



COHESION

2019

REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE PURSUANT
TO ARTICLE 123-BIS OF THE CONSOLIDATED
LAW ON FINANCE (TUF)

(ON-TIER ADMINISTRATION AND CONTROL MODEL)

Report
on **Corporate Governance**
and **Ownership Structure**
pursuant to Article 123-bis of the
Consolidated Law on Finance (TUF)

(one-tier administration and control model)

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GLOSSARY

Supervisory Director: the Director responsible for the internal control and risk management system pursuant to provision 7.C.4 of the Corporate Governance Code for listed companies.

CAP: Legislative Decree No. 209 of 9 September 2005, as amended, or the Italian Private Insurance Code (*Codice delle Assicurazioni Private*).

Cattolica Assicurazioni, Issuer, Company: Società Cattolica di Assicurazione – Società Cooperativa, issuer of transferable securities and parent company of the Cattolica Insurance Group.

Code/Corporate Governance Code: the Corporate Governance Code for listed companies as most recently amended in July 2018 by the Corporate Governance Committee and promulgated by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

Supervisory Committee: a body with the function of control of Cattolica Assicurazioni appointed by the General Meeting of 13 April 2019.

Board of Directors: the administrative body of Cattolica Assicurazioni appointed by the General Meeting of 13 April 2019.

Financial Year: the financial year ended 31 December 2019.

Key Functions (formerly the control functions): together, the Internal Audit, Risk Management, Compliance and Actuarial functions.

Cattolica Group: Cattolica Assicurazioni and its subsidiaries.

CONSOB Regulation for Issuers: the Regulation issued by CONSOB with Resolution No. 11971 of 1999 (as amended) relating to issuers.

IVASS Regulation No. 38: IVASS Regulation No. 38 of 3 July 2018 on corporate governance systems.

Report: the Report on Corporate Governance and Ownership Structure for 2019, prepared by the Company pursuant to Article 123-bis of the Consolidated Law on Finance and Article 89-bis of the Regulation for Issuers.

Website: the Company's website at www.cattolica.it

Articles of Association: the Articles of Association of Cattolica Assicurazioni approved by the Extraordinary Shareholders' Meeting of 28 April 2018 and amended by the Board of Directors on 24 May 2018 - in effect as of 13 April 2019.

Consolidated Law on Finance or TUF: Legislative Decree No. 58 of 24 February 1998, as amended.

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PRELIMINARY REMARKS ON METHODOLOGY

The Report describes the corporate governance system and ownership structure of Cattolica Assicurazioni in the 2019 financial year, also highlighting the most significant events occurring from 1 January 2020 until the Report approval date.

The information and considerations contained herein, which are consistent with the statutory and regulatory framework applicable in 2019, take account of the amendments to the Articles of Association approved at the General Meeting of 28 April 2018, which entered into force on the date of the General Meeting of 13 April 2019, and which entailed, *inter alia*, the adoption of a “one-tier” governance model, rather than the “traditional” model. As of that date, therefore, the control body was abrogated, with its functions partly absorbed by the Supervisory Committee, a body within the Board of Directors, and the Executive Committee was abolished.

The Report also provides information on the traditional system of governance in force until the date of the aforementioned General Meeting of 13 April 2019. For more detailed information, see the Report on Corporate Governance and Ownership Structure for 2018.

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1.0 OVERVIEW OF THE ISSUER

The Cattolica Assicurazioni company, founded in 1896, is the parent company (1) of a complex insurance group which owns, in addition to the Company itself, equity investments, insurance companies (in both the Non-Life and Life classes) and reinsurance companies, real estate companies and operating services companies. The Company has the legal form of a cooperative that is not predominantly mutualist, pursuant to Article 2512 of the Civil Code.

Cattolica Assicurazioni is listed on the electronic stock market (*Mercato Telematico Azionario* or MTA).

The administration and control model in effect as of 13 April 2019 is “one-tier”, with a Board of Directors and an internal Supervisory Committee, both appointed by the General Meeting.

The General Meeting is governed by law and the current Articles of Association. The General Meeting, *inter alia*, appoints members of the Board of Directors and the Supervisory Committee on the basis of lists. The lists are divided into two sections: the first section lists candidates for the position of Director who are not candidates for the position of member of the Supervisory Committee; the second section lists candidates for the position of Director who are also candidates for the position of member of the Supervisory Committee. For more information on the Board of Directors, see Chapter 4.0.

The statutory audit is assigned to an auditing company appointed by the General Meeting.

As a cooperative company, Cattolica Assicurazioni maintains, as a characteristic feature, a distinction between Members and Shareholders. Shareholders are entitled only to pecuniary rights such as the collection of dividends and the option of participating in capital increases. Members, in addition to pecuniary rights, also have non-pecuniary active participation rights, exercised through the casting of votes at the General Meeting and the submission of lists of candidates for the appointment of the Board of Directors, the Supervisory Committee and the Ethics and Disciplinary Committee. Shareholders that meet the requirements set forth in the Articles of Association who so request may be admitted to the status of Member.

The main provisions to which the Company is subject, in addition to those applicable to listed companies and those relating to the conduct of insurance business, include those related to its cooperative nature. Law No. 207 of 17 February 1992 on the regulation of shares should also be noted.

The shareholding structure, mostly made up of natural persons, included over 18,000 Members at the Report approval date.

Due to the Company's cooperative form, the “one Member one vote” principle applies.

In 2019, the Company published its “2018 Sustainability Report”. Since 2018, in line with regulatory developments, the “Sustainability Report” has been prepared in accordance with Legislative Decree No. 254 of 30 December 2016 and contains specific disclosure on “non-financial information”. The 2016, 2017 and 2018 Sustainability Reports and the financial statements published over time are available on the corporate website [“www.cattolica.it/home-corporate”](http://www.cattolica.it/home-corporate), in the “Sustainability” section.

(1) The Cattolica Assicurazioni Insurance Group is registered under No. 19 in the Register of Insurance Groups held by IVASS in accordance with the law.

2.0 INFORMATION ON OWNERSHIPSTRUCTURE (pursuant to Article 123-bis, paragraph 1, of the Consolidated Law on Finance (TUF)) as at 18 March 2020

a) **Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), of the Consolidated Law on Finance (TUF))**

As at the Report approval date, the share capital stands at €522,881,778, made up of 174,296,926 ordinary shares with no par value.

There are no other categories of shares.

No financial instruments are issued that grant the right to subscribe for new shares.

Share-based incentive plans exist for the benefit of certain categories of employees.

b) **Restrictions on transfers of securities (pursuant to Article 123-bis, paragraph 1, letter b), of the Consolidated Law on Finance (TUF))**

The securities are freely transferable.

The registration of shares in the owner's name confers to the latter all of the pecuniary rights, but not the status of Member, as reported under f) below.

c) **Significant investments in the share capital (pursuant to Article 123-bis, paragraph 1, letter c), of the Consolidated Law on Finance (TUF))**

According to the Shareholder Register, as supplemented by the communications received pursuant to Article 120 of the Consolidated Law on Finance (TUF) and other information available, at the Report approval date, the following hold significant investments (more than 3%) in the Company's share capital: General Reinsurance AG, wholly owned by Berkshire Hathaway Inc. (9.047%) ⁽²⁾; and Fondazione Banca del Monte di Lombardia (3.162%). Dimensional Fund Advisors also has a significant equity investment of 4.996%. On the same date, the percentage of treasury shares held by Cattolica Assicurazioni in its share capital was 4.04%.

d) **Securities that confer special rights (pursuant to Article 123-bis, paragraph 1, letter d), of the Consolidated Law on Finance (TUF))**

As stated above, the cooperative form of the Company rules out the possibility of constituting dominant positions and/or of substantial significant influence on management, as no securities or situations are foreseen that confer significant special rights of control or equity investment.

e) **Employee share ownership: mechanism for the exercise of voting rights (pursuant to Article 123-bis, paragraph 1, letter e), of the Consolidated Law on Finance (TUF))**

Currently, no systems exist for share ownership by employees with assumption of the status of

⁽²⁾ By resolution of 10 January 2019, the shareholder obtained the status of Member.

Member.

f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f), of the Consolidated Law on Finance (TUF)

The exercise of shareholder rights other than pecuniary rights (including voting rights) is subject to the admission of the holder of the shares to the status of Member by the Board of Directors under the terms and conditions established in the Articles of Association. In this regard, see paragraph 2 of Article 10 of the current Articles of Association, according to which “Applications from any person who does not profess to be of the Catholic faith and does not express support for Catholic works cannot be accepted”.

The current Articles of Association provide that natural persons of the age of majority – excluding natural persons debarred, incapacitated or bankrupt during the period of insolvency proceedings or who have been convicted and consequently debarred, including temporarily, from public office, employees and agents of the Company or its subsidiaries and their spouses, as well as first-degree relatives by blood or marriage of employees and agents – and legal persons may be admitted as Members according to the terms and conditions set forth herein.

The following cannot in any event be admitted as Members:

- employees and agents of the Company or its subsidiaries;
- natural persons who are debarred, incapacitated, bankrupt during the term of insolvency proceedings or who have been convicted and consequently debarred, including temporarily, from public office;
- natural or legal persons or other entities conducting business that is directly or indirectly in competition with the Company's business.

A Member who is a natural person may not own shares in quantities exceeding the limit set by the applicable legislation (0.5%), without prejudice to the possibility of owning a percentage of capital higher than that limit if the equity investment is for the purposes of exercising administrative rights nevertheless restricted to that limit, always subject to the principle of one Member one vote.

A Member that is a legal person, collective entity or UCI may be listed in the Shareholder Register as the holder of shares with a percentage of capital up to and not exceeding 5%, without prejudice to the possibility of owning a percentage of capital higher than that limit if the equity investment is for the purposes of exercising administrative rights nevertheless restricted to 5%, always subject to the principle of one Member one vote.

The status of Member is subject to the possession and maintenance of ownership of at least 300 shares, the loss of which results in the forfeiture of this status.

In implementation of a specific provision in the Articles of Association, the Board has approved a Regulation for admission to the status of Member, which can be found on the website.

With regard to legal persons and entities in general other than natural persons, the Board of Directors has reiterated, in the aforementioned Regulation, the previously applicable assessment criteria to verify the eligibility conditions for any applications for admission to the status of Member, which must therefore take account of:

- a) the institutional purposes of applicants for registration, as indicated in their respective deeds of incorporation and articles of association or equivalent documents;

- b) any factual information brought to the attention of the Board that unequivocally shows that the institution has adopted behaviours contrary to the Catholic religion (for example, the production and/or dissemination of anti-Catholic publications).

Pursuant to Law No. 207 of 17 February 1992, the refusal of admission to the status of Member, which the Board of Directors may resolve upon pursuant to Article 11 of the Articles of Association, only has the effect of not allowing the exercise of rights other than pecuniary rights. Therefore, registered ownership only assigns pecuniary rights, but not designation as a Member.

If certain conditions set out in the Articles of Association are met, the Board of Directors may also resolve on exclusion from Member status (Article 15 of the Articles of Association).

Loss of Member status does not entail the loss of ownership of the pecuniary rights associated with the shares held, including option rights and pre-emption rights.

g) Shareholders' agreements (pursuant to Article 123-bis, paragraph 1, letter g), of the Consolidated Law on Finance (TUF))

During 2019 and until the Report approval date, the Company was not notified of any relevant agreements pursuant to Article 122 of the Consolidated Law on Finance (TUF).

h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), of the Consolidated Law on Finance (TUF)) and provisions in the Articles of Association on public purchase offers (pursuant to Article 104, paragraph 1-ter and Article 104-bis, paragraph 1)

More generally, with regard to the scope of application of change of control clauses, see the considerations in paragraph d) above regarding Cattolica's cooperative nature.

The Articles of Association do not provide for any exemptions to the provisions of Article 104 of the Consolidated Law on Finance (TUF).

As Cattolica is a cooperative company, the provisions of Article 104-bis of the Consolidated Law on Finance (TUF) do not apply.

However, a shareholders' agreement has been in force with Banco BPM S.p.A. since 29 March 2018, concerning the management of the companies Vera Assicurazioni, Vera Vita and their subsidiaries, which, together with the distribution agreements relating to these companies, may be terminated under the contractual arrangements between the parties if certain types of persons take control of the Company.

Broadly comparable exit mechanisms were also provided under the shareholders' and commercial agreements formalised on 25 March 2019 with Inter Mutuelles Assistance S.A. relating to IMA Italia Assistance S.p.A. and IMA Servizi S.r.l., when Cattolica entered the share capital of the latter two companies, acquiring stakes of 35% and 10% respectively. At 31 December 2019, Cattolica Assicurazione's equity investment in the share capital of IMA Servizi S.r.l. was reduced to 9% following the sale of a 1% stake to the cooperative company of the Cattolica Services Group.

i) Authorisations to increase the share capital and to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), of the Consolidated Law on Finance (TUF))

At present, no authorisation has been granted to increase the share capital.

*

The General Meeting of 13 April 2019, pursuant to Article 23 of the Articles of Association and Articles 2357 and 2357-ter of the Italian Civil Code, resolved to renew, for an additional 18 months from the meeting resolution, the authorisation for the Board of Directors to purchase and sell treasury shares already granted through previous meeting resolutions since 2012.

With regard to the underlying reasons, in its report for the General Meeting of 13 April 2019, the Board of Directors noted that the purpose of the purchase, trading and sale of treasury shares, in the interest of the Company and in compliance with the legislation, including regulations and provisions in the Articles of Association in force and applicable at the time, and with permitted market practices, is to pursue the following objectives:

- (i) to arrange in advance a package of shares available for various types of transactions, including:
 - extraordinary transactions to establish partnerships or collaborations with other industrial or financial operators, always within the scope of the Company's ordinary business;
 - compensation plans based on financial instruments;
 - the allotment of shares to shareholders in the form of a dividend;
- (ii) from an investment standpoint, to take advantage of market opportunities and provide liquidity for the stock when needed;
- (iii) to facilitate, where necessary, in extraordinary circumstances when stock liquidity is low, the prompt restructuring of the company's ownership without the risk of destabilising it and of sudden market movements that might make it hard to achieve a balance between demand and supply of the stock.

The request for authorisation to purchase treasury shares is not geared towards reducing the Company's share capital by cancelling the treasury shares purchased.

The following are the key terms of the transactions on treasury shares approved by the General Meeting on 13 April 2019:

- a) the purchase may be made within the limit of the available reserves up to the maximum number of shares allowed by current legislative provisions, and thus up to 20% of the Company's share capital *pro tempore*, taking into account the treasury shares held by the Company and its subsidiaries;
- b) purchases can take place at any time within 18 months of the date of the meeting resolution;
- c) the share purchase price may not be more than 20% less or more than 20% more than the official price of the Cattolica Assicurazioni shares registered by Borsa Italiana S.p.A. in the trading session preceding each individual transaction;
- d) purchases and sales – the latter where made on the market – may not exceed 25% of the average daily volume of shares traded at Borsa Italiana S.p.A., calculating the average volume based on the average daily trading volume in the 20 trading days preceding the date of each individual purchase;
- e) purchases must be made in compliance with the applicable legislative provisions, and particularly the methods set forth in Article 144-bis, paragraph 1, letter b) of the Regulation for Issuers;

- f) the accounting treatment of purchase transactions will comply with the current provisions of law, regulations and Articles of Association and with the applicable accounting standards. In the event of disposal, the corresponding amount may be reused for further purchases until the meeting authorisation expires, subject to quantitative and expenditure limits and the conditions set by the General Meeting.

The trading and sale of treasury shares:

- a) shares that are purchased in implementation of the resolution of the General Meeting or are already available to the Company may be subject to deeds of sale and purchase, and therefore may be transferred even before the quantity of purchases covered by this request for authorisation is exhausted, on one or more occasions, without time limits, in the ways considered most appropriate in the light of the reasons given in the Report of the Board of Directors and in the interest of the Company;
- b) the disposal of treasury shares may take place on one or more occasions, even before the maximum quantity of treasury shares that can be purchased has been exhausted. Disposal may take place in the manner and at the time deemed most appropriate in the interest of the Company, by adopting any method deemed appropriate in relation to the objectives to be pursued, notwithstanding compliance with applicable legislation.

In the light of the aforementioned resolutions, transactions continued in 2019 as part of the new authorisation granted by the General Meeting and, as at 31 December 2019, the Company held 7,036,907 treasury shares, equal to 4.04% of the share capital.

It should be noted that specific proposals on the matter will be submitted to the General Meeting convened, *inter alia*, to approve the 2019 financial statements. For a detailed examination of these, see the content of the specific report, which will be made available within the legal deadlines.

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Lastly, it should be noted that, in line with current provisions, purchases of treasury shares are recognised directly with a “minus sign” in shareholders’ equity in a special reserve called the “negative reserve for treasury shares held”, whereas the value of the treasury shares held and the value of the “reserve for treasury shares held” are no longer recognised.

I) Management and coordination (pursuant to Articles 2497 *et seq.* of the Civil Code)

The Issuer is not subject to management and coordination pursuant to Articles 2497 *et seq.* of the Civil Code.

*

See Chapter 9.0 for the information required by Article 123-*bis*, paragraph 1, letter i) of the Consolidated Law on Finance (TUF) regarding any agreements between the Company and directors that provide for compensation in the event of resignation or dismissal without just cause or if their employment contract ends as a result of a public purchase offer.

It should also be noted that the information required by Article 123-*bis*, paragraph 1, letter l) of the Consolidated Law on Finance (TUF) concerning the rules applicable to the appointment and substitution of directors and the amendment of the Articles of Association, other than the supplementary legislative and regulatory provisions, is set out in the respective sections of the Report dedicated to the Board of Directors and the General Meeting.

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3.0 COMPLIANCE (pursuant to Article 123-bis, paragraph 2, letter a), of the Consolidated Law on Finance (TUF))

Since March 2006, the Company has upheld the principles of the Corporate Governance Code and has implemented the various editions (the most recent of which was published in July 2018 ⁽³⁾) over time, with appropriate adaptations mainly related to its specific institutional and operational features.

The Company has complied with the Code under the terms set out in the Report, which records any situations of non-compliance or non-application of the recommendations set out in the principles and criteria for applying the Code.

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Neither Cattolica nor its strategic subsidiaries are subject to non-Italian laws that affect the corporate structure of the Issuer, obviously without prejudice to directly applicable Community regulations. For the sake of completeness, it should be noted that the Group includes the company Cattolica Life DAC and the company Vera Financial DAC, both based in Dublin and governed by Irish law, and the reinsurance company CattRe, governed by Luxembourg law.

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³ The current edition of the Code, published in July 2018, is available on the website: www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm.

4.0 BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1, letter l), of the Consolidated Law on Finance (TUF))

The rules governing the appointment of the Board of Directors following the amendments to the Articles of Association in force since the General Meeting of 13 April 2019 are reported below.

Appointment of Directors

In accordance with the Articles of Association, Directors are elected, on the expiry of the Board of Directors or in the event of the replacement of one or more Directors departing for other reasons, on the basis of lists, which may be submitted by the Board of Directors or by Members according to the methods laid down by law and the Articles of Association (Article 32), as follows:

- (a) the Board of Directors and each Member may only submit one list and each candidate may appear on only one list.
- (b) If the Board of Directors presents a list, the list must be composed of 17 candidates in compliance with the provisions governing the composition of the Board of Directors pursuant to applicable legislation and the Articles of Association. The list of the Board of Directors is filed at the Company's registered office and made available to the public under the terms and conditions of applicable legislation and the Articles of Association.
- (c) If the Members present a list, the list must be composed of at least three candidates in compliance with the provisions governing the composition of the Board of Directors pursuant to the legislation and the Articles of Association. Member lists may be presented by at least 1/80 of the Members entitled to vote, regardless of the percentage of share capital held overall, or by as many Members entitled to vote that, alone or together with other Members entitled to vote, own shares representing overall at least 1/40 of the share capital, without prejudice to the obligations set forth in Article 32.4 of the Articles of Association.
- (d) In accordance with the provisions governing the composition of the Board of Directors pursuant to applicable legislation and the Articles of Association, the lists are divided into two sections, in each of which the candidates are ranked sequentially. The first section of the lists indicates candidates for the position of Director who are not candidates for the position of member of the Supervisory Committee. The second section of the lists indicates candidates for the position of Director who are also candidates for the position of member of the Supervisory Committee. Candidates from the second section of the lists must meet the requirements indicated in these Articles of Association.
- (e) Within the deadline for filing the lists at the Company's registered office, each list must be accompanied by declarations in which individual candidates accept their candidacy and confirm, under their own responsibility, that there are no grounds for ineligibility or conflicts of interest, and that they meet the requirements established by applicable legislation (including self-governance requirements) and the Articles of Association for the office of Director and member of the Supervisory Committee.
- (f) If, by the deadline for filing the lists at the Company's registered office, only one list has been submitted, regardless of its composition, the deadline for submitting lists is extended to the third calendar day following said deadline, and the thresholds in paragraph 32.4 of the Articles of Association are halved.

Furthermore, in accordance with the Articles of Association (Article 33), lists which are considered for the purposes of appointing the Board of Directors must obtain at least 250 validly cast votes at the General Meeting, except in the case referred to in Article 33.7 of the Articles of Association regarding the "Capital List".

If only one list is presented, all the Directors are taken from that list sequential order. The candidate ranked first in the second section of the single list assumes the office of Chairman of the Supervisory Committee.

If several lists have been presented:

- sixteen Directors are taken from the list obtaining the highest number of votes ("Majority List"), in the sequential order in which the candidates are listed in the respective sections. Specifically, two Directors are taken from the second section of the Majority List, who will be members of the Supervisory Committee; the other Directors are taken from the first section of the Majority List, again in the sequential order in which the candidates are listed;
- one Director is taken from the list obtaining the second highest number of votes which is not linked, under current legislation, to the Majority List ("Minority List"). Specifically, this is the candidate listed first in the second section of the Minority List ("Minority Director"). If this candidate does not ensure compliance with applicable legislation and the Articles of Association regarding the composition of the Board of Directors, the next candidate in the second section of the Minority List who ensures compliance with this legislation is selected. In the absence of suitable candidates in the second section of the Minority List, the first suitable candidate in the first section of the Minority List is elected as the Minority Director; the Minority Director assumes the position of Chairman of the Supervisory Committee;
- if none of the candidates on the Minority List meets the requirements of applicable legislation and the Articles of Association, the Minority Director is taken from any additional lists in the order of the votes each has received;
- if there are no additional lists or the lists do not contain candidates who meet the requirements of applicable legislation and these Articles of Association, the seventeenth Director is taken from the Majority List.

