

Press release

Italian Corporate Governance Committee:

- Publication of the new Corporate Governance Code

Milan, 31 January 2020 - The Italian Corporate Governance Committee, chaired by Patrizia Grieco and composed of top representatives of listed companies and asset management companies, as well as representatives of the promoting bodies (ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria), has approved and published the [new Corporate Governance Code](#).

The Code's new edition, which is the result of an in-depth dialogue with the listed companies, stems from a careful analysis of the international developments in corporate governance and from the results of the Committee's monitoring of the Code's application.

The substantial changes in the Code follow four fundamental guidelines: sustainability, engagement, proportionality, simplification. At the same time, the review was also made in order to strengthen some best practices.

Sustainability - The new Code aims to encourage the listed companies to adopt strategies that are increasingly oriented towards the sustainability of their business: the main task of the board of directors is to pursue the company's sustainable success, defined as the objective of creating long-term value for the benefit of shareholders, taking into account the interests of the stakeholders relevant to its activity.

Following an integrated approach, the board of directors is called to develop sustainability objectives throughout the company's governance: in its business plan, in the internal control and risk management system and in the remuneration policies.

Engagement - The new Code recommends that listed companies develop dialogue with the market by adopting engagement policies that are complementary to those adopted by institutional investors and asset managers.

A key *liaison* role is assigned to the chair of the board, entrusted with the task of submitting to the board's approval, in agreement with the CEO, a policy for managing the dialogue with the generality of the shareholders, ensuring an adequate disclosure to all board members on the development and significant contents of the dialogue that took place with all the shareholders.

Proportionality - To facilitate the listing of medium-small companies and those with a highly concentrated ownership, the application of the new Code is based on enhanced flexibility and

proportionality principles. Some recommendations therefore concern only large companies (companies with a capitalisation of more than 1 billion euro for three consecutive calendar years) while specific simplifications are envisaged for companies with concentrated ownership (companies in which one or more shareholders have direct or indirect ownership of the majority of the votes that can be exercised in the ordinary general meeting).

Simplification - The new Code has a more streamlined structure, based on *principles* that define the objectives of good corporate governance, and *recommendations* subject to the "comply or explain" rule, while *comments* – which in the Code's past editions contained some practical instructions on how to apply the Code and were not binding under the "comply or explain" rule – have been removed. Nevertheless, to facilitate the Code's application, the Committee intends to draw up Q&A, to be updated periodically also on request from companies.

The Committee has also developed a neutral best-practices approach to governance models in order to make the Code directly accessible for all types of corporate models (traditional, one-tier, two-tier), as well as for foreign companies listed in Italy.

Finally, the review was also made to strengthen some existing recommendations (assessment of independence, quality of information to directors, role of the board's chair), to explicitly recommend the best practices merely suggested by the Code's previous editions (succession plans for executive directors, equal treatment and opportunities among genders in the company's organisation) and to align domestic corporate governance with some international best practices (the possibility of qualifying the board's chair as independent, the recognition of the role of the board secretary, the consideration of foreign experiences in defining the remuneration policies).

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The composition of the Italian Corporate Governance Committee has been updated with the appointment of Prof. Bettina Campedelli, director at Cattolica Assicurazioni.

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The Corporate Governance Committee

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