

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)

Report for FY 2020  
Approved by the Board of Directors  
on 1 April 2021

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Società Cattolica di Assicurazione – Società per Azioni  
Registered office at Lungadige Cangrande 16, Verona  
<http://www.cattolica.it>

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## GLOSSARY

**Framework Agreement:** as defined in the Report.

**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 Code of Private Insurance (*Codice delle Assicurazioni Private*).

**Cattolica Assicurazioni, Issuer, Company:** Società Cattolica di Assicurazione – società per azioni, 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.

**MCC/Management Control Committee:** the body with the control function within Cattolica Assicurazioni.

**Board of Directors, Board:** the management body of Cattolica Assicurazioni.

**The Cura Italia Decree:** Decree-Law No. 18 of 17 March 2020 “containing measures to strengthen the national health service and to provide economic support to families, workers and companies in connection with the Covid-19 epidemiological emergency”.

**Financial Reporting Officer:** The financial reporting officer pursuant to Article 154-bis of the Consolidated Law on Finance.

**Financial Year:** the financial year ended 31 December 2020.

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

**Cattolica Group:** Cattolica Assicurazioni and its subsidiaries.

**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 2020, 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](http://www.cattolica.it)

**Current Articles of Association:** the Articles of Association of Cattolica Assicurazioni (in the form of a cooperative company), in force until 31 March 2021, approved by the Extraordinary Shareholders' Meeting of 31 July 2020.

**New Articles of Association:** The Articles of Association of Società Cattolica di Assicurazioni (in the form of a limited company) in force as of 1 April 2021, approved by the Extraordinary Shareholders' Meeting of 31 July 2020.

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

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## PRELIMINARY REMARKS ON METHODOLOGY

This Report fulfils the disclosure obligations laid down in Article 123-bis of the TUF, according to which issuers are required to provide the market, on an annual basis, with precise information on their ownership structure, the structure and functioning of their corporate bodies and the governance practices they apply.

The Report describes the corporate governance system and ownership structure of Cattolica Assicurazioni in 2020, also highlighting the most significant events that occurred during that Financial Year.

The corporate governance described in the Report complies with the principles and criteria contained in the Corporate Governance Code published in July 2018 and takes account of the contents of the report on the application of the Code, prepared in December 2020 by the Italian Corporate Governance Committee.

The Report includes and describes in detail the numerous corporate events that took place during the year, resulting in a number of developments and changes in the corporate structure and representation of the Company's shareholders.

In particular, with regard to the planned transformation of the Issuer into a limited company, a transformation that is expected to be effective as of 1 April 2021, and the associated entry into force of the New Articles of Association, by resolution of the Shareholders' Meeting of 31 July 2020, the Report describes the new rules for direct participation by Shareholders in the life of the company, superseding (i) the distinction between the status of Shareholder and that of Member that characterises the cooperative form, and (ii) the principle of per capita voting.

The Report also describes in detail the provisions of the agreement entered into during the Financial Year with Assicurazioni Generali, which resulted, *inter alia*, in the subscription by Assicurazioni Generali to a €300 million tranche of the reserved capital increase.

This Report also makes numerous references to events after the end of the Financial Year. It was deemed appropriate to discuss these events for a more complete understanding of the corporate governance system and its ongoing evolution.

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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 will retain the legal form of a cooperative that is not predominantly mutualist, pursuant to Article 2512 of the Italian Civil Code, until 1 April 2021, when the transformation into a limited company, resolved upon by the Extraordinary Shareholders' Meeting of 31 July 2020, will take effect.

The shareholding structure, which is mainly made up of natural persons, includes over 19,000 Members as at the Report approval date. As of 1 April 2021, as a result of the aforementioned transformation into a limited company, the distinction between members and shareholders will no longer be made.

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

The administration and control model in effect is "one-tier", with a Board of Directors and an internal Management Control Committee, both appointed by the Shareholders' Meeting.

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

Pursuant to the New Articles of Association, the members of the Board of Directors and the Management Control Committee are appointed by the Shareholders' Meeting on the basis of slates. The slates are divided into two sections: the first section lists candidates for the position of Director who are not also candidates for the position of member of the Management Control Committee; the second section lists candidates for the position of Director who are also candidates for the position of member of the Management Control Committee.

The candidate for the position of Chief Executive Officer is indicated when the slates are submitted.

For more information on the Board of Directors, please see Section 4.0 below.

During 2020:

- on 24 June 2020, Assicurazioni Generali S.p.A. ("AG") and the Issuer signed a framework agreement (the "Agreement"), subsequently amended on 23 September 2020 (the "Amendment Agreement") for the development of a common project for a corporate and business transaction designed to both strengthen Cattolica's income and capital position and adjust its corporate governance, and create a strategic industrial and commercial partnership between AG and Cattolica. (For further details of the Agreement, please see Section 2.0 g) below.)
- Subsequently, on 27 June, the Shareholders' Meeting resolved to grant the Board of Directors a mandate, pursuant to Article 2443 of the Civil Code, to increase the share

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(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.

capital, in one or more tranches, by 26 June 2025, for a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no par value and the same characteristics as the outstanding shares, including with a limitation on option rights and reservation for financial entities and/or institutional investors. Accordingly, Article 6 of the Articles of Association has been amended.

In this regard, the above Agreement provides, *inter alia*, with regard to the capital increase resolved upon in implementation of the mandate of the Board of Directors, a project to strengthen Cattolica's capital, in the form of one tranche of a capital increase reserved for Assicurazioni Generali of €300 million, subject to the transformation of Cattolica into a limited company.

- On 31 July, the Extraordinary Shareholders' Meeting resolved to transform the issuer into a limited company by adopting a text typical of this model in the Articles of Association. It should be noted that the effects of the corporate transformation and the start date of the New Articles of Association were deferred until 1 April 2021, partly in order to allow a gradual process of adjustment and renewal of the Company's governance.
- On 4 August, the Board of Directors partially exercised the mandate for the capital increase of €500 million, the first tranche of which, reserved for Assicurazioni Generali, was executed on 23 October 2020 in accordance with the Agreement. The second tranche of the increase, totalling €200 million, is expected to be executed by 31 July 2021.

In the broader context of the streamlining and simplification of the Cattolica Group, it should be noted that the Company carried out the following transactions during the Financial Year:

- On 20 February, it completed the purchase of 40% of ABC Assicura S.p.A. from Banca Popolare di Vicenza in compulsory administrative liquidation. Following the acquisition, Cattolica Assicurazioni holds 100% of the share capital of ABC Assicura;
- On 4 June, after obtaining the necessary authorisations from the competent authorities, it completed the acquisition of 40% of Cattolica Life from Banca Popolare di Vicenza in compulsory administrative liquidation and simultaneously sold 100% of the same company to reinsurance group Monument Re;
- On 28 July, it purchased 40% of Berica Vita S.p.A. from Banca Popolare di Vicenza in compulsory administrative liquidation. Following the acquisition, Cattolica Assicurazioni holds 100% of the share capital of Berica Vita;
- On 23 December, it signed a binding agreement with UBI Banca concerning the early termination, prior to the expiry date of 30 June 2021, of the Life bancassurance agreements in place between the parties, through the exercise by the bank of the option to purchase the 60% stake held by Cattolica in Lombarda Vita. As of the date of this report, the transaction has obtained the necessary authorisations from the competent authorities.

In 2020, the Company published its "2019 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 Sustainability Reports from 2016 to 2019 and the financial statements published over time are available on the corporate website at "[www.cattolica.it/home-corporate](http://www.cattolica.it/home-corporate)", in the "Sustainability" section.

## 2.0 INFORMATION ON OWNERSHIP STRUCTURE (pursuant to Article 123-bis, para. 1, of the TUF) as at 1 April 2021

### 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 €685,043,940, made up of 228,347,980 ordinary shares with no par value.

There are no other categories of shares.

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

Until the end of 2020, share-based incentive plans existed 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 the shares by name assigns to the holder all pecuniary rights but not, while the Company retains its cooperative form, the status of Member. This status will cease on 1 April 2021, when the transformation into limited company takes effect.

### 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: Assicurazioni Generali SPA, with a shareholding of 23.672%; General Reinsurance AG, a wholly owned subsidiary of Berkshire Hathaway Inc. (9.047%); and Fondazione Banca del Monte di Lombardia (3.740%). On the same date, the percentage of treasury shares held by Cattolica Assicurazioni in its share capital was 12.282%.<sup>2</sup>

Significant equity investments of more than 1% (see Consob Resolution No. 21304 of 17 March 2020) are as follows: Sofia Holding Srl (1.448%) and Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona (1.06%).

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

Until 1 April 2021, 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))**

<sup>2</sup> Update on 1 April 2021, on the basis of the Members' register, mainly relating to the registration of the dividend payment on 20 May 2019, possibly supplemented by communications received pursuant to Article 120 of the Italian Consolidated Law on Finance and other available information.

No systems exist for share ownership by employees assuming the status of member, in either the Current Articles of Association or the New Articles of Association.

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

The New Articles of Association do not provide for any restrictions on voting rights.

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

As mentioned in Section 1.0 above, on 24 June 2020, Assicurazioni Generali S.p.A. and the Issuer signed the Agreement for the development of a common project for a corporate and business transaction designed to both strengthen Cattolica's income and capital position and adjust its corporate governance, and create a strategic industrial and commercial partnership between AG and Cattolica.

The Agreement, effective from the signing date, will remain valid and binding for the following 24-month period.

The Agreement contains certain significant shareholders' agreements, pursuant to Article 122, first paragraph, and fifth paragraph, letter a) of the TUF, which relate to the following main aspects:

1. approval of new Articles of Association (resolved upon by the Shareholders' Meeting of 31 July 2020) which provides, *inter alia*, for the following: (A) the extension of the limit on equity ownership by shareholders other than natural persons up to the limit of 25% of the capital, (B) the adoption, at the Shareholders' Meeting, with a favourable vote of members holding at least 20% of the share capital, of resolutions relating to (i) amendments to this provision of the Articles of Association, (ii) amendments to the Articles of Association relating to the corporate purpose, the appointment and functioning of the Board of Directors and the transformation or revocation of the transformation resolution, (iii) capital increases, except for increases executed at fair market value, necessary to restore a balanced equity situation or carried out on the order of an authority or on the basis of applicable legislation, including regulations, and (iv) mergers and demergers; (C) rules of election of the Board of Directors that enable members holding at least 20% of the share capital to appoint three directors; and (D) the adoption, at Board meetings, with the favourable vote of the Chairman of the Corporate Governance and Sustainability Committee, of resolutions concerning, *inter alia*, the contracting of new debt, the transfer of tangible and intangible fixed assets and equity investments, all above certain thresholds, the granting of guarantees, related party transactions, and proposals to the Shareholders' Meeting on the matters indicated above and on the amendment of the matters indicated in letter (B) above or the amendment of the provisions of this letter (D);

2. transformation of the Issuer from a cooperative company into a limited company (approved by the Shareholders' Meeting of 31 July 2020), subject to the condition precedent that the number of shares subject to the exercise of the right of withdrawal resulting from the resolution does not exceed the limit of 20% minus one share of the total shares issued by Cattolica; this condition has been fulfilled, since members representing 11.8% of Cattolica's share capital exercised the right of withdrawal; the transformation will be effective as of 1 April 2021. Following the transformation, the Issuer will take the legal form of a limited company and, consequently, superseding the principle of per capita voting currently applied

(according to which each member may cast only one vote at the Shareholders' Meeting regardless of their stake in the share capital), each share of Cattolica will confer entitlement to one vote at the Shareholders' Meeting;

3. partial recomposition of the Board of Directors of Cattolica, with an undertaking by Cattolica to ensure that three directors (not members of the Management Control Committee) will resign with effect from the date of subscription by Assicurazioni Generali for the reserved capital increase and that the Board of Directors that will meet on the same execution date (with the involvement of the corporate bodies appointed for this purpose) will appoint, through co-option pursuant to Article 2386 of the Civil Code, the persons who will be designated by AG to replace the resigning directors. Of these persons: (x) one co-opted director will be appointed Chairman of the Corporate Governance and Sustainability Committee, having a special statutory function with regard to matters within the purview of the Board of Directors indicated in point 1(D) above; and (y) one co-opted director will be appointed Chairman of the Remuneration Committee. These commitments were updated on 23 October 2020;

4. capital increase, with Cattolica's undertaking to carry out (x) the reserved capital increase, carried out by AG on 23 October 2020, through the issue of new ordinary shares at a unit price of €5.55; and (y) the optional capital increase, establishing, by virtue of the provisions of the Agreement, the criteria for determining the subscription price of the newly issued shares resulting from the said optional capital increase on the basis of the value of Cattolica's shareholders' equity, taking into account, *inter alia*, general market conditions, the trend in Cattolica's share price in the last six months, the performance of Cattolica and the Cattolica Group in terms of profits, financial position and cash flows, and market practice for similar transactions, including the possibility of applying a discount to the theoretical ex right price and reserving the right to establish, in the legal forms and in compliance with the mandate received, the unit price of the shares resulting from the optional capital increase;

5. undertakings following execution of the reserved capital increase: The Issuer has undertaken to ensure that the option offer period of the optional capital increase, without prejudice to the prescribed legal authorisations, will start after the execution date of the reserved capital increase and at the end of the period for the exercise of the right of withdrawal, consequent to approval of the transformation resolution and any consequent option and pre-emption offer, starting on 27 October 2020 and ending on 26 November 2020, as well as the offer on the Stock Exchange pursuant to Article 2437-*quater*, paragraphs 1, 2, 3 and 4 of the Italian Civil Code, of the shares subject to withdrawal. Following the completion of the liquidation procedure for the shares subject to withdrawal, as at 30 December 2020 Cattolica held a total of 28,045,201 shares, equal to 12.3% of the Issuer's share capital.

The Amendment Agreement, meanwhile, provided, *inter alia*, for an undertaking by Cattolica to (x) update the prospectus, and to prepare and file with Consob at a time consistent with the resolution of the Board of Directors of Cattolica for the exercise of the mandate to perform the capital increase assumed on 4 August 2020, the updated prospectus and the information note on the shares resulting from the optional capital increase; and (y) cooperate in good faith, providing Consob with all the data and information that might be necessary that may be requested by the authority during the relevant procedure for the approval by Consob of the documentation relating to the prospectus referred to in point (x) above at a time consistent with the resolution of the Board of Directors of Cattolica for the exercise of the mandate to perform the capital increase assumed on 4 August 2020.

