

# Vittoria Assicurazioni

REGISTERED OFFICE: VIA IGNAZIO GARDELLA 2 - 20149 MILANO  
SHARE CAPITAL EURO 67.378.924 FULLY PAID  
TAX CODE AND REGISTRATION NUMBER OF THE COMPANY REGISTRY OF MILAN  
01329510158 – R.E.A. NO. 54871  
ENTERED IN THE REGISTER OF INSURANCE AND REINSURANCE COMPANIES SECTION I  
– NO. 1.00014  
PARENT COMPANY OF THE VITTORIA ASSICURAZIONI INSURANCE GROUP  
ENTERED AT NUMBER 008 IN THE REGISTER OF INSURANCE GROUPS

## Report on corporate governance and ownership structures FY 2011

pursuant to Article 123–bis Italian Financial Act

**Vittoria Assicurazioni S.p.A.**

[www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com)

**FY 2011 Report**

Approved by the Board of Directors on 13 March 2012





## Glossary

### Code/Corporate Governance Code:

The Corporate Governance Code of listed companies approved in March 2006 by the Corporate Governance Committee and promulgated by Borsa Italiana S.p.A.

### Civil Code / c.c.:

The Italian Civil Code.

### Board:

The Board of Directors of Vittoria Assicurazioni S.p.A.

### Issuer:

Vittoria Assicurazioni SpA

### Financial year:

The financial year that ended on 31 December 2011.

### Consob Issuers Regulation:

The Regulation issued by Consob with Resolution No. 11971 of 1999 (as amended) on issuers.

### Consob Markets Regulation:

The Regulation issued by Consob with Resolution No. 16191 of 2007 (as amended) on Markets.

### Consob Related Party Regulation:

The Regulation issued by Consob with Resolution No. 17221 of March 12, 2010 (as amended) on transaction with related party.

### Report:

This report on corporate governance and shareholders that companies are obligated to prepared pursuant to Article 123-bis TUF.

### TUF:

Legislative Decree 58 of 24 February 1998 (Italian Financial Act).



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## 1. PROFILE OF VITTORIA ASSICURAZIONI

Vittoria Assicurazioni is an independent company founded in Milan in 1921. Floated on the Milan Stock Exchange in 1988, the company is currently listed on the STAR Segment of the Mercato Telematico Azionario (MTA), the screen-based stock market managed by Borsa Italiana SpA. The company operates in all insurance business segments with a nationwide network of 340 general agencies and 580 sub-agencies. Vittoria Assicurazioni focuses primarily on addressing the insurance needs of families and SMEs, with a particular focus on innovative solutions and quality service.

Vittoria Assicurazioni is the parent company namesake insurance business, registered as No. 008 Roll of Insurance Groups held by Isvap. The Group consists of 19 companies with activities related and supporting the insurance business. Vittoria Assicurazioni also operates in real estate and services, through its own subsidiaries and specialised partners in both sectors.

The Vittoria Assicurazioni SpA management and control system is based on the traditional format, with the Board of Directors playing the key role.

The Vittoria Assicurazioni SpA has, since 2004, a Code of Ethics in which are made explicit the ethical values and responsibilities that have always characterized the relationships on the one hand between the Company and employees and secondly, between the Company, Network Agency and Customers.

## 2. INFORMATION ON OWNERSHIP STRUCTURE (pursuant to article 123-bis (1) of the Italian Finance Act (TUF)) at 31 December 2011

### a) Structure of the share capital (pursuant to article 123-bis (1)(a) of the TUF)

At 31 December 2011, the share capital of Vittoria Assicurazioni SpA totalled Euro 67,378,924, broken down into 67,378,924 ordinary shares with a par value of Euro 1.00 each.

The ordinary shares of Vittoria Assicurazioni are listed on the STAR Segment of the MTA, operated by Borsa Italiana SpA, and they grant shareholders the property and administrative rights envisaged by law and the articles of association.

On January 1, 2011 the company, with the approval of Isvap, has proceeded to the early redemption of bonds "Fixed Floater Vittoria Assicurazioni SpA 2001/2016 subordinated convertible into common shares" issued in 2001.

The refunded bonds, for which no conversion was required, were 60.538 for a nominal value of eur 290.582,40, equal to 1, 61 of the bond issue. Has not issued financial instruments that give holders the right to subscribe for new shares issued.

There are no share-based incentive plans.

### b) Restrictions on the transfer of securities (pursuant to article 123-bis (1)(b) of the TUF)

There are no limits imposed by law or the articles of association on the transfer of ordinary shares of Vittoria Assicurazioni SpA.

### c) Major shareholdings in capital (pursuant to article 123-bis (1)(c) of the TUF)

As of December 31, 2011, the shareholdings in the capital, direct and indirect holding of more than 2%, according to the communications received pursuant to art. 120 of the TUF, from the Register of Shareholders and other information received, are:

Declarer	Direct shareholder	% share of ordinary capital	% share of voting capital
Carlo Acutis	Vittoria Capital NV	51.15 %	51.15 %
	Yafa Holding BV	6.23 %	6.23 %
Francesco Baggi Sisini	Arbus Srl	5.71 %	5.71 %
Serfis SpA	Serfis SpA	3.55 %	3.55 %

There were no material changes in the ownership structure during the financial year.

### d) Securities conferring special rights (pursuant to article 123-bis (1)(d) of the TUF)

Vittoria Assicurazioni SpA has not issued securities conferring special controlling rights.

### e) Employee shareholding: mechanism for exercising voting rights (pursuant to article 123-bis (1)(e) of the TUF)

No Employee shareholding have been approved.



f) **Restrictions on voting rights (pursuant to article 123-bis (1)(f) of the TUF)**

There are no restrictions on voting rights.

g) **Shareholders' agreements (pursuant to article 123-bis (1)(g) of the TUF)**

On November 12, 2011 has ceased due to the expiry of the term three-year duration of the validity and enforceability of the shareholders' agreement entered into on November 11, 2008 between the Company Yafa Holding B.V. and the german companies Münchener Rückversicherungs and Ergo Versicherung, relating to ordinary shares of Vittoria Capital N.V., a dutch company that controls Vittoria Assicurazioni SpA.

The same companies then signed a new shareholders' agreement for a period of three years, the extract was published pursuant to law on November 18, 2011, concerning a total number of 44.744.000 shares of Vittoria Capital N.V., representing 94% of the ordinary share capital of the company.

The shareholders' agreement specifically envisages a pre-emptive right amongst the parties to the agreement, and co-sale rights for the minority shareholders, as well as automatic application of the shareholders' agreement to 35% of the shares of Vittoria Assicurazioni in case of dissolution of Vittoria Capital.

h) **Change of control clauses (pursuant to article 123-bis (1)(h) of the TUF)**

Vittoria Assicurazioni SpA and its subsidiaries have not made material agreements that become enforceable, are modified or are extinguished in the event of a change of control of the contracting company.

On the subject of a takeover bid (OPA), the social status of Vittoria Assicurazioni SpA does not provide exemptions from the provisions to the "passivity rules" under Article 104 of the TUF and does not require application of the breakthrough provisions covered by Article 104-bis of the TUF.

i) **Indemnities for directors (pursuant to article 123-bis (1)(i) of the TUF)**

As also stated in the Report on Remuneration issued under Article 123-ter of the TUF, there are no agreements between the company and the directors that envisage indemnities in the event of resignation or termination without cause or if the relationship is terminated following a public tender offer.

There are also no agreements with the directors and managers with strategic responsibilities that provide for the allocation and maintenance of non-monetary benefits in the case of cessation of employment or the execution of consultancy contracts for a period after the end of the employment relationship, or for compensation for non-competition commitments.

l) **Rules for the appointment and replacement of directors and amendments to the articles of association (pursuant to article 123-bis (1)(l) of the TUF)**

The statutory provisions governing the appointment and replacement of directors are set out in paragraph 4.1. of this Report.

Amendments to the articles of association are approved by the Extraordinary General Meeting, pursuant to law. Pursuant to Section 2365 of the Italian Civil Code, article 14 of the articles of association authorises the Board of Directors to resolve, except as prohibited by law, on any reductions in share capital upon withdrawal, amendments to the articles of association in accordance with statutory provisions, relocation of the registered office within national territory, and merger resolutions in the cases envisaged in Sections 2505 and 2505-bis of the Italian Civil Code, including in the case of demergers, where these provisions apply.

m) Delegations of authority for share capital increases and authorisations for buyback of treasury shares (pursuant to article 123-*bis* (1)(m) of the TUF)

No resolutions have been passed authorising the Board of Directors to increase the Company's capital pursuant to Section 2443 of the Italian Civil Code, to issue equity instruments or to purchase treasury shares pursuant to articles 2357 *et seq.* of the Italian Civil Code.

n) Management and co-ordination (pursuant to article 2497 *et seq.* of the Civil Code)

Vittoria Assicurazioni SpA is not subject to management and co-ordination activity pursuant to article 2497 *et seq.* of the Civil Code, insofar as the companies that directly and indirectly own a controlling stake in it (i.e. Vittoria Capital NV and its parent companies Yafa Holding BV and Yafa SpA) are equity holding companies and do not take part in defining Company strategy.

### 3. COMPLIANCE (pursuant to article 123-bis (2)(a) of the TUF)

In 2007 Vittoria Assicurazioni adopted the Corporate Governance Code of Listed Companies approved in March 2006 by the Corporate Governance Committee and promulgated by Borsa Italiana SpA.

The application of the principles and criteria provided in the new edition of the Corporate Governance Code issued in December 2011 will be evaluated and implemented during the year 2012.

The Corporate Governance Code adopted by Vittoria Assicurazioni is available in the 'Rules' section of the website at [www.borsaitaliana.it](http://www.borsaitaliana.it) and in the "Governance" section of the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

The criteria adopted by Vittoria Assicurazioni SpA to apply the principles and recommendations of the Corporate Governance Code, as summarised in Appendix 4, are described in the following sections.

The Report is produced explaining the reasons for non-adherence to some of the recommendations of the Code.

Vittoria Assicurazioni and its subsidiaries are not subject to non-Italian laws that influence their corporate governance structure.

## 4. BOARD OF DIRECTORS

### 4.1. Appointment and replacement (pursuant to article 123-bis (1)(I), of the TUF)

The appointment and replacement of directors is regulated by article 10 of the articles of association.

The Company is administered by a Board of Directors consisting of no fewer than seven and no more than 16 Directors, appointed by the Ordinary General Meeting, whose maximum term of office is three financial years and who may always be re-elected. Prior to electing the Directors, the General Meeting determines the number thereof within the stated limits.

The Directors must meet the requirements specified by the legislation currently in force; pursuant to the same legislation, a minimum number of Directors must satisfy the requirements for independence specified in article 148(3) of the TUF.

If a Director no longer meets the requirements, he/she shall cease to hold office; if a director no longer meets the independence requirements defined above, he/she may continue in office if the requirements continue to be met by the minimum number of Directors set under legislation in force.

The Board of Directors is appointed on the basis of lists submitted by shareholders according to the procedures specified below, on which candidates are listed in numerical order.

Lists submitted by shareholders, signed by the parties submitting them, must be deposited at the Company's registered office and available to any person on request, at least twenty five days prior to the date set for the General Meeting on first call, and are published in other forms pursuant to laws in force.

Shareholders subscribing to a relevant shareholders' agreement pursuant to article 122 of the TUF, the parent company, the subsidiaries and companies under joint control pursuant to article 93 of the TUF may not submit or take part in the submission, either directly or through an intermediary or trust company, of more than a single list, and may not vote for different lists; each candidate may appear only one list, on penalty of ineligibility. Any seconding of nominations or votes cast in breach of this prohibition shall not count towards any list.

Only those shareholders who, individually or together with other submitting shareholders, hold voting shares totalling at least 2.5% of the voting capital, or representing such lesser percentage as may be established by mandatory legal or regulatory provisions, are eligible to submit lists.

Ownership of the minimum shareholding for the submission of lists is determined according to the shares that are registered to the shareholder on the day on which the lists are deposited with the Company.

The following shall be deposited with each list: (i) certification issued by a legally authorised intermediary proving ownership, on the date the list is submitted, of the number of shares required for submission; however, this certification may be provided subsequent to the deposit, provided that this is within the deadline set for the publication of the lists pursuant to the laws in force; (ii) a declaration by each candidate accepting their nomination and declaring, under their own responsibility, that no grounds for ineligibility or incompatibility exist and that they meet the requirements prescribed for the respective posts; (iii) a *curriculum vitae* for each candidate, indicating where appropriate the candidate's eligibility for independent status.

Any lists submitted other than in accordance with the above provisions shall be regarded as not submitted.

The procedure for electing the Board of Directors is as follows:

- a) the Directors to be elected shall be taken from the list obtaining the highest number of votes, in the sequential order in which they appear on the list, except one;
- b) the remaining Director shall be taken from the list that obtains the second highest number of votes and that is not connected in any way, either directly or indirectly, with the shareholders submitting or voting for the list referred to in a) above. Any lists not obtaining votes amounting to more than half the qualifying percentage for submission of the lists shall be disregarded.

If the candidates elected using the above procedure do not guarantee the appointment of a sufficient number of Directors meeting the requirements for independence set out in article 148 (3) of the TUF to comply with the legal minimum proportionate to the total number of Directors, the last candidate elected in sequential order on the list with the highest number of votes is replaced by the first unelected independent candidate in sequential order on the same list, or, failing this, by the first unelected independent candidate in sequential order on the other lists, according to the numbers of votes obtained by each list. This replacement procedure will continue until the Board of Directors comprises a number of members meeting the requirements set out in article 148 (3) of the TUF at least equal to the minimum prescribed in law. If this procedure fails to produce the above result, replacement will take place via General Meeting resolution by relative majority, following the nomination of parties meeting the above requirements.

If a single list is submitted, or if no lists are presented, the General Meeting resolves by legal majority, without following the procedure described above.

If one or more Directors leaves office during the financial year, and the majority still consists of Directors appointed by the General Meeting, the Board of Directors carries out the following co-option procedure, pursuant to article 2386 of the Civil Code:

- a) the Board appoints a candidate from the same list as that of the departing Director, and the General Meeting resolves on the same, observing the same criterion, by legal majority;
- b) if there are no candidates on this list who remain unelected or meet the requirements, or in any event it is not possible to comply with the provisions of point a) for any reason, the Board of Directors proceeds with the replacement and the General Meeting subsequently resolves on the same, by legal majority and without a list vote.

In any event the Board of Directors and the General Meeting must make an appointment to ensure the presence of the minimum total number of independent Directors required by legislation in force.

Annex 1 to this Report lists the Directors qualify as independent under Article 147-ter, paragraph 4 of the TUF and under the Corporate Governance Code adopted by the Company.

The directors of Vittoria Assicurazioni must have the prerequisites of professionalism, integrity and independence as outlined in Ministerial Decree no. 220, of 11 November 2011 (which has replaced the previous Ministerial Decree no. 186 of 24 April 1997) concerning the insurance companies as described below:

#### Prerequisite of professionalism

The directors of an insurance company must be selected according to criteria of professionalism and competence from among individuals who have accrued overall experience of at least three years (five for the Chairman of a Board of Directors, members of the executive committee and managing directors) through the exercise of one or more of the following activities:

- a) administration, management or control responsibilities at companies and authorities in the insurance, credit or financial sector;
- b) administration, management or control responsibilities at public entities or public administrations with business in the insurance, credit or financial sector including other industries if the functions performed imply the management or management control of economic financial resources;
- c) administration, management or control at public entities or public and private enterprises whose size is similar to that of the insurance or reinsurance company where the position must be filled;
- d) professional activities in areas related to the insurance, credit or financial sector or teaching at the university level in law, economics, or statistics with relevance for the insurance industry.

### Obstructions

The following individuals may not cover the role of director, general manager, auditor, or receiver in insurance or reinsurance companies or roles that imply exercise of similar or equivalent functions:

- a) individuals who held the office of director, general manager, auditor or receiver in companies admitted to receivership, bankruptcy and extraordinary administration or similar types of procedures, in the three years prior to adoption of the related orders. The ban remains in place for a period of three years, starting from the date the orders are adopted. This ban is reduced to one year if the order to initiate the procedure was given on the request of the business owner, the boards of directors or as a result of a report made by individual concerned. The ban shall not apply if the competent company body decides, based on sufficient information and according criteria of plausibility and proportionality, that the candidate was not involved in the facts or actions that led to the financial crisis in the company;
- b) individuals who have been removed from the single national register of exchange agents, set forth by article 201, section 15, of the Legislative decree no. 58 of 24 February 1998, and exchange agents who have been excluded from trading on a regulated market. The ban remains in place for a period of three years, starting from the date the orders are adopted. This ban is reduced to one year if the order was adopted by request of the exchange agent.

### Prerequisite of integrity

The prerequisite of integrity does not apply if the individuals involved are in one of the following situations:

- a) state of interdiction or temporary interdiction from holding executive offices of the legal persons and enterprises and, in any event, all the situations set forth by article 2382 of the Civil Code;
- b) state of being submitted to preventative measures ordered by the courts, in accordance with Law 1423 of 27 December 1956 or Law 575 of 31 May 1965, or Law 646 of 13 September 1982, as amended, save for any effects of rehabilitation;
- c) final criminal conviction, save for any effects of rehabilitation:
  - 1) with incarceration for one of the crimes set forth by the special legislation that regulates the insurance, financial, credit, securities, and securities markets sectors as well as by Legislative decree 231 of 21 November 2007, as amended;
  - 2) incarceration for one of the crimes set forth under Title XI of Book V of the Civil Code and the Royal Decree 267 of 16 March 1942;
  - 3) incarceration for a period of time not less than one year for crimes against the public administration, against the public faith, against public funds, against the public order, against public economy or for a tax related crime;
  - 4) incarceration for a period of time not less than two years for any crime with malicious intent.

The roles of director of the board, general manager or auditor in insurance and reinsurance companies cannot be covered by persons to which one of the penalties of incarceration set forth under letter c) apply, except for prescription of the crime. If the penalties under letter c) numbers 1) and 2) are applied, the parties may request their waiver if under one year.

While the new regulation is essentially identical to the matters set forth previously as regards the prerequisites of integrity and professionalism, the aforementioned Ministerial Decree no. 220 of 11

November 2011 has introduced the new prerequisites of independence. The administration, management and control function in an insurance or reinsurance company is not considered compatible with providing a similar function, with maintaining employment relationships, continuous consulting or paid service or any other wealth related relationship at other insurance or reinsurance companies, their subsidiaries or parent companies. This ban applies to the roles assumed subsequent to the entry into force of the regulation in question.

#### 4.2. Composition (pursuant to article 123-bis (2)(d) of the TUF)

At year end 2011, the Board of Directors was composed of the following 15 members:

- Giorgio Roberto COSTA	Chairman
- Andrea ACUTIS	Executive Deputy Chairman
- Carlo ACUTIS	Executive Deputy Chairman
- Roberto GUARENA	Managing Director
- Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive Director
- Francesco BAGGI SISINI	Independent Director
- Marco BRIGNONE	Independent Director
- Luciano GOBBI	Independent Director
- Arnaud HELLOUIN de MENIBUS	Non-executive Director
- Pietro Carlo MARSANI	Independent Director
- Giorgio MARSIAJ	Independent Director
- Lodovico PASSERIN d'ENTRÈVES	Independent Director
- Luca PAVERI FONTANA	Non-executive Director
- Robert RICCI	Independent Director
- Giuseppe SPADAFORA	Independent Director

Since 2007 Prof. Luigi Guatri is Honorary President of the Company.

The Board of Directors will expire on the date of approval of the financial statements at December 31, 2012.

The appointment of the Board of Directors in charge was carried out by the General Meeting of Shareholders held on April 23, 2010.

Pursuant to article 10 of the articles of association described above, two lists of candidates for Director appointments were submitted at the General Meeting:

- List 1 was submitted by Vittoria Capital NV, which holds 34,464,400 shares representing 52.39% of the share capital, with the following 15 candidates: Giorgio Roberto COSTA – Andrea ACUTIS – Carlo ACUTIS – Roberto GUARENA – Adriana ACUTIS BISCARETTI DI RUFFIA – Francesco BAGGI SISINI – Marco BRIGNONE – Arnaud HELLOUIN de MENIBUS – Luciano GOBBI – Pietro Carlo MARSANI – Giorgio MARSIAJ – Edgar MÜLLER-GOTTHARD – Lodovico PASSERIN d'ENTREVES – Luca PAVERI FONTANA – Giuseppe SPADAFORA.
- List 2 was jointly submitted by the shareholder BNP Paribas, which holds 1,200,000 ordinary shares representing 1.82% of the share capital, and the shareholder Ersel Asset Management SGR SpA, in its capacity as manager of the Fondersel and Fondersel PMI funds, which holds 493,561 ordinary

shares representing 0.75% of the share capital, for a total of 1,693,561 shares equal to 2.57%, with the following single candidate: Robert RICCI.

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 41,228,296 ordinary shares from 65,788,948 in issue, representing 62.668% of the share capital.

List 1 obtained 38,814,841 votes, representing 94.15% of the voting capital.

List 2 obtained 2,381,561 votes, representing 5.78 % of the voting capital.

