

# Vittoria Assicurazioni

Registered office: Via Caldera, 21 - 20153 Milano

Capitale sociale euro 67.378.924 interamente versato

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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 2010

pursuant to Article 123–bis Italian Financial Act

[Vittoria Assicurazioni S.p.A.](#)

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

[FY 2009 Report](#)

Approved by the Board of Directors on 14 March 2011







## Glossary

### Code/Corporate Governance Code:

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

### Civil Code / c.c.:

The Italian Civil Code.

### Board:

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

### Issuer:

Vittoria Assicurazioni SpA

### Financial year:

The financial year that ended on 31 December 2010.

### 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.

### Report:

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

### TUF:

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





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## **1. PROFILE OF VITTORIA ASSICURAZIONI**

Vittoria Assicurazioni is an independent company incorporated in Milan in 1921. The company floated on the Milan Stock Exchange in 1988 and is currently listed on the STAR Segment of the Mercato Telematico Azionario (MTA), the screen-based stock market managed by Borsa Italiana SpA. The company operates in all insurance business segments with a nationwide network of 310 general agencies and 530 sub-agencies. Vittoria Assicurazioni focuses primarily on addressing the insurance needs of families and SMEs, with a particular focus on innovative solutions and quality service. Vittoria Assicurazioni also operates in real estate and services, through its own subsidiaries and specialised partners in both sectors.

The Vittoria Assicurazioni SpA management and control system is based on the traditional format, with the Board of Directors playing the key role. The system comprises the following three corporate bodies:

- Board of Directors
- Board of Statutory Auditors
- General Meeting.

The Board of Directors has established the following internal committees: the Appointments and Remuneration Committee, the Internal Audit Committee, the Finance Committee and the Real Estate Committee.

The Board of Directors approved the Code of Ethics at its meeting of 12 November 2004. The Code defines the ethical values and responsibilities that have always characterised both relationships between the Company and its employees, and between the Company, its agency network and its customers.

## 2. INFORMATION ON OWNERSHIP STRUCTURE (pursuant to article 123-bis (1) of the Italian Finance Act (TUF)) at 31 December 2010

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

At 31 December 2010, the share capital of Vittoria Assicurazioni SpA totalled Euro 67,378,924, broken down into 67,378,924 ordinary shares with a par value of Euro 1.00 each.

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

In financial year 2010 the share capital increased by Euro 1,589,976 following the conversion of 794,988 bonds making up the Vittoria Assicurazioni SpA Fixed/Floater 2001/2016 subordinated convertible bond loan, issued in 2001.

Pursuant to the resolution of the Board of Directors of 10 November 2009 and as permitted by article 9.2 of the bond loan Regulation, following authorisation by ISVAP and pursuant to article 45 of the Insurance Code, the bond loan was repaid on 1 January 2011.

At the date of early repayment, the number of convertible bonds in issue was 60,538, with a par value of Euro 290,582.40.

As required by Borsa Italiana, the bonds were traded until 21 December 2010 and cancelled from the Official List on 22 December 2010.

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

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

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

On the basis of the notices received pursuant to article 120 of the TUF, the Register of Shareholders and other information received, the following shareholders directly or indirectly owned major shareholdings in Vittoria Assicurazioni SpA at 31 December 2010:

Declarer	Direct shareholder	% share of ordinary capital	% share of voting capital
Carlo Acutis	Vittoria Capital NV	51.15 %	51.15 %
	Yafa Holding BV	6.23 %	6.23 %
Francesco Baggi Sisini	Arbus Srl	5.51 %	5.51 %
Serfis SpA	Serfis SpA	3.55 %	3.55 %

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

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

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

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

No employee stock plans have been approved.





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

There are no restrictions on voting rights.

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

In November 2008, Yafa Holding BV, the parent company of Vittoria Capital NV (which is in turn the parent company of Vittoria Assicurazioni SpA) and the insurance company shareholders of Vittoria Capital NV (Münchener Rückversicherungs and Ergo Düsseldorf AG), which had been parties to a previous shareholders' agreement that expired in September 2008, created a new shareholders' agreement that governs the rights to transfer shares owned by Vittoria Capital NV. The shareholders' agreement specifically envisages a pre-emptive right amongst the parties to the agreement, and co-sale rights for the minority shareholders, as well as automatic application of the shareholders' agreement to 35% of the shares of Vittoria Assicurazioni if Vittoria Capital is dissolved.

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

Vittoria Assicurazioni SpA and its subsidiaries have not made material agreements that become enforceable, are modified or are extinguished if control of the contracting entity changes hands.

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

There are no agreements between the company and the directors that envisage indemnities in the event of resignation or termination without cause or if the relationship is terminated following a public tender offer.

There are also no agreements with the directors and managers with strategic responsibilities that provide for:

- the allocation and maintenance of non-monetary benefits in the case of cessation of employment or the execution of consultancy contracts for a period after the end of the employment relationship;
- compensation for non-competition commitments.

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

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

Please see subsection 4.1 of this Report for information about the appointment and replacement of directors.

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

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

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

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

The Company, which is the parent company of the Vittoria Assicurazioni Insurance Group regulated by articles 82 *et seq.* of Legislative Decree 209 of 7 September 2005 and ISVAP Regulation 15 of 20 February 2008, fulfils the corporate role of parent company to, and manages and co-ordinates, the following companies:

Real estate companies

Vittoria Immobiliare SpA – Milan  
Lauro 2000 Srl – Milan  
Acacia 2000 Srl – Milan  
Immobiliare Bilancia Srl – Milan  
Immobiliare Bilancia Prima Srl – Milan  
Immobiliare Bilancia Seconda Srl – Milan  
Immobiliare Bilancia Terza Srl – Milan  
V.R.G. Domus Srl – Turin  
Vittoria Properties Srl – Turin  
Forum Mondadori Residenze Srl – Milan  
Cadorna Real Estate Srl – Milan  
Vaimm Sviluppo Srl – Milan  
Interimmobili Srl - Rome  
Gestimmobili Srl - Milan  
Valsalaria Srl – Rome

Service companies

Interbilancia Srl - Milan  
Vittoria Service Srl - Milan  
Aspevi Milano Srl (formerly A.Spe.Vi) – Milan  
Aspevi Roma Srl (formerly Vittoria.net) – Milan  
Plurico Srl - Milan



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

In 2007 Vittoria Assicurazioni adopted the Corporate Governance Code of Listed Companies approved in March 2006 by the Corporate Governance Committee and promulgated by Borsa Italiana SpA. The Corporate Governance Code adopted by Vittoria Assicurazioni is available in the 'Rules' section of the website at [www.borsaitaliana.it](http://www.borsaitaliana.it).

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

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

## 4. BOARD OF DIRECTORS

In accordance with its traditional system of management, the Board of Directors is the central body of the Company's corporate governance structure.

With the support of its internal committees, the Board of Directors defines strategic guidelines for the Company and the Group, audits the system of controls necessary to monitor company performance and is responsible for defining, applying and updating corporate governance rules in compliance with applicable laws and regulations.

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

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

In 2010, the Board of Directors used the powers conferred under article 14 of the articles of association pursuant to article 2365 of the Civil Code to bring the statutory provisions governing the appointment of the Board of Directors into compliance with regulations introduced by Legislative Decree 27 of 27 January 2010, implementing Directive 2007/36/EC relating to the exercise of the rights of shareholders in listed companies.

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

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

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

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

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

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

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

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

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



respective posts; (iii) a *curriculum vitae* for each candidate, indicating where appropriate the candidate's eligibility for independent status.

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

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

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

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

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

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

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

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

The Directors of Vittoria Assicurazioni must satisfy the integrity and professional requirements prescribed in Decree 186 of 24 April 1997, issued by the Ministry of Industry, Trade and Handicrafts, applicable to insurance companies. They must therefore be selected from persons who have accumulated at least three years of experience in the following activities:

- a) administration, management or control at companies or entities in the insurance, credit or financial sectors with share capital of no less than Euro 258,228 (ITL 500 million);
- b) administration, management or control at public entities or public and private enterprises whose size is similar to that of the insurance company where the position must be filled;
- c) professional activities in matters involving the insurance, credit or financial sector, or university teaching in law, economics and business or actuarial science.

At the proposal of the Appointments and Remuneration Committee, the Board of Directors resolves upon the co-option of new directors, also taking account of the requirements of the above law.

In view of the strict professional requirements imposed on Directors, no activities other than the Board of Directors' meetings are envisaged for the purpose of improving the directors' knowledge of the business's operations and performance.

The Ordinary General Meeting of 23 April 2010, which appointed the Board of Directors for financial years 2010, 2011 and 2012, exempted Directors from the ban imposed by article 2390 of the Civil Code. The Board of Directors must address the substance of any problems and report any critical matters to the first General Meeting held thereafter.

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

The Board of Directors in office was appointed by the Ordinary General Meeting of 23 April 2010 for the 2010, 2011 and 2012 financial years and comprises the following 16 regular members, nine of whom are independent. Their term will expire on the date of the General Meeting that will approve the annual report to 31 December 2012.

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

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

- List 1 was submitted by Vittoria Capital NV, which holds 34,464,400 shares representing 52.39% of the share capital, with the following 15 candidates: Giorgio Roberto COSTA – Andrea ACUTIS – Carlo ACUTIS – Roberto GUARENA – Adriana ACUTIS BISCARETTI DI RUFFIA – Francesco BAGGI SISINI – Marco BRIGNONE – Arnaud HELLOUIN de MENIBUS – Luciano GOBBI – Pietro Carlo MARSANI – Giorgio MARSIAJ – Edgar MÜLLER-GOTTHARD – Lodovico PASSERIN d'ENTREVES – Luca PAVERI FONTANA – Giuseppe SPADAFORA.
- List 2 was jointly submitted by the shareholder BNP Paribas, which holds 1,200,000 ordinary shares representing 1.82% of the share capital, and the shareholder Ersel Asset Management SGR SpA, in its capacity as manager of the Fondersel and Fondersel PMI funds, which holds 493,561 ordinary shares representing 0.75% of the share capital, for a total of 1,693,561 shares equal to 2.57%, with the following single candidate: Robert RICCI.

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

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





List 2 obtained 2,381,561 votes, representing 5.78 % of the voting capital. Shareholders owning 16,919 shares in total (0.004% of the voting capital) voted against the proposals, and shareholders owning 14,975 shares in total (0.004% of the voting capital) abstained. The *curricula vitae* submitted with the lists at the date of the appointment on 23 April 2010 are published in the Governance section of the website at [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

Pursuant to article 144-*decies* of the Issuer Regulation, the current directors' personal and professional background is summarised below.

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

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

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

Currently a member of the Board at Vittoria Immobiliare SpA.

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

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

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

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

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

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

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

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

Formerly General Manager and Member of Istituto Mobiliare Piemontese IPI SpA and Permanent Auditor of Assimoco SpA. Currently Chairman of Yafa SpA, Yura SpA and Yafa Holding BV, Director of Touring Vacanze Srl and holds various positions on the Boards of Directors of the subsidiaries and associates of Vittoria Assicurazioni. Vice Chairman of the

*Fondazione ANIA per la Sicurezza Stradale* and a member of the Executive Committee of the ANIA (*Associazione Nazionale fra le Imprese Assicuratrici*).

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

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

Obtained a Master of Arts from Cambridge University. Formerly a Board member at Alexander & Alexander Italia SpA. Currently Chairman of Vittoria Capital NV, Vice Chairman of Yura International BV and Sint SpA, a member of the Supervisory Board of Yam Invest NV and Yareal International NV and a member of the Board of Yafa SpA, Yura SpA, Yafa Holding BV and Yarpa Investimenti SGR SpA. Also holds various positions on the Boards of Directors of Vittoria Assicurazioni Group companies.

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

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

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

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

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

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

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

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

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

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

At the end of financial year 2010, was serving as Director of the Banca di Piacenza and Effe 2005 Gruppo Feltrinelli SpA and as Chairman of Pirelli Société Générale.

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

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

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

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

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

Graduated in economics and business from Bocconi University. Formerly Managing Director of P. Ferrero & C. SpA and Ferrero International BV, Chairman of Worms Sim SpA, member of the Board of Worms Finanziaria SpA, Toro Assicurazioni SpA, Akros Finanziaria SpA and





Homeopharm Srl and Permanent Auditor of I.DE.A. Institute SpA and Aosta Factor SpA. Currently a member of the Board of Dual Sanitaly SpA and Suberit Srl.

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

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

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

**Edgar MÜLLER-GOTTHARD**, born in Alexandria, Egypt on 15 June 1933

On the Board of Directors of Vittoria Assicurazioni SpA since 29 June 1992.

Formerly Chairman of the Management Board of Victoria Rück, member of the Management Board of Nordsten - Cologne, Victoria Feuer and Victoria Holding, member of the International Committee of the Association of German Insurance Companies, Chairman of the Single Market Committee of the CEA (*Comité Européen des Assurances*) and Chairman of the Supervisory Board of Victoria Ruckversicherung AG. Currently a member of the Board of Vittoria Capital NV.