Under the Framework Agreement, Cattolica has undertaken to ensure that the Board of Directors resolved on Assicurazioni Generali's application for admission as a member of Cattolica, pursuant to and for the purposes of Article 11 of the New Articles of Association, no later than seven business days following the execution date of the capital increase. On 23

October 2020, at the same time as the execution of the reserved capital increase and its entry into Cattolica's share capital, AG was admitted as a member of the Company. Cattolica has also undertaken not to call a Shareholders' Meeting of Cattolica to resolve on the matters on which the Articles of Association provide for an enhanced statutory power for the shareholder holding more than 20% of the share capital (as specified above) before AG can exercise its voting rights, including in the event of a call for a Shareholders' Meeting by shareholders.

Under the Framework Agreement, AG is also entitled to subscribe to (i) the portion of the optional capital increase that pertains to it, and (ii) the shares resulting from the optional capital increase that are unsubscribed following the option offer and the stock market offer; all of the above on the essential precondition that such purchases will not result in any public tender offer obligation for AG.

The shareholders' agreements described above concern all 54,054,054 shares (equivalent to 23.672% of the Issuer's voting capital and 26.986% of Cattolica's share capital, not including the treasury shares held by Cattolica as at 31 December 2020, also as a result of the purchase of the shares subject to withdrawal on 30 December 2020), which AG holds following the subscription and full payment of the reserved capital increase, or will concern the greater number of shares, if AG subscribes, pro rata, to the optional capital increase and/or the shares resulting from the optional capital increase that are unsubscribed following the option offer and the stock market offer, on the essential precondition that such purchases will not result in any public tender offer obligation for AG.

**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 current cooperative nature.

The Current Articles of Association, until the date of approval of the Report, do not provide for any exceptions to the provisions of Article 104 of the TUF.

Until 1 April 2021, as Cattolica is a cooperative company, the provisions of Article 104-bis of the TUF do not apply.

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. With particular regard to the change of control of the Issuer, this hypothetical situation would occur if a bank, insurance company or financial investor acquired control of the Company pursuant to Article 2359 of the Italian Civil Code, it being understood that the transformation of Cattolica from a cooperative company into a limited company would not constitute a change of control for the purpose of exercising the option.

In this regard, it should be noted that on 5 March last, Banco BPM and Cattolica Assicurazioni reached an agreement in which they defined the terms and methods of the adaptation and continuation of their partnership in the bancassurance sector and the relevant exit rights, thus combining their respective interests and taking into account the changed economic environment. This agreement will be effectively regulated and harmonised over the coming

months with respect to the contracts in place.

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 2020, Cattolica Assicurazione's equity investment in the share capital of IMA Servizi S.r.l. was 6% following sales of shares to companies in the Issuer's Group.

In particular, under the agreements, Inter Mutuelles Assistance S.A. (as long as the latter holds a majority interest in IMA Italia Assistance and IMA Servizi S.c.a r.l.) will have an option to purchase from Cattolica the interest in IMA Italia Assistance and the interest in IMA Servizi S.c.a r.l. when the change of control of Cattolica takes place pursuant to Article 72 of the Code of Private Insurance.

Cattolica also has a put option on the interests in IMA Italia Assistance and IMA Servizi S.c.a r.l. if Cattolica becomes a controlling shareholder in these companies and there is a change of control of Cattolica pursuant to Article 72 of the Code of Private Insurance.

It should be noted that a change of control would occur in the event of the acquisition of control of Cattolica within the meaning of Article 72 of the Code of Private Insurance by an insurance company or financial conglomerate carrying out activities in competition with the insurance group headed by IMA Italia Assistance. In this regard, Article 72 of the Code of Private Insurance provides that control exists over a company in the cases indicated in Article 2359 of the Italian Civil Code, and in the presence of contracts or clauses in the Articles of Association that have, as their object or effect, the power to exercise management and coordination activities. In particular, control exists not only in the case of de jure control (in the case of holding a shareholding of more than 50% of the share capital), but also in the case of de facto control or dominant influence which, pursuant to Article 72, paragraph 2, of the Private Insurance Code, is presumed to exist, (i) when an entity, on the basis of agreements or the possession of shareholdings, is entitled to appoint, alone the majority of directors, or to adopt resolutions at the ordinary shareholders' meeting, (ii) when it is subject to common management, on the basis of the composition of the corporate bodies or on the basis of other elements of agreement, such as, for example, permanent and imported reinsurance links, (iii) when relationships, including between shareholders, of an insurance, reinsurance, financial and organisational nature are capable of achieving (a) the transmission of profits or losses, (b) the coordination of management of the company.

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

By resolution of 27 June 2020, the Extraordinary Shareholders' Meeting granted the Board of Directors, pursuant to Article 2443 of the Civil Code, the power to increase the share capital, in one or more tranches, by 26 June 2025, for a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no par value and the same characteristics as the outstanding shares, to be offered optionally to those entitled, with the widest powers to establish, from time to time, in accordance with the limits indicated above, the procedures, terms and conditions of the transaction, including the issue price of the shares, including any share premium, and the dividend entitlement.

By resolution of the Board of Directors of 4 August 2020, with effect from 23 October 2020, the aforementioned delegated capital increase was partially implemented through the subscription, by Assicurazioni Generali S.p.A., of the portion of the increase reserved for it, for a total amount of approximately €300 million.

As a result of this transaction, Assicurazioni Generali holds a stake in the Company equal to 24.46% of the voting capital of the Issuer (calculated excluding treasury shares: the percentage is 23.672% if the treasury shares held at the subscription date are taken into account). The capital increase reserved for Assicurazioni Generali resulted in the issue of

54,054,054 shares of Cattolica, at an issue price per share of €5.55, including a share premium of €2.55, for a nominal share capital increase of €162,162,162.00. The 54,054,054 shares resulting from the Reserved Capital Increase, which are currently unlisted, are to be admitted to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. once Consob has issued its own authorisation for the publication of the relevant prospectus.

\*

The Shareholders' Meeting of 27 June 2020 resolved to authorise the Board of Directors to purchase and/or dispose of ordinary treasury shares pursuant to the current provisions of law and the Articles of Association, for a period of 18 months from the Shareholders' Meeting resolution, according to the procedures set out below, to revoke and replace the resolution authorising the purchase and/or disposal of treasury shares of the Shareholders' Meeting of 13 April 2019, without prejudice to what was done or carried out as a result thereof.

With regard to the underlying reasons, in its report for the Shareholders' Meeting of 27 June 2020, 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:

- 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;
- from an investment standpoint, to take advantage of market opportunities and provide liquidity for the stock when needed
- 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 Shareholders' Meeting on 27 June 2020:

#### *Purchase of treasury shares*

- 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 this 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 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 – will 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 Shareholders' Meeting.

#### *The trading and sale of treasury shares*

- a) Shares that are purchased in implementation of the resolution of the Shareholders' 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 reached. 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 2020 as part of the new authorisation granted by the Shareholders' Meeting.

It should be noted that specific proposals on the matter will be submitted to the Shareholders' Meeting convened, *inter alia*, to approve the 2020 financial statements. For a detailed examination of these, see the content of the specific report, which will be made available within the legal deadlines.

\*

In this regard, it should be noted that, at the end of the period of the optional offer, pursuant to Article 2437-*quater* of the Italian Civil Code, of the shares subject to the right of withdrawal due to the holders of Cattolica shares that did not concur with the approval of the resolution to transform the Company into a "limited company", resolved upon by the Extraordinary Shareholders' Meeting of 31 July 2020, and following the acceptance results for the aforementioned offer (50,101 shares, of which 41,182 were optional and 8,919 were requested on a pre-emptive basis), the Company directly redeemed the shares subject to withdrawal by purchasing the shares held by the shareholders that legitimately exercised their right of withdrawal through the purchase, with a value date of 30 December 2020, of 20,720,350 treasury shares deriving from the said withdrawal at a liquidation price of €5.47 each. These shares were added to the treasury shares already held, increasing the treasury shares portfolio as at 30 December to 28,045,201 shares, equal to 12.3% of the Company's share capital. At that date, 200,302,779 shares representing 87.7% of the share capital were still outstanding.

As of the date of approval of this Report, treasury shares amounted to 28,045,201 shares or 12.282% of the Company's share capital.

\*

**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 Section 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 Shareholders' Meeting.

\*

### **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<sup>3</sup>) 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.

\*

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 Vera Financial DAC, based in Dublin and governed by Irish law, and the reinsurance company CattRe, governed by Luxembourg law.

\*

In March 2021, the Company formally adhered to the Corporate Governance Code issued by Borsa Italiana's Corporate Governance Committee in effect from 1 January 2021.

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<sup>3</sup> The current edition of the Code, published in July 2018, is available on the website: [www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm](http://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))

Assuming that, by resolution of the Extraordinary Shareholders' Meeting of 31 July 2020, the New Articles of Association will enter into force with effect from 1 April 2021 following the transformation of the Company into a limited company, for the sake of clarity, the rules governing the appointment of the Board of Directors that will apply from that date are set out below, assuming that, in the event of a new appointment after the date of approval of this Report, the provisions of the New Articles of Association will apply; the updated passages of the Articles of Association are provided below.

#### Appointment of Directors

Pursuant to Article 19.1 of the New Articles of Association, the Company is managed, according to the one-tier system of administration and control, by a Board of Directors with a minimum of 13 and a maximum of 15 members, appointed by the Shareholders' Meeting within which a 3-member Management Control Committee is constituted.

Pursuant to Article 19.3 of the New Articles of Association, the Board of Directors is composed according to the following diversity criteria: i) at least 2/5 (two fifths) of the members must be of a different gender than the one most represented; ii) at least 1/3 (one third) must have experience of functions such as directors or statutory auditors or senior managers with strategic responsibilities in companies that conduct insurance or banking or financial business for at least six years overall in the last twelve preceding their appointment in the Company; the said companies must be of a significant size and therefore have a net book worth of at least €30 million or revenues from sales and services of at least €60 million or have issued shares listed on a regulated market or widely disseminated among the public; iii) at least 1/3 (one third) must not have completed the sixtieth year of age when nominated by the Shareholders' Meeting.

The New Articles of Association (see Article 20) also provide that Directors must meet the requirements of professionalism and integrity established by applicable law.

At least ten Directors must also meet the independence requirements established for statutory auditors under Article 148, paragraph 3 of the TUF, without prejudice to the additional independence requirements for Directors for the purposes of application of the Supervisory regulations or the governance rules if implemented by the Company.

In any case, a Director cannot be considered independent if he/she held the position of Director of the Company for a period exceeding 9 (nine) years continuously before the appointment or if he/she was an executive director or employee of the Company or of a subsidiary company in the three years prior to the appointment or is still related or related, up to the fourth degree, to one of the aforementioned persons.

At least one Director must be included in the Register of Statutory Auditors.

Without prejudice to other legal and supervisory authority provisions regarding incompatibility, requirements and prohibitions on holding office, Directors may not be elected if they are members of the board of directors of more than five listed companies or their subsidiaries. This is all without prejudice to the grounds for revocation established by applicable law in the event that the personal requisites for Directors are no longer met.

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.

According to the Articles of Association (Article 22 of the New 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 leaving 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, as follows:

- (a) the Board of Directors and each Member may submit one slate and each candidate may appear on only one slate.
- (b) If the Board of Directors submits a slate, the slate must be composed in compliance with the provisions governing the composition of the Board of Directors under applicable law and the Articles of Association. The slate 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 submit a slate, the slate must be composed in compliance with the provisions governing the composition of the Board of Directors pursuant to applicable legislation and the Articles of Association. The slates of Members may also be submitted by Members that, alone or together with other Members, own shares representing in total at least 2.5% of the share capital.
- (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 shows candidates for the position of Director who are not candidates for the position of member of the Management and Control Committee. The second section of the lists shows candidates for the position of Director who are also candidates for the position of member of the Management and Control Committee.
- (e) The candidate for the position of Chief Executive Officer is indicated when the slates are submitted.
- (f) Together with each slate, by the deadline for filing the slates at the Company's registered office, each slate must be accompanied by declarations in which individual candidates accept their nomination and confirm, under their own responsibility, that there are no grounds for ineligibility or incompatibility and that they fulfil the requirements established by applicable law (including corporate governance) and the Articles of Association for holding the office of Director and member of the Management Control Committee, with a specific indication in their *curriculum vitae* of the professional experience and Company shares held directly or indirectly on said date.
- (g) If, by the deadline for filing the slates at the Company's registered office, only one slate has been submitted, regardless of its composition, the deadline for submitting slates is extended to the third calendar day following said deadline, and the thresholds provided for in the Articles of Association are halved.

The aforementioned slates for the appointment of Directors must be consistent with the criteria in Article 19.3 of the New Articles of Association and in any case allow compliance with the same in the composition of the Board of Directors, without prejudice to the personal requirements laid down by laws, regulations and the Articles of Association.

Each Member can vote for only one slate.

If only one slate is submitted, all the Directors are taken from that slate in the sequential order in which the candidates are named in the respective sections. The office of Chairman of the Management Control Committee is the candidate ranked first in the second section of the single slate.

If several lists have been submitted:

- a) 4/5 Directors are taken from the slate obtaining the highest number of votes ("Majority Slate"), 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 Slate in the sequential order in which the candidates are listed who will be members of the Management Control Committee; the other Directors are taken from the first section of the Majority Slate, again in the sequential order in which the candidates are listed therein;
- b) 1/5 of Directors are taken from the slate obtaining the second highest number of votes which is not linked, according to current legislation, to the Majority Slate ("Minority Slate"), namely the candidate listed first in the second section of the Minority Slate and the candidate listed first in the first section of the Minority Slate ("Minority Directors"); if these candidates do not ensure compliance with current legislation and these Articles of Association concerning the composition of the Board of Directors, the next candidates in the first and second sections respectively of the Minority Slate who ensure compliance with this legislation are elected as Minority Directors; in the absence of suitable candidates in the first and second sections of the Minority Slate, the other suitable candidates in the first and second sections of the Minority Slate are elected as Minority Directors; the Minority Director taken from the second section assumes the position of Chairman of the Management Control Committee;
- c) if none of the candidates on the Minority Slate ensure the requirements of applicable law and these Articles of Association concerning the composition of the Board of Directors, the Minority Directors shall be taken from any further slates in the order of the votes each has received and according to the sections of said slates;
- d) if there are no further slates or the slates do not contain candidates who ensure the requirements of applicable law and these Articles of Association concerning the composition of the Board of Directors, the fourteenth and the fifteenth Directors shall be taken from the Majority Slate.

