



## Ordinary and extraordinary general meeting

27 April 2016 in first call

28 April 2016 in second call

## Report of the Board of Directors regarding the agenda items prepared pursuant to Article 125-ter of the Consolidated Finance Act

### AGENDA

#### Ordinary section

1. Financial Statements as at 31 December 2015, reports of the Board of Directors and Board of Statutory Auditors; related resolutions.
2. Appointment of the Board of Directors:
  - i. determination of the number of members;
  - ii. determination of the duration of their office;
  - iii. appointment of Directors using the list vote procedures;
  - iv. determination of the remuneration of the Board of Directors.
3. Appointment of the Board of Statutory Auditors:
  - i. appointment of Board of Statutory Auditors using the list vote procedures;
  - ii. appointment of the Chairman of the Board of Statutory Auditors;
  - iii. determination of the remuneration of the Statutory Auditors.
4. Remuneration Report pursuant to Article 123-ter of Italian Legislative Decree No. 58/1998 and ISVAP Regulation No. 39/2001; related resolutions.

#### Extraordinary section

1. Proposal to amend Article 11 (Corporate offices) and Article 18 (Legal representation of the Company) of the Articles of Association; related resolutions.
2. Proposal for abrogation of transitional clauses relating to gender quotas set forth in Article 10, paragraph 11 (Board of Directors) and Article 17, paragraph 7 (Board of Statutory Auditors) of the Articles of Association; related resolutions.

## ORDINARY SECTION

### Agenda item 1

#### Financial Statements as at 31 December 2015, reports of the Board of Directors and Board of Statutory Auditors; related resolutions.

To the Shareholders,

the draft Financial Statements and Consolidated Financial Statements as at 31 December 2015, the report on operations, the certification as per Article 154 – bis, paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), together with the reports of the Board of Statutory Auditors and the audit firm, and the Report on corporate governance and the ownership structure will be made available to the public at the registered offices, at Borsa Italiana and on the Company's website by 30 March 2016.

Therefore please refer to such documents.

We invite you to approve the Financial Statements as at 31 December 2015 and the associated Report on Operations, as well as the following proposal for distribution of the profit for the year as set forth in the Financial Statements.

“To the Shareholders,

at the end of the Report on Operations and considering the contents of the documents forming the Financial Statements, we submit for your approval the following distribution of the profit for the year pursuant to Article 20 of the Articles of Association:

Operating profit – Non-life	euro 66,079,315
Operating profit – Life	euro 189,278
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Total (equal to euro 0.9835 per share)	euro 66,268,593
Allocation to Life legal reserve	euro 9,464
Total profit available	euro 66,259,129
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Of which:	
Profit available – Non-life	euro 66,079,315
Profit available – Life	euro 179,814

To the Shareholders,

the operating plans allow for the following profit distribution proposal:

to each of the 67,378,924 shares comprising the entire share capital euro 0.20 for a total of euro 13,475,785. Balance euro 52,783,344, which we propose be allocated to increase the Non-life Business Available Reserve in the amount of euro 52,603,530 and to the Life Business Available Reserve, in the amount of euro 179,814.

The operating plans drawn up for the achievement of strategic objectives allow for a constant annual adjustment of the dividend distribution.

If you accept and approve our proposal, the dividend will be paid as from 4 May 2016 at the depository intermediaries with detachment of coupon number 34 on 2 May 2016. Those eligible to collect the dividend payment will be the holders of shares at the end of the record date of 3 May 2016 indicated by the Company according to the Borsa Italiana calendar”.

## Agenda item 2

### Appointment of the Board of Directors:

- i. determination of the number of members;
- ii. determination of the duration of their office;
- iii. appointment of Directors using the list vote procedures;
- iv. determination of the remuneration of the Board of Directors.

The mandate of the Board of Directors currently in force, appointed by the Ordinary General Meeting held on 19 April 2013, expires on the date the Financial Statements as at 31 December 2015 are approved.

The General Meeting is therefore called upon to appoint the new board and define the remuneration of its members, after determining the number of the Board's members and the duration of their office.

In fulfilment of the requirements set forth in Article 1.C.1, letter h) of the Corporate Governance Code for listed companies, with which Vittoria Assicurazioni S.p.A. complies, the outgoing Board of Directors provided its guidance ("Guidance") on the future size and composition of the Board, the text of which is attached to this report.