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

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

A law graduate, formerly Head of External Relations at the Toro Group. Subsequently served as head of the External Relations and Communications department at the Fiat Group and as Executive Assistant to the Chairman of Fiat SpA. Also served as Chairman of the External Relations Committee of the insurers' association *Associazione Nazionale fra le Imprese Assicuratrici* and as a member of the Board of Isvor Fiat. Currently Senior Advisor of Fiat SpA, Chairman of Publikompass SpA and member of the Board of Editrice La Stampa SpA. Also a member of the Superior Board of Banca d'Italia.

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

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

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

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

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

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

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

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

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

Luigi Guatri, previously Chairman of the Board of Directors of Vittoria Assicurazioni since 28 June 1978, has been Honorary Chairman of the Company since 2007.

On 14 March 2011, Edgar Müller-Gotthard, independent Director, tendered his resignation with effect from the date of the General Meeting of 29 April 2010.

#### Maximum number of positions at other companies

At its meeting of 23 April 2010, held at the end of the General Meeting called to appoint the management bodies for financial years 2010, 2011 and 2012, the Board of Directors verified that its members complied with the upper limits set for positions at other companies compatible with effective performance of the role of Director at the Company. This limit was set by Board resolution on 22 March 2007 on the basis of the following criteria:

- positions at listed companies and at financial companies, banks, insurance or large companies are taken into account;
- financial companies are defined as entities that may offer financial services to the public; holding companies are therefore excluded, provided that they are not listed;
- large companies are defined as generating more than Euro 100 million in revenues;
- if a position at a parent company is taken into account, any positions held at the latter's subsidiaries are not taken into account.
- a maximum limit of 12 positions was set, of which six with listed companies.

See the table under Appendix 1 of this Report for the number of relevant positions held on the basis of these criteria.

The Board of Directors conducts an annual survey of the management and control positions held by individual directors in the types of company described above and publishes its results in the Report on Corporate Governance and Ownership Structure.

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

The Board of Directors is vested with full powers for the ordinary and extraordinary administration of the Company, including all necessary and appropriate powers to implement and achieve corporate objectives that are not exclusively reserved for the General Meeting.

In financial year 2010, the Board of Directors held six meetings with an average duration of about two hours.

Average meeting attendance by the Directors was 82%. Detailed attendance figures for individual Directors can be found in the table in Appendix 1 of this Report.

Five meetings of the Board of Directors are scheduled in the corporate events calendar for FY 2011, on the following dates:

- 17 February
- 14 March (approval of the draft 2010 annual report)
- 11 May (approval of the 2011 first-quarter report)
- 29 July (approval of the 2011 half-year report)
- 10 November (approval of the 2011 third-quarter report (year to 30.09.11))

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



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

Most of the items discussed during the Board of Directors' meetings are submitted for prior review to the following Board committees, according to their responsibilities:

- the Appointments & Remuneration Committee;
- the Internal Control Committee;
- the Finance Committee;
- the Real Estate Committee.

The Committee meetings are attended by senior management representatives and the heads of various Company activities.

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

Specifically, the Board of Directors of Vittoria Assicurazioni SpA:

1. Examines and approves the strategic, business and financial plans of the Company and Group and the Company's corporate governance rules, and also draws up guidelines for Group structure. Specifically, in 2010, the Board:
  - approved the Company's strategic objectives for 2010;
  - defined investment strategies and oversaw the performance of real estate investments, with the support of the Finance Committee;
  - oversaw transactions involving equity interests carried;
  - approved the real estate projects undertaken by the Company and the Group, with the support of the Real Estate Committee;
  - approved new reinsurance guidelines pursuant to ISVAP Circular 574 and approved the Reinsurance Plan for FY 2010;
  - examined and approved the 'Report on the Insurance Group' required under ISVAP Regulation 15, which describes the organisation of the Group and the measures taken by the parent company as part of its own management and co-ordination activity;
  - outlined infragroup operations planned for 2010 pursuant to ISVAP Regulation 25;
  - approved a new procedure for related-party transactions pursuant to Consob Resolution 17221 of 12 March 2010 and ISVAP Regulation 25.

2. Assesses the Company's organisational structure as presented by the Managing Director and, with the support of the Internal Control Committee, verifies that senior management assesses the adequacy and efficient and effective operation of the internal control and risk management systems, implementing related measures as appropriate.

At the beginning of the financial year, the Board approves work schedules for the Internal Audit, Compliance and Risk Management departments and for the Supervisory Body appointed pursuant to Legislative Decree 231/2001 and, once every six months, approves the reports prepared by these departments on their activities in the period.

Furthermore, pursuant to ISVAP regulations, the Board of Directors annually:

- examines and approves the Report, prepared pursuant to ISVAP Regulation 20, describing the internal control and risk management system implemented by the Company, including the Report on the organisational structures of the Internal Audit, Compliance and Risk Management departments;
- examines and approves the list of the most significant risks prepared by the Risk Management department according to the Company's regulatory reserves. It sets the risk tolerance levels and periodically revises them according to the results of the risk identification and assessment processes;

- as part of its strategic and organisational duties pursuant to article 2381 of the Civil Code and article 5 of ISVAP Regulation 20, reviews and approves the organisational and operational charts prepared by the Managing Director. These documents identify and define responsibilities for the Company's key decision-making processes, together with the proxy and power of attorney model that defines the assignment of responsibilities to the individual operating units;
  - approves, after review and approval by the Internal Control Committee, the annual report by the organisational units responsible for training and supervision of the commercial networks, required by article 40 of ISVAP Order 4 and prepared in accordance with ISVAP Regulation 2743;
  - annually defines reinsurance policies and audits their implementation;
  - examines, in order to assess whether critical situations exist, the reports prepared by the Head of Internal Control on complaints management, and the relative statistical statements required by ISVAP Regulation 24.
- c. Determines the breakdown of the overall compensation payable to its own members as resolved by the General Meeting and, after examining the proposals made by the Appointments and Remuneration Committee and consulting with the Board of Statutory Auditors, determines the remuneration of the Managing Director and the other Directors with specific duties.  
As proposed by the Appointments and Remuneration Committee, it annually determines the performance-related compensation payable to the Managing Director according to the results achieved in the previous financial year;  
For financial year 2010, the Board resolved at its meeting of 23 April 2010 on the division of the remuneration set by the General Meeting for the Board on the same date and, after obtaining a positive opinion from the Board of Statutory Auditors, approved the proposals of the Appointments and Remuneration Committee relating to annual compensation to be paid to Board members with specific duties and to the Honorary Chairman.
- d. Assesses general operating performance, taking into consideration, in particular, information received from delegated bodies and periodically comparing results achieved with results planned;
- e. Examines and approves in advance transactions with a significant impact on the strategy, earnings, capital or financial position of the Company, with a special focus on transactions in which one or more directors has an interest, either personally or on behalf of third parties. In this regard, the Board of Directors, at its meeting of 10 November 2010, approved a new procedure for related-party transactions pursuant to Consob Resolution 17221 of 12 March 2010 and ISVAP Regulation 25. The procedure is described in detail in section 11 below.
- f. Acting through the Appointments and Remuneration Committee, the Board periodically assesses the size, composition and operations of the Board of Directors and its committees.  
In this regard, at its meeting of 23 April 2010, which took place after the General Meeting that appointed the Directors, the Board, also taking into account the declarations made by those concerned:
- verified that there were no grounds for ineligibility and incompatibility for any of the Directors, pursuant to article 2382 of the Civil Code;
  - verified that there were no grounds for incompatibility between the directors and shareholders and the directors and auditors of the auditing company BDO SpA.
  - noted that some or all of the Directors met the requirements of professional qualification and good repute specified in the articles of association and the legislation in force, including regulatory provisions, for the members of boards of directors of listed companies and insurance companies, specifically Ministerial Decree 162 of 30 March 2000 and Ministerial Decree 186 of 24 April 1997;



- identified independent Directors pursuant to article 147-ter (4) of the TUF and pursuant to the Corporate Governance Code adopted by the Company;
- appointed the Internal Control Committee, the Appointments and Remuneration Committee, the Finance Committee and the Real Estate Committee, after assessing the size, composition and operations of the Board and taking into account the tasks assigned to the Committees, the professional profiles and the availability expressed by the individuals concerned.

The Board, given that the General Meeting of 23 April 2010 had exempted Directors from the non-competition provision described in article 2390 of the Civil Code, also verified that the positions held by some Directors at the time of appointment did not constitute critical situations.

Appendix 1 of this report lists the members qualifying as independent Directors pursuant to article 147-ter (4) of the TUF and the Corporate Governance Code.

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

##### **Managing Directors**

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

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

The principal delegations of authority relating to investments are as summarised below:

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

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

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

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

##### **Chairman**

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



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

#### 4.5. Other executive Board members

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

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

#### 4.6. Independent Directors

Following the appointment of the Directors at the General Meeting of 23 April 2010, the Board of Directors, in verifying that the Directors fulfil the requirements prescribed by the regulations in force, also verified that the non-executive Directors fulfilled the independence requirements.

The Board assesses on an annual basis whether these requirements continue to be met, pursuant to the recommendations of the Corporate Governance Code.

According to the audit carried out by the Board of Directors, the following non-executive Board members fulfil the independence requirements prescribed by the Corporate Governance Code adopted by the company and pursuant to article 147-ter (4)(3) of the TUF: Francesco Baggi Sisini, Marco Brignone, Luciano Gobbi, Pietro Carlo Marsani, Giorgio Marsiaj, Edgar Müller-Gotthard, Lodovico Passerin d'Entrèves, Robert Ricci and Giuseppe Spadafora.

In line with previous years, including in the assessment carried out at the time of its appointment, the Board of Directors applied all the criteria set out in the Code during this audit, except for the criterion according to which a Director holding the position of independent Director for more than nine years no longer qualifies as independent. In doing this the Board of Directors chose to promote in-depth knowledge about the Company: given the peculiar characteristics of the insurance and reinsurance business, this level of knowledge can only be acquired over the course of several years of experience.

The following reasons are given for this preference:

- the laws and regulations applicable to insurance companies require that directors possess particular professional qualifications;
- insurance activity is subject to special regulations, specifically Legislative Decree 209/2005 (the Insurance Code) and the relative regulatory provisions issued by ISVAP, some of which are particularly complex, for example, some Board resolutions that are 'technical' in nature, imposed by ISVAP regulation.
- the definition of guidelines for reinsurance operations (an activity of particular technical complexity);
- the definition of guidelines for the assignment of assets to the life and non-life businesses and the relative accounting procedures; although the company is under single management, all its financial statements must be divided into two different sections, one for the non-life business and one for the life business, meaning that directors must determine how shared costs and financial movements are to be properly allocated;
- the definition of policies for assumption, assessment and management of the most significant risks, in accordance with the adequacy of the Company's net assets; the Board of Directors must determine risk tolerance levels at least once annually on the basis of the results of the risk identification and assessment processes;
- a particular feature of the financial statements for the insurance business is that most of the recognised liability items are subject to measurement, since they consist of uncertain items; therefore, since revenues are collected in advance and costs will follow over the course of several years, it is necessary to have perfect knowledge and comprehension of insurance and



financial techniques in order to synchronise assets with liabilities continually, since the latter fall outside the Company's control;

- in the life business, Vittoria Assicurazioni manages investments whose risk is 80% borne by policyholders. This requires special management in accordance with supervisory authority regulations. In this regard, insurance company management must be focused on achieving and maintaining profitability and financial balance with an extremely long-term perspective, which is completely different from common practice in other sectors. For example, in the case of retirement fund policies, the relations between an insurance company and a policyholder may consist of 20 or more years of premium payments, followed by several decades of payouts of retirement benefits by the Company;
- the insurance business has a social useful function: the Company must consequently be able to manage mutuality in favour of policyholders.

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

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

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

Since the Chairman of the Board of Directors does not hold primary responsibility for the management of either the Company or its controlling shareholder, and given the proportion of independent Directors on the Board of Directors (9 out of 16), it was not deemed necessary to designate a lead independent director.

## 5. HANDLING OF CORPORATE INFORMATION

The Managing Director supervises the management of confidential information and market disclosure of material information to guarantee the transparency of Company operations.

Information about significant events is disclosed by means of a press release, pursuant to Legislative Decree 58 of 24 February 1998, Consob Resolution no. 11971 of 14 May 1999 and the Borsa Italiana Regulation.

Disclosure of non-confidential documents concerning the Company, other than those which have already been officially disclosed to the public, must be approved beforehand by the Managing Director or the Head of Investor Relations.

Other external disclosures concerning the Company, in particular those to shareholders, journalists or analysts, may be made exclusively by the Chairman of the Board of Directors, the Executive Deputy Chairmen, the Managing Director, the Head of Investor Relations and the Co-General Manager (Chief Administration Officer), or by persons delegated by the Managing Director.

In January 2007 the Company implemented a specific procedure to regulate management of information within the Company that could become market sensitive information and insider information.

All members of the corporate bodies, and employees of Vittoria Assicurazioni with access to information that could become market sensitive, are bound by this procedure.

The procedure specifically defines:

- the requirements and responsibilities for classification of market sensitive information and insider information;
- the procedures for tracking access to market sensitive information, specifically in regard to establishment of the register pursuant to article 115-*bis* of the TUF and article 152-*bis* of the Issuer Regulation;
- the operating guidelines governing disclosure of market sensitive information.