Shareholders owning 16,919 shares in total (0.004% of the voting capital) voted against the proposals, and shareholders owning 14,975 shares in total (0.004% of the voting capital) abstained.

## **Changes in the composition of the Board of Directors**

Following the resignation on March 14, 2011 by Mr. Edgar Muller-Gotthard, the General Meeting of 29 April 2011 appointed Director Mr. Massimo Antonarelli.

Mr. Massimo Antonarelli, dated November 29, 2011, has, in turn resigned from office for personal reasons. At the meeting of February 16, 2012 the Board of Directors then appointed Director, co-optation, Mr. Bernhard Gierl, independent, whose office, in accordance with Article 2386 of the Civil Code, will expire at the next meeting.

## **Personal and professional characteristics of directors.**

Pursuant to article 144-*decies* of the Issuer Regulation, here is a brief profile of personal and professional characteristics of directors in office at the date of this Report.

### **Giorgio Roberto COSTA**, born at Bellagio (Como) on 5 April 1944 – Chairman

On the Board of Directors of Vittoria Assicurazioni SpA since 27 June 1995. Elected Executive Deputy Chairman on 29 April 2002, and Chairman on 27 April 2007.

Formerly General Manager at Merrill Lynch SpA, Senior Vice-President of Merrill Lynch International, member of the Board of Directors responsible for creating the capital markets and investment banking units of Lehman Brothers SpA in Milan, Chairman of Milano Centrale Mutui SpA, Milano Centrale Leasing SpA and Caboto Gestioni SIM SpA and Vice Chairman of Caboto Holding SIM SpA and Caboto International Lugano. Also served as a Board member at the following companies: Finanza e Futuro SpA, Lasa SpA, Banca Brignone SpA, Sicav Sailor e Società di Consulenza, Milano Centrale Immobiliare SpA, Milano Centrale Servizi Immobiliari SpA, Caboto SIM SpA, Caboto Securities Limited, Uno Erre SpA, Intesa Asset Management SpA, E.LAB SpA, Pirelli Real Estate Credit Services SpA, GIM SpA, Avvenire SGR SpA and Vittoria Capital NV. Also served as a member of the Executive Committee at Intesa Asset Management SpA.

Currently a member of the Board at Vittoria Immobiliare SpA and at Eagle & Wise Service SpA.

### **Andrea ACUTIS**, born in Turin on 6 February 1964 – Executive Deputy Chairman

On the Board of Directors of Vittoria Assicurazioni SpA since 29 April 2004. Elected Executive Deputy Chairman on 27 April 2007.

Graduated in economic sciences from the University of Geneva and worked as corporate finance executive at Lazard Brothers & C. Ltd. in London. Currently holds various positions in the Boards of Directors of the companies in the Vittoria Assicurazioni Group and is a Director of Yarpa SpA.



**Carlo ACUTIS**, born in Turin on 17 October 1938 – Executive Deputy Chairman

On the Board of Directors of Vittoria Assicurazioni SpA since 26 May 1967. Elected Executive Deputy Chairman on 14 June 1982.

Graduated in economic sciences and business from the University of Turin, *Chevalier de l'Ordre National de la Légion d'Honneur*, *Cavaliere del Lavoro*. Formerly Managing Director of Toro Assicurazioni and Chairman of C.E.A. (*Comité Européen des Assurances*). Currently Vice Chairman of Banca Passadore & C. SpA, Director of Pirelli & C. SpA, Yura International BV and Scor SA and a member of the Supervisory Board of Yam Invest NV. Currently Vice Chairman of the ANIA (*Associazione Nazionale fra le Imprese Assicuratrici*), and is a member of the strategic committee of the CEA (*Comité Européen des Assurances*), representing the Italian market. Also a Director of the *Association de Genève* and a Member of the *Associazione Italiana per la Ricerca sul Cancro* (Piemonte and Valle D'Aosta Committee).

**Roberto GUARENA**, born in Turin on 24 September 1937 – Managing Director

On the Board of Directors and Managing Director of Vittoria Assicurazioni SpA since 29 January 1994.

Formerly General Manager and Member of Istituto Mobiliare Piemontese IPI SpA and Permanent Auditor of Assimoco SpA. Currently Chairman of Yafa SpA, Yura SpA and Yafa Holding BV, Director of Touring Vacanze Srl and holds various positions on the Boards of Directors of the subsidiaries and associates of Vittoria Assicurazioni. Vice Chairman of the *Fondazione ANIA per la Sicurezza Stradale*, a member of the Executive Committee of the ANIA (*Associazione Nazionale fra le Imprese Assicuratrici*) and a member of the General Council of the Permanent Forum ANIA-Consumer Foundation.

**Adriana ACUTIS BISCARETTI di RUFFIA**, born in Turin on 13 August 1965

On the Board of Directors of Vittoria Assicurazioni SpA since 29 April 2004.

Obtained a Master of Arts from Cambridge University. Formerly a Board member at Alexander & Alexander Italia SpA. Currently Chairman of Vittoria Capital NV, Vice Chairman of Yafa SpA and Sint SpA, she is a member of the Supervisory Board, the Strategic Committee and the Finance Committee of Yam Invest N.V. and member of the Supervisory Board and the Finance Committee of Yareal International N.V., is also director of Yura SpA, Yafa Holding B.V., and Yura International B.V., Yarpa Investments SGR SpA and Banca Regionale Europea. She also holds various positions on the Boards of Directors of Vittoria Assicurazioni Group companies.

**Francesco BAGGI SISINI**, born in Sassari on 10 September 1949

On the Board of Directors of Vittoria Assicurazioni SpA since 26 April 2001.

Currently Chairman of Icaria Srl and Arbus Srl, Sole Director of Bresi SpA and Martis Srl, a member of the Board of Oxa Srl, and a member of the Supervisory Board of Yam Invest NV.

**Marco BRIGNONE**, born in Turin on 12 October 1938

On the Board of Directors of Vittoria Assicurazioni SpA since 23 June 1983.

Formerly Chairman of Brignone Informatica SpA and of the Supervisory Board of the Turin Stanza di Compensazione, "The Sailor's Fund" (the Luxembourg-based SICAV) and Plurifid SpA. Has served as Vice Chairman of Banca Brignone SpA and a member of the Board of Ceresole SIM & C. SpA and Acquedotto De Ferrari Galliera. Currently a member of the Board of Ersel SIM SpA and Online SIM SpA.

**Bernhard GIERL**, born in Munchen (Germany) on 26 October 1948

On the Board of Directors of Vittoria Assicurazioni SpA since 16 February 2012.

Studies at the University of St. Gallen, Wharton School (Philadelphia) and Harvard University (Boston). He made a career at the Munich Reinsurance Company, where he started working in 1965. Among other things, member of the management of Munich RE as Responsible for for

Strategic Planning and Economic Research of the Market. From 2001 to 2010 he served as Director of Asia Pacific for the Munich RE Group.

**Luciano GOBBI**, born in Piacenza on 20 February 1953

On the Board of Directors of Vittoria Assicurazioni SpA since 23 April 2010.

Graduated in nuclear engineering from Milan Polytechnic, obtained an SDA Bocconi MBA in Milan and graduated in architecture from Milan Polytechnic.

Formerly Managing Director of Pirelli International Ltd, Director of Telecom Italia SpA, Olimpia SpA, Pirelli Tyre SpA, Pirelli UK Ltd and The Fleming European Fledgling Investment Trust PLC. Has served at various times as Director of Corporate Finance, Financial Director and General Financial Director of Pirelli & C. and as a Credit Analyst and Senior Banker at the London, Rome and Milan offices of Chase Manhattan Bank.

At the end of financial year 2011, was serving as Director of the Banca di Piacenza and Effe 2005 Gruppo Feltrinelli SpA.

**Arnaud HELLOUIN de MENIBUS**, born in Déville-les-Rouen, France on 8 February 1946

On the Board of Directors of Vittoria Assicurazioni SpA since 30 April 1999.

Graduated from the Institute of Political Studies in Paris. Formerly Director of the real estate division of the Paribas Group, Chairman and General Manager of Compagnie Foncière, Vice Chairman of Gipec and Epargne Associations SICAV and member of the Board of Régie Immobilière de la Ville de Paris (RIVP), Gérer, Paribas Epargne, Ségécé, Cardif, Klépierre, Sinvim and Union Immobilière de France (UIF). Currently Chairman and Managing Director of Yam Invest NV, Chairman of Yareal International NV, Assets and Equity SAS, Time Investors SAS and Helse, Chairman of the Supervisory Board of Time Equity Parters SAS, member of the Supervisory Board of Aliuta and member of the Board of Vittoria Immobiliare SpA and Yareal BV.

**Pietro Carlo MARSANI**, born in Pavia on 29 September 1936

On the Board of Directors of Vittoria Assicurazioni SpA since 26 June 1986.

Graduated in economics and business from Bocconi University. Formerly Managing Director of P. Ferrero & C. SpA and Ferrero International BV, Chairman of Worms Sim SpA, member of the Board of Worms Finanziaria SpA, Toro Assicurazioni SpA, Akros Finanziaria SpA and Homeopharm Srl and Permanent Auditor of I.DE.A. Institute SpA and Aosta Factor SpA. Currently a member of the Board of Dual Sanitaly SpA and Suberit Srl.

**Giorgio MARSIAJ**, born in Turin on 17 May 1947

On the Board of Directors of Vittoria Assicurazioni SpA since 23 June 1998.

Currently Chairman of TRW Automotive Italia SpA, TRW Automotive Holding Italia Srl, Olympic Real Estate SpA, Olyfen Properties Srl and Sabelt SpA, Chairman and Managing Director of Immobiliare Valsusa Srl and Moncanino SpA, Vice Chairman and Managing Director of M. Marsiaj & C. Srl, member of the Board and member of the Executive Committee of Fenera Holding Italia SpA. Also a member of the Board of Directors of Marsiaj Srl, Torre Elah Srl, Brembo Performance SpA and Production Group and the executive boards of Anfia, Amma, Unione Industriale and various cultural and charitable associations. Also serves on the Unicredit Regional Committee.

**Lodovico PASSERIN d'ENTRÈVES**, born in Courmayeur (AO) on 2 July 1944

On the Board of Directors of Vittoria Assicurazioni SpA since 09 November 2006.

A law graduate, formerly Head of External Relations at the Toro Group. Subsequently served as head of the External Relations and Communications department at the Fiat Group and as Executive Assistant to the Chairman of Fiat SpA. Also served as Chairman of the External Relations Committee of the insurers' association *Associazione Nazionale fra le Imprese*

*Assicuratrici* and as a member of the Board of Isvor Fiat. Currently Senior Advisor of Fiat SpA, Chairman of Publikompass SpA and member of the Board of Editrice La Stampa SpA. Also a member of the Superior Board of Bank of Italy and President of the Regency Council of the Banca d'Italia of Turin. Chairman of the Scientific Committee of the Courmayeur Foundation and Chairman of the Council for the enhancement of cultural and artistic heritage of Turin.

**Luca PAVERI FONTANA**, born in San Ruffino di Parma on 8 November 1944

On the Board of Directors of Vittoria Assicurazioni SpA since 29 April 2002.

Graduated in law from the University of Turin. Formerly Managing Director of the SKF Group and Unicem SpA, Co-General Manager and Director of IFIL SpA, Vice Chairman of Worms & Co. (Paris) and St. Louis Sucre (Paris), member of the Board of Directors and member of the Strategic Committee of Telecom Italia SpA, member of the Board of AWA Plc (London), Soporcel SA (Lisbon), Permal Group (Paris) and Banque Demachy (Paris) and Chairman and Managing Director of Arjo Wiggins Appleton Plc (London). Currently Vice Chairman of Yarpa SpA and Yarpa Investimenti SGR, member of the Supervisory Board of Yam Invest NV, member of the Board of Yafa SpA and Vittoria Immobiliare SpA and Chairman of YLF SpA.

**Robert RICCI**, born in Salon de Provence, France on 29 April 1945

On the Board of Directors of Vittoria Assicurazioni SpA since 27 April 2007.

Graduated in law and political science, formerly General Manager for Italy of the Paribas Group, then of the BNP Paribas Italia Group, General Manager of BNP Paribas Svizzera SA, Managing Director of Paribas Finanziaria SpA, Chairman of Gamba Azioni & Co. SIM SpA and Sergafactoring SpA, Director of Arval SpA, member of the Executive Board of AIBE (*Association of Foreign Banks in Italy*) and member of the Board of ABI (*Italian Banking Association*). Currently a member of the Board of Cardif Assicurazioni SpA and Vittoria Immobiliare SpA.

**Giuseppe SPADAFORA**, born in Palermo on 7 September 1954

On the Board of Directors of Vittoria Assicurazioni SpA since 29 April 2005.

Graduated in economics and business from the University of Palermo, obtained an MSc in Economics from the London School of Economics. Formerly General Manager of Banco di Sicilia and General Manager Italy for the BNP Paribas Group, Managing Director and General Manager of Cassa Lombarda SpA. Currently Vice Chairman of Cassa Lombarda SpA and of Anthilia SpA.

#### Maximum number of positions at other companies

The Board of Directors has fixed in 12 positions (including 6 in listed companies), the maximum number of positions to be filled in other companies, compatible with an effective performance of a Director of the Company. For the assessment, were established the following criteria:

- positions at listed companies and at financial companies, banks, insurance or large companies are taken into account;
- financial companies are defined as entities that may offer financial services to the public; holding companies are therefore excluded, provided that they are not listed;
- large companies are defined as generating more than Euro 100 million in revenues;
- if a position at a parent company is taken into account, any positions held at the latter's subsidiaries are not taken into account.

The current composition of the Council complies with these criteria. See the table under Appendix 1 of this Report for the number of relevant positions held on the basis of these criteria.

The compliance with these limits has been verified at the meeting of the Board of Directors held at the conclusion of the Ordinary General Meeting of the April 23, 2011, which appointed the directors expiring; the Board of Directors conducts an annual survey of the management and control positions

held by individual directors in the types of company described above and publishes its results in the Report on Corporate Governance and Ownership Structure.

#### **4.3. Role of the Board of Directors (pursuant to article 123-bis (2)(d) of the TUF)**

Under Article 14 of the Articles of Association, the Board of Directors is invested with full and unlimited powers for ordinary and extraordinary management of the Company and it are conferred all the powers necessary and appropriate for the implementation and achievement of the corporate purposes not expressly reserved to the Ordinary General Meeting.

##### Meetings of the Board of Directors

In financial year 2011, the Board of Directors held five meetings with an average duration of about two hours.

Average meeting attendance by the Directors was 83%. Detailed attendance figures for individual Directors can be found in the table in Appendix 1 of this Report.

Five meetings of the Board of Directors are scheduled in the corporate events calendar for FY 2012, on the following dates:

- 16 February
- 13 March (approval of the draft 2011 annual report)
- 11 May (approval of the 2012 first-quarter report)
- 2 August (approval of the 2012 half-year report)
- 13 November (approval of the 2012 third-quarter report (year to 30.09.12))

Two of these meetings had already been held at the date of this Report.

According to long-established practice, agenda-related documents are sent in advance (usually 3 days before the meeting) to the Directors and Statutory Auditors to ensure that they have accurate information about the matters submitted to them for review.

Moreover, as explained in the following paragraphs, the preliminary investigation of certain matters pertaining to the Board is delegated to the Committees established within the Board of Directors (Appointments & Remuneration Committee, Internal Control Committee, the Finance Committee, the Real Estate Committee), whose function is to support the activities of the Board, through, where appropriate, formulate opinions and proposals. The Committee meetings are attended by senior management representatives and the heads of various Company activities. If considered necessary for more complete information on the topics discussed at the Board of Directors, the Executives of the company may be invited to participate in certain phases of the work of the Board.

##### Functions of the Board of Directors

The functions of the Board of Directors are determined in accordance with the provisions of the articles of association, the Corporate Governance Code and applicable laws and regulations.

Specifically, the Board of Directors of Vittoria Assicurazioni SpA:

1. Examines and approves the strategic, business and financial plans of the Company and Group and the Company's corporate governance rules, and also draws up guidelines for Group structure. Specifically, the Board:
  - annually approves the Company's strategic objectives for the current year;
  - defines, with the support of the Finance Committee, investment strategies and oversees the performance of investments of stocks and bonds;
  - oversees the operations that impact on investments in load

- with the support of the Real Estate Committee, approves the real estate projects undertaken by the Company and controlled companies and participated operating in real estate;
  - approves the guidelines that govern the operation of the reinsurance company. As required by regulations, annually approves the plan of Reinsurance for the current year and the following variations.
  - examines and approves the 'Report on the Insurance Group' required under ISVAP Regulation 15, which describes the organisation of the Group and the measures taken by the parent company as part of its own management and co-ordination activity;
  - outlines infragroup operations planned for the current year pursuant to ISVAP Regulation 25;
2. Assesses the Company's organisational structure as presented by the Managing Director and, with the support of the Internal Control Committee, verifies that senior management assesses the adequacy and efficient and effective operation of the internal control and risk management systems, implementing related measures as appropriate.
- At the beginning of the financial year, the Board approves work schedules for the Internal Audit, Compliance and Risk Management departments and for the Supervisory Body appointed pursuant to Legislative Decree 231/2001 and, once every six months, approves the reports prepared by these departments on their activities in the period.
- Furthermore, pursuant to ISVAP regulations, the Board of Directors annually:
- examines and approves the Report, prepared pursuant to ISVAP Regulation 20, describing the internal control and risk management system implemented by the Company;
  - examines and approves the list of the most significant risks prepared by the Risk Management department according to the Company's regulatory reserves. It sets the risk tolerance levels and periodically revises them according to the results of the risk identification and assessment processes;
  - as part of its strategic and organisational duties pursuant to article 2381 of the Civil Code and article 5 of ISVAP Regulation 20, reviews and approves the organisational and operational charts prepared by the Managing Director. These documents identify and define responsibilities for the Company's key decision-making processes, together with the proxy and power of attorney model that defines the assignment of responsibilities to the individual operating units;
  - approves, after review and approval by the Internal Control Committee, the annual report by the organisational units responsible for training and supervision of the commercial networks, required by article 40 of ISVAP Order 4 and prepared in accordance with ISVAP Regulation 2743;
  - examines, in order to assess whether critical situations exist, the reports prepared by the Head of Internal Control on complaints management, and the relative statistical statements required by ISVAP Regulation 24.
- c. Determines the breakdown of the overall compensation payable to its own members as resolved by the General Meeting and, after examining the proposals made by the Appointments and Remuneration Committee and consulting with the Board of Statutory Auditors, determines the remuneration of the Managing Director and the other Directors with specific duties.
- As proposed by the Appointments and Remuneration Committee, it annually determines the performance-related compensation payable to the Managing Director according to the results achieved in the previous financial year;
- d. Assesses general operating performance, taking into consideration, in particular, information received from delegated bodies and periodically comparing results achieved with results planned;

- e. Examines and approves in advance transactions with a significant impact on the strategy, earnings, capital or financial position of the Company;
- f. Approves the policy guidelines of strategic investments (structure of managed portfolios, the investment process and criteria for selecting investments).
- g. With the support of the Real Estate Committee, examines and approves in advance the most important transactions carried out by real estate companies controlled.
- h. Evaluate periodically, through the Appointments and Remuneration Committee, the size, composition and functioning of the Board and its members.

Transactions with a significant strategic, economic and financial importance for society are reserved to the Board of Directors, on the basis of criteria established to determine the limits of the powers delegated to the Vice President Carlo Acutis and to the Managing Director, illustrated in the next paragraph 4.4 (Delegated Bodies).

The Board of Directors, taking into account the General Meeting of 23 April 2010 has exempted the Directors of the prohibition of non-compete provisions contained in Article 2390 of the Civil Code, has also verified that the positions put forward by some administrators when appointing are not critical situations.

#### **4.4. Delegated bodies**

##### **Managing Directors**

Article 18 of the articles of association delegates the Chairman, the Executive Deputy Chairman and the Managing Director as legal representatives of the Company.

At its meeting of 23 April 2010, the Board of Directors vested Executive Deputy Chairman Carlo Acutis, and the Managing Director, severally and separately, with certain executive powers relating to ordinary insurance operations and, within set limits of amount, relating to the finance and real estate divisions. The principal delegations of authority relating to investments are as summarised below:

- the purchase, exchange and sale of buildings for a maximum amount of Euro 10 million for each individual purchase, exchange or sale;
- the purchase and sale, without limits of amount, of government securities, non-convertible bonds and similar securities and bond CIUs (collective investment undertakings);
- the purchase and sale of units of equity CIUs, excluding closed-end funds, for a maximum amount of Euro 15 million;
- the purchase and sale of shares, convertible bonds and equity interests in companies or entities, equity interests in closed funds up to a maximum of Euro 10 million, decreasing to Euro 5 million for transactions involving investments in insurance companies or in companies whose purpose is directly connected with and instrumental to this activity. The authority to purchase and sell majority interests in other companies, with the exception of real estate companies up to Euro 10 million per transaction, is exclusively held by the Board of Directors;
- the purchase and sale, without limits of amount, of debt and equity securities for the benefit of life policyholders bearing the investment risk and those relating to pension fund management;

- the granting of loans and financing up to a maximum amount of Euro 5 million.

