

# 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 2015

pursuant to Article 123–bis Italian Financial Act

[Vittoria Assicurazioni S.p.A.](http://www.vittoriaassicurazioni.com)  
[www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com)

### **FY 2015 Report**

Approved by the Board of Directors on 10 March 2016





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## GLOSSARY

### **Code/Corporate Governance Code:**

The Corporate Governance Code of listed companies approved by the Corporate Governance Committee and promulgated by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

### **Civil Code / c.c.:**

The Italian Civil Code

### **Board:**

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

### **Issuer:**

Vittoria Assicurazioni S.p.A.

### **Financial year:**

The financial year that ended on 31 December 2015

### **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 12 March 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.

### **Italian Financial Act/TUF:**

Legislative Decree 58 of 24 February 1998.

## 1. PROFILE OF VITTORIA ASSICURAZIONI

Vittoria Assicurazioni is an independent company founded in Milan in 1921. Listed on the Milan Stock Exchange since 1988, in November 2011 the Company joined the STAR Segment of the Mercato Telematico Azionario (MTA), the screen-based stock market managed by Borsa Italiana S.p.A.

The Company operates in all insurance business segments with a nationwide network of 412 general agencies and 1 own agency (as at 31/12/2015).

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 of the namesake Insurance Group, registered as No. 008 Register of Insurance Groups held by IVASS, Institute for the Supervision of Insurance. As at 31 December 2015 the Group consists of 15 companies controlled by Vittoria Assicurazioni with activities related and supporting the insurance business, mainly in real estate and services.

The Vittoria Assicurazioni management and control system is based on the traditional format, which entails complete segregation between administrative functions, handled by the Board of Directors, and control functions, handled by a Board of Statutory Auditors. Both boards are appointed by the Shareholders. The audit is performed by an independent auditors.

Vittoria Assicurazioni has had a Code of Ethics in place since 2004, the purpose of which is to outline the rules and principles of ethics which have always marked Vittoria Assicurazioni history, for the benefit of the people who invest their energy and effort in the Company as well as those with whom the Company has relations.

## 2. INFORMATION PURSUANT TO ARTICLE 123-BIS (1) OF THE ITALIAN FINANCE ACT (TUF) AND ARTICLE 2497 OF THE ITALIAN CIVIL CODE AT 31 DECEMBER 2015

### Structure of share capital [article 123-bis (1.a) of the TUF]

At 31 December 2015, the share capital of Vittoria Assicurazioni totalled Euro 67,378,924, divided into 67,378,924 ordinary shares with a par value of Euro 1.00 each, centralized at Monte Titoli S.p.A.

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

Each share is entitled to one vote in ordinary and extraordinary shareholders' meetings.

STRUCTURE OF SHARE CAPITAL				
	shares	% of Share Capital	listing	Rights and Obligations
Ordinary Shares	67,378,924	100%	MTA/STAR Segment (high-requirement securities segment)	1 vote per share Rights provided by law and articles of association

There were not issued financial instruments that give the right to subscribe for newly issued shares, nor have they been approved plans of incentives share-based.

### Restrictions on the transfer of securities [article 123-bis (1.b) of the TUF]

There are no statutory or legal restrictions on transfer the shares of Vittoria Assicurazioni, which, for instance, limit ownership of securities or require the approval of the Company or other holders of the securities.

### Significant Holdings [article 123-bis (1.c) of the TUF]

As of 31 December 201, the shareholdings in the capital, direct and indirect holdings of more than 2%, according to the communications received pursuant to art. 120 of the TUF, from the Shareholders' register and other information received, are:

Declarer	Direct shareholder	% share of ordinary capital	% share of voting capital
Carlo Acutis	Vittoria Capital S.p.A.	51.15%	51.15%
	Yafa Holding S.p.A.	6.3%	6.53%
Francesco Baggi Sisini	Arbus S.r.l.	5,71%	5,71%
Serfis S.p.A.	Serfis S.p.A.	4,00%	4,00%
Norges Bank (*)	Norges Bank	3,72%	3,72%

(\*) On behalf of Government of Norway

### Securities with special control rights [article 123-bis (1.d) of the TUF]

No securities were issued that confer special rights of control on the Company.

The articles of association do not provide for shares with multiple votes or increased votes.



### **Employee Shareholding: mechanism for exercising voting rights [article 123 – bis (1.e) of the TUF]**

There are no employee shareholding schemes.

### **Restrictions on voting rights [article 123-bis (1.f) of the TUF]**

There are no restrictions on voting rights, or systems whereby, with company's cooperation, the financial rights attached to securities are separated from the holding of securities.

### **Accordi tra azionisti [art. 123-bis, comma 1, lettera g), TUF]**

There is currently a shareholders' agreement in place between the company Yafa Holding S.p.A. (formerly Yafa Holding B.V.) and the two German companies Münchener Rückversicherungs Gesellschaft Aktiengesellschaft and Ergo Versicherung Aktiengesellschaft, which entails a total of 44,744,000 ordinary shares in Vittoria Capital S.p.A. (Vittoria Capital N.V.) equal to 94% of share capital, a company that holds 51.15% of Vittoria Assicurazioni.

In particular, the agreement provides for a mutual pre-emptive right between the parties as well as co-sale rights.

In case of dissolution or liquidation of Vittoria Capital S.p.A. all rights and obligations contained in the agreement are applied to 35% of Vittoria Assicurazioni shares.

### **Change of control clauses [article 123-bis (1.h) of the TUF] and statutory provisions on tender offers [articles 104 (1-ter) and 104-bis (1)]**

Vittoria Assicurazioni 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.

The Articles of Association of Vittoria Assicurazioni do not provide derogations from the provisions on passivity rule set out in Article 104, subsections 1 and 2, of the TUF and do not require the application of the rules of "breakthrough" contemplated by the Article 104-bis, paragraphs 2 and 3 of the TUF.

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

As 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 contemplate indemnities in the event of resignation or dismissal without cause or if the relationship is terminated following a public tender offer.

### **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 Article 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.

### **Delegated powers regarding share capital increases and authorisations for the purchase of own shares[ article 123-bis (1.m) of the TUF]**

The Board of Directors has not received authorization to increase share capital pursuant to article 2443 of the Italian Civil Code, and it does not have the power to issue security – related financial instruments.

The General Shareholders' Meeting did not pass resolutions on the authorization to purchase own shares in accordance with articles 2357 et seq. of the Italian Civil Code.

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

Vittoria Assicurazioni is not subject to management and co-ordination activity pursuant to article 2497 et seq. of the Italian Civil Code.

### 3. COMPLIANCE [article 123–bis(2.a), TUF]

Vittoria Assicurazioni adheres to the Corporate Governance Code of listed companies approved by the Corporate Governance Committee and promulgated by Borsa Italiana since 2007.

The Board of Directors of Vittoria Assicurazioni has always confirmed its respect for the standards set forth in the Corporate Governance Code, with the exceptions described below, implementing the amendments and additions made over time.

Recently, the amendments to the Code approved by the Corporate Governance Committee in July 2015 were assessed by the Board of Directors at the meeting held in February 2016. The Board resolved to adopt them with the exception of the new recommendations expressly addressed to the issuers belonging to FTSE-MIB.

The application criteria the Board of Vittoria Assicurazioni decided not to adopt are as follows:

- Application criteria 3.C.1 letter e): The Board of Directors confirms that it is not considered obstacle to the independence of the Directors the term of office for a period of more than nine years, but, on the contrary, it is believed that the Company's in-depth knowledge of the insurance business constitutes an important element for the activities of the Board itself. The same exception is applied when assessing the independence of Statutory Auditors as prescribed by application criteria 8.C.1. of the Code.
- Application criteria 5.C.2: The Board of Directors does not deem it necessary to prepare a succession plan for executive directors, in consideration of the ownership of the Company and the concentration of the shareholdings.

The reasons for not adopting the aforementioned regulations are outlined in the relevant sections below.

The Corporate Governance Code adopted by Vittoria Assicurazioni is available for the public on the website of the Corporate Governance Committee at

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>

The criteria adopted by Vittoria Assicurazioni to apply the principles and recommendations of the Corporate Governance Code, as summarised in Annex 4, are described in this Report.

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

## 4. BOARD OF DIRECTORS

The rules that regulate the appointment and replacement of Vittoria Assicurazioni Directors, as well as their prerequisites, are based on the primary regulatory provisions and legal rules provided for listed companies and insurance companies.

### 4.1 Appointment and Replacement [article 123-bis (1), of the TUF]

#### Appointment Procedure

The procedure for appointing and replacing directors is regulated by art. 10 of the Articles of Association, in accordance with the TUF.

The Company is administered by a Board of Directors consisting of no fewer than 7 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 of Vittoria Assicurazioni must meet the requirements specified by the legislation currently in force, as described below; 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; in accordance with art. 10 of the Articles of Association, if a director no longer meets the independence requirements, he/she may continue in office if the requirements continue to be met by the minimum number of Directors set under legislation.

The Board of Directors is appointed according to the current legislation concerning the balance between genders and on the basis of lists submitted by shareholders in the manner specified below, on which candidates are listed in numerical order.

Lists submitted by shareholders must be deposited at the Company's registered office 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 that are party to a relevant shareholders' agreement pursuant to art. 122 of the TUF, the parent Company, the subsidiary companies and companies under joint control pursuant to art. 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 acceptances and votes expressed in violation of this prohibition are not attributed to 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 are entitled 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.

The following documents 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 his/her nomination and declaring, under his/her own responsibility, that no grounds for ineligibility or incompatibility exist and that he/she meets the requirements prescribed for the respective posts; (iii) a curriculum vitae for each candidate, indicating where appropriate the candidate's eligibility for independent status.

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.

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 non-independent 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, in addition, with the candidates elected in the manner described above the composition of the Board of Directors is not assured in accordance with the discipline currently in force inherent the balance between genders, the candidate of the gender more represented elected last in progressive order in the list which has reported the highest number of votes shall be replaced by the first candidate of the less represented gender not elected in the same list in progressive order. This procedure of replacement shall be affected until it is assured the composition of the Board of Directors in accordance with the regulations currently in force concerning the balance between genders. If this procedure fails to produce the above result, replacement will take place via General Meeting resolution by relative majority, upon presentation of candidates belonging to the less represented gender.

In the event that a single list is submitted or if no list is submitted, the General Meeting resolves with the majorities required by law, without following the above procedure, firm the respect of the discipline currently in force concerning the balance between genders.

If one or more Directors leave 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 art. 2386 of the Italian 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 case, the Board of Directors and the General Meeting must proceed to the appointment in such a way to ensure (i) the presence of independent directors in the minimum number required by law and (ii) the respect with the discipline currently in force inherent the balance between genders.

## Director Prerequisites

The directors of Vittoria Assicurazioni shall possess the prerequisites provided for by the laws in force.

In Europe, Directive 2009/138/EC (Solvency II) requires insurance companies to ensure that all persons managing the enterprise or those who hold important positions should possess adequate professional qualifications, know-how and experience to enable healthy and prudent management and have a good and upstanding reputation.

Concerning Italian law, also in application of European regulations, Vittoria Assicurazioni is subject to the legal rules setting forth the prerequisites of professionalism, integrity and independence of those who perform functions of administration, management and control for companies operating in the insurance and reinsurance industry in addition to the primary rules common to all bodies that issue financial instruments. Such regulations also dictate when it is not possible to cover these roles and the causes for suspension or removal.

As required under art. 5 of ISVAP Regulation no. 20, in 2014 the Board of Directors of Vittoria Assicurazioni approved company policy providing guidelines for assessing whether candidates are suitable, in terms of integrity, professionalism and independence, for positions in administration, management and control, as well as heads of internal control functions (Risk Management, Compliance and Internal Audit) and key executives.

This policy, which was amended in 2015, sets the guidelines to be followed by the Company. In particular:

- defining roles and responsibilities held by persons involved in the process for assessing suitability;
- identifying situations that entail removal, suspension and possibly the revocation of offices held in the Company;
- requiring a periodic audit made to ascertain that the requirements of suitability are still held over time;
- identifying events that entail new assessments of suitability for offices held in the Company.

The Directors' responsibility to assess whether candidates possess such prerequisites is carried out during meetings of the Board of Directors (following investigations conducted by the Appointment and Remuneration Committee) when the appointment is made and on a yearly basis.

### a) Competence of the Board of Directors

ISVAP regulation no. 20, amended to comply with Solvency II, provides that the Board of Directors should be composed of persons that can ensure the presence of theoretical, professional and management experience in financial and insurance markets, governance systems, financial and actuarial analysis, regulatory provisions, and business strategy and models.

### b) Prerequisite of professionalism

In accordance with Ministerial Decree 220/2011, the Directors shall be selected according to criteria of professionalism and competence from among individuals who have accrued overall experience of at least three years 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.

The Chairman of the Board of Directors and the Chief Executive Officer shall be selected on the basis of professionalism and skill, from among persons who have accrued overall experience of at least five years, with reference to the provisions under a), c) and d) above exclusively.

### c) 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 to 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 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.

In the event that, during the course of office, one of the abovementioned causes of impediment occurs, the Director in question must inform the Company. If the impediment is caused by one of the situations described under a) above, within 30 days from this communication the Board of Directors must assess, based on adequate information and the principles of reasonableness and proportionality, whether to remove the interested party from the facts that caused the crisis, rendering, if applicable, the impediment inoperative.

### d) 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 no. 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 Royal Decree no. 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.

#### e) Independence Prerequisite

The independence prerequisite is assessed according to three different disciplines.

In accordance with art. 10 of the Articles of Association, at least two Directors shall possess the independence prerequisites set forth under art. 148 (3) of the TUF.

Furthermore, the aforementioned Ministerial Decree no. 220 of 11 November 2011, such as prerequisite of independence, provides that the function of administration, management or control of an insurance or reinsurance company is not compatible with the exercise of a similar function, involving employment relations, ongoing consulting or the provision of paid services or other relations of a pecuniary nature carried out for other insurance companies, their subsidiaries or parent companies, such that would compromise independence.

Lastly, as described in detail in section 4.6 below, at least four Directors shall possess the prerequisites of independence provided in the Corporate Governance Code.

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

#### f) Interlocking Prohibition

Vittoria Assicurazioni is also subject to art. 36 of Law no. 214 of 22 December 2011 (i.e. "Interlocking Prohibition") setting forth rules on competition and conflicting personal interests in the credit and financial markets.

This rule makes it incompatible for any director, statutory auditor, general director or financial reporting officer of the Company to hold such positions in competing companies or groups, thus, in any company under Italian law that belongs to a group operating in the credit, financial or insurance market where one of the following activities is performed: (i) insurance business; (ii) distribution of insurance products.

#### Succession plans

On adoption of the November 2011 Corporate Governance Code, the Board of Directors assessed the adoption of Application Principle 5.C.2. of the Corporate Governance Code, which provides for the adoption of succession plans for executive directors.

Whether to adopt the principle was examined by the Appointment and Remuneration Committee, which, considering the current ownership of the Company and ownership concentration, deemed it unnecessary to adopt a succession plan for executive directors.

Taking this opinion into consideration, the Board of Directors resolved not to adopt such article of the Code, while maintaining that it is the body responsible for any advance replacement of executive Directors following the timeframes and procedures called for under certain circumstances, with the support of the Appointment and Remuneration Committee.

Without prejudice to such assumptions, the decision not to apply this provision is not limited in time.



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

### Appointment and composition of Board of Directors in office

At year end 2015, the Board of Directors was composed of the following 16 members:

Giorgio Roberto COSTA	Chairman
Andrea ACUTIS	Vice Chairman
Carlo ACUTIS	Vice Chairman
Roberto GUARENA	Chief Executive Officer
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive Director
Francesco BAGGI SISINI	Independent Director
Marco BRIGNONE	Independent Director
Fulvia FERRAGAMO VISCONTI	Independent Director
Bernd GIERL	Independent Director
Lorenza GUERRA SERAGNOLI	Independent Director
Pietro Carlo MARSANI	Independent Director
Giorgio MARSIAJ	Independent Director
Lodovico PASSERIN d'ENTRÈVES	Independent Director
Luca PAVERI FONTANA	Non-executive Director
Giuseppe SPADAFORA	Independent Director
Anna STRAZZERA	Independent Director

The table in annex 1 shows the position, year of birth and date of first appointment for each person. It also shows the number of meetings each director attended in relation to the total number of meetings and the number of positions held in financial companies, banks or large enterprises.

Prof. Luigi Guatri has been Honorary Chairman of the Company since 2007.

The Board of Directors in office was appointed for three financial years by the ordinary Shareholders' Meeting held on 19 April 2013. Their term of office ends on the date of the shareholders' meeting held to approve the year-end financial statements as at 31 December 2015 (called for 27 April 2016). All the Directors have the same term of office.

As allowed by the provisions on the balance of the genders, introduced into the TUF (Italian Financial Act) by Law no. 120 of 12 July 2011, for the appointment of the Board of Directors in office, resolved by the Shareholders' Meeting of 19 April 2013, the minimum percentage reserved to the less represented gender was one fifth, as this was the first renewal after one year from when the aforementioned Law no. 120 took effect.

Two lists of candidates for Director appointments were submitted at the General Meeting:

List no. 1: submitted by the majority shareholder Vittoria Capital NV, which holds 34,464,400 ordinary shares representing 51.15% 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, Fulvia Ferragamo Visconti, Bernhard Franz Josef Gierl, Lorenza Guerra Seragnoli, Pietro Carlo Marsani, Giorgio Marsiaj, Lodovico Passerin d'Entrèves, Luca Paveri Fontana and Giuseppe Spadafora.

List no. 2: submitted by Serfis S.p.A., which holds 2,695,157 ordinary shares, representing 4% of the share capital, with the following single candidate: Anna Strazzera.  
Serafis S.p.A. declared that it has no significant relations with the majority shareholder.

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 48,464,692 shares from 67,378,924 in issue, representing 71.93% of the share capital with voting rights.

List no. 1 obtained 42,654,261 votes, representing 88.01% of the voting capital.

List no. 2 obtained 5,810,281 votes, representing 11.99 % of the voting capital.

Shareholders owning 150 shares in total voted against both proposals.

No shareholders abstained. Therefore, the following Directors were elected: Giorgio Roberto Costa, Andrea Acutis, Carlo Acutis, Roberto Guarena, Adriana Acutis Biscaretti di Ruffia, Francesco Baggi Sisini, Marco Brignone, Fulvia Ferragamo Visconti, Bernhard Franz Gierl, Lorenza Guerra Seràgnoli, Pietro Carlo Marsani, Giorgio Marsiaj, Lodovico Passerin d'Entrèves, Luca Paveri Fontana, Giuseppe Spadafora, Anna Strazzera.

There have been no changes to the composition of the Board from the date of appointment to the date of this Report.

### Personal and professional characteristics of directors in office

Pursuant to art. 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 in Bellagio (Como) on 5 April 1944 – Chairman

He has been on the Board of Directors of Vittoria Assicurazioni since 27 June 1995. He was elected Vice Chairman on 29 April 2002, and Chairman on 27 April 2007.

He held management positions with the Merrill Lynch Group and was responsible for the establishment of the Lehman Brothers' "capital market" and "investment banking" units in Milan. He has been Chairman and Director of various Italian financial companies, including companies belonging to the Caboto Group, the Pirelli Group and the Intesa Group. He has also been a member of the Board of Directors of the following companies: Finanza e Futuro S.p.A., Banca Brignone S.p.A., GIM S.p.A., Avvenire SGR S.p.A. and Vittoria Capital NV. He is currently serving as a Director of Vittoria Immobiliare S.p.A. and Eagle & Wise Service S.p.A.

**Andrea ACUTIS**, born in Turin on 6 February 1964 – Vice Chairman

He has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2004. Elected Vice Chairman on 27 April 2007.

He graduated in Economic Sciences from the University of Geneva and has worked as a corporate finance executive at Lazard Brothers & C. Ltd. in London. He currently holds various positions on the Boards of Directors of the companies in the Vittoria Assicurazioni Group and is Director of Yafa S.p.A., Yarpa S.p.A. and Nuove Partecipazioni S.p.A.

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

He has been on the Board of Directors of Vittoria Assicurazioni since 26 May 1967. Elected Vice Chairman on 14 June 1982.

He graduated in Economics and Business at the University of Turin and has worked at the Midland Bank and Mercantile & General in London. He was Chief Executive Officer of Toro Assicurazioni S.p.A., also covering the position of Vice President. In 1986, with a group of institutional investors (both Italian and foreign) he bought the controlling stake of Vittoria Assicurazioni from Toro Assicurazioni S.p.A. He has been President of C.E.A. - Comité Européen des Assurances.

He was nominated "Chevalier de l'Ordre National de la Legion d'Honneur" in 1995 by the President of the French Republic.

He was nominated “Cavaliere del Lavoro” in 1998 by the President of Italian Republic. He is currently the Vice President of Banca Passadore & C. S.p.A. and Director of Yafa S.p.A. and Marco Polo Industrial Holding S.p.A., and a member of the Supervisory Board of Yam Invest NV. He is also a member of the Comité Stratégique of Insurance Europe, representing the Italian market and a Director of the Italian Association for Cancer Research (Piedmont and Val d'Aosta Committee).