If the Majority Slate does not indicate a sufficient number of candidates to complete the Board of Directors:

- a) all the candidates indicated therein are taken from the Majority Slate, in the sequential order for both sections, without prejudice to what is established below;
- b) the Minority Directors are taken from the Minority Slate;
- c) all the Directors required to complete the Board of Directors are taken from the Minority Slate, in accordance with the provisions relating to its composition under applicable law and these Articles of Association; in this case, should the majority of Directors be taken from the Minority Slate, the office of Chairman of the Management Control Committee shall be assigned to the candidate ranked first in the second section of the slate from which the lower number of Directors is taken;
- d) in the event that there are insufficient candidates on the Minority Slate, the remaining Directors shall be taken from any additional slates in the order of the votes they have obtained.

The appointment of the Board of Directors must respect the gender balance and the diversity criteria referred to in the Articles of Association, without prejudice, however, to the mandatory provisions of law, and therefore the following forms:

- a) the lists must indicate the candidates required to ensure that the gender balance is respected at least in proportion to the minimum required under Article 19.3 of the New Articles of Association;
- b) in the event of substitution, appointments must be made in accordance with the gender allocation criterion in Article 19.3 of the New Articles of Association in relation to the situation at that time.

If, for any reason and in every case, one or more Directors cannot be appointed in accordance with the provisions of the Articles of Association, the Shareholders' Meeting decides, for the purpose of completing the Board of Directors, in accordance with the legal

and regulatory provisions and these Articles of Association, by a relative majority between the candidates proposed at the same Shareholders' Meeting.

### **Replacement of Directors**

In accordance with Article 24 of the New Articles of Association, if, for any reason, Directors other than the members of the Management Control Committee leave office and were not taken from the Capital Slate, the Board of Directors co-opts in accordance with Article 2386 of the Italian Civil Code.

If, for any reason, Directors that are members of the Management Control Committee leave office, the first of the eligible candidates not elected from the second section of the slate from which the Director to be replaced was taken will replace him or her, failing which the first of the eligible candidates not elected from the first section of the slate from which the Director to be replaced was taken will replace him or her. If there are no eligible candidates on the slate from which the Director to be replaced was taken, the outgoing member of the Management Control Committee is replaced by a Shareholders' Meeting to be called without delay.

If the Chairman of the Management Control Committee leaves office early, the chairmanship is taken over by the member of the Management Control Committee who replaces him or her.

### **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 and the Deputy General Managers ensures the necessary management continuity, potentially also through a partial reallocation of duties and powers if necessary. Furthermore, emergency plans are in place for any unplanned absence of company representatives – including the Chief Executive Officer – to ensure that the Company continues to function as necessary.

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

The Shareholders' Meeting of 13 April 2019 appointed a Board of Directors for the three-year period 2019-2020-2021, composed of 17 members, three of whom are also members of the Management Control Committee, who meet the fitness and propriety requirements laid down in the relevant "Company policy for identifying and assessing fitness and propriety for the position 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.

For the appointment of the members of the Board of Directors and the members of the Management Control Committee, only one slate 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, Carlo Napoleoni, Aldo Poli, Pierantonio Riello, Anna Strazzerà and Eugenio Vanda were elected. Furthermore, from the second section of this slate, Giovanni Glisenti (Chairman of the Management and Control Committee), Cesare Brena and Federica Bonato were elected as Directors and members of the Management and Control Committee.

During the Financial Year, the Board of Directors acknowledged the resignation of Alberto Minali with effect from 29 May. Therefore, the Shareholders' Meeting of 31 July was asked to

approve, *inter alia*, the appointment of a member of the Board of Directors (other than members of the Management Control Committee) identified pursuant to Article 34.4 of the applicable Articles of Association as Carlo Ferraresi.

At its meeting of 4 August 2020, the Board of Directors of the Issuer appointed Carlo Ferraresi as Chief Executive Officer, granting him the powers described below.

Subsequently, the Board of Directors also acknowledged the resignations of Pierantonio Riello (Independent Director and member of the Remuneration Committee) with effect from 28 September 2020 and the resignations, with effect from 20 October 2020, of Directors Chiara de' Stefani (Independent Director, Chairman of the Remuneration Committee and member of the Appointments Committee) and Carlo Napoleoni (Independent Director pursuant to the TUF and non-independent Director pursuant to the Corporate Governance Code).

Consequently, at its meeting of 23 October 2020, the Board of Directors appointed by co-option, pursuant to Article 2386 of the Italian Civil Code, Stefano Gentili, Roberto Lancellotti and Elena Vasco as Directors of the Issuer, designated by Assicurazioni Generali under the Framework Agreement. Under the Framework Agreement with Assicurazioni Generali, the Board of Directors appointed Stefano Gentili as Chairman of the Corporate Governance and Sustainability Committee and Roberto Lancellotti as Chairman of the Remuneration Committee. Additions were also made to the Appointments Committee, with the appointment of Anna Strazzerà as a member, and the Remuneration Committee, with the appointment of Eugenio Vanda as a member.

Lastly, after the end of 2020, specifically with effect from 14 January 2021, Director Luigi Castelletti resigned from his position as Director and Chairman of the Related Parties Committee.

As of the date of approval of this Report, the Board had not proceeded with a co-option to fill the vacant directorship position, although it had appointed Piergiuseppe Caldana (already a member of the Committee) as Chairman of the Related Parties Committee and added to the Committee with the appointment of Elena Vasco as a member.

As of the date of this Report, the composition of the Board of Directors is as follows:

Paolo Bedoni	Chairman
Carlo Ferraresi	Chief Executive Officer
Aldo Poli	Acting Deputy Chairman
Barbara Blasevich	Deputy Chairman
Alessandro Lai	Secretary
Federica Bonato	Member of the Management and Control Committee
Cesare Brena	Member of the Management Control Committee
Piergiuseppe Caldana	
Bettina Campedelli	
Stefano Gentili	
Rosella Giacometti	

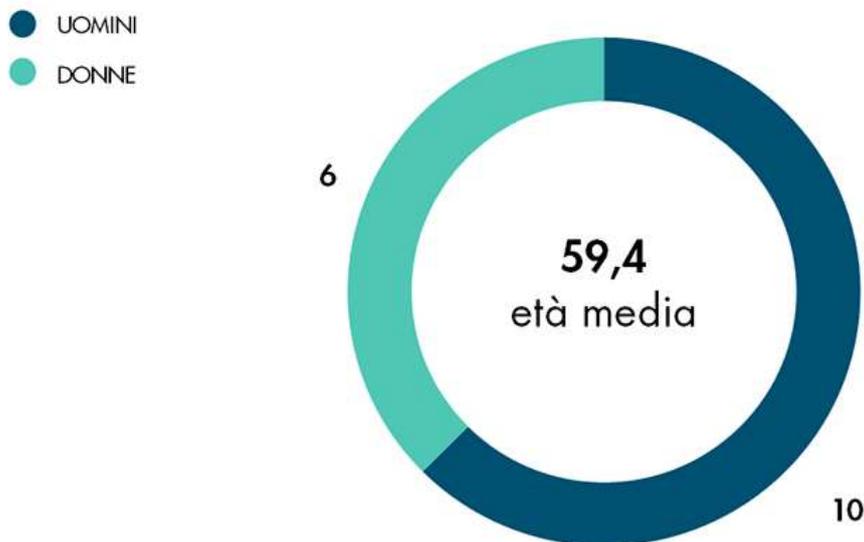
Giovanni Glisenti Chairman of the Management Control Committee

Roberto Lancellotti

Anna Strazzerà

Eugenio Vanda

Elena Vasco



When it was appointed, the management body ascertained, pursuant to the law and the “Company policy for identifying and assessing fitness and propriety for the position in terms of integrity, professionalism and independence” that the newly appointed Directors met the legal requirements and that no impediments or situations of incompatibility existed. This control is carried out annually. During the Financial Year, it was carried out at the Board meeting of 10 November 2020.

With regard to Carlo Ferraresi, in view of his appointment as a Director at the Shareholders’ Meeting of 31 July 2020, verification of the fulfilment of the requirements established by applicable legislation and the “Policy for identifying and assessing fitness and propriety for the position” both as General Manager (periodic) and as Chief Executive Officer was carried out at the Board meeting of 4 August 2020.

With regard to the co-opted Directors, Stefano Gentili, Roberto Lancellotti and Elena Vasco, the verification was carried out at the Board meeting of 23 October 2020, when they were co-opted.

Table 2 shows the composition of the Board of Directors at the end of the 2020 financial year, indicating, for each Board member, the year of birth and the date of the first appointment to the Company's Board.

A brief profile is provided below for each current member of the Board of Directors, with the exception of members of the Management Control Committee. For these members, please see the section below entitled "Composition and functioning of the Management Control Committee".

\*

**Paolo Bedoni (born 19 December 1955)**

Chairman of Cattolica Assicurazioni, Fondazione Cattolica Assicurazioni and TUA Assicurazioni. Has been a Director of the Cattolica Assicurazioni Group since 1999.

A member of the Management Board of ANIA and the Management Board of FeBAF. A member of the Chamber of Commerce of Verona and of the Board of Trustees of Fondazione Arena.

Previously Chairman of Coldiretti Verona, Chairman of the Veneto Regional Federation of Coldiretti and National Chairman of Coldiretti.

Has been a member of the CNEL (National Economic and Labour Council), Vice-Chairman of COPA-COGECA (Committee of Professional Agricultural Organisations-General Confederation of Agricultural Cooperatives of the European Union) and a member of the EESC (European Economic and Social Committee).

For his service to agriculture and its development in Europe, he was awarded the honour of *Cavaliere dell'Ordine francese del Mérite Agricole*. He is also Commander of the Order of San Gregorio Magno of the Vatican State and Commander of the Order of Merit of the Italian Republic.

**Carlo Ferraresi (born 27 September 1966)**

Chief Executive Officer and General Manager of the Cattolica Assicurazioni Group, and Chairman of Cattolica Immobiliare and Cattolica Services.

Has been General Manager Markets and Distribution Channels with responsibility for the agency network, Bancassurance and Strategic Marketing and previously held the position of CFO, Investor Relations Officer and head of M&A and Group equity investments, including in his capacity as Deputy General Manager of Cattolica.

Within the Generali Group he was a Marine underwriter at the UK Branch and on the staff at General Management, where he was responsible for coordinating the Administration and Finance area. Gained experience of risk financing with the Marsh Group and was a Senior Director at Arthur Andersen and Deloitte, working in Financial Advisory Services for the main Italian insurance and banking groups.

Also a Senior Banker at ABN Amro and Managing Director at Crédit Agricole Corporate & Investment Bank, head of the Financial Institutions Group.

Currently a member of ANIA's Management Board and Executive Committee.

**Aldo Poli (born 24 March 1942)**

Deputy Vice-Chairman of the Parent Company, Cattolica Assicurazioni, Chairman of the Fondazione Banca del Monte di Lombardia and the Trade Association of the Province of Pavia, a Director of Confcommercio Nazionale and a Director of the Fondazione Teatro alla Scala in Milan.

Previous positions include CEO of I.CO.GEI.CO. and Director of Tua Assicurazioni S.p.A., Duomo Uni One Assicurazioni S.p.A., Fondazione Cattolica Assicurazioni and E.N.A.S.C.O.

**Barbara Blasevich (born 21 September 1966)**

Vice-Chairman of the Parent Company, Cattolica Assicurazioni, and a Director of Fondazione Cattolica and Cattolica Services.

A business consultant and statutory auditor, she is the Chairman and Chief Executive Officer of the consulting company in EU agricultural legislation, Euroconsulting S.r.l., Chairman of online newspaper and web TV company Mantovauno Network s.r.l., a Director at Veronafiore spa and member of the boards of statutory auditors of industrial companies.

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.

**Alessandro Lai (born 10 January 1960)**

A Director and Secretary of the Parent Company, Cattolica Assicurazioni, and a Director of Tua Assicurazioni S.p.A. and Fondazione Cattolica Assicurazioni.

A Full Professor of Business Economics at the University of Verona, he serves as Chairman of the Board of Statutory Auditors at IMMSI S.p.A. and Masi Agricola S.p.A. Also a Standing Auditor of Calzedonia Holding S.p.A., Calzedonia S.p.A. and OmniaInvest S.p.A. A member of Fondazione Banca Agricola Mantovana and Chairman of Fondazione OIBR.

Previous positions include Chairman of the Board of Statutory Auditors of Società Cattolica di Assicurazione Soc. Coop.

**Piergiuseppe Caldana (born 20 July 1963)**

A Director of the Parent Company, Cattolica Assicurazioni, and of ABC Assicura with the role of representative of the Control and Risks Committee and a Director of Cattolica Services.

A member of the Bar Association of Brescia and a legal representative in the Court of Cassation, he owns the Caldana Associati law firm and handles disputes both in and out of court as well as arbitration and mediation procedures in banking and insurance, civil, commercial and labour law. Also a member of the Conciliation and Arbitration Body attached to the Chamber of Commerce of Brescia.

**Bettina Campedelli (born 28 March 1962)**

A Director of the Parent Company, Cattolica Assicurazioni, and of Vera Vita S.p.A.

A Full Professor of Business Administration at the University of Verona and an expert on corporate governance and control. 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.

Currently a member of the Borsa Italiana Corporate Governance Committee. Also a Director of Aeffe S.p.A, SIT S.p.A, ICM S.p.A and FVS SGR S.p.A and a Standing Auditor of Calpeda S.p.A and SGL Multiservizi S.r.l.

**Rosella Giacometti (born 18 September 1965)**

A Director of the Parent Company, Cattolica Assicurazioni.

A university lecturer since 1996, she is currently a Full Professor at the University of Bergamo in the Department of Economic Sciences, teaching Financial Mathematics, Credit Risk and Operational Risk Measurement and the PhD course in Financial Modelling.

**Anna Strazzerà (born 4 March 1959)**

A Director of the Parent Company, Cattolica Assicurazioni, Vera Assicurazioni S.p.A. and Vera Protezione S.p.A.

Registered in the Register of Chartered Accountants of Milan and in the Register of Auditors. Currently Chairman of the Board of Statutory Auditors at Velca S.p.A and Siusi S.p.A. and Standing Auditor of Cormon S.p.A. and Durga S.p.A.

Previously a Director of Banca di Legnano (Banca Popolare di Milano Group) and of Vittoria Assicurazioni.

**Eugenio Vanda (born 11 July 1967)**

A Director of the Parent Company, Cattolica Assicurazioni.

Currently a Director of Sicurezza e Ambiente S.p.A. and of More Life Energy S.r.l.

A founding partner and Marketing Director of Strategie Avanzate S.r.l., he has been an Executive of Duomo Assicurazioni S.p.A., a founder and shareholder of Ventura Investimenti S.r.l., General Manager of Phoenix Capital Iniziative di Sviluppo and CEO of Domus Assicurazioni S.r.l.