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

Following appointment by the General Meeting of 23 April 2010, the Board, after assessing its own size and composition, taking into account the tasks assigned to the Committees, the professional profiles and the availability expressed by the individuals concerned, created the following committees from among its members, each of which is governed by a dedicated regulation:

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

Details of the activities of the Finance Committee and the Real Estate Committee are provided below. See sections 7 and 9 hereunder for details of the Appointments and Remuneration Committee and the Internal Control Committee.

### 6.1. Finance Committee

At its meeting of 23 April 2010, the Board of Directors appointed the Finance Committee as follows:

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

The list of members of the current Finance Committee is the same as for the previous mandate, except for the inclusion of Luciano Gobbi.

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

The Regulation approved by the Board assigns the following duties to the Finance Committee:

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

The Finance Committee met six times in FY 2010.

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

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

The Finance Committee specifically carried out the following activities in FY 2010:

- examined income forecasts for the securities portfolio in the life and non-life businesses;
- periodically monitored the securities portfolios whose risk is borne by the Company and those whose risk is borne by policyholders, defining investment strategy in view of, *inter alia*, economic analyses and the possible effects of monetary policies;
- assisted the Board of Directors in defining the risk tolerance levels for investing activities;

- assisted the Board of Directors in defining new investment policies using derivative financial instruments;
- periodically assessed the financial position of Group real estate companies, auditing their compliance with the exposure limits set by the Board of Directors;
- approved guide criteria for the valuation of financial assets available for sale and specifically for the identification of impairment indicators;
- reviewed the results on the 2009 financial statements of the stress tests on investments in the fourth quantitative impact study for Solvency II;
- examined the shock parameters for the fifth quantitative impact study for Solvency II;
- reviewed the results of the stress test carried out on the investment portfolio at 31 December 2009.
- performed a joint analysis of assets and liabilities in the separate management portfolios;
- reviewed the fiscal impact of the partial deductibility of changes in the life reserves prescribed by Legislative Decree 78/2010;
- examined income forecasts for the securities portfolio for the current year and for 2011.

## 6.2. Real Estate Committee

At its meeting of 23 April 2010, the Board of Directors appointed the Finance Committee as follows:

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

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

The Regulation approved by the Board assigns the following duties to the Real Estate Committee:

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

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

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

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

The Finance Committee specifically carried out the following activities in FY 2010:

- supervised the performance of ongoing real estate operations both in Italy and abroad, and the strategies adopted;
- supervised projections for real estate obligations;
- provided opinions to the Managing Director on real estate operations within its remit.



## 7. APPOINTMENTS AND REMUNERATION COMMITTEE

At its meeting of 23 April 2010, the Board of Directors appointed the Appointments and Remuneration Committee as follows:

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

The functions prescribed for the Appointments Committee and the Remuneration Committee in the Corporate Governance Code have been assigned to a single committee set up in accordance with the stricter rules set out in the Corporate Governance Code for the Remunerations Committee (non-executive Directors, the majority of whom must be independent). At the time of appointment, the Board took into account the principle expressed in the new article 7 of the Code of Conduct, according to which at least one member of the Remuneration Committee must have adequate financial knowledge and experience.

The Appointments and Remuneration Committee held two meetings in 2010, with an average duration of about one hour.

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

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

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

The Regulation approved by the Board assigns the following duties to the Appointments and Remuneration Committee:

Parent Company – Vittoria Assicurazioni SpA

#### a) Appointments

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

#### b) Remuneration

- making proposals for the Board of Directors' remuneration;
- making proposals to the Board for the remuneration of the Chairman, Executive Deputy Chairmen, Managing Director, and Directors with specific duties;
- making proposals to the Board, as indicated by the Managing Director, for calculating the remuneration of the senior management in such a way as to attract and motivate high-calibre people, and the remuneration of heads of internal control;

- making proposals for implementing performance-related remuneration criteria, including potential stock option plans, for the Managing Director and senior management, to be submitted to the Board for approval.

#### Subsidiaries

##### a) Appointments

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

##### b) Remuneration

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

#### Associate companies

- assisting the parent company's Managing Director in developing proposals for the appointment of the relevant Directors.

In FY 2010 the Appointments and Remuneration Committee assisted the Board of Directors in verifying the independence of Directors. It also made proposals to the Board of Directors in regard to:

- annual remuneration payable to the Chairman, the Executive Deputy Chairmen, the Managing Director and the Honorary Chairman;
- remuneration payable to the senior management of Vittoria Assicurazioni on the basis of proposals by the Managing Director;
- performance-related remuneration for the Managing Director on the basis of the results achieved in FY 2009.
- the appointment of the Managing Director, with effect from 1 January 2011;
- the appointment of the Supervisory Body pursuant to Legislative Decree 231/2001 and the determination of remuneration for the Chairman of this body;
- the appointment of the head of the Vittoria Formula Lavoro open-end pension fund and the determination of his remuneration;
- the appointment of the head of the 'Vittoria Individual Pension Plan – Individual Insurance Pension Plan – Pension Fund' and the determination of his remuneration;

The Committee also approved remuneration for senior management, based on the proposals made by the Managing Director.

All meetings of the Appointments and Remuneration Committee were duly minuted.

In performing its functions, the Appointments Committee may access Company information, departments or offices as necessary to perform its duties, and may employ the services of external consultants at the Company's expense.

Directors may not attend Committee meetings at which proposals regarding their own remuneration are made to the Board of Directors.



## 8. REMUNERATION OF DIRECTORS

The Ordinary General Meeting of 23 April 2010, which appointed the Board of Directors in office for the 2010, 2011 and 2012 financial years, set the Board's total remuneration at Euro 580,000 gross for each financial year, in order to remunerate the Directors for their participation in the Committees and for the specific tasks assigned within the Committees. This sum does not cover compensation for the Directors with specific duties.

The Board of Directors, pursuant to article 15 of the articles of association, therefore resolved to divide the amount specified by the General Meeting as follows:

- Euro 20,000 for each Director, for a total amount of Euro 320,000;
- Euro 5,000 for each member of the Appointments and Remuneration Committee, for a total amount of Euro 15,000;
- Euro 15,000 for the Chairman of the Internal Control Committee and Euro 10,000 for the other two members of the same Committee, for a total amount of Euro 35,000;
- Euro 5,000 for each non-executive member of the Finance Committee, for a total amount of Euro 20,000;
- Euro 5,000 for each non-executive member of the Real Estate Committee, for a total amount of Euro 25,000;
- Euro 110,000 for Luca Paveri Fontana relating to the duties assigned to him within the Finance Committee;
- Euro 40,000 for Adriana Acutis Biscaretti di Ruffia relating to the duties assigned to her within the Finance Committee and the Real Estate Committee.

A sum of Euro 15,000 was left over from the amount set by the General Meeting, for future allocation by the Board.

The Board of Directors also, at the proposal of the Appointments and Remuneration Committee and with a favourable opinion from the Board of Statutory Auditors, resolved upon the following remuneration for Directors with specific duties:

- Euro 60,000 to the Chairman
- Euro 30,000 to each Executive Deputy Chairman
- Euro 450,000 to the Managing Director.

The Managing Director was also allocated performance-related remuneration, calculated at Euro 400,000 for 2009.

The remuneration of executive Directors and senior management, based on their position and role, is partly related to Company results. This performance-related remuneration is paid according to the achievement of measurable objectives, depending on the area of responsibility and based on the following parameters: premiums written, operating ratio and pre-tax profit.

Given the peculiar nature of the insurance business, which must consider both stability and growth over the medium-long term, the targets set do not place special emphasis on short-term results.

Executive Deputy Chairman Carlo Acutis does not receive any incentive-based remuneration as he is the majority shareholder.

The remuneration of the non-executive Directors is not linked to the results of Vittoria Assicurazioni SpA.

No share-based incentive plans have been adopted to date.

Pursuant to the General Meeting resolution, the Company established a Liability Insurance Policy for Directors and Auditors with a duration of 12 months, renewable annually, under the standard terms and conditions of insurance market practice and appropriate for Company and Group business operations.

The remuneration paid to Directors and to managers with strategic responsibilities for FY 2010 is described in the explanatory notes to the financial statements at 31 December 2010.



## 9. INTERNAL CONTROL COMMITTEE

At its meeting of 23 April 2010, the Board of Directors appointed the Internal Control Committee as follows:

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

Pursuant to the Code of Conduct, the Committee is exclusively composed of independent Directors. The composition of the Committee is the same as for the previous mandate, except for the inclusion of Luciano Gobbi.

The Internal Control Committee held five meetings in FY 2010, with an average duration of about 1.5 hours.

Average meeting attendance was 87%. See the table in Appendix 2 of this Report for the individual directors' attendance records.

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

The Managing Director, at least one member of the Board of Statutory Auditors and the Head of Internal Audit attended all the meetings. Depending on the subject matter to be dealt with, some of the meetings were also attended by the heads of Legal Affairs-Compliance, Risk Management and Corporate Affairs and the Chairman of the Supervisory Body.

### 9.1. Functions of Internal Control Committee

The Regulation approved by the Board assigns the following duties to the Internal Control Committee:

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



- liaising between the Board of Directors and the Supervisory Body in regard to issues involving application of Legislative Decree 231/2001;
- carrying out any further tasks assigned by the Board of Directors;
- reporting to the Board on at least a half-yearly basis, when the year-end financial statements and the half-year interim report are approved, on the work done and on the adequacy of the internal control system.

Following the issuance of Legislative Decree 39 of 27 January 2010, which transposes Directive 2006/43/EC regarding statutory audits of separate and consolidated accounts, assigning new tasks to the Board of Statutory Auditors (see section 13 below), the following measures were taken to coordinate the activities of the Internal Control Committee and the Board of Statutory Auditors to promote harmonisation between these two bodies:

- all members of the Board of Statutory Auditors systematically attend, and have the right to attend, the meetings of the Internal Control Committee;
- the Internal Control Committee coordinates with the Board of Statutory Auditors in setting its meeting agendas, to promote efficiency and avoid agenda duplications.

Moreover, to increase coordination between the functions within the internal control system, it was decided in 2010 that the Chairman of the Supervisory Body appointed pursuant to Legislative Decree 231/2011 would attend two meetings of the Internal Control Committee each year: when the Internal Audit and Risk Management plans are approved and when the report on the internal control system required by ISVAP Regulation 20 is approved.

The principal activities carried out by the Internal Control Committee in FY 2010 included:

- reviewing the activities carried out by the Internal Audit department, both during 2010 and ongoing from the FY 2009 plan;
- reviewing and approving the Internal Audit plan for FY 2010. The measures in the plan were based on risk assessment of the internal control system and opinions expressed by management;
- approving the Risk Management work plan for FY 2010 and reviewing the activities carried out by this department, with a particular focus on activities relating to the regulations brought in by Solvency II and the Company's participation in the quantitative impact studies and disaster recovery research;
- approving the Compliance work plan for FY 2010 and reviewing the activities carried out by this department, with a particular focus on preparation for implementation of the procedural and organisational measures necessary for compliance with the obligations brought in by ISVAP Regulations 34 and 35 of 2010;
- reviewing the annual report on training and professional updating of the distribution networks pursuant to article 40 of ISVAP Regulation 5 and ISVAP Order 2743 of 27 October 2009;
- reviewing the Supervisory Body's report on the audits implementable under the Organisational and Management Model adopted pursuant to Legislative Decree 231/2001 and the work plan for FY 2010;
- assessing changes to be made to the Organisational and Management Model for compliance with the relative legislation;
- assessing the proper and consistent application of accounting principles in the preparation of the consolidated financial statements, relative to the separate and consolidated financial statements for the year ended 31 December 2009, taking into account the specific declaration made by the Financial Reporting Manager;
- periodically reviewing the activities of the anti-fraud unit;
- reviewing quarterly reports on customer complaints, drawn up pursuant to ISVAP Regulation 24;





- reviewing the Report on the Internal Control and Risk Management System drawn up pursuant to ISVAP Regulation 20/2008;
- reviewing the Report on the Insurance Group drawn up pursuant to ISVAP Regulation 15/2008;
- reviewing the Company's delegation system and organisational and operational charts, pursuant to ISVAP Regulation 20;
- reviewing activities relating to audits and amendments prescribed by money-laundering legislation.

As described in more detail in section 11 of this Report, the Internal Control Committee also reviewed the new Related-party Procedure, drawn up pursuant to the Regulation approved by Consob Resolution 17221 of 12 March 2010 and ISVAP Regulation 25, formulating its own favourable opinion on approval by the Board of Directors. The procedure identifies the Internal Control Committee as the Committee, entirely composed of independent directors, to which related-party transactions must be submitted for prior approval, pursuant to this Consob Regulation (except for remuneration, which is submitted for prior approval to the Appointments and Remuneration Committee).

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

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

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

## 10. INTERNAL CONTROL SYSTEM

The Board of Directors has defined guidelines for the internal control system, so that the main risks relating to the Company and its subsidiaries are identified correctly, and also appropriately measured, managed, and monitored. It also determines criteria for the compatibility of these risks with effective and proper corporate management.

Responsibility for the internal control system is assigned to the Board of Directors, which sets the system's guidelines and regularly checks its adequacy and effective operation, assisted by the Internal Control Committee.

Pursuant to applicable laws and regulations, the company set up the Internal Audit department in 1999, with the task of ascertaining and assessing the internal control system's efficiency and effectiveness and of providing support and advisory services to other company departments. The Head of Internal Audit is also the company's Head of Internal Control.