If the Majority List does not contain enough candidates to complete the Board of Directors, all of the candidates are taken from the Majority List in the sequential order indicated therein in both sections. The Minority Director is taken from the Minority List, as are all the remaining missing Directors to complete the Board of Directors in compliance with the provisions on the composition of the Board of Directors pursuant to the applicable legislation and the Articles of Association. In this case, if most of the Directors are taken from the Minority List, the candidate listed first in the second section of the list from which the lower number of Directors was taken assumes the office of Chairman of the Supervisory Committee.

If there are insufficient candidates on the Minority List, the remaining Directors are taken from any additional lists in the order of the votes they have obtained.

If two or more lists obtain the same number of votes, these lists are put to the vote again until they obtain a different number of votes.

Pursuant to the Articles of Association (Article 33.7), if an additional list, provided that it is not the Majority List, has reached a threshold of votes representing at least 10% of the share capital, even if the number of Shareholders that voted for it is less than the number indicated in the Articles of Association, and ranks first in terms of its capital threshold among the lists other than the Majority List, it will be defined as the "Capital List".

In this case:

- a) one Director is taken from the first section of the Capital List or, if the Capital List has reached a threshold of votes representing at least 15% of the share capital, two Directors, in the sequential order in which the candidates are listed; in the absence of suitable candidates in the first section of the Capital List, in accordance with applicable legislation and the Articles of Association with regard to the composition of the Board of Directors and the requirements for Directors, the above Directors are taken from the second section of the Capital List, again in the sequential order in which the candidates are listed;
- b) the Directors taken from the Capital List as reported in letter a) above are elected, as Directors that are not members of the Supervisory Committee, in place of a corresponding number of candidates from the first section of the list from which 12 or more Directors are taken, in descending order of the candidates in the first section of the latter list, in accordance with the provisions of applicable legislation and these Articles of Association concerning the composition of the Board of Directors;
- c) if, in accordance with the provisions of the Articles of Association, the Capital List is the same as the Minority List, the Directors to be appointed pursuant to letter a) are added to the Minority Director, again taken from the Capital List, which is also the Minority List;
- d) without prejudice to the provisions of letter c) above, no more than two Directors are taken from the Capital List.

If two or more lists obtain the votes of the same percentages of capital represented, the Capital List will be the list that has obtained the highest number of votes per head or, in the case of a tie, the list submitted first.

According to the Articles of Association (Article 30), members of the Board of Directors each hold at least 3,000 shares of the Company and meet the fitness and propriety requirements for the position established by applicable legislation. More specifically, the Directors must meet the requirements of integrity, professionalism and independence referred to in the combined provisions of the Decree of the Ministry of Economic Development No. 220 of 11 November 2011 and the Company policy for identifying and assessing whether the directors are fit and proper persons in terms of integrity, professionalism and independence, pursuant to IVASS Regulation No. 38, with no impediments. Finally, with specific reference to the independence requirements, it should be noted that, according to the Articles of Association, at least ten directors must meet the independence requirements set out for Statutory Auditors in Article 148, paragraph 3, without prejudice to the additional requirements laid down in the Corporate Governance Code or supervisory provisions. Furthermore, at least three Directors and one member of the Supervisory Committee must be listed on the Register of Statutory Auditors.

The Company, as an insurer, is subject to the rules set out in Article 36 of Legislative Decree No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011, which introduced legislation on cross-shareholdings in the corporate bodies of companies operating in the credit, insurance and financial markets. This also substantially reduces the risks of cross-directorships highlighted by the Corporate Governance Code.

For the purposes of Article 148, paragraph 1-bis of the Consolidated Law on Finance (TUF), the Articles of Association provide that:

- a) the lists must indicate the candidates required to ensure that the gender balance is respected, at least to the minimum required under by the legislation applicable at the time;
- b) in the case of co-option as provided for in Article 2386 of the Italian Civil Code or of replacement, appointments must be made in accordance with the gender allocation criterion referred to in the legislation applicable to the situation existing at that time.

Candidate applications must be accompanied by a comprehensive report on the personal characteristics of the candidates, including whether they meet the independence requirements established by law and the Corporate Governance Code ⁽⁴⁾.

Replacement of Directors (pursuant to Article 34 of the Articles of Association)

If, during the year, one or more Directors other than members of the Supervisory Committee are not present for any reason (including Directors co-opted pursuant to Article 2386 of the Italian Civil Code), they are replaced by resolution of the General Meeting with a relative majority on the basis of candidate applications put forward by the Board of Directors or by Members using the methods indicated above.

Directors appointed by the General Meeting to replace those missing will remain in office until the original expiry of the Directors that have been replaced.

If Directors that are members of the Supervisory Committee leave office, the first of the eligible candidates not elected from the second section of the list from which the Director to be replaced was taken will replace them, failing which the first of the eligible candidates not elected from the first section of the list from which the Director to be replaced was taken will replace them. In the absence of eligible candidates from the list from which the Director to be replaced was taken, the member of the Supervisory Committee is replaced by a General Meeting to be called without delay.

In the event of the Chairman leaving office early, the chairmanship is taken over by the member of the Supervisory Committee who replaced him.

Succession plans

At present, the Board of Directors does not deem it necessary to have a succession plan for the Chief Executive Officer, the only director classed as executive. This is in view of the fact that the presence of the General Manager(s) ensures the necessary management continuity, potentially also through a partial reallocation of duties and powers if necessary. Furthermore, the Board of Directors has approved emergency plans in the event of the unplanned absence of company representatives – including the Chief Executive Officer – to ensure that the Company continues to function as necessary.

As specified in greater detail in paragraph 4.4 below, at its meeting of 31 October 2019, the Board of Directors revoked the powers granted to the Chief Executive Officer Alberto Minali on 13 April 2019, granting them to General Manager Carlo Ferraresi.

4.2 COMPOSITION (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), of the Consolidated Law on Finance (TUF)

The current administrative body was appointed by the General Meeting of 13 April 2019 for the three-year period 2019-2020-2021 and is composed of 17 members, three of whom are

⁽⁴⁾ Effectively meeting the independence requirements provided for in the Corporate Governance Code is not formally required by the Articles of Association. In this regard, it should also be noted that the Company, by resolution of the Board of Directors of 8 May 2013, decided not to apply application criterion 3.C.1. letter e) of the Code: accordingly, persons who have held the position of Director for more than nine of the last 12 years - and who are evidently not in other relevant situations in this regard - are considered "independent". This is in view of the recognised need to give priority to a substantive assessment, given the advisability of using professional skills that over time have proven adequate to operate within the Group's overall regulatory and structural framework.

also members of the Supervisory Committee, who meet the fitness and propriety requirements laid down in the relevant "Company policy for identifying and assessing whether the directors are fit and proper persons in terms of integrity, professionalism and independence" and the requirements of the Articles of Association, also in view of the guidelines on the qualitative and quantitative composition of the Board.

At the time of the appointment of the members of the Board of Directors and the members of the Supervisory Committee, only one list was submitted, from which the Directors Paolo Bedoni (Chairman), Alberto Minali, Barbara Blasevich, Piergiuseppe Caldana, Bettina Campedelli, Luigi Castelletti, Chiara De' Stefani, Rossella Giacometti, Alessandro Lai, Aldo Poli, Pierantonio Riello, Anna Strazzera and Eugenio Vanda were elected. Furthermore, from the second section of this list, Giovanni Glisenti (Chairman of the Supervisory Committee), Cesare Brena and Federica Bonato were elected as Directors and members of the Supervisory Committee.

Following the General Meeting that appointed the members of the Board of Directors, the Company verified, pursuant to the law and the "Company policy for identifying and assessing whether the directors are fit and proper persons in terms of integrity, professionalism and independence" approved on 10 March 2019, that the newly appointed Directors met the legal requirements and that no impediments or situations of incompatibility existed.

Tables 2A and 2B attached show the composition of the Board of Directors until the date of the General Meeting of 13 April 2019 and since the date of the end of the 2019 financial year, indicating, for each member of the Board, the year of birth and the date of first appointment to the Company's Board.

Below is a summary of the personal and professional characteristics of each Director currently in office.

*

Paolo Bedoni (born 19 December 1955)

Paolo Bedoni has been Chairman of Cattolica Assicurazioni since 2006 and a member of the Board of Directors since 1999.

He has been Chairman of the Cattolica Assicurazioni Foundation since 2011 and of Tua Assicurazioni, a Cattolica Group company, since 2018.

He is also a member of the Executive Board of ANIA and Vice Chairman of UECCOOP. He is a member of the Chamber of Commerce of Verona and of the Board of Trustees of Fondazione Arena.

He was Chairman of Coldiretti di Verona from 1991 to 2007, Chairman of the Federazione Regionale Coldiretti del Veneto from 1994 to 1998 and then National Chairman from 1997 to 2006.

From 1999 to 2007 he was also a Member of the EESC (European Economic and Social Committee).

He was then a member of CNEL (National Council of Economics and Labour) and Vice-Chairman of COPA (Committee of Agricultural Professional Organisations).

He was an official member of the Italian government delegation on foreign missions in negotiations with the WTO (World Trade Organization).

He is a Knight of the French Order of Agricultural Merit for his services to agriculture and its development in Europe, a Commander of the Order of St Gregory the Great of the Vatican State and a Commander of the Order of Merit of the Italian Republic.

Aldo Poli (born 24 March 1942)

Aldo Poli is an automotive manufacturing concessionaire.

He is Chairman of the Banca del Monte di Lombardia Foundation and the Trade Association of the province of Pavia, a Director of National Confcommercio and a Director of the Teatro alla Scala di Milano Foundation.

Within the Cattolica Assicurazioni Group, he is Senior Vice Chairman of the Parent Company, Cattolica Assicurazioni.

He previously served as CEO of I.CO.GEI.CO. and as a Director of Tua Assicurazioni S.p.A., Duomo Uni One Assicurazioni S.p.A., the Cattolica Assicurazioni Foundation and E.N.A.S.C.O.

Alessandro Lai (born 10 January 1960)

Alessandro Lai is a Full Professor of Business Administration in the Department of Business Administration at the University of Verona, and the author of numerous writings and publications.

Amongst other positions, he has held the role of Full Professor at the Italian Academy of Business Administration, Ordinary Member of the Italian Society of Teachers of Accounting and Business Administration and Member of the European Accounting Association. He is also on the editorial boards of several international accounting journals.

He is listed in the Register of Statutory Auditors and the Register of Chartered Accountants and Accounting Experts.

Within the Cattolica Assicurazioni Group, he is the Secretary of the Parent Company, Cattolica Assicurazioni, and a Director of Tua Assicurazioni S.p.A.

He is also a Director of the Cattolica Assicurazioni Foundation.

He is currently Chairman of the Board of Statutory Auditors of IMMSI S.p.A., Masi Agricola S.p.A. and Consulfiduciaria S.p.A.; Standing Auditor of Calzedonia Holding S.p.A., Calzedonia S.p.A., OmniaInvest S.p.A. and Magazzini Generali Fiduciari di Mantova S.p.A., and a Director of Fondazione Banca Agricola Mantovana and Chairman of Fondazione OIBR.

He has previously held, *inter alia*, the position of Chairman of the Board of Statutory Auditors of Società Cattolica di Assicurazione Soc. Coop., Lombarda Vita S.p.A., Cattolica Services S.C.p.A., Risparmio & Previdenza S.p.A., Duomo Uni One Assicurazioni S.p.A., CIRA S.p.A. (formerly Cattolica Aziende S.p.A.), ABC Assicura and Maeci Vita S.p.A.; Standing Auditor of Piaggio & C. S.p.A., San Miniato Previdenza S.p.A. and Duomo Previdenza S.p.A.; and Director of UniCredit Credit Management Bank.

Barbara Blasevich (born 21 September 1966)

Barbara Blasevich is a business consultant and statutory auditor.

Barbara Blasevich is Chairwoman and Chief Executive Officer of Euroconsulting S.r.l., a consultancy specialising in EU agricultural legislation, and a member of the boards of statutory auditors of industrial companies.

Within the Cattolica Assicurazioni Group she is Vice Chairman of the Parent Company, Cattolica Assicurazioni, and a Director of Fondazione Cattolica and Cattolica Services.

She is also a Director of Veronafiore.

She has previously held the position of Director of Fata Assicurazioni Danni S.p.A. and Tua Assicurazioni S.p.A. and was Administrative and Financial Director of the "Virgilio" dairy consortium.

Piergiuseppe Caldana (born 20 July 1963)

Piergiuseppe Caldana graduated in Law from the University of Milan in 1989.

In the 1990/91 academic year he attended the Postgraduate Course in Business Law at Università Cattolica del Sacro Cuore di Milano pursuant to Presidential Decree 162/1982.

He has been a member of the Bar Association of Brescia and a legal representative in the Court of Cassation since 1994.

Owner of the Caldana Associati law firm, Piergiuseppe Caldana monitors and handles disputes – in a top position as a senior partner – both in and out of court, as well as arbitration and mediation procedures in banking and insurance, civil, commercial and labour law.

Within the Cattolica Assicurazioni Group he is a Director of the Parent Company, Cattolica Assicurazioni, and of ABC Assicura, where he liaises with the Control and Risks Committee.

He has also been a director of Fondazione Comunità Bresciana Onlus since 2015, a director of Fondazione Brescia Solidale Onlus since 2017, and a member of Fondazione Congregazione della Carità Apostolica di Brescia since 2018.

He has been a member of the Conciliation and Arbitration Body attached to the Chamber of Commerce of Brescia since 1999. Since 2005, he has been Chairman of Unioncasa for the Province of Brescia and a member of the national board of the same association. His previous positions include director of Unione Commerciale Lombarda – U.C.L. S.p.A., board member of Unioncasa Concilia S.r.l. and board member of the Fondazione Casa di Industria Onlus di Brescia.

Bettina Campedelli (born 28 March 1962)

Bettina Campedelli is a Full Professor of Business Administration at the University of Verona and an expert on corporate governance and control. As the author of more than 120 publications, ranging from monographs to articles in scientific periodicals and works of popular science on the subjects of accountability, auditing and enterprise control and compliance systems, planning and management control, performance measurement and reporting, international comparative accounting and business history, she combines scientific research with extensive professional experience gained on the boards of directors and boards of statutory auditors of industrial, insurance, banking and financial sector enterprises.

She focuses on issues relating to auditing and performance management, an area in which she has considerable professional experience both at industrial, banking and insurance companies and in the public sector, and in healthcare and universities in particular. She is a chartered accountant and statutory auditor.

Within the Cattolica Assicurazioni Group she is a Director of the Parent Company, Cattolica Assicurazioni, and of Vera Vita S.p.A.

She also sits on the boards of directors of Aeffe S.p.A, SIT S.p.A, ICM S.p.A and FVS SGR S.p.A and on the boards of statutory auditors of Calpeda S.p.A and SGL Multiservizi S.r.l.

She is a member of the Borsa Italiana Corporate Governance Committee.

Luigi Castelletti (born 19 April 1955)

Luigi Castelletti graduated in Law and is registered with the Bar Association of Verona.

Within the Cattolica Group, he is a Director of the Parent Company.

He has served as an external member of the Supervisory Bodies of the Cattolica Assicurazioni Group at the following companies: Cattolica Assicurazioni, Tua Assicurazioni, Berica Vita, BCC Assicurazioni and Vera Vita.

He has also served as a Director of Unicredit Corporate Bank S.p.A. and subsequently Deputy Vice Chairman of Unicredit S.p.A., and as a member of the Risk, Strategy, Appointments and Remuneration Committees and the Related-Party Sub-Committee. He has also been a Director at ABI and a Member of the ABI Executive Committee.

Mr Castelletti has also held the following positions: Chairman of the ZAI Consortium; member of the board of directors of North est Terminal S.p.A.; member of the board of directors of Quadrante Servizi S.r.l.; Chairman of the Verona Trade Fair Authority; member of the board of Banca d'Italia Agenzia – Verona office; and advisor to the Parliamentary Commission of Inquiry on the banking and financial system pursuant to Law 107/2017.

Chiara de' Stefani (born 23 February 1965)

Chiara de' Stefani is an entrepreneur and company director with a Bachelor's degree in Economics and a Master's degree in Integrated Management from CUOA Business School. She is registered with the Padua Association of Chartered Accountants and Accounting Experts and is a statutory auditor.

She has been a member of the Board of Directors, the Control, Risks and Sustainability Committee and the Remuneration Committee at SIT S.p.A., a company listed on the electronic market (MTA) of the Italian Stock Exchange, since 2008. SIT S.p.A. is a leading industrial group in components and systems for the control of safety and regulation of domestic gas heating appliances, with consolidated turnover of €350 million and approximately 2,000 employees.

Within the Cattolica Group, she has been an independent member of the Board of Directors of the Parent Company since 2017, and a Member of the Board of Directors of Lombarda Vita S.p.A. since 2013.

In 2018, she was appointed to the Board of Directors of Padua University.

Rosella Giacometti (born 18 September 1965)

Rosella Giacometti graduated in Information Sciences from the University of Milan.

Within the Cattolica Group, she is a Director of the Parent Company.

She has worked as a university lecturer since 1995, and currently holds the position of Associate Professor at the University of Bergamo in the Department of Business, Economics and Quantitative Methods teaching Business, Economics and Quantitative Methods.

She has held the position of visiting professor abroad (Seattle, New York, Lyon, Cyprus). As well as her degree in Information Sciences, she also has a Master's in Statistics and Operational Research from the University of Essex and a PhD in Mathematics for the Analysis of Financial Markets from the University of Brescia, Department of Quantitative Methods.

Alberto Minali (born 24 August 1965)

Alberto Minali is a company director.

He graduated in Political Economics from Bocconi University *summa cum laude* with recommendation for publication.

He is a Chartered Financial Analyst at AIMR (Association of Investment Mgmt and Research). Within the Cattolica Assicurazioni Group, he held the position of CEO until 31 October 2019. He was also Chairman of Cattolica Services, Vice Chairman of Tua Assicurazioni and Director of Cattolica Agricola and Cattolica Beni Immobili, resigning from these posts in December.

He has previously held, *inter alia*, the following positions: General Manager and Group Chief Financial Officer of Assicurazioni Generali; Vice Chairman of Generali Italia S.p.A.; Chairman of the Supervisory Board of Generali Deutschland Holding AG; Director of Fondazione Assicurazioni Generali; Member of the Supervisory Board of Deutsche Vermögensberatung Aktiengesellschaft DVAG; Member of the Supervisory Board of Generali Beteiligungs – und Verwaltungs – AG; Chairman of Eskatos Capital Management Sarl and founder of Eskatos SICAV – SIF; Chief Investment Officer of Eurizon Financial Group and Chief Financial Officer of Eurizon Vita; Head of Capital and Value Management of Allianz - RAS; Head of the Listing Team of Cattolica Assicurazioni; Head of the Corporate Finance Department of the INA Assicurazioni Group; and Reinsurance Underwriter at Generali UK Branch.

Carlo Napoleoni (born 13 August 1967)

Carlo Napoleoni graduated in Economics and Business from La Sapienza University in Rome and is registered with the Association of Chartered Accountants and the Register of Statutory Auditors.

A banking executive with many years of experience in the financial sector, he is currently Deputy General Manager of Iccrea Bancaimpresa and Managing Director of BCC Factoring S.p.A.

Within the Cattolica Group, he is a Director of the Parent Company and was Chairman of BCC Vita and BCC Assicurazioni until April 2019.

He has also served as a Director of the Istituto Centrale delle Banche Popolari and other financial companies in the Bancario Iccrea Group. He has also held positions at Investire Sgr and Beni Stabili Gestioni Sgr.

Pierantonio Riello (born 31 October 1959)

Within the Cattolica Group, Pierantonio Riello is a Director of the Parent Company.

He previously held the position of Deputy Vice Chairman of Banca Crediveneto until 2007, when he joined the Board of Directors of Banca Popolare di Verona S. Gemiano and S. Prospero (now Banco BPM).

Thanks to his entrepreneurial activity at the Riello Elettronica Group (he is currently CEO of the company and its subsidiaries), he has valuable experience in electronics and home automation.

From 2000 to 2018 he was an Independent Director of IMA S.p.A., a leading packaging company listed on the Milan Stock Exchange.

He is also CEO of Riello Industries, a family finance company. He is a member of the Board of Directors of the Fondazione Comunità Veronese and a member of the Banco BPM Regional Committee.

In 2018 he was awarded the Order of Merit for Labour by the President of the Republic.

Anna Strazzerà (born 4 March 1959)

Anna Strazzerà graduated in Economics and Business from the Luigi Bocconi University in Milan.

Within the Cattolica Group, she is a Director of the Parent Company, Vera Protezione S.p.A. and Vera Assicurazione S.p.A.

She is registered in the Register of Chartered Accountants of Milan and in the Register of Auditors. She practises as a chartered accountant.

She has served as a Director of Banca di Legnano (Banca Popolare di Milano Group) and a Director of Vittoria Assicurazioni, where she was also a member of the Real Estate Committee and the Control Committee.

She has also held administrative positions at Toro Assicurazioni International in Luxembourg.

She is currently Chairman of the Board of Statutory Auditors of Istituti Ospedalieri Bresciani S.p.A., Istituti Clinici Zucchi S.p.A., Istituti Clinici di Pavia e Vigevano S.p.A., Velca S.p.A. and Siusi S.p.A. and is a Standing Auditor at Corman S.p.A. and Durga S.p.A.

Eugenio Vanda (born 11 July 1967)

Eugenio Vanda graduated in Industrial Sciences, specialising in "Insurance Sciences".

Within the Cattolica Assicurazioni Group, he is a Director of the Parent Company, Cattolica Assicurazioni.

He is currently a Director at Sicurezza e Ambiente S.p.A. and More Life Energy S.r.l.

His previous positions include Director of Duomo Assicurazioni S.p.A., a company in the

Cattolica Assicurazioni Group; founder and Shareholder of Ventura Investimenti S.r.l.; General Manager of Phoenix Capital Initiative di Sviluppo; and Chief Executive Officer of Domus Assicurazioni S.r.l. He is also a founding member and Sales Director of Strategie Avanzate S.r.l.

*

Diversity policies

The culture of diversity, which has always been pursued in the Cattolica Group, specifically in terms of how the corporate bodies are structured, is considered fundamental, due to the benefits that discussion between individuals with different experiences and temperaments can produce within collective bodies, which may also have positive effects on the sustainability of the business in the medium-long term. These aspects are specifically emphasised during meetings of these bodies, which are held in a frank and collaborative atmosphere, open to participation and discussion, where each person can play an active role and express their potential to the best of their ability. The training programmes organised by the Company, which are also delivered to all representatives of the Company and the Group, also help to encourage this.