The issue of suretyships and endorsements to third parties is in any case the sole prerogative of the Board of Directors.

The Executive Deputy Chairman and the Managing Director report to the Board of Directors on the exercise of the authority delegated to them, usually at least on a quarterly basis, so that the Board can verify that they are complying with the Company's strategic guidelines and operating plans.

In particular, they provide the Board of Directors and the Board of Statutory Auditors with adequate information on atypical, unusual, or related-party transactions.

#### Chairman

The Chairman of the Board of Directors, to whom the articles of association grant the authority of legal representation of the Company, is not vested with any executive authority.

The Chairman does not play a specific role in corporate strategy, does not control the Company and does not hold principal responsibility for operation of the business, but meets the requirements for an independent Director.

The Chairman is a member of the Committee of Finance and Real Estate Committee, where you define the investment strategies of the company to be approved by the Board of Directors.

#### 4.5. Other executive Board members

Executive Deputy Chairman Andrea Acutis is the head of the Finance division of Vittoria Assicurazioni SpA.

Executive Deputy Chairman Andrea Acutis and Managing Director Roberto Guarena hold various executive positions at Company subsidiaries.

#### 4.6. Independent Directors

Following the appointment of Directors by the General Meeting, the Board of Directors in verifying that the Directors fulfil the requirements prescribed by the regulations in force, also verified that the non-executive Directors fulfilled the independence requirements.

As recommended by the Corporate Governance Code, the existence of such a requirement is verified by the Board on an annual basis, subject to verification by the Nominating and Remuneration Committee.

According to the audit carried out by the Board of Directors, the following non-executive Board members fulfil the independence requirements prescribed by the Corporate Governance Code adopted by the company and pursuant to article 147-ter (4)(3) of the TUF: Francesco Baggi Sisini, Marco Brignone, Bernhard Gierl, Luciano Gobbi, Pietro Carlo Marsani, Giorgio Marsiaj, Lodovico Passerin d'Entrèves, Robert Ricci and Giuseppe Spadafora. Even Mr. Edgar Muller-Gotthard and Mr. Massimo Antonarelli, who held the post of Director for part of the year 2011, qualified themselves as independent.

In verifying the condition of independence, the Board of Directors has implemented all the criteria required by the Code during this audit, except for the criterion according to which a Director holding the position of independent Director for more than nine years no longer qualifies as independent. In doing this the Board of Directors chose to promote in-depth knowledge about the Company: given the peculiar characteristics of the insurance and reinsurance business, this level of knowledge can only be acquired over the course of several years of experience.

The following reasons are given for this preference:

- legislation applicable to insurance companies provide special requirements of professionalism on the part of administrators;
- insurance activity is subject to special regulations, specifically Legislative Decree 209/2005 (the Insurance Code) and the relative regulatory provisions issued by ISVAP, some of which are particularly complex, for example, some Board resolutions that are 'technical' in nature, imposed by ISVAP regulation.
- the definition of guidelines for reinsurance operations (an activity of particular technical complexity);
- the definition of guidelines for the assignment of assets to the life and non-life businesses and the relative accounting procedures; although the company is under single management, all its financial statements must be divided into two different sections, one for the non-life business and one for the life business, meaning that directors must determine how shared costs and financial movements are to be properly allocated;
- the definition of policies for assumption, assessment and management of the most significant risks, in accordance with the adequacy of the Company's net assets; the Board of Directors must determine risk tolerance levels at least once annually on the basis of the results of the risk identification and assessment processes;



- a particular feature of the financial statements for the insurance business is that most of the recognised liability items are subject to measurement, since they consist of uncertain items; therefore, since revenues are collected in advance and costs will follow over the course of several years, it is necessary to have perfect knowledge and comprehension of insurance and financial techniques in order to synchronise assets with liabilities continually, since the latter fall outside the Company's control;
- in the life business, Vittoria Assicurazioni manages investments whose risk is 80% borne by policyholders. This requires special management in accordance with supervisory authority regulations. In this regard, insurance company management must be focused on achieving and maintaining profitability and financial balance with an extremely long-term perspective, which is completely different from common practice in other sectors. For example, in the case of retirement fund policies, the relations between an insurance company and a policyholder may consist of 20 or more years of premium payments, followed by several decades of payouts of retirement benefits by the Company;
- the insurance business has a social useful function: the Company must consequently be able to manage mutuality in favour of policyholders.

The Board of Statutory Auditors verified the proper application of the aforementioned assessment criteria and audit procedures used by the Board of Directors to evaluate the independence of its members.

In light of the positive performance of the Board of Directors and its Committees, the independent Directors have not yet found it necessary to meet in the absence of the other Directors.

#### **4.7. Lead independent director**

Not met for the designation of a lead independent director in that the Chairman of the Board of Directors has not held the post of chief executive officer and he is not the subject that controls the issuer.

## 5. HANDLING OF CORPORATE INFORMATION

Vittoria Assicurazioni SpA has a procedure for the management and public disclosure of inside information.

In compliance with the procedure are required all members of corporate bodies and employees of Vittoria Assicurazioni found to have access to information that could be inside information that are required all members of corporate bodies and employees of Vittoria Assicurazioni that are having access to information that could evolve into privileged information; moreover, it also applies to subsidiaries of Vittoria Assicurazioni, which, not having their securities listed, have an obligation to disclose inside information to Vittoria Insurance, in order to make a subsequent market information.

The procedure adopted defines:

- requirements and responsibilities for the classification of market sensitive information (inside information in itinere) and privileged, differentiating according to whether the information is linked to activities - recurrent and continuous processes or projects - specific events;
- the mode of tracing access to market sensitive information in itinere, with particular reference to the establishment of the register pursuant to Article 115-bis of the TUF and Article 152-bis of the Issuer Regulation;
- how to upgrade, preservation and access to the register
- the operating guidelines governing disclosure of market sensitive information.

In particular, the diffusion of sensitive information is treated by the Investor Relator, in agreement with the Managing Director.

Press releases are published on the website of the company, in the press section, to their diffusion via the NIS of the Italian Stock Exchange.

## 6. BOARD COMMITTEES (pursuant to article 123-bis (2)(d) of the TUF)

Within the Board of Directors have established the following Committees, to advise and make proposals to the Board:

- Appointments and Remuneration Committee;
- Internal Control Committee;
- Finance Committee;
- Real Estate Committee.

With reference to the Code of Corporate Governance, taking into account the size, structure and organization of society, it was decided to centralize the functions of the Appointments and Remuneration Committee under the Code in one called the Appointments and Remuneration Committee, composed on the basis of more stringent rules for the remuneration committee (non-executive directors, most independent). The Council has not established an Executive Committee.

### 6.1. Finance Committee

Under Article 14 of the Articles of Association, the Board of Directors has formed inside the Finance Committee, composed as follows:

Andrea ACUTIS	Executive Chairman
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Giorgio Roberto COSTA	Non-executive member
Luciano GOBBI	Independent non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member

The Board assigned the following special duties within the Finance Committee: Adriana Acutis Biscaretti di Ruffia was assigned the task of supervising and reporting on the foreign subsidiaries, and Luca Paveri Fontana was assigned the task of reporting on subsidiaries and investments in the private equity sector.

The committee members shall remain in office until the expiration of the Board, the Committee shall meet at least quarterly, convened by the President or when requested by at least 2 members of the committee.

The Finance Committee met seven times in FY 2011.

Average meeting attendance was 100%. See the table in Appendix 2 of this Report for the individual Directors' attendance records.

For 2012 are planned seven meetings.

Members of senior management and the heads of operating departments also attended Committee meetings.

At the Committee meetings are also participating members of senior management responsible for operative functions of the company.

The Finance Committee has the function of:

- supervising the performance of securities investments;
- defining investment strategies within the limits set in investment policies by the Board of Directors;
- assessing the investment proposals submitted by the head of the Finance Division.

During the year 2011, the Finance Committee has, in particular, examined beforehand and then presented to the Council the text of the Framework Resolution on investments, as required by ISVAP Regulation no. 36, gives, depending on the size, nature and complexity of activity, the guidelines they

must follow the Company's investments, taking into account the requirements and limitations set by the Regulation no. 36 and the risk profile of liabilities held, to ensure the integrated management of assets and liabilities.

The document sets out what are the organizational structures responsible for investment of the Company, the strategic policy guidelines (structure of managed portfolios, the investment process and criteria for selecting investment), which operations are permitted on the securities in the portfolio as well as the limits and conditions for investment in low liquid assets.

Among other activities performed by the Committee during the year were:

- periodically monitored the securities portfolios whose risk is borne by the Company and those whose risk is borne by policyholders, defining investment strategy in view of, *inter alia*, economic analyses and the possible effects of monetary policies;
- assisted the Board of Directors in defining the risk tolerance levels for investing activities;
- periodically assessed the financial position of Group real estate companies, auditing their compliance with the exposure limits set by the Board of Directors;
- examining the results of stress tests required by ISVAP on the basis of criteria established by EIOPA (European Institute of Supervision).

## 6.2. Real Estate Committee

Under Article 14 of the Articles of Association, the Board of Directors has formed inside the Real Estate Committee, composed as follows:

Andrea ACUTIS	Executive Chairman
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Francesco BAGGI SISINI	Independent non-executive member
Giorgio Roberto COSTA	Non-executive member
Roberto GUARENA	Executive member
Arnaud HELLOUIN de MENIBUS	Non-executive member
Luca PAVERI FONTANA	Non-executive member

Within the Real Estate Committee, the Board assigned the task of supervising and reporting on the foreign real estate companies to Adriana Acutis Biscaretti di Ruffia.

The committee members shall remain in office until the expiration of the Board, the Committee shall meet at least quarterly, convened by the President or when requested by at least 2 members of the committee.

Average meeting attendance was 88%. See the table in Appendix 2 of this Report for the individual Directors' attendance records.

The Real Estate Committee met four times during the financial year.

Members of senior management, heads of Company operating departments and representatives of the Group real estate companies also attended Committee meetings.

The Real Estate Committee has the function of:

- supervising the performance of the Group's real estate investments;
- defining development strategies for the business segment;
- assessing the investment proposals submitted by operating managers.

The Finance Committee specifically carried out the following activities in FY 2011:

- analysis of the merger by incorporation in Vittoria Assicurazioni of the real estate subsidiary Lauro 2000 srl;
- supervised the performance of ongoing real estate operations both in Italy and abroad, and the strategies adopted;
- analysis of commitments in real estate
- provided opinions to the Managing Director on real estate operations within its remit.

## 7. APPOINTMENTS AND REMUNERATION COMMITTEE

Under Article 14 of the Articles of Association, the Board of Directors has formed inside the Appointments and Remuneration Committee, composed as follows:

Luca PAVERI FONTANA	Non-executive Chairman
Francesco BAGGI SISINI	Independent non-executive member
Lodovico PASSERIN d'ENTRÈVES	Independent non-executive member

The functions prescribed for the Appointments Committee and the Remuneration Committee in the Corporate Governance Code have been assigned to a single committee set up in accordance with the stricter rules set out in the Corporate Governance Code for the Remunerations Committee (non-executive Directors, the majority of whom must be independent). At the time of appointment, the Board took into account the principle expressed in the Code of Corporate Governance, according to which at least one member of the Remuneration Committee must have adequate financial knowledge and experience.

The Appointments and Remuneration Committee held two meetings in 2011, with an average duration of about one hour.

Average meeting attendance was 100%. See the table in Appendix 2 of this Report.

The Managing Director attended the meetings at the invitation of the Committee Chairman, except for those meetings during which his own remuneration was reviewed.

All meetings of the Appointments and Remuneration Committee have been duly recorded.

In pursuing its functions, the Committee has the possibility to access information and business functions necessary to perform its tasks as well as the use of external consultants, at the expense of society.

The directors must abstain from participating in committee meetings where proposals are submitted to the Board regarding its function.

### 7.1. Functions of the Appointments and Remuneration Committee

The Committee has the function of:

#### a) Appointments

For Vittoria Assicurazioni SpA:

- making proposals for the composition, organisation and operation of the Board of Directors and Board Committees;
- making proposals for the appointment of Directors;
- making proposals to the Board for co-opting Directors;
- making proposals to the Board for the appointment of the Chairman, Executive Deputy Chairmen, Committee members and Managing Director;
- continually reflecting on possible replacements for Directors with specific duties, to ensure continuity of management using the most suitable people;
- making proposals to the Board, in agreement with the Managing Director, for the appointment of the General Manager, senior managers and heads of internal control;
- assisting the Managing Director in preparing career and replacement plans for the Company's senior management.

For subsidiaries:

- assist the Chief Executive Officer of the Parent Company in formulating proposals for the appointment of Directors, the Chairman, Managing Director and General Manager.

For associate companies:

- assist the Chief Executive Officer of the Parent Company in formulating proposals for the appointment of managers competence.

#### b) Remuneration

For Vittoria Assicurazioni SpA

- making proposals for the Board of Directors' remuneration;
- making proposals to the Board for the remuneration of the Chairman, Executive Deputy Chairmen, Managing Director, and Directors with specific duties;
- making proposals to the Board, as indicated by the Managing Director, for calculating the remuneration of the senior management in such a way as to attract and motivate high-calibre people, and the remuneration of heads of internal control;
- making proposals for implementing performance-related remuneration criteria, including potential stock option plans, for the Managing Director and senior management, to be submitted to the Board for approval.

#### Subsidiaries

- assisting the parent company's Managing Director in developing proposals for for determining the remuneration of the Directors, the Chairman, the Managing Director and the General Manager.

In FY 2011 the Appointments and Remuneration Committee assisted the Board of Directors in verifying the independence of Directors, It also made proposals to the Board of Directors in regard to the variable compensation to the Managing Director in relation to achievements During 2010 and approved the compensation for senior management, on the basis of proposals made by the Managing Director.

The Committee also reviewed the new regulations issued in terms of remuneration policies for listed companies and insurance companies, in particular the new Article 123-ter TUF, the ISVAP Regulation No. 39 and the new Article 7 of the Code of Corporate Governance.

The Committee then signed to the Board a report on the analysis of new legislation and the compliance of the remuneration policy adopted by the Company to the principles of the ISVAP Regulation No. 39.

On the basis of the analysis, it was found that the remuneration policy adopted by the company so far broadly respond to the principles laid down by ISVAP Regulation no. 39/2011.

Moreover, to better adapt to the application criteria set by ISVAP Regulation No. 39, the Committee has established to perform, during the first months of 2012, a review of operating procedures and criteria for the management and determination of the component variable remuneration provided for the Managing Director and the top management with strategic responsibilities to be submitted to the Board of Directors and, therefore, to the Shareholders Meeting in April 2012.

## 8. REMUNERATION OF DIRECTORS

In March 2010 the Committee for Corporate Governance has approved the new text of Article 7 of the Code of Corporate Governance promoted by the Italian Stock Exchange in 2006, on remuneration of directors and executives with strategic responsibilities, asking listed companies to apply the new self-regulation by the end of 2011.

Vittoria Assicurazioni, which adheres to the Corporate Governance Code also with regard to the new Article 7, for the application of certain principles set out in the same article has considered appropriate to await the promulgation of the relating legislation of ISVAP for insurance companies.

In particular, the definition of remuneration policy by the Board, on proposal of the Appointment and Remuneration Committee, as well as inherent to the report to be presented to the Meeting, it is preferred to await the approval of ISVAP no. 39 (published in June 2011) in order to establish guidelines for remuneration that would be coherent with the directives of the Authority of sector.

The mentioned ISVAP Regulation no. 39, also acknowledging the principles dictated by Solvency II, has governed the general principles to which the remuneration policies of insurance companies must follow in determining the remuneration of directors and staff whose work may have a significant impact on the risk profile of the company.

In the first application, as provided by Article 27 of that ISVAP Regulation No. 39, during the second half of 2011, the Board of Directors, supported by the Appointments and Remuneration Committee, made an assessment of the level of compliance of systems of remuneration into being to the new regulatory requirements, identifying possible measures for adaptation and timing.

The results of this assessment are then translated into the new remuneration policy that the company intends to take will be subject to the approval of the Shareholders called to approve the 2011 annual account, in accordance with the dictates of ISVAP number 39.

The remuneration report that will be presented to the Meeting, prepared pursuant to Article 24 of ISVAP Regulation No. 39 and Article 123-ter TUF, is published together with this report in accordance with the provisions of the TUF.

For information on remuneration provided to the Board of Directors, Statutory Auditors, the General Manager and senior managers with strategic responsibilities in 2011, please refer to Part II of that Report on remuneration.



## 9. INTERNAL CONTROL COMMITTEE

Under Article 14 of the Articles of Association, the Board of Directors has formed inside the Internal Control Committee, composed as follows:

Pietro Carlo MARSANI	Independent non-executive Chairman
Luciano GOBBI	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

Pursuant to the Code of Corporate Governance, the Committee is exclusively composed of independent Directors.

The Internal Control Committee held five meetings in FY 2011, with an average duration of about 2.5 hours.

Average meeting attendance was 100%. See the table in Appendix 2 of this Report for the individual directors' attendance records.

The Board of Directors took into account the professional experience of candidates when appointing the Committee.

At all meetings attended by members Board of Statutory Auditors, the Managing Director, the Heads of Internal Audit functions, Legal Compliance and Risk-Management.

In two meetings attended by the Chairman of the Supervisory Board appointed pursuant to Legislative Decree no. 231/2001.

During the year 2012 are set no. 5 meetings, two of which have already been held on the date of this Report.

### 9.1. Functions of Internal Control Committee

The Committee has the function of:

- assisting the Board of Directors in performing its duties in regard to the internal control system; it specifically assists the Board of Directors in the following activities:
  - defining guidelines for the internal control system, so that the main risks relating to the Company and its subsidiaries are identified correctly, and also appropriately measured, managed, and monitored, and determining the criteria for the compatibility of these risks with effective and proper management of the Company;
  - identifying an executive Director (normally one of the Managing Directors) tasked with overseeing the operation of the internal control system;
  - assessing, on at least an annual basis, the adequacy, efficiency and effectiveness of the internal control system;
  - describing the key features of the internal control system in the Corporate Governance Report and expressing its opinion of the system's overall adequacy;
  - appointing and terminating one or more heads of internal control.
  - assessing, together with the Financial Reporting Manager and the external auditors, the proper application of accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;

- at the request of the executive Director appointed for the purpose, expressing opinions on specific aspects of identifying the main corporate business risks, and of the design, creation, and management of the internal control system;
- reviewing the work plan prepared by the heads of internal control and the periodic reports drawn up by them;
- overseeing the effectiveness of the independent auditing process;
- liaising between the Board of Directors and the Supervisory Body in regard to issues involving application of Legislative Decree 231/2001;
- carrying out any further tasks assigned by the Board of Directors;
- reporting to the Board on at least a half-yearly basis, when the year-end financial statements and the half-year interim report are approved, on the work done and on the adequacy of the internal control system.

In order to harmonize the activities carried out by the Audit Committee and the Board of Auditors, the two bodies were taken coordinating actions involving, in particular:

- the systematic participation of law and the meetings of the Internal Audit Committee of all components of the Board;
- the coordination with the Board to determine the agenda of the Audit Committee, in order to achieve greater efficiency and avoid duplication in carrying out the work.

Moreover, in order to improve coordination of the activities of relevant functions to the system of internal controls, the Chairman of the Supervisory Board appointed pursuant to Legislative Decree no. 231/2001 to attend two annual meetings of the Audit Committee, or upon approval of the plans of internal Audit functions, Compliance and Risk Management as well as upon the approval of the report on internal control system provided by ISVAP no. 20.

Among the main activities carried out by the Audit Committee during the year 2011, were:

- reviewing and approving the plan of the Internal Audit Function of the FY 2011, whose actions have been identified on the basis of risk assessment of the internal control system in view of the judgments made by management;
- review of activities undertaken by the Internal Audit function with respect to both the actions taken during 2011 and to interventions that represent continuations of activities concerning the plan year 2010;
- approval of plan of activities for the FY 2011 by the Risk Management and review activities carried out by the same function, with particular attention to activities related to legislation introduced by the Solvency II Directive;
- approval of the plan of activities for the FY 2011 by the Compliance Department and review the activities carried out by the same function;
- reviewing of the annual report on training and professional development of distribution networks under ISVAP Regulation no. 5, Art. 40, and ISVAP Order no. 2743 of 27 October 2009;
- reviewing of the Report of the Supervisory audit related to the application of the Organisation and Management adopted pursuant to Legislative Decree 231/2001 and plan activities for the year 2011;

- assessment of changes to the Organisation and Management for the adjustments required by relevant legislation;
- assessment of the correct application of accounting standards and their suitability for the preparation of consolidated financial statements, relative to the financial statements and consolidated financial statements at December 31, 2010 assessment supported the statement made by the Executive specifically responsible for preparing corporate accounting documents ;
- periodic review by the activity from the fraud office;
- review of quarterly reports on complaints from customers, drafted under ISVAP Regulation no. 24;
- report on the examination of the system of internal controls and risk management prepared in accordance with the ISVAP Regulation no. 20/2008;
- review of the report prepared pursuant to the Insurance Group of ISVAP Regulation no. 15/2008;
- examination of the system of powers and the organizational chart and function chart of the Company in accordance with the provisions of Regulation no. 20 ISVAP n. 20;
- examination of the activity in relation to audits and compliance to the rules imposed by the anti money laundering.