#### **i. determination of the number of members**

To the Shareholders,

Article 10 of the Articles of Association establishes that the Board of Directors should be composed of not less than seven and not more than sixteen members elected by the Ordinary General Meeting and that, prior to electing the Directors, the General Meeting determines the number thereof within the stated limits.

On the basis of the considerations set forth in the Guidance attached to this report, we propose to determine in 15 the number of members of the Board of Directors.

#### **ii.determination of the duration of their office**

To the Shareholders,

Article 10 of the Articles of Association establishes that Directors remain in office for up to three years, and that they may be re-elected.

As expressed in the Guidance attached to this report, the outgoing Board of Directors believes it is appropriate to confirm the three-year term to ensure that the Directors have a congruous term time horizon for the determination and implementation of development strategies.

We therefore invite you to define three years for the office of the Board of Directors and, therefore, until the General Meeting for the approval of the Financial Statements as at 31 December 2018.

### iii. appointment of Directors using the list vote procedures;

To the Shareholders,

the procedures for the appointment of directors are established in Article 10 of the Articles of Association, in accordance with the regulations laid out in the Consolidated Finance Act.

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

Only those shareholders who, individually or together with other submitting shareholders, hold voting shares totalling at least 2.5% of the voting capital are eligible 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 Italian Legislative Decree 58/1998, the Parent Company, the subsidiary companies and companies under joint control pursuant to Article 93 of Italian Legislative Decree 58/1998, 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, on penalty of ineligibility. The adhesions and votes cast in violation of this prohibition shall not be attributed to any list.

In compliance with regulations in force on the balance between genders and as established in the Articles of Association, lists with a number of candidates equal to or higher than three must be composed of candidates who belong to both genders, so that at least one third (rounded upwards) of the candidates will belong to the less represented gender.

The procedures, terms and documentation required for the submission of lists of candidates are specified in the notice of calling of the General Meeting, which should be referred to for the details.

Recommendations developed by Consob in Communication No. DEM/9017893 of 26 February 2009 are addressed to the Shareholders submitting a minority list.

The Board of Directors is elected on the basis of what is set forth in Article 10 of the Articles of Association. In particular, when multiple lists of candidates are submitted, the following procedure is applied:

- a) the Directors to be elected, except one, shall be taken from the list obtaining the highest number of Shareholders' votes, in the sequential order with which they appear on the list;
- b) the last Director will be taken from the list which has obtained the second highest number of votes, and that must be connected in no way, not even indirectly, with those who have filed in or voted the list pursuant to letter a) above.

Any lists not obtaining a percentage of votes amounting to at least 1.25% of the share capital shall be disregarded.

The procedure set forth in Article 10 of the Articles of Association, the full version of which should be referred to, also establishes mechanisms meant to ensure that at least two of the Directors appointed fulfil the independence requirements set forth in Article 148-ter, paragraph 3 of the Consolidated Finance Act as well as compliance with regulations in force regarding the balance between genders, which require at least one third of the Directors to belong to the less represented gender.

Please note that the Vittoria Assicurazioni S.p.A. Directors must fulfil the requirements set forth for the corporate officers of insurance companies by the Regulation approved by Decree of the Ministry of Economic Development No. 220 dated 11 November 2011, as well as, in accordance with what is set forth in Article 147-quinquies of the Consolidated Finance Act, the prerequisites of integrity set forth in Decree No. 162 of 30 March 2000.

In addition, as established by Article 36 of Decree Law No. 201 of 6 December 2011, it is prohibited for parties holding offices in the management, supervisory and control organs and the top executives of competing companies or groups of companies to be appointed Director of the Company. For the purposes of this prohibition, competitors are considered to be companies or groups of companies

operating in the credit, insurance and financial markets amongst which there is no relationship of control pursuant to Article 7 of Law No. 287 of 10 October 1990 and which operate in the same product and geographical markets as Vittoria Assicurazioni S.p.A.

Therefore, we invite you to vote on the lists of candidates for the position of Director on the Company's Board of Directors, submitted pursuant to Article 10 of the Articles of Association, also making reference to what we have expressed in our Guidance on the future size and composition of the Board, attached to this report.