Notwithstanding the attention paid by the Board to these matters, it was decided that, at this time, a diversity policy for the members of the Board and the Board Committees would not be formally adopted, in view of the renewal of the administrative body at the General Meeting of 13 April 2019, without prejudice to the provisions on diversity in the Corporate Governance Code, to which Cattolica adheres.

In this regard, it should be noted that the guidelines on the qualitative and quantitative composition of the Board, most recently issued when the current Board was appointed, on the subject of composition by gender, reiterate that the provisions on "gender representation" within the administrative body, as set out in the Articles of Association, should ensure that the Board is appropriately composed, including in relation to the benefits that gender diversity can bring.

The guidelines on the qualitative and quantitative composition of the Board also state that *"at least one third of the members of the Board of Directors must be from the least represented gender. In addition, in order to allow for a gradual and balanced change in the composition of the administrative body, consideration should also be given to the factors of age and length of service to ensure an appropriate degree of variety in the professions represented."*

Maximum number of positions held in other companies and other provisions

Without prejudice to the aforementioned provisions of law (Ministerial Decree No. 220/2011 and Article 36 of Decree Law No. 201/2011, converted with amendments by Law No. 214/2011), the Articles of Association (Article 30.5) provide that anyone holding such positions in more than five listed companies or companies controlled by them cannot be elected as Directors.

Furthermore, members of the Supervisory Committee must comply with the limits on the accumulation of positions provided for by applicable legislation for members of the control bodies of insurance companies issuing shares listed on regulated markets (Article 31 of the Articles of Association).

Members of the Board of Directors may not be members of the corporate bodies or senior

executives of other insurance companies that are not subsidiaries or associates, competing with the Company, or of competing companies or groups of companies, or corporate officers or senior executives of parent companies of the same insurance companies or competing companies. The prohibition does not apply in the event of co-option within the administrative body pursuant to the applicable legal provisions, without prejudice to the same provisions on any incompatibilities and forfeitures. Relatives by blood or marriage up to the fourth degree may not be members of the Board of Directors.

Lastly, the Parent Company's policy for identifying and assessing whether the Directors are fit and proper persons in terms of integrity, professionalism and independence establishes the criteria for the accumulation of positions, limiting the number of directorships in listed companies or subsidiaries of listed companies to five, and also provides that persons who are members of corporate bodies or hold senior positions in other insurance companies competing with the Company or in competing companies or groups are not eligible.

Induction programme

The induction programme consists of:

- An information programme on
 - international scenarios
 - business strategy and model
 - insurance and financial markets

- A specialist refresher programme
 - regulatory framework and requirements
 - governance system
 - economic and financial analysis

The actions carried out and/or currently planned concern both areas, with a specific focus on *Regulatory framework and requirements, Insurance and financial markets and International scenarios*.

The part of the Specialist refresher programme concerning the “*Regulatory framework and requirements*” includes training courses on *Phenomena of corruption and counter systems; Developments in market abuse - Corporate bodies facing potential violations of market abuse rules – management of confidential information and reacting to leaks*.

The Information programme relating to “*Insurance and financial markets*” includes an in-depth analysis of *Ethics and finance* in addition to training on the *2018 financial statement results of the Cattolica Group*; with regard to the “*International scenarios*” it includes the theme of “*Corporate sustainability and the ESG approach: origins, changes and recent developments*”, with specific analysis of social, environmental and governance areas.

The training plans, which are shared with the Board of Directors, are drawn up and delivered as part of a dedicated company process which, from the initial identification of training requirements and objectives, leads to the design and development of the training and its actual delivery.

4.3 Role of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), of the Consolidated Law on Finance (TUF)

The broad collegiality that characterises the work of the corporate bodies is primarily based

on the frequency of their meetings. There were 27 meetings of the Board in 2019 with an average duration of approximately five hours and 20 minutes ⁽⁵⁾.

Eighteen sessions are scheduled for 2020, eight of which have already been held.

The Chairman is responsible for organising the work of the Board meetings, which are normally attended by representatives of General Management as well as members of the Board of Directors.

On 4 February 2009, the Board adopted a set of Regulations for its own operations, most recently supplemented in June 2019, which govern, *inter alia*, the operating procedures adopted to ensure that Directors are provided with adequate information on the matters to be discussed at each meeting. Particular attention is paid to pre-Board meeting internal procedures, also considering that there is a dedicated organisational oversight structure (Corporate Secretariat) and the adoption of specific procedures for convening meetings and providing information in advance.

The document explaining the matters on the agenda is normally sent to the Directors no later than two working days before the date of the meeting: this also enables each Director to assess whether they have an interest in a given transaction on the agenda, pursuant to Article 2391 of the Italian Civil Code, and to notify the Board of Directors in advance.

An IT portal is also available for Directors, which can be accessed electronically, subject to the appropriate security checks. Directors can view in advance the documents containing the information provided and information on the agenda items of each Board meeting. The portal is also accessible during meetings, in a wi-fi protected environment, and is structured in such a way as to provide immediate access to the supporting documents for the various topics under discussion, on tablets provided to each Director.

In the aforementioned Regulations, the Chairman of the Board of Directors, including at the request of the other Directors, is granted the power to request that the managers overseeing the matters under discussion participate in Board meetings. This power was put into practice during the year. Similarly, professionals and consultants may be admitted to the meeting, always after the Chairman exercises the aforementioned power.

*

Article 37 of Articles of Association states that the Board of Directors is exclusively responsible, *inter alia*, for defining the general guidelines and entrepreneurial policies of the Company and the Group, with the relevant strategic, business, financial and budget plans, and for assessing general operational performance, including the adequacy of the organisational, administrative and accounting structure of the Company.

Without prejudice to the duties of the General Meeting as defined by law, the Company's Articles of Association also assign exclusive responsibility to the Board of Directors to:

- determine, within the scope of the powers that may be delegated in accordance with the law, the powers of the Chief Executive Officer, where appointed, as well as specific duties that may be assigned to the special mandates referred to in the Articles of Association;
- approve the organisational structure of the Company and the Group and the system of delegations and powers, ensuring its adequacy over time;
- appoint one or more General Managers, adopting the relevant contractual conditions,

⁽⁵⁾ For details of individual attendance, see Table 2.

- granting them powers, identifying their duties and terminating their employment where applicable, all on the recommendation of the Chief Executive Officer, where appointed;
- temporarily suspend, with a reasoned order to be published in at least one national newspaper, the admission of new Members;
 - allocate an annual provision to promote the Company's image in relation to the principles of sustainability and social responsibility, and make social contributions consistent with the purposes set out in these Articles of Association. This provision will be resolved upon when setting the annual budget in line with the Company's operating performance;
 - determine the criteria for the coordination and management of the companies referred to in Article 210-ter, paragraph 2, of the Private Insurance Code (CAP);
 - make decisions concerning compliance with measures for the implementation of IVASS provisions concerning the companies referred to in Article 210-ter, paragraph 2, of the Private Insurance Code (CAP);
 - adopt procedures that ensure the transparency and substantive and procedural correctness of related party transactions in accordance with applicable legislation.

Furthermore, the Board of Directors, also in accordance with the supervisory regulations, defines and assesses, for the purposes of any revision, the most significant risk assumption, assessment and management strategies and policies, in accordance with the level of the company's capital adequacy, and establishes risk tolerance levels.

Without prejudice to the provisions of Articles 2420-ter and 2443 of the Italian Civil Code, the Board of Directors is exclusively responsible, pursuant to Article 2436 of the Civil Code, for resolutions on the issue of bonds and resolutions on mergers and demergers in the cases respectively provided for by Articles 2505 and 2505-bis and by Article 2506-ter of the Civil Code, the relocation of the registered office within the municipality, the establishment, closure and relocation of secondary offices, any indication of which Directors, in addition to those indicated in Article 48, have legal powers to represent the Company, share capital reduction in the event of withdrawal, and adaptations of the Articles of Association to regulatory provisions.

The Board of Directors assesses the adequacy of the organisational, administrative and accounting structure. These assessments are also conducted using the activity performed and the consequent reports prepared by the Control and Risks Committee (see Chapter 10.0).

With regard to the procedure for managing "conflicts of interest", see Chapter 12.0.

The Board also determines the allocation of the annual compensation for members of the Board of Directors, pursuant to the Articles of Association, resolved upon by the General Meeting, and determines the remuneration of the Chief Executive Officer and other Directors with specific duties, in view of those referred to in the Corporate Governance Code, i.e. in line with the remuneration policies resolved upon by the General Meeting.

Article 39 of the Articles of Association states that:

- the members of the Board of Directors are entitled to the reimbursement of expenses – which may be predetermined by the Board of Directors as a fixed contractual amount – and a fee determined by the General Meeting, in accordance with the terms of Article 23 of these Articles of Association, the allocation of which is decided by the Board of Directors with no delegation of this authority;
- the General Meeting establishes a specific fee for the members of the Supervisory

- Committee, which is determined at a fixed rate and at the same per capita rate, but with an appropriate addition for the Chairman of the Supervisory Committee;
- the remuneration of the Directors vested with the positions of Chairman, Vice Chairman, Secretary and Chief Executive Officer, where appointed, and with other specific mandates, such as, in particular, those provided for by corporate governance codes, is determined by the Board of Directors;
 - Directors are also entitled to an attendance fee, the amount of which is determined by the General Meeting, for each meeting of the Board of Directors, the Supervisory Committee and any other Committee established by the Board of Directors.

The Board assesses the general operating performance and business outlook by comparing them with company objectives, particularly in view of the information received from the delegated bodies or from representatives of General Management.

Legislative and regulatory updates that concern the Company are brought to the attention of the Board of Directors on a regular basis.

In January 2019, the Board of Directors performed its self-assessment pursuant to the provisions of IVASS Regulation No. 38. This process also involved the participation in the preliminary stages of the Appointments Committee, established by the Board on 10 January 2019, which defined its terms and conditions with the help of a third-party company appointed for the purpose by the Board.

The decision was made to self-assess the Directors using questionnaires. On the basis of the data and information collected, the Appointments Committee prepared an analysis for the Board of Directors that also included an opinion on the Board's adequacy.

On this occasion, the opinion confirmed the overall adequacy of the administrative body, with some suggestions for improvements regarding the Board's operation.

For the sake of completeness, it should be noted that in the early months of 2020 the Board carried out its annual self-assessment process with the participation of the Appointments Committee and the help of a third-party company.

The survey covered the following aspects: (i) the structure and composition of the Board, in terms of size and areas of expertise; (ii) the integration and training of Directors; (iii) the operation of the Board; (iv) the operation of the Committees; (v) the climate within Board meetings; and (vi) the information received by the Board of Directors.

The Directors' opinions were particularly positive concerning the Board's adequacy in terms of size, diversity of expertise and the balance between independent and non-independent members. The opinion on the operation of the Board was also very positive with regard to the clarity and application of the regulations of the BoD and the Board Committees, the frequency and duration of the relevant meetings and the adequacy of the information received on the main legislative and regulatory changes. Appreciation was also expressed with regard to the time devoted to the topics of sustainability and digital transformation.

The consulting firm responsible for preparing the results of the self-assessment also carried out a national benchmark exercise with companies of comparable size and complexity. The comparison showed that Cattolica operates in accordance with best governance practices and is in line with the reference sample.

THE SUPERVISORY COMMITTEE

The one-tier administration and control system adopted by Cattolica Assicurazioni reserves specific control functions for the Supervisory Committee established within the Board of Directors.

Since 13 April 2019, the Board of Directors has included three members that make up the Supervisory Committee, including the Committee's Chairman.

Requirements for the members of the Supervisory Committee

Supervisory Committee members meet the requirements laid down in laws, regulations and the Articles of Association for members of the Board of Directors and specific requirements for members of the control body.

In accordance with the Articles of Association, the members of the Supervisory Committee must meet the requirements of integrity and professionalism and comply with the limits on the accumulation of positions provided for by applicable legislation for members of the control bodies of insurance companies issuing shares listed on regulated markets. They must also meet the independence requirements established for statutory auditors in Article 148, paragraph 3 of the Consolidated Law on Finance (TUF) or other supervisory provisions. In addition, at least one member of the Supervisory Committee must be on the Register of Statutory Auditors.

If the above requirements are no longer met, the members of the Supervisory Committee forfeit their mandates as Directors.

The composition of the Supervisory Committee is shown in Table 2B. See paragraph 4.2 for the CVs of members.

Appointment, replacement and dismissal

The members of the Supervisory Committee of Cattolica Assicurazioni will remain in office for the term of the mandate of the Board of Directors and, therefore, until the General Meeting called to approve the 2021 financial statements.

With regard to the replacement of the members of the Supervisory Committee, see the paragraph on the replacement of Directors.

Responsibilities and powers

In accordance with current legislation and the Articles of Association, the Supervisory Committee, *inter alia*:

- a) monitors compliance with laws, regulations and the Articles of Association;
- b) monitors the adequacy of the Company's organisational structure and internal control system, as well as its administrative and accounting systems and its reliability in correctly representing operations, including in relation to the Group;
- c) monitors the efficiency of all the structures and functions involved in the system of controls and the appropriate coordination of these, ensuring that corrective measures are implemented when shortcomings are identified;
- d) oversees the assets intended to cover technical reserves pursuant to IVASS Regulation No. 24/2016 or other regulatory provisions;
- e) is consulted on decisions regarding the appointment and dismissal of the Financial Reporting Officer and the appointment and dismissal of the heads of the corporate control functions;
- f) monitors the practical implementation of the corporate governance rules required under corporate governance and supervisory regulations;
- g) recommends an auditing company for the statutory audit to the General Meeting and the fees for its services, oversees its work and provides the relevant information required for the performance of its duties;
- h) performs the tasks assigned by Article 19 of Legislative Decree No. 39 of 27 January 2010 to the Internal Control and Audit Committee;

- i) reports to the Supervisory Authority in accordance with applicable legislation;
- j) reports on the supervisory activity carried out, and on any omissions and reportable issues raised at the General Meeting called to approve the financial statements;
- k) subject to notification of the Chairman of the Board of Directors, convenes the General Meeting when this is deemed necessary for the performance of its duties;
- l) expresses opinions if required by the legislation applicable to the control body.

The Supervisory Committee liaises with the Financial Reporting Officer and with the Control and Risks Committee on information of common interest.

The Supervisory Committee works closely with the control bodies of the subsidiaries, ensuring the prompt exchange of all useful information.

Without prejudice to the provisions of law, the members of the Supervisory Committee, including severally, have:

- a) the power to request information from the other Directors or the administrative and control bodies of the subsidiaries, which is provided to all members of the Supervisory Committee;
- b) the power to request that the Chairman of the Supervisory Committee call a meeting of the Supervisory Committee, indicating the matters to be discussed;
- c) the power, subject to notification of the Chairman of the Board of Directors, to call meetings of the Board of Directors;
- d) the power to make use of Company employees to carry out its duties.

The Supervisory Committee is authorised to carry out inspections and checks at any time, including by means of a specially appointed member.

The heads of the internal control functions and structures provide any information relevant for the performance of their duties to the Supervisory Committee on their own initiative or at the request of even only one of the members of the Supervisory Committee. Reports produced by functions and internal control bodies must be sent directly by the respective managers to the Supervisory Committee.

The Supervisory Committee works closely with the control bodies of the subsidiaries, ensuring the prompt exchange of all useful information.

Operation

The Supervisory Committee adopted its own regulations to govern its operating procedures on 16 May 2019.

Meetings of the Supervisory Committee are valid when a majority of the members are present and their resolutions are passed by an absolute majority of the votes of the members who are present. If voting is tied, the Chairman of the Supervisory Committee has the casting vote.

Meetings of the Supervisory Committee may be held through remote connection systems, as applicable, in accordance with the Articles of Association.

COMPOSITION AND OPERATION OF THE SUPERVISORY COMMITTEE (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis), of the Consolidated Law on Finance (TUF))

The Supervisory Committee in office was appointed by the General Meeting of 13 April 2019 for the three-year period 2019-2020-2021, on the basis of the only list submitted by the Board

of Directors. It is made up of independent directors pursuant to Article 31, paragraph 1, of the Articles of Association approved on 28 April 2018, which also govern its responsibilities, duties and powers in accordance with Articles 43-45 below. The Committee members are: Giovanni Glisenti (Chairman), Cesare Brena (Member) and Federica Bonato (Member).

Before the Committee was appointed, i.e. under the "traditional" administration and control system, control activities were carried out by the Board of Statutory Auditors, with the same members.

At the time of its appointment, the General Meeting also decided on the Committee's fees, approving the relative proposal by the Board of Directors, which was formulated in view of the specific duties and the significant commitment required.

Tables 2A and 3 in the appendix summarise certain key information regarding the Board of Statutory Auditors (active until 13 April 2019) and the Supervisory Committee.

Below is a summary of the personal and professional characteristics of each member of the Supervisory Committee, it being specified that they have been standing members of the Board of Statutory Auditors since 13 April 2019.

Giovanni Glisenti (born 4 September 1956)

(Chairman of the GCC, formerly Chairman of the Board of Statutory Auditors until 13 April 2019)

Giovanni Glisenti graduated in Business Economics from the Luigi Bocconi University of Milan in 1981. The following year he obtained an Advanced Professional Certificate in General Management from New York University. He has been registered with the Association of Chartered Accountants of the Province of Verona since 1983 and an Official Auditor of Accounts since 1989, and was registered in the Register of Auditors in 1992. He is a practising chartered accountant and statutory auditor.

He is currently Chairman of the Board of Statutory Auditors at: Gestioni Benacensi S.p.A., Consultique SCF S.p.A. and Neafidi Società Cooperativa di Garanzia Collettiva Fidi; a standing auditor at: Colorificio A. & B. Casati S.p.A., J. Lamarck S.p.A. and COLLIS Veneto Wine Group Soc. Coop Agricola Consortile; and Chairman of the Board of Auditors at Fondazione Cattolica. He is also a member of the Board of Directors of FININT S.p.A.

He has previously held positions with the Cattolica Assicurazioni Group as Chairman of the Board of Statutory Auditors of the Parent Company, Cattolica Assicurazioni, Tua Assicurazioni S.p.A., Risparmio & Previdenza S.p.A. and ABC Assicura S.p.A., and Standing Auditor of Cattolica Polo Finanziario S.p.A.

Federica Bonato (born 25 November 1955)

(Member of the Supervisory Committee, Standing Auditor until 13 April 2019)

Federica Bonato graduated in Economics and Business from the University of Padua - Separate Section of Verona. She is registered with the Association of Chartered Accountants of Verona and the Register of Statutory Auditors.

She is a practising chartered accountant.

She is currently a Standing Auditor at Unicredit Subito Casa S.p.A. and Unicredit Factoring S.p.A. and is a member of the boards of statutory auditors of major industrial companies.

She previously served as a standing auditor at Unicredit S.p.A., Forgital Italy S.p.A., Unicredit Merchant S.p.A., Unicredit Corporate Banking S.p.A., Casa di Cura S. Francesco S.p.A. and Quercia Factoring S.p.A.; she was also Chairman of the Board of Statutory Auditors for the Additional Welfare Fund for Company Employees at Mediovenezie S.p.A.

Within the Cattolica Assicurazioni Group she has served as a Standing Auditor for the Parent Company, Cattolica Assicurazioni, and an Alternative Auditor for ABC Assicura S.p.A. and Cattolica Services S.c.p.A.

Cesare Brena (born 11 January 1965)

(Member of the Supervisory Committee, Standing Auditor until 13 April 2019)

Cesare Brena graduated in Business Economics from the Luigi Bocconi University of Milan in 1988. He has been registered in the Register of Chartered Accountants and Accounting Experts of the Province of Verona since 1991 and in the Register of Statutory Auditors since 1995. He is a practising chartered accountant and statutory auditor.

He is currently a member of the control bodies of companies operating in the commercial and industrial sectors, including Air Liquide Italia S.p.A.

He has also served on the boards of statutory auditors at companies in primary groups, including listed groups, such as: Banco BPM Group, Camfin Group, Credit Agricole Group, De Agostini Group, Enel Group, Mediobanca Group, Pam Group and Unicredit Group.

In the field of associations, he has held the position of auditor with professional business associations, particularly in the primary sector, such as Confagricoltura Veneto and Confagricoltura Verona. He has served as an official receiver for the Court of Verona.

Within the Cattolica Assicurazioni Group he has served as a Standing Auditor for the Parent Company, Cattolica Assicurazioni, and Cattolica Agricola S.a.r.l.

For the sake of completeness, a summary of the individuals with the role of alternate member of the Board of Statutory Auditors until 13 April 2019 is provided below.

Massimo Babbi (born 23 October 1963)

(Alternate Auditor until 13 April 2019)

Massimo Babbi graduated in Business Economics from the Luigi Bocconi University of Milan in 1987. He has been registered in the Register of Chartered Accountants and Accounting Experts of the Province of Verona since 1991 and in the Register of Statutory Auditors since 1995. He is a practising chartered accountant and statutory auditor.

Within the Cattolica Assicurazioni Group, he has served as an Alternate Auditor of the Parent Company, Cattolica Assicurazioni.

He is currently an Alternate Auditor at Cattolica Agricola Sarl and ABC Assicura S.p.A., which are members of the Cattolica Assicurazioni Group.

He was Chairman of the Board of Auditors of the Lombardy Region from 27 May 2014 until 10 June 2019.

He has been a member of the Board of Statutory Auditors of OneOsix S.p.A. since 31 May 2019.

Carlo Alberto Murari (born 31 July 1965)

(Alternate Auditor until 13 April 2019)

Carlo Alberto Murari graduated in Economics and Business from the Luigi Bocconi University of Milan in 1989. He has been registered in the Register of Chartered Accountants and Accounting Experts of the Province of Verona since 1991 and in the Register of Statutory Auditors since 1995.

He is a practising chartered accountant and statutory auditor.

Within the Cattolica Assicurazioni Group, he is a Standing Auditor at Cattolica Beni Immobili S.r.l. and Cattolica Agricola S.c.a.r.l. and an Alternate Auditor at Berica Vita S.p.A.

He was previously a Standing Auditor at Lombarda Vita S.p.A. and Cattolica Services Sinistri S.p.A. (formerly Car Full Service S.p.A.) and an Alternate Auditor at the Parent Company, Cattolica Assicurazioni, and Fata Assicurazioni Danni S.p.A.