**Roberto GUARENA**, born in Turin on 24 September 1937 – Chief Executive Officer  
He has been on the Board of Directors and Chief Executive Officer of Vittoria Assicurazioni since 29 June 1994.

He was formerly the General Manager and Director of Istituto Mobiliare Piemontese I.P.I. S.p.A., and Statutory Auditor of Assimoco S.p.A.. He was the representative of Italy to the European Union of Insurers for studies on Directives IV and VII concerning financial statements. He currently holds the positions of Director of Touring Vacanze S.r.l., as well as other various positions on the Boards of Directors of the subsidiaries and associates of Vittoria Assicurazioni. He is also a member of the Board of Fondazione Forum Permanente ANIA-Consumatori.

**Adriana ACUTIS BISCARETTI di RUFFIA**, born in Turin on 13 August 1965  
She has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2004. She obtained a Master of Arts from Cambridge University. She was a director at Alexander & Alexander Italia S.p.A. and Banca Regionale Europea. She is currently Vice Chairman of Yafa S.p.A., she is a member of the Supervisory Board and Strategic Committee of Yam Invest N.V. and a member of the Supervisory Board of Yareal International N.V.. She is also a director at Yura S.p.A., Yafa Holding S.p.A., and Yarpa Investimenti SGR SpA. She is the Chief Executive Officer of Yura International BV (since 2015). 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.  
He has been on the Board of Directors of Vittoria Assicurazioni since 26 April 2001. He is currently Chairman of Icaria S.r.l., a Director of Oxeer S.r.l. and a member of the Supervisory Board of Yam Invest N.V..

**Marco BRIGNONE**, born in Turin on 12 October 1938.  
He has been on the Board of Directors of Vittoria Assicurazioni since 23 June 1983. He was formerly Chairman of Brignone Informatica S.p.A. and of the Supervisory Board of the Turin Stanza di Compensazione, “The Sailor’s Fund” (the Luxembourg-based SICAV) and Plurifid S.p.A.. He has served as Vice Chairman of Banca Brignone S.p.A. and as a Director of Ceresole SIM & C. S.p.A. and Acquedotto De Ferrari Galliera.

**Fulvia FERRAGAMO VISCONTI**, born in Fiesole (FI) on 2 July 1950.  
She has been on the Board of Directors of Vittoria Assicurazioni since 2 August 2012. Since 1970, after her studies in the humanities, she started working in the family business, Salvatore Ferragamo S.p.A., developing the silk and accessories sector. She currently performs non-operational supervision and coordination of creative and stylistic aspects of the accessories and furnishing sectors. She is on the Strategy and Brand and Product Committee. She was Vice President of Salvatore Ferragamo S.p.A. until 2009. She is currently a Director at Salvatore Ferragamo S.p.A., Vice President of Ferragamo Finanziaria S.p.A., Director at Palazzo Feroni Finanziaria S.p.A. and Sofer S.p.A.. She is also President of the Board of Directors of Orienthera S.r.l.. She is involved in numerous cultural and humanitarian organizations in Italy and abroad and is also a director of Onlus File.

**Bernhard GIERL**, born in Munich (Germany) on 26 October 1948.  
He has been on the Board of Directors of Vittoria Assicurazioni since 16 February 2012. He studied 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. He was, among others, member of the management of Munich Re as director of strategic

planning and economic research of the market. From 2001 to 2010 he held the position of Director of Asia Pacific for the Munich Re Group.

**Lorenza GUERRA SERAGNOLI**, born in Rome on 29 May 1982.

She has been on the Board of Directors of Vittoria Assicurazioni since 19 April 2013.

She has a degree in Public and Organizational Communication Sciences from La Sapienza University in Rome, a master's degree in Sports Psychology and a Fifa International Master's in Humanities, Management and Law of Sport. She has served as a project manager with Fortitudo Pallacanestro and Meditation S.r.l.. She is currently Sole Director of LGS Organization S.r.l., of which she is a Founding Partner, and is also serving as Chief Executive Officer of Lole S.p.A., a Member of the Board of Directors of Compagnia Sviluppi Industriali and Immobiliari S.p.A., Montenegro S.p.A., SLLI Group S.p.A., Coesia spa and Bonomelli S.r.l..

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

He has been on the Board of Directors of Vittoria Assicurazioni since 26 June 1986.

He graduated in economics and business from Bocconi University. He was formerly the Chief Executive Officer of P. Ferrero & C. S.p.A. and Ferrero International BV, Chairman of Worms Sim S.p.A., member of the Board of Worms Finanziaria S.p.A., Toro Assicurazioni S.p.A., Akros Finanziaria S.p.A. and Homeopharm S.r.l. and Permanent Auditor of I.DE.A. Institute S.p.A. and Aosta Factor S.p.A..

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

He has been on the Board of Directors of Vittoria Assicurazioni since 23 June 1998.

He is currently Chairman of Olympic Real Estate S.p.A., Olyfen Properties S.r.l., Sabelt S.p.A. and Moncanino S.p.A. He is also Vice President and Chief Executive Officer of M. Marsiaj & C. S.r.l., Director of Torre Elah S.p.A., Director and member of the Executive Committee of Fenera Holding S.p.A. He is also a member of the Board of Directors of Marsiaj S.r.l. and Fashion S.p.A. and is on the executive boards of Anfia, Amma, Unione Industriale and various cultural and charitable associations

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

He has been on the Board of Directors of Vittoria Assicurazioni since 9 November 2006.

He graduated in law and was formerly Head of Public Relations for the Toro Group and then for IFIL (now EXOR). He later served as head of the Public Relations and Communications Department for Fiat Group and as Executive Assistant to the Chairman of Fiat S.p.A.. He was also Chairman of the public relations commission for the National Association of Insurance Companies and Director of ISVOR Fiat. He is currently a Senior Advisor at Fiat S.p.A., Chairman of Publikompass S.p.A. and member of the Board at ITEDI. He is also a member of the Board of Directors of Banca d'Italia and President of the Regency Council of Banca d'Italia in Turin. He is Chairman of the Scientific Committee of the Courmayeur Foundation and Past President 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.

He has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2002.

He graduated in law from the University of Turin. He was formerly Chief Executive Officer of the SKF Group and Unicem S.p.A., Co-General Manager and Chief Executive Officer of IFIL S.p.A., 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 S.p.A., member of the Board of AWA Plc (London), Soporcel S.A. (Lisbon), Permal Group (Paris) and Banque Demachy (Paris) and Chairman and Chief Executive Officer of Arjo Wiggins Appleton Plc (London). He is currently Chairman of YFL S.p.A., Vice Chairman of Yarpa Investimenti SGR, Vice President of Yarpa S.p.A., and member of the boards of Yafa S.p.A. and Vittoria Immobiliare S.p.A.

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

He has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2005.

He holds a degree in Business Administration from the University of Palermo, a Master of Science

and Economics from the London School of Economics, and has continued his studies in economics at Harvard University. He was formerly Managing Director & Senior Financial Officer with Chemical Bank (now JP Morgan Chase), Chief Financial Officer of Omnitel (now Vodafone Italia), General Manager of Banco di Sicilia, General Manager for Italy of the BNP Paribas Group, member of the Board of Directors and the Executive Committee of Cassa di Risparmio di Firenze. He also held the positions of Chief Executive Officer, General Manager and Vice Chairman of Cassa Lombarda. He is currently the Chairman of Anthilia SGR and a member of the Board of Yarpa Investimenti SGR.

**Anna STRAZZERA**, born in Bologna on 4 March 1959.

She has been on the Board of Directors of Vittoria Assicurazioni since 19 April 2013.

She graduated from L. Bocconi University in Milan with a degree in Business Administration and has been registered with the Board of Certified Accountants of Milan since 1989 and the Board of Auditors since 1995.

She has worked as an accountant in Luxembourg with an international insurance Group and, among other things, has been a member of the Board of Directors of Banca di Legnano.

She is currently a certified accountant and her activities include tax consulting and corporate and financial consulting for joint-stock companies, including foreign companies. She is the Chairman of the Board of Statutory Auditors of Papiniano S.p.A., a Statutory Auditor at Aruna S.r.l., Corman S.p.A., Durga S.p.A. and Siusi S.p.A..

### Maximum number of positions at other companies

On renewal of the offices in 2013, the Board of Directors confirmed the previous general criteria regarding the maximum number of administration and control positions held in other companies that can be considered as compatible with effective performance as a Director for Vittoria Assicurazioni, without prejudice to the interlocking restriction introduced by Law no. 214 of 22 December 2011

After due assessment, the Board adopted the maximum limit of 12 offices, of which a maximum of 6 for listed companies, to be determined according to the following criteria:

- offices held in listed companies and in financial, banking and significantly sized companies are to be considered;
- financial companies are those companies that can carry out financial activities directed toward the public, therefore holding companies are excluded, provided they are not listed;
- large companies are those with a turnover in excess of Euro 100 million;
- if an office held within a parent company is taken under consideration, any offices held in subsidiaries are not considered.

The document containing these criteria is part of the resolution of the Board of Directors taken on April 19, 2013.

Each year, the Board records the governing and control positions held by the individual directors according to the aforementioned criteria, and presents them in the Report on Corporate Governance and Shareholdings.

The current composition of the Board of Directors respected the above general criteria at the time this Report was approved. The number of significant offices held by the Directors in office is shown in the table provided in Annex 1 to this Report.

In compliance with the application criterion 1.C.3. the Corporate Governance Code, these criteria were reviewed by the Board of Directors' meeting of March 10, 2016, at the proposal of the Nominating and Compensation Committee, also in order to provide Shareholders with its orientation on the future size and composition of the board, in view of its renewal by the Shareholders' Meeting called for April 27, 2016.

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.

### Induction Programme

In 2015, the Company continued its training programme for the Directors and Statutory Auditors, in accordance with IVASS Regulation no. 20 of 26 March 2008, which provides that the managing body should ensure continuing professional development, also for the body itself, by preparing training programmes that ensure the development of technical skills necessary to carry out their roles in a responsible manner and with respect for the nature, degree and complexity of the tasks assigned.

Also in 2015 it was deemed necessary to continue the training programme started up in 2014, mainly on the issues related to internal risk assessment and solvency provided for by Solvency II, which entailed significant changes and innovation in the operational model and organisational structure of insurance companies.

The training programme was carried out by preparing detailed files on the laws under examination and by organising special training sessions arranged to be held when board meetings were held.

Four training sessions were held in 2015 dealing with the following issues:

- Disclosure and transparency requirements under Pillar III of Solvency II;
- Calculation of the Solvency Capital Requirement;
- Market risk assessment;
- Default risk assessment;
- Calculation of the Minimum Capital Requirement;
- Reinsurance techniques.

The subjects were illustrated by the heads and officers of the appropriate company departments.

During the annual meeting the independent Directors expressed a positive opinion on the training programme and did not deem it necessary to outsource training.

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

#### Meetings of the Board of Directors

In financial year 2015, the Board of Directors held nine meetings with an average duration of about two hours. Average meeting attendance by the Directors was 84%. Detailed attendance figures for individual Directors can be found in the table in Annex 1 of this Report.

Nine meetings of the Board of Directors are scheduled in the corporate events calendar for 2016. Three of these meetings had already been held at the date of this report.

The Corporate affairs office, which provides support to the Chairman and the Secretary of the Board, coordinates the various corporate departments involved in drafting the documents needed by the Board to undertake resolutions and deal with matters on the agenda.

To guarantee the timeliness and completeness of the documentation provided to Directors prior to meetings, the Company set up a reserved internet portal, used for the prior consultation both of documentation for meetings of the Board of Directors and of the related Committees. The portal, accessible on a password basis, enables Directors and Statutory Auditors to view and download the documentation while ensuring maximum security and confidentiality.

To facilitate the activities of the Directors and enable them to make knowledgeable decisions, the Board Secretariat and Chairman worked on ensuring that the documentation related to the agenda items was generally made available even earlier than the three-day term before the meetings. This timeframe was deemed appropriate for allowing the interested parties to correctly assess the issues submitted for their examination and to be able to act in an informed manner.

Documents which cannot be provided to Directors prior to the board meetings are delivered and adequately analysed during the board meetings themselves.

Whenever the documentation is particularly extensive and complicated it is accompanied by summary documents and/or presentations, aiming to highlight the most significant features.

During the meetings, the Directors are able to provide their input and the Chairman ensures that the issues placed on the agenda are allotted the necessary time in order for a constructive discussion to take place.

The Chairman of the Board calls to the meetings any Executives responsible for the functions related to the matters being handled whenever it is deemed necessary to have their support to deal with the items on the agenda. In particular, in 2015 participants included the Financial Reporting Officer, (the Head of Central Administration and Finance), the Risk Manager, the Head of Central Organisation, Human Resources and General Services and the Head of the Reinsurance Division.

As detailed below, the Committees formed by the Board of Directors play an essential role for the Board itself. They are responsible for carrying out preliminary fact-finding work on certain issues to be resolved by the Board and they provide support by formulating opinions and proposals. During each board meeting the Chairs of the Committees provide information on the activities conducted by said Committees.

Committee meetings are attended by Senior Management representatives and the heads of various Company functions may be invited, according to their respective responsibilities.

#### Activities of the Board of Directors

The functions of the Board of Directors are determined in accordance with the provisions of the Articles of Association and applicable laws and regulations.

Pursuant to art. 14 of the Articles of Association, the Board of Directors is vested with the broadest

and unlimited powers for the ordinary and extraordinary management of the Company; all the necessary and opportune powers are conferred upon it for implementation and achievement of the corporate objectives that are not expressly incumbent upon the General Meeting.

The Board of Directors approves the business plan for the Company, determining targets on the basis of the macroeconomic and market outlook. The current plan, approved in 2014, refers to 2014-2016.

The Board also approves the budget for the year underway and verifies realization thereof at the time the financial statements for the period are approved.

The Board is exclusively in charge of deliberations regarding the transactions which are strategically, economically or financially significant for the Company, pursuant to the mandates granted to the Vice Chairman and the Chief Executive Officer, as illustrated in paragraph 4.4 below.

The Board is in charge of defining the corporate governance system and the structure of the group headed by the Company.

The Board approves, each year, the organisational and functional chart submitted by the Chief Executive Officer, these being documents that identify and define the responsibilities relative to the main corporate decision-making processes, together with the model of the mandates and authorizations defining the structure of the responsibilities assigned to the individual operating units.

The Board is ultimately responsible for internal control and risk management, of which it shall ensure continuous completeness, functionality and effectiveness; from this standpoint it shall also ensure that the risk management system makes it possible to identify, assess, even on a forward-looking basis, and control risks (reduction, mitigation and monitoring), including non-compliance with legal rules and regulations, while ensuring the company assets are safeguarded over the medium/long term.

In view of Solvency II taking effect, this role was further highlighted in the regulatory provisions issued by IVASS in 2014 as a transposition of the guidelines provided by EIOPA (European Insurance and Occupational Pensions Authority) on governance systems and current/forward-looking risk assessment.

These provisions require that the Board of Directors approve specific policies establishing the guidelines of the comprehensive internal control and risk management system determining, in particular, the degrees of risk propensity held by the Company.

In 2015, in addition to reviewing the policies already approved in 2014, the Board of Directors issued 6 new policies.

See section 10.1 below for an outline of the policies approved by the Board of Directors.

### **Board activities with respect to the Insurance Group**

Vittoria Assicurazioni is the Parent Company of the insurance Group bearing the same name and so the Board is in charge of assessing the adequacy of the organisational, administrative and accounting structure of the companies belonging to the Group itself.

The Vittoria Assicurazioni Group operates in the insurance industry through the parent company only.

At 31/12/2015, the Vittoria Assicurazioni Group included 15 subsidiaries, as follows:

- 1 real-estate holding company;
- 8 vehicle companies established solely for the purpose of making investments in the real-estate segment by instruction of the Board of Directors of the Parent Company;



- 1 real-estate brokerage firm operating under the sale orders given by the companies in the group and by third parties;
- 1 company providing real-estate management and administration services;
- 1 equity investment holding under which are the Group's 3 insurance brokerage firms;

The companies in the Insurance Group belonging to the real-estate segment represent the main part of the Group itself. They are held either directly by Vittoria Assicurazioni or by the subsidiary Vittoria Immobiliare, under which are the real-estate companies also held by third-party partners.

In carry out their tasks, the Board of Directors of Vittoria Assicurazioni makes use of internal committees.

The Finance Committee, which provides support to the Board when defining investment strategies, performs an essential role also in assessing investments in relation to market trends and profit parameters as well as the state of overall investments.

The Real Estate Committee assesses the potential and compliance of each transaction made by the parent company and subsidiaries operating in the segment while providing support to the Board of Directors of Vittoria Assicurazioni when making strategic decisions. For that purpose, it supervises the performance of the Group's real-estate investments, defines development strategies for the segment and periodically assesses individual investment proposals submitted in the period. The members of the Real Estate Committee participate in meetings held by the Board of Directors of the primary subsidiary, Vittoria Immobiliare.

Committee for the Assessment of Transactions with Related Parties consults with the Board of Directors with respect to transactions with associated parties, in accordance with the Regulations approved under CONSOB Resolutions no. 17221 of 12 March 2010.

The eight real-estate companies held do not have their own organisational structure and they are managed by the respective Boards of Directors. Actual fulfilment and respect of strategic instructions determined by the Board of Directors of the Parent Company and provided to subsidiaries is ensured by the presence of Vittoria Assicurazioni representatives on the Boards of Directors of the subsidiaries. One statutory auditor of Vittoria Assicurazioni participates in the meetings held by the Audit Boards of the subsidiaries.

In accordance with art. 6 of ISVAP Regulation no. 25 of 27 May 2008, at the beginning of every financial year the Board of Directors defines intergroup transactions scheduled for that year, reviewed by the Committee for assessing transactions with associated parties.

#### **Assessment of the operation of the Board and its Committees**

In order to implement the provisions of the Corporate Governance Code and in accordance with ISVAP Regulation no. 20 of 2008, the Board of Directors assesses its own operations and that of its committees once per year. This assessment also includes their size and composition.

To date, the Board has not employed any external consultants in the assessment procedure.

The process requires that Board Members complete a questionnaire divided into several sections, with answers on a scale in order to facilitate the assessment process. Directors should express their views on:

- Number of members making up the Board of Directors;
- Composition and balance of the Board of Directors in terms of member skills and professional profiles;
- Activities and elements that enable the Board of Directors to take care of their tasks in an efficient manner, such as: planning board meetings; completeness of the agenda; timely distribution of documentation on matters concerning the agenda; content of information provided prior to meetings; duration of meetings; accuracy of minutes and meeting reports;
- Activities of the Board of Directors in relation to the tasks assigned: key decisions, definition of business and financial plans, risk assumption;

- Activities of board Committees in relation to proposals and consultations with respect to the activities of the Board of Directors.

It is possible to express opinions and offer suggestions in each section of the questionnaire.

The information gathered through this anonymous questionnaire is assessed by the Appointments and Remuneration Committee. The Chairman of the Committee then presents the results to the Board in order to determine what actions are needed to improve any weak points.

The results of the Self-Assessment Questionnaire were examined by the Appointments and Remuneration Committee and presented by the Chairman of the Committee to the Board of Directors at the meeting held in June 2015.

The directors feel that the current size of the Board of Directors is adequate as well as the number of non-executive directors and independent directors in proportion to the size of the Board, thereby confirming the outcome of the 2014 questionnaire.

A positive opinion was also expressed with regard to the professional profiles of Board members.

The number of meetings was considered satisfactory as well as their planning and agendas. The documentation prepared for board meetings and timeframe for its distribution was also considered adequate.

Following the annual assessment performed at the beginning of 2016, the Board of Directors' meeting of March 10, 2016, in compliance with the application criterion 1.C.3. the Corporate Governance Code, adopted its guidance on the future size and composition of the board, in view of its renewal by the Shareholders' Meeting called for 27 April 2016. The guidance is attached to the Board of Directors' report on the matters the agenda of the Shareholders' General Meeting, prepared pursuant to art. 125-ter of TUF.

#### Departures from Competition Restrictions

In consideration of Ministerial Decree no. 220 of 11 November 2011 on the independence of Directors as well as the prohibition provided by art. 36 of Law no. 214 of 22 December 2011 ("interlocking prohibition"), the Board did not deem it necessary to submit to the Shareholders' Meeting the proposal to authorise departures from the competition restrictions provided under art. 2390 of the Italian Civil Code.

## 4.4. Delegated Bodies

### Chief Executive Officers

Pursuant to article 18 of the Articles of Association, the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer legally represent the Company before third parties and the law.

In the meeting held following the appointment made by the Shareholders' Meeting of 19 April 2013, the Board of Directors conferred management powers to the Chief Executive Officer Roberto Guarena and to the Vice Chairman Carlo Acutis. Such powers can be exercised severally and pertain to ordinary insurance management in the fields of finance and asset management.