#### **iv. determination of the remuneration of the Board of Directors**

To the Shareholders,

Article 15 of the Articles of Association establishes that the remuneration due to the Board of Directors is determined by the General Meeting and shall remain unchanged until the General Meeting decides otherwise.

Directors are entitled to the reimbursement of expenses incurred in the exercise of their posts.

The total remuneration of the Board of Directors currently in office, decided by the General Meeting held on 19 April 2013, is Euro 800,000 gross for each financial year. This amount has been made available in order to remunerate the Directors for their participation in the Committees and for the specific tasks assigned within these Committees.

This amount does not include the remuneration of the Chairman, Deputy Chairman and Managing Directors and any Directors with specific duties, which shall be determined by the Board of Directors, also in accordance with Article 15 of the Articles of Association. This Articles of Association also establish that the Board of Directors determines how the remuneration will be divided among its members.

Please recall that, following the General Meeting's authorisation of 24 April 2009, the company renews an insurance policy on an annual basis under standard insurance market terms and conditions in order to indemnify members of the Board of Directors and the Board of Statutory Auditors and Executives with specific duties with regard to any financial losses relating to actions taken in the exercise of their duties. This coverage applies only in cases in which the perpetrators committed the violations with no fraudulent intention.

The Board abstains from making specific resolution proposals regarding its own remuneration, and invites the General Meeting to pass a resolution based on the proposals that may be developed by the Shareholders.

### Agenda item 3

#### Appointment of the Board of Statutory Auditors:

- i. appointment of Board of Statutory Auditors using the list vote procedures;
- ii. appointment of the Chairman of the Board of Statutory Auditors;
- iii. determination of the remuneration of the Statutory Auditors.

To the Shareholders,

the mandate of the Board of Statutory Auditors currently in office, appointed by the Ordinary General Meeting held on 23 April 2010, concludes, due to the expiration of the term, on the date the Financial Statements as at 31 December 2015 are approved.

The General Meeting is therefore invited to appoint the new Board of Statutory Auditors, which is composed of three Statutory Auditors and two Alternate Auditors, as per Article 17 of the Articles of Association, and to determine the remuneration of its members.

#### i. appointment of Board of Statutory Auditors using the list vote procedures

In compliance with regulations in force and Article 17 of the Articles of Association, the Auditors are appointed based on lists in order to guarantee to minority shareholders the election of one Statutory Auditor and one Alternate Auditor, in compliance with pro tempore regulations in force on gender balance.

Only those Shareholders who, individually or together with other submitting Shareholders, hold voting shares totalling at least 2.5% of the voting capital are eligible 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 Italian Legislative Decree 58/1998, the Parent Company, the subsidiary companies and companies under joint control pursuant to Article 93 of Italian Legislative Decree 58/1998, 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, on penalty of ineligibility.

The procedures, terms and documentation required for the submission of lists of candidates are specified in the notice of calling of the General Meeting, which should be referred to for the details.

The lists must contain two sections: the first for the appointment of Statutory Auditors and the second for the appointment of Alternate Auditors. The lists may contain a number of candidates no greater than the number of members to be elected, listed in numerical order.

In compliance with regulations in force on the balance between genders, the lists that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that at least one third (rounded upwards) of the candidates for standing Statutory Auditor belong to the less represented gender in the same list as well at least one third (rounded upwards) of the candidates for Alternate Auditor.

Please recall that Statutory Auditors may not be elected, and if elected they shall cease to hold office, if pursuant to law or regulation, there are grounds for ineligibility or incompatibility or they do not meet the necessary requirements, also regarding the maximum number of offices that may be held, set forth in laws and regulations in force.

In particular, candidates for the office of Statutory Auditor must fulfil the requirements of professionalism, integrity and independence set forth for the corporate officers of insurance companies by the Regulation approved by Decree of the Ministry of Economic Development No. 220 dated 11 November 2011 and Ministerial Decree No. 162 of 30 March 2000. In this regard, please note that, according to Article 17 of



the Articles of Association, the requirement pursuant to Article 1, paragraph 2, letters b) and c) and paragraph 3 of Ministerial Decree No. 162 of 30 March 2000 is fulfilled when the professional experience relates to: (i) the financial, credit, insurance, reinsurance, real estate and actuarial sector; (ii) legal, economic, financial and technical scientific topics relating to the sectors pursuant to letter (i) above.