The Chairman of the Internal Control Committee reported to the Board of Directors on Committee activities, highlighting the most significant problems and submitting the Committee's proposals for matters under its purview for approval by the Board.

Minutes were duly kept of all Internal Control Committee Meetings, and a copy of the minutes was sent to all Directors and Statutory Auditors.

In performing its functions, the Internal Control Committee may access Company information, departments or offices as necessary to perform its duties and employ the services of external consultants within the limits established by the Board.

## 10. INTERNAL CONTROL SYSTEM

The Board has established guidelines for the internal control system, so that the main risks facing the company and its subsidiaries are correctly identified and adequately measured, managed and monitored, also criteria compatibility of these risks with a healthy and proper management. The responsibilities of the system of internal control is assigned to the Board of Directors, who shall determine the guidelines and monitor the adequacy and effectiveness with the assistance of the Audit Committee.

In accordance with current regulations, the Company established since 1999, the Internal Audit function with the task of ascertaining and evaluating the effectiveness and efficiency of the internal control system, including providing business support and advice to other business functions . The Head of Internal Audit is identified with the internal control.

Also in accordance with the provisions of ISVAP. 20, the Council has also set up a Compliance and Risk Management. The responsibilities and duties of the Internal Audit functions, Compliance and Risk Management are explained in paragraphs 10.3, 10.4. and 10.5.

The Board of Directors has delegated to the Audit Committee for the evaluation of the functioning of the internal control system of the company, through the examination of the documentation submitted by the Heads of Internal Audit functions, Compliance and Risk Management during the regular meetings. The Committee reports on the results of its evaluations to the Board of Directors on a quarterly basis.

Moreover, the overall assessment of the adequacy, efficiency and effectiveness of internal control system is made by the Board upon approval of the Annual Report on the coherence of the system of internal controls and risk management system provided by ISVAP. 20, previously approved by the Audit Committee.

### 10.1. Principal features of the existing risk management and internal control systems related to the financial disclosure process (pursuant to article, 123-bis (2)(b) of the TUF).

Foreword

The risk management and internal control system related to the financial disclosure process adopted by Vittoria Assicurazioni S.p.A. is an integral part of the Company's risk management and internal control system.

This system is designed to guarantee the reliability, accuracy, reliability and timeliness of financial disclosures, these terms being defined as follows:

- reliability: disclosures must satisfy the requirements imposed by the applied laws and regulations, must be fair and must comply with generally accepted accounting principles. Generally accepted accounting principles are defined as the national accounting principles used to prepare the separate financial statements and the IFRSs (used to prepare the consolidated financial statements);
- accuracy: disclosures must be neutral and precise. Disclosures are considered neutral if they do not contain any pre-conceived distortions intended to influence the users' decision-making process in order to realise a predetermined result;
- reliability: disclosures must satisfy the requirements of clarity and completeness so that investors may make informed investment decisions. Disclosures are considered clear if they facilitate comprehension of complex aspects of the insurance business, while satisfying the obligation to comply with the mandatory financial statement formats imposed by current law and regulations, without becoming excessive and superfluous;
- timeliness: the disclosures must meet the deadlines prescribed for their publication.

Vittoria Assicurazioni S.p.A attributes a fundamental role to the Financial Reporting Officer responsible for drawing up the company accounting documents as regards the reliability of the accounting documents and drafting appropriate administrative and accounting procedures. For this purpose, the Financial Reporting Officer, head of the Administration, Finance, Planning and Control

area, has undertaken the responsibilities of the design, implementation, and update of the internal control system in relation to the financial disclosure process in order to ensure:

- the adequacy of the accounting system used;
- formalization of the relevant procedures and processes and their maintenance;
- constant attention by personnel of the Administration, Finance, Planning and Control area to the matters set forth by the procedures and processes.

In this way, the individual control protocols are identified, precise responsibilities of execution are defined and specific responsibilities for monitoring in relation to the correct execution of the set of control protocols are attributed to the "Assistant to the Administration, Finance, Planning and Control Office".

Vittoria Assicurazioni S.p.a has surveyed the potential risks to which the financial information and internal control system processes supervising the risks using the frame of reference of the Enterprise Risk Management of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Description of the principal features of the existing risk management and internal control systems related to the financial disclosure process

The main characteristics related to the system of risk management and internal control adopted, with special reference to its development, the operating methods that characterized its operation and the roles and functions involved can be described by illustrating the phases in which the risk management process is outlined and by defining its responsibilities.

a) The risk management process and the internal control system related to the financial information process is outlined as follows:

- preliminary identification of the relevant processes in terms of potential impact on the financial disclosures. For this purpose, all account items in excess of € 100,000 were identified, beginning with the annual accounts, and the processes underlying production of this information were also identified. All processes were grouped into 12 financial statement reference areas (premiums and premium reserves, commissions, claims, reinsurance, finance, other receivables and payables, tax, real estate and capital assets, liabilities cycle, preparation of financial statements, treasury, personnel);
- identification of the risks related to each process. All the identified risks may be classified as operating risks. They principally relate to the following categories:
  - non-compliance risk;
  - processing risk;
  - manual entry risk;
  - fraud risk;
  - erroneous communication of data risk;
  - information system risk;
  - procedural deficiency and inefficiency risk.

Financial disclosure risk was assessed using a process based on the interpolation of parameters that take into account the probability of the event's occurrence and its potential impact on the Company's earnings, operations and reputation. These factors were also assessed on the basis of the size of the balance of the corresponding accounting item.

- audit, using the method of assessment and the structure of the internal control systems for every process in terms of control protocols to supervise each risk and execution responsibilities. In this way, it is possible to identify and keep appropriately up to date:
- the transactions involved within the scope of reference, by acquiring information as to how they are originated, authorised, registered, processed and represented;
- automatic and manual control points for the events and activities managed in the process;
- process control activities (control owners);
- the organisational units and/or processes (process owners) who are tasked with verifying the proper performance of activities carried out by their own assistants or colleagues.

- the detailed flow chart for compilation of the financial statements.
- evaluation of the controls in view of the risks identified in terms of:
- design – this activity is performed considering certain parameters that assess the control itself (type, traceability, cyclicity, timing)
- efficiency – this activity is done by performing tests using a spot check method in order to determine that the control operations are actually performed as described by applicable procedures.

As part of the audits, specific action plans must be set up if an area of improvement is found.

At the Group level, the methods used and results obtained are analogous to those obtained at the company level. Specifically:

- the consolidated financial statements mainly comprise the values included in the annual report of Vittoria Assicurazioni SpA;
- the administrative management of Group real estate companies is assigned to Gestimmobili Srl, which has specific responsibilities and authority in this area, and is subject to constant control by the Administration Office of the Real Estate division of Vittoria Assicurazioni SpA;
- the Reporting and Subsidiaries office coordinates and controls the financial information received from subsidiaries and associates;
- the Group's real estate companies implemented a new computerised accounting system from 1 January 2009 for preparation of the financial statements. The system has in-built automatic control mechanisms and can be directly accessed by Vittoria Assicurazioni SpA, enabling timely control of the information it contains, the drafting and auditing of financial statements and the formalising of the financial information contained in the consolidated financial statements of Vittoria Assicurazioni SpA. During FY 2011 the internal control system was further enhanced by an update of all existing procedures and the implementation of the new information system.

b) Participating roles and departments.

In order to guarantee correct operation of the System, as well as the general supervision of the Internal Control System assigned to the Board of Directors, the functions and roles attributed to the Internal Control Committee, Financial Reporting Officer, the Administration, Finance, Planning and Control Office and the second and third level control offices as set forth by Regulation 20 of the ISVAP.

More specifically:

- The Internal Control Committee exercises the following functions:
- works with the Financial Reporting Manager and the external auditors to assess the proper application of accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
- examines the work plan of the Internal Audit and the reports drafted by this area;
- oversees the effectiveness of the independent auditing process;
- liaises with the Board of Directors and the Supervisory Body in regard to issues involving application of Legislative Decree 231/2001;

The Internal Control Committee reports semi-annually to the Board of Directors on the work done in addition to the adequacy of the Internal Control System.

- The Financial Reporting Officer is responsible for ensuring preparation and actual implementation of the procedures for drafting the annual report and the consolidated financial statements and other financial disclosures.

The Financial Reporting Manager ensures that adequate administrative and accounting procedures are in place for preparing the annual report, the consolidated financial statements and all other financial disclosures, with the assistance of specialised resources within the Company.

Further, the Financial Reporting Officer is also responsible for:

- working with the delegated body to certify the adequacy and effective application of administrative and accounting procedures in the reporting period, that the corporate accounting documents match the books and ledger entries and are appropriate to provide an accurate and fair view of the financial position, income and cash flow of the Company;
- endorsing the consistency of the Company's records and market disclosures relating to its annual and interim accounts with the corporate records, books and accounting entries.

For this purpose, the Financial Reporting Officer has identified the operating roles and functions as well as the control functions. The staff of assistants to the financial reporting manager are also responsible for implementing controls throughout the division and the timely execution of operations.

- The Internal Audit function works to develop the internal control system by assessing the design aspects and monitoring the effectiveness and efficiency.
- The Risk Management function aims to implement the risk management system which includes the reporting strategies, processes and procedures necessary to identify, measure, manage and report risks that the company is or could be exposed to.
- The Compliance function identifies the relevant regulations as well as the corporate bodies with reference to regulatory compliance.

Further, Compliance also identifies information flows and information exchanges, including through periodic meetings that involve the Internal Control Committee, Financial Reporting Officer, Board of Statutory Auditors, the Officers involved in Internal Control, Compliance, Risk Management and Organization, and the Supervisory Committee, instituted further to Leg. Decree 231/2001.

The Financial Reporting Officer reports to the Internal Control Committee and is invited to take part in the Internal Control Committee meetings.

## **10.2. Executive Director responsible for the internal control system**

The Managing Director is responsible for identifying the Company's principal risks and submitting them to the Board of Directors for review.

In the year, the Managing Director:

- Making use of the relevant Committee of Risk Management attended by members of senior management and executives of the company responsible for business areas, as well as the Risk Management has identified the main risks of the company (strategic, operational, financial and compliance), taking into account the characteristics of the activities of the company and its subsidiaries, and has submitted to the Board;
- Under the supervision of the Audit Committee, oversaw the updating of the internal control system in order to maintain the overall adequacy, effectiveness and efficiency;
- Oversaw the adaptation of the system to changes in operating conditions and the legislative and regulatory framework, with the support of the Compliance function.

## **10.3. Internal Audit department**

The Company set up the Internal Audit department in 1999, with the task of ascertaining and assessing the internal control system's efficiency and effectiveness and providing support and advisory services to other corporate departments.

The Head of Internal Audit is Vincenzo Coppa, who, as previously mentioned, is also the Head of Internal Control.

The Internal Auditing department currently consists of six staff members.

In order to guarantee the autonomy and independence of this department, the Head of Internal Audit is appointed by the Board of Directors at the recommendation of the Appointments and Remuneration Committee and the Internal Control Committee. The remuneration of the Head of Internal Audit is set by the Board of Directors at the recommendation of the Appointments & Remuneration Committee and the Internal Control Committee.

The department reports directly the Board of Directors via the Internal Control Committee on every aspect of the content and organisation of its activities.

The Internal Audit department also reports directly at departmental level to the Managing Director on all aspects of compliance with the internal regulations issued by the Company (e.g. information processing procedures, information and physical security, access to corporate facilities, use of corporate tools and instruments, human resources and independent contractor management policies).

When carrying out their duties, the Internal Audit staff must comply with the rules of conduct governing integrity, objectivity, privacy and professional expertise set out in the Code of Ethics of the Institute of Internal Auditors (IIA) provided that these do not conflict with the Code of Ethics implemented by the Company.

The Company maintains an Internal Audit structure with adequate human and technological resources. Supervisors must possess and maintain adequate know-how and professional skills to respond to the various requirements of Group activities.

If the Internal Audit department lacks the adequate qualitative or quantitative human resources it needs to perform the activities covered by the plan, the Head of Internal Audit may employ qualified external resources.

The Internal Audit department is guaranteed the full collaboration of the heads of the various units and free, unrestricted access to the important documentation, information systems and accounting data of the division under review, including information useful for verifying the adequacy of the audits carried out on outsourced corporate functions.

The Board of Directors delegated the Internal Audit department with the task of monitoring and assessing the effectiveness and efficiency of the internal control system for the parent company and Group subsidiaries, while also providing support and advice to corporate departments, as well as to guarantee that the corporate departments and the sales and claims settlement networks comply with internal and external regulations in performing work processes.

Its principal objectives are to:

- audit the effectiveness and efficiency of management processes and organisational procedures as an element of the internal control system;
- verify consistency between the organisational chart, the functional chart and the delegations of authority granted to the department heads and compliance with the same;
- audit the regularity and functionality of information flows between corporate divisions;
- audit the adequacy of information systems and their reliability;
- verify that administrative and accounting processes are fair and that accounts are duly kept;
- assure the protection of the reliability and integrity of corporate information assets;
- ascertain and assess the efficiency of audits performed on outsourced activities;
- verify exact compliance with corporate procedures, laws and regulations;
- maintain informational links with the Company departments that manage risk measurement, monitoring and reporting systems;



- support the Supervisory Body in monitoring and supervising the Organisational and Management Model pursuant to Legislative Decree 231/2001;
- analyse and assess the effectiveness and efficiency of existing processes and procedures on the distribution network and claims settlement centres, while also verifying that their activities comply with statutory obligations and rules issued by the Company.

The Internal Audit department has the following areas of responsibility:

- defining and updating audits scheduled in the periodic plan, according to their objectives, content, committed resources and timelines;
- ensuring that audits of the management units scheduled in the periodic plan are actually carried out, that they are performed correctly, and that the actions for correction or improvement envisaged in the audit reports are properly carried out;
- reviewing the audit reports prepared by the independent auditor, agreeing any 'suggestions' and discussing them with the heads of the corporate units involved, in order to receive any comments by them;
- guaranteeing adequate support for the independent auditor and agreeing with the latter the programme for commitment of resources (time and persons involved);
- in regard to the management of complaints, auditing the correctness of the adopted procedures, drafting an explanatory report, and handling information flows to corporate bodies (senior management, Board of Directors, Board of Statutory Auditors) and to ISVAP.

The operating procedures implemented by Internal Audit comply with the standards for the professional practice of internal auditing issued by IIA. The planning of all Internal Audit activity is based on a model that assigns a risk index to each of the audited areas according to specific risk factors. The allocation of resources, frequency and degree of detail of audit measures are determined by analysis of the risk factors associated with each area of activity.

The assessment of risk levels is updated by duly considering the information received by Internal Audit and the outcomes of the audit and continuous monitoring activities that are performed. An annual plan is then prepared that identifies the areas to be audited and the resources to be used. The plan is subject to preliminary assessment by the Managing Director and the Internal Control Committee and then approval by the Board of Directors.

The plan allocates an appropriate number of days for audits that may be performed in response to urgent requests by management and/or when reasons of immediate concern arise.

The Head of Internal Audit reports on his activities to the Internal Control Committee and the Board of Statutory Auditors on a quarterly basis. He also reports on his activity to the Managing Director, who is responsible for supervising the operational effectiveness of the internal control system.

The internal audit activity is performed by the Internal Audit department, which also made use of external consultants in FY 2011.

## 10.4. Compliance Department

The responsibilities of the compliance function, tasks, work procedures and the nature and frequency of reporting to corporate boards and departments concerned have been established by the Board of Directors.

Within the scope of the internal control system, the Compliance department is in charge of monitoring the risk of non-compliance with laws and regulations, in order to prevent the risk of incurring judicial or administrative penalties, financial losses or damage to the Company's reputation due to the violation of laws, regulations or measures issued by the Supervisory Authorities or rules of self-governance.

When it defines and assesses the risk of non-compliance with laws and regulations, the Compliance department pays special attention to compliance with the rules governing the transparency and fairness of treatment of insured and damaged parties, pre-contract and contract disclosures, the proper performance of contracts, specifically in regard to the management of claims and, more generally, consumer protection.

The Compliance department has the following duties:

- ongoing identification of the laws and regulations that are applicable to the Company and assessment of their impact on corporate processes and procedures;
- assessing the adequacy and effectiveness of the organisational measures implemented for preventing the risk of non-compliance with laws and regulations, dedicating special attention to compliance with the rules governing transparency and fairness of treatment of insured and damaged parties, pre-contract and contract disclosures, the proper performance of contracts, specifically in regard to the management of claims and, more generally, consumer protection;
- proposing organisational and procedural changes to ensure adequate protection against the risk of non-compliance with laws and regulations;
- assessing the effectiveness of organisational adjustments resulting from the suggested changes;
- providing advice to senior management bodies and organisational units to give them *ex ante* support with the configuration of operating processes so that they comply with laws and regulations;
- setting up adequate flows of information to the corporate bodies of the Company and other involved units on the adequacy and effectiveness of the preventive measures implemented by the Company for managing compliance risks;
- transmitting and inculcating a corporate culture that promotes the Company's reputation;
- verifying the characteristics of outsourced activities and the nature of an essential or important activity whenever there is an outsourcing project;
- maintaining adequate information and co-ordination links with the Internal Audit Department, particularly in regard to the audits performed by the latter in compliance with corporate procedures, laws and regulations;
- maintaining informational links with the Company departments that manage risk measurement, monitoring and reporting systems.

The Compliance department performs activities designed to provide corporate management with a reliable system of managing the compliance risks to which the corporate organisation is exposed, through preventative and *ex post* control. This activity is designed to prevent misalignment between corporate procedures and all of the Company's internal and external rules.

The Compliance department also provides support and guidance to senior management and organisational structures through action that is aimed, in co-ordination with the other corporate

departments that are involved, to correct and implement new organisational strategies and operating procedures.

The Compliance department prepares an annual plan outlining action to be taken, based on ongoing identification of the legislation applicable to the Company and assessment of its impact on corporate processes and procedures. The plan is subject to assessment by the Internal Control Committee and subsequent approval by the Board of Directors.

The department also produces reports on first- and second-level legislation output for the corporate departments concerned and more directly involved, as well as for senior management.

The Head of Compliance reports on his or her own activities to the Internal Control Committee on a half-yearly basis and draws up an annual report on the activity carried out during the previous year.

## **10.5. Risk Management department**

The Company set up the Risk Management department in order to assist senior management, the parent company, and Group subsidiaries in identifying, applying and auditing a system (methods and models) for the assumption, measurement and management of the most significant risks in accordance with the strategies, policies and risk tolerance levels defined by the Board of Directors.

The Risk Management Department has the following duties:

- promoting the surveying and awareness of risks;
- identifying and classifying risks;
- participating in the analysis of the surveyed risks;
- verifying the impact and significance of identified risks;
- defining a model for assessment of every known risk;
- distributing the results of risk analysis internally and externally;
- defining contingency plans;
- defining risk mitigation actions;
- disseminating the culture of risk management;
- providing senior management with useful information for assigning operating limits to the business units and defining the procedures for prompt audits of those limits;
- defining measurement methods and models (input data, algorithms and rules, interfaces for controlling the models) for the most significant risks;
- establishing the methodological approach for defining and calculating tolerance levels for the most significant risks;
- having an integrated view of assets and liabilities;
- defining and auditing the formulation of stress tests and monitoring the maximum potential loss;
- studying correlations between risks;
- verifying compliance with tolerance limits;
- providing reports to the Board of Directors, senior management, and the Risk Management Committee of the parent company and line functions on changes in risks and violations of set operating limits;
- drafting reports for corporate bodies (Internal Control Committee and the Board of Statutory Auditors): reporting half-yearly on monitoring and risk management activities and the annual plan of activities;
- auditing the consistency of the risk measurement models with the entity's operations.

The company set up a Risk Management Committee to ensure the application and testing of a risk assumption, assessment and management system that is consistent with the operations of individual departments. The members of the Risk Management Committee are drawn from senior management and the heads of the various corporate units.

## 10.6. Organisational Model pursuant to Legislative Decree 231/2001

The Board of Directors of Vittoria Assicurazioni has approved the adoption in 2004 the Model of Organisation and Management pursuant to Legislative Decree no. 231/2001. The model used was periodically for updates that are required as a result of subsequent amendments to relevant regulations.

During the year 2011, following the enactment of Legislative Decree no. 121 of July 7, 2011 which extended to some environmental crimes regulated in the Legislative Decree no. 231/2001, the model was integrated with a chapter on these types of crimes.

The Model of Organization and Management of Vittoria Assicurazioni SpA is composed of:

- The contents of the decree and the description of the relevant legislation;
- The description of crimes included under the Legislative Decree no 231/2001, regarding the activity of Vittoria Assicurazioni SpA, with the identification of areas and sensitive processes with respect to the following types of offenses:
- Offenses in the Public Administration;
- Corporate crime and market abuse;
- Crimes against the personality of the individual;
- Transnational crimes;
- Handling stolen goods and money laundering;
- Offenses committed in violation of the rules concerning the protection of health and safety at work;
- Organized crime offenses and incitement not to make false statements to the judicial authority;
- Environmental crime.