During the 2019 financial year, 13 meetings of the Board of Statutory Auditors and 20 meetings of the Supervisory Committee were held. During their terms of office, these control bodies have also respectively held seven and 13 additional meetings, jointly with the Control and Risks Committee.

In 2019, in compliance with criterion 8.C.1 of the Corporate Governance Code, the Board of Statutory Auditors verified the independence requirements laid down for the Directors in Article 3 of this rule. It also began the self-assessment process established by the Board of Statutory Auditors in accordance with the provisions contained in the "Rules of conduct for the boards of statutory auditors of listed companies" published by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian National Council of Chartered Accountants and Accounting Experts) in 2015 and updated in April 2018.

In accordance with "Rule Q.1.1. – Board of statutory auditors' self-assessment", the control body conducted an annual assessment of whether its members are fit and proper persons and the adequacy of its composition with regard to the requirements of professionalism, expertise, integrity and independence required by the legislation.

It also assessed the availability of time and resources appropriate to the complexity of the task and conducted self-assessments of its work in relation to the concerted planning of its activities.

The related outcomes were reported to the administrative body in a memo dated 6 February 2019.

For the sake of completeness of information, it should be noted that the Company has decided not to apply criterion 3.C.1, letter e), according to which persons who have held the position of director for more than nine years out of the last 12 and who are evidently not in other relevant situations in this regard are not considered "independent". This is specified even though none of the members of the Supervisory Committee are in this situation.

As the Company adheres to the Corporate Governance Code, each member of the Supervisory Committee, due to the general reference to provisions concerning boards of statutory auditors made by application criterion C.10.2, is aware of the duty to promptly and exhaustively inform the other members and the Chairman of the Board if he/she has an interest, on his/her own behalf or on behalf of third parties, in a given Company transaction. If this situation occurs, members of the Supervisory Committee are then required to make a specific declaration to the Board of Directors.

The Supervisory Committee, as the Internal Control and Audit Committee, monitored the independence of the auditing company, checking both compliance with the relevant provisions and the nature and extent of any services other than financial auditing provided to the Company and its subsidiaries by this auditing company. It also monitored the selection process for the Statutory Auditor that took place in 2019 for Lombarda Vita S.p.A. and TUA Assicurazioni, and will take place in the current year for B.C.C. Vita S.p.A. and Cattolica Assicurazioni and the Group (starting as of 2021 for the latter).

The Board of Statutory Auditors, initially, and the Supervisory Committee, after its appointment, coordinated the performance of their activities with the Internal Audit function and the Control and Risks Committee, also attending their meetings.

The Supervisory Committee participates in the Induction Programme described in paragraph 4.2.

Diversity policies

See the comments in this regard in paragraph 4.2.

4.4 Delegated bodies

The General Meeting of 13 April 2019 elected the Company's current Board of Directors and Supervisory Committee. On the same date, pursuant to Article 40 of the Articles of Association, it appointed a Chairman, a Deputy Vice Chairman, another Vice Chairman, a Secretary and the Chief Executive Officer, granting the latter the necessary powers for governance of the Company.

The Board assigned to the Chairman the powers and duties provided for in Article 41 of the Articles of Association, and specifically:

- calling and chairing meetings of the Board of Directors, setting the agenda and coordinating its work to ensure that adequate information on agenda items is provided to all participants in an appropriate way;
- ensuring the efficient operation of the corporate governance system as a whole, and of the Company's bodies and committees, coordinating between them;
- promoting internal dialogue within the Board of Directors, particularly between executive and non-executive members;
- monitoring the general performance of the Group, taking care of relations with subsidiaries;
- overseeing external, institutional and supervisory relations;
- looking after relations with Members and Shareholders.

At its meeting of 31 October, the Board of Directors revoked the powers granted to the Chief Executive Officer, Alberto Minali, on 13 April 2019 and, after consulting the Appointments Committee, at the same meeting granted the powers described below, already granted to the Chief Executive Officer, to the General Manager, Carlo Ferraresi, formerly head of "General Management Markets and Distribution Channels" (hereinafter also the Deputy General Manager). The General Manager was then specifically granted the following powers, without prejudice to the obligation to report to the Board of Directors:

- ensuring that the organisational, administrative and accounting structure of the Company and the Group is appropriate for the nature and size of the enterprise, within the scope of the powers granted to him and according to the general guidelines approved by the Board of Directors;
- promoting, coordinating and supervising the entrepreneurial management of the Company and the Group;
- developing the strategic, industrial, financial and organisational development hypotheses of the Company and the Group, submitting them to the collegiate bodies for their assessments and consequent determinations within their remit;
- promptly providing the Chairman and therefore the Board of Directors with information and data on the general operations of the Company and the Group and on transactions and events of particular importance;
- reporting, at least on a quarterly basis, to the Board of Directors on the activities he carries out when performing the duties and exercising the powers assigned to him, on general business performance and outlook, on continuing operations, and on the most significant transactions, in terms of size or characteristics, performed by the Company or its subsidiaries, with particular reference to atypical, unusual or related party transactions;

- establishing, chairing and coordinating any intercompany operating committees and requesting from the collegiate bodies or management of subsidiaries any data useful or information appropriate for the purposes of the optimum performance of his duties.

The General Manager, Carlo Ferraresi, was also granted the following powers:

- managing all matters for the purposes of resolutions within the remit of the Board of Directors and ensuring that these resolutions are implemented;
- supervising the operation of the company and the Group, as well as the corporate organisation as a whole;
- coordinating and supervising policies relating to personnel, determining general guidelines for human resources management and overseeing their application;
- verifying that incentive policies are in place for employee career development;
- adopting disciplinary measures for executives and, in cases of emergency, dismissing them;
- authorising the assumption of commitments or obligations for amounts up to €5,000,000 (five million euro);
- authorising the issue or waiver of guarantees in any form for amounts up to €5,000,000 (five million euro);
- authorising waivers of credit positions or authorising transactions for amounts up to €5,000,000 (five million euro);
- arranging without limits amounts relating to insurance and reinsurance business and related disputes;
- supervising current and ordinary financial transactions within the limits of the financial framework resolution adopted by the Board of Directors;
- bringing legal actions and granting appropriate powers of attorney in both active and passive lawsuits, including monitoring and emergency powers;
- appointing attorneys for individual acts or categories of acts within the scope of his powers;
- sub-delegating, within the limits of the powers conferred on him, including on an ongoing basis and following consultation with the Chairman, certain powers, in whole or in part, to employees of the Company.

This is without prejudice to the powers already assigned to Carlo Ferraresi as General Manager, which are separate from and compatible with the above powers.

As per the resolution of the Board of Directors of 31 October 2019, the General Manager, Carlo Ferraresi, is also granted, in the event of an urgent need to protect the interests of the Company or the Group, the authority to adopt, without prejudice to the power assigned to the Chairman, all resolutions that are the exclusive responsibility of the Board of Directors, except those that cannot be delegated pursuant to the law, reporting to that body, which is exclusively responsible for the determination adopted, at the next convenient meeting.

At the same meeting, the Board also resolved:

- to grant the General Manager Carlo Ferraresi a higher rank and therefore the hierarchical power over every corporate function and structure;
- to assign Chairman Paolo Bedoni, without prejudice to any future determination, the mandate of overseeing the system of internal controls.

*

For the sake of completeness, it should be noted that the Board of Directors, at its meeting of 16 January 2020 - to concentrate the focus of the Deputy General Manager, currently both the “head” of the company and of General Management Markets and Channels, to reinforce the coordination between the Technical Area and the Sales Area and to strengthen Operations and IT - resolved:

- to create a “Joint General Management Insurance Area” reporting to the Deputy General Manager and bringing together all the current reporting on the technical area (excluding Operations and IT) and the sales area, in line with the model adopted by other players not belonging to large international groups;
- to create a “Deputy General Management Chief Operations Office” reporting to the Deputy General Manager, bringing together all the Operations, Non-Life and Life areas, IT (which previously reported to the General Management Technical and Operations Area), HR and Organisation (which previously reported directly to the Deputy General Manager) and the Academy and Transformation & Automation organisational units (which previously reported to the Organisation and Resources Director). The Deputy General Management Chief Operations Office, which is specifically tasked with strengthening Operations and IT, including with a view to pursuing efforts to simplify the Company and in line with the model adopted by the major financial players;
- to assign the role of Joint General Manager to the current General Manager “Technical and Operations Area”, Valter Trevisani, reporting to the Deputy General Manager;
- to assign the role of Deputy General Manager COO to the current Director of Organisation and Resources, Samuele Marconcini, reporting to the Deputy General Manager.

The organisational changes described above took effect as of 29 February 2020.

* * *

The powers granted to the General Managers in office at 31 December 2019 are shown below.

*

General Manager - “General Management Markets and Distribution Channels”

In accordance with the resolutions of the Board of Directors, the General Manager “General Management Markets and Distribution Channels”, who has been granted the powers already listed and commented on in the previous paragraph, oversees the Group’s commercial networks. He/she is assigned responsibility for, and the ordinary management of, activities relating to the bancassurance channels, particularly the agency channels, excluding the brokers. He/she reports directly to the Chief Executive Officer, if appointed, or in his/her absence to the Company’s Board of Directors and/or Executive Committee.

The General Manager “General Management Markets and Distribution” is responsible for executing the resolutions of the Board of Directors and the Executive Committee and the decisions of the Chief Executive Officer and the day-to-day management of the Company in the areas within his/her remit, except as expressly reserved for the Board of Directors, Executive Committee and Chief Executive Officer.

In particular, the General Manager “General Management Markets and Distribution Channels” is responsible for the following activities of ordinary administration:

- overseeing activities connected to the analysis of customer needs in relation to product concepts and network launches;
- overseeing the total sales of the channels for which he/she is responsible, in accordance with the provisions of the business plan;
- deciding, in accordance with the business plans and budgets established by the Board of Directors, on the stipulation of agricultural and bancassurance relationships, as well as the activation or streamlining of agencies, representatives, other structures or forms of intermediation, or direct sales channels, or their appointment or termination;

- planning, in accordance with the business plan and budget established by the Board of Directors, the development of current methods of sale and the exploration of new markets and new sales opportunities, submitting these to the Board of Directors for assessment and consequent determinations within its remit;
- authorising the assumption of commitments or obligations for amounts up to €2.5 million, without prejudice to responsibility for insurance and reinsurance matters, within the guidelines established by the Chief Executive Officer.

In relation to these areas, the General Manager “General Management Markets and Distribution Channels” also has the following duties:

- to perform the operations specified in the Company's regulations and whatever is appropriate to conform to them;
- to represent the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- to represent the Company in any operation, including with public bodies and offices of every order and level;
- to implement protective measures to safeguard the Company's rights;
- to bring legal actions and, therefore, grant appropriate powers of attorney in both active and passive lawsuits, including monitoring and emergency powers;
- to file complaints, petitions and suits – and to retract them or refile them accordingly – against any person considered liable for any offence against the Company;
- to bring a civil action in criminal proceedings; to make arrangements with respect to controlled administration proceedings, composition with creditors or bankruptcy and the submission of bankruptcy petitions;
- to authorise legal proceedings in active and passive cases and lodge administrative appeals, where the amount of the dispute does not exceed €1,000,000 (one million euro) or, in cases of urgent need, for amounts exceeding the above threshold;
- to appoint attorneys for individual acts or categories of acts within the scope of his/her powers;
- to sub-delegate, within the limits of the powers conferred on him/her, including on an ongoing basis and following consultation with the Chief Executive Officer, certain powers, in whole or in part, to employees of the Company.

The General Manager “General Management Markets and Distribution Channels”, as a member of senior management, is also granted the powers provided for “senior management” by the regulatory rules for the relevant areas of competence.

If the General Manager “General Management Markets and Distribution Channels” is absent or unavailable and assuming that there is proven need and urgency, the General Manager “General Management Technical and Operations Area” exercises the powers of the General Manager “General Management Markets and Distribution Channels” in carrying out the activities of ordinary administration reserved for the latter, obtaining his/her prior consent where possible.

General Manager – “General Management Technical and Operations Area”

In accordance with the resolutions of the Board of Directors and the Executive Committee and the decisions of the Chief Executive Officer, the General Manager who oversees the “General Management Technical and Operations Area” is responsible for both the insurance management of the Group – of which he/she supervises all aspects of product activities (including pricing), including underwriting and settlement – and Operations activities – including but not limited to information technology, business operations and general services

– and is responsible for the respective organisational structures. He/she reports directly to the Chief Executive Officer, if appointed, or in his/her absence to the Company's Board of Directors and/or Executive Committee.

The General Manager "General Management Technical and Operations Area" is responsible for executing the resolutions of the Board of Directors and the Executive Committee and the decisions of the Chief Executive Officer and the day-to-day management of the Company in the areas within his/her competence, except as expressly reserved for the Board of Directors, the Executive Committee and the Chief Executive Officer.

In particular, the General Manager "General Management Technical and Operations Area" is responsible for the following activities of ordinary administration:

- overseeing the Life and Non-Life underwriting process, in accordance with the strategies defined by the Board of Directors;
- overseeing the broker channel management activities;
- overseeing all activities relating to reinsurance;
- overseeing the application of underwriting policies (Life and Non-Life) and reinsurance and other risk mitigation techniques;
- overseeing the application of claims settlement policies with a view to maximising efficiency and effectiveness;
- overseeing activities relating to the technical, tariff and regulatory development of products and helping to define the relevant plan;
- overseeing the productivity and technical performance of the Life and Non-Life portfolio;
- defining the contractual or tariff conditions generally applicable to customers, taking into account the guidelines of the Board of Directors;
- authorising the assumption of commitments or obligations for amounts up to €2.5 million, without prejudice to responsibility for insurance and reinsurance matters, within the guidelines established by the Chief Executive Officer;
- supervising the management of information systems, collaborating in the definition of strategies and objectives.

With specific reference to the insurance and reinsurance businesses, the General Manager "General Management Technical and Operations Area", in relation to the areas within his/her competence, carries out the following ordinary activities:

- assuming risks, for insured risk, up to the limit of €70,000,000.00, net of reinsurance transfers, including in the context of policyholder selection procedures for both the Non-Life and Life classes;
- settlement and payment of claims relating to Non-Life policies, for amounts up to €10,000,000;
- settlement and payment of benefits relating to Life policies;
- payments for any other reason inherent in or resulting from the existence of policies.

In relation to all these areas, the General Manager "General Management Technical and Operations Area" also has the following duties:

- to perform the operations specified in the Company's regulations and whatever is appropriate to conform to them;
- to represent the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- to represent the Company in any operation, including with public bodies and offices of every order and level;
- to implement protective measures to safeguard the Company's rights;
- to bring legal actions and, therefore, grant appropriate powers of attorney in both

- active and passive lawsuits, including monitoring and emergency powers;
- to file complaints, petitions and suits – and to retract them or refile them accordingly – against any person considered liable for any offence against the Company;
- to bring a civil action in criminal proceedings; to make arrangements with respect to controlled administration proceedings, composition with creditors or bankruptcy and the submission of bankruptcy petitions;
- to authorise legal proceedings in active and passive cases and lodge administrative and tax appeals, where the amount of the dispute does not exceed €1,000,000 (one million euro) or, in cases of urgent need, for amounts exceeding the above threshold;
- to appoint attorneys for individual acts or categories of acts within the scope of his/her powers;
- to sub-delegate, within the limits of the powers conferred on him/her, including on an ongoing basis and following consultation with the Chief Executive Officer, certain powers, in whole or in part, to employees of the Company.

The General Manager “General Management Technical and Operations Area”, as a member of senior management, is also granted the powers provided for “senior management” by the regulatory rules for the relevant areas of competence.

If the General Manager “General Management Technical and Operations Area” is absent or unavailable, and assuming that there is proven need and urgency, the General Manager “General Management Markets and Distribution Channels” exercises the powers of the General Manager “General Management Technical and Operations Area” in carrying out the activities of ordinary administration reserved for the latter, obtaining his/her prior consent where possible.

* * *

POWERS OF THE DEPUTY GENERAL MANAGERS (in office at 31/12/2019)

Deputy General Manager and Chief Financial Officer (CFO)

In accordance with the resolutions of the Board of Directors and of the Executive Committee and with the decisions of the Chief Executive Officer, the Deputy General Management of the CFO, reporting to the Chief Executive Officer, is responsible for and manages activities related to Strategic Planning and Control, Capital Management, Investor Relations, Corporate Finance and Financial Legal, Actuarial Assessments, Administration and Financial Statements.

The Deputy General Management of the CFO notably has the following responsibilities:

- supporting the Board of Directors and senior management in assessing external growth opportunities and in defining extraordinary transactions and strategic projects, managing all M&A transactions and overseeing all minority equity investments, and taking care of all related and consequent activities;
- managing the strategies and tools for communicating with the financial community and managing relations with the ratings agencies;
- supporting the development and monitoring of the strategic business plan and operating budget in accordance with the instructions of the Board of Directors, and monitoring the Group's economic/financial performance and changes in available capital, through governance of the process of annual budgeting and the constant monitoring of business and management trends and Capital Management policies;
- overseeing the compilation of the individual and consolidated financial statements for the Parent Company and for the investee companies, ensuring the correct application of accounting standards and the fulfilment of administrative and financial reporting

- obligations in accordance with applicable legislation;
- supervising the accounting organisation and the keeping of the relevant records, preparing and signing the periodic accounting statements required by laws and regulations, including for the purposes of supervisory reporting, and the drafting and presentation of financial statements on the basis of the compilation of the annual and interim accounts by the Board of Directors and the Supervisory Bodies;
- overseeing the correct valuation of technical reserves (budgets/plans/ORSA and projections) through the application of statistical and actuarial methods and preparing the technical reports on Solvency II reserves, the foreseeable return, the active reinsurance reserves and the relevant supervisory statistics. Coordinating the activity of assessing new business value (NBV), the value of the portfolio (value in force), projections of technical accounts and assessments of the expected return and ALM.

For the quantification of the limits on powers of representation and how they are exercised, see the existing powers of attorney.

*

Deputy General Manager “Non-Auto General” and “Reinsurance”

In accordance with the resolutions of the Board of Directors, the Deputy General Manager Non-Auto General and Reinsurance, who reports to the General Manager Technical and Operations Area, is responsible for managing ordinary administrative activities relating to the “Non-Auto General” and “Reinsurance” departments.

The responsibilities of the Deputy General Manager “Non-Auto General” and “Reinsurance” notably include:

- supporting the General Manager Technical and Operations Area in the development of activities related to the Non-Auto General business area for the Retail, Corporate, Agriculture, Special Risks and Specialty Line Units and managing the business brought in by the broker channel;
- helping to produce the Non-Life product plan and in particular overseeing activities related to the technical, tariff and regulatory development of the product;
- supporting the General Manager Technical and Operations Area in overseeing the Non-Life underwriting process;
- supporting the General Manager Technical and Operations Area in overseeing reinsurance strategies and other risk mitigation techniques;
- supporting the General Manager Technical and Operations Area in defining the contractual and tariff conditions for the Non-Life class;
- managing the tender process.

For the quantification of the limits on powers of representation and how they are exercised, see the existing powers of attorney.

Reporting to the Board

In accordance with Article 2381 of the Italian Civil Code, the Articles of Association (Article 42.2) require the delegated bodies to inform the Board of the activities performed at the next Board meeting and in any case at least once every quarter.

The Chief Executive Officer reports on activities performed in the exercise of the powers granted at meetings of the Board of Directors. With regard to operational management, this usually takes place when periodic accounting summaries are presented.

Also in relation to the provisions of Article 2381 of the Italian Civil Code, a specific periodic

report is made to the Board of Directors concerning the most significant transactions, in terms of size or characteristics, carried out by the Company and its subsidiaries.

4.5 Other executive directors

Until 31 October 2019, the only executive director was the Chief Executive Officer.

4.6 Independent Directors

At 31 December 2019, of the 17 Directors in office, 11 were classed as independent under the Code ⁽⁶⁾.

The assessment of independence requirements is carried out annually upon approval of the Report on Corporate Governance and Ownership Structure. The latest assessment by the administrative body took place in February 2020.

The Supervisory Committee verified the correct application of the assessment criteria and procedures adopted by the Board to assess independence, agreeing with the outcomes shown in the Report.

The Independent Directors are authorised to meet during the year. It should be borne in mind, however, that the high number of Independent Directors and the frequency of collegiate meetings already allows for a wide-ranging discussion of matters for which the Board is responsible. In view of this, in 2019 the Independent Directors did not meet on any occasion other than the meetings of the Board of Directors.

With regard to the provisions of the Corporate Governance Code concerning the minimum number of Independent Directors (at least two for companies such as Cattolica), the Company's situation already complies with the provisions of the Code, as already indicated. However, the Board has undertaken to comply with the Code's instructions for lists proposed by it pursuant to the Articles of Association, also given the need to form several internal committees that include Independent Directors.

4.7 Lead Independent Director

As the requirements of application criterion 2. C. 4 of the Code are not met, no Lead Independent Director is currently appointed.

In the various resolutions for compliance with the Corporate Governance Code, however, provision has been made for Independent Directors to make arrangements directly when they deem this appropriate.

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⁽⁶⁾ On this point, please refer to note (4) of this document.

5.0 HANDLING OF CORPORATE INFORMATION

In view of the significance of market communication processes, the Board of Directors has long considered it appropriate to adopt specific procedures. These have been progressively updated to bring them into line with existing regulatory requirements – most recently EU Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the relevant implementing provisions – and in the light of experience.

Without prejudice to the obligations of confidentiality in the processing of corporate information, as also reiterated in the code of conduct adopted by the Company (7), after defining the concept of inside information, the procedures govern the competencies and the safeguards, including procedural safeguards, for the identification/qualification of the information, its internal management and compliance with the applicable legislative requirements, including any disclosure to the public.

Press releases are published on the Company's website.

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(7) The document is available via the link "www.cattolica.it/codice-di-comportamento".

6.0 BOARD COMMITTEES (pursuant to Article 123-bis, paragraph 2, letter d), of the Consolidated Law on Finance (TUF))

The following Committees have been established within the Board:

- the Control and Risks Committee;
- the Remuneration Committee;
- the Related Parties Committee;
- the Corporate Governance and Sustainability Committee;
- the Investment Committee (dissolved on 13/04/2019);
- the Appointments Committee (established on 10/01/2019).

Pursuant to Article 46 of the Articles of Association, the Board may form Temporary Commissions and determine their composition as provided by Article 46 of the Articles of Association.

Details of the said Committees, which are not specifically discussed in other parts of the Report, are provided below.

All Committees are governed by their own specific regulations approved by the Board of Directors. In 2019, on the occasion of the transition to one-tier administration and control system, the Board undertook a regulatory review of the responsibilities and operation of the various Board Committees.

