as recorded in the register of shareholders, are authorized to take part and vote in general meeting; moreover, they may choose to be represented in the general meeting under a proxy issued in writing or electronically where this is permitted by the regulations in force and in accordance with them, without prejudice to grounds of incompatibility and within the limits provided by law. Proxies may also be issued free of charge, along with instructions on how to vote on all or some of the items on the agenda.

The Bank has not adopted a specific set of regulations for holding general meetings, as its Articles of Association ensure that proceedings are conducted in an orderly manner, providing for the Chairman of the meeting, who under the Articles is the Chairman of the Board of Directors, the duty of establishing that a quorum has been reached, ascertaining the identity of those in attendance, and assessing their entitlement to be so present, chairing and conducting the proceedings, and checking and announcing the results of any votes taken.

Board of Directors

The Board of Directors is collectively responsible for the long-term success of the Bank. In accordance with the Articles of Associations the Board of Directors is vested with the broadest



powers to perform all acts of administration and disposition in the Company's interest. All powers not expressly reserved by law or by the Articles of Associations to the general meeting of Shareholders are within the competence of the Board of Directors. In particular, it has full powers to decide on all transactions pertaining to the object of the Company, as well as on all contributions, transfers, subscriptions, partnership, associations, participations or financial interventions with respect to such operations.

The essential duties and responsibilities of the Board are defined primarily by the Articles of Association and the Luxembourg law(s). According to the Articles of Associations the Board of Directors will be composed of at least three members who need not to be Shareholder and who shall be elected by general meeting of Shareholders for a term of office as determined by the Shareholders but not exceeding six (6) years. Directors can be removed at any time from office by a simple resolution of a majority of Shareholders voting in general meeting. In the event of a vacancy in the office of a Director, the remaining Directors may, under the conditions foreseen by the law, temporarily fill such vacancy. In such a case the first general meeting of Shareholders following the temporary appointment shall ratify such appointment.

The Board's leadership responsibilities involve working with Management to set corporate values and to develop strategy, including the definition of the risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve it in providing constructive challenge to the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound.

Under the Articles of Associations currently in force, the Board of Directors delegates Management of the Bank's current operations to the Risk Committee and the Authorised Managers who exercise such powers in accordance with the strategic guidelines and direction formulated by the Board itself. The following matters, however, remain within the sole jurisdiction of the Board of Directors:

- approval of strategic guidelines and directions, business and financial plans, budgets, and risk management and internal control policies;
- approval of quarterly, semiannual and annual accounts;
- appointment of the Authorised Managers and establishment of powers;
- appointment of the key management personnel (e.g. Chief Compliance Officer, Chief Risk Officer, Chief Internal Auditor);
- appointment of the Risk Committee and establishment of powers;
- approval of or amendment to internal regulations.

The Board of Directors of Mediobanca International was appointed by Shareholders in a general meeting held on October 20th, 2017 for the period ending with the annual general meeting to be called to approve the annual accounts as at June 30th, 2020. It consists of seven members (five of whom qualify as independent): Peter Gerrard (Chairman), Stefano Biondi (Managing Director), Massimo Di Carlo, Stephane Bosi, Paola Schneider, Piero Pezzati, Giovanni Mancuso. The Board includes prominent figures from the banking and legal sectors, which ensures an appropriate degree of professionalism as required by the complexity of the Bank's operations, and given the Board's role in strategic supervision.



The Board has approved internal regulations in the area of self-assessment to govern the various phases into which the process is structured, identifying the means and instruments by which it is implemented. Such formalization enables a standardized process to be developed over the years meaning that results can also be compared more easily. The process of self-assessment of the size, composition and functioning of the Board of Directors and its committee required inter alia by the supervisory instructions for banks in the area of corporate governance was lately conducted in the months of February and April 2017.

The Board of Directors elects a Chairman from among its members. The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level. The Chairman also ensures that the Board and the Management have a full understanding of the views of Shareholders.

Risk committee

Board of Directors appoints a Risk Committee, which may be either composed by Directors and/or Management, establishing their powers in accordance with the provisions set forth in the Articles of Association. The Risk Committee presently is composed by four members, namely: Stefano Biondi (Managing Director & Chief Executive Officer), Edoardo Reitano (Chief Financial Officer), Antonio Santese (Chief Risk Officer) and Massimo Di Carlo (Director).

The Committee remains in force for the entire duration of the office of the Board of Directors which appointed it. The Board held on October 20th, 2017 has vested the Risk Committee with the following powers:

- assessment and approval of credit, issuer, market and operational risk (within the limits set forth by the Board);
- pass resolutions as regards the declaration of insolvency status of a counterparty, the classification of credit exposures as non performing or forbearance, and their return to the "performing" status once conditions of solvency have been restored;
- promote effective management of all risk categories and oversee the current risk exposure of the Bank and its future risk strategy;
- pass resolutions on those transactions which are significant in term of structure, number and/or typology of risks involved;
- release guidance(s) in respect of the main risk categories faced by the institution;
- approve new risk's typology and/or operations, having previously verified the favorable opinion of the Parent's New Operation Committee.

The Risk Committee shall normally meet at least once per month or whenever necessary for examination of proposed deals/transactions. For strictly advisory purposes persons external to the company may also take part in such meetings without having voting rights.

The members of the Committee with responsibility for the day-to-day management of the Company have a veto right to be exercised individually.

The Committee shall report to the Board of Directors on a regular basis or, without prejudice to the foregoing, at least semiannually regarding the transactions executed and the results of control activity carried out in the period concerned.



Authorised managers

In accordance with the requirements laid down by the law 5 April 1993 on the financial sector (as amended) the Board of Directors delegates day-to-day management to two (or more) persons who must be empowered effectively to determine the direction of the activity without prejudice to the direct exercise by the Board at any time of its powers. Authorised Managers must possess adequate professional experience having carried on similar activities at high level of responsibility and autonomy.

Authorised Managers are in charge of the management of the Company's business operations and governance in accordance with the Articles of Association, the Luxembourg law and the instructions given by the Board.

The Board of Directors appointed as Authorised Managers Mr. Stefano Biondi (Managing Director & CEO) and Mr. Edoardo Reitano (Chief Financial Officer).