Pursuant to, *inter alia*, the provisions of ISVAP Regulation 20, the Board of Directors also set up Compliance and Risk Management departments. The duties and responsibilities of the Internal Audit, Compliance and Risk Management departments are described in subsections 10.3, 10.4. and 10.5 below.

The Board of Directors has delegated the Internal Control Committee to assess the operation of the Company's internal control system through review of the documents submitted by the heads of Internal Audit, Compliance and Risk Management at periodic meetings. The Committee reports on the results of its reviews to the Board of Directors once every quarter.

Furthermore, overall assessment of the adequacy, effectiveness and effective operation of the internal control system is carried out prior to annual approval of the report on the consistency of the internal control and risk management system pursuant to ISVAP Regulation 20, after prior approval by the Internal Control Committee.

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

#### Foreword

The risk management and internal control system related to the financial disclosure process is an integral part of the Company's risk management and internal control system.

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

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



To this end Vittoria Assicurazioni SpA, also for compliance with Legislative Decree 262/05, continued during FY 2010 to plan, implement, monitor and update the system that contributes to the production of financial disclosure in the following ways:

- by formalising all significant procedures and processes;
- by making all administrative personnel aware that they should pay constant attention to procedures and processes and making them responsible for maintaining these;
- by setting up an organisational unit to monitor the effective execution of the controls to be implemented;

having already identified at the start of the project the potential risks and the internal control system set up to prevent these risks, using the following reference framework: Enterprise Risk Management of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

The principal features of the risk management and internal control system adopted, and specifically its structure, its operating procedures and the roles and departments involved, are described in the following two sections:

- a) Existing phases of the risk management and internal control system related to the financial disclosure process.

Note in this regard that during FY 2009, the following measures had already been taken by Vittoria Assicurazioni SpA at parent company level:

- the scope of action was determined by identifying processes that were 'significant' in terms of their potential impact on financial disclosures. For this purpose, all accounts items in excess of Euro 100,000 were identified, beginning with the annual accounts, and the processes underlying production of this information were also identified;
- All processes were grouped into 12 financial statement reference areas (premiums and premium reserves, commissions, claims, reinsurance, finance, other receivables and payables, tax, real estate and capital assets, liabilities cycle, preparation of financial statements, treasury and personnel).
- Each process was subjected to a precise analysis by surveying the 'as is' operating processes, the control points and the administrative and accounting risks for production of the financial statements (statement of financial position and income statement) in order to:
  - identify transactions within the scope of reference, by acquiring information as to how they are originated, authorised, registered, processed and represented;
  - identify all automatic and manual control points for the events and activities managed in the process;
  - define a detailed flow chart for compilation of the financial statements.

The Administration, Finance, Planning and Control department has been implementing the current programmes for some time in order to obtain a control tool, the 'management control panel', which enables better and continuous monitoring of all managerial and administrative occurrences.

This system has so far been used in the Finance and Tax divisions, with a view to rolling it out to the remaining divisions.

All of the identified risks may be classified as operating risks. They principally relate to the following categories:

- non-compliance risk;
- processing risk;
- manual entry risk;
- fraud risk;
- erroneous communication of data risk;
- information system risk;

- procedural deficiency and inefficiency risk.

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

The control system is based on attribution of specific responsibilities in the administration area by identifying individual contacts for:

- individual process control activities (control owners);
- the organisational units and/or processes (process owners) who are tasked with verifying the proper performance of activities carried out by their own assistants or colleagues.

The staff of the financial reporting manager are also responsible for implementing controls throughout the division and the timely execution of operations.

The controls of the identified risks are assessed in terms of:

- design: this activity is performed annually, taking into account certain parameters that assess the control itself (type, traceability, cyclicity and timing);
- operation: this activity is performed annually through spot checking to verify that the control operations are effectively performed according to the procedures in force.

The methods used and results obtained at Group level are analogous to those obtained at Company level. Specifically:

- the consolidated financial statements mainly comprise the values recognised in the annual report of Vittoria Assicurazioni SpA;
- the administrative management of Group real estate companies is assigned to Gestimmobili Srl, which has specific responsibilities and authority in this area, and is subject to constant control by the Administration Office of the Real Estate division of Vittoria Assicurazioni SpA;
- the Reporting and Subsidiaries office coordinates and controls the financial information received from all subsidiaries and associates;
- the Group's real estate companies implemented a new computerised accounting system from 1 January 2009 for preparation of the financial statements. The system has in-built automatic control mechanisms and can be directly accessed by Vittoria Assicurazioni SpA, enabling timely control of the information it contains, the drafting and auditing of financial statements and the formalising of financial information contained in the consolidated financial statements of Vittoria Assicurazioni SpA. During FY 2010 the internal control system was further enhanced by an update of all existing procedures and the implementation of the new information system.

b) Participating roles and departments.

The operational and control roles and departments specified above have been identified within Administration, Finance, Planning and Control.

Internal Audit also audits the design and effective operation of the controls, using specialist consultants.

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

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

In FY 2010, the Managing Director:

- identified the main corporate risks (strategic, operating, financial and compliance), taking into account the nature of the business operations of the Company and its subsidiaries, periodically submitting them to the Board of Directors for review;
- executed the guidelines defined by the Board of Directors, handling the design, creation and management of the internal control system, continually checking its overall adequacy, effectiveness, and efficiency;
- adapted this system to operating dynamics and to the legislative and regulatory framework.

### **10.3. Internal Audit department**

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

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

The Internal Auditing department currently consists of six staff members.

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

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

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

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

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

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

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

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

Its principal objectives are to:

- audit the effectiveness and efficiency of management processes and organisational procedures as an element of the internal control system;
- verify consistency between the organisational chart, the functional chart and the delegations of authority granted to the department heads and compliance with the same;
- audit the regularity and functionality of information flows between corporate divisions;

- audit the adequacy of information systems and their reliability;
- verify that administrative and accounting processes are fair and that accounts are duly kept;
- assure the protection of the reliability and integrity of corporate information assets;
- ascertain and assess the efficiency of audits performed on outsourced activities;
- verify exact compliance with corporate procedures, laws and regulations;
- maintain informational links with the Company departments that manage risk measurement, monitoring and reporting systems;
- support the Supervisory Body in monitoring and supervising the Organisational and Management Model pursuant to Legislative Decree 231/2001;
- analyse and assess the effectiveness and efficiency of existing processes and procedures on the distribution network and claims settlement centres, while also verifying that their activities comply with statutory obligations and rules issued by the Company.

The Internal Audit department has the following areas of responsibility:

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

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

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

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

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

The internal audit activity is performed by the Internal Audit department, which also made use of external consultants in FY 2010.





#### 10.4. Compliance Department

The Company set up the Compliance department in November 2008, appointing its head and defining its responsibilities, duties, operating procedures and the nature and frequency of reports to the corporate bodies and departments concerned. The mandate of the Compliance department was updated in March 2009.

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

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

The Compliance department has the following duties:

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

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

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

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

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

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

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

#### **10.5. Risk Management department**

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

The Risk Management Department has the following duties:

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

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





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

### **a) Organisational Model**

In 2004 the Company's Board of Directors approved the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, periodically updating it on the basis of subsequent amendments to the law.

During FY 2010 the Organisational and Management Model was updated after the addition to the remit of Legislative Decree 231/2001 of cyber crime, organised crime, industrial copyright offences and offences related to false statements to legal authorities. Information obligations to the Supervisory Body regarding the receiving and laundering of money and health and safety at work were also expanded.

In general terms, the Model governs:

- identification of activities performed at Vittoria Assicurazioni that are exposed to the offences envisaged in Legislative Decree 231/2001;
- identification of the Supervisory Body, its functions and powers, reporting to corporate bodies and its obligations to provide disclosure and audit the adequacy of the Organisational Model;
- procedures for notifying and distributing the Organisational Model to employees, agents, Group companies and independent contractors;
- identification of a system of penalties;
- identification of risk areas for each type of offence set out in the legislation, as well as definition of the principles of conduct, control procedures and control activities under the remit of the Supervisory Body.

The Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 is published in the Governance section of the Company website at [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

### **b) Supervisory Body**

In 2008, the Company Supervisory Body assumed the form of a board, comprising an external consultant with specific expertise in application of the provisions of Legislative Decree 231/2001 (Chairman of the Supervisory Body), a member of the Board of Statutory Auditors and the heads of Internal Audit, Legal Affairs and General Management.

At its meeting of May 2010, the Board of Directors, at the proposal of the Appointments Committee, renewed the mandates of the Supervisory Body members for the financial years 2010, 2011 and 2012.

The Supervisory Body is assisted in its operational role by the Internal Audit department.

During FY 2010 the Supervisory Body of Vittoria Assicurazioni SpA held five meetings to exchange information on the operation of the internal control and risk management system with: the Board of Statutory Auditors, the independent auditor, the Financial Reporting Manager pursuant to Legislative Decree 262/05 and the respective heads of the Technical Accident-prevention Service, Administration, Finance, Planning and Control, Anti-money laundering and General Management, Personnel and General Services.

The Supervisory Body specifically carried out the following activities in FY 2010:

- analysed and approved proposed changes to the Organisational and Management Model to take account of new risks introduced by legislation;
- analysed and approved the document 'Information flows to and from the Supervisory Body 231/2001 and internal audit', which identifies information flows from various areas of the

Company to the Supervisory Body and to Internal Audit that can be used to determine any anomalies in the performance of corporate activities;

- analysed and approved the work plan documents for Internal Audit and subsequent progress, as well as the results of analysis of flows carried out by Internal Audit;
- analysed periodic reports produced by the various Company entities and departments, i.e. Compliance, Anti-fraud, Risk Management, Internal Audit, Anti-money-laundering, Personnel and the Head of Security.

## **10.7. Auditing company**

Pursuant to article 17 of the articles of association, the statutory audit is entrusted to the auditing company BDO SpA, which was engaged by resolution of the Ordinary General Meeting of 28 April 2006 for financial years 2006 to 2011.

## **10.8. Financial Reporting Manager**

Article 16 of the articles of association specifies that the Financial Reporting Manager must meet the professional requirements of specific administrative and accounting expertise, as well as the requirement of good repute prescribed by current legislation for individuals performing administrative and managerial functions. This expertise must be acquired through work experience in a position with adequate responsibility for an appropriate period of time.

At the proposal of the Appointments and Remuneration Committee and on the basis of a favourable opinion from the Board of Statutory Auditors, the Board of Directors appointed the Joint General Manager, Mario Ravasio, who is Head of Administration, Finance, Planning and Control, as the Financial Reporting Manager pursuant to article 154-*bis* of the TUF.

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

He is also required to:

- certify, together with the delegated body, the adequacy and effective application during the reporting period of administrative and accounting procedures, the correspondence of corporate accounting documents with the books and ledger entries, and their fitness to provide an accurate and fair view of the financial position, income and cash flow of the Company;
- certify the consistency of the Company's acts and market disclosures relating to its annual and interim accounts with the corporate records, books and accounting entries.



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

Pursuant to the Regulation governing transactions with related parties, adopted by Consob Resolution 17221 of 12 March 2010, the Board of Directors, having received the favourable opinions of all members of the Internal Control Committee (which exclusively comprises independent Directors), approved a new 'Procedure for Related-party Transactions' on 10 November 2010.

This procedure replaces previous self-regulation in this regard, which was adopted by the Board in April 2004 and subsequently amended in accordance with ISVAP Regulation 25 of 27 May 2008, governing intragroup transactions carried out by insurance companies.

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

Pursuant to the Consob Regulation, the procedure:

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

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

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

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

As at the date of preparation of this Report, the Company has not carried out any related-party transactions subject to the approved procedure.

The procedure approved by the Board is set out in full in Appendix 5 of this Report and is published in the Governance section of the website at [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

Finally, pursuant to article 114(7) of the TUF and articles 152-*sexies* through 152-*octies* of the Issuer Regulation, the Board of Directors of Vittoria Assicurazioni has approved a 'Procedure for transactions on the issuer's securities by relevant persons', which is set out in Appendix 6 of this Report.

As stipulated by the Stock Market Regulation of Borsa Italiana for STAR-Segment companies, the procedure prohibits members of the management and control bodies, persons performing executive functions and managers with regular access to privileged information and with the power to make decisions that might affect the development and future prospects of a subsidiary, from executing transactions on the Company's financial instruments during the 15 days prior to the Board of Directors' meetings called to approve period accounting results.

Notices to the public pursuant to the above regulations and the procedure approved by the Board of Directors are published on the Company website at [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com), under Governance – Internal Dealing.



## 12. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of Statutory Auditors is regulated by article 17 of the articles of association.

During FY 2010, the Board of Directors used the powers specified in article 14 of the articles of association pursuant to article 2365 of the Civil Code to amend the statutory provisions for the appointment of the Board of Auditors to comply with Legislative Decree 27 of 27 January 2010, implementing Directive 2007/36/EC relating to the exercise of the rights of shareholders in listed companies.

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

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

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

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

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

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

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

The lists must contain:

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

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

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

The first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes that, pursuant to the laws and regulations in force, is neither directly nor indirectly connected to the shareholders who have submitted or voted for the list obtaining the highest number of votes, are appointed Deputy Auditors. In the event of a tie vote between two or more lists, the eldest candidates are appointed Statutory Auditors until all the available posts have been filled. If a single list or no lists are submitted, all candidates on the single list or respectively those voted upon by the General Meeting shall be appointed as Permanent or Deputy Auditors, provided that they achieve a relative majority of the votes at the General Meeting. In the event that an Auditor ceases to meet the statutory requirements, his or her mandate expires.