Were not considered relevant to Vittoria Assicurazioni, as only abstractly conceivable, counterfeit currency offenses, the crimes of terrorism and subversion of democracy and criminal offenses relating to the protection of industrial property rights.

- Identification of the Supervisory Board, its functions and powers of reporting against corporate bodies and its information requirements and verifying the adequacy of the model;
- The arrangements for informing and disseminating the Model to employees, agents, group companies and external consultants;
- The identification of a system of sanctions;

The Organizational Management and Control of Vittoria Assicurazioni is available for viewing on the Company's website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) Governance section.

Real estate companies controlled by Vittoria Assicurazioni of strategic importance have also adopted a Model of Organization, Management and Control and set up a Supervisory Board.

The Supervisory Board of Vittoria Assicurazioni, organized since 2008 in collegial form and constituents of which were renovated in 2010, consists of an external consultant with specific expertise in applying the provisions of Legislative Decree no. 231/2001 (covering the role of chairman), a member of the Board and the Managers of Internal Audit Functions, Legal and Organization of the Company and uses, for the operational part of the support function of Internal Audit.

It has the task, with autonomous powers of initiative and control, and through surveys on the business, to supervise the operation, compliance, effectiveness and appropriateness the Model of Organisation and Management, performing, among other things, an audit of the adequacy of training programs, compliance with the Model by the persons to whom it is addressed and an activity of collecting information across the enterprise.

During 2011 the Supervisory Board of Vittoria Assicurazioni SpA met five times and, in order to exchange information on the functioning of the System of Internal Control and Risk Management that is attached to the Company, has met with: the Board of Auditors, the Auditor, the executive in pursuant to the Legislative Decree 262/05 and the heads of the Technical Service accident prevention, the Administration, Finance, Planning and Control, Anti Money Laundering, Organization Management, Personnel and General Services.

### **10.7. Auditing company**

The Ordinary General Meeting of April 28, 2006 has appointed the statutory audit for the years 2006-2011 the company BDO SpA.

Since this term is expiring, pursuant to art. 13 of Legislative Decree no. N. 39 of 27 January 2010 the shareholders' meeting called to approve the 2011 company accounting documents will have to approve the appointment of the independent auditors for the period 2012-2020, on motivated proposal of the Statutory Auditors.

### **10.8. Financial Reporting Manager**

The Board of Directors has identified as the officer responsible for preparing corporate accounting documents Co-General Manager Mr. Mario Ravasio, Head of Administration, Finance, Planning and Control. The appointment was made on a proposal of the Nomination and Remuneration Committee and Board of Statutory Auditors.

Article. 16 of the Bylaws provides that the Manager responsible for preparing the financial reports should have, in addition to good repute prescribed by law for those who perform administrative and management, characterized by specific requirements of professional competence in administration and accounting. This expertise, to be verified by the same Board of Directors, must be acquired through work experience in a position of sufficient responsibility for a reasonable period of time.

He shall:

- Attest, jointly delegate body, the adequacy and effective implementation in the period of the administrative and accounting procedures, correspondence to the company's financial accounting books and accounting records, as well as their ability to provide a true and fair view of assets, economic and financial situation;
- To declare the correspondence to the document results, books and records of the acts and communications of the company disclosed to the market and relating to accounting, including interim.

The manager responsible for preparing the financial reports shall provide for adequate administrative and accounting procedures for the preparation of financial statements, the consolidated financial statements and any other type of financial communication, the collaboration of relevant structures in the company.

## 11. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

Since 2004 Vittoria Assicurazioni S.p.A. has adopted an internal procedure regarding transactions with related parties, later adapted to the provisions of Regulation Isvap. 25 of 27 May 2008 which governed intragroup transactions entered into by insurance companies.

On November 10, 2010 the Board of Directors of the Company approved the "Procedure for transactions with related parties" in accordance with the provisions of Consob resolution no. 17221 of March 12, 2010. This procedure, which also applies to transactions with related parties of Vittoria Assicurazioni carried out by subsidiaries of the same, was subject to amendment at the meeting of the Board of Directors held on November 10, 2011

The Board of Directors, in determining the procedure for approval and execution of transactions with related parties, has determined the criteria for identifying those transactions that must be approved by the same Board.

The Board of Directors tasked the Internal Control Committee, which exclusively comprises independent Directors, with assessing and formulating opinions on the related-party transactions covered by the procedure.

It is possible that the Internal Audit Committee will be assisted by one or more independent experts of its choice.

Decisions related to the allocation of remuneration and economic benefits (classed as transactions of minor significance) are an exception; they are instead subject to a prior opinion from the Appointments and Remuneration Committee, which mainly comprises independent Directors.

In order to harmonise the requirements of the Consob regulation with those of ISVAP Regulation 25, the procedure approved by the Board of Vittoria Assicurazioni SpA applies to all intragroup transactions identified pursuant to the ISVAP Regulation as well as all related-party transactions as defined by Consob, and is intended to ensure substantive and procedural transparency and fairness in related-party transactions, establishing a central role for independent Directors at every phase of the decision-making process for such transactions.

Pursuant to the Consob Regulation, the procedure:

- a) identifies transactions of major significance, whose parameters are consistent with those indicated by Consob and the approval of which is subject to more stringent procedural restrictions than transactions of minor significance;
- b) identifies related-party transactions not subject to the procedure according to the exemptions allowed by Consob;
- c) identifies the independence requirements for directors called upon to express opinions on the related-party transactions for the purposes of applying the procedure;
- d) establishes methods and procedures for the assessment and approval of related-party transactions and identifies rules for the assumptions used by the Company in reviewing or approving transactions involving subsidiaries;
- e) establishes procedures and deadlines for the provision of information on the transactions, with the relative documentation, to Directors or independent Board members expressing opinions on related-party transactions and to administration and control bodies, before resolution upon and during and after execution of these transactions;
- f) indicates the Company's selection from the options set out in the Consob Regulation.

The procedure also establishes intragroup operability limits pursuant to ISVAP Regulation 25.

The procedure approved in November 2010 provided a timely periodic reporting to the Board even on the transactions that, as permitted by relevant legislation, are not subject to the same procedure, namely:

- Transactions for smaller amounts, meaning those that occurred with parties or individuals with other companies in which the same have a significant influence, in the limit of 100,000 euros per transaction and up to a maximum of 500,000 euros for each fiscal year .
- Compensation plans based on financial instruments approved by the Shareholders' Meeting under Article 114-bis of the TUF and its enactment, subject to the disclosure requirements of Article 154-ter TUF;
- the borrowing of insurance risks to be concluded on terms equivalent to those of the market, where insurance premiums are equal to those currently applied to the primary customers of the company, with reference to contracts entered into without intermediaries;
- transactions entered into by subsidiaries that fall within the ordinary of the same companies, when implemented in market conditions;
- transactions with companies controlled by or affiliated with Vittoria Assicurazioni SpA, which are not reserved to the Board of Directors based on the provisions on limits of intercompany operations established under ISVAP Regulation n. 25.

In November 2011, the Board of Directors has modified the procedure, removing the need to provide the Board with the information also on the above mentioned transactions, in consideration of the following:

- during the first year of operation of the procedure transactions for smaller amounts that fell outside the typical activity insurance (conclusion of insurance contracts) have not been entered into related party;
- the company currently has no approved plans based on financial instruments and in any case, if approved, would be subject to the same terms and conditions approved by the Assembly;
- the procedure already states that it is not allowed the conclusion of insurance contracts on terms different from those of the market, except in exceptional cases expressly authorized by the Board of Directors;
- transactions entered into by the Company with subsidiaries and associated companies are already the subject of detailed information in periodic financial reports submitted to the Council.

It was maintained the obligation of informing the Board about any real estate purchase and sale transactions entered into by the Company and the Group's real estate companies with related parties of the same Company.

During 2011, there were not carried out transactions with related parties that, pursuant to the procedure, should be subjected to prior examination by the Committee for Internal Control.

The procedure for related party transactions, with the latest changes approved by the Board of Directors on November 10, 2011, is available on the company website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com)  
- Governance section.

## 12. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of Statutory Auditors is regulated by article 17 of the Articles of Association.

Statutory auditors are appointed on the basis of lists, to ensure the appointment of at least one Permanent and one Deputy Auditor by the minority shareholders.

Lists are submitted with two sections: the first for the appointment of Permanent Auditors and the second for the appointment of Deputy Auditors. The lists contain a number of candidates no greater than the number of members to be elected, listed in numerical order.

Each candidate may appear on one list only, on penalty of ineligibility.

Only those shareholders that, either individually or together with other shareholders, have an overall holding of voting shares representing at least 2.5% of the voting capital, or that represent such lower percentage as may be established or required by binding legislative or regulatory provisions, have the right to submit lists.

Ownership of the minimum shareholding for the submission of lists is determined according to the shares registered to the shareholder on the day on which the lists are deposited with the Company.

Shareholders that are party to a relevant shareholders' agreement pursuant to article 122 of the TUF, the parent company, the subsidiary companies and companies under joint control pursuant to article 93 of the TUF, may not submit or participate in the submission, either directly or through an intermediary or trust company, of more than a single list, and may not vote for different lists. The adhesions and votes cast in violation of this prohibition is not attributed to any list.

The lists, signed by the parties submitting them, must be deposited at the registered office of the Company at least 25 days prior to the date set for the General Meeting on first call, without prejudice to any other forms of publication and procedures specified in the regulations in force.

The lists must contain:

- the personal details of the shareholders submitting the lists, details of the total equity interest held and certification of ownership of the equity interest; certification may be produced subsequently, provided that it is within the deadline set for publication of the lists pursuant to the laws in force;
- a declaration by the shareholders other than those holding, either individually or collectively, a controlling interest or relative majority, to the effect that they have no connection with the latter pursuant to laws and regulations in force;
- a detailed report on the personal qualifications and background of the candidates, and a declaration by the candidates that they satisfy the requirements imposed by law and accept their nomination, as well as a list of any administrative or management positions held at other companies.

Any lists submitted other than in accordance with the above provisions shall be regarded as not submitted.

The first two candidates from the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes that, pursuant to the laws and regulations in force, is neither directly nor indirectly connected to the shareholders who have submitted or voted for the list obtaining the highest number of votes, are appointed Permanent Auditors. The latter candidate is appointed Chairman of the Board of Statutory Auditors.

The first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes that, pursuant to the laws and regulations in force, is neither directly nor indirectly connected to the shareholders who have submitted or voted for the list obtaining the highest number of votes, are appointed Deputy Auditors. In the event of a tie vote between two or more lists, the eldest candidates are appointed Statutory Auditors until all the available positions have been filled. If a single list or no lists are submitted, all candidates on the



single list or respectively those voted upon by the General Meeting shall be appointed as Permanent or Deputy Auditors, provided that they achieve a relative majority of the votes at the General Meeting. In the event that an Auditor ceases to meet the statutory requirements, his or her mandate expires.

In the case of replacement of an Auditor, the replacement is taken from the same list as the departing Auditor. The Chairman of the Board of Statutory Auditors shall continue to be the Auditor elected by the minority shareholding.

When the General Meeting has to appoint Permanent and/or Deputy Auditors to fill a vacancy on the Board of Statutory Auditors, the following procedure is used: when a replacement is to be made of Auditors elected from the majority list, the appointment is made by relative majority vote without the use of lists; when a replacement is to be made of Auditors elected from the minority list, the General Meeting makes the appointment by relative majority vote, selecting from the list of candidates from which the departing Auditor was taken.

If for any reason the application of this procedure does not allow for the replacement of the Auditors appointed by the minority shareholders, the General Meeting shall proceed by relative majority vote; however, in counting the vote, no account is taken of shareholders that, according to notification submitted under laws in force, hold, directly or indirectly or together with other shareholders that are party to a relevant shareholders' agreement pursuant to article 122 of the TUF, a relative majority of the votes exercisable at the General Meeting, or of shareholders who control, are controlled by or subject to joint control by the same.

### 13. STATUTORY AUDITORS (pursuant to article 123-bis (2)(d) of the TUF)

The Board of Statutory Auditors had the following members as at 31 December 2011:

- Alberto GIUSSANI	Chairman
- Giovanni MARITANO	Permanent Auditor
- Corrado VERSINO	Permanent Auditor
- Michele CASO'	Deputy Auditor
- Marina MOTTURA	Deputy Auditor

The Board of Statutory Auditors was appointed by the Ordinary General Meeting on 23 April 2010 and will expiry on the date of the General Shareholders Meeting that will approve the 2012 Financial Report.

The following two lists were presented for the appointment of the Board of Statutory Auditors at the General Meeting of 23 April 2010:

- A) List 1, submitted by Vittoria Capital NV (majority shareholder of Vittoria Assicurazioni S.p.A.), comprising the following candidates:
1. Giovanni MARITANO – Permanent Auditor
  2. Ferruccio ARALDI – Permanent Auditor
  3. Corrado VERSINO – Deputy Auditor
- B) List 2, jointly submitted by BNP Paribas – Paris and Ersel Asset Management SGR SpA, comprising the following candidates:
1. Angelo CASO' – Permanent Auditor
  2. Sergio VASCONI – Deputy Auditor

When presenting the list of BNP Paribas - Paris and Ersel Asset Management SGR issued a statement attesting to the absence of any connection as provided by current laws and regulations, with the shareholders who hold a controlling interest of the Company .

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 41,228,296 ordinary shares from 65,788,948 in issue, representing 62.668% of the share capital.

List 1 obtained 38,814,815 votes, representing 94.15% of the voting capital.

List 2 obtained 2,381,587 votes, representing 5.78% of the voting capital.

Shareholders with 16,919 shares in total (0.004% of the voting capital) voted against the proposals, and shareholders with 14,975 shares in total (0.004% of the voting capital) abstained.

According to art. 17 of the Article of Association, the following Statutory Auditors were appointed: Chairman: Angelo Casò; Permanent Auditors: Giovanni Maritano and Ferruccio Araldi; Deputy Auditors: Sergio Vasconi and Corrado Versino.

Following the appointment by the shareholders, the following changes have occurred:

- on 23 October 2010, Permanent Auditor Ferruccio Araldi died. Pursuant to article 17 of the articles of association, the position was replaced by Corrado Versino, the Deputy Auditor of the same majority list from which the auditor failed had been elected;
- the Shareholders Meeting on 29 April 2011 has integrated the Board of Statutory Auditors through the appointment of Mr. Corrado Versino to Permanent Auditor and Ms. Marina Mottura to Deputy Auditor;
- on May 20, 2011 Mr. Angelo Casò has resigned from the charge of Chairman of the Board of Statutory Auditors of the company. According to the law and the Company bylaws, the position

was replaced by Mr. Sergio Vasconi, the Deputy Auditor of the same list proposed by the minority shareholders.

- subsequently also Mr. Sergio Vasconi, by letter dated July 28, 2011, announced his intention to resign as Chairman of the Board, for health reasons, with effect from the first meeting of Shareholders. The Board of Directors, in order to enable a correct representation of minority shareholders in the organ of control of the company, then called the shareholders' meeting on 30 September 2011 for integration of the Board of Statutory Auditors;
- the shareholders' meeting of September 30, 2011, at the proposal of the minority member Ersel Asset Management SGR SpA, then approved the integration of the Board of Statutory Auditors by the following appointments:
  - Alberto Giussani, Chairman;
  - Michele Casò, Deputy Auditor.

Since integration of the Board following the resignation of the auditors elected by the minority, according to art. 17 of the bylaws in the vote was not taken into account the votes of the majority.

The following is a summary of the personal background and professional qualifications of the current Statutory Auditors. Also see the table in Appendix 3.

**Alberto GIUSSANI**, Born in Varese on 23.08.1946

He is Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni SpA since September 30, 2011.

Degree in Economics at the Catholic University of Milan.

Member of Chartered Accountants since 1979 and the Register of Auditors since 1995, date of establishment of the register.

He has several positions in listed companies, holds, in fact, the position of Statutory Auditor of Luxottica S.p.A. and Falck Renewables S.p.A., of Director of Credito Artigiano S.p.A. and Seat Pagine Gialle S.p.A. and he is the Chairman of the Board of Directors of EI Towers S.p.A.

He is also Statutory Auditor of Tassara S.p.A. and Director of Istifid S.p.A.

**Giovanni MARITANO**, Born in Torino on 23.10.1960

He is Permanent Auditor of Vittoria Assicurazioni SpA since 26.4.2001 (Deputy since 23.6.1998).

Graduated in economics and business. Has been entered at no. 868 in the Register of Chartered Accountants since 8 July 1987. A Statutory Auditor, as published in the Official Gazette of the Italian Republic no. 31 *bis* of 21 April 1995 entered as no. 35756.

A member of various boards of statutory auditors at Vittoria Assicurazioni Group companies.

Also holds the following positions: Chairman of the Board of Statutory Auditors of Carcoustics Italia S.p.A.; Permanent Auditor of ABC Farmaceutici S.p.A., FM Italia S.r.l., Guido Vincon & Figli S.p.A., International Cosmetic Development S.p.A., Istituto Biologico Chemioterapico S.r.l., Kelemata S.r.l., La Margherita Società Sportiva Dilettantistica a r.l., Vittoria Capital N.V., VP Sviluppo 2015 S.r.l., Yafa S.p.A., Yafa Holding B.V., Yura S.p.A., Yura International B.V., Zoppoli & Pulcher – Costruzioni Generali S.p.A. and ZP Partecipazioni S.r.l..

**Corrado VERSINO**, Born in Torino on 18.05.1955

He is Permanent Auditor of Vittoria Assicurazioni SpA since 23.10.2010 (Deputy since 24.4.2009).

Graduated in economics and business. Has been entered in the Turin Register of Chartered Accountants since 1982. A Statutory Auditor, as published in the Official Gazette of the Italian Republic no. 31 *bis* of 21 April 1995 entered as no. 60442.

A member of various boards of statutory auditors at Vittoria Assicurazioni Group companies.

Also holds the following positions: Chairman of the Board of Statutory Auditoris of Vittoria Capital NV, Yafa Holding BV, Yafa S.p.A.; Permanent Auditor of Amati S.p.A., Carcoustics Italia S.p.A., Geodata Engineering S.p.A., Geodata S.p.A., Gev S.p.A., Massinfond S.p.A., Mosaico S.p.A., Movincom Servizi S.p.A., Mustad S.p.A. , Pama & Partners S.r.l., Sint S.p.A., Vallesi S.p.A., Zoppoli & Pulcher Costruzioni Generali S.p.A., ZP Partecipazioni S.r.l., Yura S.p.A., Yura International BV; Chairman of the Board of Directors of di Sirto S.r.l.; Chief Execuitve of Real Estate 90 S.r.l.; Director of Sivim S.r.l. and Fiori San Bovio S.r.l.

**Michele CASO'**, born in Milano on 9.12.1970

He is Deputy Auditor of Vittoria Assicurazioni SpA since 30.9.2011.

Graduated in economics and business. Has been entered in the Register of Chartered Accountants.

He carries on business as a chartered accountant. He's adjunct professor at the Università Commerciale Luigi Bocconi, with respect to the international accounting standards. He's member of the International Group of the Italian Accounting (OIC) and holds various positions of management and control.

**Marina MOTTURA**, born in Torino Milano on 9.7.1963

He is Deputy Auditor of Vittoria Assicurazioni SpA since 30.9.2011.

Graduated in economics and business. Has been entered in the Register of Chartered Accountants.

He carries on business as a chartered accountant and holds various positions of management and control.

During 2011 the Board of Statutory Auditors met 12 times and the average duration of the meetings was about 2 ½ hours. The average attendance at meetings was 89%.

Eleven meetings have been scheduled for 2012, including meetings set by the Internal Control Committee to coordinate the activities of the two bodies. Two meetings had been held at the date of this Report.

See the table in Appendix 3 of this Report for the attendance records of the individual Statutory Auditors.

According to the Legislative Decree 39 of 27 January 2010, which assigned the boards of statutory auditors of companies of public interest (including Vittoria Assicurazioni, as a listed company) the function of 'Committee for Internal Control and Statutory Audit', the Board of Statutory Auditors and the Internal Control Committee appointed by the Board, verified that:

- the Internal Control Committee established pursuant to the Corporate Governance Code has advisory functions to the Board of Directors;
- the Board of Statutory Auditors is assigned by law the functions set out in Legislative Decree 39/2010, which supplements those already assigned to this body. These remain functions of control and not of management or joint management or control by virtue of management.

Pursuant to article 148 of the TUF, the Board of Statutory Auditors oversees:

- observance of the law and the Company's By-laws;
- compliance with the principles of correct administration;
- the adequacy of the organisational structure of company in terms of competency, the internal control system and the administrative accounting system, as well as the reliability of the latter in providing a fair representation of operations;

- the procedures used for effective implementation of the corporate governance rules set out in the Corporate Governance Code adopted by the Company;
- the adequacy of the directives issued by the Company to its subsidiaries to ensure respect for the disclosure obligations prescribed by the TUF.