Those who find themselves in the conditions set forth in Article 148, paragraph 3 of the Consolidated Finance Act also may not be appointed as Statutory Auditors.

In addition, as established by Article 36 of Decree Law No. 201 of 6 December 2011, it is prohibited for parties holding offices in the management, supervisory and control organs and the top executives of competing companies or groups of companies to be appointed Statutory Auditor of the Company. For the purposes of this prohibition, competitors are considered to be companies or groups of companies operating in the credit, insurance and financial markets amongst which there is no relationship of control pursuant to Article 7 of Law No. 287 of 10 October 1990 and which operate in the same product and geographical markets as Vittoria Assicurazioni S.p.A.

The procedures for electing the Board of Statutory Auditors are set forth in Article 17 of the Articles of Association. In particular, if multiple lists of candidates are 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 Statutory 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 Alternate Auditors.

In the event of a tie vote between two or more lists, the eldest candidates are appointed Auditors until all the available position have been filled.

Where the election of candidates in the manner described above does not ensure - with respect to the Statutory Auditors - the composition of the Board of Statutory Auditors complying with the applicable pro tempore regulation concerning the balance between genders, the substitutes will be elected from the list that obtained the highest number of votes, following the order in which candidates are listed.

Where a single list or no lists are submitted, all candidates on the said list or respectively those voted on by the General Meeting shall be elected Statutory and Alternate Auditors, provided that they achieve a relative majority of the votes cast at the General Meeting, subject to compliance with the applicable pro tempore regulations on the balance between genders. In this case, the General Meeting will be called upon to appoint the Chairman of the Board of Statutory Auditors.

In accordance with Article 2400 of the Italian Civil Code, the Statutory Auditors will remain in office for three financial years and their term shall end on the date of the general meeting called to approve the Financial Statements for the year 2018.

We therefore invite you to appoint the members of the Board of Statutory Auditors by voting on the lists of candidates submitted pursuant to Article 17 of the Articles of Association.

## **ii. appointment of the Chairman of the Board of Statutory Auditors**

To the Shareholders,

as described above, Article 17 of the Articles of Association specifies that 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, is appointed Chairman of the Board of Statutory Auditors.

In addition, if only one list or no list is submitted, the General Meeting is called upon to appoint the Chairman of the Board of Statutory Auditors by relative majority vote.

We therefore invite you to appoint the Chairman of the Board of Statutory Auditors if it is not possible to identify him or her on the basis of the procedure laid out in the Articles of Association;

**iii. determination of the remuneration of the Statutory Auditors.**

To the Shareholders,

as set forth in Article 2402 of the Italian Civil Code, you are called upon to determine the remuneration due to the Statutory Auditors.

The General Meeting held on 13 April 2013 defined the annual remuneration of the Chairman of the Board of Statutory Auditors in the amount of Euro 75,000 and the annual remuneration of each Statutory Auditor in the amount of Euro 50,000, in addition to the expenses actually borne.

Please recall that Article 8.C.3 of the Corporate Governance Code for listed companies, with which Vittoria Assicurazioni S.p.A. complies, establishes that the remuneration of statutory auditors should be proportionate to the commitment required, the significance of the role and the company's size and industry.

Please recall that, following the General Meeting's authorisation of 24 April 2009, the company renews an insurance policy on an annual basis under standard insurance market terms and conditions in order to indemnify members of the Board of Directors and the Board of Statutory Auditors and Executives with specific duties with regard to any financial losses relating to actions taken in the exercise of their duties. This coverage applies only in cases in which the perpetrators committed the violations with no fraudulent intention.

The Board abstains from making specific resolution proposals, and invites the General Meeting to pass a resolution based on the proposals that may be developed by the shareholders.



#### Agenda item 4

### Remuneration Report pursuant to Article 123-ter of Italian Legislative Decree No. 58/1998 and ISVAP Regulation No. 39/2001; related resolutions.