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

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

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



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

The Ordinary General Meeting of 23 April 2010 appointed the Board of Statutory Auditors for the financial years 2010, 2011 and 2012 as follows: Chairman: Angelo Casò; Permanent Auditors: Giovanni Maritano and Ferruccio Aralid; Deputy Auditors: Sergio Vasconi and Corrado Versino.

On 23 October 2010, Permanent Auditor Ferruccio Araldi ceased to hold office.

Pursuant to article 17 of the articles of association, Deputy Auditor Corrado Versino replaced Mr Araldi. His mandate will expire on the date of the General Meeting to approve the financial statements to 31 December 2010, when the vacancy on the Board of Statutory Auditors will be filled pursuant to article 2401 of the Civil Code.

The Board of Statutory Auditors had the following members at 31 December 2010:

- Angelo CASO'	Chairman
- Giovanni MARITANO	Permanent Auditor
- Corrado VERSINO	Permanent Auditor
- Sergio VASCONI	Deputy Auditor

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

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

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

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

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

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

The *curricula vitae* of the Auditors submitted at the appointment of 23 April 2010 are published in the Governance section of the website [www.vittoriaassicurazioni.com](http://www.vittoriaassicurazioni.com).

Consequently, pursuant to article 17 of the articles of association, the Board of Statutory Auditors comprises the following members:

Angelo CASO' – Chairman (minority list)  
Giovanni MARITANO – Permanent Auditor (majority list)  
Ferruccio ARALDI – Deputy Auditor (majority list)  
Corrado VERSINO – Deputy Auditor (majority list)  
Sergio VASCONI – Deputy Auditor (minority list).



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

**Angelo CASO'**, born in Milan on 11 August 1940

On of the Board of Statutory Auditors of Vittoria Assicurazioni SpA since 27 June 1995.

Graduated in economics and business. Has been entered in the Register of Chartered Accounts for the jurisdiction of Milan since 27 May 1965. Auditor (formerly Official Auditor) since 18 February, pursuant to Ministerial Decree of 18 February 1971, published in the Official Gazette of the Italian Republic no. 55 on 3 March 1971. Entered in the Register of Auditors pursuant to the Decree of 12 April 1995, Official Gazette of the Italian Republic no. 31 *bis* IV special series of 12 April 1995.

Member of the Accounting Standards Standing Committee set up by the National Board of Chartered Accountants and Accountants since its foundation.

Chairman of the 'Board of Statutory Auditors Code of Conduct' Committee established by the National Board of Chartered Accountants.

Chairman of the Fédération des Experts Comptables Europeens (F.e.E.) from 1991 to 1993, after serving as its Vice Chairman for six years. Member of the International Auditing Practices Committee of IFAC from 1993 to 2000 (now IAASB). Member of the Board of IFAC – International Federation of Accountants from 2001 to 2005. Member of the Board of Arbitration of Milan from 1998 to 2005. Since 2008 he has chaired the Management Committee of the OIC (Italian Accounting Organisation), where he was Chairman of the Technical and Scientific Committee from 2004 to 2008. Practises exclusively as Chartered Accountant with an office in Milan.

Held the following positions at 31 December 2010: Member of the Board of Directors of Mediobanca, Chairman of the Board of Statutory Auditors of Benetton Group SpA, Indesit Company SpA, Bracco SpA, Bracco Imaging SpA, Fiditalia SpA, Edizione Srl and Vestar Capital Partners Italia Srl and is Permanent Auditor of Barclays Private Equity SpA.

**Giovanni Maritano**, born in Turin on 23 October 1960

On the Board of Statutory Auditors of Vittoria Assicurazioni SpA as a Permanent Auditor since 26 April 2001 (Deputy Auditor since 23 June 1998).

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

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

Also holds the following positions: Chairman of the Board of Statutory Auditors at Carcoustics Italia SpA (in liquidation), Gev SpA, Kelemata Srl, La Prealpina Divisione Commercio SpA, La Prealpina Ron & Figlio SpA, Massifond SpA, Guido Vincon & Figli SpA; Permanent Auditor of Kelemata SpA, Zoppoli & Pulcher Costruzioni Generali SpA, ZP Partecipazioni Srl, Vittoria Capital NV, VP Sviluppo 2015 Srl, Yafa SpA, Yafa Holding BV, Yura SpA, Yura International BV, ABC Farmaceutici SpA, Istituto Biologico Chemioterapico Srl, La Margherita Società Sportiva Dilettantistica a r.l. and FM Italia SpA.

**Corrado VERSINO**, born in Turin on 18 May 1955

On the Board of Statutory Auditors of Vittoria Assicurazioni SpA as a Permanent Auditor since 23 October 2010 (Deputy Auditor since 24 April 2009).

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

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





Also holds the following positions: Chairman of the Board of Statutory Auditors of Vittoria Capital NV, Yafa Holding BV, Yafa SpA; Permanent Auditor of Amati SpA, Carcoustics Italia SpA (in liquidation), Geodata SpA, Massinfond SpA, Mosaico SpA, Movincom Servizi SpA, Mustad SpA, Pama & Partners Srl, Sint SpA, Vallesi SpA, VP Sviluppo 2015 Srl, Zoppoli & Pulcher Costruzioni Generali SpA, ZP Partecipazioni Srl, Yura SpA, Yura International BV; Chairman of the Board of Sirto Srl; Sole Director of Real Estate 90 Srl; member of the Board of Sivim Srl and Fiori San Bovio Srl; liquidator of Damoto Srl (in liquidation).

**Sergio VASCONI**, born in Turin on 10 November 1935

On the Board of Statutory Auditors of Vittoria Assicurazioni SpA as a Deputy Auditor since 26 April 2001.

Graduated in economics and business. Has been entered in the Register of Accountants of Turin since 1961 and in the Register of Chartered Accountants since 1970. Currently holds the position of Chairman of the Board of Statutory Auditors at ILCEA SpA and SOFIMI Srl.

The Board of Statutory Auditors held ten meetings during FY 2010 with an average duration of about two hours. Average meeting attendance was 100%.

Eleven meetings have been scheduled for 2011, including meetings set by the Internal Control Committee to coordinate the activities of the two bodies. Two meetings had been held at the date of this Report.

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

Legislative Decree 39 of 27 January 2010, which transposed Directive 2006/43/EC relating to the statutory audit of separate and consolidated accounts, assigned the boards of statutory auditors of companies of public interest (including Vittoria Assicurazioni, as a listed company) the function of 'Committee for Internal Control and Statutory Audit'.

The Board of Statutory Auditors, in accordance with the Internal Control Committee appointed by the Board, reviewed the new legislation and, also taking into account the most significant interpretations of the legislation (including Confindustria Circular 19296 of 12 April 2010 and ASSONIME Circular 16 of 3 May 2010), verified that:

- the Internal Control Committee established pursuant to the Corporate Governance Code continues to fulfil an assessment and consultative role vis-à-vis the Board of Directors, which holds responsibility for the internal control system;
- the Board of Statutory Auditors is assigned by law the functions set out in Legislative Decree 39/2010, which supplements those already assigned to this body. These remain functions of control and not of management or joint management or control by virtue of management.

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

- observance of the law and the certificate of incorporation;
- compliance with the principles of correct administration;
- the adequacy of the organisational structure of company in terms of competency, the internal control system and the administrative accounting system, as well as the reliability of the latter in providing a fair representation of operations;
- the procedures used for effective implementation of the corporate governance rules set out in the Corporate Governance Code adopted by the Company;
- the adequacy of the directives issued by the Company to its subsidiaries to ensure respect for the disclosure obligations prescribed by the TUF.

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

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

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

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

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

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

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



#### **14. SHAREHOLDER RELATIONS**

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

The Executive Deputy Chairman, Andrea Acutis, is Head of Investor Relations.

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

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

On 10 November 2010, the Board of Directors updated some of the provisions in the articles of association governing the General Meeting to comply with the measures introduced by Legislative Decree 27 of 27 January 2010, which transposed Directive 2007/36/EC (shareholders' rights).

The amended articles in the articles of association regard procedures for the convening and constitution of the General Meeting, attendance and representation at the Meeting and the rights of shareholders to request additional agenda items.

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

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

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

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



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

At its meeting of 10 November 2010, at the proposal of the Appointments and Remuneration Committee, the Board of Directors resolved to appoint Cesare Caldarelli as Managing Director, with effect from 1 January 2011.

The Appointments and Remuneration Committee verified that Mr Caldarelli fulfilled the requirements of professional qualification and good repute set out in Ministerial Decree 186 of 27 April 1997 for the managing directors of insurance companies.





## **APPENDICES**

Appendix 1: Board of Directors

Appendix 2: Committees

Appendix 3: Board of Statutory Auditors

Appendix 4: Adoption of Corporate Governance Code

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

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







## APPENDIX 1

## BOARD OF DIRECTORS

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

Name	Office	List	Execu- tive.	Non- execu- tive	Inde- pendent	Inde- pendent as per TUF	% BoD	Other offices held
Giorgio Roberto COSTA	Chairman	<b>M</b>		<b>X</b>			100%	-
Andrea ACUTIS	Deputy Chairman	<b>M</b>	<b>X</b>				100%	1
Carlo ACUTIS	Deputy Chairman	<b>M</b>	<b>X</b>				100%	5
Roberto GUARENA	Managing Director	<b>M</b>	<b>X</b>				100%	-
Adriana ACUTIS BISCARETTI di RUFFIA	Director	<b>M</b>		<b>X</b>			100 %	4
Francesco BAGGI SISINI	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	83%	1
Tiberto BRANDOLINI d'ADDA*	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	0 %	0
Marco BRIGNONE	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	83 %	2
Luciano GOBBI**	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>x</b>	100%	3
Arnaud HELLOUIN de MENIBUS	Director	<b>M</b>		<b>X</b>			17 %	2
Pietro Carlo MARSANI	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	83 %	-
Giorgio MARSIAJ	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	67 %	2
Edgar MÜLLER-GOHTTARD	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	67 %	-
Lodovico PASSERIN d'ENTREVES	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	100 %	2
Luca PAVERI FONTANA	Director	<b>M</b>		<b>X</b>			100%	2
Robert RICCI	Director	<b>m</b>		<b>X</b>	<b>X</b>	<b>X</b>	80%	1
Giuseppe SPADAFORA	Director	<b>M</b>		<b>X</b>	<b>X</b>	<b>X</b>	80%	2

\* from 1/1/2010 to 23/4/2010

\*\* from 23/4/2010 to 31/12/2010

## KEY

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

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

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

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

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

## APPENDIX 2

### BOARD COMMITTEES

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

#### Appointments & Remuneration Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Luca Paveri FONTANA	Non-executive president	01.01.2010 – 31.12.2010	100%
Francesco BAGGI SISINI	Independent non-executive member	01.01.2010 – 31.12.2010	100%
Lodovico PASSERIN d'ENTREVES	Independent non-executive member	01.01.2010 – 31.12.2010	100%

#### Internal Control Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Pietro Carlo MARSANI	Independent non-executive president	01.01.2010 – 31.12.2010	80%
Francesco BAGGI SISINI	Independent non-executive member	01.01.2010 – 23.04.2010	100%
Luciano GOBBI	Independent non-executive member	23.04.2010 – 31.12.2010	100%
Giuseppe SPADAFORA	Independent non-executive member	01.01.2010 – 31.12.2010	80%

#### Finance Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Andrea ACUTIS	Executive president	01.01.2010 – 31.12.2010	100%
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive	01.01.2010 – 31.12.2010	100%
Carlo ACUTIS	Executive	01.01.2010 – 31.12.2010	100%
Giorgio Roberto COSTA	Non-executive	01.01.2010 – 31.12.2010	100%
Luciano GOBBI	Independent	23.04.2010 – 31.12.2010	100%
Roberto GUARENA	Executive	01.01.2010 – 31.12.2010	100%
Luca PAVERI FONTANA	Non-executive	01.01.2010 – 31.12.2010	83%

#### Real Estate Committee

Name	Office	Period in office during FY	% attendance of committee meetings
Andrea ACUTIS	Executive president	01.01.2010 – 31.12.2010	100%
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive	01.01.2010 – 31.12.2010	100%
Carlo ACUTIS	Executive	01.01.2010 – 31.12.2010	100%
Francesco BAGGI SISINI	Independent non-executive	01.01.2010 – 31.12.2010	75%
Giorgio Roberto COSTA	Non-executive	01.01.2010 – 31.12.2010	100%
Roberto GUARENA	Executive	01.01.2010 – 31.12.2010	100%
Arnaud HELLOUIN de MENIBUS	Non- executive	01.01.2010 – 31.12.2010	25%
Luca PAVERI FONTANA	Non-executive	01.01.2010 – 31.12.2010	100%



## APPENDIX 3

### BOARD OF STATUTORY AUDITORS

Name	Office	Period in office during FY	List	Independent as per Code	% attendance of BoSA meetings	Other offices held
Angelo CASO'	Chairman	01.01.2010 – 31.12.2010	<b>m</b>	<b>X</b>	100 %	9
Giovanni MARITANO	Permanent Auditor	01.01.2010 – 31.12.2010	<b>M</b>	<b>X</b>	100 %	33 <sup>(1)</sup>
Ferruccio ARALDI <sup>(2)</sup>	Permanent Auditor	01.01.2010 – 23.10.2010	<b>M</b>	<b>X</b>	100 %	-
Corrado VERSINO <sup>(3)</sup>	Permanent Auditor	23.10.2010 – 31.12.2010	<b>M</b>	<b>X</b>	100 %	36 <sup>(1)</sup>
	Deputy Auditor	01.01.2010 – 23.10.2010			-	
Sergio VASCONI	Deputy Auditor	01.01.2010 – 31.12.2010	<b>m</b>	<b>X</b>	-	2

(1) including assignments held in Vittoria Assicurazioni Group

(2) died on 23 October 2010

(3) replacement of Mr. Araldi on 23 October 2010

#### KEY

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

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

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

**Others appointments:** total number of assignments held in other joint-stock companies, partnerships limited by shares, and limited liability companies.