**Stefano Gentili (born 17 February 1960)**

A Director of the Parent Company, Cattolica Assicurazioni.

During his career, has been Chief Marketing & Distribution Officer at Generali Italia S.p.A., with responsibility for Marketing and Distribution, Deputy General Manager of Allianz S.p.A., CEO of CreditRas Vita and CreditRas Assicurazioni and Chairman of Genialloyd.

Has also previously served as Chief Operating Officer of the Aviva Group for operations in Italy, CEO of Aviva Assicurazioni and Eurovita, Deputy General Manager of Lloyd Adriatico, CEO of Antonveneta Vita e Danni and Joint General Manager of Vittoria Assicurazioni.

**Roberto Lancellotti (born 21 July 1964)**

A Director of the Parent Company, Cattolica Assicurazioni.

An active investor and senior advisor to companies and start-ups on ICT, digital, innovation and fintech. A member of the boards of directors of INPS (with an IT, digital and innovation mandate), Datalogic and Venistar and of the executive board of Fondazione Welfare Ambrosiano. Formerly also a Director and member of the Remuneration Committee and the Risks and Sustainability Committee of Banca MPS. Previously a Senior Partner at McKinsey & Company, assisting clients across multiple service sectors with the large-scale transformation of their business and operating models.

**Elena Vasco (born 31 December 1964)**

A Director of the Parent Company, Cattolica Assicurazioni.

General Secretary of the Chamber of Commerce of Milan Monza Brianza Lodi. Also a member of the Board of Directors of Fiera Milano S.p.A., Dea Capital S.p.A. and F.Ili Branca S.p.A. and Vice-Chairman of Fondazione la Triennale.

During her career, has been Head of Resources and Heritage at the Milan Chamber of Commerce and held various positions within the RCS Group as well as working in the Equity Investments and Special Affairs Department of Mediobanca S.p.A. Has also served as a Director at Orizzonte sgr, Carige S.p.A., Gtech S.p.A. and Isagro S.p.A.

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**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 composition of the management body, without prejudice to the provisions on diversity in the Corporate Governance Code, to which Cattolica adheres.

Moreover, the Board of Directors believes that diversity is a distinctive factor and value to be promoted when defining the optimal qualitative composition of the Board.

It should be noted that the theme of diversity has found its place within the process of transformation into a limited company. The provisions of the New Articles of Association (Article 19.3), which will come into effect on 1 April 2021, introduced express and specific diversity criteria for the composition of the Board: ("i) at least 2/5 (two fifths) of the members must be of a different gender than the one most represented; ii) at least 1/3 (one third) must have experience of functions such as directors or statutory auditors or senior managers with strategic responsibilities in companies that conduct insurance or banking or financial business for at least six years overall in the last twelve preceding their appointment in the Company; the said companies must be of a significant size and therefore have a net book worth of at least €30 million or revenues from sales and services of at least €60 million or have issued shares listed on a regulated market or widely disseminated among the public; iii) at least 1/3 (one third) must not have completed the sixtieth year of age when nominated by the Shareholders' Meeting.").

### **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 New Articles of Association (Article 20.5) provide that anyone holding such positions in more than five listed companies or companies controlled by them cannot be elected as Directors.

Members of corporate bodies or senior executives, who hold the position of general manager or carry out equivalent duties, of other insurance companies, not subsidiaries or affiliates, in competition with the Company, as well as competitor companies or groups of competitors, and companies controlling the same insurance companies and competitors, are not permitted to sit on the Board of Directors. The prohibition does not apply in the event of co-optation 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. In the event of the simultaneous appointment of relatives by blood or marriage, the person who obtained the highest number of votes or, in the case of a tied vote, the eldest, shall remain in office.

Furthermore, members of the Management and Control 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 31.1 of the Articles of Association).

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 two areas:

- 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 scheduled training covers both areas.

With regard to the “Governance System”, training was provided on the *New Corporate Governance Code for Listed Companies and its statutory and organisational implications*; on the subjects of the “Regulatory Framework and Requirements” and “Economic and Financial Analysis”, regulatory and economic and financial updates were provided, designed to achieve knowledge and correct application of legislative and regulatory provisions and new international financial reporting standards related to the role of the corporate officers and Senior Management,

Information will be provided on the economic and financial framework of reference, the main implications for insurance companies and the main impacts and the projects of the Cattolica Assicurazioni Group.

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 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 very collegial nature of the work of the corporate bodies is primarily based on the frequency of their meetings. There were 31 meetings of the Board in 2020, lasting approximately five hours on average<sup>(4)</sup>.

20 meetings are scheduled for 2021, 11 of which had already been held at the date of approval of this report.

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.

In February 2009, the Board adopted a Regulation (which is updated over time) governing, *inter alia*, the operational procedures necessary to provide Directors with adequate information on the matters to be discussed at each meeting. Particular attention is paid to internal procedures relating to the preparation of Board meetings, 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.

As of the date of approval of this Report, the explanatory and supporting documentation for discussion of the items on the agenda is sent to the Directors, as a rule, by two working days prior to the date set for the meeting: this also enables each Director to assess whether they have an interest in a given transaction on the agenda, pursuant to and for the purposes of

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<sup>(4)</sup> For details of individual attendance, please see Table 2.

Article 2391 of the Italian Civil Code, so that they can notify the Board of Directors of this fact in advance.

To make the pre-board information easier to access, 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 supporting documents containing information on the agenda items of each Board meeting. The portal can also be accessed during meetings, in a protected wi-fi environment, and is structured to provide immediate access to the supporting documents for the various topics under discussion, on tablets provided to each Director.

In the aforementioned Regulation, 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 specific matters under discussion participate in Board meetings. This power was constantly put into practice during the year. Similarly, professionals and consultants may be admitted to the meeting, always after the Chairman exercises the aforementioned power.

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Article 37 of Current 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.

In addition to duties that cannot be delegated in accordance with the law, Articles of Association and regulatory and supervisory provisions, decisions concerning the following are exclusively reserved for the Board of Directors by the Current Articles of Association:

- a) definition of the general guidelines and business policies of the Company and the Group, with the relevant strategic, business and financial plans and budgets;
- b) general guidelines and aspects concerning value generation, sustainability and risk levels;
- c) the determination, within the scope of the powers that may be delegated in accordance with the law, of the powers of the Chief Executive Officer, where appointed, as well as specific duties that may be assigned to the special offices referred to in paragraph 40.1 of these Articles of Association;
- d) appointment of one or more General Managers, and adoption of the relevant contractual conditions, granting of powers and identification of duties and termination of their employment, all at the proposal of the Managing Director, where appointed;
- e) approval of the organisational structure of the Company and the Group and the system of proxies and powers, ensuring its adequacy over time;
- f) assessment of the Company's general performance and of the adequacy of the Company's organisational, administrative and accounting structure;
- g) temporary suspension, with a reasoned order to be published in at least one national newspaper, of the admission of new Shareholders;
- h) allocation of an annual fund to promote the Company's image in relation to the principles of sustainability and social responsibility, and to make social contributions consistent with the purposes set out in paragraph 4.2 of these Articles of Association. Said allocation to be resolved upon when setting the annual budget in line with the Company's financial performance;
- i) determination of the criteria for the coordination and management of companies referred to in Article 210-ter, paragraph 2, CAP;
- j) decisions concerning compliance with measures for the implementation of IVASS provisions concerning the companies referred to in Article 210-ter, paragraph 2, CAP;

- k) the adoption of procedures that ensure the transparency and substantive and procedural probity of related party transactions in accordance with applicable legislation;
- l) the management and handling of corporate, inside and relevant market information, and of what is appropriate for dialogue with shareholders.

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 in the cases respectively provided for by Articles 2505 and 2505-bis and demergers in the cases provided for by Article 2506-ter of the Civil Code, the relocation of the Company's 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 of the Articles of Association, 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 may, with an absolute majority of the votes of the Directors in office, adopt resolutions relating to matters that come under the powers delegated to the Chief Executive Officer, where appointed.

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 Section 10.0).

With regard to the procedure for managing "conflicts of interest", see Section 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 Shareholders' 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 Shareholders' Meeting.

In this regard, and on the assumption that the New Articles of Association, in which the powers and prerogatives of the Shareholders' Meeting regarding remuneration have changed, will enter into force with effect from 1 April 2021, and also in light of the fact that any decisions in this regard would be made after the entry into force of the New Articles of Association, please see the letter in Article 29 of the New Articles of Association that provides that:

- members of the Board of Directors are entitled to reimbursement of expenses - which may also be predetermined by the Board of Directors in a fixed contractual amount - as well as overall remuneration determined by the Shareholders' Meeting, for both members of the Board of Directors and for participation in the Committees within the Board of Directors and for the special offices determined by the Board of Directors, with the exception of the Chief Executive Officer whose remuneration is remitted to the Board of Directors; the Board of Directors also has the authority to allocate the total amount determined by the Shareholders' Meeting;
- the Shareholders' Meeting establishes a specific fee for the members of the Management Control Committee, which is determined at a fixed rate and at the

same per capita rate, but with an appropriate higher rate for the Chairman of the Management Control Committee;

- Directors are also entitled to an attendance fee, the amount of which is determined by the Shareholders' Meeting, for each meeting of the Board of Directors, the Management Control Committee and any other Committee established by the Board of Directors.

The Board of Directors will take responsibility for the remuneration and incentive policies, also taking into account the provisions of the applicable regulatory provisions and the Corporate Governance Code.

The Board also 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.

In March 2020, 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, 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 tended to confirm the overall adequacy of the management body, with some suggestions for improvements regarding the functioning of the Board.

For the sake of completeness, it should be noted that in early 2021 the Board carried out the periodic self-assessment exercise on the basis of a process validated by the Appointments Committee, also in view of the preparation of the qualitative/quantitative guidelines for the submission of lists of candidates for the office of Director.

The survey covered the following aspects: (i) The structure and composition of the Board, in terms of size and responsibilities; (ii) Board meetings and decision-making processes; (iii) the role of the Chairman of the Board; (iv) relations between the BoD, CEO/GM and management, and the role of Directors; (v) the information flow to the Board; (vi) risks and the relevant controls; and (vii) summaries and benchmarking.

The results of the self-assessment confirmed the Directors' unanimous approval of the composition of the Board, the presence within it of the necessary expertise and professionalism and its work in 2020.

## The Management Control Committee

The one-tier management and control system adopted by the Company reserves specific control functions for the Management Control Committee established within the Board of Directors.

Since 13 April 2019, the Board of Directors has included three members who make up the Management and Control Committee, including the Committee's Chairman.

### Requirements for the members of the Management and Control Committee

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

In accordance with Article 21 of the New Articles of Association, the members of the Management and Control 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 Management and Control Committee must be on the Register of Statutory Auditors.

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

The composition of the Management Control Committee is shown in Table 2.

#### **Appointment, replacement and dismissal**

The members of the Management Control Committee of Cattolica Assicurazioni will remain in office for the term of the mandate of the Board of Directors and, therefore, for a period of no more than three financial years, and may be re-elected.

With regard to the replacement of the members of the Management and Control Committee, please see Article 24 of the New Articles of Association.

#### **Responsibilities and powers**

In accordance with current legislation and the New Articles of Association (Article 33), the Management and Control 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 corrective measures are implemented when shortcomings are identified;
- d) is consulted on decisions regarding the appointment and revocation of the Financial Reporting Officer and the appointment and revocation of the heads of the corporate control functions;
- e) monitors the practical implementation of the corporate governance rules required under corporate governance and supervisory regulations;
- f) proposes the independent audit firm to the Shareholders' Meeting for the assignment of the statutory audit, proposes the fees for their services, oversees their work and provides the relevant information required for the performance of their duties;
- g) performs the tasks assigned by Article 19 of Legislative Decree No. 39 of 27 January 2010 to the internal control and audit committee;
- h) reports to the Supervisory Authority in accordance with applicable law;
- i) reports on the supervisory activity carried out, any omissions and reportable issues raised at the Shareholders' Meeting called to approve the financial statements;
- j) having first notified the Chairman of the Board of Directors, calls the Shareholders' Meeting;
- k) expresses opinions if required by the law applicable to the supervisory body.

The Management and Control Committee liaises with the Financial Reporting Officer and with the Control and Risks Committee in relation to information of common interest.

The heads of the internal control functions and structures provide any information relevant for the performance of their duties to the Management and Control Committee on their own initiative or at the request of even only one of the members of the Management and Control

Committee. Reports produced by the functions and internal control bodies must be sent directly by the respective managers to the Management and Control Committee.

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

Pursuant to Article 35 of the New Articles of Association, without prejudice to the provisions of law, the members of the Control and Management Committee, including severally, have:

- a) the power to request information from the other Directors or the management and control bodies of the subsidiaries, which is provided to all members of the Management and Control Committee;
- b) the power to request that the Chairman of the Management and Control Committee call a meeting of the Management and Control 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 Management and Control Committee is authorised to carry out inspections and checks at any time, including by means of a specially appointed member.

### **Operation**

The Management and Control Committee adopted its own regulations to govern its operating procedures on 16 May 2019.

Meetings of the Management and Control 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 the vote is tied, the Chairman of the Committee has the casting vote.

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

### **Composition**

The Management Control Committee in office was appointed by the Shareholders' Meeting of 13 April 2019 for the three-year period 2019-2020-2021, on the basis of the only slate submitted by the Board of Directors. It is made up of independent directors pursuant to Article 31, paragraph 1, of the Articles of Association, or pursuant to Article 148, paragraph 3, of the TUF.

The Articles of Association govern the responsibilities, functions and powers of the Management Control Committee

The Committee is composed of Giovanni Glisenti (Chairman), Cesare Brena (Member) and Federica Bonato (Member).

The summary profiles of each incumbent Committee Member are provided below.

#### **Giovanni Glisenti (born 4 September 1956)**

(Chairman of the MCC)

A Director of the Parent Company, Cattolica Assicurazioni, and Chairman of the Management Control Committee. Also Chairman of the Board of Auditors at Fondazione Cattolica.

Registered in the Order of Chartered Accountants of Verona, where he practises, and in the Register of Auditors.

Currently a Director of FININT S.p.A. and Chairman of the Board of Statutory Auditors at Gestioni Benacensi S.p.A., Consultique SCF S.p.A., Neafidi Società Cooperativa di Garanzia Collettivo Fidi, and Standing Auditor at J. Lamarck SCF S.p.A. and Colorificio A & B Casati S.p.A. He is also an Alternate Auditor at Endeka SGR S.p.A.

**Federica Bonato (born 25 November 1955)**

(Member of the MCC)

A Director of the Parent Company, Cattolica Assicurazioni, and a member of the Management Control Committee.