Following are the main powers delegated:

- to accept, conclude and terminate insurance contracts, whether director indirect, establishing the rates and the conditions;
- to conclude and terminate active and passive reinsurance treaties, the granting and acceptance of optional reinsurance;
- 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 limitations as to the amount, of debt and equity securities for the benefit of life policyholders bearing the investment risk and those relating to pension fund

management;

- purchasing and selling, without limitations as to the amount, of state or State guaranteed securities, and non-convertible bonds and similar securities;
- the purchasing and selling of UCIs, without limitations as to the amount, provided they invest mainly in the bond market;
- the purchase and sale of units of equity UCIs, excluding closed-end funds, up to a maximum amount of Euro 15 million;
- the purchase, underwriting, trading and selling of shares, convertible bonds and equity investments in companies or entities, unit holdings in closed-ended funds up to the maximum amount of Euro 20 million, this amount to be reduced to Euro 10 million if the transactions refer to the acquisition and sale of equity holdings in insurance companies or in companies the purpose of which is directly connected 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 retained by the Board of Directors;
- the granting of mortgages and loans up to the amount of Euro 5 million.

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

The Chief Executive Officer and the Vice Chairman are furthermore authorized to represent the Company, both in Italy and abroad, before any judicial, financial and administrative authority.

The Chief Executive Officer is the main person responsible for the management of the Company and does not hold offices in other issuer companies; therefore to the interlocking directorate does not apply.

## 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. He does not hold a controlling interest in the Company and does not hold principal responsibility for the operation of the business, but meets the requirements for an independent Director.

The Chairman is a member of the Finance Committee and the Real Estate Committee.

## General Manager

In 2013, the Board of Directors conferred the following powers to the General Manager, pursuant to art. 16 of the Articles of Association:

- to accept, conclude and terminate insurance contracts, whether direct or indirect, establishing the rates and the conditions;
- to conclude and terminate active and passive reinsurance treaties, the granting and acceptance of optional reinsurance;
- the purchase, exchange and sale of buildings for a maximum amount of Euro 2.5 million for each individual purchase, exchange or sale;
- the purchase and sale, up to Euro 20 million, of debt and equity securities for the benefit of life policyholders bearing the investment risk and those relating to pension fund management;
- purchasing and selling, up to Euro 20 million, state or state guaranteed securities, and non-convertible bonds and similar securities;
- the purchasing and selling, up to Euro 20 million, of UCIs, provided they invest mainly in the bond market;
- the purchase and sale of units of equity UCIs, excluding closed-end funds, for a maximum amount of Euro 5 million;

- the purchase, underwriting, trading and selling of shares, convertible bonds and equity investments in companies or entities, unit holdings in closed-ended funds up to the maximum amount of Euro 5 million, this amount to be reduced to Euro 2.5 million if the transactions refer to the acquisition and sale of equity holdings in insurance companies or in companies the purpose of which is directly connected and instrumental to this activity;
- the purchasing and selling of controlling shareholdings in real estate companies up to Euro 2.5 million for each transaction;
- the granting of mortgages and loans up to the amount of Euro 2.5 million.

The General Manager is furthermore authorized to represent the Company, both in Italy and abroad, before any judicial, financial and administrative authority.

### Disclosures to the Board

As provided by the Articles of Association, when the board meetings are held, at least every quarter, the Board of Directors is informed, including by its delegated bodies, regarding the activities of the Company and its subsidiaries, the general outlook, the major economic, financial and equity transactions, particularly insofar as transactions in which the directors or third parties have a personal interest.

### 4.5. Independent Directors

At the first meeting held following the appointment by the Shareholders' Meeting held in 2013, the Board of Directors identified the Directors fulfilling the requirements for independence, also based on the declarations issued by each Director on the occasion of his/her candidacy.

The following possess the independence requirements as indicated under section 3 of the Corporate Governance Code: Francesco Baggi Sisini - Marco Brignone - Fulvia Ferragamo Visconti - Bernhard Gierl - Lorenza Guerra Seràgnoli - Pietro Carlo Marsani - Giorgio Marsiaj - Lodovico Passerin d'Entrèves - Giuseppe Spadafora - Anna Strazzera.

It should be pointed out that application criteria 3.C.1.(e) was not taken into consideration in the Director independence assessment based on which directors that have held office for more than nine years cannot be qualified as independent.

The Board of Directors determined not to adopt this criterion considering that long-term presence on the board does not prevent independence and that it is important to favour in-depth knowledge of 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 Italian Legislative Decree 209/2005 (the Insurance Code) and the related regulatory provisions issued by IVASS, which are particularly technical and complex;
- a particular feature of 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 know the insurance and financial techniques in order to synchronise assets with liabilities continually, since the latter are not entirely under 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 industries. 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 outcome of the assessments made by the Board of Directors was communicated in a press release, in which the reasons for the deviation from the aforementioned application criteria 3.C.1.(e) were outlined.

The Board of Directors makes an annual assessment of whether the Directors possess the requirements for independence. The Appointment and Remuneration Committee assesses up-to-date statements required from independent directors.

Independent Directors shall immediately inform the Company whenever there is any change to their status.

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 2015, the Independent Directors met once without the presence of the other Directors.

#### **4.7. Lead Independent Director**

Although, with respect to the current composition of the Vittoria Assicurazioni Board of Directors, the requirements set forth in application criteria 2.C.3 of the Corporate Governance Code do not indicate that appointment of a Lead Independent Director is necessary, since the Chairman of the Board is not the primary executive figure responsible for the management of the Company nor the individual that controls the issuer, Vittoria Assicurazioni nevertheless complies with this provision.

Already in 2013 the Independent Directors agreed on the necessity to appoint a Lead Independent Director to act as a point of reference and coordination for the proposals and contributions of non-executive directors and, in particular, the independent directors. Thus, by proposal of the Independent Directors, the Board of Directors appointed Mr. Lodovico Passerin d'Entrèves as the Lead Independent Director.

The position of Lead Independent Director does not correspond to a corporate office with powers that compete with those of the Company's top management, but constitutes a function for reconciliation between the Chairman of the Board of Directors and the Independent Directors, also in order to promote the good functioning of the board activities.

## 5. HANDLING OF CORPORATE INFORMATION

In the board meeting held on 29 September 2015, the Board of Directors of Vittoria Assicurazioni approved the public disclosure policy, specific features of which are outlined in section 10.1, in order to define the guidelines and implementation means for all the activities related to public disclosures as well as the roles and responsibilities of the individuals and departments involved in the process.

The guidelines approved by the Board are aimed at ensuring:

- the adequacy of information and data prepared and structural oversight of management and public disclosures;
- timely and effective management of disclosures in order to ensure compliance with regulatory provisions.

Information is any news concerning an event, circumstance, data or initiative with special significance or a specific function in corporate affairs. Such information is a key component of corporate assets.

The Company conducts adequate oversight to manage information related to public disclosures to ensure it is accurate and reliable, through proper controls. In particular, the standards pursued by Vittoria Assicurazioni should ensure that the information is thorough and timely and that it is disclosed, either internally and externally, through the contribution of the various corporate departments.

In the process of public disclosure the Board of Directors is normally responsible for approving press releases, issued in connection with its activities, in advance. The Board also promotes the adoption of the principles present in the public disclosure policy in order to ensure the reliability, completeness, timeliness and consistency of public disclosures.

Senior management determines the measures needed to ensure the public disclosure process is set up and maintained and that it operates correctly.

The Chief Executive Officer is responsible for looking after the management of inside information and disclosing information on significant corporate matters through press releases. Disclosing non-confidential documents or information concerning the Company, other than those disclosed to the public, are first approved by the Chief Executive Officer or by the Investor Relator.

Relations that entail additional public disclosures, in particular to shareholders, journalists or analysts, can be held only by the Chairman of the Board of Directors, the Chief Executive Officer, the Investor Relator or by persons appointed by the latter.

Concerning administrative-financial information, the Financial Reporting Officer is responsible for ensuring the preparation and actual implementation of the procedures for preparing the year-end and consolidated financial statements and any other financial disclosures.

In the drafting and disclosure process, company departments cover different roles based on the tasks delegated to each department, in particular:

- Managing Editor: the person responsible for the final draft of the disclosure;
- the department involved: the department that might be involved in the distribution process in order to gather the information needed to prepare the disclosure;
- Approval Manager: the person in charge of giving final approval for the document and its content;
- Dissemination Manager: the person in charge of supervising the disclosure dissemination phase.

The Managing Editor prepares the documentation to be disclosed to the public. He or she gathers all the information necessary and checks that it is complete and consistent. In the review phase the Managing Editor also further checks the adequacy and completeness and requests any additional documentation from the departments involved.

The approval phase entails the final validation of the document to be disclosed. The Approval Manager checks that the information is complete and adequate.

The Approval Manager certifies the information by conducting a preliminary check and certifies the “accuracy, reliability and timeliness” of the disclosure and ensures it is consistent with the information provided in previous reference periods.

The last phase of the process, when the information is disseminated, is supervised by the Dissemination Manager. The latter checks that the information in the final disclosure is consistent with the content approved by the Approval Manager and ensures the required timeframes are respected.

In addition, the Board of Directors of Vittoria Assicurazioni approved the policy for reporting the information to Istituto di Vigilanza delle Assicurazioni (IVASS) [Insurance Oversight Institute], specific features of which were already outlined in section 10.1, in order to define the guidelines to be followed for all the activities related to reporting the information when necessary.

Thus, it defines the standards and methods for managing such relations and for reporting information to the Oversight Authority so as to guarantee the following on a constant basis:

- the adequacy of information and data prepared and structural oversight of management and public disclosures;
- timely and effective management of disclosures in order to ensure compliance with regulatory provisions;
- due collaboration in the case of special requests or requirements.

Vittoria Assicurazioni opted to deviate from the disclosure obligations of the information documents required upon the occasion of significant transactions such as mergers, spinoffs, share capital increases through contributions in kind, sales and acquisitions, applying the opt out regime pursuant to articles 70, paragraph 8 and 71 paragraph 1 bis of the Issuers Regulation, as amended by Consob resolution 18079 of 20 January 2012.

### **Procedure for the management and public disclosure of inside information**

Under the disclosure system Vittoria Assicurazioni has a procedure for the management and public disclosure of inside information as prescribed under art. 181 of the TUF. It can be reviewed by all users of the company extranet.

Compliance with the procedure is required for all members of the corporate bodies and employees of Vittoria Assicurazioni with access to information that could evolve into inside 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 Assicurazioni, for subsequent disclosure to the market.

The procedure in question ensures internal information flow and data protection. It regulates the management of inside information not ready for disclosure (market sensitive information), inside information and disclosure to the public. It contains the guidelines to define when market sensitive information is ready to be disclosed to the market while differentiating “voluntary” cases and “external” cases of inside information.

The procedure also defines the method for tracking access to potential market sensitive inside information, with particular reference to the register provided for under art. 115-bis of the TUF and art. 152-bis of Issuer Regulations.

It contains the prerequisites for the Sensitive Information Manager, who is authorised, together with the Chief Executive Officer, to class information as *Market Sensitive*, determine who should be placed in the Sensitive Information Register and ensure that the latter is kept up-to-date and populated correctly.

The Register in question indicates the parties who have access to market sensitive information due to their work, professional duties or function. It is set up on a name basis and each person is qualified according to a specific relationship with the Company thereby enabling possession of information that might become inside information under art. 114 of the TUF.

Registrations are made by significant recurrent or continuing activity/processes or by specific projects/events. Individual names placed on the register can therefore be on a case-by-case basis, permanent or occasional.

The dissemination of inside information is managed by the Investor Relator, with the authorisation of the Chief Executive Officer. Press releases are published on the website of the Company, in the press section.

### Procedures concerning transactions on issuer securities made by relevant persons (internal dealing)

In order to implement article 114 (7) of the TUF and articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuer Regulations, the Board of Directors of Vittoria Assicurazioni adopted a procedure for transactions on the issuer's securities by significant parties and by persons closely related to them. It can be reviewed under the Governance on the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

In accordance with the law mentioned above, pursuant to the procedure in force, transactions subject to disclosure to CONSOB and Vittoria Assicurazioni are those for the purchase, sale, subscription or trading of shares or financial instruments linked to shares made on their own behalf or under any title by the parties mentioned above.

The procedure includes a prohibition against significant parties to carry out, directly or through intermediaries, any transactions on Vittoria Assicurazioni financial instruments during the 15 days leading up to board meetings called to approve period accounting data.

At the beginning of every financial year, following the publication of the corporate events calendar, the Company provides all parties in question with a calendar indicating the dates on which it is not possible to conduct transactions (i.e., *Black-out Periods*).

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

The Board of Directors set up the following internal committees:

- Appointments and Remuneration Committee
- Control and Risk Committee
- Finance Committee
- Real Estate Committee
- Committee for the Assessment of Transactions with Related Parties

The functions of the committees are to consult and make proposals to the Board and each has its own regulation, which is compliant with the provisions of the Corporate Governance Code, and which establishes its competences and governs its operation.

The committees are set up at the first meeting held following the General Shareholders' Meeting appoints the Board itself, and after assessing the Board's size, composition and operations, as well as the professional profiles and availability of the members in question.



As the duration of terms of office for committees coincides with the term of the Board of Directors, the committees expire on the date the Shareholders' Meeting approves the year-end financial statements as at 31 December 2015.

In accordance with the Corporate Governance Code and taking into consideration the structure of the Company and the relation between the matters at hand, in order to facilitate organisational needs and the operations of each committee, it was deemed necessary to merge the Appointments Committee and Remuneration Committee into a single committee called the Appointments and Remuneration Committee.

This committee was established based on the stricter rules set forth in the Corporate Governance Code for the remuneration committee and is therefore composed of non-executive directors, most of whom are independent in accordance with the Code itself and the Chairman was selected among the latter.

The Board of Directors gave the Appointments and Remuneration Committee, the Control and Risk Committee and the Committee for the Evaluation of Transactions with Related Parties an annual budget of Euro 30,000 each to carry out their respective duties.

## 6.1. Finance Committee

At the date of this Report, the Finance Committee consists of the following Directors:

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive
Carlo ACUTIS	Executive
Giorgio Roberto COSTA	Non-executive
Roberto GUARENA	Executive
Luca PAVERI FONTANA	Non-executive
Giuseppe SPADAFORA	Non-executive

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

In order to encourage the exchange of information between the Finance Committee and the Control and Risk Committee and considering the new tasks given to them according to the policies approved in accordance with IVASS regulations, in 2015 the Board of Directors, as proposed by the Appointments and Remuneration Committee, appointed Mr. Giuseppe Spadafora as a new member of the Finance Committee. He will specifically be in charge of coordinating information flows between the two committees.

At the first meeting possible the Chairman of the Finance Committee reports to the Board on the work carried out by the Committee.

Minutes of all Committee Meetings are taken and a copy of the minutes is distributed to all members of the Board and Board of Statutory Auditors.

The Committee shall meet at least quarterly, convened by the Chairman or when requested by at least 2 members of the Committee.

The Finance Committee met nine times in 2015.

Average meeting attendance was 98%. See the table in Annex 2 of this Report for the individual Directors' attendance records.

Nine meetings are planned for 2016.

The Committee meetings are also attended by executives belonging to Senior Management, the Financial Reporting Officer, the Risk Manager and, where considered useful with respect to the

items on the agenda, the heads of company departments can be requested to participate.

The Finance Committee provides support to the Board by carrying out preliminary investigations and by making proposals:

- define policies and strategies for risk management, risk propensity and capital management;
- define annual budgets and draft multi-year plans;
- define investment policies and strategies and supervise their implementation.

In defining the policies and strategies for risk management, the Committee:

- assists the Board in conducting periodic reviews and management (implementation, maintenance and monitoring) of the Risk Appetite Framework (RAF), i.e., the group of metrics, processes and systems to provide support in managing the level and type of risk the Company is willing to assume (risk propensity) according to its strategic objectives;
- provides support to the board through consultations and proposals, defining management policies and risk assessment, including Capital Management Policies;
- provides support to the Board to define risk tolerance levels and for analysing the results of monitoring, with particular reference to investment activities, ALM and liquidity, subscription and reserve risks, both Damages and Life and risks related to the use of reinsurance;
- cooperates with Top Management and provides support to the Board of Directors in determining any corrective measures needed in the case of misalignment between actual risk exposure and risk propensity, within or over tolerance thresholds respectively.

The Committee's tasks include:

- periodically submitting for review the securities portfolios whose risk is borne by the Company and those whose risk is borne by policyholders, defining investment strategy in view of economic analyses;
- periodically submitting for review the financial position of Group real estate companies, auditing their compliance with the exposure limits set by the Board of Directors;
- assessing the results of the assessment process of internal risk and solvency, both current and forward-looking (FLAOR/ORSA), also using stress tests;
- assisting the Board in developing the capital management plan and in defining monitoring processes and tools;
- determining any amendments to the annual budget, the strategic plan and RAF in order to align the risk profile deriving from comprehensive risk objectives (risk propensity) of the Company.

## 6.2. Real Estate Committee

At the date of this Report, the Real Estate Committee consists of the following Directors:

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive
Carlo ACUTIS	Executive
Francesco BAGGI SISINI	Independent non-executive
Giorgio Roberto COSTA	Non-executive
Roberto GUARENA	Executive
Luca PAVERI FONTANA	Non-executive
Anna STRAZZERA	Independent non-executive

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

At the first meeting possible the Chairman of the Real Estate Committee reports to the Board on the work carried out by the Committee.

Minutes of all Committee Meetings are taken and a copy of the minutes is distributed to all members of the Board and Board of Statutory Auditors.

The Committee shall meet at least quarterly, convened by the President or when requested by at least 2 members of the Committee.

The Real Estate Committee met four times in 2015.

Average meeting attendance was 98%. See the table in Annex 2 of this Report for the individual Directors' attendance records.

Four meetings are planned for 2016.

Members of Senior Management, the Risk Manager, the heads of Company operating departments and representatives of the Group real estate companies also attend Committee meetings.

The Committee has the following duties:

- 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.

### 6.3. Committee for the Assessment of Transactions with Related Parties

At the date of this Report, the Committee for the Evaluation of Transactions with Related Parties consists of the following Directors:

Pietro Carlo MARSANI	Independent non-executive Chairman
Marco BRIGNONE	Independent non-executive
Giuseppe SPADAFORA	Independent non-executive

The Committee's duties were established based on Consob Regulation no. 17221 of 12 March 2010, as mentioned in the procedures approved by the Board of Directors described in section 11 below.

The Committee is responsible for conducting preliminary examinations of transactions with related parties submitted by the competent corporate departments and express their opinions.

The Committee's work is coordinated by a Chairman, assisted by a Secretary who need not be a member of the Committee. Minutes are taken at the meetings and the Chairman provides the Board of Directors with a report on the Committee's work.

The Committee meetings are also attended by company managers with competence in the transactions submitted to the Committee for review.

In the performance of its duties, the Committee may access Company information and functions as necessary to carry out its tasks and employ the services of outside consultants, under the terms approved by the Board of Directors.

The Board of Directors has made available to the Committee an annual budget of Euro 30,000, while providing that any additional needs must be submitted for approval by the Board itself.

In 2015 the Committee met once to review the annual report, which is subject to the approval of the Board in accordance with ISVAP Regulation no. 25. The report contains the guidelines to be followed for intercompany transactions and the transactions planned for the year.

In 2015 there were no transactions carried out with related parties that should be subject to prior examination by the Committee.

## 7. APPOINTMENTS AND REMUNERATION COMMITTEE

At the date of this report the Committee was composed as follows:

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

As mentioned in Chapter 6 above, 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 Remuneration Committee (non-executive directors, the majority of whom must be independent, with the Chairman selected among the latter).

The Chairman coordinates operations and provides the Board of Directors with the proposals made by the committee reports on their operations.

The Committee can appoint a Secretary, not necessarily a member of the Committee, and minutes are kept at the meetings.

At the time of appointment, which took place after the Board of Directors was appointed in 2013, the Board took into account the professional experience of the directors, in compliance with the principle expressed in the Code of Corporate Governance, according to which at least one member of the Remuneration Committee must have adequate accounting and financial knowledge and experience.

The Board of Directors has made available to the Committee an annual budget of Euro 30,000, while providing that any additional needs must be submitted for approval by the Board itself.

The Chief Executive Officer takes part in the meetings, with the exception of those where he or she is the topic of discussion. No directors take part in meetings where decisions are to be made concerning their remuneration. In 2015 the Managing Director and the Head of the Organisation, Human Resources and General Services Division participated in certain Committee meetings.

In the performance of its duties, the Committee may access Company information and functions as necessary to carry out its tasks and employ the services of outside consultants, under the terms approved by the Board of Directors. To date, the Committee has not employed any outside consultants.

The Appointments and Remuneration Committee held five meetings in 2015, with an average duration of about one hour. Average meeting attendance was 100%, as seen in the table in Annex 2 of this Report.