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The Corporate Governance and Sustainability Committee

In August 2010, a Corporate Governance Commission was established by the Board of Directors and subsequently converted into a Corporate Governance Committee in May 2013. The Committee performs investigatory and advisory functions for the Board of Directors regarding the definition of the Company and Group's corporate governance system and the assessment of its efficiency, compatible with the duties assigned to other Committees established within the Board of Directors of the Company.

At its meeting of 16 October 2018, the Board of Directors approved amendments to the Corporate Governance Committee Regulations which also authorised the Committee to make proposals and provide advice on Corporate Social Responsibility, changing its name to the Corporate Governance and Sustainability Committee. The latest version of the Committee Regulations was most recently reviewed and approved on 19 June 2019.

Where appointed, the Committee is composed of the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Vice Chairman, the Deputy Chairman and the Secretary to the Board of Directors and, as of his appointment on 13 April 2019, the Chairman of the Control and Risks Committee.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat.

The Committee is chaired by the Chairman of the Board of Directors or, if he is absent or unavailable, by the Deputy Vice Chairman.

Accordingly, in 2019 and until the expiry of the administrative body (i.e. until 13 April 2019), the following Directors were members of the Corporate Governance and Sustainability Committee:

- Paolo Bedoni, Chairman;
- Aldo Poli;
- Manfredo Turchetti;
- Alberto Minali;
- Alessandro Lai.

Following the renewal of the administrative body, the Board of Directors appointed the following Directors as members of the Committee:

- Paolo Bedoni, Chairman;
- Aldo Poli;
- Barbara Blasevich;
- Alberto Minali;
- Alessandro Lai;
- Bettina Campedelli.

Following the revocation of the powers of the the Chief Executive Officer (31 October 2019), the Committee is composed of the following Directors:

- Paolo Bedoni, Chairman;
- Aldo Poli;
- Barbara Blasevich;
- Alessandro Lai;
- Bettina Campedelli.

The presence of any persons, including persons external to the Company, is arranged by the Chairman by agreement with the Managing Director from time to time on the basis of the matters discussed in the meeting.

The Supervisory Committee (i.e. the Board of Statutory Auditors until 13/04/2019) may take part in Committee meetings through its Chairman or another person identified by him/her as his/her representative.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat. The Corporate Governance Committee met 15 times in 2019.

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Investment Committee

The Board of Directors of Cattolica Assicurazioni, which met at the end of the General Meeting of 13 April 2019, decided not to constitute the Investment Committee in order to simplify processes and enhance the role of the Investment Department.

The Investment Committee, established by Board resolution of 13 May 2016, operated until 13 April 2019 and performed investigative and advisory functions for the Board of Directors regarding the Company's financial and real estate investments, in accordance with the current laws, regulations and Articles of Association and with the guidelines established by the Board of Directors itself and in line with the powers granted to other Committees established within the Board of Directors of the Company.

The Investment Committee was composed of the Chairman of the Board of Directors, the Chief Executive Officer and five Directors appointed by the Board of Directors, who had

appropriate skills to carry out their duties, including with regard to the various types of investments. In addition to Chairman Paolo Bedoni and CEO Alberto Minali, Directors Giovanni Maccagnani, Carlo Napoleoni, Aldo Poli, Pilade Riello and Manfredi Turchetti served on the Committee.

The General Manager(s), Chief Financial Officer (CFO) and Chief Investment Officer (CIO), as well as the Investment Manager and the General Manager of the subsidiary Cattolica Immobiliare, were usually present at Committee meetings.

The Committee was chaired by the Chairman of the Board of Directors or, if he was absent or unavailable, by the CEO. Secretarial duties were carried out by the pro-tempore Secretary of the Board of Directors, or, in the event of his/her absence and/or impediment, by the pro-tempore Executive to whom the Corporate Secretariat reported, or by another Company employee of a grade not lower than that of Official, selected by the aforementioned Secretary to the Board or, as a supplementary measure, by the Executive referred to above.

The Investment Committee met only once in 2019 until it expired.

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7.0 APPOINTMENTS COMMITTEE

At its meeting on 10 January 2019, the Board of Directors established the Appointments Committee which, pursuant to Article 46 of the Articles of Association, consists of the Chairman of the Board of Directors, the Deputy Vice Chairman and three other non-executive directors that do not sit on the Supervisory Board. Most of the Committee members are independent pursuant to the Code.

The Committee, which is not vested with powers of management or decision-making, is authorised to carry out investigations, advise and make proposals to the Board of Directors on the assessment of the size and composition of the Board, any co-options, the allocation of special mandates, the composition of Board Committees and the appointment and/or succession of key management personnel and the heads of the Company's control functions.

The Committee is chaired by the Chairman of the Board of Directors or, if he is absent or unavailable, by the Deputy Vice Chairman.

The Supervisory Committee may take part in Committee meetings through its Chairman or another person identified by him/her/hers as his representative. The Chairman may also invite to Committee meetings, from time to time, other persons whose presence may enhance the Committee's work. The Chief Executive Officer also participates in Committee meetings on matters concerning managers and subsidiaries. If decisions are to be made concerning the heads of the control functions, the Supervisory Director also takes part.

The Committee meetings are duly minuted. The Committee's opinions are forwarded by the Chairman to the Board of Directors so that it can take them into account in its decisions.

The duties of the Secretary are performed by the Secretary to the Board of Directors or, if he/she is absent or unavailable, by one of the members of the Committee, or by a person identified within the Corporate Secretariat.

The Appointments Committee met 21 times in 2019. The average length of meetings was approximately one hour ⁽⁸⁾. The Chairman of the Supervisory Committee was invited to the meetings and attended all of them in person (one was also attended by the other two members).

Fifteen meetings have been scheduled in 2020, five of which have already been held.

In 2019 and until the expiry of the administrative body (i.e. until 13 April 2019), the following Directors were members of the Appointments Committee:

- Paolo Bedoni, Chairman;
- Aldo Poli;
- Bettina Campedelli;
- Nerino Chemello;
- Chiara de' Stefani.

Following the renewal of the administrative body, the Board of Directors appointed the following Directors as members of the Committee:

- Paolo Bedoni, Chairman;
- Aldo Poli;

⁽⁸⁾ For details of individual attendance, see Table 2.

- Bettina Campedelli - independent;
- Chiara de' Stefani - independent;
- Eugenio Vanda - independent.

The Committee's tasks are as follows:

- (i) submitting opinions to the Board of Directors on the operation, size and composition of the Board and making recommendations on the professional skills necessary within the Board as well on the topics indicated in Article 1.C.3 (accumulation of positions) and Article 1.C.4 (competition) of the Code;
- (ii) investigating and then proposing, for the purposes of the relevant decisions of the Board of Directors, the composition of the lists of directors to be appointed by the General Meeting, expressing its opinion on the professional requirements to be requested of possible candidates and on appointments for special offices;
- (iii) proposing candidates to the Board of Directors for the office of Director in cases of co-option;
- (iv) providing instructions on how to prepare the succession plan for executive directors, if adopted by the Board of Directors;
- (v) in relation to subsidiaries and investee companies, without prejudice to any powers granted in this regard by the Board of Directors, the Committee produces opinions and recommendations on the identification of candidates for the post of member of the administrative and/or control body, in accordance with the fitness and propriety requirements for the proposed positions;
- (vi) its also expresses its opinion to the Board of Directors on:
 - a. the composition and chairmanship of the Board Committees, except as provided by the Articles of Association and internal regulations;
 - b. the appointment and dismissal of the Chief Executive Officer, the General Managers and the Deputy General Managers and the determination of the relevant powers and resources;
 - c. the appointment and dismissal of the Financial Reporting Officer pursuant to Article 154-bis of Legislative Decree No. 58 of 24 February 1998 (having consulted the Supervisory Committee);
 - d. the appointment and dismissal of key management personnel and the heads of the control functions (with regard to the latter, in particular, it expresses its opinion within its area of competence to the Board of Directors, together with that of the Control and Risks Committee, on the appointment and dismissal of the control functions, also in respect of the relevant competencies of the Supervisory Committee, and on the designation of these in relation to the subsidiaries and, where appropriate, the investee companies);
 - e. the policy of the Parent Company and Group on the requirements of integrity, professionalism and independence for company representatives, and on the maximum number of company positions that may be held at other companies or entities;
 - f. the self-assessment process, including with regard to the overall qualitative and quantitative compliance of the body, providing, in particular, methods for conducting the self-assessment, preparing the results for presentation to the administrative body and availing itself of appropriate advice;
 - g. the process of defining succession plans for the corporate and senior management positions referred to in point (ii);
 - h. the qualitative and quantitative composition of the bodies of the subsidiaries.

Specifically, during the 2019 financial year, the Committee:

- expressed an opinion on the self-assessment process of the administrative body with regard to the provisions of IVASS Regulation No. 38;

- expressed an opinion on the policy on fitness and propriety;
- expressed an opinion on the guidelines on the qualitative and quantitative composition of the Board of Directors;
- carried out preliminary checks on the fitness and propriety requirements so that the list of candidates for the position of director could be submitted to the Board;
- expressed an opinion on the overall qualitative and quantitative compliance of the administrative body;
- expressed an opinion on the quantitative and qualitative composition of the Board Committees;
- produced opinions on the identification of candidates for the post of member of the administrative and control body, for subsidiaries and investee companies;
- expressed an opinion on the appointments of the heads of the Key Functions of Cattolica Assicurazioni and the Group, and of its subsidiaries;
- expressed an opinion on the appointments of the Directors who are members of the Control and Risks Committee or responsible for monitoring the risk management system for the subsidiaries;
- expressed an opinion on the establishment of the Group Anti-Money Laundering Function, coinciding with the Anti-Money Laundering function established at the Parent Company, and on the appointment of the head of the Group Anti-Money Laundering Function;
- expressed an opinion on the appointment of the Group's Suspicious Transactions Reporting Officer;
- proposed that the longest-serving and most experienced General Manager at the Company, Carlo Ferraresi, be granted all the powers previously assigned to the Chief Executive Officer.

The Appointments Committee has been able to access the information and corporate functions necessary to carry out its duties and to make use of external consultants.

The Board has approved the allocation of specific financial resources to the Appointments Committee.

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8.0 REMUNERATION COMMITTEE

The Company established the Remuneration Committee in 2001.

The Committee performs investigatory and advisory functions for the Board of Directors in relation to the remuneration policies of the Company and the Group, compatible with the duties assigned to the CEO and/or to other Committees established within the Company's Board of Directors; it does not have any managerial powers or responsibilities.

It consists of three non-executive directors who are not members of the Supervisory Committee, the majority of whom are independent pursuant to the Corporate Governance Code. Committee members must collectively have adequate knowledge, skills and professional experience of remuneration policies and practices and risk management and control activities, in particular as regards the mechanism for aligning the remuneration structure with risk and capital profiles. At least one member must have adequate knowledge and experience of financial matters, as established by the Board of Directors at the time of its appointment.

The Chairman of the Committee is appointed from among the independent members by resolution of the Board of Directors.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat.

The Committee's meetings have been attended – as of the April 2019 General Meeting – by the Supervisory Committee (the Board of Statutory Auditors also attended until 13/04/2019, including through its Chairman), including through its Chairman and/or other representatives of the Supervisory Committee.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat. The Remuneration Committee meetings are duly minuted. The Chairman of the Committee provides information on the Committee's meetings at the first convenient meeting of the Board of Directors.

The Committee may make use of external consultants who are experts in remuneration policies, provided that they do not simultaneously provide assistance to the human resources department, directors or key management personnel in the form of significant advice or services that would substantially compromise their independent judgement.

In 2019 and until the expiry of the administrative body, the following Directors were members of the Remuneration Committee:

- Luigi Mion, Chairman;
- Paola Grossi;
- Alessandro Lai.

The composition changed on 13 April 2019 when the Board of Directors was renewed: in this context, the fact that one Board member out of three remained – compared with the previous Board mandate – resulted in greater continuity in the performance of the Committee's tasks, due to the new knowledge about the Company's situation gained by the ongoing members.

The following Board members currently sit on the Committee:

- Chiara de' Stefani, Chairman and independent;
- Pierantonio Riello, independent;

- Alessandro Lai.

The personal and professional characteristics of the members required by the Code were kept in mind by the Board at the time of their appointment; a summary of these is provided in paragraph 4.2.

The Remuneration Committee met 15 times in 2019. The average length of meetings was one hour and forty minutes (?). The Chairman of the Supervisory Committee was invited to the meetings and attended all of them in person (one was also attended by the other two members).

Fourteen meetings have been scheduled in 2020, seven of which have already been held.

The Remuneration Committee is specifically responsible for the following activities:

- (i) advising and making proposals in the context of the definition of remuneration policies and making proposals for the compensation of each of the Directors vested with specific duties;
- (ii) verifying the appropriateness of the overall remuneration scheme and the proportionality of the remuneration of the executive directors to that of relevant company personnel;
- (iii) periodically checking the remuneration policies to ensure that they continue to be appropriate including in the event of changes to the company's operations or to the market environment in which the company operates;
- (iv) identifying potential conflicts of interest and the measures taken to manage them;
- (v) ascertaining whether the conditions for payment of the incentives of relevant personnel are met;
- (vi) providing adequate information to the Board of Directors on the effective operation of remuneration policies;
- (vii) supporting the Board of Directors, in cases where external consultants are used to determine remuneration policies, by verifying in advance that these persons are not in situations which compromise their independent judgement;
- (viii) making proposals to the Board of Directors concerning the remuneration to be paid to the members of committees and bodies;
- (ix) expressing a prior opinion on the contents of the remuneration report to be provided to the public under current provisions and on any other information document on remuneration intended for the public;
- (x) in accordance with the Related Party Transactions Procedure, expressing a prior opinion pursuant to Article 7 of the Consob Regulations on decisions concerning the awarding of remuneration and economic benefits, in any form, to members of administrative bodies and key management personnel (as defined in the Consob Regulations), other than those resolved upon by the General Meeting;
- (xi) periodically assessing the criteria adopted for the remuneration of the corporate bodies of subsidiaries and issuing opinions and recommendations to the Board of Directors;
- (xii) for variable or financial instrument-based remuneration for the heads of the Company's control functions, expressing an opinion to the Board of Directors on their consistency with the tasks assigned, and ensuring that they are independent of the results achieved by the operating units controlled by those functions and linked to the achievement of objectives related to the effectiveness and quality of control action, and that they are not a source of conflicts of interest.

The Remuneration Committee meetings were duly minuted.

(?) For details of individual attendance, see Table 2.

THE Remuneration Committee is granted access to the corporate information and functions necessary to perform its duties and is authorised to make use of consultants outside the Company, which it has sometimes done – after checking the independence of the consultant – in order to obtain an overall validation of remuneration policies.

The Board has approved the allocation of specific financial resources to the Remuneration Committee.

The Remuneration Committee met 15 times in 2019 and examined:

- the Company's remuneration policies, as summarised in the appropriate document, and the remuneration report. In this regard, the Committee also interacted with a qualified external consultant in order to support and validate the technical aspects of the decisions proposed by management for the approval of the Board of Directors;
- the proposal relating to the distribution of the overall remuneration determined by the General Meeting for the Board of Directors, and the proposal for the remuneration of Directors with specific duties and/or members of Board Committees; in this regard, the Committee also carried out comparative analyses, during the Board renewal in April, in order to support the proposals to the Board of Directors;
- the proposal for new Remuneration Committee regulations, subsequently approved by the Board of Directors;
- the proposed incentive for the heads of the control functions, also in coordination with the Control and Risks Committee, with which the Remuneration Committee shares this matter, also in light of the new corporate remuneration policies and the consequent regulations of the Board Committees;
- the proposal for the remuneration of directors of subsidiaries and of particular offices in those companies, both at the time of renewal of the governing bodies of certain subsidiaries and on the occasion of a comprehensive review of this remuneration to be completed during 2020;
- the proposal on the economic conditions and the variable component of the remuneration of the Chief Executive Officer, particularly with regard to determining management by objectives (MBO), also for the part thereof relating to sustainability objectives;
- the determination of the compensation to be paid following the revocation of the powers of attorney to the Managing Director, which occupied the Remuneration Committee in the latter part of the year and required the support of qualified Italian legal firms; the Committee also addressed other economic issues related to the revocation of these powers;
- the proposal to determine the compensation to be paid to the General Manager when he took on his new duties; in this regard also, the Committee's work was supported by technical opinions on this remuneration, in order to have a constant qualified comparison with quantitative and contractual market benchmarks;

- the proposal on the compensation to be paid to the external members of the Group's Supervisory Bodies, at the time of a comprehensive review – which the Committee supported – of the remuneration system of these Supervisory Bodies, in which each Group company is entitled to determine such remuneration.

In accordance with the Committee's Regulations, the Committee also met in 2019 for the purposes of the prior opinion referred to in Article 7 of Consob Regulation No. 17221/2010.

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9.0 REMUNERATION OF DIRECTORS

The rules on remuneration are contained in IVASS Regulation No. 38 issued on 3 July 2018, which repealed the previous ISVAP Regulation No. 39 and partially incorporates the provisions of the Code, with particular reference to the preparation by the Board of Directors of a report on remuneration policies subject to the approval of the General Meeting, and the role of the Remuneration Committee which is envisaged for companies of greater size or complexity, composed of non-executive directors, the majority of whom are independent.

In December 2011, CONSOB issued implementing provisions for Article 123-ter of the Consolidated Law on Finance (TUF), as amended by Legislative Decree No. 259 of 30 December 2010, on remuneration reports for general meetings.

Please refer to the aforementioned reports prepared for the General Meeting as of 2012 for a description of the remuneration policy.

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Indemnities for Directors in the event of resignation, dismissal or termination of the relationship following a public purchase offer (pursuant to Article 123-bis, paragraph 1, letter i), of the Consolidated Law on Finance (TUF)

There are no agreements between the Company and the Directors providing for indemnities in the event of resignation, dismissal or termination of the relationship following a public purchase offer.

For the Chief Executive Officer, in the event of termination of office, the Remuneration Policy approved by the General Meeting on 13 April 2019 provides for the payment of:

- "Directors' severance indemnity: with any consequent appropriate provision in accordance with best accounting and financial statement practice, a directors' severance indemnity of an amount equal to 15% (fifteen per cent) of the total gross remuneration received by him/her, for any reason, during the exercise of his/her duties.
- Severance bonus: upon termination of employment, an indemnity equal to 2 (two) times the total emolument payable annually, including the variable components, provided at the time of termination. The amount shall not be due if termination of office is due to the revocation of powers or dismissal of the director, in both cases for just cause, or due to voluntary resignation (unless such resignation is due to just cause attributable to the Company)."

In the case of the termination of office of former Chief Executive Officer Alberto Minali due to the revocation of powers, the Board of Directors, at its meeting of 10 March 2020, defined, on the basis of the opinion and findings of the Remuneration Committee, the amount of the fees due to the latter which, as the revocation resolution was for just cause, are quantified as €422,400 as the directors' severance indemnity provided for by the Remuneration Policy (point 4.1.2, first paragraph). This is consistent with the remuneration policies in force and in accordance with laws and regulations. All of the Company's credit and compensation claims with respect to Mr Minali remain unaffected. Further analysis and verification is in progress with regard to these claims, including with the help of independent legal consultants and therefore reserving the right to take future initiatives.

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10.0 CONTROL AND RISKS COMMITTEE

In 2001, the Company established the Internal Control Committee which, by resolution passed in December 2012, in implementation of the Corporate Governance Code then applicable and unchanged in this regard, assumed the duties and the name of the Control and Risks Committee.

The Control and Risks Committee, which has no managerial or decision-making powers, has investigative, advisory and proposal-making functions within the Board of Directors and the task of carrying out fact-finding investigations into:

- (i) the determination of the guidelines for the internal control and risk management system;
- (ii) the periodic verification of its adequacy and effective functioning;
- (iii) the identification and management of the main corporate risks, in accordance with the principles defined in the risk and solvency management and assessment policy.

It consists of three non-executive directors who are not members of the Supervisory Committee, the majority of whom are independent pursuant to the Corporate Governance Code. The Committee members must have knowledge, skills and experience that enable them to fully understand and monitor the risk strategies and guidelines of the Company and the Group. In particular, the Committee as a whole must have adequate experience in accounting, finance, and risk analysis and assessment, as established by the Board of Directors at the time of its appointment. The Chairman of the Committee is appointed from among the independent members by resolution of the Board of Directors.

The Supervisory Committee participates in Committee meetings, including through its Chairman or another member designated by him, and, usually, the Chairman of the Board of Directors, the Supervisory Director and the heads of the Company's Key Functions. The General Manager(s) may also ask to attend. In relation to individual items on the agenda, the Committee Chairman may from time to time invite other persons to meetings if their presence is deemed useful for the correct performance of the Committee's duties. The Secretary of the Board of Directors, at the invitation of the Chairman of the Committee and in any case informing the Chairman of the Board of Directors, may attend Committee meetings.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat. The Committee meetings are duly minuted. The Chairman of the Committee provides information on the Committee's meetings at the first convenient meeting of the Board of Directors.

In 2019 and until the expiry of the administrative body (i.e. until 13 April 2019), the following Directors were members of the Control and Risks Committee:

- Bettina Campedelli, Chairman;
- Barbara Blasevich;
- Angelo Nardi.

Following the renewal of the administrative body, the Board of Directors appointed the following Directors as members of the Committee:

- Bettina Campedelli, Chairman and independent;
- Barbara Blasevich;
- Rosella Giacometti, independent.

The characteristics and professional expertise of the Directors, with particular reference to accounting and financial matters, were borne in mind by the Board at the time of appointment; a summary of these is provided in Paragraph 4.2.

The Committee met 20 times in 2019. The average length of meetings was two hours and eight minutes ⁽¹⁰⁾. In addition to the individuals indicated above, the meetings were attended by the heads of control functions, the members of the Supervisory Committee and, in some cases, the Chief Executive Officer and the General Managers. Seventeen sessions are scheduled for 2020, five of which have already been held.