Registered in the Order of Chartered Accountants of Verona and in the Register of Statutory Auditors and a chartered accountant. Currently a Standing Auditor at Unicredit Subito Casa S.p.A. and Unicredit Leased Asset Management S.p.A. and a member of the boards of statutory auditors of major industrial companies.

Previous positions include Standing Auditor of Unicredit S.p.A., Unicredit Factoring 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.

**Cesare Brena (born 11 January 1965)**

(Member of the MCC)

A Director of the Parent Company, Cattolica Assicurazioni, and a member of the Management Control Committee.

Listed in the Register of Chartered Accountants and Accounting Experts and in the Register of Statutory Auditors, he is a chartered accountant and statutory auditor. Currently a member of the control bodies of companies operating in the commercial and industrial sectors, including Air Liquide Italia S.p.A., Air Liquide Italia Sanità Service S.p.A. and Vitalaire S.p.A.

Previous positions include Chairman of the Board of Statutory Auditors of Fata Assicurazioni Danni S.p.A., Hydro Dolomiti Enel S.r.l. and Agos Ducato S.p.A. and Standing Auditor of IDeA Sgr S.p.A., Gecos S.p.A., Gruppo Pam S.p.A., Linea S.p.A., Enel Capital S.p.A., Pam Panorama S.p.A., Ducati Financial Services S.r.l. and Gruppo Rossetto S.p.A.

In 2020, 28 meetings of the Management and Control Committee were held. The average length of meetings was one hour and thirty-five minutes.

The Committee also held a further 22 meetings in 2020 jointly with the Control and Risks Committee (a further 17 meetings with the Control and Risks Committee are scheduled for 2021).

In 2021, 25 meetings of the Management Control Committee are scheduled, 12 of which had already been held at the date of approval of this Report, including one held jointly with the CRC.

In early 2020, the Committee carried out its annual control to ascertain whether each of its members continued to meet the relevant requirements. The latter certified that they meet the requirements established by the regulations and by the Articles of Association currently in force. The outcome was brought to the attention of the Board of Directors at its meeting of 13 February 2020.

As the Company adheres to the Corporate Governance Code, each member of the Management and Control Committee, due to the general reference to provisions concerning boards of statutory auditors made in 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 or her own behalf or on behalf of third parties, in a given Company transaction. If this situation occurs, members of the Management and Control Committee are then required to make a specific declaration to the Board of Directors.

The Management and Control 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. During the Financial Year, the Management Control Committee, which is in charge of the auditor selection procedure, drafted the reasoned proposal for the appointment of the auditor for the Ordinary Shareholders' Meeting of 27 June 2020. This recommendation was formulated pursuant to Article 13 of Legislative Decree No. 39/2010 and EU Regulation 537/2014.

The Management and Control Committee coordinates its activities with the Internal Audit Function and the Control and Risks Committee, also attending their meetings.

As members of the Board of Directors, the members of the Management Control Committee take part in the Induction Programme referred to in Section 4.2.

### **Diversity policies**

See the comments in this regard in paragraph 4.2.

### **4.4 Delegated bodies**

The Shareholders' Meeting of 13 April 2019 elected the Company's current Board of Directors and Management Control Committee. On the same date, the newly appointed Board of Directors appointed, from among its members, as well as the Chairman and the Acting Vice Chairman, another Vice Chairman, a Secretary and the Chief Executive Officer, granting the latter the necessary powers for governance of the Company.

#### **Chairman:**

Following the amendment of the Articles of Association by the Shareholders' Meeting of 27 June 2020, the non-executive role of the Chairman of the Board of Directors was explicitly stated, also in accordance with the provisions of Italian Regulation No. 38/2018.

The Chairman, in agreement with the Chief Executive Officer, when appointed, is assigned the powers and functions envisaged for the position by the New Articles of Association. Specifically, the Chairman:

- fosters the efficient operation of the corporate governance system as a whole, and of the Company's bodies and committees, coordinating between them;
- promotes internal dialogue within the Board of Directors, particularly between executive and non-executive members;
- monitors the general performance of the Group, handling relations with subsidiaries;
- oversees external, institutional and supervisory relations;
- handles relations and dialogue with Members.

#### **Chief Executive Officer/General Manager**

Following the appointment of Carlo Ferraresi (already the General Manager) as a Director of the Company by the Shareholders' Meeting of 31 July 2020, the Board of Directors, on 4 August 2020, having consulted the Appointments Committee, which met on 3 August, within the scope of its specific competences and powers, nominated the newly appointed Director Carlo Ferraresi as the Company's Chief Executive Officer, resolved to appoint Mr Ferraresi as

the Company's Chief Executive Officer and resolved to grant him the powers for the position of Chief Executive Officer set forth in Article 42 of the Current Articles of Association.

The Chief Executive Officer is the hierarchical head of the Company and all its structures. In accordance with the resolutions of the Board of Directors, he or she:

- ensures 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 or her and according to the general guidelines approved by the Board of Directors;
- promotes, coordinates and oversees the entrepreneurial management of the Company and the Group;
- develops 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 provides 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;
- reports, usually on a monthly basis and at least every quarter, to the Board of Directors on the activities he or she carries out when performing the duties and exercising the powers assigned to him or her, 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;
- establishes, chairs and coordinates any intercompany operating committees and requesting from the subsidiaries any data useful or information appropriate for the purposes of the optimum performance of his or her duties;
- is responsible for the internal control and risk management system and, in accordance with the Corporate Governance Code, is granted all powers that enable him or her to faithfully fulfil all the relevant duties.

The Chief Executive Officer also exercises 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 by the General Managers, without prejudice to the power to implement them directly;
- supervising the operation of the company and the Group, as well as the corporate organisation as a whole;
- coordinating and overseeing the General Managers in relation to staff policies, determining general guidelines with which the latter must comply in 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 and in any case referring the matter immediately to the Board of Directors;
- 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 or her powers;

- sub-delegating, within the limits of the powers conferred on him or her, including on an ongoing basis and following consultation with the Chairman, certain powers, in whole or in part, to employees of the Company.

The Chief Executive Officer is responsible for all other matters or acts not included in the above powers if not reserved for the Board of Directors.

In the event of an urgent need to protect the interests of the Company or the Group, the Chief Executive Officer may 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.

Also on 4 August 2020, having consulted the Appointments Committee within the scope of its specific competences and powers, the Board of Directors resolved to confirm Carlo Ferraresi as General Manager of the Company, granting him the relevant specific powers in addition to the powers granted to him for the position of Chief Executive Officer.

The General Manager is responsible for:

- the insurance management of the Group and the Company, overseeing all of its activities in all aspects of products (including pricing), underwriting and settlement;
- overseeing the Group and the Company's commercial networks;
- the digitalisation of the Group and the Company;
- overseeing the organisational structure of the Group and the Company, including strategic hypotheses for organisational development;
- managing information systems and defining development strategies for them.

The General Manager, as a member of Senior Management, is also granted the powers provided for Senior Management by the rules for the relevant areas of competence.

In particular, the General Manager 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 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 related to technical, pricing and regulatory product development;
- 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 fixed amounts, without prejudice to responsibility for insurance and reinsurance matters, within the guidelines established by the Chief Executive Officer;
- overseeing the ordinary management of activities relating to the channels, in particular agency channels, bancassurance channels and the broker channel;
- defining the product plan and in particular overseeing activities related to product concept development and launch on the networks;
- 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, submitting these to the Board of Directors for assessment and consequent determinations within its remit;
- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments.

In addition, the General Manager has the following powers and responsibilities with sole signing authority:

- performing the operations specified in the Company's regulations and whatever is appropriate to conform to them;
- representing the Company before the Italian and foreign supervisory authorities and signing correspondence, communications, instructions and any other document intended for them;
- representing the Company in any operation, including with public bodies and offices of every order and level;
- implementing protective measures to safeguard the Company's rights;
- bringing legal actions and, therefore, granting appropriate powers of attorney in both active and passive lawsuits, including monitoring and emergency powers;
- filing complaints, petitions and suits – and retracting or refiling them accordingly – against any person considered liable for any offence against the Company;
- bringing a civil action in criminal proceedings; making arrangements with respect to controlled administration proceedings, composition with creditors or bankruptcy and the submission of bankruptcy petitions;
- authorising 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;
- appointing attorneys for individual acts or categories of acts within the scope of his or her powers;
- sub-delegating, within the limits of the powers conferred on him or her, including on an ongoing basis and following consultation with the Chairman, certain powers, in whole or in part, to employees of the Company;
- authorising the assumption of risks, per insured risk, for amounts over €70,000,000.00 (seventy million euro), net of cessions to reinsurance, including in the context of contractor selection procedures for both the Non-Life and Life classes;
- authorising the settlement and payment of claims relating to Non-Life policies, for amounts over €10,000,000 (ten million euro);
- authorising the settlement and payment of benefits to Life policies for any amount;
- authorising payments for any other reason relating to or resulting from the existence of policies."

### **Joint General Manager**

Until December 2020, a Joint General Manager, Valter Trevisani, was working alongside the General Manager. Mr Trevisani resigned from his position at the end of the year. A reorganisation of the Senior Management structure followed, with the consequent redistribution to the Deputy General Managers of powers previously held by the Joint General Manager.

### **Deputy General Manager CFO Atanasio Pantarrotas**

During the Financial Year, the Board of Directors appointed Atanasio Pantarrotas as the new Group Chief Financial Officer and Deputy General Manager of the Issuer, granting him the relevant powers.

In particular, in accordance with the resolutions adopted on the System of Delegation of Powers and Responsibilities of Società Cattolica di Assicurazione and the Cattolica Group by the Board of Directors, and the decisions of the General Manager, the CFO's Deputy General Management is responsible for and manages activities pertaining to *Strategic Planning and Control, Capital Management, Investor Relations, Actuarial Assessments, Administration and Budget and Procurement & Project Governance*.

Moreover, in addition to the above areas of responsibility related to the role of CFO and in accordance with the current structure of powers of corporate governance, the responsibilities of the position of Deputy General Manager include:

- supporting the Board of Directors and Senior Management in assessing external growth opportunities;
- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments;
- 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;
- ensuring 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;
- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments;
- representing the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- representing the Company in any operation, including with public bodies and offices of every order and level;
- implementing protective measures to safeguard the Company's rights;
- appointing attorneys for individual acts or categories of acts within the scope of his or her powers.

### **Deputy General Manager COO Samuele Marconcini**

Also during the Financial Year, Samuele Marconcini was appointed Deputy General Manager of the Company and was also granted, *inter alia*, the power of corporate signature in single form for the actions and activities listed below:

- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments;
- representing the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- representing the Company in any operation, including with public bodies and offices of every order and level;
- implementing protective measures to safeguard the Company's rights;
- bringing legal actions and, therefore, granting appropriate powers of attorney in both active and passive lawsuits, including monitoring and emergency powers;
- filing complaints, petitions and suits – and retracting or refiling them accordingly – against any person considered liable for any offence against the Company;
- bringing a civil action in criminal proceedings; making arrangements with respect to controlled administration proceedings, composition with creditors or bankruptcy and the submission of bankruptcy petitions;
- authorising legal proceedings in active and passive cases and lodging administrative and tax appeals, where the amount of the dispute does not exceed €1,000,000.00 (one million point zero zero euro) or, in cases of urgent need, for amounts exceeding the above threshold;
- settlement and payment of claims relating to Non-Life policies for amounts up to €10,000,000.00 (ten million point zero zero euro);
- settlement and payment of benefits relating to Life policies;
- making payments for any other reason relating to or resulting from the existence of policies;
- appointing attorneys for individual acts or categories of acts within the scope of his or her powers.

#### **Deputy General Manager Marco Lamola**

By decision taken on 4 December 2020, Marco Lamola was appointed Deputy General Manager of the Issuer and granted the power of corporate signature in single form for the acts and activities listed below:

- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments;
- representing the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- representing the Company in any operation, including with public bodies and offices of every order and level;
- implementing protective measures to safeguard the Company's rights;
- bringing legal actions and, therefore, granting appropriate powers of attorney in both active and passive lawsuits, including monitoring and emergency powers;
- filing complaints, petitions and suits – and retracting or refiling them accordingly – against any person considered liable for any offence against the Company;
- bringing a civil action in criminal proceedings; making arrangements with respect to controlled administration proceedings, composition with creditors or bankruptcy and the submission of bankruptcy petitions;
- authorising legal proceedings in active and passive cases and lodging administrative and tax appeals, where the amount of the dispute does not exceed €1,000,000.00 (one million point zero zero euro) or, in cases of urgent need, for amounts exceeding the above threshold;
- appointing attorneys for individual acts or categories of acts within the scope of his or

her powers.

#### **Deputy General Manager Nazareno Cerni**

The Deputy General Manager Nazareno Cerni is granted the power of corporate signature in single form for the acts and activities listed below:

- authorising expenses to third parties in accordance with the provisions of the Group's internal rules and procedures in terms of type of expenditure, quantitative limits and payment instruments;
- representing the Company before the Italian and foreign supervisory authorities and sign correspondence, communications, instructions and any other document intended for them;
- representing the Company in any operation, including with public bodies and offices of every order and level;
- implementing protective measures to safeguard the Company's rights;
- underwriting risks up to the limit of €50,000,000.00 (fifty million point zero zero euro) per insured amount, or claim limit, net of cessions to reinsurance, including in the context of contractor selection procedures for the Non-Life business;
- appointing attorneys for individual acts or categories of acts within the scope of his or her powers.

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#### **Reporting to the Board**

In accordance with Article 2381 of the Italian Civil Code and as provided for in the Current Articles of Association, the Chief Executive Officer reports to the Board of Directors, on a monthly basis and in any case in every quarter, on the Company's performance, its business outlook and the most significant transactions carried out by the Company and its subsidiaries. He/she also reports to the Board on the results of the Company, the main subsidiaries and the Group as a whole. In any event, the Chairman may ask the Chief Executive Officer to report promptly on specific issues and situations.

In the event of the absence of the Chief Executive Officer, the duties and responsibilities indicated above will be devolved to the General Manager.

#### **4.5 Other executive directors**

With respect to 2020 and to date, the only executive director is the Chief Executive Officer.

#### **4.6 Independent Directors**

At 31 December 2020, of the 17 Directors in office, 12 were classed as independent under the Code <sup>(5)</sup>.

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 2021.

The Management and Control Committee ascertained that the assessment criteria and procedures adopted by the Board to assess independence had been correctly applied,

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<sup>(5)</sup> On this point, see note (4) of this document.

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 2020 the Independent Directors did not meet on any occasion other than the meetings of the Board of Directors.