Pursuant to article 19 of Legislative Decree 39 of 27 January 2010, the Board of Statutory Auditors also oversees:

- the financial disclosure process;
- the efficiency of the systems of internal control, internal audit, where applicable, and risk management;
- the statutory auditing of the separate and consolidated accounts;
- the independence of the company engaged to carry out the statutory audit of the accounts, verifying both compliance with the legislative provisions in this regard and the nature and extent of the various statutory auditing services provided to the Company and its subsidiaries by the auditing company and by the entities in its network.

In carrying out these duties, the Board of Statutory Auditors:

- verifies that the definition of the delegations of authority is appropriate and that the organisation structure is adequate, paying particular attention to the division of responsibility for duties and functions;
- attends meetings of the Internal Control Committee, during which it meets the heads of the departments responsible for the internal control system, i.e. Internal Audit, Compliance and Risk Management. Assesses the efficiency and effectiveness of the internal control system, especially with regard to the operations of the Internal Audit, verifying that the department has the necessary autonomy, independence and functional efficiency;
- regularly exchanges information and data with the independent auditing company;
- ensures the prompt exchange of data and information material to discharging its duties between the boards of statutory auditors of Group companies through the presence of one of its members on the boards of statutory auditors of these subsidiaries.

Pursuant to the Corporate Governance Code adopted by the Company, the Board of Statutory Auditors:

- verified the independence of its members at the first opportunity after their appointment;
- verified that its members continued to satisfy the prerequisites for independence during the course of the financial year;
- applied all the principles set out in the Code adopted by Vittoria Assicurazioni in regard to the independence of directors when conducting these reviews. As *per* the criteria applied for directors, the maximum limit of nine years is not considered, as described in subsection 4.6 above.

No additional criteria were applied to those provided by art. 148, paragraph 3 of the TUF, other than those provided by DM November 11, 2011, n. 220 laying down the requirements of professionalism, integrity and independence of corporate officers of insurance companies and other than those provided by the Code.

The Auditors are defined as related parties pursuant to the Regulation adopted by Consob Resolution 17221, and therefore transactions carried out by the Company in which the Auditors may have an interest are subject to the Procedure for Related-party Transactions, approved by the Board of Directors on 10 November 2010 and described in section 11 above.

#### 14. SHAREHOLDER RELATIONS

Vittoria Assicurazioni has set up a special section on its website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), easy to locate and access, which provides information on the Company of significant interest to investors, so that they can exercise their rights on an informed basis.

The person in charge of managing relations with shareholders is Mr. Andrea Acutis.

The organization of the Company does not contemplate a corporate structure in charge of managing relations with shareholders.

## 15. GENERAL MEETINGS (pursuant to article 123-bis (2)(c) of the TUF)

The operations and powers of the General Meeting, shareholder rights and how they may be exercised are regulated by law.

Persons entitled to attend and vote may be represented at the meeting by written proxy or by proxy given electronically when required by the regulations and in the manner set out in them.

The proxy may be notified electronically in a special section of the company's website, as specified in the notice of the meeting.

There shall be no voting by mail, electronic voting and there are no audio-visual link.

The Company has chosen not to comply with implementation rule 11.C.5. of the Corporate Governance Code, which envisages a regulation governing the orderly and efficient administration of General Meetings, given the longstanding procedures that have been followed for these meetings over a period of years.

The Chairman moderates discussion of agenda and gives the floor to those who request it by raising their hand. Questions raised at the Meeting are answered promptly and those raising them are given the opportunity to reply.

At General Meetings, the Board of Directors reports on the work done and planned and undertakes to ensure that shareholders with voting rights have adequate information on the aspects necessary to enable them to take informed decisions that are the prerogative of General Meetings pursuant to the Civil Code.

During the financial year there were no significant changes in the market capitalisation of the shares of Vittoria Assicurazioni SpA or in the composition of the ownership structure.

**16. CHANGES SINCE THE END OF THE FINANCIAL YEAR**

As on November 28, 2011 Mr. Massimo Antonarelli has resigned from his position as Director of the Company, the Board of Directors held on February 16, 2012, on proposal of the Nomination and Remuneration Committee, appointed Mr. Bernhard Gierl, pursuant to art. 2386 of the Civil Code.

Mr. Gierl will remain in office until next Shareholders' Meeting convened for 20 April 2012.





## APPENDICES

Appendix 1: Board of Directors

Appendix 2: Committees

Appendix 3: Board of Statutory Auditors

Appendix 4: Adoption of Corporate Governance Code

Appendix 5: Procedure for related-party transactions pursuant to Consob Resolution 17221 of 12 March 2010 and Isvap Regulation 25

Appendix 6: Procedure for Transactions by Material Parties on the Issuer's Financial Instruments



## APPENDIX 1

### BOARD OF DIRECTORS

The following table shows the data concerning directors' attendance of Board meetings and indicates executive, non-executive, and independent directors, together with the number of other offices held in listed companies, in finance, banking, and insurance companies and/or companies of major size (as defined by the Board of Directors).

Name	Office	List	Exec.	Non – exec.	Inde- pendent	Inde- pendent as per TUF	% BoD	Other offices held
Giorgio Roberto COSTA	Presidente	<b>M</b>		<b>X</b>			80 %	0
Andrea ACUTIS	Vice Presidente	<b>M</b>	<b>X</b>				100 %	2
Carlo ACUTIS	Vice Presidente	<b>M</b>	<b>X</b>				100 %	2
Roberto GUARENA	Amm. Delegato	<b>M</b>	<b>X</b>				100 %	0
Adriana ACUTIS BISCARETTI di RUFFIA	Amministratore	<b>M</b>		<b>X</b>			80 %	5
Massimo ANTONARELLI*	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	100 %	/
Francesco BAGGI SISINI	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80 %	0
Marco BRIGNONE	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80 %	2
Bernhard GIERL **	Amministratore	/		<b>X</b>	<b>X</b>	<b>X</b>	/	0
Luciano GOBBI	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80 %	2
Arnaud HELLOUIN de MENIBUS	Amministratore	<b>M</b>		<b>X</b>			20 %	2
Pietro Carlo MARSANI	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	100 %	0
Giorgio MARSIAJ	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80%	0
Edgar MÜLLER-GOTTHARD***	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	50%	/
Lodovico PASSERIN d'ENTREVES	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80 %	2
Luca PAVERI FONTANA	Amministratore	<b>M</b>		<b>X</b>			100%	5
Robert RICCI	Amministratore	<b>m</b>		<b>X</b>	<b>X</b>	<b>X</b>	80%	1
Giuseppe SPADAFORA	Amministratore	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	100%	2

\* from 29/4/2011 to 28/11/2011

\*\* from 16.2.2012

\*\*\* form 1/1/2011 to 29/4/2011

#### KEY

**List:** "M" = director elected from list voted by majority – "m" = director designated by minority

**Independent:** independent director according to the criteria established by the Code

**Independent as per TUF:** director possessing the requisites for independence established by Article 148, paragraph 3, of the TUF (Italian Financial Act)

**% BoD:** the director's attendance, in percent terms, of Board meetings

**Other offices held:** total number of offices held in other companies listed in regulated Italian and foreign regulated markets; in financial, banking, and insurance companies; or in companies of major size, identified according to the criteria defined by the Board.

## APPENDIX 2

### BOARD COMMITTEES

The following tables show data concerning directors' attendance of meetings of the Committees set up by the Board of Directors.

#### Appointments & Remuneration Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Luca Paveri FONTANA	Non-executive president	01.01.2011 – 31.12.2011	100%
Francesco BAGGI SISINI	Independent non-executive member	01.01.2011 – 31.12.2011	100%
Lodovico PASSERIN d'ENTREVES	Independent non-executive member	01.01.2011 – 31.12.2011	100%

#### Internal Control Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Pietro Carlo MARSANI	Independent non-executive president	01.01.2011 – 31.12.2011	100%
Luciano GOBBI	Independent non-executive member	01.01.2011 – 31.12.2011	100%
Giuseppe SPADAFORA	Independent non-executive member	01.01.2011 – 31.12.2011	100%

#### Finance Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Andrea ACUTIS	Executive president	01.01.2011 – 31.12.2011	100%
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive	01.01.2011 – 31.12.2011	100%
Carlo ACUTIS	Executive	01.01.2011 – 31.12.2011	100%
Giorgio Roberto COSTA	Non-executive	01.01.2011 – 31.12.2011	100%
Luciano GOBBI	Independent	01.01.2011 – 31.12.2011	100%
Roberto GUARENA	Executive	01.01.2011 – 31.12.2011	100%
Luca PAVERI FONTANA	Non-executive	01.01.2011 – 31.12.2011	100%

#### Real Estate Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Andrea ACUTIS	Executive president	01.01.2011 – 31.12.2011	100%
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive	01.01.2011 – 31.12.2011	75%
Carlo ACUTIS	Executive	01.01.2011 – 31.12.2011	100%
Francesco BAGGI SISINI	Independent non-executive	01.01.2011 – 31.12.2011	100%
Giorgio Roberto COSTA	Non-executive	01.01.2011 – 31.12.2011	75%
Roberto GUARENA	Executive	01.01.2011 – 31.12.2011	100%
Arnaud HELLOUIN de MENIBUS	Non-executive	01.01.2011 – 31.12.2011	50%
Luca PAVERI FONTANA	Non-executive	01.01.2011 – 31.12.2011	100%

## APPENDIX 3

### BOARD OF STATUTORY AUDITORS

Name	Office	Period in office during FY	List	Independent as per Code	% attendance of BoSA meetings	Other offices held <sup>(1)</sup>
Angelo CASO <sup>(1)</sup>	Presidente	01.01.2011– 20.05.2011	<b>m</b>	<b>X</b>	71%	/
Sergio VASCONI <sup>(2)</sup>	Sindaco Supplente	01.01.2011 – 20.05.2011	<b>m</b>	<b>X</b>	/	/
	Presidente	20.05.2011 – 30.09.2011	<b>m</b>	<b>X</b>	0%	
Alberto GIUSSANI	Presidente	30.09.2011 – 31.12.2011	<b>m</b>	<b>X</b>	100%	5
Giovanni MARITANO	Sindaco Effettivo	01.01.2011 – 31.12.2011	<b>M</b>	<b>X</b>	100 %	0
Corrado VERSINO	Sindaco Effettivo	01.01.2011 – 31.12.2011	<b>M</b>	<b>X</b>	100%	0
Marina MOTTURA <sup>(4)</sup>	Sindaco Supplente	29.04.2011 – 31.12.2011	<b>M</b>	<b>X</b>	/	/
Michele CASO <sup>1</sup>	Sindaco Supplente	30.09.2011 – 31.12.2011	<b>m</b>	<b>X</b>	/	/

(1) resigned on May 20, 2011

(2) Chairman from May 20, 2011 – resigned with effect from September 30, 2011

#### KEY

**List:** “M” = statutory auditor elected from list voted by majority – “m” = statutory auditor designated by minority

**Independent:** independent auditor according to the criteria established by the Code

**% BoSA:** the statutory auditor’s attendance, in percent terms, of Board meetings

**Others appointments:** number of assignments held in other listed companies

## APPENDIX 4

Adoption by Vittoria Assicurazioni S.p.A.

of Corporate Governance Code for Listed Companies approved in March 2006 by the Committee for Corporate Governance and promoted by the Italian Stock Exchange

**Corporate Governance Code** **Adoption of Code by Vittoria Assicurazioni**

### ARTICLE 1 - ROLE OF THE BOARD OF DIRECTORS

#### Principles

1.P.1. Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner. Adopted

1.P.2. The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they shall also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group. Adopted

#### Criteria

1.C.1. The Board of Directors shall:

a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any; Adopted

b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest; Adopted

c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them; Adopted

d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not Adopted

already done so, determine the total amount to which the members of the board and of the executive committee are entitled;

e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned; Adopted

f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact; Adopted

g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate; Adopted

h) provide information, in the report on corporate governance, on the application of the present article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director. Adopted

1.C.2. The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance. Adopted

1.C.3. The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may Adopted



also take into account the participation of the directors in committees established within the ranks of the board.

1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue. Adopted

## ARTICLE 2 – COMPOSITION OF THE BOARD OF DIRECTORS

### Principles

2.P.1. The Board of Directors shall be made up of executive and non-executive directors. Adopted

2.P.2. Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist. Adopted

2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions. Adopted

2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual. Adopted

2.P.5. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such organisational choice. Adopted

### Criteria

2.C.1. The following are executive directors:

– the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies; Adopted

– the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; Adopted

– the directors who are members of the executive committee of the issuer, when no managing director is appointed or Adopted

when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. The granting of powers only in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.

2.C.2. The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.

2.C.3. In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director, who represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.

Adopted - For the growth of knowledge there are no initiatives beyond the time of Board meetings.

Adopted - Currently the Chairman of the Board does not control the Company and is not primarily responsible for the management of the same, but has the requirements of an independent director.

## ARTICLE 3 – INDEPENDENT DIRECTORS

### Principles

3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.

Adopted

3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.

Adopted

### Criteria

3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:

Adopted, except letter e), as specified later on

a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is

able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer;

- b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;
- c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
  - with the issuer, one of its subsidiaries, or any of its significant representatives;
  - with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;

or is, or has been in the preceding three fiscal years, an employee of the abovementioned subjects;

- d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
- e) if he/she was a director of the issuer for more than nine years in the last twelve years;
- f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;
- g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;

In order to focus on acquiring a thorough knowledge of the company, which in the insurance and reinsurance can only occur after several years of experience, the constraint of a maximum 9-years duration is not considered.

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

3.C.2. For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as “significant representatives”.

Adopted

3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.

Adopted

3.C.4. The Board of Directors shall evaluate, after the appointment of a director who qualifies himself / herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated in these criteria.

Adopted

3.C.5. The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.

Adopted

3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.

In light of the successful functioning of the Board and its Committees, the Independent Directors have not until now found it necessary to meet without other directors.

## ARTICLE 4 – TREATMENT OF CORPORATE INFORMATION

### Principles

4.P.1. Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information. Adopted

### Criteria

4.C.1. The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information. Adopted

## ARTICLE 5 – INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

### Principle

5.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below. Adopted

### Criteria

5.C.1. The establishment and functioning of committees within the Board of Directors shall meet the following criteria: Adopted

- a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided, however, that they are both independent;
- b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;
- c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;

- d) minutes shall be drafted of the meetings of each committee;
- e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board;
- f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;
- g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.

## ARTICLE 6 – APPOINTMENT OF DIRECTORS

### Principles

6.P.1. The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.

Adopted

6.P.2. The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.

Adopted – A single Appointments and Remuneration Committee has been set up.

### Criteria

6.C.1. The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete of the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.

Adopted

6.C.2. Where established, the committee to propose candidates for appointment to the position of director, may be vested with one or more of the following functions:

Adopted

a) to propose to the Board of Directors candidates to the

position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director;

- b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders;
- c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.

## 7. REMUNERATION OF DIRECTORS

### Principles

7.P.1. The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.

Adopted

7.P.2. The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined in line with the guidelines contained in the general policy described in principle 7.P.4.

Adopted - With reference to the definition of the guidelines, refer to the explanations in paragraph 7.P.4.

The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.

7.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of non-executives directors, the majority of which are independent. At least one committee member shall have an adequate knowledge and experience in finance, to be assessed by the Board of Directors at the time of his/her appointment.

Adopted – A single Appointments and Remuneration Committee has been set up.

7.P.4. The Board of Directors shall, upon proposal of the remuneration committee, establish a general policy for the remuneration of executive directors, other directors who cover particular offices and key management personnel. The directors shall submit a yearly report describing such a policy at the annual shareholders' meeting.

As explained in Chapter 8 of the Report, for the adoption of this principle the Board preferred to await the enactment of legislation for insurance companies (ISVAP Regulation n.39). The first report on remuneration

policies is subject to the approval of the Shareholders Meeting 2012.

## Criteria

7.C.1. The general policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below:

- a) the non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out;
- b) upper limits for variable components shall be established;
- c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors;
- d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;
- e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile;
- f) termination payments shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.

7.C.2. In preparing plans for share-based remuneration, the Board of Directors shall ensure that:

- a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have a vesting period of at least three years;
- b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria;
- c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in

Please refer to the explanations in paragraph 7.P.4.

Adopted – To date no stock-option plans have been approved.



paragraph a), until the end of their mandate.

7.C.3. The criteria 7.C.1 and 7.C.2 shall apply, *mutatis mutandis*, also to the definition - by the bodies entrusted with that task – of the remuneration of key management personnel. Any incentive plan for the persons in charge of internal controls and for the executive responsible for the preparation of the corporate financial documents shall be consistent with their role.

Adopted

7.C.4. The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.

Adopted

7.C.5. The remuneration committee shall:

Adopted

- periodically evaluate the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of executive directors, other directors who cover particular offices and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard;
- submit to the Board of Directors proposals for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.

7.C.6. No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.

7.C.7. When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.

## **ARTICLE 8 – INTERNAL CONTROL SYSTEM**

### **Principles**

8.P.1. The internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of

Adopted

the main risks.

8.P.2. An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the compliance with laws and regulations. Adopted

8.P.3. The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company. Adopted

8.P.4. The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment. Adopted

### Criteria

8.C.1. The Board of Directors, with the assistance of the internal control committee, shall: Adopted

- a) define the guide-lines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the company;
- b) identify an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;
- c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;
- d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.

Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line

with the company's Policies.

8.C.2. The Board of Directors shall exercise its functions relating to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organization and management models adopted pursuant to legislative decree no. 231 of 8th June 2001. Adopted

8.C.3. In addition to assisting the Board of Directors in the performance of their duties set out in criterion 8.C.1, the internal control committee shall: Adopted

- a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet;
- b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system;
- c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;
- d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any;
- e) supervise the validity of the accounting audit process;
- f) perform any additional duties that are assigned to it by the Board of Directors;
- g) report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system.

This criterion is not more applicable, in accordance to the Legislative Decree 39/2010

8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control. Adopted

8.C.5. The executive director responsible for supervising the functionality of the internal control system, shall: Adopted

- a) Identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review

of the Board of Directors;

- b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
- c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.

8.C.6. Each person in charge of internal control shall:

Adopted

- a) ensure that the internal control system is always adequate, fully operating and effective;
- b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions;
- c) have direct access to all useful information for the performance of his/her duties;
- d) have the availability of adequate means for the performance of the functions assigned to him/her;
- e) report about his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system. In particular, he/she shall report about the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.

8.C.7. The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.

Adopted

8.C.8. The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.

Adopted

## **ARTICLE 9 – DIRECTORS’ INTERESTS AND TRANSACTIONS WITH RELATED PARTIES.**

### **Principles**

9.P.1. The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness. Adopted

### **Criteria**

9.C.1. The Board of Directors shall, after consulting with the internal control committee, establish approval and implementation procedures for the transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting with the internal control committee and/or with the assistance of independent experts. Adopted

9.C.2. The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties. Adopted

## **ARTICLE 10 – MEMBERS OF THE BOARD OF AUDITORS**

### **Principles**

10.P.1. The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates. Adopted

10.P.2. The auditors shall act with autonomy and independence also vis-à-vis the Shareholders, which elected them. Adopted

10.P.3. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors. Adopted

### **Criteria**

10.C.1. The lists of candidates to the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists complete of the information on the characteristics of the Adopted

candidates shall be timely published through the internet site of the issuer.

10.C.2. The auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of Auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.

Adopted – As dome for Directors, the requirement of a maximum duration of 9 years is not considered.

10.C.3. The auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

Adopted

10.C.4. An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.

Adopted

10.C.5. The board of auditors shall monitor the independence of the auditing firm, verifying both the compliance with the provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.

Adopted

10.C.6. In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.

Adopted

10.C.7. The board of auditors and the internal control committee shall timely exchange material information for the performance of their respective duties.

Adopted

## **ARTICLE 11 – RELATIONS WITH THE SHAREHOLDERS**

### **Principles**

11.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.

Adopted

11.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.

Adopted

### **Criteria**

11.C.1 The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer that is material for its shareholders is timely and easy to

Adopted

access, so as to allow the shareholders an informed exercise of their rights. To such purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures provided for the participation and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.

11.C.2. The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function. Adopted

11.C.3. The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in the shareholders' meeting and exercise their voting right. Adopted

11.C.4. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting with regard to the performed and planned activity and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to take in an informed manner the decisions that are the competence of the shareholders' meeting. Adopted

11.C.5. The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion. The Company has chosen not to comply with this criterion, given the longstanding procedures that have been followed for the Shareholders' meetings over a period of years.

11.C.6. In the event of a significant change in the market capitalization of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by laws as regards the minimum percentage required for exercising actions and rights provided for as a protection of minority interests. Adopted

**ARTICLE 12 – TWO TIER AND ONE TIER MANAGEMENT  
AND CONTROL SYSTEMS**

Not applicable



## APPENDIX 5

### PROCEDURE FOR RELATED-PARTY TRANSACTIONS PURSUANT TO CONSOB RESOLUTION 17221 OF 12 MARCH 2010 AND ISVAP REGULATION 25

#### BENCHMARK LEGISLATION

This procedure was approved by the Board of Directors of Vittoria Assicurazioni SpA on 10 November 2010 pursuant to Consob Resolution 17221 of 12 March 2010 (hereinafter the 'Consob Regulation') and to ISVAP Regulation 25 (hereinafter the 'ISVAP Regulation').