The tasks more specifically envisaged for the Committee include:

- supporting the Board of Directors in defining and approving the risk appetite framework (RAF) and the closely related strategic guidelines, in order to be aware of the risks to which such guidelines expose the Company and the Group;
- supporting the Board of Directors in verifying the results obtained with respect to the RAF forecasts;
- supporting the Board of Directors in examining and approving proposals relating to the establishment of the corporate control functions, their duties and responsibilities and methods of coordination and collaboration, and information flows between these functions and between them and the corporate bodies, taking into account the opinion expressed by the Supervisory Committee;
- expressing, after consulting the Supervisory Committee and with the contribution of the Appointments Committee, an opinion to the Board of Directors on the appointment and dismissal of the heads of the Company's control functions, ensuring that they have sufficient resources to fulfil their responsibilities and are remunerated in accordance with company policies; with reference to the Internal Audit Officer, the opinion given must be favourable. expressing an opinion on the proposal submitted to the Board of Directors on the appointment of the heads of the control functions of the subsidiaries and, where appropriate, of the investee companies; also expressing an opinion on the objectives of the heads of the Company's control functions;
- examining in advance information flows from the control functions relating to the assessment of the internal control and risk management system, particularly the relevant information compiled by the Internal Audit function, in coordination with the Supervisory Committee and the Supervisory Director;
- supporting the Board of Directors in examining the information flows transmitted by the control functions on any significant violation or shortcoming observed (for example, violations that may entail a high risk of regulatory or legal penalties, significant financial losses or significant impacts on the financial situation or capital position, reputational damage), making the relevant observations and proposing to the Board of Directors any decisions to be taken, also taking into account the results of the activities of the Supervisory Committee;
- reviewing Company and Group policies prior to their approval by the Board of Directors;
- expressing an opinion to the Board of Directors, when the latter is required to define the guidelines of the internal control and risk management system, so that the main risks concerning the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored through appropriate information flows for the circulation and collection of data, determining, moreover, the extent to which such risks are compatible with management of the Company and the Group that is consistent with the strategic objectives and pro tempore risk appetite identified;
- expressing an opinion to the Board of Directors when the latter is required to assess, at least once a year, the adequacy and effectiveness of the internal control and risk

⁽¹⁰⁾ For details of individual attendance, see Table 2.

- management system with respect to the characteristics of the Company and the Group, the risk profile assumed and its effectiveness;
- co-operating with, assisting and supporting the Board of Directors by means of appropriate investigative activities, monitoring the autonomy, adequacy, effectiveness and efficiency of the control functions;
- examining, prior to its approval by the Board of Directors, the plan of activities prepared by the heads of the control functions, after consulting the Supervisory Committee and the Supervisory Director;
- examining the description of the main features of the internal control and risk management system in the corporate governance report, prior to its approval by the Board of Directors;
- supporting the Board of Directors in determining that the incentives underlying the remuneration and incentive system are consistent with the RAF and generally take account of risks, subject to the remit of the Remuneration Committee;
- expressing opinions on specific aspects relating to the identification of the main corporate risks, assessing the scenarios and assumptions used for stress tests and the results of periodic analyses made pursuant to the risk management policy;
- co-operating with, assisting and supporting the Board of Directors, with appropriate investigative activities, in defining directives, including at Group level, on the internal control and risk management system, and in revising these, so that the risk identification, assumption, assessment and management strategies and policies are appropriate for the sound and prudent management of the Company;
- assessing, with the assistance of the Financial Reporting Officer and the collaboration of the independent auditor and the Supervisory Committee, whether the accounting standards are being used correctly and consistently for the purposes of compiling the consolidated financial statements;
- expressing an opinion to the Board of Directors, when the latter is required, following consultation with the Supervisory Committee, to assess the results presented by the independent auditor in any letter of suggestions and in the report on the key issues arising during the statutory audit;
- examining the periodic information on the activities carried out and the progress of the corrective measures provided for by the Financial Reporting Officer;
- supporting the Board of Directors for the purposes of the approval of the accounting and reporting systems, investigating problems associated with the preparation of the individual and consolidated financial statements and analysing the logic and processes underlying the preparation of the accounting documents (data governance);
- supporting the Board of Directors in approving ICT development strategies, including corporate cyber security and business continuity plans;
- reporting to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial reports, on the activities performed and on the adequacy of the internal control and risk management system, it being understood that any significant critical issues must be brought to the attention of the administrative body in a timely manner;
- supporting the Board of Directors, with appropriate investigative activities, in the assessments and decisions relating to the management of risks arising due to prejudicial events of which the Board of Directors has become aware;
- co-operating with, assisting and supporting the Board of Directors with appropriate investigative activities, verifying that the Internal Control functions have the necessary autonomy, resources and means to carry out their tasks;
- co-operating with, assisting and supporting the Board of Directors with appropriate investigative activities, verifying the implementation and assessment of the functionality and adequacy of the internal control and risk management system by senior management, composed of the CEO and the General Managers;
- examining and preparing for the Board of Directors decisions on the structural measures

- to be adopted if the hard thresholds defined in the risk and solvency management and assessment policy are exceeded;
- examining: a) properly documented proposals from senior management on the activation of scenario and sensitivity analyses when the soft thresholds defined in the risk appetite resolution are exceeded; and b) senior management's proposals for structural measures to be adopted when the hard thresholds defined in the risk and solvency management and assessment policy are exceeded, for the purposes of the activities referred to in the previous point; in relation to both the above cases, the Committee may request senior management to identify, assess and analyse alternative proposals/solutions.

The Committee also performs the additional tasks, duties and activities assigned to it by the Board of Directors or pursuant to legal or regulatory provisions. In particular and *inter alia*, it supports the Board in verifying the adequacy and operation of the ORSA process.

The Control and Risks Committee, including in the context of periodic meetings arranged for this purpose, avails itself of the support of the control functions, which may be responsible for carrying out assessments and checks on specific operating areas and for preparing supporting documentation.

In the performance of its functions, the Control and Risks Committee has the authority to access to all information and documents deemed necessary for this purpose and to request additional information and clarifications from the operating structures. To this end it may liaise directly with the control functions, the Financial Reporting Officer and the independent auditors for the matters pertaining to them, and with any other structures it believes may be useful for the performance of its activities. In the performance of its role, it may also use the services of independent external consultants. It did not make use of this option during the year.

The Board has approved the allocation of specific financial resources to the Control and Risks Committee.

The activities carried out during 2019 concerned:

1. Assistance to the Board of Directors with regard to:
 - the definition of directives relating to the internal control and risk management system;
 - the description of the structure and operation of the internal control and risk management system in the Corporate Governance Report and production of the planned adequacy assessment;
 - the assessment of the control procedures adopted;
 - the assessment of the level of autonomy and the adequacy of the resources assigned to the Internal Audit, Compliance and Risk Management functions, the Actuarial function and the Anti-Money Laundering function;
 - monitoring the appropriateness of the resources assigned to the Internal Audit, Compliance and Risk Management functions, the Actuarial function and the Anti-Money Laundering function, in light of increasing workloads.
2. Examination of:
 - the annual work plans for the control functions and updates thereto;
 - the periodic reports of the Internal Audit, Compliance and Risk Management functions, the Actuarial function and the Anti-Money Laundering function;
 - the complaints report.

3. Expression of opinions on:
 - the assignment of duties to the persons responsible for internal control;
 - the identification and monitoring of corporate risks;
 - the design and management of the internal control system;
 - corporate policies;
 - the best estimates used to calculate the technical reserves.
4. Assessment of the correct use of accounting standards, jointly with the Financial Reporting Officer.

The specific content of the most significant activities carried out by the Committee concerned the following areas:

1. Governance processes and corporate documents;
2. Strategic planning processes (assessment from the perspective of the Internal Control and Risk Management System);
3. The Internal Control and Risk Management System;
4. Financial reporting processes.

The specific contents of the activities performed by the Committee are in any case described in detail in the meeting minutes and were promptly reported by the Chairman of the Committee to the Board of Directors.

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11.0 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company complies with the internal control instructions laid down in the Corporate Governance Code, in compliance with the provisions of the Private Insurance Code and those issued by the Insurance Supervisory Authority through IVASS Regulation No. 38.

IVASS Regulation No. 38.

The internal control system (hereinafter also the "System"), which is incorporated within the corporate governance system, consists of a set of rules, procedures and organisational structures designed to ensure the proper operation and smooth running of the Parent Company and the companies that make up the insurance group, also ensuring:

- the efficiency and effectiveness of corporate processes;
- adequate control of current and prospective risks;
- the timeliness of the corporate reporting system;
- the reliability, integrity and security of corporate, accounting and management information and IT procedures;
- the safeguarding of the Company's assets, including from a medium to long-term perspective;
- the Company's compliance with applicable legislation, self-regulatory rules and corporate procedures;
- preventing the risk of unlawful activities being carried out (pursuant to Legislative Decree 231/2001).

The system is divided according to criteria of proportionality based on the nature, scope and complexity of the current and future risks inherent in the business activity, or any type of risk identified from a medium/long-term asset safeguarding perspective.

The effective implementation of the system – in terms of the actual conduct and exercise of the control mechanisms, procedures and rules – is widespread, integrated into the corporate structures and involves all personnel according to their respective skills and responsibilities.

The Company, as the Parent Company, requires its subsidiaries to comply with the guidelines on the internal control system issued in the performance of management and coordination activities.

The main guidelines that characterise the system, taking into account the various applicable regulations and the various fields of activity, are outlined below:

- pervasiveness and uniqueness, as described by the structure of the control levels described below;
- separation of tasks and responsibilities: duties and responsibilities are allocated to corporate bodies and structures in a timely manner, so as to avoid any omissions or overlaps that may affect corporate functionality; the separation of duties is also a mechanism for managing potential conflicts of interest and prevents the excessive concentration of powers in a single person or structure;
- formalisation of documents: the work of the corporate bodies and delegated persons is documented in order to enable control over management actions and decisions taken;
- independence of controls: the necessary segregation of the control functions from the operating units is ensured, including by appropriate organisational positioning;
- internal control culture: adherence to the principles of legality and integrity is primarily ensured by the adoption of the Internal Code of Conduct intended for the corporate bodies, staff and other stakeholders.

The Cattolica Group, in line with the most advanced governance systems, uses a structure with three levels of oversight for its system that fulfil specific differentiated control objectives and help to ensure its proper operation. They are defined as follows.

- **First level.** This level includes controls inherent in operating processes that require specific skills in relation to business, risks and/or the relevant regulations; also defined as operating, line or permanent controls, these are performed by both the person who carries out a given activity and by the person responsible for overseeing it, generally within the same organisational unit. These are checks carried out by the same operating structures, including in the form of self-control, or incorporated into automated procedures, or carried out as part of back-office activity. These controls are defined within the organisational procedures that describe the corporate processes; level one controls are present in each company activity or function and are primarily the responsibility of the manager of the individual organisational unit.
- **Second level.** These controls, also known as periodic controls, safeguard the process of identifying, assessing and managing risks associated with operations, ensuring consistency with company objectives and meeting segregation criteria that allow effective monitoring. These controls are entrusted to specialised units that contribute, together with the management body and operating structures, to the definition of risk management policies, risk measurement methodologies and operational limits assigned to the various functions, and to the control of the consistency of operations with the objectives and risk levels defined by the relevant corporate bodies. These are the functions established pursuant to the Private Insurance Code, i.e. the Risk Management function, the Compliance function and the Actuarial function. Other structures and individuals with control duties provided for by different regulatory sources that conduct their activity with varying degrees of independence and segregation from the operational functions and the key functions are the Anti-Money Laundering function, established pursuant to ISVAP Regulation No. 44/2019 in insurance companies operating in the Life sector; the Financial Reporting Officer, established pursuant to Legislative Decree No. 58/98 (Consolidated Law on Finance); the Data Protection Officer (DPO), appointed pursuant to EU Regulation No. 2016/679; the Complaints Manager, established pursuant to ISVAP Regulation No. 24/2008; the Single Representative for the communication of statistical information to IVASS pursuant to IVASS Regulation No. 36/2017, and, in the cases provided for by the reference legislation, the Distribution Manager pursuant to IVASS Regulation No. 40/2018.
- **Third level.** Third level controls provide overall assurance on the design and operation of the internal control system through independent assessments. They monitor and assess the effectiveness and efficiency of the system and any need for adjustments, and provide support and advice to other business functions. The periodic control activity carried out by the Internal Audit function includes an assessment of the adequacy of the first and second level safeguards.

When defining the structures of the control organisational units, the Company established the Key Functions, i.e. the Internal Audit, Risk Management, Compliance and Actuarial functions, which report directly to the Board of Directors. The Anti-Money Laundering function also reports directly to the Board of Directors.

The role of CRO was abolished in 2019 to ensure an even more direct relationship between the control functions and the Board.

The Key Functions and the Anti-Money Laundering Function were established by resolution of the Board of Directors which, pursuant to the reference legislation, defines their responsibilities, tasks and operating procedures, drawing up specific policies. These policies are an indispensable part of the corporate governance and internal control system, and are

reviewed at least once a year.

The functions report directly to the Board of Directors and have no operational responsibility in order to ensure their independence and autonomy.

For the second and third level Key Functions, set up in accordance with the rules governing the insurance sector, the Board of Directors has established an organisational structure based on centralisation with organisational units of the Parent Company to enable consistency in the adoption of policies, procedures and methodologies for risk governance and control.

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Pursuant to the Corporate Governance Code and IVASS Regulation No. 38, the Company's Board of Directors defines the guidelines for the Internal Control System by approving the "Corporate Governance System Directives" compiled pursuant to Articles 5 and 71 of IVASS Regulation No. 38.

Checks on the Internal Control System are carried out by means of direct oversight by the heads of the organisational units as part of their roles and responsibilities, and through specific audits, scheduled annually and conducted by the Audit function.

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With regard to risk management, the Board has defined a risk management process, also from a Group perspective, taking into account the objectives of the business plan and the annual budget, based on the following components:

- 1) risk map analysis (risk identification and assessment);
- 2) definition of risk appetite;
- 3) definition of the risk assumption and management policies;
- 4) definition and assignment of operational limits (risk monitoring and mitigation);
- 5) risk assessment methodologies.

Specifically:

1) Risk map analysis (risk identification and assessment)

The Company continually collects information on the risks to which it is exposed. This activity is performed by the Risk Management function, in collaboration with the heads of the business areas who are in charge of managing the risks associated with the areas for which they are responsible (Risk Owners) by analysing the processes within their remit that present material risks and identifying individual events that give rise to risk and the relevant controls established to safeguard against them. The operational risk identification processes are set out in the individual risk management policies.

The risk taxonomy is consistent with the cataloguing provided for in IVASS Regulation No. 38, appropriately adapted on the basis of the Solvency II regulations. Risks associated with the Group's non-insurance companies, i.e. risks attributable to the Group's strategic companies not regulated by insurance sector rules, are also monitored.

Finally, emerging risks, i.e. risks that are new or starting to occur, which are hard to quantify in terms of frequency and impact and whose effects on the Company and/or the entire insurance industry may be significant, are studied and analysed.

2) Definition of risk appetite

The medium/long-term risk appetite is defined by taking into account the results of the risk and solvency assessment and in line with the risk management objectives. It is understood as

the level of risk that the Group and each Group company intends to assume in pursuit of their respective strategic objectives. The risk appetite is specified by setting thresholds and establishing the related monitoring and escalation procedures.

3) Definition of risk assumption and management policies

The main objective of the risk management strategy is to fulfil commitments to the customers, shareholders and, more generally, the various stakeholders of the Company (employees, distribution networks, etc.).

4) Definition and assignment of operational limits

The operational limits specify the maximum exposure to the risks permitted by the operating structures, in line with the risk appetite, in both quantitative and qualitative terms. They therefore delimit management activity in both the risk assumption and the risk management phases. Operational limits are set by senior management with the support of the Risk Management function.

5) Risk assessment methodologies

The methodologies to be adopted for measuring and assessing risks are defined as part of the risk management process. The Risk Management function uses different types of analysis for this purpose:

- Solvency II capital requirement calculation metrics;
- assessment of the impacts generated by adverse market movements (sensitivity) on the solvency ratio according to the Solvency II rules and taking into account the risk tolerance thresholds set;
- scenario analysis;
- stress tests.

In line with the Group's risk profile, the scenarios for 2019 have been defined with respect to market risks and Non-Life and Health technical risks.

11.1 The Supervisory Director

Until 31 October 2019, the Chief Executive Officer was responsible for overseeing the Control and Risk Management System and, in accordance with the Corporate Governance Code, he was granted all powers to perform all of these control activities. As indicated in paragraph 4.4 above, the Chairman was assigned responsibility for supervising the Internal Control System at the Board meeting of 31 October.

The Chief Executive Officer carries out his/her activities of identifying and monitoring the main risks and the relevant control systems according to the procedures indicated below.

The emerging requirements of adjusting this system to the dynamics of operating conditions and the legislative and regulatory landscape have been taken into account.

The Chief Executive Officer acquires information useful for these purposes, as well as through specific reports, also from the internal control bodies or functions, participating in committees and meetings at managerial level and meetings with the Financial Reporting Officer, as well as with the heads of the internal control functions.

The Chief Executive Officer may ask the Internal Audit function to carry out checks on specific operating areas of the Company or corporate transactions, in accordance with the procedures defined in the function's policy.

The Regulations of the Control and Risks Committee provide that the Chief Executive Officer

may ask to attend meetings of the Control and Risks Committee.

Finally, the Chief Executive Officer handles relations with the Supervisory Authority for internal controls, overseeing interactions with the Authority directly and taking initiatives within his/her remit.

As a result of the revocation of the powers granted to Chief Executive Officer Alberto Minali, with effect from 31 October 2019, by resolution of the Board and without prejudice to any future determinations, the mandate to oversee the Internal Control System was granted to the Chairman, Paolo Bedoni.

11.2 The Internal Audit Officer

In June 2019, the Internal Audit Officer was appointed in the person of Fabio Bastia, who was already head of the function, by the Board of Directors, on the recommendation of the Chairman and the Chief Executive Officer, after approval by the Control and Risks Committee and the Supervisory Committee.

The Internal Audit function assesses and monitors the effectiveness, efficiency and adequacy of the internal control system and of the additional components of the corporate governance system and any adjustment requirements, including by supporting and advising other company functions. It takes a systematic professional approach to assess control, risk management and corporate governance processes, drawing on the Internal Code of Conduct and principles of professional ethics, in line with the Professional Practices Framework of The Institute of Internal Auditors. The function has also established a quality management system pursuant to the UNI EN ISO 9001:2015 standard.

The Internal Audit function takes the form of a specific organisational unit and reports to the Board of Directors to ensure the independence and autonomy of the heads of the operational areas and the other Key Functions. The head of the function does not have any operational roles.

The tasks, responsibilities and operating procedures of the function are established by the internal audit policy approved by the Board of Directors, which provides, *inter alia*, freedom of access for persons in charge of all corporate structures and documentation relating to the company area subject to control, including useful information relating to peripheral structures and the sales network, and information to verify the adequacy of the controls carried out on outsourced corporate activities.

The head of the function compiles the annual internal audit programme, applying a risk-based approach, which enables the identification of areas to be analysed as a priority in line with the mapping of the main risks to which the company is exposed, while also ensuring the coverage of all significant activities within a reasonable period of time. The plan also includes the activities to be carried out in accordance with regulatory obligations and scope for responding to unforeseen verification requirements. It is submitted for the approval of the Board of Directors, after consultation with the Control and Risks Committee, before the start of the reporting year.

For targets specific to the function, the head falls within the incentive system provided for managers in accordance with the remuneration policy approved by the General Meeting. The head is allocated a budget of economic, human and technological resources in a manner appropriate to the nature, scope, complexity and development objectives of the Company and the Group, in accordance with the objectives of evaluating and monitoring the internal control and corporate governance system set out in the annual audit plan. The

financial resources are defined as part of the corporate budgeting process and mainly relate to expenditure on ordinary business activities, including travel and relocation expenses.

With regard to the 2019 financial year, in accordance with the internal standards established by the function policy, the head of the function submitted to the administrative, management and control body, after transmission to the Control and Risks Committee, the quarterly reports and the annual report summarising, in accordance with the plan of activities, the activities carried out and the checks performed, the results, critical issues and recommendations for their removal, and the progress and time frames of the implementation of improvements, where applicable.

In line with the audit plan, the checks concerned both managerial corporate processes, such as, purely by way of example, organisational procedures, also designed to verify the propensity of the internal control system to prevent internal and external fraud, and management information and accounting systems, and peripheral processes such as the placement of insurance products by distribution networks and the settlement of claims by dedicated offices.

11.3 Organisational Model pursuant to Legislative Decree 231/2001

The Parent Company, the Italian subsidiaries and the Group's main strategic companies not subject to sector regulations have adopted an Organisation, Management and Control Model, pursuant to Legislative Decree No. 231 of 8 June 2001 (hereinafter the "Model").

At its meeting of 5 December 2019, the Board of Directors, following Mr Castelletti's resignation as an external member of the Company's Supervisory Board ("SB"), appointed Wilmo Ferrari as a new external member of the Body based on the specific requirements of professionalism and expertise set forth in the MOG.

The other members of the Company's SB are Silvano Corbella, Fabio Bastia and Giovanni Calabrese, respectively external member and Chairman, Head of the Internal Audit function and Head of the Group Compliance function.

At the meeting of 19 December 2019, the Board of Directors also made decisions regarding the new compensation of the Chairman and the newly appointed external member of the SB and recognised an expenditure budget for 2020.

With regard to the Issuer, the Model, by resolution of the Board of Directors on 26 April 2018, was adapted to the organisational and regulatory changes that had taken place since its most recent approval on 11 July 2014. The updating process for the Parent Company and for the subsidiaries is always ongoing, however, in line with changes in the Group's legal and corporate framework.

In 2019, the Cattolica companies Beni Immobili, Cattolica Immobiliare, Vera Vita, Vera Protezione and Vera Assicurazioni updated the Model.

It is reasonable to expect that the Models of the other Group subsidiaries will be updated by end of the first half of 2020.

The update project was coordinated by the Compliance function and Organisation with the support of a leading consultancy firm.

The work in question was divided into three phases: an initial phase relating to a preliminary assessment of the methods of intervention on the basis of the existing Model and the company's internal legislative and procedural framework; a second phase of precise identification of the need to update the document (introduction of new offences/organisational changes); and a third phase of drawing up the General and Special Sections of the Models of the companies involved in the planning.

This project primarily involved the senior management of the companies, their respective supervisory bodies and the individual process owners, through sharing and alignment.

In 2019, the Parent Company, in agreement with the Supervisory Body, organised two compulsory training conferences pursuant to Legislative Decree No. 231/2001 for members of the Boards of Directors and Boards of Statutory Auditors of Cattolica Group companies.