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

Concerning the appointments, the Committee has the function of:

- formulating opinions to the Board of Directors with regard to the size and composition of the Board and of the Committees.
- making proposals for the organisation and operation of the Board of Directors.
- making recommendations with respect to:
  - (i) the professionals whose presence within the Board is deemed advisable;
  - (ii) the maximum number of positions as director or statutory auditor in other companies listed on regulated markets (also abroad), in financial, banking, insurance companies or in companies of significant size, that would be compatible with the effective performance of a director's duties, taking into account the directors' participation in the committees within the Board of Directors of the Company.
- 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 Chief Executive Officer;
- 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 Chief Executive Officer in preparing career and replacement plans for the Company's Senior Management;
- carrying out the preliminary information gathering work for the preparation of the plan for the succession of the executive directors;
- assisting the Chief Executive Officer of the Parent Company in formulating proposals for the appointment of Directors, of the Chairman, Chief Executive Officer and General Manager at the subsidiary Companies;
- assisting the Chief Executive Officer of the Parent Company in formulating proposals for the appointment of the Directors pertaining to Vittoria at the affiliated Companies.

With respect to remunerations, the Committee has the following functions:

- submitting proposals to the Board of Directors with regard to the definition of the policy for the remuneration of directors and senior managers with strategic responsibilities. In particular:
    - (i) making proposals or expressing opinions to the Board of Directors for the remuneration of executive directors and of Directors holding specific offices, and on setting the performance targets correlated to the variable portion of said remuneration;
    - (ii) making proposals to the Board, as indicated by the Chief Executive Officer, for setting the remuneration of the Senior Management of the Company in such a way as to attract and motivate high-calibre people, and the remuneration of heads of internal control;
  - verifying the enforcement of the Board of Directors' decisions on remuneration, monitoring also the actual attainment of performance targets;
  - periodically evaluating the adequacy, overall consistency and concrete enforcement of the remuneration policy, relying, for senior managers with strategic responsibilities, on the information provided by the Chief Executive Officer, formulating proposals on this matter.
  - assisting the parent company's Managing Director in developing proposals for determining the remuneration of the Directors, the Chairman, the Managing Director and the General Manager.
- The Policy for assessing suitability prerequisites, approved by the Board of Directors in 2014 and subject to review in 2015, also requires that the Committee provide support for Board assessment, checking beforehand any documentation relating to the assessment of suitability for members of management and control boards and the Reporting Officer and heads of the audit departments (Internal Audit, Compliance, Risk Management and Actuarial). The Committee also ensures senior executives and subsidiary directors possess the prerequisites required.

- prior examination and approval of the Report outlining the remuneration policies adopted by the Company in accordance with ISVAP Regulation no. 39 and art. 123-ter of the TUF;
- distribution of variable remuneration to pay to the Chief Executive Officer, the Managing Director and Senior Management on the basis of criteria defined by regulations approved by the Committee itself.
- on the basis of proposals submitted by the Chief Executive Officer, definition of variable remuneration to pay to the heads of control departments (Internal Audit, Compliance and Risk Management), with the consent of the members of the Control and Risk Committee, in accordance with Company remuneration policies.

With respect to appointments, the Committee:

- received a request from Pietro Carlo Marsani to be released from the office of Chairman of the Control and Risk Committee and submitted a proposal to the Board to appoint Giuseppe Spadafora as his replacement;
- submitted proposals to the Board to extend the composition of the Control and Risk Committee with the appointment of Anna Strazzera and to extend the composition of the Finance

Committee with the appointment of Giuseppe Spadafora, giving the latter the special task of coordinating information flows between the two committees;

- expressed a favourable opinion to appointing new members to Senior Management after checking whether the persons in question are in possession of the prerequisites provided by the Policy for assessing suitability as approved by the Board of Directors;
- reviewed and approved the appointments for the company bodies of subsidiaries and investee companies due to expire;
- reviewed the results of the self-assessment questionnaire prepared to assess the size, composition and operations of the management body as a whole, as well as its committees, in accordance with the Corporate Governance Code and with ISVAP Regulation no. 20;
- carried out preparations for checking the documentation needed for the annual assessments made by the Board in relation to the prerequisites for Director independence and integrity and compliance with the interlocking prohibition by parties subject to such assessment.

The Committee also provided support to define company organisation by examining Board decisions, the organisation chart, function chart and the model of powers and mandates.

In particular, the Committee reviewed the proposals made by the Chief Executive Officer with respect to certain organisational changes deemed necessary to implement a gradual programme for company departments to adjust to the requirements deriving from application of Solvency II.

## 8. REMUNERATION OF DIRECTORS

For the information regarding the remuneration of the Directors, please see the Remuneration Report, prepared and published pursuant to art. 24 of Isvap Regulation no. 39 and art. 123-ter of the TUF, which is published concurrently with this Report.

The Remuneration Report is approved by the Board of Directors on the proposal of the Appointments and Remuneration Committee and is thereafter subject to the approval of the General Meeting convened to approve the financial statements for the year.

As provided by article 123-ter of the TUF, the report consists of two sections:

- the first section, which is submitted for approval of the General Meeting pursuant to Isvap Regulation no. 39 and art. 7 of the Articles of Association contains:
  - a) the compensation policies that the Company intends to adopt for Directors, Statutory Auditors, the General Manager, the managers with strategic responsibilities and the staff, that is the managers and senior staff of the internal control functions (Internal Audit, Compliance and Risk Management) and the other categories of staff with activities that could significantly impact the Company's risk profile;
  - b) the procedures used for implementation of this policy;
- the second section, for which the approval of the General Meeting is not required, is divided into two parts and, by name for the members of the administration and control bodies, and, in aggregate form, the managers with strategic responsibilities, the general manager provides:
  - a) an adequate representation of each item comprising the remuneration;
  - b) analytical usage of the remuneration decided for the Directors, the General Manager, the Statutory Auditors, Senior Management for the previous year for any purpose and in any form by the Company and the subsidiaries or associated companies.

In the Governance Section of the Company's website, a section has been created which is dedicated to the Remuneration Reports, where the reports prepared starting from financial year 2012 can be consulted.

## 9. CONTROL AND RISK COMMITTEE

At the date of this Report, the Committee consists of the following Directors:

Giuseppe SPADAFORA	Independent non-executive Chairman
Pietro Carlo MARSANI	Independent non-executive Vice Chairman
Luca PAVERI FONTANA	Non-executive
Anna STRAZZERA	Independent non-executive

Pursuant to Principle 7.P.4. of the Code of Corporate Governance, the Committee is exclusively composed of non-executive Directors, the majority of whom are independent, with the Chairman selected from amongst independent members.

The members of the Committee have been selected by the Board based on their respective professional experiences, in compliance with Principle 7.P.4. of the Corporate Governance Code, which requires that at least one member of the Committee must possess adequate experience in accounting and finance or risk management.

In 2015 the Committee underwent the following changes as resolved by the Board of Directors: on 10 March 2015, the non-executive independent director Anna Strazzera was appointed as a new member from the minority slate; on 8 May 2015, Giuseppe Spadafora was appointed Chairman of the Committee to replace Pietro Carlo Marsani, who had requested to be released from the position for health matters.

The Board of Directors has made available to the Committee an annual budget of Euro 30,000 for the carrying out of its duties, while providing that any additional needs must be submitted for approval by the Board itself.

The work of the Control and Risk Committee is coordinated by the Chairman, who reports 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.

The Chairman is assisted by the Head of the Company's Internal Audit Department, who serves as Secretary of the Committee.

The Control and Risk Committee held nine meetings in 2015, with an average duration of approximately two hours.

Average meeting attendance was 72% as seen in Annex 2 of this Report.

All Committee meetings were attended by members of the Board of Statutory Auditors, the Heads of the Internal Audit, the Legal, Compliance and Anti-money laundering Department, the Risk Management Department and the Head of Planning and Control for the Group. The Chief Executive Officer, the Reporting Manager and heads of various Company departments may also be called to attend certain meetings depending on the issues discussed.

Moreover, in order to improve coordination of the activities performed by the offices responsible for the internal control system, the Chairman of the Supervisory Body appointed pursuant to Italian Legislative Decree no. 231/2001 attended two meetings of the Committee.

In the performance of its duties, the Committee may access Company information and functions as necessary to carry out its tasks and employ the services of outside consultants, under the terms approved by the Board of Directors.

In 2016, 11 meetings shall be held, five of which have already been held as of the date of this Report.



In order to harmonize the activities carried out by the Control and Risk Committee and of the Board of Statutory Auditors, coordinating actions are performed between the two bodies, involving, in particular:

- systematic, de jure participation of all members of the Board of Statutory Auditors in the meetings of the Control and Risk Committee;
- coordination with the Board of Statutory Auditors to determine the agenda of the Control and Risk Committee, in order to achieve greater efficiency and avoid duplication in carrying out their respective duties.

Minutes of all Committee Meetings are duly taken and a copy of the minutes is sent to all Directors and Statutory Auditors.

### 9.1. Functions of the Control and Risk Committee

According to the provisions of the "Risk Management Policy" approved by the Board of Directors on 13 November 2014, and revised on 12 November 2015, and in accordance with Principle 7.C.1. of the Corporate Governance Code, the main role of the Control and Risk Committee is to provide support for assessments and decisions made by the Board of Directors concerning the guidelines and adequacy, effectiveness and efficiency of the risk management and control system.

In particular, in assisting the Board of Directors the Committee:

- assesses yearly the adequacy of the internal control and risk management system with respect to the characteristics of the Company and with the assumed risk profile, as well as its effectiveness;
- reports to the Board of Directors on the work done and on the adequacy of the Internal Control System and Risk Management system;
- checks the updates of the RAF (Risk Appetite Framework), as well as the formalisation and distribution of the documentation that represents it;
- ensures the existence of adequate processes and systems to define risk propensity and for constant monitoring;
- verifica la formalizzazione dei processi di escalation da attuare nel caso di violazione dei livelli di tolleranza inerenti la propensione al rischio;
- checks formalisation of escalation processes to implement if risk propensity tolerance levels are not respected;
- monitors implementation of assessments, also under conditions of stress, on a set basis and with each event;
- checks execution of any corrective measures defined by the Board of Directors or Senior Management, in the case of deviation within or over tolerance thresholds respectively;
- reviews the risk assessment and management policies;
- analyses the FLAOR/ORSA report on methods, processes and results of internal, current and forward-looking assessment of risks and solvency;
- reviews reports provided by the internal audit department for the Board describing the activities carried out and the outcome of audits performed to monitor adherence to the limits/parameters, also qualitative, set by the Board of Directors in relation to risk exposure.

With respect to these duties, governance of the internal control and risk management system of Vittoria Assicurazioni requires that the Committee perform preliminary fact-finding and advisory work for the Board of Directors for the examination of the following documentation:

- yearly planning and six-month reports prepared by the control functions (Internal Audit, Compliance and Risk Management) and by the Supervisory Body on the activities performed;
- the Report on Corporate Governance and shareholding, for the parts pertaining to the existing risk management and internal control systems related to the corporate disclosure process;
- the annual Report, prepared pursuant to Isvap Regulation 20, describing the Internal Control System and Risk Management system implemented by the Company;
- the annual report by the head of the Compliance Department on the adequacy and effectiveness of the measures adopted by the Company to manage risk of non-compliance with regulations, prepared in accordance with Article 24, Paragraph 3 of Isvap Regulation no. 20;
- the periodic reports prepared by the Head of the Anti-Money Laundering Department in accordance with Isvap Regulation no. 41;
- the annual report prepared by the Head of the Anti-Fraud Department in accordance with Isvap Regulation no. 44;
- the annual report on training and professional development of distribution networks under Isvap Regulation no. 40;
- the interim reports prepared by the Head of Internal Audit on the management of the Claims received by the Company;
- the updates of the Organisation and Management Model adopted by the Company in accordance with Italian Legislative Decree 231/2001.

Moreover, the Committee, in assisting the Board of Directors:

- works with the Financial Reporting Manager and the external auditors and the Board of Statutory Auditors to assess the proper application of accounting standards and their uniformity for the purposes of preparing the financial statements;
- monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department;
- may request the Internal Audit Department to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of Statutory Auditors;
- liaises with the Board of Directors and the Supervisory Body in regard to issues involving the enforcement of Italian Legislative Decree no. 231/2001;
- expresses opinions on specific aspects relating to the identification of the main risks for the Company;
- carries out any further tasks from time to time assigned by the Board of Directors.

In accordance with the Internal Audit Policy approved by the Board, the Committee shall provide the Board of Directors with their binding opinion on the appointment of the Head of Internal Audit and his or her remuneration. In addition, in accordance with Committee Regulations, it provides support to the Board of Directors in assessing the adequacy of resources given to the head of the Internal Audit Department. As described below in Section 10, the Head of Internal Audit reports to the Control and Risk Committee, the Board, and functionally to the Chief Executive Officer.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### 10.1. Board of Directors Guidelines on the Internal Control and Risk Management System

Responsibility for the internal control and risk management system falls on the Board of Board of Directors, who shall determine the guidelines and monitor its adequacy and effectiveness while ensuring that company risks are identified and managed in a suitable manner.

The Board of Directors defines and approves the policies and strategies for internal control and risk management as well as risk propensity, preferences and tolerance levels while determining performance objectives that are consistent with asset levels.

Starting in 2014, also in compliance with the regulations issued under the Solvency II Directive, the Board of Directors approved specific Policies establishing the guidelines of the comprehensive internal control and risk management system determining, in particular, the degrees of risk propensity held by the Company.

The structure of the risk management system entails that the essential guidelines be set forth in the "Risk Management Policy", the principles of which are provided in the additional specific policies.

The system is includes the following documents:

- Risk Appetite Framework (RAF): the RAF is the group of metrics, processes and systems to provide support in managing the level and type of risk the Company is willing to assume according to its strategic objectives.  
Risk propensity was defined on the basis of three dimensions: Capital, Value and Profit and the Company currently uses key indicators to express them.
- Forward Looking Assessment Own Risks / Own Risk and Solvency Assessment or "FLAOR/ORSA": internal assessment process for risks and solvency consisting of a group of analysis, decision-making and strategic processes and methods used to assess capital needs and availability of assets on a constant and forward-looking basis. This framework is linked to the profile and risk propensity specific to the Company.

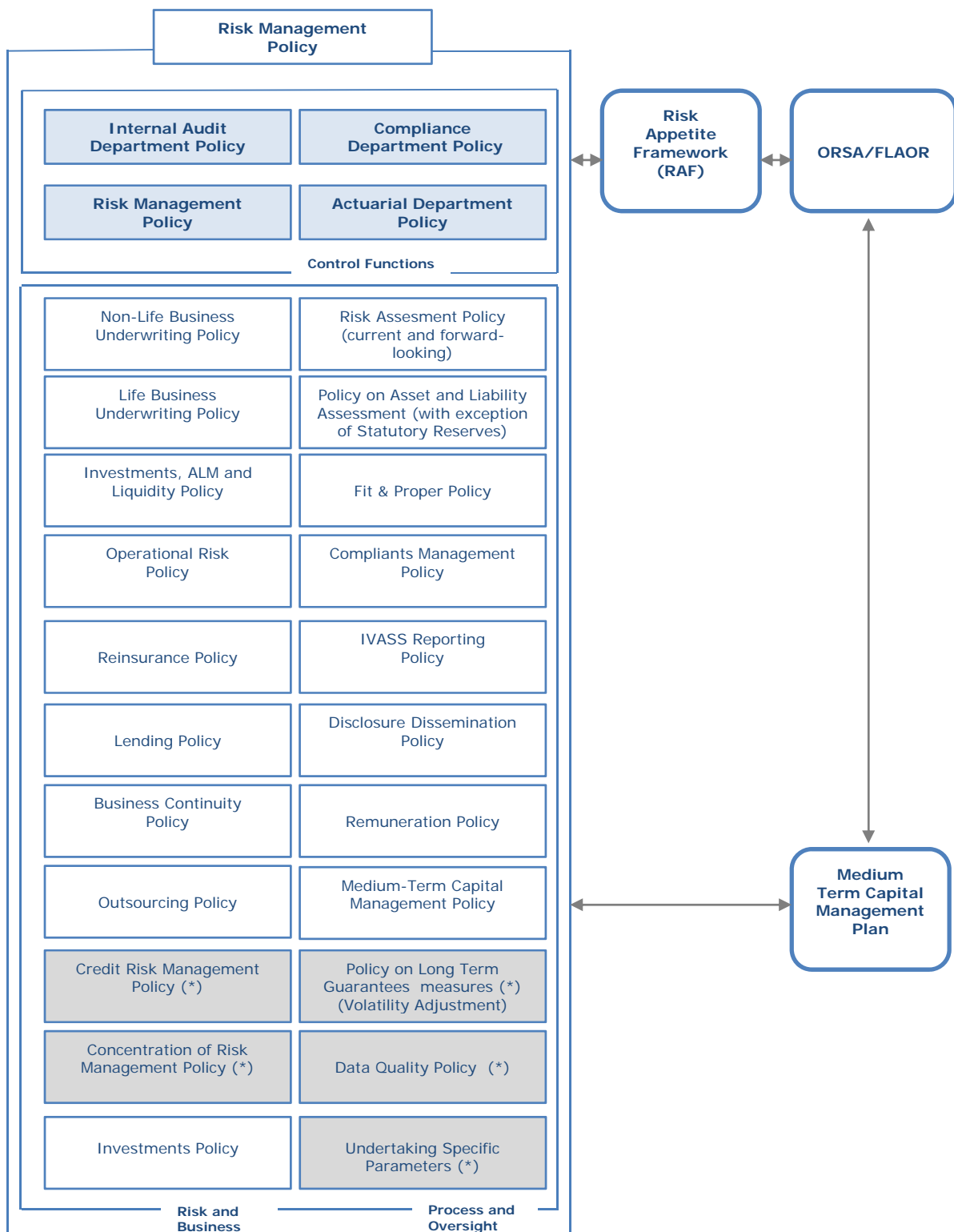
Throughout the entire system are the policies of the primary control functions at second and third level, i.e., Internal Audit, Compliance and Risk Management and Actuarial.

The entire system is reviewed yearly by the Board of Directors, with the support of the board Committees. The governance policies set forth in the guidelines gives the Committees an essential role in supporting the Board for information and control.

On the whole, at the date of this Report, the Board of Directors approved 22 Policies, which can be divided into 3 categories:

- Risk and Business;
- Processes and Oversight;
- Control departments.

The system is outlined in the chart below, which also shows the policies that will be approved in 2016:



(\*) Policies to be approved in 2016

Each Policy describes the purpose of the guideline, scope of application, roles and responsibilities in related processes, implementation procedures and procedures for coordination between the various parties involved.

### Risk Management Policy

The objective of the policy is to define guidelines and methodology that ensure efficient and effective risk management in accordance with the laws in force.

They include:

- definition of roles and responsibilities in performing risk management processes;
- definition of the functions attributed by the Board of Directors to the Finance Committee and the Control and Risk Committee;
- definition of risk categories the Company is or might be exposed to as well as the methods to measure them;
- processes to define risk strategy, identification, assessment, monitoring, reporting, and mitigation of risks, including the definition of stress test methods used by the Company.

### Underwriting Policies – Life and Non-Life Business

The objective of the two policies is to define the strategic direction of the Company for assuming and holding insurance risks as well as to define the principles, guidelines and roles in subscription and reserve processes, also in view of managing risks related to incorrect pricing and assumptions, unsustainable reserve values and incorrect reserve allocations.

The two policies define the essential requirements to apply to the subscription and reserve process in accordance with regulations and principles currently in force and with Solvency II requirements, illustrating how such requirements enable the identification and correct management of risks deriving from insurance obligations. They are an integral part of the Risk Management system and take into consideration risk propensity, as set forth in the Risk Propensity document, and the medium/long term objectives of the Company.

The two Policies regulate operational activities in terms of underlying principles and guidelines, while identifying the main actions to implement. The main objectives are to:

- ensure appropriate management of subscription and reserve processes;
- define the standards to carry out the insurance risk subscription process;
- represent the framework of controls in place to ensure:
  - (i) management of the risk of incorrect pricing;
  - (ii) sustainability of the value of reserves for regulatory purposes;
  - (iii) management of the risk of incorrect reserve allocation;
- define processes that ensure compliance with regulatory provisions;
- define the strategic direction of the Company for assuming and holding risks;
- represent the model with which the Company ensures that subscription and reserve risks are in line with the overall risk management framework.

### Investment, ALM and Liquidity Policy

The objective of the policy, in accordance with ISVAP Regulation no. 21 and no. 36, is to formalise the strategic direction of the Company in terms of investment management, ALM and liquidity, as well as the principles, guidelines and roles assigned in the relating processes.

The investment policy, ALM and liquidity define the roles, responsibilities and approach of the Company in terms of investment management processes, liquidity position and ALM activities and in managing risks in accordance with the provisions and standards currently in force and in accordance with Solvency II. The document, in line with the risk management policy, sets forth the requirements that enable the identification, assessment, monitoring, management and reporting of risks deriving from investments (interest rates, shareholdings, real-estate, spread, exchange rates, concentration), liquidity management (liquidity risk) and integrated management of assets and liabilities (ALM risk). The Policy is an integral part of the Risk Management system and takes into consideration risk tolerance, as set forth in the Risk Propensity document, and the medium/long term objectives of the Company.

### Reinsurance Policy

The objective of the policy approved is to establish guidelines and strategies the Company intends to follow in the management of reinsurance cover and in the choice of reinsurers to remove the exposure identified. The aim is to ensure a balance in the portfolios of individual

branches through the use of reinsurance cover to safeguard technical processes and in order to maintain prudent exposure to risks.