#### GENERAL PRINCIPLES

Related-party transactions are carried out exclusively in the interest of the Company and the Group and must be carried out in accordance with the principles of transparency and substantive fairness.

In any case, the Board reserves the right to approve related-party transactions whose object, consideration, terms, conditions and timelines may affect the integrity of corporate assets or the completeness and fairness of information, including accounting information, concerning the Company.

All related-party transactions not carried at market prices, which are allowed only on an exceptional basis and which must be motivated by specific interests for the Company and the Group, are also subject to prior authorisation by the Board of Directors.

#### HEADING 1

#### DEFINITIONS

##### 1. RELATED PARTIES

Pursuant to the Consob Regulation, the related parties of Vittoria Assicurazioni SpA are:

- (a) parties that, either directly or indirectly, including via subsidiaries, trustees or intermediaries:
  - (i) control Vittoria Assicurazioni, or are controlled by or are subject to joint control with Vittoria Assicurazioni;
  - (ii) hold an equity interest in Vittoria Assicurazioni giving them significant influence over the same;
  - (iii) exercise joint control over Vittoria Assicurazioni with other parties;
- (b) the associates of Vittoria Assicurazioni;
- (c) the joint ventures in which Vittoria Assicurazioni participates;
- (d) managers with strategic responsibility at Vittoria Assicurazioni or its parent company;
- (e) close family members of any individual referred to in points (a) or (d);
- (f) entities over which any of the individuals referred to in points (d) or (e) exercise control, joint control or significant influence, or in which they hold, either directly or indirectly, a significant portion, in any case not less than 20%, of the voting capital;
- (g) supplementary, collective or individual, Italian or foreign pension funds, created for employees of the

Company, or for any other entity related to the Company.

For the purposes of implementing this procedure, the parties specified in article 5 of the ISVAP Regulation are also related parties according to the definitions set out in the same Regulation and are fully listed as follows:

**Article 5 paragraph 1**

- (a) subsidiaries that are directly or indirectly controlled by Vittoria Assicurazioni;
- (b) associates (\*) in which Vittoria Assicurazioni, either directly or indirectly, has an equity interest;
- (c) direct or indirect parent companies of Vittoria Assicurazioni;
- (d) shareholding entities (\*\*) with direct or indirect equity interests in Vittoria Assicurazioni;
- (e) companies subject to the same management as Vittoria Assicurazioni, pursuant to article 96 of the Private Insurance Code (Legislative Decree 209/2005);
- (f) subsidiaries of the parent companies of Vittoria Assicurazioni;
- (g) subsidiaries of a shareholding entity (\*\*) that has an equity interest in Vittoria Assicurazioni;
- (h) subsidiaries of an entity subject to the same management as Vittoria Assicurazioni;
- (i) associates (\*) of a parent company of Vittoria Assicurazioni;
- (j) any natural person who controls or holds an equity interest in Vittoria Assicurazioni or in one of the entities listed under the previous points.

**Article 5 paragraph 2**

- (a) associates (\*) of a shareholding entity (\*\*) that has an equity interest in Vittoria Assicurazioni;
- (b) associates of an entity subject to the same management as Vittoria Assicurazioni;

**Article 5 paragraph 3**

- (a) natural persons or legal entities that hold a significant equity interest (greater than 5%) in Vittoria Assicurazioni and that are not mentioned under the previous points;
- (b) parties defined as related parties pursuant to IAS 24 that are not mentioned under the previous points.

*(\*) 'associate': an entity in which equity rights are directly or indirectly held that establish a stable relationship with the shareholding entity or that permit the exercise of significant influence on the basis of specific contractual clauses. In any case, an associate is considered to be an entity in which at least 20% of the share capital or voting capital of the entity is held.*

*(\*\*) 'shareholding entity': an entity that directly or indirectly holds rights in the share capital of another entity that establish a stable relationship with the associate or that permit the exercise of significant influence on the basis of specific contractual clauses. A shareholding entity is also an entity that is associated with another entity when they are subject to the same management or when the majority of the administrative, management and control bodies are composed of the majority of the same persons. In any case, a shareholding of this kind is regarded as representing at least 20% of the share capital or voting capital of the entity.*

## **2. RELATED-PARTY TRANSACTIONS**

A related-party transaction is defined as any transfer of resources, services or obligations between related parties, regardless of whether or not payment is agreed.

The following are included in this definition:

- merger operations, demergers by incorporation or demergers in the strict non-proportional sense, carried out with related parties;
- any decision related to the allocation of remuneration and economic benefits, in any form, to members of the management bodies and managers with strategic responsibilities.

### 3. RELATED-PARTY TRANSACTIONS CARRIED OUT BY SUBSIDIARIES

This procedure also applies to transactions with related parties of Vittoria Assicurazioni SpA carried out by the subsidiaries of the same. The exemption criteria described in Section 6 below also apply to these transactions.

### 4. TRANSACTIONS OF MAJOR SIGNIFICANCE

For the purposes of this procedure, transactions of major significance are defined as transactions in which at least one of the following indicators of significance, applicable according to the individual transaction, is higher than the threshold of 5%:

- a) **Indicator of counter-value significance:** the counter-value of the transaction as a proportion of equity as it appears in the most recent consolidated balance sheet produced by Vittoria Assicurazioni, or, if this is greater, the capitalisation of the company as recorded at close of trading on the last open market day in the reporting period of the most recent published periodic accounts document (annual or half-year report or interim report on operations).

If the financial terms of the transaction have been established, the counter-value of the transaction is:

- i) for cash components, the amount paid to/by the contractual counterparty;
- ii) for financial-instrument components, the fair value calculated at the date of the transaction, pursuant to the international accounting standards adopted under EC Regulation 1606/2002;
- iii) for loan transactions or the granting of guarantees, the maximum allocable amount.

If the financial terms of the transaction depend in whole or in part on values that are not yet known, the counter-value of the transaction is the maximum receivable or payable amount pursuant to the agreement.

- b) **Indicator of asset significance:** the total assets of the entity subject to the transaction as a proportion of the total assets of Vittoria Assicurazioni. The data used must be taken from the most recent consolidated balance sheet published by the company; where possible, the same data must be used to calculate the total assets of the entity subject to the transaction.

For acquisitions and sales of equity interests in companies that affect the basis of consolidation, the numerator value is the total assets of the company in which the equity interest is held, regardless of the percentage of the capital subject to acquisition or sale.

For acquisitions and sales of equity interests in companies that do not affect the basis of consolidation, the numerator value is:

- i) in the case of acquisitions, the counter-value of the transaction plus the liabilities of the acquired company that will be taken on by the acquirer;
- ii) in the case of sales, the consideration for the asset sold.

For acquisitions and sales of other assets (other than the acquisition of equity interests), the numerator value is:

- i) in the case of acquisitions, the greater of the consideration and the carrying value attributable to the asset;
  - ii) in the case of sales, the carrying value of the asset.
- c) Liability significance indicator: the total liabilities of the acquired entity as a proportion of the total assets of the Company. The data used must be taken from the most recent consolidated balance sheet published by the Company; where possible, the same data must be used to calculate the total liabilities of the company or company unit acquired.

## 5. TRANSACTIONS OF MINOR SIGNIFICANCE

For the purposes of this procedure, related-party transactions of minor significance are defined as related-party transactions that do not fall within the parameters established for transactions of major significance as described in Section 4 above, and that are not exempt from the procedure (see Section 6 below).

## 6. EXEMPTED TRANSACTIONS

The following types of related-party transactions are exempted from this procedure, pursuant to articles 13 and 14 of the Consob Regulation:

- a) **transactions involving small sums**, which are defined as transactions in which the counterparties are physical persons or third-party companies over which these persons have a significant influence, up to a maximum limit of **Euro 100,000 for each transaction** and up to a maximum limit of **Euro 500,000 in any given financial year**.
- b) **compensation plans** based on financial instruments, approved by the General Meeting pursuant to article 114-bis of the TUF, and related executive transactions, without prejudice to the disclosure obligations set out in article 154-ter of the TUF;
- c) **transactions to assume insurance risks** that carried out at market prices, in which the insurance premiums are the same as those currently applied to the Company's primary customers in contracts assumed without intermediaries;
- d) **transactions carried out by subsidiaries** that are part of these companies' ordinary operations, when executed under market conditions;
- e) **transactions carried out with subsidiaries or associates of Vittoria Assicurazioni SpA**, which are not within the exclusive remit of the Board of Directors according to the infragroup operability limits established pursuant to the ISVAP Regulation (see Heading 2 below).

General Meeting resolutions related to compensation payable to the members of the Board of Directors, and resolutions related to the remuneration of directors with specific duties included in the total sum previously determined by the General Meeting, are not subject to this procedure. General Meeting resolutions pursuant to article 2402 of the Civil Code, related to compensation payable to members of the Board of Statutory Auditors, are also exempted from the procedure.

## 7. INDEPENDENT DIRECTORS

Vittoria Assicurazioni SpA has adopted the Corporate Governance Code issued by Borsa Italiana SpA. To

assess the fulfilment of independence requirements, Vittoria Assicurazioni therefore applies all the applicable principles and criteria set out in the Code, except for the criterion according to which independent directors holding this position for a more than nine years no longer qualify as independent.

Therefore, including for the purposes of this procedure, Directors are not regarded as independent if:

- a) they control Vittoria Assicurazioni, either directly or indirectly, including via subsidiaries, trustees or intermediaries or are able to exercise significant influence over the same, or are party to a shareholders' agreement whereby one or more parties are able to exercise control or significant influence over the issuer;
- b) they hold, or have held in the previous three financial years, a prominent position at the issuer, at one of the latter's strategically important subsidiaries, at a company subject to joint control with the issuer, or at a company or entity that – including together with others by means of a shareholders' agreement – controls the issuer or is able to exercise significant influence over the same;
- c) they, either directly or indirectly (e.g. via subsidiaries or companies at which they hold a prominent position, or as a partner in a professional or consultancy firm) have, or have had in the previous financial year, a significant commercial, financial or professional relationship:
  - with the issuer, one of its subsidiaries, or with any persons holding prominent positions at the same;
  - with a party that, including together with others via a shareholders' agreement, controls the issuer, or - in the case of either companies or entities – with the relative persons holding prominent positions; or who is, or has been in the previous three financial years, employed by one of the above parties;
- d) they receive, or have received in the previous three financial years, from Vittoria Assicurazioni or from a subsidiary or parent company of the same, significant remuneration in addition to the 'fixed' fee as a non-executive director of the issuer, including participation in incentive schemes related to corporate performance, including share-based incentive schemes;
- e) they hold the position of executive director in another company in which an executive director of Vittoria Assicurazione holds a directorship;
- f) they are a shareholder in or a director of a company or entity belonging to the network of the company engaged as the issuer's independent auditor;
- g) they are a close relative of a person in any of the situations described under the previous points.

## **8. TRANSACTIONS CARRIED OUT AT MARKET PRICES**

A transaction is defined as being under market (arm's-length) conditions when it is carried out under the same terms as those usual for transactions with unrelated parties that are similar in terms of nature, size and risk, or based on regulated rates or set prices, or with parties with which the Company is legally obliged to contract for a specific consideration.

When determining the fairness of the consideration, reference shall be made to the following, when possible and according to the type of transaction:

- current price and/or rates for similar transactions;
- market practices;
- commercial practices;
- stock market listings;
- recognised measurement principles.

## HEADING 2

### OPERABILITY LIMITS PURSUANT TO ISVAP REGULATION 25

Without prejudice to ISVAP Regulation 25 for transactions subject to preliminary notification of ISVAP, limits are established for the various types of intragroup transactions and transactions with other related parties carried out directly by Vittoria Assicurazioni SpA.

The limits are imposed in regard to:

- individual transactions or several transactions that are interrelated due to their common functional or programmatic purpose, executed over the course of 12 months with the same counterparty;
- overall operability limits for each type of intragroup transaction.

Cases where limits are exceeded must be specifically approved by the Board of Directors, which authorises transactions according to the principles of effective and prudent management. In particular, the Board must approve such transactions taking into account its assessment of the Company's and/or the Group's interest in the intragroup transaction, in previous transactions carried out with the same counterparties, total intragroup exposure and any risks for the Company and the Group.

Special attention shall be paid to the risk of contagion in the case of transactions carried out with counterparties belonging to the Group. In transactions carried out with other counterparties, special attention must be paid to the possibility of conflicts of interest.

Pursuant to article 4 of ISVAP Regulation 25, the following types of transaction are of particular significance:

- a) loans;
- b) guarantees, commitments and other transactions recognised in the memorandum accounts;
- c) the amounts that may be credited to the solvency margin;
- d) investments;
- e) reinsurance and retrocession transactions;
- f) cost apportionment agreements;
- g) cash pooling agreements;
- h) investment pooling agreements.

Given that there are no other insurance companies among the counterparties identified for Vittoria Assicurazioni SpA, there are no reinsurance transactions included in this section.

#### 1. TRANSACTIONS WITH SUBSIDIARIES OR ASSOCIATES OF VITTORIA ASSICURAZIONI SPA

##### a) Loans

Loans may be granted to subsidiaries or associates of Vittoria Assicurazioni on arm's length terms in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 5 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

Loans on arm's-length terms are defined as loans granted at the rates currently applied by the market in transactions for similar amounts and durations.

The Company is not permitted to receive loans from its subsidiaries or associates.

The maximum total exposure for loan transactions with counterparties that are subsidiaries and associates of Vittoria Assicurazioni is set at Euro 20 million. Transactions in excess of this limit must be

approved by the Board of Directors.

**b) Investments**

Arm's length transactions involving investments made with subsidiaries or associates of Vittoria Assicurazioni may be carried out pursuant to the delegations of authority granted in accordance with the articles of association, within the following limits:

- equity investments in insurance companies or in entities whose purpose is instrumental to or directly connected with the insurance business: up to Euro 5 million per individual transaction;
- controlling equity interests in real estate companies: up to Euro 10 million per individual transaction;
- bonds not traded on liquid, active and regulated markets: up to Euro 10 million per individual transaction;
- non-controlling equity interests that are not traded on liquid, active and regulated markets: up to Euro 10 million for each transaction.

Transactions in excess of these limits are subject to approval by the Board of Directors.

Transactions that are carried out on an arm's length basis are defined as transactions executed on the basis of stock market listings or, in the case of unlisted securities, according to currently recognised valuation methods or valuations made by qualified independent professionals.

The maximum limit for investments with counterparties that are subsidiaries and associates of Vittoria Assicurazioni is set at Euro 50 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

**c) Real estate transactions**

Real estate purchase and sale transactions with subsidiaries or associates of Vittoria Assicurazioni on arm's length terms may be carried out in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 10 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit for real estate purchase and sale transactions with counterparties that are subsidiaries or associates of Vittoria Assicurazioni is set at Euro 50 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

Real estate leasing transactions with subsidiaries or associates of Vittoria Assicurazioni on arm's length terms may be carried out in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 0.5 million in annual rent. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit for real estate leasing transactions with counterparties that are subsidiaries or associates of Vittoria Assicurazioni is set at Euro 2 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

Arm's length transactions are defined as transactions executed on the basis of current prices as estimated by qualified independent professionals.

**d) Purchase of goods and services**

Purchases/sales of other goods and services by subsidiaries or associates of Vittoria Assicurazioni on arm's length terms may be carried out in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 2 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit on the purchase of goods and services with counterparties that are subsidiaries or

associates of Vittoria Assicurazioni is set at Euro 10 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

e) **Agreements for apportionment of costs with entities belonging to the Insurance Group**

The parent company's activities on behalf of subsidiaries within the Vittoria Assicurazioni Insurance Group are billed to these entities at the average carrying cost of the human resources used.

f) **Cash pooling agreements with entities belonging to the Insurance Group**

Any cash pooling agreements with Group companies must be submitted for approval to the Board of Directors after the Finance Committee has issued a favourable opinion.

g) **Investment pooling agreements with entities belonging to the Insurance Group**

Any investment pooling agreements with Group companies must be submitted for approval to the Board of Directors after the Finance Committee has issued a favourable opinion.

## 2. TRANSACTIONS WITH OTHER RELATED PARTIES

a) **Loans**

Loans may be granted to other related parties on arm's-length terms in accordance with the delegations of authority granted pursuant to the articles of association to a maximum limit of Euro 0.5 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

Loans made on arm's-length terms are defined as loans granted at the rates currently applied by the market for transactions that are similar in terms of amount, duration and credit risk.

The Company may not receive loans granted by related parties, although related parties may subscribe to and acquire bonds issued by the Company to the public.

The maximum exposure for loan transactions with other related parties is set at Euro 2 million. Loan transactions in excess of this limit are subject to approval by the Board of Directors.

b) **Investments**

Investment transactions with related parties that are not subsidiaries or associates of Vittoria Assicurazioni SpA may be carried out on arm's-length terms on the basis of the delegations of authority granted pursuant to the articles of association, up to a maximum limit of Euro 1.5 million for each transaction.

Transactions in excess of this limit and acquisitions of controlling interests in other companies are subject to approval by the Board of Directors.

The overall limit on investments with other related parties is set at Euro 10 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

c) **Real estate transactions**

Real estate purchase and sale transactions with related parties that are not subsidiaries or associates of Vittoria Assicurazioni may be carried out on arm's-length terms in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 1.5 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit on such transactions is set at Euro 5 million per annum. Transactions in excess of this



limit are subject to approval by the Board of Directors.

Real estate leasing transactions with related parties that are not subsidiaries or associates of Vittoria Assicurazioni may be carried out on arm's-length terms in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 0.5 million in annual rent. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit on real estate leasing transactions with other related parties is set at Euro 2 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

d) **Purchase of goods and services**

Purchases of other goods and services with related parties that are not subsidiaries or associates of Vittoria Assicurazioni may be carried out on arm's-length terms in accordance with the delegations of authority granted pursuant to the articles of association, to a maximum limit of Euro 0.5 million for each transaction. Transactions in excess of this limit are subject to approval by the Board of Directors.

The overall limit on such transactions is set at Euro 1 million per annum. Transactions in excess of this limit are subject to approval by the Board of Directors.

### **3. SURETYSHIPS AND GUARANTEES**

Transactions involving suretyships or guarantees to any related party, granted outside the bond insurance activity, are subject to approval by the Board of Directors.

### **4. AMOUNTS THAT MAY BE CREDITED TO THE SOLVENCY MARGIN**

If it is necessary to shore up its capital, the Company may receive amounts from its parent companies that may be credited to its solvency margin, such as capital increases or settlements of losses. These transactions must be approved by the delegated corporate bodies as prescribed by law.

## **HEADING 3**

### **PROCEDURE**

#### **1. IDENTIFICATION OF RELATED PARTIES**

A Related-party Committee was formed from the various corporate departments (Reporting and Subsidiaries, Corporate Affairs and Internal Audit), tasked with identifying, on the basis of information received and available, the related parties of Vittoria Assicurazioni SpA pursuant to Heading 1, point 1 above.

The Company's Corporate Affairs department is tasked with gathering, on a quarterly basis, information relating to the related parties of Vittoria Assicurazioni SpA from the Directors, Statutory Auditors and managers with strategic responsibilities of Vittoria Assicurazioni and its parent company. These parties provide Vittoria Assicurazioni, in a timely manner, with all information necessary to identify related parties and transactions with the same.

The Corporate Affairs department reports on the results of its survey to the Related-party Committee.

The Related-party Committee, in cases in which identification of a related party is complex or disputed, may make use of one or more experts that express an opinion, or may request an opinion from the Internal Control Committee.

The Corporate Affairs department is responsible for maintaining the list of related parties and updating the same on the basis of information received.

The Corporate Affairs department sends the list of related parties to ISVAP on a quarterly basis pursuant to ISVAP Regulation 25.

#### **2. DIFFUSION OF THE PROCEDURE FOR ASSESSMENT AND APPROVAL OF RELATED-PARTY TRANSACTIONS**

This procedure is diffused by the Corporate Affairs department to the departments and divisions of Vittoria Assicurazioni and the Managing Directors of its subsidiaries.

For the purposes of implementing the procedure, the Corporate Affairs department also sends the list of related parties, identified as described in paragraph 1 above, to the same parties on a quarterly basis.

Each department adopts organisational procedures necessary for compliance with this procedure.

#### **3. DISCLOSURE TO THE BOARD**

Transactions with related parties that do not fall within the competence of the Board are communicated to the Board and the Board of Auditors of Vittoria Assicurazioni SpA after they were done on a quarterly basis. Are not subject to disclosure to the Board of Statutory Auditors of transactions exempted from the procedure under the former Chapter 1, paragraph 6, except for real estate transactions entered into by the Company and real estate companies of the Group with related parties of the Company.

The procedure for the above information is as follows:

- a) when the transaction has been completed, the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, fills in Form 'A' appended to this procedure, including all information relating to the transaction, and sends it to the Corporate Affairs department;
- b) the Corporate Affairs department, on the basis of forms received in the reporting period, draws up a

statement of the transactions carried out, which is subject to disclosure, and sends this on a quarterly basis to the Internal Control Committee, which reports to the Board of Directors, and to the Board of Statutory Auditors;

- c) a copy of the statement is also sent to the Head of the Reporting and Subsidiaries department to be used in the preparation of the explanatory notes to the separate and consolidated financial statements and the notes to the half-year report;
- d) the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, retains, for the following ten years, adequate information on the nature of the relation, the methods used to execute the transaction, the terms (including the financial terms) of its execution, the subsequent assessment process and the underlying interest and motivation.