The activities related to the effective implementation of the Model are as follows:

- the definition of ethical principles in relation to behaviours which may include the types of offence provided for in the Decree: a specific Code of Conduct has been adopted for this purpose;
- the definition of the Company's processes within which, in principle, the conditions, opportunities or means could arise to commit offences or related activities;
- the definition of staff training methods;
- the definition of the report to be provided to the sales network, the service companies and other third parties with which the Company comes into contact;
- the definition and application of disciplinary measures to sanction non-compliance with the measures indicated in the Model with an appropriate level of deterrence;
- the identification of the Supervisory Body and the assignment to the latter of specific supervisory tasks relating to the effective and proper operation of the Model, with a "mixed collegiate" composition (for the Parent Company there is an external Chairman, another external member and two internal members, i.e. the pro tempore heads of the Internal Audit and Compliance functions);
- the definition of ordinary and extraordinary information flows to the Supervisory Board.

It should be noted that the Board of Directors has, as matters stand, considered it preferable not to assign the Supervisory Board functions pursuant to Legislative Decree 231/2001, bearing in mind that this would entail a further extension of the already demanding functions carried out by the aforementioned control body and that the presence of a further control "body", while requiring coordination, facilitates internal debate with a view to stronger oversight.

11.4 Auditing company

The auditing company engaged is Deloitte & Touche S.p.A. The relative mandate for the years 2012-2020 was approved, on the recommendation of the Board of Statutory Auditors, at the General Meeting of 21 April 2012.

11.5 Financial Reporting Officer and other corporate roles and functions

According to the Articles of Association, the Financial Reporting Officer must have adequate administrative, accounting and financial expertise. This expertise, which is ascertained by the Board of Directors, must have been acquired through working experience in a position of appropriate responsibility for at least three years.

The current Financial Reporting Officer, Enrico Mattioli, who is also Chief Financial Officer, was appointed by Board resolution of 28 January 2018.

The Financial Reporting Officer is responsible for the preparation of appropriate administrative and accounting procedures for the formation of the individual financial statements, the consolidated financial statements and any other financial communications, with the cooperation of the competent Company structures, also for the purpose of overall coordination of actions. Autonomous spending power is provided to this end, without prejudice, in the event of overrun, to approval by the competent corporate bodies.

The Financial Reporting Officer is also authorised, with regard to the subsidiaries, to: (i) request (and obtain) information and data from the individual company functions involved in the preparation, implementation, application and control of administrative and accounting procedures and/or involved in the processes relating to the preparation of the separate and consolidated financial statements and, more generally, any company function concerning information or data that may have an effect on the economic or financial situation of the Company and the Group (both equivalent and higher hierarchical levels and lower levels even if not reporting directly to him/her); (ii) carry out checks and controls on the application of administrative and accounting procedures, even if they involve processes managed by functions that do not report directly to him/her.

With regard to other corporate roles and functions with specific tasks in terms of internal control and risk management, the reader is referred to the foregoing paragraphs.

11.6 Coordination between persons involved in the internal control and risk management system

In its "Corporate Governance System Directives", the Board of Directors provides for the exchanging of information between the various corporate bodies and other persons responsible for control. Meetings on matters of common interest between the corporate bodies of the Group companies, the Board Committees and the Key Functions, also instigated by the Supervisory Committee, are provided for. The internal control functions are also connected to company bodies through invitations to the heads of the respective functions to participate in Board meetings, in order to describe the results of their activities and future work plans.

Procedures are also in place to connect these internal control functions, which also identify opportunities for information exchange, on a periodic basis or if particularly serious situations occur, in order to ensure an adequate level of coordination and effectiveness and the maximum mutual disclosure and transparency.

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12.0 INTERESTS OF DIRECTORS AND RELATED PARTY TRANSACTIONS

On 29 November 2010, in accordance with the provisions of CONSOB Regulation No. 17221 of 12 March 2010, as amended by Resolution No. 17389 of 23 June 2010 and subsequent amendments, the Board of Directors, having obtained the positive opinion of the Related Parties Committee established for the purpose pursuant to the aforementioned legislation, approved the “Related Party Transactions Procedure” (the “Procedure”), last amended on 19 December 2019 and available on the Company's website ⁽¹⁾, which applies to the cases provided for by the aforementioned CONSOB Regulation, except for cases of exemption resolved upon by the Board under the powers provided for by law. Senior management also issues specific implementing and interpretative provisions to accompany the Procedure.

While the Procedure should be referred to for further details, mention should be made of the following key information:

- 1) an ad hoc Related Parties Committee is provided for, separate from the Company's other Committees, composed of non-executive directors who are not members of the Supervisory Committee, all recognised by the Company as independent pursuant to the Corporate Governance Code; in the case of resolutions on remuneration, the duties provided for in the regulations are assigned to the Remuneration Committee;
- 2) the provision in the Articles of Association on the possibility of submitting to the General Meeting the approval of major transactions on which the Related Parties Committee has expressed a negative opinion (whitewashing) was approved by the General Meeting, also providing that the General Meeting can only refuse to authorise the transaction when at least 2.5% of unrelated Members are present (quorum to convene);
- 3) the following exemptions from the application of the Procedure exist, for which it is not necessary to instigate the resolution procedure accompanied by the Committee's opinion:
 - a. for small transactions, the value of which does not exceed €250,000;
 - b. for ordinary transactions concluded under market-equivalent or standard conditions;
 - c. for compensation plans based on financial instruments approved by the General Meeting, as well as the remuneration of directors with specific duties and key management personnel if the conditions for exemption established by the Regulation are met (Article 13, paragraph 3, point b);
 - d. for intercompany transactions, where there are no significant interests of related parties to the Company other than Group companies.

Specific procedures exist for the registration of related parties and interception of transactions in advance, as well as quarterly ex post monitoring of transactions carried out that are not subject to preliminary investigation.

In 2019 and until the end of the term of the administrative body, Director Giovanni Maccagnani was Chairman of the Related Parties Committee and Directors Bettina Campedelli and Paola Ferrolì were members.

When the administrative body was renewed, Luigi Castelletti (Chairman), Piergiuseppe Caldana and Anna Strazzerà, all independent, were appointed members of the Committee. The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat.

The Committee met seven times in 2019.

⁽¹⁾ The Procedure can be found at “www.cattolica.it/parti-correlate”.

The matter is also governed in part by IVASS Regulation No. 30 of 26 October 2016 concerning provisions relating to the oversight of intercompany transactions and concentrations of risks, which replaced, with effect from 1 December 2016, the previous ISVAP Regulation No. 25 of 27 May 2008.

The full text of the RTP Procedure, in its current version approved by the Board of Directors on 19 December 2019, is available in the Governance/Related Parties section of the Company's website.

It remains understood that each Director is responsible for informing the Board of Directors of the existence of any interest, on their own behalf or on behalf of third parties, in a given transaction, pursuant to Article 2391 of the Italian Civil Code.

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13.0 APPOINTMENT OF STATUTORY AUDITORS

Until the date of the General Meeting of 13 April 2019, the Board of Statutory Auditors remained in office, composed of five members, three of whom were standing and two of whom were alternate.

Due to the entry into force of the one-tier system on 13 April 2019, the Supervisory Committee within the Board constitutes the control body (see Paragraph 4.3 in the section on the Supervisory Committee for the provisions relating to its appointment and details of its tasks).

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14.0 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

Until 13 April 2019, the Board of Statutory Auditors appointed by the General Meeting of 28 April 2018 remained in office. It was composed of three standing auditors and two alternate auditors, namely:

- Giovanni Glisenti, Chairman,
- Federica Bonato, standing auditor
- Cesare Brena, standing auditor
- Massimo Babbi, alternate auditor
- Carlo Alberto Murari, alternate auditor

The Board of Statutory Auditors met 13 times until 13 April 2019. The members of the Board also attended seven meetings of the Control and Risks Committee.

Table 3 summarises the composition of the Board of Statutory Auditors.

As of 13 April, with the entry into force of the one-tier governance system, the control body is internal to the Board of Directors and consists of the Supervisory Committee. For further details on the tasks and activities of the Supervisory Committee, please see the appropriate section in Chapter 4.

15.0 RELATIONS WITH SHAREHOLDERS

The Company's website contains information on Cattolica that is relevant for its shareholders (see, in particular, the "Governance", "Investor Relations" and "Media" links in the "Corporate" section of the Company's website).

A link is also available for Members with information on initiatives concerning them.

An Investor Relations Officer has been identified to manage relations with institutional shareholders, in the person of CFA Atanasio Pantarrotas, making use of a specific support structure. With regard to relations with the corporate base, the Company uses the facilities of its Shareholder Service.

The Chairman is also responsible for sending Shareholders periodic updates on the life of the Group.

*

16.0 GENERAL MEETINGS (pursuant to Article 123-bis, paragraph 2, letter c), of the Consolidated Law on Finance (TUF))

The Ordinary General Meeting called to approve the financial statements is convened within one hundred and twenty days of the end of the financial year, or within one hundred and eighty days if the conditions established by law apply. See the Articles of Association for further details.

The General Meeting may be called at any time by resolution of the Board of Directors, in other cases provided by law or the Articles of Association and when deemed appropriate by the Board of Directors, as well as at the request of at least one fortieth of Members with voting rights or Members representing at least one fortieth of the share capital.

The Supervisory Committee may call a General Meeting, subject to prior notification of the Chairman of the Board of Directors, when this is deemed necessary to perform its duties. In accordance with the terms, conditions and limits established by law, one fortieth of Members with voting rights or Members representing at least one fortieth of the share capital may request additions to the list of items in the meeting notice to be discussed at the General Meeting, indicating the additional proposed items in the request, or may submit draft resolutions on items already on the agenda.

Each Member that is registered for at least 90 days in the Shareholders' Register participates in the General Meeting with a single vote regardless of the number of shares held ⁽¹²⁾. For the purposes of attending the General Meeting, the authorised intermediary with which the shares are deposited must send the Company the notice provided for in the applicable legislation certifying ownership of at least the minimum number of shares established by Article 18 in the Articles of Association, no later than two days before the date set for the first call.

Members eligible to take part in the General Meeting with admission tickets may represent other Members by proxy. However, each Member may represent no more than five other Members. To take part in the Meeting, the representative must show the original of each proxy and a photocopy of a valid identity document of the Member represented.

Non-Members may not take part in General Meetings, including as representatives or agents, except as provided in the Articles of Association regarding the participation of representatives of Members that are legal entities and any other mandatory provision of law.

The remit of the General Meeting is as established by law, also taking into account the Company's legal form as a cooperative.

The General Meeting resolves by a majority of votes cast, except as determined in accordance with the Articles of Association and set out below. In the event of a tied vote, the proposal shall be considered to have been rejected.

Pursuant to Article 28, paragraph 2 of the Articles of Association, amendments to the Articles of Association require a two-thirds majority of the votes cast.

Voting is open on all items on the agenda.

⁽¹²⁾ According to Article 3 of Law No. 207 of 17 February 1992, "the equity investment of each shareholder may not exceed 0.5% of the share capital". Finally, as specified in Chapter 2.0, letter f) above, pursuant to the Articles of Association, Members must hold at least 300 shares.

In cases not provided for by law, four-fifths of the Shareholders present or represented at the Shareholders' Meeting, provided that they represent at least one third of the number of Shareholders, must vote in favour of the early winding-up of the Company.

*

According to the current practice of convening the General Meeting, in addition to the publications required by law, all Members are sent a written notice inviting them to take part. The meetings are usually held at second call, on a non-business day to make it easier for Members to attend.

One or more remote connections to the General Meeting venue are provided so that Members can follow the meeting proceedings and cast their votes when voting takes place. This provision is incorporated into the General Meeting Regulations, last updated on 25 April 2015, the text of which is available on the Company's website ⁽¹³⁾. These should be referred to for procedural aspects, including procedures for taking part in the discussion.

For the General Meeting of 13 April 2019, a remote connection was provided to the Palazzo Rospigliosi Congress Centre at 43, Via XXIV Maggio, Rome.

The Board ensures that the information provided to Members allows them to vote at the General Meeting in an informed way. Management performance and business outlook are usually described on these occasions.

It should be noted that the resolutions on remuneration passed by the General Meeting had been proposed by the Board of Directors following approval by the Remuneration Committee. This Committee's pro tempore Chairman therefore did not describe its activities separately.

*

While reference is made to Paragraph 2.0 letter c) and Table 1 for information on significant equity investments in the Company's share capital at the date of approval of this Report, it should be noted that the following companies maintained their stakes at more than 3% in 2019: General Reinsurance AG, wholly owned by Berkshire Hathaway Inc., Fondazione Banca del Monte di Lombardia and Dimensional Fund Advisors LP.

The Board does not consider any intervention necessary in relation to the percentages set for the exercise of the actions and prerogatives established to protect minorities. In fact, as a Cattolica is a cooperative company, these actions and prerogatives presuppose the status of Member and the exercise of the rights of individuals and, in some cases, a percentage of ownership of the share capital. The percentages provided for in the Articles of Association, however significant they may be, remain limited capital thresholds.

⁽¹³⁾ At "www.cattolica.it/documenti-societari".

17.0 OTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-bis, paragraph 2, letter a), of the Consolidated Law on Finance (TUF))

It is not deemed necessary to provide any information in addition to what is stated in the Report.

*

18.0 CHANGES SINCE THE REPORTING DATE OF THE FINANCIAL YEAR UNDER REVIEW

At its meeting of 16 January 2020, the Board of Directors of Cattolica Assicurazioni resolved, accepting the request of some Members (Francesco Brioschi, Massimiliano Cagliero, Giuseppe Lovati Cottini, Credit Network & Finance S.p.A. and SH64 S.r.l.) received on 18 December 2019, to convene the Extraordinary General Meeting of Cattolica Assicurazioni for 6 March 2020, at first call, and the following day, 7 March 2020, at second call, according to the agenda proposed by the requesting Members: "New corporate governance rules: amendments, cancellations and supplements to Articles 1, 22, 23, 24, 27, 29, 30, 31, 32, 33, 37, 38, 39, 40, 41, 43, 46, 47, 48 and 59 of the Articles of Association. Related and consequent resolutions". Subsequently, on 17 January, a notice of the Extraordinary General Meeting was made available to the public at the registered office, website and storage mechanism authorised by Consob, together with the request from the Members to call the General Meeting pursuant to Article 2367 of the Italian Civil Code and Article 22.2 of the Articles of Association, the report on the subjects on the agenda consisting of the report provided by the Members in attendance pursuant to Article 125-ter, paragraph 3, of Legislative Decree 58/1998 and the assessments by the Company's Board of Directors of the Members' request.

On 22 January an excerpt from the notice of meeting was published in the newspaper *Italia Oggi*.

However, the Board of Directors, at its meeting of 25 February 2020, in view of: *i)* the situation arising as a result of the Covid-19 epidemiological emergency, *ii)* the measures already taken and those which could have been taken by the public authorities, and *iii)* the well-founded risk that the General Meeting called for 6-7 March 2020 might not take place for sake of the safety of the community, revoked the call for the aforementioned Extraordinary General Meeting scheduled for 6-7 March 2020 in view of the objective circumstances. At the same time, the Company's administrative body postponed the Extraordinary General Meeting until 24–25 April 2020, in conjunction with the Ordinary General Meeting already scheduled.

Moreover, at its meeting of 18 March 2020, the Board of Directors, acknowledging Article 106 of Decree Law No. 18 of 17 March 2020 and considering the emergency health situation that engendered it, believing that, for the time being, it is in the interest of the Members and the Company to rule out forms of meeting by electronic means or with the presence of a single representative of the Members appointed by the Company, decided to postpone the calling of the Ordinary and Extraordinary General Meeting of the Company, previously scheduled for 24 and 25 April 2020, until a date after 30 April, as soon as the general circumstances permit.

*

19.0 REMARKS ON THE LETTER OF 19 DECEMBER 2019 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

On 19 December 2019, the Chairman of the Corporate Governance Committee sent a letter to all the chairmen of the administrative bodies, chief executive officers and chairmen of the control bodies of the Italian listed companies, along with the 2019 Annual Report on the application of the Code. The letter informed the issuers of the results of the monitoring carried out by the Committee, the main issues encountered and suggestions for improvements in order to overcome them.

On 28 January 2020, the Corporate Governance and Sustainability Committee noted the letter from the Chairman of the Corporate Governance Committee and the 2019 Annual Report on the implementation of the Code.

To promote any appropriate initiatives in order to update corporate governance issues, including on the basis of the recommendations of the authorities and best practice, it was deemed appropriate to bring to the attention of the Board of Directors the considerations that arose in this regard within the Committee, leaving to the Board any appropriate assessment and determination regarding the issues listed above.

The recommendations of the Corporate Governance Committee and a summary of the remarks made by the Corporate Governance Committee and the Board are provided below.

Recommendation 1: *"The Committee calls on boards of directors to integrate business sustainability into the definition of strategies and remuneration policy, including on the basis of an analysis of the relevance of the factors that may affect long-term value generation."*

The Corporate Governance and Sustainability Committee approved the stakeholder engagement activity carried out in 2019, the consequent updating of the materiality analysis and the development of the relevant materiality matrix, which represents the outcome in terms of the definition of significant topics and prioritisation.

The proposal was also made to include the issue of sustainability in corporate strategy and that, in order for management to be effectively involved in the issue of sustainability, a part of the variable component of the remuneration of top management should be linked in future to the achievement of one or more sustainability objectives.

Recommendation 2: *"The Committee recommends that companies, including in any board regulations, manage adequate information flows to the board of directors, ensuring that confidentiality requirements are protected without compromising the completeness, usability and timeliness of the information."*

The Board has established Regulations laying down the deadlines and procedures for making the documentation available to the Directors. These Regulations provide for the use of a reserved portal, to which the documentation is uploaded for the attention of the Directors to support the Board's work. The Board has indicated the advisability of creating an "information policy" to strengthen the confidentiality of the documentation available to Directors. As a temporary, exceptional derogation from the provisions of the relevant company regulations, until the next General Meeting called to approve the financial statements, in February the Board adopted a Temporary Policy on Intra-Company Information, which sets out forms and methods for sending documents and materials relating to Board meetings.

Recommendation 3: *“The Committee calls on the administrative bodies to apply the independence criteria defined by the Code more rigorously and the supervisory bodies to ensure that those criteria are correctly applied. The Committee not only reiterates the exceptional nature and the necessary individual grounds – therefore related to the specific case of each individual director – for waiving the independence criteria recommended by the Code, but also calls on issuers to pay more attention to assessing the significance of the relationships being evaluated. To this end, the Committee calls on administrative bodies to define ex ante the quantitative and/or qualitative criteria to be used to assess the significance of the relationships being examined. These criteria should concern the overall position, not only the economic benefit, of the director whose independence is being assessed, and be adequately and transparently communicated to the market in the corporate governance report.”*

The Corporate Governance Committee observes that the only exception to the independence criteria set out in the Corporate Governance Code relates to criterion 3.C.1, letter e) of the Code on exceeding the limit of nine years in office, which was disapplied by the Company by resolution of the Board of Directors of 8 May 2013. With regard to the call on the Board of Directors to define ex ante the quantitative and/or qualitative criteria, it was agreed that this route would be an option, but only after appropriate considerations and assessments that also take account of market best practice. In this regard, support by an external consulting firm to identify such practices may be considered in future.

Recommendation 4: *“Also in the light of the comparative analysis, the Committee recommends that: the administrative bodies – and the relevant committees responsible for remuneration – verify that the amount of remuneration paid to non-executive directors and members of the supervisory body is appropriate for the expertise, professionalism and commitment required to perform their mandates. To this end, a reference to remuneration practices in the relevant sectors and for companies of similar size could be useful, possibly also considering comparable foreign experience.”*

With regard to the remuneration granted to Directors with specific duties provided for by the Articles of Association or by the Corporate Governance Code (Chairman, Vice-Chairman, Secretary to the Board and members of the Board Committees), the Remuneration Committee performed a benchmark analysis with a panel of companies (leading banking and insurance groups) deemed comparable to the Cattolica Group in respect of the composition and related roles/remuneration of directors on the boards of directors and board committees.

More specifically, with regard to the remuneration of particular positions (Chairman, Deputy Vice Chairman, Vice Chairman and Secretary to the Board), which is in addition to the Directors' remuneration, the Remuneration Committee had deemed it appropriate to propose confirmation of the existing remuneration in the previous three-year term of office, since the conditions for making changes had not been met: in fact, no changes had taken place in either their roles or their responsibilities, and the Committee therefore deemed this remuneration appropriate. With regard to the remuneration of members of the Board Committees, the Compensation Committee had indicated that a comparison had been made with a panel of companies deemed to be comparable in order to verify that Cattolica's positioning complied with the market benchmark. Members of the Remuneration Committee therefore agreed to a proposal that took into account the activities carried out by each member in relation to their membership of the various Board Committees and the responsibility of each Committee.

On this recommendation, the Committee also agreed to the proposal to avail itself of the support of external consulting firms in order to establish best market practices in relation to the above recommendations.

*

TABLES

TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE			
	No. of shares	% of share capital	Listed (indicate markets)/not listed
Ordinary shares	174,293,926	100%	Listed on a regulated market
Shares with multiple votes	//	//	//
Shares with limited voting rights	//	//	//
Shares without voting rights	//	//	//
Other	//	//	//

Note

The shares grant the holders the pecuniary rights normally provided. With regard to non-pecuniary rights, for the exercise of which the status of “Member” is required, see the relevant sections of the Report.

OTHER FINANCIAL INSTRUMENTS (giving the right to subscribe for newly issued shares)				
	Listed (indicate markets)/not listed	Number of instruments outstanding	Share class for conversion/financial year	No. of shares for conversion/financial year
Convertible bonds	//	//	//	//
Warrants	//	//	//	//

SIGNIFICANT EQUITY INVESTMENTS (giving the right to subscribe for newly issued shares) at the Report approval date			
Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital *
Berkshire Hathaway Inc.	General Reinsurance AG	9.047	N.S.
Fondazione Banca del Monte di Lombardia	Fondazione Banca del Monte di Lombardia	3.162	N.S.

* The figure was not reported as, since it was a cooperative company with one Member one vote, it was deemed not significant.

As specified in Chapter 2.0, letter c), it should be noted that, at the Report approval date, the percentage of treasury shares held by Cattolica Assicurazioni in its share capital was 4.04%.