## APPENDIX 4

### Adoption of Corporate Governance Code

#### Corporate Governance Code

#### Adoption of Code by Vittoria Assicurazioni

### 1. ROLE OF BOARD OF DIRECTORS

#### Principles

1.P.1. The issuer is guided by a board of directors that meets at regular intervals and operates in such a way as to assure effective performance of its functions.

1.P.2. Directors act and take decisions in an informed and independent manner, pursuing the primary objective of creation of shareholder value. Consistently with this objective, in performing their office directors also take into account the directives and policies defined for the group to which the issuer belongs, as well as the benefits of membership of the group.

#### Application criteria

1.C.1. The board of directors:

- |  |         |
|--|---------|
| a) Examines and approves the strategic, business and financial plans of the issuer and of the group that it heads; the corporate governance system of the issuer; and the corporate structure of the group;  | Adopted |
| b) Assesses the adequacy of the organisational, administrative and general accounting set-ups of the issuer and of its strategically significant subsidiaries as arranged by managing directors, with special reference to the internal control system and to management of conflicts of interest;   | Adopted |
| c) Delegates and revokes executive powers to/from managing directors and the executive committee, defining their limits and method of exercise. It also establishes the frequency, which must not in any case be less than quarterly, with which delegated officers and bodies must report to the board on the work done in exercising the powers delegated to them; | Adopted |
| d) Determines, after having reviewed the specific committee's recommendations and consulted with the board of statutory auditors, the remuneration of managing directors and of other directors holding specific offices and, if the shareholders' meeting has not already done so, the split of the overall global compensation payable to board members;           | Adopted |
| e) Assesses general operating performance, taking into consideration, in particular, the information received from delegated officers and bodies and also regularly comparing actual vs. planned results;  | Adopted |
| f) Reviews and approves beforehand transactions of the issuer and its subsidiaries, when such transactions are of significant strategic business, capital or financial importance for the issuer, paying special attention to situations where one or more directors have an interest on their own account or on that of third parties and, more generally,          | Adopted |



related-party transactions. To this end it establishes general criteria for the identification of transactions of significant importance;

g) Assesses, at least once a year, the size, membership, and operation of the board itself and of its committees, possibly expressing orientations concerning the professional figures whose presence on the board is deemed appropriate; Adopted

h) Discloses, in the Corporate Governance Report, the ways in which the present Article 1 is applied and, in particular, information on the number of meetings of the board and executive committee, if the latter exists, held during the financial year and the related percent attendance of each director. Adopted

1.C.2. Directors accept office when they believe themselves able to dedicate the necessary time to diligent performance of their duties, also considering the other directorships or offices as statutory auditors held in other companies listed in regulated Italian and foreign markets, in financial, banking, and insurance companies or companies of significant size. The board, based on the information received from directors, annually notes and discloses – in the Corporate Governance Report – the directorships and offices as statutory auditors held by directors in the aforesaid companies. Adopted

1.C.3. The board expresses its orientation concerning the maximum of directorships or offices as statutory auditors in the companies mentioned in the previous paragraph that can be deemed compatible with effective performance of office as a director of the issuer. To this end it identifies general criteria differentiated according to the commitment associated with each role (as executive, non-executive, or independent director), also in relation to the nature and size of the companies where offices are held and to their possible membership of the issuer's group. It can also take directors' membership of board committees into account. Adopted

1.C.4. If, in order to address organisational needs, the shareholders' meeting authorises on a general and prior basis departures from the non-competition rule established by Article 2390 of the Italian Civil Code, the board of directors examines the merit of each problematical case and reports any criticalities at the first available shareholders' meeting. To this end, when accepting appointment each director informs the board of any activities performed in competition with the issuer and, thereafter, of all significant changes in this respect. Adopted

## 2. MEMBERSHIP OF THE BOARD OF DIRECTORS

### Principles

2.P.1. The board of directors consists of executive and non-executive directors.

2.P.2. Non-executive directors bring their specific expertise to board discussions, contributing to balanced decision-making and paying special attention to areas where conflicts of interest might arise.

2.P.3. Non-executive directors' number, skill, authoritativeness, and time available are such as to ensure that their judgement carries significant weight in board decision-making.

2.P.4. It is advisable to avoid the concentration of corporate offices in just one person.

2.P.5. If the board of directors has delegated executive powers to the chairman, it provides appropriate information on the reasons for this organisational choice in the annual Corporate Governance Report.

#### Application criteria

2.C.1. Executive directors are:

- The managing directors of the issuer or of a strategically important subsidiary, including chairmen when the latter are vested with individual executive powers or when they play a specific role in developing corporate strategies; Adopted
  
- Directors holding top management positions in the issuer or in a strategically important subsidiary, or in the parent company when the position also relates to the issuer; Adopted
  
- Directors who are members of the issuer's executive committee, when no managing director has been identified or when participation in the executive committee, in view of the frequency of meetings and related decision-making content leads, de facto, to systematic involvement of committee members in the issuer's ordinary operations. Attribution of powers solely for emergencies to directors not vested with executive powers is not, as such, sufficient to qualify them as executive directors, unless such powers are used with considerable frequency. Adopted

2.C.2. Directors are required to know the duties and responsibilities inherent to their office. The chairman of the board of directors ensures that directors take part in initiatives designed to increase their knowledge of corporate reality and trends, also as regards the regulatory framework of reference, so that they can play their role effectively.

Adopted – for the time being no initiatives, apart from Board meetings, are envisaged to increase knowledge

2.C.3. If the chairman of the board of directors is also the chief executive office, and also in cases when the chairmanship is held by the person who controls the issuer, the board designates an independent director as lead independent director. The latter constitutes a point of reference and co-ordination of the requests and contributions of non-executive directors and, in particular, of those qualifying as independent under Article 3 below.

Adopted – At present the Chairman of the Board does not control the company and is not CEO but qualifies as an independent director.

### 3. INDEPENDENT DIRECTORS

#### Principles

3.P.1. An adequate number of non-executive directors are independent, in the respect that they do not have, and have not recently had – not even indirectly – relations with the issuers or with parties associated with the issuer such as to affect their present independence of judgement.

3.P.2. The board of directors regularly assesses directors' independence. The outcome of the Board's assessment is disclosed to the market.

#### Application criteria

3.C.1. The board of directors assesses the independence of non-executive members paying attention more to substance than to form and remembering that, as a rule, a director does not seem independent

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



in the following possible cases, which are not considered mandatory:

a) If – directly or indirectly, also via controlled companies, trustees or interposed persons – he/she controls the issuer or is able to exercise significant influence over the same, or is party to a shareholder agreement whereby one or more parties are able to exercise control or significant influence over the issuer;

b) If he/she is, or has been in the previous three financial years, an important exponent of the issuer, of one of the latter's strategically important subsidiaries, of a company subject to joint control with the issuer, or of a company or entity that – also together with others by means of a shareholder agreement – controls the issuer or is able to exercise significant influence over the same;

c) If, directly or indirectly (for example: via companies controlled or of which he/she is an important exponent, or in the capacity of partner in a professional firm or consultancy) he/she has, or has had in the previous financial year, significant commercial, financial, or professional dealings:

- With the issuer, one of its subsidiaries, or with any of such companies' important exponents;
- With a party who, also together with others via a shareholder agreement, controls the issuer or – in the case of a company of entity – with important exponents of the company or entity;
- or if he/she is, or has been in the previous three financial years, a dependent employee of any of the aforesaid parties.

d) If he/she receives, or has received in the previous three financial years, from the issuer or from a subsidiary or parent company of the issuer, significant compensation in addition to the "fixed" emolument as a non-executive director of the issuer, including participation in incentive schemes linked to corporate performance, also of the share-based type.

e) If he/she has been a director of the issuer for more than 9 years in the last 12 years.

In order to give preference to acquisition of in-depth knowledge of the company – which in the insurance and reinsurance industry is possible only after several years of experience - the constraint of a maximum 9-year duration is not considered

f) If he/she holds office as an executive director in another company where an executive director of the issuer holds a directorship;

g) If he/she is a partner in or director of a company or entity belonging to the network of the company appointed as the issuer's independent auditor;

h) If he/she is a close relative of a person who is in any of the circumstances indicated in the previous points.

3.C.2. For the purposes of the above, "important exponents" of a company or entity are considered to be the entity's president, legal representative, the chairman of the board of directors, the executive directors and strategically accountable managers of the company or entity in question.

Adopted

3.C.3. The number and skills of independent directors must be

Adopted



adequate in relation to the board's size and the issuer's business. They must also be such as to permit the creation of board committees, as per the guidance contained in the Code. If the issuer is subject to direction and co-ordination by third parties or is controlled by a party active – either directly or via other controlled companies – in the same business sector or in closely related sectors, membership of the issuer's board of directors must be such as to assure adequate conditions of operating autonomy and thus to pursue the objective of creation of value for the issuer's shareholders on a priority basis.

3.C.4. Following appointment of a director qualified as independent and, thereafter, at least once a year, the board of directors – based on information provided by the person concerned or in any case at the issuer's disposal – assesses the relations that may be or may seem to be such as to jeopardise the independence of judgement of the director in question. The board of directors discloses the outcome of its assessment, at the time of appointment, via a communiqué released to the market and, subsequently, in the Corporate Governance Report, providing adequate explanation if parameters other than those indicated in these application criteria have been applied.

Adopted

3.C.5. The board of statutory auditors, within the sphere of the tasks assigned to it by law, checks proper application of the assessment criteria and procedures used by the board of directors to evaluate its members' independence. The outcome of such checks is disclosed to the market in the Corporate Governance Report or in statutory auditors' report to shareholders at the AGM.

Adopted

3.C.6. Independent directors meet at least once a year without the other directors being present.

In the light of the positive operation of the company's Board of Directors and Board committees, for the time being the independent directors have not applied the provision according to which independent directors should meet at least once a year without the other directors being present.

## 4. HANDLING OF CORPORATE INFORMATION

### Principles

4.P.1. Directors and statutory auditors are under obligation to keep documents and information acquired during performance of the tasks confidential and to observe the issuer's procedure for internal management and external disclosure of such documents and information.

### Application criteria

4.C.1. Managing directors ensure proper management of corporate information. To this end they recommend to the board of directors adoption of a procedure for internal management and external disclosure of documents and information regarding the issuer, with special reference to privileged information.

Adopted



## 5. CREATION AND OPERATION OF COMMITTEES WITHIN BOARD OF DIRECTORS

### Principles

5.P.1. The board of directors creates, within the board, one or more committees with propositive and consultative functions as indicated in the following articles.

### Application criteria

5.C.1. Creation and operation of committees within the board of directors meet the following criteria:

- |   |         |
|---|---------|
| a) Committees consist of not less than three members. In the case, however, of issuers whose board of directors consists of not more than five members, committees can be formed by just two directors, as long as they are independent.  | Adopted |
| b) Individual committees' tasks are established with the board resolution creating them and can be supplemented or amended by a subsequent board resolution.  | Adopted |
| c) The functions attributed by the Code to the various committees can be distributed differently or delegated to a smaller number of committees than that indicated, as long as the rules concerning membership as indicated in each case by the Code are observed and achievement of the underlying objectives is assured.   |         |
| d) Each committee's meetings are documented in minutes;   | Adopted |
| e) In performing their functions, committees are able to access the information and corporate functions necessary to carry out their tasks. They are also able to draw on the services of outside advisors, within the terms established by the board of directors. The issuer makes appropriate financial resources available to committees for performance of their tasks, within the limits of the budget approved by the board. | Adopted |
| f) Each committee's meetings can be attended by non-members at the committee's invitation, with reference to individual agenda items;   | Adopted |
| g) The issuer provides appropriate information, in the Corporate Governance Report, on the creation and membership of committees, on the content of the mission assigned to them, and on the work actually done during the financial year, specifying the number of meetings held and the related percent attendance of each member.  | Adopted |

## 6. APPOINTMENT OF DIRECTORS

### General principles

6.P.1. Directors are appointed according to a transparent process. The latter assures timely and adequate information on the personal and professional characteristics of candidates for office as statutory auditors.

6.P.2. The board of directors decides whether to set up an appointments committee within the board consisting mostly of  
Adopted – A single Appointments & Remuneration Committee has been set up.

independent directors.