#### **4. PROCEDURE FOR TRANSACTIONS OF MINOR SIGNIFICANCE**

Related-party transactions that are not of major significance as defined in Heading 1, point 3 above are subject to prior examination by the Internal Control Committee, which is composed of three non-executive independent Directors. The Committee expresses a non-binding reasoned opinion on the Company's interest in carrying out the transaction and on the appropriateness and substantive fairness of its terms. Transactions involving the allocation of remuneration and economic benefits, in any form, to the management bodies and to managers with strategic responsibility, constitute an exception. Such transactions are subject to a prior opinion from the Appointments and Remuneration Committee (see paragraph 5 below).

When a transaction in which one of the members of the Internal Control Committee is a related party is submitted for review by the Internal Control Committee, the member in question shall not take part in formulating the opinion, and the transaction shall be examined by the other two members, assisted by another independent Director permanently designated in advance by the Board of Directors.

The Internal Control Committee may enlist the assistance, at the Company's expense, of one or more independent experts of its own choosing.

For the purposes of examining the transaction or formulating the relative opinion, the members of the Internal Control Committee must be provided with appropriate, comprehensive and adequate information in advance, according to the following procedure:

- a) the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, fills in Form 'B' appended to this procedure before the transaction is carried out, including all information useful for assessment of the transaction, and sends it to the Managing Director of Vittoria Assicurazioni SpA and to the Corporate Affairs department. The form must contain adequate disclosure on the nature of the relation, the methods used to execute the transaction, the terms (including the financial terms) of its execution, the subsequent assessment process, the underlying interest and motivation and potential risks for Vittoria Assicurazioni SpA. If the terms of the transaction are classed as equivalent to standard or market terms, the documentation provided must contain objective evidence of this;
- b) the Corporate Affairs department sends the form to the Chairman of the Internal Control Committee, who calls a meeting of the Committee to review and assess the transaction, and sends the documentation received to the Committee members no later than five days before this meeting. The Internal Control Committee meeting to analyse the transaction may also be held by conference call, and the relative opinion is sent to the Corporate Affairs department and to the Managing Director;

- c) if the transaction is not subject to approval by the Board of Directors, the Corporate Affairs department sends the Internal Control Committee's opinion to the manager responsible for the transaction, who, in turn, subsequently reports to the Corporate Affairs department on the execution of the transaction, for the purposes of preparation of the quarterly disclosure statement to the Board of Directors and the Board of Statutory Auditors.  
If the transaction is carried out notwithstanding a negative opinion from the Internal Control Committee, the manager responsible for carrying out the transaction sends a note to the Corporate Affairs department stating the reasons for non-accordance with the opinion;
- d) if the transaction is subject to approval by the Board of Directors, the Corporate Affairs department includes it as an item in the agenda of the first suitable meeting and sends the form described in point a) and the opinion of the Internal Control Committee to all the Board members, no later than three days before the meeting convened to resolve upon the transaction;
- e) if the transaction is subject to approval by the Board of Directors, the relative resolution minutes must include adequate reasoning in terms of the Company's interest in carrying out the transaction and the suitability and substantive fairness of its terms; if the transaction has been approved notwithstanding a negative opinion from the competent Committee, the resolution must explain the reasons for non-accordance with this opinion;
- f) if the transaction is subject to approval by the General Meeting, the procedure described under the above points is applied to approval by the Board of Directors of the proposal to be submitted to the shareholders.

## **5 . REMUNERATION**

Decisions related to the allocation of remuneration and economic benefits, in any form, to the management bodies and to managers with strategic responsibility are subject to a prior opinion from the Appointments and Remuneration Committee, composed of a majority of independent Directors.

If a proposal in which one of the Appointments and Remuneration Committee's members is a related party is submitted for examination by the Appointments and Remuneration Committee, the member in question shall not take part in formulating the opinion, and the transaction shall be reviewed by the other two members, assisted by another independent Director, permanently designated in advance by the Board of Directors.

The procedure for transactions of minor significance, as described in paragraph 4 above, is applied in full for such transactions, except that the procedure is the responsibility of the Managing Director rather than the Corporate Affairs department.

## **6. PROCEDURE FOR TRANSACTIONS OF MAJOR SIGNIFICANCE**

Related-party transactions of major significance are the exclusive responsibility of the Board of Directors, subject to a favourable reasoned opinion from the Internal Control Committee on the Company's interest in carrying out the transaction and the suitability and substantive fairness of its terms.

The Managing Director ensures that the Internal Control Committee members are involved at all stages of discussion and assessment, by means of a comprehensive and timely information flow and the power to request information from and formulate observations to the delegated bodies and the parties responsible for conducting the discussions and assessment.

All the points of the procedure for transactions of minor significance described under point 4 above apply,

with the exception of point d), with the provision that, in the event that the Internal Control Committee issues a negative opinion, the transaction cannot be carried out.

If the decision to carry out the related-party transaction is subject to approval by the General Meeting, the relative Board proposal to the shareholders may only be approved subject to a favourable opinion from the Internal Control Committee.

## 7. DISCLOSURE TO THE PUBLIC

### a) **Transactions of minor significance carried out notwithstanding a negative opinion from the competent Committee**

Without prejudice to article 114, paragraph 1 of the TUF, a document indicating the counterparty, the object and the consideration of transactions approved in the financial quarter notwithstanding a negative opinion expressed as described above, as well as the reasons for non-accordance with this opinion, are made available to the public within a period of 15 days after the closure of each quarter of the financial year, at the Company's registered office, according to the terms set out in Heading II, Section 1, of the Issuer Regulation. The opinion is also made available to the public, appended to the information document or on the Company's website, within the same time period.

### b) **Transactions of major significance**

In the case of transactions of major significance, the Company publishes the disclosure document pursuant to article 5 of the Consob Regulation.

Pursuant to this article of the Consob Regulation, the disclosure document is also published when, during the financial year, Vittoria Assicurazioni completes transactions with the same related party, or with parties related either to this related party or to Vittoria Assicurazioni itself, that are the same or carried out for the same purpose. Such transactions, while they are not individually classed as transactions of major significance, exceed, if they are considered cumulatively, the significance thresholds described in Heading 1, point 3.

In this regard, transactions carried out by Italian or foreign subsidiaries are recognised and transactions as defined in Heading 1, point 5, are not taken into account.

### c) **Periodic disclosure**

The related-party transactions carried out by Vittoria Assicurazioni that have been concluded or are pending are disclosed to the public via complete transparent description in the explanatory notes to the separate and consolidated financial statements and in the notes to the half-year report.

Without prejudice to the disclosure obligations set out under IAS 24, the interim report on operations and the annual report on operations provide information on:

- individual transactions of major significance completed during the reporting period;
- other individual related-party transactions with a significant influence on the Company's balance sheet or income statement;
- changes to or developments in related-party transactions described in the previous annual report with a significant effect on the Company's balance sheet or income statement in the reporting period.

## 8. FRAMEWORK RESOLUTIONS

No use of framework resolutions is envisaged.

## **9. ADHERENCE TO THE PROCEDURE**

The above procedure is not derogated for reasons of urgency.

## **10. INTERESTS OF DIRECTORS, MANAGERS WITH STRATEGIC RESPONSIBILITY AND STATUTORY AUDITORS IN TRANSACTIONS**

If a Director or a manager with strategic responsibility has an interest in a transaction, including a potential interest, either directly or indirectly, i.e. with a related party of Vittoria Assicurazioni SpA via him/her, the Director in question informs the Managing Director promptly so that the procedure can be applied to the transaction. If the interested party is the Managing Director and the transaction falls within the remit of the same, he/she refrains from carrying out the transaction and passes responsibility to the Board of Directors.

If the transaction is subject to approval by the Board of Directors, the related Director leaves the meeting when the resolution is voted on, or, if his/her presence is needed to maintain the quorum, abstains from the vote.

If the relation exists with one of the Permanent Auditors of Vittoria Assicurazioni SpA or with a related party of the Company via him/her, the interested Auditor promptly informs the other Auditors and the Managing Director, so that the procedure can be applied.

Every quarter the Corporate Affairs department gathers from Directors, managers with strategic responsibilities and Auditors the details of any transactions carried out, either directly or indirectly, with Vittoria Assicurazioni SpA and its subsidiaries.

Appendix 1 of Consob Regulation 17221: definitions

## DEFINITIONS OF RELATED PARTIES AND RELATED-PARTY TRANSACTIONS AND DEFINITIONS FUNCTIONAL TO THESE

### 1. Definitions of related parties and related-party transactions

Pursuant to article 3, paragraph 1, point a) of this Regulation, the following definitions apply:

#### Related party

A party is related to a company if it:

(a) either directly or indirectly, including via subsidiaries, trustees or intermediaries:

(i) controls the company, is controlled by it, or is subject to joint control by it;

(ii) has an equity interest in the company that allows it to exercise significant influence over the company;

(iii) exercises joint control over the company with other parties;

(b) is an associate of the company;

(c) is a joint venture in which the company is a participant;

(d) is a manager with strategic responsibility at the company or its parent company;

(e) is a member of the close family of any individual referred to in points (a) or (d);

(f) is an entity over which any of the individuals referred to in points (d) or (e) exercise control, joint control or significant influence, or in which they hold, either directly or indirectly, a significant portion, in any case not less than 20%, of the voting capital;

(g) is a supplementary, collective or individual, Italian or foreign pension fund, created for employees of the company, or for any other entity related to the company.

#### Related-party transactions

A related-party transaction is defined as any transfer of resources, services or obligations between related parties, regardless of whether or not a consideration is agreed.

The following are included in this definition:

- merger operations, demergers by incorporation or demergers in the strict non-proportional sense, carried out with related parties;

- any decision related to the allocation of remuneration and economic benefits, in any form, to members of the management and control bodies and managers with strategic responsibilities.

### 2. Definitions functional to the definitions of related parties and related-party transactions

For the purposes of the above definitions, the notions of 'control', 'joint control', 'significant influence', 'close family', 'managers with strategic responsibilities', 'subsidiary', 'associate' and 'joint venture' are described below.

#### Control and joint control

Control is the power to determine the financial and operating policies of an entity in order to obtain benefits from its activities.

Control is presumed to exist when a party owns, either directly or indirectly through its subsidiaries, more than half the voting rights of an entity, unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a party owns half, or a lesser share, of the voting rights exercisable in the general meeting if it has:

(a) control of more than the voting rights by virtue of an agreement with other investors;

(b) the power to determine the financial and operational policies of an entity pursuant to articles of association or an agreement;

(c) the power to appoint and remove the majority of the members of the board of directors or the equivalent corporate governance body, and control of the entity is held by this board or body;

(d) the power to exercise the majority of the voting rights at meetings of the board of directors or the equivalent corporate governance body, and control of the entity is held by this board or body;

Joint control is the contractually agreed sharing of control of an economic activity.

## Significant influence

Significant influence is the power to participate in deciding an entity's financial and operating policies, without having control over the entity. Significant influence may be obtained through share ownership, clauses in articles of association or agreements.

If a party owns, either directly or indirectly (for example through subsidiaries), 20% or a higher proportion of the votes exercisable at the general meeting of the entity in which the interest is held, it is presumed to have significant influence, unless it can be clearly demonstrated that this is not the case. Correspondingly, if the party owns, either directly or indirectly (for example through subsidiaries), a share of less than 20% of the votes exercisable at the general meeting of the entity, the shareholding entity is presumed not to have significant influence, unless such influence can be clearly demonstrated to exist. The presence of a party holding an absolute or relative majority of the voting rights does not necessarily preclude another party having significant influence.

The existence of significant influence is usually indicated by one or more of the following circumstances:

- (a) the shareholding entity is represented on the board of directors or equivalent body;
- (b) participation in the decision-making process, including participation in decisions regarding dividends and other types of earnings distribution;
- (c) the presence of significant transactions between the shareholding entity and the entity in which the interest is held;
- (d) interchange of management personnel;
- (e) the provision of essential technical information.

Managers with strategic responsibility

Managers with strategic responsibility are parties who hold the power over and responsibility for, either directly or indirectly, the planning, management and control of the activities of the company, including the directors (executive and non-executive) of the company itself.

## Close family

The close family of a party are defined as family members who are deemed likely to be able to influence, or be influenced by, the interested party in their relations with the company.

They may include:

- (a) a spouse, if not legally separated, or a co-habitant;
- (b) the children and dependents of the party, a spouse, if not legally separated, or a co-habitant.

## Subsidiary

A subsidiary is an entity, including without a legal personality, as in the case of a partnership, that is controlled by another entity.

## Associate

An associate is an entity, including without a legal personality, as in the case of a partnership, over which a shareholder exercises significant influence but not control or joint control.

## Joint venture

A joint venture is a contractual agreement with which two or more parties undertake an economic activity subject to joint control.

### 3. Main interpretations of the definitions

3.1 In examining each relationship with related parties, attention must be focused on the substance of the report rather than simply its legal form.

3.2 The above definitions are interpreted according to all the international accounting principles adopted according to the procedure set out in article 6 of EC Regulation 1606/2002.



PROCEDURE FOR RELATED-PARTY TRANSACTIONS

FORM A

DISCLOSURE TO THE BOARD OF RELATED-PARTY TRANSACTIONS

1. Company that carried out the transaction:
2. Related party with which the transaction was carried out:
3. Nature of the relation (to be compiled by Corporate Affairs):
4. Summary of the characteristics, procedures, timelines and financial terms of the transaction:
5. Body that resolved upon/approved the transaction within the Company carrying out the operation:
6. Date of resolution/approval:

Date and manager's signature

## PROCEDURE FOR RELATED-PARTY TRANSACTIONS

### FORM B

#### FOR ASSESSMENT OF TRANSACTIONS SUBJECT TO PROCEDURE

1. Company intending to carry out the transaction:
2. Related party with which the transaction is to be carried out:
3. Nature of the relation (to be compiled by Corporate Affairs):
4. Detailed description of the characteristics, procedures, timelines and financial terms of the transaction (attach documentation if necessary):
5. Method of determining the price of the transaction and assessing its consistency with market prices for similar transactions (attach documentation if necessary):
6. Interest of the company and/or the Group in the transaction:
7. Potential risks connected to the transaction:

Date and manager's signature



## APPENDIX 6

### PROCEDURE CONCERNING TRANSACTIONS IN THE ISSUER'S SECURITIES EXECUTED BY RELEVANT PERSONS

(Updated by the Board of Directors on 13/3/2012 according to the new art. 152-septies of the Consob Regulation, as amended with Consob Resolution n. 18079 on 20/01/2012).

1. The purpose of this procedure is to implement the dictates of Article 114, paragraph 7, of Italian Legislative decree no. 58 of 24 February 1998 and the articles from Article 152/6 to 152/8 of CONSOB (Italian securities & exchange commission) Regulation no. 11971 of 14 May 1999. 11971.
2. For the purpose of this procedure, "relevant persons" are defined as being:
  - a) Members of the Board of Directors and of control bodies;
  - b) Persons who perform top management functions and managers [persons with the Italian contractual grade of "dirigente"] who have regular access to privileged information and have the power to make management decisions that could have an impact on the development and future prospects of Vittoria Assicurazioni SpA;
  - c) Members of the Board of Directors and of control bodies, persons performing top management functions, and managers [persons with the Italian contractual grade of "dirigente"] who have regular access to privileged information and have the power to make management decisions that could have an impact on the development and future prospects of a subsidiary, if the carrying value of the investment in the subsidiary exceeds 50% of Vittoria Assicurazioni SpA's balance sheet assets, as shown in the latest set of year-end accounts approved by shareholders;
  - d) Parties owning an equity interest of at least 10% in Vittoria Assicurazioni SpA and any other party controlling it.

With specific reference to Vittoria Assicurazioni SpA, relevant persons are, as regards point a), directors and standing statutory auditors and, as regards point b), General Managers and members of the General Management (i.e. top management) unit.

Persons "closely related" to relevant persons are defined as being:

- (i) Spouses not legally separated, dependent children, including those of the spouse, and, if they have cohabited for at least a year, the parents, relatives and in-laws of the relevant persons;
- (ii) Legal entities, partnerships and trusts in which a relevant person or one of the parties indicated in point a) above holds the management function, individually or jointly with such parties.  
The term "management function" is understood to mean any role carried out by an individual or body with administrative powers (sole administrator, Board of Directors or management committee); in the case of several directors, the relevant person holds the management position if more than half of the board is composed of the relevant person and by persons closely related to relevant person;
- (iii) Legal entities, directly or indirectly controlled by a relevant person or one of the parties indicated in point (i) above;
- (iv) Partnerships whose financial interests are substantially equivalent to those of a relevant person or of one of the parties indicated in point (i) above;
- (v) Trusts set up for the benefit of a relevant person or of one of the parties indicated in point (i) above.

3. Purchase, sale, subscription and exchange transactions involving shares or financial instruments related to the shares, performed by relevant persons or closely related persons, either on their own behalf or for any reason whatsoever, must be notified simultaneously to the CONSOB and Vittoria Assicurazioni SpA.
4. For the purposes of point 3, “financial instruments related to the shares” mean:
  - a) financial instruments enabling their bearers to subscribe, purchase or sell the shares;
  - b) debt instruments convertible into or exchangeable with the shares;
  - c) financial derivatives on the shares as indicated in Article 1, paragraph 3, of the Italian Consolidated Finance Act;
  - d) the other financial instruments, equivalent to shares, representing such shares;
  - e) listed shares issued by subsidiaries and the financial instruments in letters a) and d) related to such shares;
  - f) Unlisted shares issued by subsidiaries, when the carrying value of the investment in the subsidiary exceeds 50% of Vittoria Assicurazioni SpA’s balance sheet assets, as shown in the latest approved financial statements, and the financial instruments indicated in letters a) and d) related to such shares.
5. The following transactions are not taken into account:
  - a) Transactions totalling less than € 5,000 at year-end; after each communication, transactions whose total amount is equivalent to an additional five thousand euro by the end of that year; in the case of financial derivatives, the amount is calculated on the basis of the underlying shares;
  - b) Transactions completed between the relevant party and closely related persons;
  - c) Transactions carried out by Vittoria Assicurazioni SpA and by its subsidiaries;
  - d) operations performed by a credit institution or investment firm that contribute to the establishment of the trading of such entity or business, as defined in Article 11 of Directive 2006/49/EC, provided that they meet the conditions laid down 'Article. 152-septies, paragraph 3, letter d) of the Regulation approved by Consob Resolution 11971 (Regulations for Issuers).

The amount indicated in letter a) and b) is calculated by summing the transactions, concerning the shares and the financial instruments related to such shares, completed on behalf of each relevant person and those completed on behalf of persons closely related to relevant persons.

6. **It is forbidden for relevant persons, as defined in points 2a, 2b, and 2c, to execute – either directly or via interposed persons – transactions in the financial instruments as indicated in point 3 during the 15 days preceding Board meetings called to approve year-end and interim financial statements. The restriction is not applied in the case of exceptional circumstances of subjective need, adequately justified by the person concerned to the company.**
7. Each relevant person indicated in points 2a), 2b) and 2c) notifies the transactions, as defined in point 3 above, to the CONSOB and Vittoria Assicurazioni SpA within five trading days after the day when they were carried out.
8. Each relevant person indicated in point 2c) notifies the CONSOB and discloses information by the end of the fifteenth day of the month following the one when the transaction was executed.
9. Notifications to the CONSOB and disclosures to the public as per points 6 and 7 can be carried out by Vittoria Assicurazioni SpA on behalf of all relevant persons.

In such cases, in order to enable Vittoria Assicurazioni SpA to perform the necessary formalities in a timely manner:

- Relevant persons indicated in points 2a), 2b) and 2c) are under obligation to notify Vittoria Assicurazioni SpA, as per point 3, by the end of and not later than the second day after that when the transaction was carried out;
  - Relevant persons indicated in point 2d) are under obligation to notify Vittoria Assicurazioni SpA by the end of and not later than the tenth day of the month following the month when the transaction was carried out.
10. In the cases envisaged by points 6 and 8 the Corporate Affairs Department will be the function responsible for receiving, managing and disclosing the transactions notified by relevant persons.
  11. (Omitted – Internal company operations)
  12. Notifications to the CONSOB can be sent, alternatively, by:
    - Fax, to the number (+39) 06.84.77.612;
    - e-mail, to the address INTERNALDEALING@CONSOB.IT.Notifications sent to the CONSOB by Vittoria Assicurazioni SpA can also be performed via the Milan Bourse's "NIS" notification and disclosure circuit.
  13. All notifications contemplated by this Procedure must be performed using the filing model indicated in Attachment 6 of CONSOB resolution no. 11971 of 14 May 1999. 11971.  
(Omitted – Internal company operations)
  14. If relevant persons deviate from the conduct established by the present Procedure and current regulations, the CONSOB will impose the administrative sanctions dictated by such regulations.