The Company's situation complies with the provisions of the Code on the minimum number of Independent Directors (70%). 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.

Article 20.2 of the New Articles of Association reaffirms the principle that at least ten directors must meet the independence requirements pursuant to the TUF. As at 31 December 2020, 16 of the 17 directors were independent pursuant to the TUF.

#### **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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## 5.0 HANDLING OF CORPORATE INFORMATION

In view of the importance of market communication processes, the Board of Directors has adopted a specific Market Abuse Policy, pursuant to EU Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014, accompanied by an Operating Protocol for its application. These documents were last updated in December 2020.

Without prejudice to the confidentiality obligations that apply to the processing of company information, as also reaffirmed in the code of conduct adopted by the Company<sup>(6)</sup>, the procedures, having defined the concepts of significant and inside information, govern the powers and safeguards, including procedural safeguards, relating to the identification/classification of such information, their internal management and compliance with applicable legislative provisions, including disclosure to the public, the keeping of the list of persons with access to inside information (insider list) and internal dealing (transactions carried out by relevant persons on financial instruments issued by the Company).

The press releases are published in the relevant "Investor Relator" section of the Company's Website.

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### Rules on internal dealing

Within the Market Abuse Policy, a specific section is dedicated to internal dealing. It regulates disclosure obligations to the market and the limitations on material transactions on for internal dealers and persons closely associated with them.

"Relevant Persons" and persons "closely associated with Relevant Persons" are the same as those identified in the applicable legislation (EU Regulation 596/2014, Consob Regulation for Issuers 11971).

Close to the time when the periodic financial reports are published, there are some blocking periods during which internal dealers are prohibited from carrying out transactions on the company's financial instruments.

Information on transactions carried out with Relevant Persons is provided in the "Governance/Internal Dealers" section of the website.

The Company has provided for an internal escalation process in the event of detection of irregularities or omissions by internal dealers in order to channel these irregularities to the control bodies and the Board of Directors.

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<sup>(6)</sup> The document is available via the link "[www.cattolica.it/codice-di-comportamento](http://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, Sustainability and Value Generation Committee;
- the Appointments Committee;
- the Related Parties Committee.

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.

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### **The Corporate Governance, Sustainability and Value Generation 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.

On 23 October 2020, when the Directors designated by the Generali Group under the strategic partnership agreements were appointed, the latest version of the Committee Regulations was reviewed and approved, updating the composition criteria.

During 2020 and until 23 October, the Committee was composed of the Chairman of the Board of Directors, the Chief Executive Officer, the Acting Vice-Chairman, the Vice-Chairman, the Secretary to the Board of Directors and the Chairman of the Control and Risks Committee. It should also be noted that the Chief Executive Officer was appointed on 4 August 2020 and until that date the Committee was composed of the other members.

On 23 October the composition of the Committee was updated: it subsequently comprised the acting CEO, the acting Vice-Chairman, the acting Secretary to the Board of Directors, the acting Chairman of the Control and Risks Committee and a member of the Board of Directors taken from the Capital Slate, as per the Articles of Association, or designated by a shareholder with a stake of 20% in the Company's share capital, or, failing this, in any case designated by the Board of Directors from among the independent Directors, who assumes the role of Chairman of the Committee.

Accordingly, until 23 October 2020, the following Directors were members of the Corporate Governance and Sustainability Committee:

- Paolo Bedoni, Chairman;
- Aldo Poli;
- Barbara Blasevich;
- Carlo Ferraresi (as of 4 August)
- Alessandro Lai
- Bettina Campedelli.

Since 23 October 2020, the Committee has been composed as follows:

- Stefano Gentili, Chairman;
- Aldo Poli, Acting Deputy Chairman;
- Barbara Blasevich, Deputy Chairman;
- Alessandro Lai, Secretary;
- Bettina Campedelli;
- Carlo Ferraresi, Chief Executive Officer.

As provided for in the Committee Regulations, the Management Control Committee was always invited to attend meetings of the Corporate Governance and Sustainability Committee through its Chairman or another member identified by him or her as his or her delegate.

The Secretary is also appointed by the Committee externally, in the latter case from the Corporate Secretariat. The Corporate Governance Committee met 18 times in 2020. The average length of meetings was approximately one hour.

The Corporate Governance and Sustainability Committee has the option of availing itself of consultants outside the Company. It made use of this option in 2020 in relation to corporate and governance issues.

The Corporate Governance and Sustainability Committee met 18 times in 2020. The average length of meetings was approximately one hour and thirteen minutes.

Twelve meetings are scheduled for 2021, nine of which had already been held at the date of approval of this report.

During 2020, the Committee:

- a) expressed an opinion on the Directives on the Corporate Governance System of Cattolica Assicurazioni and the Group, as well as on the policies within the purview of the Committee, including a favourable opinion on the Group's Data Protection Policy, drawn up by the Privacy Function in order to continue to make the adaptations required by the GDPR;
- b) expressed a favourable opinion on the consolidated Non-Financial Statement (NFS), after assessing the completeness and reliability of the procedures relating to its preparation and having preliminarily examined the materiality matrix after the stakeholder engagement activity, on which it issued its opinion;
- c) Following the request received from Members pursuant to Article 2367 of the Italian Civil Code, the Committee carried out the preliminary activities for the Report on the Assessments of the Board of Directors and proposed that the Board convene the Shareholders' Meeting (with the first call for 6 March 2020 and the second call for 7 March 2020). In these activities, it also recommended to the Board of Directors that the Board's proposed amendments to the Articles of Association be supplemented by some points proposed by Members;
- d) acknowledged and shared the discussions regarding the obligations relating to the 2020 Ordinary and Extraordinary Shareholders' Meeting and drafted the proposal to amend the Company's Articles of Association for the Shareholders' Meeting of 27 June and 31 July;

- e) expressed a favourable opinion, having ascertained that it was appropriate, on the proposed amendments to the Articles of Association, both with reference to the Articles of Association as a cooperative company following the agreements entered into with Assicurazioni Generali, which were therefore required for the presence on the Board of Directors of Cattolica Società Cooperativa of three members appointed by AG, and with reference to the new limited company form;
- f) decided in early May to agree with the Board of Directors on the preparation by the General Manager of an appropriate monitoring and development plan containing contingency projections, given the completely unprecedented economic and financial situation, which appears very variable, to prepare a plan that takes the issue of solvency into account in the short term, so that the solvency performance can be rapidly managed, in view of the trend observed in recent periods and its increasing proximity to the alert thresholds. Therefore, with this in mind, it proposes to again agree on the preparation of a contingency plan with the General Manager for at the least the period to end-2021;
- g) examined and expressed an opinion on the new Committee Regulations, amended in terms of composition and chairmanship to follow up on the provisions of the Framework Agreement entered into with Assicurazioni Generali and the New Articles of Association;
- h) expressed a favourable opinion on the contents of the Report on Corporate Governance and Ownership Structure and concurred with the arguments made in relation to the adherence to the Code of Corporate Governance (comply or explain), which were in line with previous decisions taken on the matter, it being understood that they should have been properly formalised by the Board of Directors;
- i) expressed its observations on the letter from the Chairman of the Corporate Governance Committee and the Annual Report on the application of the 2019 Code, referring any appropriate assessment and determination to the Board of Directors in this regard.
- j) examined and expressed a favourable opinion on the chapter relating to the governance system in the annual Solvency and Financial Condition report and the periodic report to IVASS;
- k) analysed and expressed a favourable opinion on the “Document on the procedures adopted in relation to market abuse”, pursuant to Regulation (EU) 596/2014 as amended and on the relevant “Operating Protocol”, considering the same to be compliant with the provisions of the Procedure and suitable for the application thereof, particularly in relation to the various phases of classification of information and management of the Insider Register, having regard to the various roles and tasks tracked by the Procedure within the various company functions that actively access the process. The Committee then agreed that the escalation procedure would be activated and that the audit relating to Consob requirements on the subject of the MAR procedure would be included in the Audit Function and Compliance Function Plan, instructing the General Manager to implement corporate training with the internal support of the Organisation Function;
- l) shared in advance the effects for Cattolica and for its partnership in Lombarda Vita should Cattolica not accept Intesa’s public subscription offer;
- m) shared in advance the explanatory report sent to the auditing company for the purposes of issuing an opinion on the fairness of the issue price of the shares deriving from the capital increase reserved for Assicurazioni Generali.

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

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## 7.0 APPOINTMENTS COMMITTEE

At its meeting on 10 January 2019, the Board of Directors established the Appointments Committee pursuant to the Corporate Governance Code, which, by resolution of the Board of Directors, consists of the Chairman of the Board of Directors, the acting Vice Chairman and three other non-executive Directors that do not sit on the MCC. 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 duties of secretary were performed by the Secretary to the Board of Directors, Alessandro Lai, as provided for in the Committee Regulations.

As provided for in the Committee Regulations, the Management Control Committee was always invited to attend meetings of the Appointments Committee through its Chairman or another member identified by him or her as his or her delegate.

The Appointments Committee has the option of availing itself of consultants outside the Company. It made use of this option in 2020 in relation to the issues described above relating to the Board's self-assessment. The proposal of the Appointments Committee regarding this self-assessment was subsequently adopted by resolution of the Board of Directors.

During 2020, the Committee was composed of: the Chairman of the Board of Directors, Paolo Bedoni; the acting Vice-Chairman, Vicario Aldo Poli; the Vice-Chairman, Barbara Blasevich; the Chairman of the Control and Risks Committee, Bettina Campedelli; the Directors Chiara de' Stefani (replaced, following her resignation, by Director Anna Strazzera from 23 October 2020) and Eugenio Vanda.

The Appointments Committee met 16 times in 2020.  
The average length of meetings was approximately one hour.

Seventeen meetings are scheduled for 2021, 13 of which had already been held at the date of approval of this report.

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 Shareholders' 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 Management and Control 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 responsibilities of the Management and Control 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.

In 2020, the Committee:

- a) expressed an opinion on the self-assessment process of the management body in light of the provisions of IVASS Regulation No. 38, carrying out supporting investigative work. As part of this work, it examined the offers received from Management Search S.r.l. and from Russell Reynolds Associates to assist the Cattolica Board of Directors in carrying out the self-assessment of the management body and the relevant Board Committees as well as the Management Control Committee with respect to 2020. It agreed with the analysis of the questionnaires and interviews of the Directors prepared by Management Search and the overall unanimous opinion that the various aspects considered were adequate and with some suggestions to enhance the functioning of the Board and the Committees. Lastly, it agreed, with regard to the adequacy of the “board structure” and the “professional expertise of the members of the management body”, that this was a very important factor in any delineation of the “guidelines on managerial and professional individuals whose presence on the board is deemed appropriate”, if it became necessary to update the one produced in 2019, in the event that such an update was required in anticipation of a Shareholders’ Meeting;
- b) defined, with regard to the Subsidiaries’ self-assessment process, the questionnaire format deemed most appropriate for submission to the directors of these companies, obviously without prejudice to any appropriate adjustments to take account of the specific individual features of each subsidiary;

- c) expressed an opinion on the change in the senior management of the Company, i.e. the assignment of the powers of the Chief Executive Officer to one of the two General Managers, and the appointments for these positions. The amendment concerned the creation of a “Joint-GM Insurance Area” reporting to the Chief Executive Officer, which on the one hand (a) reduced the span of control of the General Manager and (b) coordinated activities between the Technical and Commercial Areas, expressing a positive opinion on the proposal to appoint Valter Trevisani to this position; the creation of the Deputy General Manager COO reporting to the Chief Executive Officer, with responsibility for the Operations, IT, HR and Organisation areas to strengthen the operational and IT machinery, also with a view to continuing the corporate simplification efforts, expressing a positive opinion on the proposal to appoint Samuele Marconcini to this position.
- d) produced opinions on the identification of candidates for the post of member of the management and control body for subsidiaries and Italian and foreign investee companies;
- e) expressed an opinion on the policy on fitness and propriety, arranging for it to be submitted to the Board of Directors;
- f) expressed an opinion on the assignment to the Joint General Manager and the Chief Operations Officer of further specific powers related to the role, also expressing the opinion that the Board of Directors should be given advance notice of the launch of the process of the overall updating of the mandates system.
- g) expressed an opinion on the names of the heads of the Key Functions of the foreign subsidiaries;
- h) expressed an opinion on the appointment of the new CFO - and the relevant powers - and on the Financial Reporting Officer, pursuant to Article 154-bis of Legislative Decree No. 58 of 24 February 1998;
- i) expressed an opinion on the submission to the Board of Directors of the appointment – and the relevant powers – of the Chief Financial Officer as Deputy General Manager;
- j) expressed an opinion on the appointment of the Anti-Fraud Liaison Officer pursuant to the IVASS Letter to the Market dated 21 May 2014, sharing the submission to the Board of the aforementioned appointment and the mandate to the same as the sole Liaison Officer for communications to the Authority concerning the Motor Vehicle Liability claims database;
- k) expressed an opinion on the document entitled “Guidelines on the qualitative and quantitative composition of the Board of Directors”, considering the document already prepared when the Board of Directors is renewed for the 2019 Shareholders’ Meeting to be updated, taking into account the suitability opinion expressed by the consulting firm Management Search;
- l) expressed an opinion on the designation of the person that the Board of Directors is required to propose as one of its members to the Shareholders’ Meeting, in the ordinary part of the agenda, in response to the resignation of a Director;
- m) expressed a favourable opinion, regarding the criminal proceedings initiated by the Public Prosecutor’s Office with the Court of Verona, that the senior managers involved should continue their activities as normal, taking into account that none of the events covered by the proceedings had been specified and defined and that the Company’s interest in stability and continuity should prevail, particularly during the very delicate time in which the opinion was expressed;
- n) expressed an opinion on the appointment of the General Manager as the new Chief Executive Officer and on the relevant powers as well as his reappointment as General Manager and the relevant powers;
- o) expressed an opinion on the appointment of external members of the Supervisory Board of Cattolica Assicurazioni and of the subsidiaries;
- p) expressed a favourable opinion on the appointment of the new head of the Group and Cattolica Compliance Function, and on the appointment of the new head of the Group Anti-Money Laundering Function;

- q) expressed a favourable opinion on the top-level organisational changes at Cattolica relating to the Religious Entities and Non-Profit Sector Business Unit and on the top-level changes at the non-insurance subsidiaries;
- r) expressed an opinion on the appointment of the new head of the Risk Management Function of the Cattolica Group and Parent Company;
- s) expressed an opinion on the candidacies of the three new Directors of Società Cattolica di Assicurazione, following the resignation of Directors, in compliance with the provisions of the Framework Agreement with Assicurazioni Generali, having regard to the certifications produced regarding fulfilment of the suitability and independence requirements for the position and to the guidelines on the qualitative and quantitative composition of the Board of Directors, after verifying that the candidates had the expertise required by the previously defined guidelines and were able to make contributions that would not overlap with the profiles already present within the Board, also strengthening specific areas of expertise in the insurance and technology sector;
- t) expressed an opinion on the appointment of the Chairman of the Corporate Governance and Sustainability Committee and the Chairman of the Remuneration Committee and on the integration of the Remuneration Committee with the Appointments Committee, having regard to the professional profiles of each candidate and the fulfilment of the independence requirements pursuant to the Corporate Governance Code;
- u) expressed an opinion on the termination of the employment of the Joint General Manager and on the appointment of a new Deputy General Manager, already the Sales and Marketing Director, and on the appointment of eight new executives;
- v) expressed an opinion on the appointment of the new head of the Actuarial Function of the Group and Parent Company.