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TABLE 2A: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES UNTIL 13 APRIL 2019

TABLE 2A: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES UNTIL 13 APRIL 2019

Board of Directors													Executive Committee		Investment Committee		Control and Risks Committee		Corporate Governance Committee		Remuneration Committee		Appointments Committee		Related Parties Committee	
office	members	year of birth	date of first appt*	in office since	in office until	List **	exec.	non-exec.	Indep. per Code (1)	Indep. per TUF	no. other offices***	(a)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)		
Chairman	Paolo Bedoni	1955	18/12/1999	16/04/2016	2019 agm	M		X	NO	YES	2	8/8	7/7					4/4	C			10/10	C			
Deputy Vice-Chairman	Aldo Poli	1942	28/04/2007	16/04/2016	2019 agm	M		X	NO	YES	1	8/8	7/7					1/4	M			10/10	M			
Vice-Chairman	Manfredo Turchetti	1956	16/04/2016	16/04/2016	2019 agm	M		X	NO	YES	0	6/8	5/7					3/4	M							
CEO	Alberto Minali	1965	01/06/2017	01/06/2017	2019 agm	M	X		NO	NO	0	8/8	7/7					3/4	M							
Director	Alessandro Lai	1960	15/01/2016	16/04/2016	2019 agm	M		X	NO	YES	4	8/8	7/7					4/4	M	6/6	M	10/10	M			
Director	Nerino Chemello	1945	17/01/2017	17/01/2017	2019 agm	M		X	YES	YES	1	8/8										9/10	M			
Director	Chiara De' Stefani	1965	17/01/2017	17/01/2017	2019 agm	M		X	YES	YES	2	8/8										9/10	M			
Director	Blasevich Barbara	1966	30/04/2011	16/04/2016	2019 agm	M		X	NO	YES	1	8/8	7/7				7/7	C								
Director	Bettina Campedelli	1962	21/04/2012	16/04/2016	2019 agm	M		X	YES	YES	3	8/8										10/10	M	2/2	M	
Director	Lisa Ferrarini	1963	20/04/2013	16/04/2016	2019 agm	M		X	YES	YES	2	7/8													2/2	M
Director	Paola Ferroli	1962	20/04/2013	16/04/2016	2019 agm	M		X	YES	YES	1	8/8													2/2	M
Director	Paola Grossi	1954	16/04/2016	16/04/2016	2019 agm	M		X	YES	YES	0	8/8								6/6	M					
Director	Giovanni Maccagnani	1962	30/04/2011	16/04/2016	2019 agm	M		X	YES	YES	3	8/8		1/1											2/2	C
Director	Luigi Mion	1960	07/11/2012	16/04/2016	2019 agm	M		X	YES	YES	2	8/8								6/6	C					
Director	Carlo Napoleoni	1967	31/10/2012	16/04/2016	2019 agm	M		X	NO	YES	4	6/8		1/1												
Director	Angelo Nardi	1949	24/04/2010	16/04/2016	2019 agm	M		X	YES	YES	0	8/8					7/7	M								
Director	Pilade RIELLO	1932	24/11/2006	16/04/2016	2019 agm	M		X	NO	YES	1	6/8	6/7		1/1											
Director	Eugenio Vanda	1967	16/04/2016	16/04/2016	2019 agm	m		X	YES	YES	0	8/8														
No. of meetings in reference year:													Executive Committee		Investment Committee		Control and Risks Committee		Corporate Governance Committee		Remuneration Committee		Appointments Committee		Related Parties Committee	
8													7		1		7		4		6		10		2	

* The date of first appointment of each statutory auditor refers to the date on which the director was appointed for the first time (in absolute terms) to the Issuer's Board of Directors.

** This column shows the list from which each statutory auditor was taken ("M": majority list, "m": minority list)

*** This column shows the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, and in financial, banking and insurance companies and companies of significant size, as reported more extensively in paragraph 4.2.

(a) This column shows the attendance by directors of meetings of the BoD and the Committees, respectively (the first number shows the number of meetings attended by the individual; the second shows the overall number of meetings held by the body that the individual was entitled to attend).

(b) This column shows the status of the director within the Committee: "C": chairman; "M": member.

(1) as mentioned in the note in paragraph 4.1, the Company, by resolution of the Board of Directors of 8 May 2013, decided not to apply application criterion 3.C.1. letter e) of the Code: accordingly, persons who have held the position of Director for more than nine of the last 12 years - and who are evidently not in other relevant situations in this regard - are considered "independent".

TABLE 2B: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES AT THE CLOSING DATE OF FINANCIAL YEAR 2019

TABLE 2B: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES AT THE CLOSING DATE OF FINANCIAL YEAR 2019

Board of Directors													Supervisory Committee (in effect as of 13/04/2019)		Control and Risks Committee		Corporate Governance Committee		Remuneration Committee		Appointments Committee		Related Parties Committee	
office	members	year of birth	date of first appt*	in office since	in office until	List **	exec.	non-exec.	Indep. per Code (1)	Indep. per TUF	no. other offices***	(a)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)		
Chairman	Paolo Bedoni	1955	#####	#####	2022 AGM	BOD		X	NO	YES	2	19/19					11/11	C			11/11	C		
Deputy Vice-Chairman	Aldo Poli	1942	#####	#####	2022 AGM	BOD		X	NO	YES	0	16/19					3/11	M			9/11	M		
Vice-Chairman	Blasevich Barbara	1966	#####	#####	2022 AGM	BOD		X	NO	YES	1	19/19		13/13	M	11/11	M				11/11	M		
Director	Alessandro Lai	1960	#####	#####	2022 AGM	BOD		X	NO	YES	4	19/19				11/11	M	9/9	M					
Director	Piergiuseppe Caldana	1963	#####	#####	2022 AGM	BOD		X	YES	YES	1	19/19										5/5	M	
Director	Bettina Campedelli	1962	#####	#####	2022 AGM	BOD		X	YES	YES	4	19/19		13/13	C	11/11	M				10/11	M		
Director	Luigi Castelletti	1955	#####	#####	2022 AGM	BOD		X	YES	YES	0	19/19										3/5	C	
Director	Chiara De' Stefani	1965	#####	#####	2022 AGM	BOD		X	YES	YES	2	18/19					9/9	C	10/11	M				
Director	Rosella Giacometti	1965	#####	#####	2022 AGM	BOD		X	YES	YES	0	17/19		12/13	M									
Director	Alberto Minali	1965	#####	#####	2022 AGM	BOD	X		NO	YES	0	19/19				7/11	M							
Director	Carlo Napoleoni	1967	#####	#####	2022 AGM	BOD		X	NO	YES	2	17/19												
Director	Pierantonio Riello	1959	#####	#####	2022 AGM	BOD		X	YES	YES	2	13/19					8/9	M						
Director	Anna Strazera	1959	#####	#####	2022 AGM	BOD		X	YES	YES	2	19/19										5/5	M	
Director	Eugenio Vanda	1967	#####	#####	2022 AGM	BOD		X	YES	YES	0	19/19									11/11	M		
Director	Giovanni Glisenti	1956	#####	#####	2022 AGM	BOD		X	YES	YES	6	19/19	20/20	C	19/13			9/9				4/5		
Director	Federica Bonato	1955	#####	#####	2022 AGM	BOD		X	YES	YES	2	19/19	18/20	M	18/13			2/9				1/5		
Director	Cesare Brena	1965	#####	#####	2022 AGM	BOD		X	YES	YES	3	19/19	20/20	M	19/13			2/9						
No. of meetings in reference year:													Supervisory Committee (in effect as of 13/04/2019)		Control and Risks Committee		Corporate Governance Committee		Remuneration Committee		Appointments Committee		Related Parties Committee	
19													20		13		11		9		11		5	

* The date of first appointment of each statutory auditor refers to the date on which the director was appointed for the first time (in absolute terms) to the issuer's Board of Directors.

** This column shows the list from which each statutory auditor was taken ("M": majority list, "m": minority list)

*** This column shows the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, and in financial, banking and insurance companies and companies of significant size, as reported more extensively in paragraph 4.2.

(a) This column shows the attendance by directors of meetings of the BoD and the Committees, respectively (the first number shows the number of meetings attended by the individual; the second shows the overall number of meetings held by the body that the individual was entitled to attend).

(b) This column shows the status of the director within the Committee: "C": chairman; "M": member.

(1) As mentioned in the note in paragraph 4.1, the Company, by resolution of the Board of Directors of 8 May 2013, decided not to apply application criterion 3.C.1. letter e) of the Code; accordingly, persons who have held the position of Director for more than nine of the last 12 years – and who are evidently not in other relevant situations in this regard – are considered "independent".

IT IS SPECIFIED THAT THE MEMBERS OF THE SUPERVISORY COMMITTEE HELD OFFICE UNTIL THE GENERAL MEETING OF 13/04/2019, WHEN THE ONE-TIER GOVERNANCE SYSTEM CAME INTO EFFECT.

PERSONS WITH THE OFFICE OF STATUTORY AUDITOR WERE ELECTED BY THE GENERAL MEETING AS MEMBERS OF THE SUPERVISORY COMMITTEE. THE NUMBER OF OFFICES SHOWN IN THIS TABLE CORRESPONDS TO THE ASTERISK DEFINITION "****" AND MAY DIFFER FROM THE NUMBER OF OFFICES REPORTED IN TABLE 3, WHICH SHOWS ONLY THE OFFICES HELD BY DIRECTORS OR STATUTORY AUDITORS AS DEFINED BY ARTICLE 148-BIS.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS UNTIL 13 APRIL 2019

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS UNTIL 13 APRIL 2019

office	members	year of birth	date of first appt*	in office since	in office until	List **	independence per Code	Attendance of meetings of the Board of	no. of other offices***
Chairman	Giovanni Glisenti	1956	25/04/2015	25/04/2015	2018 agm	m	yes	13/13	13
Standing auditor	Federica Bonato	1955	25/04/2015	25/04/2015	2018 agm	M	yes	12/13	7
Standing auditor	Cesare Brena	1965	21/04/2012	25/04/2015	2018 agm	M	yes	13/13	22
Alternate auditor	C. Alberto Murari	1965	25/04/2015	25/04/2015	2018 agm	M	yes		
Alternate auditor	Massimo Babbi	1963	25/04/2015	25/04/2015	2018 agm	M	yes		
No. of meetings in reference year:									
13									

* The date of first appointment of each statutory auditor refers to the date on which the statutory auditor was appointed for the first time (in absolute terms) to the Issuer's Board of of Statutory Auditors.

** This column shows the list from which each statutory auditor was taken ("M": majority list, "m": minority list)

*** This column shows the attendance by statutory auditors of meetings of the board of statutory auditors (the first number shows the number of meetings attended by the individual; the second shows the overall number of meetings held by the body that the individual was entitled to attend)

**** This column shows the number of offices as director or statutory auditor held by the person concerned in addition to the office held at the Issuer.

IT IS SPECIFIED THAT THE BOARD OF STATUTORY AUDITORS REMAINED IN OFFICE UNTIL THE GENERAL MEETING OF 13/04/2019, WHEN THE ONE-TIER GOVERNANCE SYSTEM CAME INTO EFFECT.

PERSONS WITH THE OFFICE OF STATUTORY AUDITOR WERE ELECTED BY THE GENERAL MEETING AS MEMBERS OF THE SUPERVISORY COMMITTEE: THE NUMBER OF OFFICES SHOWN IN THIS TABLE CORRESPONDS TO THE DEFINITION REFERRED TO IN ARTICLE 148-BIS

AND MAY DIFFER FROM THE NUMBER OF OFFICES REPORTED IN TABLE 2B, WHICH SHOWS ONLY THE OFFICES HELD BY DIRECTORS OR STATUTORY AUDITORS IN COMPANIES LISTED IN REGULATED MARKETS, FINANCIAL, BANKING AND INSURANCE COMPANIES OR COMPANIES OF SIGNIFICANT SIZE.

ANNEXES

ANNEX 1: PARAGRAPH ON THE “MAIN CHARACTERISTICS OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS” PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER b) OF THE CONSOLIDATED LAW ON FINANCE (TUF)

1) Introduction

The internal control and risk management system in relation to the financial reporting process (hereinafter the “System”) adopted by the Company is a component of the broader internal control and risk management system described in Chapter 11.0 of the Report.

The objective of this system is to frame and regulate internal control and risk management relating to the financial reporting process from an integrated perspective, with the aim of identifying and assessing risks relating to the financial reporting process (administrative and accounting risk) to which the Company and the Group are exposed, as well as identifying and assessing the related controls.

The system is designed to ensure the reliability, accuracy, reliability and timeliness of financial reporting by preparing a specific policy and guidelines on the design, implementation, monitoring and updating of the system over time.

Responsibility for implementing the system, in the Company and in the Group, involves various corporate functions, as better defined in paragraph 2.2 below.

The System is based on a process defined in accordance with the *CoSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission)* and, for the IT component, with the applicable processes of the *COBIT (Control Objectives for Information and related Technology) Framework*, which represent generally accepted international reference frameworks.

2) Main characteristics of the existing risk management and internal control system in relation to the financial reporting process

2.1 Stages of the risk management system

The Company has adopted a control model, in support of the Financial Reporting Officer, to check the adequacy and effective application of administrative procedures relating to accounting and financial reporting. This model was defined in line with best practices¹⁴ and a progressive implementation plan is provided for.

In particular, the system comprises the following phases:

¹⁴ With regard to internal control of financial reporting, the following are generally recognised and accepted at the international level:

- The CoSO Framework, which defines the guidelines for the implementation and assessment of internal control systems;
- The COBIT Framework, which represents the benchmark for IT governance.

- (i) assessment of controls at entity level (entity-level controls);
- (ii) definition of scope and activity scheduling (scoping);
- (iii) identification and assessment of risks and process controls on financial reporting;
- (iv) checking the effectiveness of financial reporting process controls;
- (v) assessment of IT general controls;
- (vi) preparation of the certification of the Financial Reporting Officer and the confirmation letters of the subsidiaries.

2.1.1 Assessment of entity-level controls

Entity-level controls (ELC) are an overall, summary analysis of the control system at corporate (and Group) level, designed to verify the existence of a business environment that reduces the risk of errors and improper conduct for the purposes of accounting and financial reporting. The method used to assess ELCs includes checklists to evaluate the level of compliance of the specific requirements defined in the CoSO Framework with the business context.

ELC analysis enables the Financial Reporting Officer to periodically reassess the organisational and control system existing in the Group companies, to support the responsibilities assigned to him/her by the legislative provisions (Article 154-bis of the Consolidated Law on Finance (TUF)) and by the Board of Directors.

In particular, the ELC analysis is intended to achieve the following objectives:

- to verify the completeness of the variables of the internal accounting control model, i.e. the control environment, corporate information and internal communication, and risk monitoring and assessment processes;
- to draw up a frame of reference for the business context in which the administrative and accounting control system is incorporated, obtaining useful information to guide the subsequent phases of process assessment;
- to obtain an immediate picture of the level of implementation of the internal regulatory framework of the Group companies, in support of the certifications of the Financial Reporting Officer;
- to identify, if ELC assessment results in a less than positive picture, compensating controls to mitigate any shortcomings detected in the subsequent process testing phase.

2.1.2 Definition of scope and activity scheduling (scoping)

The scope of the analysis is defined by identifying significant subsidiaries according to both quantitative criteria (the individual companies' contribution to consolidated assets or total consolidated revenues) and qualitative criteria based on the risk profile of the individual companies.

2.1.3 Identification and assessment of risks and process controls of financial reporting

With regard to process risks, the risk mapping process, based on a bottom-up approach that starts with the processes within the scope of intervention, identifies risk factors and the related risks and controls for each of these factors.

In particular, the risk assessment activity conducted by the Company in order to identify significant risks is based on an analysis of documentation relating to the relevant processes.

The risks identified are managed through a specific software application, integrated with the corporate database, which records the organisational procedures and enables information on the relative potential risks to be identified and associated with each process, procedure and activity detected and recorded therein.

Organisational procedures and risk assessment are periodically updated and maintained.

The risk assessment is carried out taking into account both the impact of the risks, i.e. the consequences that the individual risk may have in terms of accounting and financial reporting, and the frequency with which they may occur over a given time interval.

Finally, for each risk, control objectives are identified, correlated to the accounting assertions, for which a specific activity has to be envisaged.

With regard to the identification and assessment of controls for the risks identified, the Company has established the following control objectives, specifically with regard to administrative and accounting risk directly associated with accounting assertions:

- a) existence and correctness;
- b) completeness;
- c) rights and obligations;
- d) assessment/measurement;
- e) presentation and disclosure.

The process owners supervise the performance of specific control activities (associated with the risks identified) in order to mitigate the specific administrative and accounting risks identified according to the aforementioned control objectives.

The analysis of risks and controls is summarised in a specific "risk and controls matrix", showing the processes and administrative and accounting risks of the controls; if, during the assessment, there is a shortcoming due to an inadequate control design, specific action plans are provided for in order to mitigate the risk. These plans enable (i) the most appropriate corrective action to be defined given the shortcoming identified, (ii) the entity responsible for the corrective action to be identified, and (iii) the level of priority and the deadline to be defined.

2.1.4 Verification of the effectiveness of financial reporting process controls

In order to verify the effectiveness and actual performance of the control activities identified during assessments to safeguard administrative and accounting risk, a test of the key controls identified is carried out. Testing is carried out twice a year, corresponding to the annual financial statements and the consolidated half-year financial report. At the end of the test phase, after assessing and formalising the level of reliability found, corrective actions and/or action plans are defined and implemented in response to any shortcomings identified, with the aim of improving the effectiveness of the internal control system on financial reporting.

2.1.5 Assessment of IT general controls

The control model also provides for the assessment of the IT component through the execution of IT general controls.

IT general controls (ITGC) are the set of "control objectives" that enable an assessment of the controls to safeguard the risks inherent in processes of managing information systems and relevant to financial reporting.

The analysis of the adequacy of the ITGC, carried out by applying the methodological approach defined by the COBIT Framework, involves, in the same way as for the process controls, the following main steps: (i) definition of the scope; (ii) identification of the risks and control objectives; and (iii) testing activities to verify that the controls identified are effective. When the testing is completed, the results are analysed and corrective actions are defined for any shortcomings detected.

2.1.6 Preparation of the certification of the Financial Reporting Officer and the confirmation letters of the subsidiaries

The overall assessment of corporate, process and IT general controls is the means by which the Financial Reporting Officer and the delegated management body prepare the certifications required under Article 154-bis, paragraph 2 and 5, of the TUF (Legislative Decree 58/98). The subsidiaries are also asked for specific confirmation letters to certify that: i) the disclosure regarding the representation of the economic and financial situation of the Group company is complete, timely, accurate, truthful and in accordance with the accounting principles and methodologies adopted by the Group; ii) the disclosure conforms to the applicable legislation; and iii) the related administrative and accounting procedures, internal control over financial reporting in relation to the activities of the Financial Reporting Officer and the organisational, administrative and accounting structure are adequate.

2.2 The functions involved in the System, their respective roles and the relevant information flows

Responsibility for the effective implementation of the internal control system, in terms of the concrete conduct and exercise of control mechanisms, procedures and rules, is widespread and integrated into the company structures.

In particular, with regard to the financial reporting process, the System involves the corporate bodies and operational and control structures in integrated management, vesting each body and structure of the functions relating to the design, implementation, monitoring and updating of the System over time.

In order to ensure that the corporate bodies and functions, which are assigned specific tasks within the internal control and risk management system in relation to financial reporting, are able to collaborate by exchanging all useful information for the performance of their respective tasks, the Company has identified a series of information flows.

The main information flows between the Financial Reporting Officer and the various bodies and functions of the internal control system are set out below.

- In addition to assisting the Board of Directors in carrying out its tasks in relation to accounting control, the Control and Risks Committee, with reference to the financial reporting process:
 - assesses, with the assistance of the Financial Reporting Officer and the collaboration of the independent auditor and the Supervisory Committee, whether the accounting standards are being used correctly and consistently for the purposes of compiling the consolidated financial statements;
 - examines the periodic information on the activities carried out and the progress of the corrective measures provided for by the Financial Reporting Officer;
 the Control and Risks Committee reports to the Board of Directors when the latter is required to assess, at least once a year, the adequacy and effectiveness of the internal control and

risk management system with respect to the characteristics of the Company and the Group, the risk profile assumed and its effectiveness.

The Financial Reporting Officer provides the Control and Risks Committee with an annual plan of activities for the financial year and reports, at least once every six months, on the activities carried out, the main critical issues encountered and the corrective actions identified.

- The Supervisory Committee, within the scope of the tasks assigned under applicable legislation, monitors the adequacy of the Company's organisational structure and internal control system, as well as its administrative and accounting systems and its reliability in correctly representing operations, including in relation to the Group; The Supervisory Committee examines the periodic information on the activities carried out and the progress of the corrective measures provided for by the Financial Reporting Officer and makes its contribution to the Control and Risk Committee for the purposes of the assessment of the correct use of accounting principles in the preparation of the separate and consolidated financial statements.
- The Board of Directors ensures that the Financial Reporting Officer has adequate powers and means to perform the duties assigned to him by the regulations, as well as effective compliance with administrative and accounting procedures. The administrative body, together with the Financial Reporting Officer, is tasked with certifying the adequacy and effective application of the administrative and accounting procedures for the preparation of the separate and consolidated financial statements and the consolidated half-year financial report.
The Financial Reporting Officer periodically reports to the Board of Directors, also through the Control and Risks Committee, on the activities carried out in the performance of his duties.
- The Financial Reporting Officer collaborates with the Audit function, the Compliance function, the Risk Management function and the Actuarial function through the exchange of information (and the scheduling of specific meetings) relating to the planning and results of the activities within his remit, in order to develop the synergies deriving from joint actions in the Group companies.
- The Financial Reporting Officer collaborates with the Supervisory Body pursuant to Legislative Decree No. 231/2001 by exchanging information on the activities within his remit, while upholding the principle of independence from this body. Specifically, the Financial Reporting Officer may be called upon by the Supervisory Board to report on his activities and, in turn, to collaborate with the Supervisory Body by exchanging information on the planning and results of the activities within his remit, in order to develop the synergies deriving from joint actions.
- The auditing company may receive requests for information from the Financial Reporting Officer with regard to the investigation activities within his area of responsibility.

The other participants in the system are:

- The 262 Supervisor reports to the Financial Reporting Officer, helping him to implement and monitor the 262 framework, ensuring that the Policy and Guidelines are correctly adopted by the Group;
- The contact person for the Financial Reporting Officer, identified as the Chief Executive Officer of the Group company, unless otherwise indicated by the administrative body, supports the Chief Executive Officer in carrying out his tasks with regard to the subsidiary;

- Organisation updates the administrative and accounting processes continuously to support the activities of the Financial Reporting Officer;
- The process owner, who is responsible for managing administrative and accounting procedures to ensure adequate monitoring of financial reporting risk;
- The control owner, an operational contact person who physically carries out the control subject to analysis and testing.

* * *

Verona, 18 March 2020