### Application criteria

6.C.1. Lists of candidates for directorships, accompanied by exhaustive information on candidates' personal and professional characteristics, also indicating their eligibility, if any, to qualify as independent under Article 3, are lodged at the company's registered offices at least 15 (fifteen) days before the date fixed for the shareholders' meeting. The lists, complete with information on candidates' characteristics are published in a timely manner by means of the issuer's website. Adopted

6.C.2. If it has been created, the appointments committee can be assigned one or more of the following functions, i.e. to:

a) Propose to the board candidates for directorships in the case envisaged by Article 2386, first paragraph, of the Italian Civil Code, if it is necessary to replace an independent director; Adopted

b) Indicate candidates for the office of independent director to be submitted to the issuer's shareholder meeting, taking any indications received from shareholders into account; Adopted

c) Express opinions to the board of directors concerning the latter's size and membership and also, if appropriate, concerning the professional figures whose presence on the board is deemed advisable. Adopted

## 7. REMUNERATION OF DIRECTORS

### Principles

7.P.1. Directors' remuneration is established to an extent sufficient to attract, retain, and motivate directors endowed with the professional qualities needed to manage the issuer successfully.

7.P.2. Executive directors' remuneration is structured so as to align their interests with pursuit of the primary objective of creating shareholder value in a medium-/long-term horizon.

7.P.3. The board of directors sets up a remuneration committee within the board, consisting of non-executive directors, the majority of whom are independent. Adopted – A single Appointments & Remuneration Committee has been set up.

### Application criteria

7.C.1. A significant part of the remuneration of executive directors and of strategically accountable managers is linked to the operating results achieved by the issuer and/or to achievement of specific objectives indicated on a prior basis by the board of directors or, in the case of the managers mentioned above, by managing directors. Adopted

7.C.2. Non-executive directors' remuneration is commensurate with the commitment required of each of them, considering any membership of one or more committees. Such remuneration – saving possibly an insignificant part – is not linked to the operating results achieved by the issuer. Non-executive directors are not recipients of share-based incentive schemes, saving an explicitly justified decision in this sense taken by the shareholders' meeting. Adopted



#### 7.C.3. The remuneration committee:

– Submits proposals to the board for the remuneration of managing directors and of other directors holding specific executive offices, monitoring application of relevant decisions taken by the board; Adopted

– Regularly evaluates the criteria adopted for remuneration of strategically accountable managers; oversees their application based on information supplied by managing directors; and makes general recommendations on the matter to the board. Adopted

7.C.4. No director attends remuneration committee meetings in which proposals for the board are developed concerning his/her own remuneration. Adopted

## 8. INTERNAL CONTROL SYSTEM

### Principles

8.P.1. The internal control system is the combination of rules, procedures, and organisational facilities designed to permit – via an appropriate process of identification, measurement, management, and monitoring of the main risks – healthy and proper management of the company, consistent with the objectives set.

8.P.2. An effective internal control system helps to assure protection of corporate assets, operating efficiency and effectiveness, the reliability of financial information, and legal and regulatory compliance.

8.P.3. The board of directors assesses the adequacy of the internal control system in relation to corporate characteristics.

8.P.4. The board of directors ensures that its assessments and decisions concerning the internal control system, approval of year-end and half-yearly interim reports & accounts, and relations between the issuer and the independent auditor are supported by adequate preparatory and analytical activity. To this end the board of directors sets up an internal control committee, consisting of non-executive directors, the majority of whom are independent. If the issuer is controlled by another listed company, the internal control committee consists exclusively of independent directors. At least one member of the committee possesses adequate experience in accounting and financial matters, to be assessed by the board of directors at the time of his/her appointment.

### Application criteria

8.C.1. The board of directors, aided by the internal control committee:

a) Defines guidelines for the internal control system, so that the main risks relating to the issuer and its subsidiaries are identified correctly, and also appropriately measured, managed, and monitored. It also determines the criteria for such risks' compatibility with healthy and proper management of the company; Adopted

b) Identifies an executive director (normally one of the managing directors) appointed to superintend the internal control system's functionality; Adopted

c) Assesses, on at least an annual basis, the internal control system's Adopted

adequacy, effectiveness, and effective operation;

d) Describes, in the Corporate Governance Report, the key features of the internal control system, expressing its assessment of the system's overall adequacy. Adopted

In addition, the board of directors, on the recommendation of the executive director appointed to superintend the internal control system's functionality and, after having received the internal control committee's opinion, appoints and revokes one or more internal control supervisors and defines their remuneration consistently with corporate policies. Adopted

8.C.2. The board of directors exercises its functions concerning the internal control system giving appropriate consideration to benchmark models and domestic and international best practices. Special attention is paid to the organisation & management models adopted pursuant to Italian Legislative Decree no. 231 of 8 June 2001. 231. Adopted

8.C.3. Besides assisting the board of directors in performance of the tasks indicated in criterion 8.C.1, the internal control committee also:

a) Evaluates, together with the financial reporting manager and the independent auditors, proper utilisation of accounting standards and, in the case of groups, their uniformity for the purposes of preparing consolidated financial statements; Adopted

b) At the request of the executive director appointed for the purpose, expresses opinions on specific aspects concerning identification of the main corporate business risks, as well as the design, creation, and management of the internal control system; Adopted

c) Reviews the work plan prepared by internal control supervisors and the regular reports prepared by them; Adopted

d) Assesses the proposals submitted by auditing firms to obtain the auditing assignment, as well as the audit work plan and the results set out in the report and in any letter of recommendations; This criterion is no more applicable, in accordance to the Legislative Decree 39/2010

e) Oversees the effectiveness of the independent auditing process; Adopted

f) Performs any further tasks assigned to the committee by the board of directors; Adopted

g) Reports to the board on at least a 6-monthly basis, on occasion of approval of year-end financial statements and of the half-yearly interim report, on the work done and on the adequacy of the internal control system. Adopted

8.C.4. The president of the board of statutory auditors or another standing statutory auditor designated by the same takes part in the internal control committee's proceedings. Adopted

8.C.5. The executive director appointed to superintend the internal control system's functionality:

a) Identifies the main corporate risks, taking into account the characteristics of the business activities of the issuer and its subsidiaries, and regularly submits them to the board of directors for review; Adopted



b) Executes the guidelines defined by the board of directors, handling the design, creation and management of the internal control system, constantly checking its overall adequacy, effectiveness, and efficiency. He also adapts the system to operating dynamics and to the legislative and regulatory framework; Adopted

c) Proposes to the board of directors the appointment, revocation, and remuneration of one or more internal control supervisors. Adopted

#### 8.C.6. The internal control supervisors:

a) Are appointed to check that the internal control system is always adequate and fully operational, and that it is actually operating; Adopted

b) Are not responsible for any operating area and do not report hierarchically to any head of operating areas, including the finance and administration area; Adopted

c) Have direct access to all information useful for performance of their assignment; Adopted

d) Have adequate resources at their disposal to perform the function assigned to them; Adopted

e) Report on their work to the internal control committee and board of statutory auditors. It can also be envisaged that they report back to the executive director responsible for superintending the internal control system's functionality. More specifically, they report on the ways in which risks are managed, as well as on observance of plans established for their limitation, and express their assessment of the ability of the internal control system to achieve an acceptable overall risk profile. Adopted

8.C.7. The issuer sets up an internal auditing function. As a rule, the internal control manager is identified in the person heading this corporate function. Adopted

8.C.8. The internal auditing function, in its entirety or by operating segments, can be entrusted to parties outside the issuer, as long as they have adequate requisites in terms of professionalism and independence. Such parties can also be given the role of internal control supervisors. Adoption of similar organisational choices, appropriately justified, is disclosed to shareholders and the market in the Corporate Governance Report.

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

### Principles

9.P.1. The board of directors takes measures designed to ensure that transactions in which a director has an interest – on his/her own account or that of third parties – and related-party transactions are completed in a transparent manner, observing criteria of material and procedural correctness.

### Application criteria

9.C.1. The board of directors, after consultation with the internal control committee, establishes approaches for approval and execution of transactions undertaken by the issuer, or by its subsidiaries, with Adopted

related parties. More specifically, it defines specific transactions (or sets the criteria for identifying transactions) that have to be approved subject to an opinion of the internal control committee and/or with the assistance of independent experts.

9.C.2. The board of directors adopts operating solutions able to facilitate identification and appropriate management of situations where a director has an interest, either on his/her own account or that of third parties.

Adopted

## 10. STATUTORY AUDITORS

### Principles

10.P.1. Statutory auditors are appointed according to a transparent process. The latter assures timely and adequate information on the personal and professional characteristics of candidates for office as statutory auditors.

10.P.2. Statutory auditors act autonomously and independently also vis-à-vis the shareholders who have elected them.

10.P.3. The issuer takes the measures necessary to assure effective performance of the tasks for which the board of statutory auditors is responsible.

### Application criteria

10.C.1. Lists of candidates for office as statutory auditors, accompanied by exhaustive information on candidates' personal and professional characteristics, are lodged at the company's registered offices at least 15 (fifteen) days before the date fixed for the shareholders' meeting. The lists, complete with information on candidates' characteristics are published in a timely manner by means of the issuer's website.

Adopted

10.C.2. Statutory auditors are chosen from among persons who qualify as independent also based on the criteria envisaged by this Code for directors. The board of statutory auditors checks compliance with such criteria after appointment and annually thereafter, disclosing the result of these checks in the Corporate Governance Report.

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

10.C.3. Statutory auditors accept office when they believe themselves able to dedicate the necessary time to diligent performance of their duties.

Adopted

10.C.4. A statutory auditor who, on his/her own account or that of third parties, has an interest in a given transaction of the issuer, informs the other statutory auditors and the chairman of the board of directors promptly and exhaustively of the nature, terms, origin, and scope of his/her interest.

Adopted

10.C.5. The board of statutory auditors oversees the independence of the independent auditor, checking both compliance with relative regulatory requirements and the nature and entity of services other than auditing rendered to the issuer and its subsidiaries by the independent auditor and by entities belonging to the latter's network.

Adopted

10.C.6. Within the sphere of their activities, statutory auditors can ask the internal auditing function to conduct audits of specific operating areas or corporate transactions.

Adopted





10.C.7. The board of statutory auditors and the internal control committee exchange in a timely manner relevant information for performance of their respective tasks

Adopted

## 11. INVESTOR RELATIONS

### Principles

11.P.1. The board of directors promotes initiatives designed to foster the widest possible attendance of shareholder meetings by shareholders and to facilitate exercise of shareholders' rights.

11.P.2. The board of directors makes every endeavour to create an ongoing dialogue with shareholders based on understanding of their reciprocal roles.

### Application criteria

11.C.1 The board of directors makes every endeavour to make access to information concerning the issuer that is important for its shareholders timely and easy, so as to enable shareholders to exercise their rights in an informed manner. To this end, the issuer creates a specific section in its website – easily identifiable and accessible – in which it makes the aforesaid information available. It does so with special reference to the procedures envisaged for shareholder meeting attendance and exercise of voting rights, as well as to documentation relating to agenda items, including the lists of candidates for directorships and for office as statutory auditors, with information on their personal and professional characteristics.

Adopted

11.C.2. The board of directors ensures that a person responsible for managing investor relations is identified and periodically assesses the advisability of setting up a corporate unit responsible for this function.

Adopted

11.C.3. The board of directors makes every effort to reduce the constraints and formalities making it difficult and laborious for shareholders to attend and speak at shareholder meetings and exercise voting rights.

Adopted

11.C.4. As a rule, all directors attend shareholders' meetings. The latter are occasions for communicating information on the issuer to shareholders, whilst observing the rules for privileged information. More specifically, at shareholders' meetings the board of directors reports on the work done and planned and makes an effort to ensure that shareholders have adequate information on the aspects necessary to enable them to take decisions that are the prerogative of shareholders' meetings in an informed manner.

Adopted

11.C.5. The board of directors proposes for approval by the shareholders' meeting a regulation governing orderly and functional shareholder meeting proceedings, assuring the right of each shareholder to take the stand to speak about the items under discussion.

The Company has chosen not to comply with this criterion, given the longstanding procedures that have been followed for the General Meeting over a period of years.

11.C.6. In the event of a significant change in the company's market capitalisation or in shareholder structure, the board of directors decides whether to propose to the shareholders' meeting amendment of the company by-laws as regards the percentages established for exercise of the actions and prerogatives established to protect minority shareholders.

Adopted

**12. DUALIST AND MONIST MANAGEMENT AND CONTROL SYSTEMS**

Section not applicable to Vittoria Assicurazioni



## APPENDIX 5

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

#### BENCHMARK LEGISLATION

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

#### GENERAL PRINCIPLES

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

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

All related-party transactions not executed on an arm's length basis, which are allowed only on an exceptional basis and which must be motivated by specific interests for the Company and the Group, are also subject to prior authorisation by the Board of Directors.

#### HEADING 1

#### DEFINITIONS

##### 1. RELATED PARTIES

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

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

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

Article 5 paragraph 1

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

(j) any natural person who controls or holds an equity interest in Vittoria Assicurazioni or in one of the entities listed under the previous points.