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

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 Management and Control Committee, the majority of whom are independent within the meaning of 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 Management Control Committee also participates in meetings of the Remuneration Committee through its Chairman and/or other representatives of the Management Control 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 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, as already mentioned, it has sometimes done (after ascertaining the independence of the consultant).

Since 13 April 2019 and during 2020 the following Directors were members of the Remuneration Committee:

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

The following changes have been made to the composition of the Remuneration Committee since 23 October 2020:

- Roberto Lancellotti, Chairman and independent;
- Eugenio Vanda, 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 of Cattolica Assicurazioni met 14 times in 2020.

Fifteen meetings are scheduled for 2021, 9 of which had already been held at the date of approval of this report.

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 management bodies and key management personnel (as defined in the Consob Regulations), other than those resolved upon by the Shareholders' 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 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 ascertaining their independence – in order to obtain an overall validation of remuneration policies.

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

With regard to the work done in 2020, the Remuneration Committee examined in particular:

- the Company's remuneration policies, as summarised in the specific document, and the report on remuneration; in this regard, the Committee also interacted with an external consultant, who supported and validated, from a technical point of view, the decisions proposed by management for the approval of the Board of Directors;
- the determination of the compensation to be paid following the revocation of the powers of attorney to the Chief Executive Officer, which occupied the Remuneration Committee in the latter part of the year and required the support of qualified legal

- firms; the Committee also addressed other economic issues related to the revocation of these powers;
- the proposal for remuneration relating to Directors and/or members of the Board Committees of the subsidiaries and Directors vested with particular roles in those companies; in this regard, the Remuneration Committee also carried out, where possible, functional analyses to support its proposals to the Board of Directors, always with the support of an external consultant;
  - the proposal regarding the economic conditions (and the variable component of the remuneration) of the Chief Executive Officer, the General Manager, the Joint General Manager and the Deputy General Managers when the new positions were assumed; in this respect also, the work of the Committee was supported by technical opinions on this remuneration, in order to have a comparison with quantitative and contractual market benchmarks;
  - the proposal of a one-off bonus to the team that implemented the partnership agreement with Assicurazioni Generali, for which it was also assisted by external consultants, including from a legal standpoint;
  - determination of the remuneration to be paid following the termination of the professional collaboration with the Joint General Manager.

The Remuneration Committee meetings were duly minuted.

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

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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, and partially incorporate 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 Shareholders' 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 Shareholders' Meetings.

After obtaining the opinion of the Remuneration Committee, at its meeting of 18 March 2020, the Company's Board of Directors approved the document containing the proposal relating to the Group and Cattolica remuneration policies for the year 2020, together with the report on the application of the 2019 remuneration policy. Pursuant to IVASS Regulation No. 38 and Article 59, paragraph 2, Article 93, paragraph 6 and Article 123-ter of the TUF, this report was submitted for approval to the Ordinary Shareholders' Meeting of 27 June.

It should be noted that the disbursement of the variable remuneration accrued following the results for financial year 2019 has been suspended for all and only the executive staff of the Cattolica Group. The variable remuneration for 2020 will be assessed according to the results of the 2020 financial year which are quantified in 2021. No variable remuneration is provided for members of the Board of Directors.

Please see the aforementioned reports prepared for the Shareholders' 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 Shareholders' Meeting of 13 April 2019 currently 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 or 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 Management and Control Committee, the majority of whom are independent within the meaning of 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 Management and Control Committee participates in Committee meetings, including through its Chairman or another member designated by him or her, 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.

On 31 December 2020, the following Directors were members of the Control and Risks Committee:

- Bettina Campedelli, Chairman and independent;
- Barbara Blasevich, Deputy Chairman;
- 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 22 times in 2020. The average length of meetings was one hour and fifty-six minutes (7).

Seventeen Committee meetings are scheduled for 2021, 8 of which had already been held at the date of approval of this report.

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 Management and Control Committee;
- expressing, after consulting the Management and Control 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 regard 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 Management and Control 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 Management and Control 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 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;

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

- 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 Management and Control 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 auditing company and the Management and Control 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, after consulting the Management and Control Committee, to assess the results presented by the auditing company 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 auditing company 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 work done by the Control and Risks Committee in 2020 related to:

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 assumptions used in the valuation of technical provisions;

- the organisational structure of the internal control and risk management system and the consequent appointment of the new heads of the Control functions (Actuarial, Risk Management, Compliance and Anti-Money Laundering).
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 work 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.

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

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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.

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 control functions, such as the key functions established pursuant to the Code of Private Insurance, i.e. the Risk Management Function, the Compliance Function and the Actuarial Function, as well as the Group Anti-Money Laundering Function, established pursuant to Regulation ISVAP No. 44/2019 on insurance companies operating in the Life business. Further structures and persons with control duties established by various regulatory sources who perform their activities with varying degrees of independence and segregation from the operational and key functions are the Financial Reporting Officer, established pursuant to Legislative Decree No. 58/98 (the Consolidated Law on Finance); the Data Protection Officer (DPO), appointed pursuant to EU Regulation 2016/679; the Head of the Group Complaints Department, 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; in the cases provided for by the reference legislation, the Distribution Manager, pursuant to IVASS Regulation No. 40/2018; and the Anti-Fraud Liaison Officer for obligations connected with this activity, including those attributable to the Centralised Computer Archive, pursuant to the IVASS Letter to the Market dated 21 May 2014.
- **Third level.** Third level controls provide overall assurance on the design and operation of the internal control system and additional components of the corporate governance system through independent assessments. This is the periodic control activity carried out by the Group Internal Audit Function, which also extends to the functionality and adequacy of the first and second level safeguards.

The Key Functions (Internal Audit, Risk Management, Compliance and Actuarial) 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 2020 have been defined with respect to market risks and Non-Life and Health technical risks.

#### **11.1 The Supervisory Director**

The Managing Director is assigned a mandate to oversee the internal control system.

The Chief Executive Officer carries out his or 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 or her remit.

#### **11.2 The Internal Audit Officer**

As at 31 December 2020, the Internal Audit Officer was Fabio Bastia.

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 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 Shareholders' 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 2020 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 controls performed, the results, critical issues and recommendations for their removal, and the progress and time frames of the implementation of improvements, where applicable.

The controls related to company processes, in line with the audit plan, including corporate governance and risk management issues, management information and accounting systems and the activities of the distribution networks.

### **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").

The Organisation and Control Model adopted by the Company consists of two external members, one of whom has the role of Chairman, and the acting managers of the Internal Audit and Compliance functions.

As at 31 December 2020, the Company's Supervisory Body comprised:

- Silvano Corbella, external member and Chairman,
- Wilmo Ferrari, external member,
- Fabio Bastia, Internal Audit Officer of the Parent Company and Group,
- Giada Malaspina, Head of the Parent Company and Group Compliance Function.

Following the appointment of a new Group Internal Audit Officer with effect from 5 March 2021, Fabio Bastia was replaced by Maria Letizia Notazio.

Therefore, at the date of approval of this report, the Company's Supervisory Body comprised:

- Silvano Corbella, external member and Chairman,
- Wilmo Ferrari, external member,
- Maria Letizia Notazio, Internal Audit Officer of the Parent Company and Group,
- Giada Malaspina, Head of the Parent Company and Group Compliance Function.

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 this regard, on the date of approval of this report, the Parent Company updated the Model to include safeguards aimed at tax offences and to transpose the organisational changes that have taken place in the meantime.

During 2021, any further updates deemed necessary following the transformation of the Issuer into a limited company with effect from 1 April 2021 will be assessed.

In 2020, the companies of the "Cattolica Agricola" and "Cattolica Services" Group updated the Model, while the companies "BCC Vita" and "BCC Assicurazioni" formalised the new Model prepared during 2020, in the first quarter of 2021.

It is reasonable to expect that the Models of the other Group subsidiaries will be updated by end of the first half of 2021.

The updating of the Model takes place in 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.

The process primarily involves the senior management of the companies, their respective supervisory bodies and the individual process owners, through sharing and alignment.

During 2020, a tool was also structured to support the exchange of information flows to the Supervisory Body.

The new reporting framework represents a significant change compared with the previous system, in terms of the scope of monitoring and the number and level of detail of the indicators.

In 2020, the Compliance Function organised a training course for members of the Supervisory Bodies of the Group Companies, to enable them to learn how to view and analyse the results of the Assessment campaigns.

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;
- identification of the Supervisory Body and allocation to it of specific supervisory duties relating to the effective and correct functioning of the Model, with a "mixed collegiate" composition;
- 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.

The Organisation, Management and Control Model can be found in the Governance section of the Issuer's corporate website at (<https://www.cattolica.it/modello-ex-d.leg-231>).

#### **11.4 Auditing company**

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

This mandate expired with the approval of the financial statements for the year ended 31 December 2020; in view of this expiry, the Shareholders' Meeting of 27 June 2020 resolved to grant PricewaterhouseCoopers S.p.A. a mandate for the statutory audit of the accounts for the nine-year period 2021-2029.

#### **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 incumbent Chief Reporting Officer is Atanasio Pantarrotas, appointed by resolution of the Board of Directors of 30 April 2020. Mr Pantarrotas also acts as Deputy General Manager and Chief Financial Officer. Until that date, the position had been held by Enrico Mattioli, who resigned during the Financial Year.

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 Management and Control 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.

\*

## 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 <sup>(8)</sup>, 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. It should be noted that, by Resolution No. 21624 of 10 December 2020, Consob issued the new Related Party Transactions Regulation, the effective date of which is 1 July 2021. Market operators are required to comply with the new provisions by this date.

While the current 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 Management and Control 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 Shareholders' Meeting for approval major transactions on which the Related Parties Committee has expressed a negative opinion (whitewashing) was approved by the Shareholders' Meeting, also providing that the Shareholders' 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 Shareholders' 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.

As at 31 December 2020, the Committee comprised the following Directors:

- Luigi Castelletti – Chairman,
  - Piergiuseppe Caldana,
  - Anna Strazzera,
- all of whom are independent.

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<sup>(8)</sup> The Procedure can be found at “[www.cattolica.it/parti-correlate](http://www.cattolica.it/parti-correlate)”.

It should also be noted that on 14 January 2021, Chairman Castelletti resigned from his position as a Director of Cattolica and therefore also from his position on the Related Parties Committee. At its meeting of 21 January 2021, the Board of Directors of Cattolica resolved, accepting the opinion of the Appointments Committee, to supplement the Related Parties Committee with the Director Elena Vasco and to appoint the Director Piergiuseppe Caldana as Chairman of the Committee.

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

The Committee met 11 times in 2020.

The specific contents of the work 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.

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

\*

## 13.0 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).

Until the Issuer's transformation into a limited company, and thus until 1 April 2021, a link for Members will remain active to provide information on the initiatives dedicated to them.

An Investor Relations Officer has been identified to manage relations with institutional shareholders: Deputy General Manager and Chief Financial Officer Atanasio Pantarrotas, making use of a specific support structure.

With regard to relations with the corporate base, the Company used the structures of its Members' Service for as long as it had a cooperative form.

\*

## **14.0 SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 2, letter c), of the TUF)**

The Ordinary Shareholders' Meeting to approve the financial statements is called at least once a year within 120 days of the end of the financial year or within 180 days, if the conditions laid down by law apply.

The Shareholders' Meeting may be called at any time, upon a resolution of the Board of Directors, in other cases provided by law or by these Articles of Association, or at the request of Shareholders representing at least one twentieth of the share capital, or an other percentage established by the applicable regulations.

The Management and Control Committee may call a Shareholders' Meeting, subject to prior notification of the Chairman of the Board of Directors, when this is deemed necessary to perform its duties.

As well as by current legislation and the New Articles of Association, the Shareholders' Meeting proceedings are governed by the Shareholders' Meeting Regulations. The version of these Regulations in effect at the date of approval of this Report as approved on 25 April 2015 and can be found on the Company's website.

The Shareholders' Meeting convening on 13/14 May 2021 will be called, *inter alia*, and in view of the transformation into a limited company, to approve new Shareholders' Meeting Regulations that will enter into force as of the next Shareholders' Meeting.

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 notice of meeting to be discussed at the Shareholders' Meeting, indicating the additional proposed items in the request, or may submit draft resolutions on items already on the agenda.

Persons for whom the Company has received, within the legal deadlines, the notification of the authorised intermediary attesting to their entitlement, may participate in the Shareholders' Meeting.

Persons entitled to vote may be represented at the meeting, by written proxy or electronically, in accordance with applicable legislation.

The Company may designate, for each Shareholders' Meeting, by indicating in the notice of meeting, a person to whom those entitled to vote may confer a proxy with voting instructions on all or some of the proposals on the agenda according to the procedures and deadlines provided by the legislation in force at the time.

In 2020, the Shareholders' Meeting met on 27 June and 31 July, in both cases in both ordinary and extraordinary session.

On the occasion of the said Shareholders' Meetings, in view of the emergency linked to the Covid-19 epidemic and for the purposes of maximum protection and safety of Members, as permitted by Article 106, Decree Law No. 18 of 17 March 2020 (the "Cura Italia Decree"), the entitled Members were able to attend the Shareholders' Meeting without access to the premises where it was held, exclusively through the Designated Representative pursuant to Article 135-*undecies* of the TUF, according to the procedures described in the notice of meeting.

The responsibilities of the Shareholders' Meeting are governed by law and the New Articles of

Association.

The legislation in force applies to the valid constitution of the Shareholders' Meeting and the relevant resolutions, without prejudice to Articles 22 and 23 of the New Articles of Association for the election of the Board of Directors and the Management Control Committee.

Voting is open for all items on the agenda.

The Board ensures that the information provided to Shareholders allows them to vote in an informed way.