To the Shareholders,

pursuant to the joint provisions of Article 123-ter of Italian Legislative Decree 58/1998 (Consolidated Finance Act) and ISVAP Regulation No. 39, we submit for your approval the first section of the Remuneration Report, which illustrates the policies that the Company intends to adopt for the remuneration of Directors, the General Manager and senior executives with strategic responsibilities.

The report shall be made available to the public at the registered offices, Borsa Italiana and on the website of the Company by 6 April 2016.

Therefore please refer to such document.

As envisaged by Article 123-ter of the Consolidated Finance Act, the report comprises two sections:

- the first section, which has been submitted for your approval pursuant to ISVAP Regulation No. 39 and Article 7 of the Articles of Association, illustrates:
  - a) the remuneration policies that the Company intends to adopt in relation to Directors, Statutory Auditors, the General Manager, senior executives with strategic responsibilities and personnel, in the sense envisaged by ISVAP Regulation No. 39, namely managers of control functions and other categories of personnel whose activities may have a significant impact on the company's risk profile;
  - b) the procedures used to implement this policy;
- the second section, which does not require General Meeting approval, is divided into two parts and by name for the members of the administration and control bodies, the general manager and, in aggregate form, senior executives with strategic responsibilities, provides:
  - a) an adequate representation of each of the items making up the remuneration;
  - b) a breakdown of compensation paid to Directors, the General Manager, the Statutory Auditors and Senior Management in 2015 for any reason and any form by the Company and subsidiary or affiliated companies, with an indications of the components of the aforesaid compensation related to activities carried out in previous years.

We invite you to approve the remuneration policy described in the first section of the Report.

The Board of Directors

Milan, 10 March 2016

EXTRAORDINARY SECTION

Agenda item 1

Proposal to amend Article 11 (Corporate offices) and Article 18 (Legal representation of the Company) of the Articles of Association; related resolutions,

To the Shareholders,

We submit to you the proposal to amend Articles 11 and 18 of the Vittoria Assicurazioni Articles of Association, by adopting the following new versions of the text:

Current text	Proposed text
<p>Article 11 - Corporate offices</p> <p>The Board of Directors elects from amongst its members the Chairman and, possibly, one or two Deputy Chairmen; the Board may also appoint one or more Managing Directors and designate a permanent Secretary, who does not necessarily need to be a board member.</p> <p>The Chairman chairs meetings of the Board of Directors; in the event of the Chairman's absence or inability to do so, the meeting shall be chaired by, in order, the Deputy Chairman with the most seniority, the other Deputy Chairman, the Director with the most seniority or, in the event of equal seniority, the eldest Director.</p> <p>The Board may appoint an <b>Honorary</b> Chairman, who may or may not be a member of the Board.</p> <p>If he or she is not a Board member, he or she shall be entitled to participate in Board of Directors meetings but not to vote.</p>	<p>Article 11 - Corporate offices</p> <p>Unchanged</p> <p>Unchanged</p> <p>The Board may appoint a Chairman <b><u>Emeritus</u></b>, who may or may not be a member of the Board.</p> <p>Unchanged</p>
<p>Article 18 - Legal representation of the Company</p> <p>The Chairman of the Board of Directors legally represents the Company before third parties and the law.</p> <p>The Deputy Chairmen and Managing Directors also legally represent the Company.</p>	<p>Article 18 - Legal representation of the Company</p> <p>Unchanged</p> <p>The Deputy Chairmen, Managing Directors <b><u>and General Managers</u></b> also legally represent the Company.</p>

With respect to the proposal to amend Article 11, as expressed in the Guidance on the future size and composition of the Board attached to this report, the Board believes it is important to include a member who represents a point of reference and a guarantee of continuity with the traditional policies of prudent management for the Company's stakeholders. It is deemed that the office of Chairman Emeritus represents that role better than the current office of Honorary Chairman.

The proposed amendment of Article 18 is meant to allow the General Manager(s) to legally represent the company, in order to give the Board of Directors the possibility of establishing a more detailed

organisation and differentiation of powers to be attributed to parties responsible for managing and running the company's business.

Proposal for abrogation of transitional clauses relating to gender quotas set forth in Article 10, paragraph 11 (Board of Directors) and Article 17, paragraph 7 (Board of Statutory Auditors) of the Articles of Association; related resolutions.