They include:

- the guidelines for retention, risk transfer (adjustment to limits defined by the Company), and the most suitable reinsurance agreements for the risk profile;
- the definition of principles/criteria for selecting reinsurers and procedures for assessment and monitoring concerning the credit worthiness of reinsurer counterparties;
- the processes for selecting reinsurers and assessment of actual risk transfer;
- definition of roles and responsibilities in performing Risk Management when performing the assessment of actual reinsurance risk transfer.

#### Operational Risk Policy

The objective of the policy is to define the Company guidelines related to operational risk management and the roles assigned to the processes of operational risk management in all its phases, including the activities for preventing and mitigating risks.

The policy focuses on the following five areas:

- data security;
- business continuity (measures needed to minimise financial losses and image deterioration deriving from the unavailability of workplaces, energy and utilities, human resources);
- IT Disaster Recovery (measures needed to minimise financial losses and image deterioration deriving from the unavailability of the data processing centre);
- fraud;
- inefficiency of persons and/or processes.

#### Loan Policy

The objective of the policy is to regulate the roles and responsibilities of parties involved in granting loans and restrictions for carrying out this activity.

In particular, the following types of loans and related processes are regulated: loans secured by mortgage; unsecured loans; unsecured financing to subsidiaries and associated companies.

Specifically, the policy defines: roles and responsibilities of departments involved in the process for granting and managing loans according to type and recipient; the conditions for payment according to type of loan and recipient and their limits; responsibilities related to the authorisation of any exceptions.

The Policy describes the primary phases in the loan management process: Application and preliminary review, decision and payment, management of transaction, monitoring credit, assessment of credit positions and renewal or extinguishment.

It identifies the prerequisites for allowing mitigation associated with residential mortgage loans in accordance with Solvency II as well as the second-level controls made by the Risk Management Department.

#### Business Continuity Policy

Below are the objectives of the policy approved by the Board of Directors:

- define guidelines for controlling Business Continuity, in accordance with the Solvency II Directive, Delegated Acts and national legislation;
- formalise strategies for conserving essential functions and information and ensure business continuity in the event systems or procedures are interrupted;
- define strategies for quickly recovering operations by implementing plans to recover functions and data.

They include:

- the scope of application while distinguishing between operational continuity for technological resources and operational continuity for resources that are not necessarily technological;
- the roles while distinguishing between ordinary situations and emergency situations;
- internal and/or public communications when implementing the Business Continuity Plan or the Disaster Recovery Plan;
- definition of measures taken to protect the Company against any interruption of services

provided by suppliers in support of essential or critical processes.

#### Outsourcing Policy

The objective of the policy approved is to define the guidelines the Company uses to outsource certain activities and describe the roles and responsibilities related to outsourcing.

They include:

- the guidelines to define the criteria used to determine the activities to be outsourced and the criteria for selecting service providers;
- the process and methods for assessing the service level of providers;
- the process for implementing Company emergency plans, including exit strategies.

#### Investments Policy

The objective of the policy is to define the roles and responsibilities of parties involved in making investments in securities and set investment identification criteria (key and not key), also for the purpose of calculating the solvency requirement.

They include:

- roles and responsibilities of company departments involved in carrying out proposals to make investments in securities as well as the Company Bodies responsible for assessing the proposals to enable board resolutions;
- general principles for identifying the type of investment in terms of nature and in terms of degree and influence on the investee company;
- description of the primary phases in the process for undertaking investments, consistent with the overall investment strategy defined by the Board of Directors: preparing the investment proposal, drafting the information file, approving the information file and final approval to undertake the investment;
- criteria for identifying key investments;
- role of the Risk Management Department for an opinion and for long-term monitoring.

#### Risk Assessment Policy (current and forward-looking)

The objective of the Policy is to define guidelines, methodological principles and macro-processes for the purpose of assessing the Group's current/future internal risks and solvency on a continuing basis. The Policy also aims to ensure:

- consistency with the risk propensity defined in the Risk Appetite Framework approved by the Board of Directors;
- continuing identification of stress scenarios and situations.

They include:

- quantitative methodologies, with Solvency II Standard Formula metrics used in current and forward-looking risk assessment;
- the qualitative methods used in assessing risks under the Standard Formula and monitoring tools;
- frequency of assessments: yearly and by event;
- the link with strategic planning through repetitive processes.

#### Policy on Asset and Liability Assessment

The objective of the policy is to define the roles and responsibilities of the Departments involved in the valuation of assets and liabilities (with the exception of Statutory Reserves) as well as define the valuation process for items related to assets and liabilities, including methodological approaches and any control systems and verification procedures implemented by the Company.

They include:

- the roles and responsibilities held by departments involved in the valuation process for book items;
- the procedures that ensure reliable and accurate valuations by implementing an appropriate internal control system for the valuation process;
- the valuation methods ensuring that the valuation of book items is consistent with the provisions prescribed under Solvency II.

### Fit & Proper Policy

The objective of the policy is to provide guidelines for assessing whether candidates are suitable, in terms of integrity and professionalism, for positions in management and control as well as heads of Risk Management, Compliance and Internal Audit.

They include:

- prerequisites to determine suitability, in terms of integrity and professionalism, for the position of head of Risk Management, Internal Audit and Compliance as well as executives with strategic responsibilities, not subject to the requirements in question;
- the assessment processes in terms of professional profile and integrity: not only at the time of assessing their suitability to cover an important position, but also in the long-term;
- method for determining situations that call for a new assessment of integrity and professionalism;
- processes for assessing suitability of candidates as members of the Board of Directors, Board of Statutory Auditors (at least once per year while maintaining the professionalism examined on appointment) and the heads of auditing.

### Complaint Management Policy

The objectives of the policy are:

- defining the conduct and guidelines to follow for ensuring correct and timely management of complaints received by the Company;
- ensuring standardised conduct by parties involved in complaint management according to shared conduct principles;
- ensuring timely and effective management of complaints, indicating the roles and responsibilities of parties involved;
- maintain fair and transparent relations with customers also in order to prevent legal risks or damage to reputation.

They include:

- the roles and responsibilities held by parties involved in the complaint management process;
- procedures enabling the identification of company processes and products involved in the complaints;
- the roles and responsibilities in the process for identifying and assessing the causes at the root of the complaints.

### IVASS Reporting Policy

The objective of the policy is to formalise guidelines in providing the Supervisory Authority with all required information.

It includes:

- the roles, responsibilities and preparation process, review and reporting to the Supervisory Authority, with guidelines for managing and forwarding disclosures in order to ensure timely and effective management as well as compliance with legal rules.
- adequate organisational measures for the purpose of sending information to IVASS to ensure the reliability, completeness and consistency of all data provided.

### Disclosure Dissemination Policy

The objective of the policy is to establish lines of conduct to follow for all the activities related to disseminating disclosures and information to the public as well as define the principles and procedures for managing communications so as to ensure the following on an on-going basis:

- the adequacy of the information prepared;
- structured oversight of communications management and dissemination, timely and effective management;
- legal compliance.

They include:

- the roles and responsibilities held by parties involved in the disclosure dissemination process, also with respect to sensitive information;
- the general principles (e.g. collaboration, accuracy, confidentiality, consistency, traceability,



- effectiveness and efficiency) and conduct (e.g., truthfulness, transparency, documentation, archiving and control) that the parties involved are required to respect;
- implementation: preparation, review, approval and dissemination;
  - management of exceptions in the report on solvency and financial condition;
  - details concerning the main disclosures of information to the public, with indications on the managers and departments involved.

#### Medium-term Capital Management Policy

The objective of the policy approved by the Board of Directors is to formalise three-year planning so as to ensure continuing respect of the requirements provided under the Solvency II Directive on capital requirements and the composition of capital resources.

They include:

- management of capital resources according to the current and forward-looking assessment of risks in order to maintain an adequate degree of financial solidity;
- detailed forward-looking assessments related to the Balance Sheet obtained through the projection tool of the risk profile;
- composition of capital resources in the three-year period and classification in tiers of Solvency II;
- highlighting reductions in capital resources;
- considerations on the financial solidity of the group and alignment with risk propensity.

#### Internal Audit Department Policy

The objective of the policy approved by the Board of Directors is to regulate roles and responsibilities under the Internal Audit Department and to define the general objectives the Internal Audit department shall pursue.

They include:

- definition of roles and responsibilities of the Internal Audit department in performing processes for monitoring and assessment of the internal audit system;
- the requirements of the department such as independence, resource adequacy, the right to information, objectivity, confidentiality, respect for Code of Ethics and department member professionalism;
- the processes to define the internal audit plan, audit management (consultancy or assurance), including execution (planning, performance, briefing, plan of action and follow-up) and reporting;
- relations with other departments, audit boards and information flows.

#### Risk Management Department Policy

The objective of the policy is to regulate roles and responsibilities under the Risk Management Department and to define the general objectives the department shall pursue in monitoring the risks deriving from the business of the Company and Group.

They include:

- definition of roles and responsibilities of the Risk Management Department in performing risk management processes, interdependence and information flows;
- the requirements of the department such as independence, resource adequacy, the right to information, objectivity, confidentiality and department member professionalism;
- processes to define the risk management plan;
- processes for risk management (identification, assessment, monitoring and treatment) and reporting;
- definition of interdependence and information flows between the audit department and risk management department.

#### Actuarial Department Policy

The objective of the policy approved by the Board of Directors is to define the objectives, roles, responsibilities, analysis methods, monitoring and control performed by the Actuarial Department deriving from the business carried out by the Company.

They include:

- the general objectives of the Actuarial Department: (i) ensure the adequacy of methods and models underlying the calculation of technical reserves while identifying any irregularities with respect to the Solvency II Directive; (ii) assess the reliability and pertinence, in terms of sufficiency and quality, of internal and external data used to calculate technical reserves, also taking into consideration consistency with the data used to calculate local reserves; (iii) provide an opinion on the general subscription policy adopted by the Company and on reinsurance agreements taking into consideration the relation between them and the technical reserves; (iv) contribute to effective implementation of the Risk Management System, in particular collaborating in risk modelling activities for the calculation of regulatory capital, also in the case of forward-looking assessments providing support to the Risk Management Department in identifying and analysing risks.
- the requirements of the department such as independence, resource adequacy, the right to information, objectivity, confidentiality and department member professionalism;
- the methodologies for assessing internal and external data used to calculate technical reserves;
- definition of interdependence and information flows between the control functions and Actuarial Department.

#### Compliance Department Policy

The objective of the policy approved by the Board of Directors is to regulate roles and responsibilities under the Compliance Department, define the general objectives of the department and describe the methods for analysis, monitoring and controlling to prevent non-compliance risks deriving from the business of the Company and Group.

They include:

- definition of the roles and responsibilities of the Compliance Department in performing risk assessment processes;
- the requirements of the department such as independence, resource adequacy, the right to information, objectivity, confidentiality and department member professionalism;
- processes to define the Compliance plan;
- processes for non-compliance risk management (survey of legal rules, risk assessment, implementation of measures) and reporting;
- definition of interdependence and information flows between the audit department and compliance department.

The following policies should be approved by the Board in 2016:

- Credit Risk Management Policy
- Concentration Risk Management Policy
- Policies related to Long Term Guarantees (Volatility Adjustment)
- Data Quality Policy
- USP Policy (Undertaking-Specific Parameters).

In accordance with the Policies mentioned above and after the Control and Risk Committee's preliminary assessment, the Board approves control plans on a yearly basis (Internal Audit, Compliance and Risk Management). Every six months the same departments report to the Board on the activities performed.

The Board ensures that Senior Management correctly implements the internal control and risk management system in accordance with the provisions provided and they ensure its efficiency, completeness, suitability and timely information flow. For that purpose, the Board analyses any problems identified and takes the corrective actions necessary, which are then followed up on to check their effectiveness.

Each year the Board approves the organisation and function chart together with the model of mandates and authorizations defining the structure of the responsibilities assigned to the

individual business units, paying special attention to preventing any excessive concentration of powers in a single person and setting up tools to check how the powers are exercised.

Following the activities performed to identify the risks the Company is exposed to, the Board approves suitable emergency plans in order to safeguard Company assets and ensure alignment with company risk propensity.

The Board also approves the IT strategy plan in order to safeguard comprehensive integrated IT systems that meet the need to ensure quality and completeness of data and company information.

In performing its functions, the Board receives proposals, advice and support from board Committees, with the functions already outlined in the sections above.

The Chief Executive Officer was tasked by the Board of Directors to oversee the operation of the internal control system.

As described above, the Policies on control functions, approved by the Board of Directors on proposal of the Control and Risk Committee, establish the duties, operating procedures, coordination methods and the nature and frequency of reports by the control functions mentioned above, in accordance with Isvap Regulation no. 20.

In order to facilitate the circulation of information flows between the control departments and board Committees, the company department "Group Control and Planning" standardises the various departments in the process to bring the structure in line with Solvency II.

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

The Board put the Chief Executive Officer in charge of overseeing operations of the internal control system. He or she identifies the actions required to maintain its overall adequacy, effectiveness and efficiency, supervising their implementation.

The Chief Executive Officer is responsible for updating the internal control and risk management system. Under the supervision of the Control and Risk Committee, he identifies the actions required to maintain its overall adequacy, effectiveness and efficiency, supervising their implementation.

For this purpose, the Chief Executive Officer relies on the Company departments responsible for the internal control system:

- the Risk Management Department and the Company's Risk Management Committee (attended by members of Senior Management and executives of the Company responsible for business areas), to identify the most significant risks consistently with the Company's strategies and policies, identifying the risk tolerance levels to be submitted to the Board for review;
- the Compliance Department, to identify any needs to adapt the internal control and risk management system in view of current legal and regulatory provisions;
- the Internal Audit Department, for the audits necessary to assess the effectiveness and efficiency of the internal control and risk management system.

The Chief Executive Officer reports to the Control and Risk Committee in a timely manner to inform them of any problems or critical points arising from his activities or in any case that come to his knowledge.

## 10.3. Senior Management

Senior Management performs the activities related to the development, management and control of the risk management system on a continuing basis. In addition, as part of their duties under the strategic and organisation guidelines, Senior Management ensures implementation and improvement of policies to assume, assess and manage risks as approved by the Board as well

as implementing company processes formalised by organisation documents. Furthermore, Senior Management ensures actual definition and checks operational limits are respected as well as risk exposure and respect for tolerance levels.

Senior Management checks that information on the degree of efficiency and effectiveness of the risk management system is regularly forwarded to the Board and that information flows are maintained especially in the event of any significant problems.

#### 10.4. Company Organisation

Monitoring risks is especially important where the risk originates. Therefore, execution of activities aiming to manage risks is the specific duty of all persons according to the duties assigned to them. Consequentially, the corporate bodies of all the companies in the Group are required to apply suitable control mechanisms in order to mitigate any risks related to certain operations so as to ensure, at all levels, structured and regular execution of operations, respect for internal and external rules and regulatory provisions as well as the principles underlying healthy and prudent management.

The Company maintains and keeps up-to-date a collection of internal documentation composed of procedures and organisational instructions as well as activity metrics and controls in order to implement management principles, general guidelines, organisation models, roles and responsibility for company processes, thereby regulating internal operations, which results in protection against risks.

Below are the roles and responsibilities of Control Functions and the primary Committees within the Company's internal control and risk management system.

#### 10.5. The primary company functions involved in the internal control system

As mentioned above, the primary company functions involved in the internal control system are Internal Audit, Compliance, Risk Management and the Actuarial Department.

In order to ensure the four control departments have autonomy and independence, the Heads are appointed by the Board of Directors on proposal from the Chief Executive Officer and after receiving a favourable opinion from the Control and Risk Committee and the opinion of the Board of Statutory Auditors.

The Heads of the four departments shall possess the necessary prerequisites of integrity and professionalism, which are identified and defined in the Policy for assessing appointment requirements approved by the Board. With the support of the Appointments and Remuneration Committee, the Board ensures the prerequisites are in place at the time of appointment and verifies them on a yearly basis.

The Risk Management Policy and the specific policies on the control departments mentioned above define the relationships, collaboration and exchange of information between the departments.

In particular, relations between the II and III level functions are structured on the following three levels:

- a) level one entails periodic meetings;
- b) level two entails formal exchange of information;
- c) level three entails the participation of members of the control bodies.

#### Internal Audit Department

The Head of the Internal Audit Department, appointed by the Board, is Mister Vincenzo Coppa.

The Head of Internal Audit reports to the Control and Risk Committee and the Chief Executive Officer.

The responsibilities of the Internal Audit Department, the tasks, operating procedures and the nature and frequency of reporting to corporate boards and involved departments are defined in the Internal Audit Policy approved by the Board of Directors, with the favourable opinion of the Control and Risk Committee.

The Internal Audit Department performs an independent and objective activity of assurance and advisory support in order to improve the effectiveness and efficiency of the Company and Group. It assists the Board in the pursuit of its objectives through a professional and systematic approach, which generates added value as it is aimed at assessing and improving risk management, control and governance processes.

The Internal Audit Department Policy establishes the principles of independence, objectivity, confidentiality and adequacy of resources needed by the department.

The department is free from any influence that might jeopardise their activity:

- it does not have direct responsibility or authority over the areas subject to audit;
- it is not involved in any operational activities that might be subject to audit;
- it has access and reports to management, Senior Management, the Control and Risk Committee and the Board without restrictions.

In order to ensure a greater degree of independence remuneration of the members of the Internal Audit Department is not determined according to any economic/financial objectives, but it is linked to special department objectives.

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 approved by the Board, the Head of Internal Audit may employ qualified outside resources.

As at 31/12/2015, the Internal Audit Department consisted of seven staff members, including the Head.

In 2015, Internal Audit also employed external consultants.

When carrying out their duties, Internal Audit staff must comply with the rules of conduct governing integrity, objectivity, confidentiality 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 Internal Audit Department is assured of full collaboration by the heads of the various units and free, unrestricted access to the significant 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.

In accordance with article 47 of the Solvency II Directive, the Internal Audit Department:

- a) establishes, applies and maintains an audit plan indicating the audit procedures to be carried out, taking into consideration all the activities and overall governance system of the Company;
- b) when setting its priorities it does so based on risk factors;
- c) forwards the audit plan to the Board, Senior Management, Board of Statutory Auditors and the Supervisory Board of the Company;
- d) prepares an internal audit report for the Board based on the outcome of work performed pursuant to letter a), including results and recommendations, including the period of time needed to correct any discrepancies and the department heads as well as information on

- carrying through audit recommendations;
- e) submits the internal audit report to the Board at least once per year;
  - f) checks compliance with the decisions adopted by the Board and the recommendations mentioned under letter d).

In addition, in particular cases where its involvement is deemed necessary (to ensure activities/projects respect internal control principles) the Internal Audit Department can be called on to express an opinion and provide support.

In accordance with the risk management system adopted by the Company and detailed in the Risk Management Policy, the Internal Audit Department conducts Group audits as defined in the department's yearly audit plan.

The head of the Internal Audit Department is in charge of ensuring that the internal control and risk management system is operational and adequate; so he:

- a) verifies, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;
- b) drafts periodic reports containing adequate information on its own activity, and on the Company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;
- c) prepares timely reports on particularly significant events;
- d) submits the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system.

In addition, the Head of Internal Audit shall:

- support the Supervisory Body in the manner set forth in the Organisational and Management Model pursuant to Legislative Decree 231/2001;
- maintain exchanges of information with all other bodies and departments attributed with a specific control function.

In carrying out its duties, the Internal Audit Department is assured of full collaboration by the heads of the various units and free, unrestricted access to the significant documentation, information systems and data of the division under review, including information useful for verifying the adequacy of the audits carried out on outsourced corporate functions.

All company units responsible for first and second level control shall inform Internal Audit whenever any high risk situations arise.

The Internal Audit Department defines and formalises planning by drafting an audit plan on a yearly basis for the Company and for the Group. The plan is subject to preliminary assessment by the Chief Executive Officer and the Internal Control Committee and it is then submitted to the Board of Directors for approval.

The plan is defined through risk-based methodology. It identifies the companies subject to audit, the areas, resources used and budget available to the Internal Audit Department. The plan also entails 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. These interventions are then recorded in the plan. The planning of interventions takes into consideration any faults found and any new risks identified.

Pursuant to art. 15 (3) of ISVAP Regulation no. 20, assurance interventions cover at least:

- management processes and organisational procedures;
- regularity and functionality of information flows between corporate divisions;

- adequacy of information systems and their reliability so as to ensure the quality of the information based on which company management makes its decisions;
- adherence of administrative and accounting processes to standards of fairness and to the obligation duly to maintain accounts;
- efficiency of outsourced work.

Concerning certain activities not falling under assurance (monitoring and assessment), but in any case are particularly important to the risk management and internal control system, the Internal Audit Department provides advisory support and can take part in specific company projects and can require: formulation of an opinion; providing support; performing special tasks.

In performing its work, the Internal Audit Department adopts operational methods in line with the international standards issued by the Institute of Internal Auditors (IIA). Below are the general phases the Department follows to perform audits:

- Planning;
- Execution;
- Reporting results;
- Receipt of action plan;
- Any follow-up needed;

The Internal Audit Department provides information for reporting to the Board concerning that state of implementation of the corrective measures prepared by the departments involved.