\*

Please see Section 2.0, letter c), and Table 1 for information regarding the significant holdings in the Company's share capital as of the date of approval of this report.

## **15.0 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.

\*

## 16.0 CHANGES SINCE THE REPORTING DATE OF THE FINANCIAL YEAR UNDER REVIEW

As repeated several times in this Report, also having regard to the importance of the event, it should be noted that, with effect from 1 April 2021, the transformation of the Company from a cooperative company to a limited company has become effective, with the simultaneous entry into force of the New Articles of Association.

Therefore, the new company name is as follows: Società Cattolica di Assicurazione Società per Azioni.

This transformation does not entail any change in the one-tier governance system described in this Report; instead, it changes the relationship with the corporate base, which will no longer be divided into Members and Shareholders, particularly with regard to active participation rights, which were reserved for Members up to that point.

\*

## 17.0 OBSERVATIONS ON THE LETTER OF 22 DECEMBER 2020 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

On 22 December 2020, the Chairman of the Corporate Governance Committee, as usual, sent a letter to all the chairmen of the management bodies, chief executive officers and chairmen of the control bodies of the Italian listed companies, along with the 2020 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.

At its meeting of 1 March 2021, the Corporate Governance Committee noted the letter from the Chairman of the Corporate Governance Committee and the 2020 Annual Report on the implementation of the Code.

The Committee decided to submit to the Board of Directors, including the Management Control Committee, the observations made on the recommendations issued by the Corporate Governance Committee.

The recommendations of the Corporate Governance Committee and a summary of the observations of the Corporate Governance Committee and the Board are provided below.

**RECOMMENDATION 1: “Integrate business sustainability into the definition of strategies, the internal control and risk management system and the remuneration policy, including on the basis of an analysis of factors that may affect value generation over the long term.”**

The issue of sustainability has long been safeguarded and embedded within the Company's dynamics. When the Corporate Governance Committee made its observations for 2019, the Board of Directors had expressed the following point of view: “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.”

Due to the entry into force of the new Corporate Governance Code, sustainability-related aspects and dynamics will find even more space and impetus in corporate strategies and policies.

**RECOMMENDATION 2:**

- **Explicitly determine the time limits deemed appropriate for sending documentation;**
- **Provide in the corporate governance report a clear indication of the time limits identified and their actual effect;**
- **Do not allow derogation from these time limits only for confidentiality requirements.**

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. These Regulations are also subject to in-depth review and updates with regard to the timescales and time limits for providing documentation, according to a strict approach that limits, if not excludes, exceptions.

**RECOMMENDATION 3:**

- **Always justify on an individual basis any non-application of one or more independence criteria;**
- **Define in advance the quantitative and/or qualitative criteria to be used to assess the significance of the relationships being examined.**

It should be noted that the only derogation from the independence criteria stipulated by the Corporate Governance Code in force until December 2020 related to criterion 3.C.1, letter e) of the Code, regarding the breaching of the nine-year limit on mandates, which was disapplied by the Company by resolution of the Board of Directors of 8 May 2013. Moreover, the provisions of the New Articles of Association which will be effective as of 1 April 2021 have overtaken this derogation, as it is expressly provided therein that persons who have held the position of director, executive director or employee of the Company for a period of nine consecutive years prior to appointment no longer meet the independence requirement.

With regard to the invitation to the Board of Directors to define in advance the quantitative and/or qualitative criteria for the composition of slates, it was agreed to implement the current policy on suitability requirements for the position (the Fit & Proper Policy), introducing into the same, with regard to the independence requirements, quantitative and qualitative criteria to use when making assessments in this regard.

**RECOMMENDATION 4:**

- **Assess the Board's contribution to strategic planning**
- **Oversee the board review process**

It is confirmed that, also pursuant to Ivass Regulation No. 38, the Board of Directors carries out an annual self-assessment exercise in which strategic planning elements are also assessed. The Board of Directors itself, with the help of a consulting firm if necessary, attends to the self-assessment process and any consequent board review.

**RECOMMENDATION 5:**

- **Provide a specific account of the work done by the Appointments Committee if it is combined with the Remuneration Committee and its functions are assigned to the Board in its plenary form;**
- **Ensure the completeness and timeliness of proposals for the resolutions required for the process of appointing corporate bodies and provide, at least in the companies with non-concentrated ownership, guidelines on optimum composition;**
- **Provide, at least in the large companies, for a succession plan for executive directors that includes at least the procedures to be followed in the event of early termination of office.**

The Appointments Committee has existed since 2019, collaborating fully with the Remuneration Committee on matters of common interest. One of the Appointment Committee's tasks is to formulate opinions for the Board of Directors regarding the functioning, size and composition of the Board and to provide recommendations regarding the professionals whose presence on the Board is deemed appropriate. Furthermore, the Company has for some time had a succession plan in place for executive directors. It should be recalled that only the Chief Executive Officer is currently in this category.

**RECOMMENDATION 6:**

- Provide clear information on identifying the weight of the variable component, distinguishing between components linked to annual and multi-year time horizons;
- Strengthen the link between variable remuneration and long-term performance targets, including, where relevant, non-financial parameters;
- Limit the option of disbursing sums not linked to predetermined parameters (i.e. ad hoc bonuses) to exceptional cases, subject to adequate explanation;
- Define criteria and procedures for the allotment of severance benefits;
- Verify that the amount of remuneration paid to non-executive directors and members of the control body is appropriate for the expertise, professionalism and commitment required for their mandate.

As an insurance company, the provisions of IVASS Regulation No. 38 also apply to the Company in this regard. Accordingly, at the next Shareholders' Meeting, the text of the Remuneration Policy will be submitted for approval to the Meeting and will be reviewed, also in the light of the changed provisions of reference in the Shareholder Rights Directive (SRD II), specifically indicating all the fixed and variable items that make it up. The policy will also take into account specific instructions from the industry regulator.

\*

**TABLES.**

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE**

<b>SHARE CAPITAL STRUCTURE</b>			
	No. of shares	% of share capital	Listed (indicate markets)/not listed
Ordinary shares	174,293,926	100%	Listed on a regulated market
Ordinary shares	54,054,054		Unlisted
Shares with multiple votes	//	//	//
Shares with limited voting rights	//	//	//
Shares without voting rights	//	//	//
Other	//	//	//

<b>OTHER FINANCIAL INSTRUMENTS (giving the right to subscribe for newly issued shares)</b>				
	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	//	//	//	//

<b>SIGNIFICANT EQUITY INVESTMENTS</b> <b>(giving the right to subscribe for newly issued shares)</b> <b>at the Report approval date</b>		
<b>Declarant</b>	<b>Direct shareholder</b>	<b>% share of ordinary capital (a)</b>
Assicurazioni Generali Spa	Assicurazioni Generali spa	23.672*
Berkshire Hathaway Inc.	General Reinsurance AG	9.047**
Fondazione Banca del Monte di Lombardia	Fondazione Banca del Monte di Lombardia	3.740**

(a) the ordinary capital is the same as the voting capital

\* calculated by deducting the treasury shares held by the same at 31 December 2020

\*\* update on 1 April 2021, on the basis of entries in the Members' register, mainly relating to the registration of the dividend payment on 20 May 2019, as well as notifications received pursuant to Article 120 of the TUF and other available information.

As specified in Section 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 12.282%.

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**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES AT THE REPORT APPROVAL DATE**

Consiglio di Amministrazione													Comitato per il Controllo sulla Gestione		Comitato Controllo Rischi		Comitato Governo Societario		Comitato Remuner.		Comitato Nomine		Comitato Parti Correlate	
carica	componenti	anno di nascita	data prima nomina*	in carica da	in carica fino a	Lista **	esec.	non esec.	Indip. da Codice (1)	Indip. da TUF	n.altri incarichi ***	(a)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)		
Presidente	Bedoni Paolo	1955	18/12/1999	13/04/2019	ASSEMBLEA 2022	CDA		X	NO	SI	2	31/31					17/17			16/16				
Vice Presidente Vicario	Poli Aldo	1942	28/04/2007	13/04/2019	ASSEMBLEA 2022	CDA		X	NO	SI	0	30/31					11/18	M		11/16				
Vice Presidente	Blasevich Barbara	1966	30/04/2011	13/04/2019	ASSEMBLEA 2022	CDA		X	NO	SI	1	31/31		22/22	M		M							
Amministratore (Segretario)	Lai Alessandro	1960	15/01/2016	13/04/2019	ASSEMBLEA 2022	CDA		X	NO	SI	5	31/31				18/18	M	14/14	M					
Amministratore	Caldana Piergiuseppe	1963	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	1	31/31									11/11	P		
Amministratore	Campebelli Bettina	1962	21/04/2012	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	4	31/31		22/22	P	18/18	M			15/16	M			
Amministratore Delegato	Ferraresi Carlo	1966	31/07/2020	31/07/2020	ASSEMBLEA 2021	CDA	X		NO	NO	0	9/9				2/2	M							
Amministratore	Gentili Stefano	1960	23/10/2020	23/10/2020	ASSEMBLEA 2021	N/A		X	SI	SI	0	3/3				1/1	P							
Amministratore	Giacometti Rosella	1965	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	0	29/31		21/22	M									
Amministratore	Lancellotti Roberto	1964	23/10/2020	23/10/2020	ASSEMBLEA 2021	N/A		X	SI	SI	1	3/3					1/1	P						
Amministratore	Strazzer Anna	1959	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	2	31/31							2/2	M	11/11	M		
Amministratore	Vasco Elena	1964	23/10/2020	23/10/2020	ASSEMBLEA 2021	N/A		X	SI	SI	3	3/3												
Amministratore	Vanda Eugenio	1967	16/04/2016	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	1	31/31					1/1	M		P		M		
Amministratore	Glisenti Giovanni	1956	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	5	31/31	28/28	P										
Amministratore	Bonato Federica	1955	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	2	31/31	28/28	M										
Amministratore	Brena Cesare	1965	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI	3	31/31	27/28	M										

**AMMINISTRATORI CESSATI DURANTE L'ESERCIZIO E FINO ALLA DATA DI APPROVAZIONE DELLA RELAZIONE**

Amministratore	Castelletti Luigi	1955	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI		26/31									10/11	P
Amministratore	De' Stefani Chiara	1965	17/01/2017	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI		25/27					13/13		12/13			
Amministratore	Napoleoni Carlo	1967	31/10/2012	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI		26/27										
Amministratore	Minali Alberto	1965	01/06/2017	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI		12/15										
Amministratore	Riello Pierantonio	1959	13/04/2019	13/04/2019	ASSEMBLEA 2022	CDA		X	SI	SI		11/26					12/13					

N° riunioni svolte durante l'esercizio di riferimento:													Comitato per il Controllo sulla Gestione		Comitato Controllo e Rischi		Comitato Governo Societario		Comitato Remunerazioni		Comitato per le Nomine		Comitato Parti Correlate	
<b>31</b>													<b>28</b>		<b>22</b>		<b>18</b>		<b>14</b>		<b>16</b>		<b>11</b>	

\* Per data prima nomina si intende la data in cui l'amministratore è stato nominato per la prima volta (in assoluto) nel Consiglio di Amministrazione dell'Emittente.

\*\* In questa colonna è indicata la lista da cui è stato tratto ciascun amministratore ("M": lista di maggioranza, "m" lista di minoranza)

\*\*\* In questa colonna è indicato il numero di incarichi di amministratore o sindaco ricoperti dal soggetto interessato in altre società quotate in mercati regolamentati, anche esteri, in società finanziarie, bancarie, assicurative, assicurative o di rilevanti dimensioni, riportati per esteso al Paragrafo 4.2.

(a) In questa colonna è indicata la partecipazione degli amministratori alle riunioni rispettivamente del CdA e dei comitati (il primo numero indica il numero di riunioni cui l'esponente ha partecipato; il secondo indica il numero complessivo delle riunioni tenute dall'organo cui l'esponente aveva titolo a partecipare).

(b) In questa colonna è indicata la qualifica del consigliere all'interno del Comitato: "P": presidente; "M": membro.

(1) come evidenziato in nota al Paragrafo 4.1, si ricorda che la Società, con deliberazione consiliare dell'8 maggio 2013, ha ritenuto di disapplicare il criterio applicativo 3.C.1. lettera e), del Codice: per l'effetto, coloro che hanno ricoperto la carica di amministratore per più di nove anni negli ultimi dodici anni - e che evidentemente non versino in ulteriori situazioni rilevanti in materia - sono considerati "indipendenti".

## **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 Section 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 System phases**

The Company has adopted a control model, in support of the Financial Reporting Officer, to verify the adequacy and effective application of administrative and accounting procedures relating to financial reporting. This model was defined in line with best practices<sup>9</sup> and a progressive implementation plan is provided for.

In particular, the system comprises the following phases:

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<sup>9</sup> 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) verification of the operational 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 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. Company processes that are significant in terms of their potential impact on financial reporting are identified according to the consolidated financial statement accounts valued as significant.

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

The document system containing the mapping of organisational procedures is the starting point for identifying risks and controls relating to financial reporting, through which the key controls, whose design is then assessed and whose operational effectiveness is verified, are defined.

Risks relating to financial reporting are identified taking into account relations with financial statement assertions that represent the characteristics that the accounting data must have over the course of its life up to its representation in the financial statements.

The relevant control safeguards for financial reporting are associated with the identified risks. The process owners perform control activities in order to mitigate the specific administrative and accounting risks identified.

The design of the key controls is periodically assessed in order to verify the adequacy of the administrative and accounting procedures, i.e. the ability to control financial reporting risks. This assessment consists in analysing the adequacy of the control design, i.e. the ability of the control to mitigate at an acceptable level the possible risk of failure to achieve the control objective (financial statement assertion) for which it was designed.

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 operational effectiveness of financial reporting process controls

The assessment of operations designed to verify the effective application of accounting administrative procedures consists of all activities aimed at verifying that the controls, designed to reduce the identified risks to an acceptable level, are operational in the period in question, or actually carried out in accordance with the design.

Key control testing is performed twice a year, corresponding to the consolidated half-year financial report and the separate and consolidated financial statements.

In response to any shortcomings identified in the operational effectiveness phase, corrective actions and/or action plans are defined and implemented, with the aim of strengthening 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 in particular 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 of 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 auditing company and the Management and Control 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 Management and Control 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 Management and Control 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 Chief Executive Officer, 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 liaison officer for the Financial Reporting Officer, who is the Chief Executive Officer of the Group company, unless otherwise indicated by the management body, assists the Financial Reporting Officer in carrying out his or her tasks at the subsidiary and in relation to its corporate bodies;
- 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 liaison officer who physically carries out the control subject to analysis and testing.

\* \* \*

Verona, 1 April 2021