Lastly, we propose the abrogation of the following transitional clauses relating to gender quotas set forth in Article 10, paragraph 11 (Board of Directors) and Article 17, paragraph 7 (Board of Statutory Auditors):

*Article 10, paragraph 11*

*In derogation of what is set forth in the previous paragraph, at the time of the first renewal subsequent to 12 August 2012, the quota set forth therein is reduced to one fifth (rounded upwards) of the candidates.*

*Article 17, paragraph 7*

*In derogation of what is set forth in the previous paragraph, at the time of the first renewal subsequent to 12 August 2012, the quota set forth therein is reduced to one fifth (rounded upwards) of the candidates.*

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The proposed amendments, in accordance with the law and the Articles of Association, do not provide for a right of withdrawal for the Shareholders.

You are hereby reminded that, once approved by resolution of the Shareholders' Meeting, the proposed amendments will only become effective when approved by IVASS (the Italian Institute for the Surveillance of Insurance Companies) as per Article 196 of the Legislative Decree No. 209/2005

The Board of Directors

Milan, 10 March 2016

## Guidance on the composition of the Board of Directors

In fulfilment of the requirements set forth in Article 1.C.1, letter h) of the Corporate Governance Code for listed companies, with which Vittoria Assicurazioni S.p.A. complies, the outgoing Board of Directors provides its guidance on the future size and composition of the board, in view of its renewal by the General Meeting called for 27 April 2016.

In conducting the assessment described herein, the Board of Directors took into consideration the results of its self-governance process carried out pursuant to Article 1.C.1, letter g) of the Corporate Governance Code and ISVAP Regulation No. 20, with respect to the size, composition and functioning of the board as a whole, as well as its committees.

This guidance, which also specifies the personal and professional characteristics it is believed Company Directors should have, has been developed by the Board of Directors on the basis of proposals of the Appointments and Remuneration Committee, one of whose functions is to provide opinions regarding the size and composition of the Board of Directors.

### Regulatory requirements

Given the binding provisions of law in force on the requirements for Directors of insurance companies, candidates for the role of Director of Vittoria Assicurazioni S.p.A. must have the prerequisites of professionalism, integrity and independence as outlined in Ministerial Decree No. 220 of 11 November 2011, which determines the requirements of parties with administration, management and control functions at insurance and reinsurance companies.

Furthermore, Vittoria Assicurazioni S.p.A. is subject to the provision of Article 36 of Law 214 of 22 December ("interlocking restriction"), which prohibits holders of offices in the management, supervisory and control organs and the top executives of companies or groups of companies operating in the credit, insurance and financial markets, to assume or carry out similar duties in competing companies or groups of companies.

In addition to the individual requirements that must be fulfilled by each director, the Board urges compliance with the provisions of Article 5 of ISVAP *Regulation* No. 20, which requires the board of directors of an insurance company to consist of parties who, overall, guarantee the presence of theoretical, professional and management experience in the area of insurance and financial markets, governance systems, financial and actuarial analysis, regulatory environments, commercial strategies and business models.

In addition, for the purposes of compliance with the Code of best practice, as concerns the appointment of the Remuneration Committee and the Control and Risk Committee, the Board of Directors recommends the presence of at least one director with adequate knowledge of and experience in financial matters or remuneration policies and one member with adequate experience in accounting and finance or risk management.

With respect to the independence requirement, in addition to what is established in Decree No. 220, mentioned above, and the joint provisions of Articles 147 and 148, paragraph 3 of the Consolidated Finance Act, the Board notes that as the Company is listed in the STAR Segment of Borsa Italiana, at least four directors must fulfil the independence requirements established in the Corporate Governance Code.

In this regard, the outgoing Board of Directors confirms its assessment that the presence of Directors in office for more than nine years does not undermine their independence; therefore, it does not believe that the Company needs to comply with Article 3.C.1 letter e) of the Corporate Governance Code. Indeed, it is believed that in-depth knowledge of the Company and the environment in which it carries on business, as well as technical insurance matters and industry regulations, achievable after years of experience,

enable Directors to make a significant contribution to the Board's work and, more generally, to the definition of the Company's strategies.