The Internal Audit Department is responsible for reporting to the Board of Directors through the Control and Risk Committee in relation to the activities carried out and any failures or significant critical areas. In performing its duties, therefore, it directly ensures implementation of the reporting process to the Control and Risk Committee, Senior Management and IVASS. The chairman of the Control and Risk Committee ensures implementation of the reporting process to the Board.

## Compliance Department

The Head of the Compliance Department, appointed by the Board, is Mister Alberto Giani.

The Head of the Compliance Department does not depend on any operational department. He reports directly to the Chief Executive Officer and the Board of Directors, also through the Control and Risk Committee on every aspect related to the content and organisation of its activities.

The responsibilities of the Department, the tasks, operating procedures and the nature and frequency of reporting to corporate boards and involved departments are defined in the Compliance Policy approved by the Board of Directors, with the favourable opinion of the Control and Risk Committee.

As at 31/12/2015, the structure of the Compliance department consisted of three staff members, including the Head.

The Compliance Department Policy establishes the principles of independence, objectivity, confidentiality and adequacy of resourced needed by the department.

In accordance with art. 23 (3) of ISVAP Regulation no. 20, under the internal control system the Compliance Department conducts the following activities:

- a) identifies, on an ongoing basis, the laws and regulations that are applicable to the Company and assessment of their impact on corporate processes and procedures;
- b) assesses the adequacy and effectiveness of organisational measures to prevent the risk of non-compliance with laws and regulations and propose changes to organisation and procedure to ensure adequate protection against risk;
- c) assesses the effectiveness of organisational adjustments resulting from the suggested changes;
- d) prepares adequate information flow to corporate bodies and other departments involved.

In view of the above, the main duties of Compliance Department are the following:

- prepare periodic reports for Senior Management and the departments involved setting forth the changes to first and second level rules, regulations, provisions and guidelines issued by the Supervisory Authority and legal decisions related to insurance companies;
- evaluating, ex ante, the adequacy of the organisational measures, operating processes and corporate procedures the department intend to adopt in order to assure adequate protection and correct management of the risk of non-compliance with regulations;
- oversee compliance with the rules governing the transparency and fairness of treatment of insured and damaged parties, pre-contract and contract disclosures, the proper fulfilment of contracts, specifically in regard to the management of claims and, more generally, consumer protection;
- propose organisational and procedural changes to ensure adequate protection against the risk of non-compliance with laws and regulations;
- convey and spread the culture of corporate reputation throughout the organisation, also through training on compliance and on the internal control system, in order to ensure employees of all levels are adequately informed on the risk of non-compliance;
- check the characteristics of outsourced activities and the nature of essential and important activities whenever there is an outsourcing project; always keep the outsourcing register up-to-date, for each of which there is a company contact; ensure IVASS is provided with the information set forth in ISVAP Regulation no. 20, as prescribed (the tasks and activities of the Compliance Department in this regard are regulated by the Outsourcing Policy approved by the Board of Directors on 21 October 2014, subject to the favourable opinion of the Risk and Control Committee, subsequently updated by the Board of Directors on 29 September 2015, again subject to the favourable opinion of the Risk and Control Committee);
- maintain 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;
- maintain informational links with the Company departments that manage risk measurement, monitoring and reporting systems;
- provide support to the Anti-Money Laundering department every time it identifies the need to update anti-money laundering processes and procedures.

Based on the above, the Compliance Department executes the following operational tasks:

- preventative and post checks designed to provide corporate management with a reliable system of managing compliance risks to which the corporate organisation is exposed, preventing misalignments in company procedures and internal and external rules;
- provide support and direction to management bodies and departments on all matters where the risk of non-compliance is particularly important by carrying out actions to correct and implement new organisational strategies and operational conduct in coordination with the other corporate departments involved; the advisory support provided by the Compliance Department is aimed at improving operational processes to bring them in line with legal rules and conveying and spreading the culture of corporate reputation throughout the organisation;
- collaborate in providing training to employees on applicable rules and regulations, also initiating specific training and information on compliance issues as a tool to spread a corporate culture of compliance based on honesty, fairness and respect for the spirit and contents of rules and regulations;
- in the case of primary and secondary regulatory provisions, especially those impacting specific areas of competence and that require the implementation of cross activities and process over the Company, promote and coordinate workgroups with all the departments involved so that the procedures and measures needed to implement the provisions are designed in accordance with the provisions and in a manner to prevent non-compliance risks.



The Compliance Department defines the best method to conduct dynamic management and aware of the risk of non-compliance in order to maximise the benefits that can be obtained from more effective risk protection, better company processes and improved corporate reputation.

The Head of the Compliance Department is responsible for the following activities:

- preparing and submitting yearly to the Board an activity programme indicating the interventions planned with respect to the risk of non-compliance, taking into consideration any failures found in previous controls and any new risks. Unplanned checks can be made where necessary;
- submitting yearly to the Board a report on the adequacy and effectiveness of measures adopted by the Company to manage the risk of non-compliance, on the activities performed, checks carried out, results and critical areas found while reporting on the state of implementation of improvement measures, where made.

The Head of the Compliance Department is also responsible for:

- coordinating and managing the Compliance Department in every phase of the process to manage non-compliance risk;
- continuing assessment of the performance of compliance protection;
- defining and approving methods for conducting risk assessment;
- defining and approving methods for assessment of non-compliance risk;
- approving all reports produced by the Compliance Department;
- reporting results to the Board, also through the Risk and Control Committee, to the Board of Statutory Auditors and to Senior Management of the Company;
- ensuring adherence to the annual control plan and authorising, where necessary, interventions not included in the plan while providing adequate information to the Board;
- maintaining relations with the Supervisory Authority for the matters under their competence.

In carrying out its duties, the Compliance Department is assured of full collaboration by the heads of the various units and free, unrestricted access to the significant documentation, information systems and accounting data related to the areas under review.

The Compliance Department defines plans and formalises its activities by drafting an annual for the Company and Group, which is approved by the Board of Directors after being reviewed by the Control and Risk Committee.

The activities scheduled are carried out in accordance with the above plan and can be changed and supplemented with any unscheduled interventions made necessary due to new needs (at the discretion of the Department Manager) giving the Board of Directors due justification, also through the Risk and Control Committee.

In particular, in planning its activities the Compliance Department also takes into consideration:

- the evidence and any shortcomings found during previous risk assessments;
- changes taking place in Company activities;
- changes in regulatory provisions taking place or expected;
- any new risks found;
- adoption of rules and regulations by other departments or organisational units;
- development of the Department.

The state of implementation of planned activities is documented and formalised in six-month reports as mentioned in the section on reporting.

In an overall view, the process to manage the risk of non-compliance and the operability of the Compliance Department is divided into these macro-phases:

- Recognition of rules and regulations;
- Risk assessment;

- Implementation of corrective measures;
- Monitoring and reporting.

On 1 January 2016 the Compliance Department was placed within the organisational unit called Compliance and Anti-money Laundering, under the supervision of the Head of the Legal, Compliance and Anti-money Laundering Department, still under the responsibility of Mr. Alberto Giani.

As at 1 January 2016, the structure of the Compliance Department consisted of four staff members, including the Head.

### Risk Management Department and Actuarial Department

On 12 November 2015, the Board of Directors resolved (effective 1 January 2016) to reorganise and enhance the Risk Management Department, changing the previous organisation model and setting up a new organisation unit that includes the Risk Management Department and the Actuarial Department. The new unit has 7 staff members (including the head of the department), 4 of which were assigned to Risk Management and 2 to the Actuarial Department. Mr. Massimo Marchegiani was appointed as head of the department.

The Head of the Risk Management Department and Actuarial Department does not depend on any operational department. He reports directly to the Chief Executive Officer and the Board of Directors, also through the Control and Risk Committee on every aspect related to the content and organisation of its activities.

The Head is responsible for the following activities:

#### (i) Concerning Risk Management:

- once a year submit to the Board an action plan identifying the primary risks the Company is exposed to and any corrective measures to be carried out with respect to such risks. This planning also takes into consideration any failures found and any new risks;
- prepare, at least yearly, a report for the Board on the adequacy and effectiveness of the risk management system, methods and models used for protection against such risks, on the activities performed, checks carried out, results and critical areas found while reporting on the state of implementation of improvement measures, where made;
- ensure adherence to the annual Risk Management plan and authorise interventions not included in the plan while providing adequate information to Corporate Bodies involved as provided for by the Company;
- report the results of Risk Management activities to the Company Board;
- participate in meetings held by the Finance Committee and Real Estate Committee in order to monitor the risks to which the Company and investments are exposed, including real-estate investments through subsidiaries.

#### (ii) Concerning the Actuarial Department:

- submit a report to the Board on a yearly basis containing a description of the outcome of operations, any faults and indications for corrective measures on the basis of analysis of the reliability and adequacy of the calculation of technical reserves, as well as sources and degree of confidence of the estimate and the appropriateness, accuracy and completeness of data and assumptions used.

In addition, the Head of the Risk Management and Actuarial Department is responsible for the following activities:

- coordinate and manage the department;
- define standard methods for conducting activities;

- ensure full collaboration with the Board of Statutory Auditors, Independent Auditors and Company control bodies;
- ensure an adequate internal communication system in order to make operations efficient and effective.

### Risk Management Department

The responsibilities of the Department, the tasks, operating procedures and the nature and frequency of reporting to corporate boards and involved departments are outlined in the Risk Management Policy approved by the Board of Directors, with the favourable opinion of the Control and Risk Committee, and detailed in the guidelines.

The aim of the Risk Management department is to assist Senior Management in identifying, applying and auditing a system (methods and models) for the assumption, measurement and management of company risks in accordance with the strategies, policies and risk tolerance levels defined by the Board of Directors for the Parent Company and subsidiaries.

In accordance with art. 21 (1) of ISVAP Regulation no. 20, under the internal control and risk management system the Risk Management Department conducts the following tasks:

- assist in the identification and classification risks the Parent Company and/or the Group are exposed to or might be exposed to;
- identify any new risks or changes in those already existing, also measuring changes in the investment portfolio;
- assist in defining and validating criteria, measurement methods and models (input data, algorithms and rules, tools for applying the models) for the most significant risks;
- auditing the consistency of the risk measurement models with the Group's operations, also by performing quantitative tests;
- assist in defining and validating methods and metrics to apply for current and forward-looking assessments of the risk profile, defining any corrective actions or mitigation measures;
- assess and monitor the Group's risk profile on a continuing basis by performing assessments for the purpose of ORSA while determining the Group's internal capital requirement in the present and future and alerting the Management Board of any risks found, also potential;
- assist in the definition of stress test scenarios and methods;
- make qualitative and quantitative assessments of risks on a continuing basis, both current and forward-looking, also using stress tests;
- establish the methodological approach for defining and calculating risk tolerance levels;
- provide the Board of Directors with proposals on the definition of Risk Appetite, assisting in its formulation and any subsequent changes;
- define any improvements to the Risk Appetite Framework;
- providing Senior Management with useful information for assigning operating limits to the business units and defining the procedures for prompt audits of those limits;
- assist in defining limits to investment allocation and periodically assess adequacy, also on the basis of stress tests, checking that the investment choices were appropriate in relation to preset scenarios;
- check respect of the limits/parameters established by the Board of Directors for risk exposure;
- assist in defining the capital management system;
- monitor the performance and results of tests made to check consistency between the company plan, capital needs and available capital resources and the adoption of any corrective measures needed;
- provide an opinion on the development of new insurance products on the basis of analyses carried out in relation to risks of the same;

- ensure preparation of the comprehensive business continuity plan, integrating the parts under the responsibility of Information Systems, General Services and Security, and verify that it is consistent with corporate needs;
- prepare reports for company bodies with particular reference to six-month reports on monitoring and risk management activities and the annual plan of activities;
- provide performance reports to the Board of Directors, also through board committees, and to Senior Management, the Risk Management Committee of the parent Company and line departments on changes in risks and violations of operating limits set;
- distribute the results of risk analysis internally and externally;
- disseminate the culture of risk management;
- coordinate the process to draft and update policies providing support for each policy to the head of technical content and to the specific company departments involved;
- propose and contribute to updating the contents of policies related to Solvency II for the parts under the department's scope of action;
- oversee the process for calculating regulatory SCR, defining assumptions and models, checking data related to the estimate of risk levels and calculating the capital risk for the application of the standard formula;
- check potential long-term respect of mandatory capital requirements in accordance with the Solvency II Directive, analysing:
  - (i) potential significant changes in the risk profile;
  - (ii) any significant changes in the assumptions used to calculate solvency requirements measured according to the standard formula;
- coordinate, from an operational standpoint, the yearly and quarterly quantitative reporting templates;
- contribute to the generation of narrative reporting (solvency and financial condition report and regular supervisory report) for relative chapters and sections and provide an opinion on the overall reports.

In addition to the above, on request from company departments the Risk Management Department can be called on to provide an opinion on particular issues.

In accordance with the risk management system adopted by the Company, the Risk Management Department conducts Group audits as defined in the department's yearly audit plan.

### Actuarial Department

The responsibilities of the Department, the tasks, operating procedures and the nature and frequency of reporting to corporate boards and involved departments are outlined in the Actuarial Policy approved by the Board of Directors on 27 January 2016, with the favourable opinion of the Control and Risk Committee.

The purpose of the Actuarial Department is to coordinate the calculation of technical reserves, checking the adequacy of data used, methodologies, models and assumptions used. In addition, it ensures that risk monitoring reports are prepared for the Board of Directors and the Risk Management Committee and provides periodic segment statistics to ANIA, IVASS and COVIP.

The Actuarial Department has the following duties:

- check technical reserves (Property and Life) calculated according to Solvency II principles with particular reference to calculation procedures, the adequacy of methodologies, models and assumptions used also through back testing;
- check consistency between the amounts of technical reserves calculated on the basis of valuation criteria applicable to statutory financial statements and calculations from the

- application of Solvency II criteria, as well as the subsequent reporting and reason for the differences;
- check the reliability and pertinence of internal and external data used to calculate Solvency II technical reserves;
  - check potential long-term respect of mandatory capital requirements in accordance with the Solvency II Directive with regard to technical reserves;
  - express a opinion on the suitability of data and models used to calculate Undertaking Specific Parameters (USP);
  - measure the model risk and level of mutuality of liability insurance fees in the risk assessment and monitoring system;
  - provide opinions on the general subscription policy adopted by the Company and on reinsurance agreements;
  - provide results of checks made in order to ensure consistency with the operational guidelines adopted under the policies in question;
  - share results of tests made on reserves calculated under Solvency II principles with the company departments involved;
  - share the results of checks on the consistency between the amounts calculated on the basis of valuation criteria applicable to statutory financial statements and calculations from the application of Solvency II criteria with the company departments involved;
  - prepare reports for company bodies with particular reference to the six-month report on the results of operations and the annual plan of activities;
  - determine the value of the life insurance portfolio (VIF) and share the information with the company departments involved and estimate the profitability of life insurance policies;
  - ensure reports are prepared to analyse and monitor risks with the scope of the Risk Manager and Risk Management Committee;
  - propose and contribute to updating policies related to Solvency II for the parts under the department's scope of action;
  - provide support to the Risk Management Department in determining and analysing company risks and in building up a risk management system compliant with the Solvency II regime;
  - provide support in the ORSA/FLAOR process;
  - provide ANIA, IVASS and COVIP with periodic industry statistics related to Property and Life insurance and collaborate with other company departments where needed;
  - ensure replies to any requests related to financial investigations on Life insurance policies received from the authorities (Inland Revenue Agency, Financial Police, Customs Agency).

In aggiunta a quanto sopra riportato, la Funzione Attuariato, su richiesta da parte delle strutture aziendali, può essere chiamata a fornire un'opinione in merito a particolari tematiche.

## 10.6 The other company functions involved in the internal control and risk management system

### Reporting Officer

From 1 January 2015, in accordance with art. 154-bis of the TUF, Luca Arensi, Head of Administration and Finance, was appointed as the Financial Reporting Officer responsible for preparing corporate accounting documents.

The Board of Directors is responsible for appointing the Financial Reporting Officer with a favourable opinion from the Board of Statutory Auditors and the Appointments and Remuneration Committee.

In accordance with art. 154-bis of the TUF, article 16 of the Articles of Association provides that the Manager responsible for preparing the financial reports shall have, in addition to good repute prescribed by law for those who perform administrative and management duties, also specific

requirements of professional competence in administration and accounting, gained from professional experience in positions entailing adequate responsibility for a suitable amount of time.

In accordance with the prerequisite assessment policy for the office, the Board of Directors checks that the Reporting Officer possesses the prerequisites when appointing the latter, with the support of the Appointments and Remuneration Committee, on a yearly basis.

The Board of Directors also approved, in accordance with the Articles of Association, the remuneration allocated for the Reporting Officer.

The Reporting Officer periodically reports to the Board of Directors, also through the Control and Risk Committee, of which he is a member, with respect to the activities carried out during the year in order to ensure that adequate administrative and accounting procedures are in place for preparing the year-end financial statements, the consolidated financial statements and any other financial disclosures, with the assistance of specialised resources within the Company.

Section 10.9 below should be referred to for information on the role of Reporting Officer under the risk management and internal control system with respect to the financial disclosure process.

### Anti-money Laundering Department

The Anti-money Laundering Department ensures adherence to the requirements provided by applicable laws against money laundering and funding of terrorism. It also regularly analyses and monitors the risk profile of customers in the Life segment by performing the checks needed to report any suspicious transactions.

The Department prepares and manages related information flows to the Supervisory Authority following the procedures and timeframe provided for any suspicious transactions found.

The Anti-money Laundering Department checks for risks of non-compliance with legal rules provided by laws on the prevention of money laundering and funding of terrorism. The Compliance Department policy and mandate to the Anti-money Laundering Department regulate the objectives, roles, responsibilities, organisational placement and relations between the two departments.

### Anti-fraud Department

The Anti-fraud Department was set up in compliance with Law no. 137 of 26 May 2000. It reports directly to the General Manager as defined in the company organisation chart approved by the Board of Directors on 11 May 2012.

The aim of the department is to prevent and counter, directly and indirectly, insurance fraud, also with a view on limiting costs.

For that purpose the Anti-fraud Department contributes in defining guidelines, rules and measures to prevent fraud against the Company and performs specific operations to identify any fraud.

The Anti-Fraud Manager maintains an ongoing information flow with the Internal Audit Manager, which also includes the transmission of a quarterly report submitted to the Control and Risk Committee, pursuant to IVASS Regulation no. 44 of 9 August 2012, concerning the establishment of a reporting model for anti-fraud activities, pursuant to art. 30 (1) of Italian Law Decree no. 1 of 24 January 2012, converted into Law no. 27 of 24 March 2012.

### Risk Management Committee

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 Control Departments. The composition of the Committee ensures coordination between Senior Management and each Department in order to guarantee application of the guidelines set by the Board with respect to the risk management system.

### Anti-money Laundering Committee

The Company set up an Anti-Money Laundering Committee to analyse the results of inspections performed at Agencies and Claims Adjustment Departments on a monthly basis, in order to update the instructions given on the basis of any dysfunctions emerged and to carry out, at the request of the Anti-Money Laundering Department, an assessment of the transactions reported as suspicious, deciding whether to dismiss the report or send it to the Financial Information Unit.

### Executive Committee for Disaster Recovery

The Company set up a special Committee to ensure the presence of a disaster recovery plan able to deal with critical emergencies impacting regular business operations. It meets the needs of the Company and it is kept up-to-date also by conducting recovery tests on a yearly basis.

## 10.7. Organisational Model pursuant to Italian Legislative Decree no. 231/2001

In 2004, the Board of Directors of Vittoria Assicurazioni approved the adoption of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/2001 (hereafter also "MOG").

The MOG is updated consistently with amendments made to the reference regulations: The most recent update was approved by the Board of Directors on 18 February 2016.

The Organisational and Management Model of Vittoria Assicurazioni, available for viewing on the Company's website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), Governance section, is briefly outlined below:

- (i) description of the relevant legislation;
- (ii) description of offences included under Italian Legislative Decree 231/2001, regarding the activity of Vittoria Assicurazioni, with the identification of sensitive areas and processes with respect to the various types of offences. The crimes of counterfeiting currency, terrorism and subversion of the democratic order, and criminal offenses relating to the protection of industrial property rights are not considered relevant to Vittoria Assicurazioni, as they are only abstractly conceivable;
- (iii) the identification of the Supervisory Body, its functions and powers, its reporting to corporate bodies and its obligations to obtain information requirements and to verify the adequacy of the Model;
- (iv) the arrangements for informing and disseminating the MOG to employees, agents, group companies and external consultants;
- (v) the identification of a penalty system.

The Supervisory Body oversees the operability, observance, effectiveness and adequacy of the Management and Organisation Model. The body is appointed by the Board of Directors in accordance with art. 6 of Legislative Decree no. 231/2001, which selects the members of the body from among the individuals who are interested and experienced in legal issues and control procedures, while also fulfilling the requirement of integrity.