## Size and term

The Articles of Association establish that the Company is administered by a Board of Directors composed of not less than seven and not more than sixteen members. The General Meeting of 19 April 2013 defined 16 members for the Board of Directors.

During its self-governance process, the Board decided that the current size should be deemed adequate in relation to the size of the Company and the complexity and specific characteristics of the business segment in which it operates, also taking into account the need to guarantee the presence of a wide range of skills on the Board and the possibility to have independent directors participate in the various Board committees.

In evaluating the possibility of decreasing the number of Directors to below its current number, the Board considered that any reduction should take place gradually, in light of the observations laid out above.

Taking into account the foregoing, the Board believes that there should be 15 Directors.

The outgoing Board of Directors also believes it is appropriate to confirm the three-year term to ensure that the Directors have a congruous term time horizon for the determination and implementation of development strategies.

## Composition

On the basis of the provisions of the Corporate Governance Code, in evaluating the composition of the Board, it is necessary to check that the various types of members (executive, non-executive, independent) and professional and management skills are adequately represented, in light of the activity carried out by the Company, and also taking into account the benefits that may arise from the presence on the board of different genders, ages and terms spent in office.

During its self-governance process, the outgoing Board of Directors favourably assessed the current composition in relation to the number of non-executive directors with respect to the number of executive members, as well as the number of independent members with respect to the size of the Board. It was also deemed that the professional skills currently present on the Board guarantee a degree of diversification such so as to enable the Directors to make an adequate contribution to board activities.

This being stated, the Board recommends maintaining the proper proportion amongst the figures required on the board (executive, non-executive and independent), and also hopes that a wide range of professional experience will continue to be represented, in addition to continuity of company management, also considering the complexity and specific characteristics of the insurance business.

In particular, it recommends that each list contain many candidates qualified as independent in accordance with the criteria of the Corporate Governance Code.

Lastly, the Board of Directors notes that Shareholders should propose candidates who can devote the necessary time to the performance of their duties, also taking into account the commitment relating to their own work and professional activity, and the number of offices held as director or statutory auditor in other companies.

## Maximum number of offices

In compliance with Article 1.C.3. of the Corporate Governance Code, the Board issues guidance regarding the maximum number of offices as director or statutory auditor in other companies that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors at the meetings of committees set up within the Board.

Whereas:

- the positions taken into consideration are those of director or statutory auditor in companies listed on regulated markets (also abroad), in financial, banking, insurance companies or in companies of significant size;
- significantly sized companies are those with revenue in excess of Euro 500 million;
- financial companies are those companies that carry out financial activities directed toward the public; therefore, unlisted holding companies are excluded;
- positions within the same corporate group are considered to be equivalent to just one office;
- executive office refers to the position of Managing Director, Sole Director, General Manager; the position of Statutory Auditor is not considered to be executive;

the Board believes that the following maximum number of other offices held at the types of companies specified above is compatible with the effective performance of a director's duties:

- for the Chairman and executive Directors of Vittoria Assicurazioni: no executive office; 4 non-executive offices;
- for the other Directors: 8 offices, of which no more than 2 executive.

## Organisation of board work and structure of authorities

The outgoing Board of Directors provides its opinion on what it believes may be the optimal structure for the organisation of board work and authorities.

First and foremost, it is considered important to maintain a structure within the Board that guarantees continuity with the Company's past, by including figures that represent a point of reference and a guarantee of continuity with the traditional policies of prudent management for stakeholders.

In this regard, the outgoing Board of Directors proposes establishing the role of Chairman Emeritus, for a person with extended experience on the Company's Board, who can act as a point of reference for all Directors.

The Chairman of the Board of Directors, who legally represents the Company, should fulfil the professional requirements established by regulations in force as well as have personal characteristics of adequate authority to ensure the proper and transparent management of the Board's operations, representing a guarantee for all shareholders.

The executive authorities should be assigned to parties with proven experience in the insurance industry and in business management. The delegated powers should guarantee compliance with the principle of joint action by the Board of Directors in the definition of the Company's and the group's strategic, business and financial plans, as well as the degree of risk deemed compatible with the strategic objectives.

We underscore the importance of continuing to appoint Board committees, as is current practice, which support the joint activities of the Board and the delegated bodies by performing research and advisory functions.