The Supervisory Body's term of office coincides with that of the Board that appointed it. The members of the Supervisory Body cannot be revoked except by the Board of Directors and only for just cause, after the opinion of the Board of Statutory Auditors has been secured.

In carrying out its duties, the Supervisory Body complies with the principles of independence and autonomy. To this end, the Supervisory Body reports only to the Board of Directors. It has a direct link to Senior Management, the Board of Statutory Auditors and, through the Control and Risk Committee, with the Board of Directors itself.

The Supervisory Body currently in office was appointed by the Board of Directors following its meeting held on 9 May 2013, on the proposal of the Appointments and Remuneration Committee, based on the following criteria: of the five members, the Chairman is an independent professional with specific skills in the application of the provisions of Italian Legislative Decree 231/2011, another member is one of the Company's Standing Auditors and the other members are the managers of the Internal Audit, Compliance and Risk Management Departments.

The real estate companies controlled by Vittoria Assicurazioni of strategic importance have also adopted an Organizational Model, Management and Control and set up a Supervisory Body. The results of the activities carried out by the Supervisory Bodies of the subsidiaries are reported to the parent Company's Supervisory Body.

### **10.8. Independent Auditor**

On 20 April 2012 the Shareholders' Meeting appointed the auditing company Deloitte & Touche S.p.A. as independent auditor for 2012 – 2020.



## 10.9. 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 internal control and risk management system for the financial disclosure process is a component of the broader internal control and risk management system adopted by Vittoria Assicurazioni.

The specific purpose of the system is to ensure Reliability<sup>1</sup>, accuracy<sup>2</sup>, trustworthiness<sup>3</sup> and timeliness<sup>4</sup> of financial information.

Vittoria Assicurazioni has implemented a set of procedures to ensure the reliability of the system used to produce the financial reports.

The responsibility for the implementation of the system within the Company and the group involves different corporate functions as better explained in the paragraphs below.

This is the context in which the Manager responsible for preparing the Company's financial reports is placed; the Company has assigned to this person the responsibility of ensuring the preparation and actual implementation of the procedures for the preparation of the separate and consolidated financial statements for the year and any other financial reports.

To this end, the Manager in charge of the Administration, Finance, Planning and Control area is assigned the task of designing, implementing and updating the internal control system so as to ensure:

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

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

The main characteristics of the adopted financial disclosure process, with special reference to its development, to the operating methods that characterized its operation and the roles and functions involved, can be described by illustrating: a) the risk management and internal control process; b) the involved corporate functions (with their roles and responsibilities).

### The risk management and internal control process.

The system provides that:

- the processes and procedures related to financial reports are updated at least once per year;
- the personnel of the administrative department is constantly made aware of the need to update and comply with this documentation.

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1) Reliability: the disclosure shall be accurate and compliant with generally accepted accounting standards and possesses the requirements provided for by applicable law and regulatory provisions.

2) Accuracy: the disclosure shall be unbiased and precise. The disclosure is considered unbiased if it does not contain preconceptions intended to influence the decision-making process of its users in order to obtain a certain result;

3) Trustworthiness: the disclosure shall be clear and complete so as to ensure investors can make informed investment decisions. The disclosure is considered clear if it facilitates the comprehension of complex aspects of the company without being excessive or redundant;

4) Timeliness: the disclosure shall respect the deadlines prescribed for its release.

With regard to the financial reporting process of Vittoria Assicurazioni Group, the methodology used and the results are similar to those of the parent company.

### Corporate Functions Involved

The responsibility for actual implementation of the internal control system, in terms of the running and actual implementation of the rules, mechanisms, procedures, is of an all-encompassing character which is integrated into the corporate structures.

In order to assure the correct operation of the Internal Control System, as well as the general supervision of the Internal Control System assigned to the Board of Directors, the essential functions and roles are those attributed to the Control and Risk Committee, to the Financial Reporting Officer and to the second and third level control functions. Detail regarding the duties/activity is attributed to the functions is provided in the paragraphs below.

### The Control and Risk Committee

It performs the following functions:

- it 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;
- it examines the Internal Audit work plan and the reports drafted by this area;
- it oversees the effectiveness of the independent auditing process;
- it liaises with the Board of Directors and the Supervisory Body in regard to issues involving the enforcement of Italian Legislative Decree no. 231/2001;

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

### The Financial Reporting Manager

The Manager in charge reports to the Board of Directors periodically, also through the Control and Risk Committee in relation to the activities carried out in the implementation of his or her functions.

He performs the following functions:

- 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;
- works with the delegated body, certifies 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 representation of the financial position, income and cash flow of the Company;
- endorses 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 Manager has identified the operating roles and functions as well as the control functions.

The Financial Reporting Manager is supported by an assistant to ensure implementation of controls throughout the division and the timely execution of operations.

### Second and third level control functions

The main second and third level control functions are: Risk Management, Compliance and Internal Audit.

- Risk Management 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.
- Compliance identifies the relevant regulations as well as the corporate bodies with reference to regulatory compliance.
- Internal Audit collaborates in the development of the internal control system by assessing its design aspects and monitoring its effectiveness and efficiency.

The Anti-Money Laundering, Actuarial and Anti-Fraud Departments are also considered second level control functions.

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

The Financial Reporting Manager reports to the Control and Risk Committee and takes part in Committee meetings whenever necessary.

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

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

In 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 12 March 2010.

This procedure, which also applies to transactions with related parties of Vittoria Assicurazioni carried out by its subsidiaries, was subsequently amended. The last such amendment was resolved in 2014.

A Company department was identified to be tasked with collecting, on a quarterly basis, the information about persons who are related parties of Vittoria Assicurazioni through the Directors, Statutory Auditors and Senior Managers with strategic responsibilities of Vittoria Assicurazioni and its controlled companies.

The procedure in force determines which transactions should be deemed exempt and the criteria for identifying transactions requiring the Board's approval, differentiating major from minor transactions in terms of significance.

Transactions with major significance are exclusively reserved for the Board, with the well-reasoned favourable opinion of the Related Parties Committee on the Company's interest in completing the transaction and on the attractiveness and substantial correctness of its conditions.

Transactions with minor significance, instead, are submitted to the preventive examination of the Committee for the evaluation of transactions with related parties, which in this case shall express a non-binding well-reasoned opinion.

In order to harmonise the requirements of the Consob regulation with those of Isvap Regulation no. 25, the procedure approved by the Board of Vittoria Assicurazioni applies to all intergroup transactions identified pursuant to the Isvap Regulation as well as all related-party transactions as defined by Consob, and it is intended to ensure substantive and procedural transparency and fairness in related-party transactions, establishing a central role for independent Directors at every step of the decision-making process for such transactions.

Pursuant to the Consob Regulation, the procedure:

- a) identifies transactions with major significance, whose parameters are consistent with those indicated by Consob and whose approval is subject to more stringent procedural restrictions than transactions with 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 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 intergroup operability limits in compliance with Isvap Regulation no. 25.

In accordance with Consob Resolution no. 17221, the Board of Directors resolved to allow departures from the procedure for transactions with related parties with respect to decisions on assigning remuneration and financial benefits, of any kind, to members of the board of directors and key executives, considering:

- the Company has adopted a remuneration policy;
- a committee made up solely of non-executive directors, most of whom are independent, is involved in defining the remuneration policy;
- the remuneration policy is outlined in a report that is submitted to the Shareholders' Meeting for approval.

The procedure for related party transactions can be viewed on the Company website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) – Governance section.

## 12. BOARD OF STATUTORY AUDITORS

The rules that regulate the appointment and replacement of Vittoria Assicurazioni Statutory Auditors, as well as their prerequisites, are based on the primary regulatory provisions and legal rules provided for listed companies and insurance companies.

### 12.1. Appointment Procedure

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 Standing and one Substitute Auditor by the minority shareholders, in compliance with the rules concerning the balance between genders

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

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 as at least one third (rounded upwards) of the candidates for Substitute Auditor.

As allowed by the provisions on the equilibrium between genders, introduced into the TUF with Law no. 120 of 12 July 2011 and the consequent updating of the Issuers Regulation pursuant to Consob resolution no. 18098 of 8 February 2012, in the renewal of the Board of Statutory Auditors which took place on 19 April 2013, the minimum percentage reserved to the less represented gender was reduced to one fifth, as this was the first renewal subsequent to one year after the entry into effect of the aforementioned Law no. 120.

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 art. 122 of the TUF, the parent Company, the subsidiary companies and companies under joint control pursuant to art. 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 acceptances and votes expressed in violation of this prohibition are 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 Standing 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 Substitute 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.

Where the election of candidates in the manner described above does not ensure - with respect to the standing 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 Standing and Substitute Statutory Auditors, provided that they achieve a majority of the votes cast at the General Meeting, subject to compliance with the applicable pro tempore regulations on the balance between genders.

Any Statutory Auditor who ceases to meet the statutory requirements shall cease to hold office.

In case of replacement of an Auditor, the alternate on the same list as the former takes over. It is understood that the President of the Board of Statutory Auditors will be the minority Auditor and that the composition of the Board shall comply with the discipline currently in force inherent the balance between genders.

When the General Meeting has to appoint Standing and/or Substitute 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 art. 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.

Concerning the regulatory provisions on member suitability, since the issuer is a listed company,

the appointment of the Vittoria Assicurazioni Board of Statutory Auditors is subject to the provisions laid down under art. 148 of the TUF and under Ministerial Decree no. 162 of 30 March 2000, which set forth the rules on setting requirements in terms of the professional profile and integrity of members of the board of statutory auditors for listed companies.

In accordance with art. 1(3) of the aforementioned Ministerial Decree, art. 17 of the Company's Articles of Association specifies the matters and sectors related to the Company for the purpose of defining experience accrued, prescribing that it should relate to:

- the financial, credit, insurance, reinsurance, real-estate and actuarial segments;
- legal, financial, economic, technical and scientific matters related to the segments mentioned above.

In any case, it is not possible to elect statutory auditors, and if elected they forfeit, that by law or regulation are considered ineligible or in default or that do not possess the necessary prerequisites, also with respect to the limit of offices held in accordance with the law and regulatory provisions.

Under insurance law, the prerequisites of professionalism, integrity and independence, as well as obstructions, are regulated by Ministerial Decree no. 220 of 11 November 2011, which also sets forth provisions applicable to those who perform functions of administration, management and control for insurance and reinsurance companies based in Italy.

Lastly, members of the Board of Statutory Auditors are also required to respect the interlocking prohibition laid down under art. 36 of Law no. 214 of 22 December 2011.

Verification of whether the Statutory Auditors are in possession of the prerequisites is regulated by the Policy for assessing suitability as approved by the Board of Directors, described above under section 10.1. Such verification, made after review by the Appointments and Remuneration Committee, of the certification statements provided by the persons in question in accordance with art. 46 of Presidential Decree 445/2000, is performed by the Board when the Statutory Auditors are appointed and it is renewed on a yearly basis.

The Board of Statutory Auditors takes part in all training sessions organised to provide adequate knowledge of the segment in which Vittoria Assicurazioni operates, as described in section 4.2.

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, described in section 11 above.

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

### Appointment and Composition of Board of Statutory Auditors in Office

At 31 December, the Board of Statutory Auditors of Vittoria Assicurazioni was as follows:

Alberto GIUSSANI	Chairman
Giovanni MARITANO	Standing Auditor
Francesca SANGIANI	Standing Auditor
Michele CASO'	Substitute Auditor
Maria Filomena TROTTA	Substitute Auditor

The Board of Statutory Auditors in office was appointed for three financial years by the ordinary



Shareholders' Meeting held on 19 April 2013. Their term of office ends on the date of the shareholders' meeting held to approve the year-end financial statements as at 31 December 2015 (called for 27 April 2016).

Pursuant to article 16 of the Article of Association described above, two list of candidates for Auditor appointment were submitted at the General Meeting:

List 1 submitted by the majority shareholder Vittoria Capital N.V., which holds 34,464,400 ordinary shares representing 51.15% of the share capital, with the following candidates:

Section 1 – Standing Auditors

1. Giovanni Maritano
2. Francesca Sangiani

Section 2 – Substitute Auditors

1. Maria Filomena Trotta

- List n. 2 jointly submitted by Serfis S.p.A., which holds 2,695,157 ordinary shares representing 4% of the share capital, San Giorgio S.r.l. which holds 457,000 ordinary shares representing 0,68% of the share capital and Fenera Holding S.p.A. which holds 100.000 ordinary shares representing 0,148% of the share capital, with the following candidates:

Section 1 – Standing Auditors

1. Alberto Giussani

Section 2 – Substitute Auditors

1. Michele Casò

When presenting the list, Serfis S.p.A., San Giorgio S.r.l. and Fenera Holding S.p.A. 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, as per art. 144 – quinquies of Consob Iussers Regulation.

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 48,464,694 ordinary shares from 67,378,924 in issue, representing 71.93% of the share capital.

List 1 obtained 42,603,411 votes, representing 87.91% of the voting capital.

List 2 obtained 5,809,381 votes, representing 11.99% of the voting capital.

Shareholders owning 50,900 shares in total voted against both proposals.

In application of the provisions of art. 148 (2-bis) of the TUF and pursuant to art. 17 of the Articles of Association, the Chairman of the Board of Statutory Auditors was appointed from among the auditors who were selected by the minority.

There have been no changes in the composition of the Board of Statutory Auditors since the closing date.

### **Personal and professional characteristics of Statutory Auditors in office**

Below is a brief profile of the personal and professional characteristics of statutory auditors in office at the date of this Report. Also see the table in Annex 3.

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

He is Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni SpA since 30 September 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 is also a member of the Board of Statutory Auditors at Carlo Tassara S.p.A., Falck Renewables S.p.A and Luxottica Group S.p.A., Chairman of the Board of Directors of El Towers S.p.A, and board member at Fastweb S.p.A.

**Giovanni MARITANO**, born in Turin on 23.10.1960

Standing Auditor of Vittoria Assicurazioni since 26.4.2001 (Substitute since 23.6.1998).

Degree in Economics at the University of Turin.

Member of Chartered Accountants since 1987 and of the Register of Auditors since 1995.

He is member of various boards of statutory auditors and Supervisory Bodies at Vittoria Assicurazioni Group companies. Also holds several other positions as Statutory Auditor.

**Francesca SANGIANI**, Born in Sondrio on 25.04.1968

Member of the Board of Statutory Auditors of Vittoria Assicurazioni since 19 April 2013.

Degree in Business Administration from L. Bocconi University of Milan.

She has been registered with the Board of Certified Accountants since 1996 and with the Board of Auditors since 1999. She is also registered with the role of professionals who work with the Bankruptcy Section of the Court of Milan.

She has been a liquidator and is still Standing Auditor in joint stock companies.

She has been an Administrative and Official Receiver in many arrangements with creditors and bankruptcy procedures through the court of Milan as well as the Liquidator in forced liquidation procedures upon assignment by the Ministry of Economic Development.

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

Substitute Auditor of Vittoria Assicurazioni since 30.09.2011.

He graduated in economics and business. Chartered Accountant - no. 4317, member of Chartered Accountants and Accounting Experts under the jurisdiction of the Court of Milan. Independent Auditor – no. 91323 on the register of legal auditors published in the *Gazzetta Ufficiale* 87 4th special series of 2 November 1999. Certified Fraud Examiner – no. 638873 of the Association of Certified Fraud Examiners. Technical consultant for the Court of Milan.

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 Organism (OIC) and holds various positions of management and control.

**Maria Filomena TROTTA**, born in Paola on 5.6.1977

Substitute Auditor of Vittoria Assicurazioni since 19 April 2013

Degree in Economics and Legislation for the company at the Bocconi University.

From 2000 to 2002 she worked at Studio Gusmitta & Associates,

From 2002 to 2007 she worked at Studio Agostini, Milan.

Founding member since 2008 the association of professionals ""Studio Legale e tributario Constantia", with headquarters in Milan.

She currently holds the office of Auditor in private and public-private companies.

She is a technical adviser to the Court of Paola (Cosenza) and part consultant in various civil proceedings (banking and corporate matters) and criminal (fraudulent bankruptcy).

She is coadjutor in compulsory administrative liquidation of cooperatives and arrangements with creditors.

She is a member of the Board of Statutory Auditors of Valdarno S.r.l..

### 12.3. Role of the Board of Statutory Auditors

The Board of Statutory Auditors held 14 meetings in 2015 (9 of which with the Control and Risk Committee), with an average duration of about 2 hours. The average attendance at meetings was 88%.

13 meetings are planned for 2016.

Two meetings have been held at the date of this report.

For the attendance at meetings of individual auditors, see the table Appendix 3 to this Report.

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 'Control and Risk Committee and Statutory Audit', the functions assigned to the Board of Auditors and the Audit and Risk Committee of Vittoria Assicurazioni differ as follows:

- the Control and Risk Committee, established under the Code of Conduct, has preparatory and advisory duties to the Board of Directors;
- the Statutory Auditors are assigned the functions under Legislative Decree 39/2010, which supplement those already assigned to that organ, and remain control functions. The Board of Auditors holds no functions of management, co-management or management control.

Pursuant to art. 149 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 no. 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.

In conducting its activities the Board of Statutory Auditors coordinated with the Internal Audit Department and with the Control and Risk Committee by participating in all their meetings.

### 13. RELATIONS WITH THE SHAREHOLDERS

Vittoria Assicurazioni has set up the Investor Relations section under the Company's website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), easily identifiable and accessible, which contains periodic reports, financial presentations, information on share capital and the documents relating to Shareholders' Meetings and the calendar of corporate events, or any information concerning the Company that is material to shareholders, in order to enable them to exercise their rights.

Finally, in the Governance section the information about the corporate governance system of Vittoria Assicurazioni are available.

The notices and documents disclosed pursuant to the regulatory provisions in force are available in Italian and English on the website.

Il responsabile incaricato della gestione dei rapporti con gli azionisti (Investor Relator) è il Signor Andrea Acutis.

The person responsible for managing relationships with shareholders (Investor relations) is Mr. Andrea Acutis.

Management of public disclosures is regulated by the disclosure dissemination policy approved by the Board of Directors and described in section 5 above.

There is also an internal procedure for the management and public disclosure of inside information.

The Investor Relator receives the support of the Planning and Control Department to prepare the Company's institutional financial disclosures. The presentations at meetings with the financial community are made public in a timely manner in accordance with current regulations.

The documentation made public and documents available to Shareholders can be requested from the Company Office, the contacts of which are available on the Company website.

## 14. GENERAL SHAREHOLDERS' MEETINGS [art. 123-bis (2.c) of the TUF]

The operation of the General Meeting, its powers, the rights of the Shareholders and the procedures under which they must be exercised as well as the attendance and representation in the General Meeting are governed by the law.

In accordance with the regulatory provisions in force, the Board of Directors reports to the Shareholders' Meeting on the activities carried out and planned. The items on the agenda of the Shareholders' Meeting are adequately described in reports by the board so that the shareholders can undertake informed decisions on the issues.

The General Meeting deliberates on issues it is competent for pursuant to the applicable laws and the Articles of Association. Pursuant to art. 2365 of the Italian Civil Code, art. 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 articles 2505 and 2505-bis of the Italian Civil Code, including in the case of demergers, where these provisions apply.

There are no shares with multiple votes or systems giving weighted voting rights.

Pursuant to the provisions of Isvap Regulation no. 39, in addition to establishing the remuneration payable to the bodies that it appoints, the General Meeting approves the compensation policies for the members of the corporate bodies and the Company personnel, including the remuneration plans which are based on financial instruments. The General Meeting receives adequate disclosure on the implementation of the compensation policies.

The directors shall call meetings without delay when requested by a number of shareholders representing at least 5% of the share capital.

Shareholders who represent, also jointly, at least one fortieth of the share capital can request, following the procedures and within the terms provided by law and indicated in the convocation, additions to the items for discussion, indicating in the application any additional matters to propose or present proposals for resolutions on issues already on the agenda.

Individuals entitled to intervene and vote may be represented in the General Meeting with written authorization or authorization granted electronically as provided by the regulatory provisions and the procedures established therein.

The authorization may be notified electronically through the appropriate section of the Company's website according to the procedures indicated in the convocation notice.

Since the general shareholders' meetings have always been held without particular critical points in terms of number of participants and proceedings, voting by correspondence or remotely is not provided for and there is no provision for audiovisual connections.

Those who are entitled to vote can submit a proxy to the representative designated by the Company without any expense on their part and signing a form available on the website of Vittoria Assicurazioni, in the shareholders' section. Voting instructions should be indicated on the form.

If the majority shareholder makes proposals to the general shareholders' meeting on issues where the directors have not advanced a specific proposal, they are made available to the public within the terms provided by law.

In accordance with Application Criteria 9.C.3 of the Corporate Governance Code, in the meeting held on 10 March 2015, the Board of Directors resolved to submit for shareholder approval regulations governing the proceedings of Shareholders' Meetings in order to ensure the shareholders' meetings are conducted in an orderly and functional manner.

The Regulations, approved by the General Shareholders' Meeting of 24 April 2015, govern:

- procedures for verifying eligibility to participate in shareholders' meetings and access to where the meetings are held;
- convocation of the shareholders' meeting, opening and closing discussions, any interruptions and postponement of discussions on certain items on the agenda;
- voting;
- powers of the Chairman in conducting shareholders' meeting proceedings.

The Chairman is also in charge of regulating discussions and ensuring every shareholder is given the right to discuss the items in question.

Those entitled to exercise their right to vote can make one request to take the floor on items under discussion in order to make comments and request information. They can also advance proposals. The request can be made any time until the Chairman has announced that discussions on the issue have been closed.

Every eligible participant is entitled to only one intervention, one response, if necessary, and one vote.

The Chairman establishes the procedure for requesting the floor, normally by raise of hand, and taking into account the number of persons requesting the floor and the length of each intervention depending on the time available for each one, normally not more than 10 minutes. The time available for any responses cannot be more than 5 minutes.

The Chairman decides if the answers need to be given at the end of each item under discussion, or after each intervention.

Before the end of the time limit set for the intervention and response the Chairman requests that the speaker come to an end.

The Regulations for shareholders' meetings can be consulted at [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com) in the section *Investor Relations – shareholders' meetings*.

In 2015 a general shareholders' meeting was held on 24 April 2015 during which 8 directors intervened.

As required by applicable laws, the shareholders may ask questions on the agenda items even prior to the holding of the General Meeting, sending these questions to the Company by post to the Company's registered offices or electronically to the certified e-mail address used exclusively for the General Meeting, as indicated on the convocation notice.

Questions can be submitted up to the fifth day prior to the General Meeting. Answers to the questions submitted by this deadline will be provided to the asker and published in the aforementioned section of the Company's website within the second day prior to the holding of the General Meeting.

In any case, a response is not required to be given during the General Meeting when the information requested is already available in a "question and answer" format in the aforementioned section of the Company's website, within the two days prior to the holding of the General Meeting.

## 15. CHANGES SINCE THE END OF THE FINANCIAL YEAR

As outlined in the previous chapters of this report, by year-end 2015, the following changes in the corporate governance structure of Vittoria Assicurazioni were made:

- the Board of Directors resolved the application of the amendments to the Corporate Governance approved by the Committee for Corporate Governance in July 2015, with the exception of the new recommendations addressed specifically to the issuers in the FTSE-MIB index;
- the Board of Directors has redefined the maximum number of management and control positions in other companies that may be considered compatible with the effective performance of the role of Director of Vittoria Assicurazioni, also in order to provide Shareholders with its guidance on the future size and composition of the new Board of Directors, in view of its renewal by the Shareholders' Meeting called for April 27, 2016;
- effective 1<sup>st</sup> January 2016 the following changes have taken effect in the organization of the functions Risk Management, Actuarial and Anti-Money Laundering, approved by the Board of Directors on November 2015:
  - (i) setting up a new organisation unit that includes the Risk Management Department and the Actuarial Department, under a single responsible reporting to the CEO
  - (ii) merging the Anti-Money Laundering into the Function Legal and Compliance, under a single responsible reporting to the CEO.



## APPENDICES

## 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 and surname office	Year of birth	Date of first appointment (1)	In office from	In office until the approval	List (2)	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Board meetings	Other offices (3)
Giorgio Roberto COSTA Chairman	1944	27.06.1995	19.04.2013	FY 2015	M		X			8/9	0
Andrea ACUTIS Vice Chairman	1964	29.04.2004	19.04.2013	FY 2015	M	X				9/9	2
Carlo ACUTIS Vice Chairman	1938	26.05.1967	19.04.2013	FY 2015	M	X				9/9	3
Roberto GUARENA Managing Director • ◊	1937	29.06.1994	19.04.2013	FY 2015	M	X				9/9	0
Adriana ACUTIS BISCARETTI di RUFFIA Director	1965	29.04.2004	19.04.2013	FY 2015	M		X			9/9	2
Francesco BAGGI SISINI Director	1949	26.04.2001	19.04.2013	FY 2015	M		X	X	X	9/9	0
Marco BRIGNONE Director	1938	23.06.1983	19.04.2013	FY 2015	M		X	X	X	8/9	0
Fulvia FERRAGAMO VISCONTI Director	1950	02.08.2012	19.04.2013	FY 2015	M		X	X	X	5/9	1
Bernhard GIERL Director	1948	16.02.2012	19.04.2013	FY 2015	M		X	X	X	9/9	0
Lorenza GUERRA SERAGNOLI Director	1982	19.04.2013	19.04.2013	FY 2015	M		X	X	X	6/9	4
Pietro Carlo MARSANI Director	1936	26.06.1986	19.04.2013	FY 2015	M		X	X	X	0/9	0
Giorgio MARSIAJ Director	1947	23.06.1998	19.04.2013	FY 2015	M		X	X	X	6/9	1
Lodovico PASSERIN d'ENTREVES Director ○	1944	09.11.2006	19.04.2013	FY 2015	M		X	X	X	8/9	2
Luca PAVERI FONTANA Director	1944	29.04.2002	19.04.2013	FY 2015	M		X			9/9	1
Giuseppe SPADAFORA Director	1954	29.04.2005	19.04.2013	FY 2015	M		X	X	X	9/9	1
Anna STRAZZERA Director	1959	19.04.2013	19.04.2013	FY 2015	m		X	X	X	9/9	1

During FY 2015 the Board of Directors' met 9 times

During FY 2015 no Director ceased

Pursuant to Article 147-ter of the TUF, 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,

#### Legend

• Director in charge of the system of internal control and risk management

◊ Responsible for the management of the issuer (Chief Executive Officer)

○ Lead Independent Director (LID)

(1) the date in which the director has been appointed for the first time (ever) in the issuer's Board of Directors

(2) "M": Director elected from the majority list - "m" director nominated by the minority list

(3) total number of positions as director or auditor held by the person in other companies listed on regulated markets (including foreign), in financial, banking or large companies, identified on the basis of the criteria defined by the Board. The report on corporate governance the positions are described in full.

**Independent as per Code:** independent director according to the criteria established by the Code of Conduct, except for the criterion 3.C.1 letter e).

**Independent as per TUF:** director in possession of the independence requirements established by art. 148, paragraph 3, of the TUF

**Attendance at the Board meetings:** attendance of directors at meetings of the Board of Directors, with the indication of the number of meetings attended compared to the total number of meetings

## APPENDIX 2

### BOARD COMMITTEES

#### Risk and Control Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Giuseppe SPADAFORA*	Committee Chairman	19.04.2013		X	X	X	9/9
Pietro Carlo MARSANI**	Vice Committee Chairman	19.04.2013		X	X	X	0/9
Luca PAVERI FONTANA	Member	19.04.2013		X			9/9
Anna STRAZZERA***	Member	10.03.2015		X	X	X	7/7

\*Nominated Committee Chairman on 8 May 2015

\*\* Nominated Vice Committee Chairman on 8 May 2015

\*\*\* Nominated on 10 March 2015

During FY 2015 the Risk and Control Committee met 9 times

#### Appointment and Remuneration Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Lodovico PASSERIN d'ENTREVES	Committee Chairman	19.04.2013		X	X	X	5/5
Francesco BAGGI SISINI	Member	19.04.2013		X	X	X	5/5
Luca PAVERI FONTANA	Member	19.04.2013		X			5/5

During FY 2015 the Appointment and Remuneration Committee met 5 times

#### Related Parties Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Pietro Carlo MARSANI	Committee Chairman	19.04.2013		X	X	X	0/1
Giuseppe SPADAFORA	Member	19.04.2013		X	X	X	1/1
Marco BRIGNONE	Member	19.04.2013		X	X	X	1/1

During FY 2015 the Related Parties Committee met 1 time

#### Finance Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Andrea ACUTIS	Committee Chairman	19.04.2013	X				9/9
Carlo ACUTIS	Member	19.04.2013	X				9/9
Adriana ACUTIS BISCARETTI di RUFFIA	Member	19.04.2013		X			9/9
Giorgio Roberto COSTA	Member	19.04.2013		X			8/9
Roberto GUARENA	Member	19.04.2013	X				9/9
Luca PAVERI FONTANA	Member	19.04.2013		X			9/9
Giuseppe SPADAFORA*	Member	08.05.2015		X	X	X	5/5

\*Nominated on 8 May 2015

During FY 2015 the Finance Committee met 9 times

#### Real Estate Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Andrea ACUTIS	Committee Chairman	19.04.2013	X				4/4
Carlo ACUTIS	Member	19.04.2013	X				4/4
Adriana ACUTIS BISCARETTI di RUFFIA	Member	19.04.2013		X			4/4
Francesco BAGGI SISINI	Member	19.04.2013		X	X	X	4/4
Giorgio Roberto COSTA	Member	19.04.2013		X			4/4
Roberto GUARENA	Member	19.04.2013	X				4/4
Luca PAVERI FONTANA	Member	19.04.2013		X			4/4
Anna STRAZZERA	Member	19.04.2013		X	X	X	4/4

During FY 2015 the Real Estate Committee met 4 times

## APPENDIX 3

### BOARD OF STATUTORY AUDITORS

Name and surname office	Year of birth	Date of first appointment (1)	In office from	In office until the approval	List (2)	Independent as per Code	Attendance at BoSA meetings	Other offices (3)
Alberto GIUSSANI Chairman	1946	30.09.2011	19.04.2013	FY 2015	m	X	11/14	5
Giovanni MARITANO Auditor	1960	23.04.2010	19.04.2013	FY 2015	M	X	14/14	=
Francesca SANGIANI Auditor	1968	19.04.2013	19.04.2013	FY 2015	M	X	12/14	=
Maria Filomena TROTTA Substitute Auditor	1977	19.04.2013	19.04.2013	FY 2015	M	X	=	=
Michele CASO' Substitute Auditor	1970	30.09.2011	19.04.2013	FY 2015	m	X	=	=

During FY 2015 the Board of Statutory Auditors met 14 times

During FY 2015 no Statutory Auditor ceased

Pursuant to Article 147-ter of the TUF, 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

#### Legenda

(1) the date in which the Auditor has been appointed for the first time (ever) in the issuer's Statutory Auditors Board

(2) "M": auditor elected from the majority list - "m" auditor nominated by the minority list

(3) Participation of the auditor at the Statutory Auditors Board meetings, with indication of the number of meetings attended compared to the total number of meetings held during the year 2015

(3) total number of positions as director or auditor held by the person in accordance with art. 148-bis of the Italian Finance Act and its implementing provisions in the Regulations for Issuers. The full list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Issuers

## APPENDIX 4

### ADOPTION BY VITTORIA ASSICURAZIONI OF CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES PROMOTED BY THE ITALIAN STOCK EXCHANGE

#### Corporate Governance Code

#### Adoption of the 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, adopts an organisation and a modus operandi which enable it to perform its functions in an effective manner.

Adopted

1.P.2. The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.

Adopted

##### Criteria

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

- a) examine and approve the strategic, operational and financial plans of both the issuer and the corporate group it heads, monitoring periodically the related implementation; it defines the issuer's corporate governance and the relevant group structure;
- b) define the risk profile, both as to nature and level of risks, in a manner consistent with the issuer's strategic objectives, taking into account any risk that may affect the sustainability of the issuer's business in a medium-long term perspective;
- c) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;
- d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;
- e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;

Adopted

- f) resolve upon transactions to be carried out by the issuer or its controlled companies having a significant impact on the issuer's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;
- g) perform at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience, (including managerial experience) gender of its members and number of years as director. Where the Board of Directors avails of consultants for such a selfassessment, the Corporate Governance Report shall provide information on their identity and other services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;
- h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the managerial and professional profiles, deemed appropriate for the composition of the Board of Directors, prior to its nomination;
- i) provide information in the Corporate Governance Report on (1) its composition, indicating for each member the qualification (executive, nonexecutive, independent), the relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedure as at previous item g) has developed;
- j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information.

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 commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks,

Adopted

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 statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report;

1.C.3. The Board shall issue guidelines regarding the maximum number of offices as director or statutory 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, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive, 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.

Adopted

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

1.C.5. The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board is made available to directors and statutory auditors in a timely manner prior to the Board meeting. The Board of Directors shall provide information in the Corporate Governance Report on the promptness and completeness of the pre-meeting information, providing details, inter alia, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.

Adopted

1.C.6. The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that certain executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda. The Corporate Governance Report provides information on the effective attendance of the Board meetings.

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, who should be adequately competent and professional. Adopted

2.P.2. Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed 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 nonexecutive 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 Corporate Governance Report on the reasons for such organisational choice. Adopted

## Criteria

2.C.1. The following are qualified executive directors for the issuer: Adopted

- the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies;
- 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;
- the directors who are members of the executive committee of the issuer, when no managing director is appointed or 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 deputy powers or powers 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, provided however, that such powers are not actually exercised with considerable frequency.

2.C.2. The directors shall know the duties and responsibilities relating to their office. Adopted



The chairman of the Board of Directors shall use his best efforts to allow the directors and the statutory auditors, after the election and during their mandate, to participate, in the ways deemed appropriate, in initiatives aimed at providing them with an adequate knowledge of the business sector where the issuer operates, of the corporate dynamics and the relevant evolutions, of the principles of proper risk-management as well as the relevant regulatory and self-regulatory framework.

The issuer shall describe in the Corporate Governance Report the type and organizational manners of the activities that took place during the fiscal year of reference.

2.C.3. The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer.

Adopted

The Board of Directors of issuers belonging to FTSE-Mib index shall designate a lead independent director whether requested by the majority of independent directors, except in the case of a different and grounded assessment carried out by the Board to be reported in the Corporate Governance Report.

2.C.4. The lead independent director:

Adopted

- (a) 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;
- (b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.

2.C.5. The chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of issuer (A).

Adopted

## 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, directly or indirectly or on behalf of third parties, nor have recently maintained 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 assessed by the Board of Directors after the appointment and, subsequently, on a yearly basis. The results of the

Adopted

assessments of the Board shall be communicated to the market.

### Criteria

3.C.1. The Board of Directors shall evaluate the independence of its nonexecutive members having regard more to the substance 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:

- a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;
- b) if he/she is, or has been in the preceding three fiscal years, a significant 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 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, also 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 above-mentioned 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 nonexecutive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of 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;

Adopted, except letter e), as specified later on.

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.

- 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 auditing of the issuer;
- 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 chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel 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.

Adopted

As for issuers belonging to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.

Anyway, independent directors shall not be less than two.

3.C.4. After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director.

Adopted

The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the Corporate Governance Report.

In the documents mentioned above, the Board of Directors shall:

- disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;

- describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.

3.C.5. The Board of statutory 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 of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory 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.

Adopted

## Article 4 – Internal committees of the Board of Directors

### Principles

4.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

4.C.1. The establishment and functioning of the committees governed by the Code 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 eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;
- 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 and the Chairman of the committee shall inform the Board of Directors thereof during the first available meeting;
- 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, including other Board members or persons belonging to issuer's structure, 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 Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.

4.C.2 The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the Chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out; (ii) adequate time is dedicated during the Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Corporate Governance Report; (iii) as far as the control and risk committee is concerned, the issuer is neither controlled by another listed company nor it is subject to direction and coordination.

Adopted

The Board of Directors describes in detail in the Corporate Governance Report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of the issuer and the sector in which it operates. In addition, the Board shall periodically reassess the choice made

## Article 5 – Appointment of directors

### Principles

5.P.1. The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director, made up, for the majority, of independent directors.

Adopted - A single Appointments and Remuneration Committee has been set up

## Criteria

5.C.1. The committee to propose candidates for appointment to the position of director shall be vested with the following functions:

Adopted

- a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.;
- b) to submit the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary.

5.C.2. The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the Corporate Governance Report. The review on the preparation of the above mentioned plan shall be carried out by the nomination committee or by another committee established within the Board of Directors in charge of this task.

The Board of Directors did not consider it necessary to set up a succession plan for executive directors, taking into account the ownership structure of the Company and the concentration of the shareholder.

## Article 6 – Remuneration of directors

### Principles

6.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

6.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 consistently with the guidelines contained in the policy described in principle 6.P.4.

Adopted

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.

6.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee may be made up of non executive directors, the majority of which to be independent; in this case, the chairman of the committee

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

is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.

6.P.4. The Board of Directors shall, upon proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.

Adopted

6.P.5. In case of the end of office and/or the termination of the employment relationship with an executive director or a general manager, the issuer discloses, through a press release, detailed information, following the internal process leading to the assignment or recognition of indemnities and/or other benefits.

Adopted

### Criteria

6.C.1. The 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:

Adopted

- 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) contractual arrangements shall be provided in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis

of data which subsequently proved to be manifestly misstated;

- g) indemnities eventually set out by the issuer in case of termination of directors 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.

6.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 an average 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 paragraph a), until the end of their mandate

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

6.C.3. The criteria 6.C.1 and 6.C.2 shall apply, mutatis mutandis, also to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel.

Adopted

Any incentive plan for the person in charge of internal audit and for the person responsible for the preparation of the corporate financial documents shall be consistent with their role.

6.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

6.C.5. The remuneration committee shall:

Adopted

- periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors 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 proposals or issues opinions to the Board of Directors 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.



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| 6.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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Adopted |
| 6.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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Adopted |
| 6.C.8. According to principle 6.P.5., the press release should provide:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Adopted |
| <p>a) adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement</p> <ul style="list-style-type: none"> <li>- distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and “claw-back” clauses, if any, in particular with reference to: <ul style="list-style-type: none"> <li>- Indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement);</li> <li>- maintenance of rights related to any incentive plans, monetary or financial instruments based;</li> <li>- benefits (monetary and non monetary ones) subsequent to the end of office;</li> <li>- non-competition commitments, describing their main contents;</li> <li>- any other payment assigned for any reason and in any form;</li> </ul> </li> </ul> <p>b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions’ regulation;</p> <p>c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out;</p> <p>d) information as whether the replacement of the ceased executive director or general manager is governed by any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or</p> |         |

manager.

## Article 7 – Internal control and risk management system

### Principles

7.P.1. Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.

Adopted

7.P.2. An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of the information provided to the corporate bodies and to the market and the compliance with laws and regulations, including the by-laws and internal procedures.

Adopted

7.P.3. The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities:

Adopted

- a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:
  - (i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the "director in charge of the internal control and risk management system"), and
  - (ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;
- b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;
- c) the other roles and business functions having specific tasks with regard to internal control and risk management, organised depending on the company's size, complexity and risk profile;

- d) the Board of statutory auditors, also as “audit committee”, which is responsible for oversight of the internal control and risk management system.

Each issuer shall provide for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.

7.P.4. The control and risk committee is made up of independent directors.

Adopted

Alternatively, the committee can be made up of non executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.

#### Criteria

7.C.1. The Board of Directors, with the opinion of the control and risk committee, shall:

Adopted

- a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;
- b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;
- c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, after hearing the Board of statutory auditors and the director in charge of the internal control system;
- d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system and how the different subjects involved therein are coordinated, expressing the evaluation on its adequacy;
- e) after hearing the Board of statutory auditors, it assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.

The Board of Directors shall, upon proposal of the director

in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, as well as after hearing the Board of statutory auditors:

- appoint and revoke the person in charge of the internal audit function;
- ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;
- define the relevant remuneration consistently with company's policies.

7.C.2. The control and risk committee, when assisting the Board of Directors shall:

Adopted

- a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, in any;
- b) express opinions on specific aspects relating to the identification of the main risks for the company;
- c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;
- d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;
- e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;
- f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system;
- g) support, with adequate preliminary activities, the Board of Directors assessments and resolutions on the management of risks arising from detrimental facts which the Board may have become aware of.

7.C.3. The chairman of the Board of statutory auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.

Adopted

7.C.4. The director in charge of the internal control and risk management 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, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;
- c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
- d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors;
- e) promptly report to the control and risk committee(or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

7.C.5. The person in charge of internal audit shall:

Adopted

- a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;
- b) not be responsible for any operational area and be subordinated to the Board of Directors;
- c) have direct access to all useful information for the performance of its duties;
- d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;
- e) prepare timely reports on particularly significant events;
- f) submit the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system;
- g) verify, according to the audit plan, the reliability of

information systems, including the accounting one.

7.C.6. The internal audit function may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. 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 Corporate Governance Report. Adopted

## Article 8 – Statutory auditors

### Principles

8.P.1. The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them. Adopted

8.P.2. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors. Adopted

### Criteria

8.C.1. The statutory 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 statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, submitting the result of such verification to the Board of Directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors. Adopted - .As done for Directors, the requirement of a maximum duration of 9 years is not considered

8.C.2. The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties. Adopted

8.C.3. The remuneration of statutory auditors shall be proportionate to the commitment required from each of them, to the importance of his/her role as well as to the size and business sector of the company. Adopted

8.C.4. A statutory 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 statutory auditors and the chairman of the Board about the nature, the terms, origin and extent of his/her interest. Adopted

8.C.5. In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company. Adopted

8.C.6. The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.

## Article 9 – Relations with the Shareholders

### Principles

9.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

9.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

9.C.1 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

9.C.2. 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 the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting. Adopted

9.C.3. The Board of Directors should 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 shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion. Adopted

9.C.4. In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests. Adopted

Article 10 – Two-tier and one-tier systems Not applicable