Article 5 paragraph 2

(a) associates (\*) of a shareholding entity (\*\*) that has an equity interest in Vittoria Assicurazioni;

(b) associates of an entity subject to the same management as Vittoria Assicurazioni;

Article 5 paragraph 3

(a) natural persons or legal entities that hold a significant equity interest (greater than 5%) in Vittoria Assicurazioni and that are not mentioned under the previous points;

(b) parties defined as related parties pursuant to IAS 24 that are not mentioned under the previous points.

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

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

## 2. RELATED-PARTY TRANSACTIONS

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

The following are included in this definition:

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

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

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

## 4. TRANSACTIONS OF MAJOR SIGNIFICANCE

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

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

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

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

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



- b) **Indicator of asset significance:** the total assets of the entity subject to the transaction as a proportion of the total assets of Vittoria Assicurazioni. The data used must be taken from the most recent consolidated balance sheet published by the company; where possible, the same data must be used to calculate the total assets of the entity subject to the transaction.  
For acquisitions and sales of equity interests in companies that affect the basis of consolidation, the numerator value is the total assets of the company in which the equity interest is held, regardless of the percentage of the capital subject to acquisition or sale.  
For acquisitions and sales of equity interests in companies that do not affect the basis of consolidation, the numerator value is:
- i) in the case of acquisitions, the counter-value of the transaction plus the liabilities of the acquired company that will be taken on by the acquirer;
  - ii) in the case of sales, the consideration for the asset sold.
- For acquisitions and sales of other assets (other than the acquisition of equity interests), the numerator value is:
- i) in the case of acquisitions, the greater of the consideration and the carrying value attributable to the asset;
  - ii) in the case of sales, the carrying value of the asset.
- c) **Liability significance indicator:** the total liabilities of the acquired entity as a proportion of the total assets of the Company. The data used must be taken from the most recent consolidated balance sheet published by the Company; where possible, the same data must be used to calculate the total liabilities of the company or company unit acquired.

## 5. TRANSACTIONS OF MINOR SIGNIFICANCE

For the purposes of this procedure, related-party transactions of minor significance are defined as related-party transactions that do not fall within the parameters established for transactions of major significance as described in Section 3 above, and that are not exempt from the procedure (see Section 6 below).

## 6. EXEMPTED TRANSACTIONS

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

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

General Meeting resolutions related to compensation payable to the members of the Board of Directors, and resolutions related to the remuneration of directors with specific duties included in the total sum previously determined by the General Meeting, are not subject to this procedure. General Meeting resolutions pursuant

to article 2402 of the Civil Code, related to compensation payable to members of the Board of Statutory Auditors, are also exempted from the procedure.

## **7. INDEPENDENT DIRECTORS**

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

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

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

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

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

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

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

## **HEADING 2**

### **OPERABILITY LIMITS PURSUANT TO ISVAP REGULATION 25**

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

- individual transactions or several transactions that are interrelated due to their common functional or programmatic purpose, executed over the course of 12 months with the same counterparty;



- overall operability limits for each type of intragroup transaction.

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

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

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

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

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

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

### **a) Loans**

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

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

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

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



b) **Investments**

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

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

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

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

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

c) **Real estate transactions**

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

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

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

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

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

d) **Purchase of goods and services**

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

The overall limit on the purchase of goods and services with counterparties that are subsidiaries or associates of Vittoria Assicurazioni is set at Euro 10 million *per annum*. Transactions in excess of this limit are subject to approval by the Board of Directors.

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

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

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

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

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

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





## 2. TRANSACTIONS WITH OTHER RELATED PARTIES

### a) Loans

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

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

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

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

### b) Investments

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

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

The overall limit on investments with other related parties is set at Euro 10 million *per annum*.

Transactions in excess of this limit are subject to approval by the Board of Directors.

### c) Real estate transactions

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

The overall limit on such transactions is set at Euro 5 million *per annum*. Transactions in excess of this limit are subject to approval by the Board of Directors.

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

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

### d) Purchase of goods and services

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

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

## 3. SURETYSHIPS AND GUARANTEES

Transactions involving suretyships or guarantees to any related party, granted outside the financial year of the suretyship unit, are subject to approval by the Board of Directors.

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

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

## **HEADING 3**

### **PROCEDURE**

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

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

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

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

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

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

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

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

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

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

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

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

The Board of Directors and the Board of Statutory Auditors of Vittoria Assicurazioni SpA are notified of related-party transactions (including those exempted from this procedure pursuant to Heading 1, point 5 above) that are not subject to approval by the Board, on a quarterly basis after the transactions have been completed, using the following procedure:

- a) when the transaction has been completed, the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, fills in Form 'A' appended to this procedure, including all information relating to the transaction, and sends it to the Corporate Affairs department;
- b) the Corporate Affairs department, on the basis of forms received in the reporting period, draws up a statement of the transactions carried out, which is subject to disclosure, and sends this on a quarterly basis to the Internal Control Committee, which reports to the Board of Directors, and to the Board of Statutory Auditors;
- c) a copy of the statement is also sent to the Head of the Reporting and Subsidiaries department to be used in the preparation of the explanatory notes to the separate and consolidated financial statements and the notes to the half-year report;
- c) the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, retains, for the following ten years, adequate information on the nature of the relation, the methods used to execute the transaction, the terms (including the financial terms) of its execution, the subsequent assessment process and the underlying interest and motivation.



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

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

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

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

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

- a) the manager responsible for carrying out the transaction, i.e. the Managing Director of the subsidiary, fills in Form 'B' appended to this procedure before the transaction is carried out, including all information useful for assessment of the transaction, and sends it to the Managing Director of Vittoria Assicurazioni SpA and to the Corporate Affairs department. The form must contain adequate disclosure on the nature of the relation, the methods used to execute the transaction, the terms (including the financial terms) of its execution, the subsequent assessment process, the underlying interest and motivation and potential risks for Vittoria Assicurazioni SpA. If the terms of the transaction are classed as equivalent to standard or market terms, the documentation provided must contain objective evidence of this;
- b) the Corporate Affairs department sends the form to the Chairman of the Internal Control Committee, who calls a meeting of the Committee to review and assess the transaction, and sends the documentation received to the Committee members no later than five days before this meeting. The Internal Control Committee meeting to analyse the transaction may also be held by conference call, and the relative opinion is sent to the Corporate Affairs department and to the Managing Director;
- c) if the transaction is not subject to approval by the Board of Directors, the Corporate Affairs department sends the Internal Control Committee's opinion to the manager responsible for the transaction, who, in turn, subsequently reports to the Corporate Affairs department on the execution of the transaction, for the purposes of preparation of the quarterly disclosure statement to the Board of Directors and the Board of Statutory Auditors.  
If the transaction is carried out notwithstanding a negative opinion from the Internal Control Committee, the manager responsible for carrying out the transaction sends a note to the Corporate Affairs department stating the reasons for non-accordance with the opinion;
- d) if the transaction is subject to approval by the Board of Directors, the Corporate Affairs department includes it as an item in the agenda of the first suitable meeting and sends the form described in point a) and the opinion of the Internal Control Committee to all the Board members, no later than three days before the meeting convened to resolve upon the transaction;
- e) if the transaction is subject to approval by the Board of Directors, the relative resolution minutes must include adequate reasoning in terms of the Company's interest in carrying out the transaction and the suitability and substantive fairness of its terms; if the transaction has been approved notwithstanding a negative opinion from the competent Committee, the resolution must explain the reasons for non-accordance with this opinion;
- f) if the transaction is subject to approval by the General Meeting, the procedure described under the above points is applied to approval by the Board of Directors of the proposal to be submitted to the shareholders.

#### 5 . REMUNERATION

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

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

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

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

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

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

All the points of the procedure for transactions of minor significance described under point 5 above apply, with the exception of point d), with the proviso that, in the event that the Internal Control Committee issues a negative opinion, the transaction cannot be carried out.

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

## **7. DISCLOSURE TO THE PUBLIC**

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

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

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

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

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

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

### **c) Periodic disclosure**

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

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

- individual transactions of major significance completed during the reporting period;



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

## **8. FRAMEWORK RESOLUTIONS**

No use of framework resolutions is envisaged.

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

The above procedure must be adhered to, even in cases of urgency.

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

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

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

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

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

## Appendix 1 of Consob Regulation 17221: definitions

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

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

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

##### Related party

A party is related to a company if it:

- (a) either directly or indirectly, including via subsidiaries, trustees or intermediaries:
  - (i) controls the company, is controlled by it, or is subject to joint control by it;
  - (ii) has an equity interest in the company that allows it to exercise significant influence over the company;
  - (iii) exercises joint control over the company with other parties;
- (b) is an associate of the company;
- (c) is a joint venture in which the company is a participant;
- (d) is a manager with strategic responsibility at the company or its parent company;
- (e) is a member of the close family of any individual referred to in points (a) or (d);
- (f) is an entity over which any of the individuals referred to in points (d) or (e) exercise control, joint control or significant influence, or in which they hold, either directly or indirectly, a significant portion, in any case not less than 20%, of the voting capital;
- (g) is a supplementary, collective or individual, Italian or foreign pension fund, created for employees of the company, or for any other entity related to the company.

##### Related-party transactions

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

The following are included in this definition:

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

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

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

##### Control and joint control

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

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

- (a) control of more than the voting rights by virtue of an agreement with other investors;
  - (b) the power to determine the financial and operational policies of an entity pursuant to articles of association or an agreement;
  - (c) the power to appoint and remove the majority of the members of the board of directors or the equivalent corporate governance body, and control of the entity is held by this board or body;
  - (d) the power to exercise the majority of the voting rights at meetings of the board of directors or the equivalent corporate governance body, and control of the entity is held by this board or body;
- Joint control is the contractually agreed sharing of control of an economic activity.





## Significant influence

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

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

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

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

Managers with strategic responsibility

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

## Close family

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

They may include:

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

## Subsidiary

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

## Associate

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

## Joint venture

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

### 3. Main interpretations of the definitions

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

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

**PROCEDURE FOR RELATED-PARTY TRANSACTIONS**

**FORM A**

**DISCLOSURE TO THE BOARD OF RELATED-PARTY TRANSACTIONS**

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

Date and manager's signature





## **PROCEDURE FOR RELATED-PARTY TRANSACTIONS**

### **FORM B**

#### **FOR ASSESSMENT OF TRANSACTIONS SUBJECT TO PROCEDURE**

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

## APPENDIX 6

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

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

With specific reference to Vittoria Assicurazioni SpA, relevant persons are, as regards point a), directors and standing statutory auditors and, as regards point b), General Managers and members of the General Management (i.e. top management) unit.

Persons "closely related" to relevant persons are defined as being:

- i. Spouses not legally separated, dependent children, including those of the spouse, and, if they have cohabited for at least a year, the parents, relatives and in-laws of the relevant persons;
  - ii. Legal entities, partnerships and trusts in which a relevant person or one of the parties indicated in point a) above holds the management function, individually or jointly with such parties;
  - iii. Legal entities, directly or indirectly controlled by a relevant person or one of the parties indicated in point a) above;
  - iv. Partnerships whose financial interests are substantially equivalent to those of a relevant person or of one of the parties indicated in point a) above;
  - v. Trusts set up for the benefit of a relevant person or of one of the parties indicated in point a) above.
3. Purchase, sale, subscription and exchange transactions involving shares or financial instruments related to the shares, performed by relevant persons or closely related persons, either on their own behalf or for any reason whatsoever, must be notified simultaneously to the CONSOB and Vittoria Assicurazioni SpA.
  4. For the purposes of point 3, "financial instruments related to the shares" mean:
    - a) Financial instruments enabling their bearers to subscribe, purchase or sell the shares;
    - b) Debt instruments convertible into or exchangeable with the shares;
    - c) Financial derivatives on the shares as indicated in Article 1, paragraph 3, of the Italian Consolidated Finance Act;
    - d) The other financial instruments, equivalent to shares, representing such shares;



- e) Listed shares issued by subsidiaries and the financial instruments in letters a) and d) related to such shares;
- f) Unlisted shares issued by subsidiaries, when the carrying value of the investment in the subsidiary exceeds 50% of Vittoria Assicurazioni SpA's balance sheet assets, as shown in the latest approved financial statements, and the financial instruments indicated in letters a) and d) related to such shares.

5. The following transactions are not taken into account:

- a) Transactions totalling less than € 5,000 at year-end. In the case of financial derivatives, the amount is calculated on the basis of the underlying shares;
- b) Transactions completed between the relevant party and closely related persons;
- c) Transactions carried out by Vittoria Assicurazioni SpA and by its subsidiaries.

The amount indicated in letter a) is calculated by summing the transactions, concerning the shares and the financial instruments related to such shares, completed on behalf of each relevant person and those completed on behalf of persons closely related to relevant persons.

- 6. It is forbidden for relevant persons, as defined in points 2a, 2b, and 2d, to execute – either directly or via interposed persons – transactions in the financial instruments as indicated in point 3 during the 15 days preceding Board meetings called to approve year-end and interim financial statements. The restriction is not applied in the case of exceptional circumstances of subjective need, adequately justified by the person concerned to the company.
- 7. Each relevant person indicated in points 2a), 2b) and 2d) notifies the transactions, as defined in point 3 above, to the CONSOB and Vittoria Assicurazioni SpA within five trading days after the day when they were carried out.
- 8. Each relevant person indicated in point 2c) notifies the CONSOB and discloses information by the end of the fifteenth day of the month following the one when the transaction was executed.
- 9. Notifications to the CONSOB and disclosures to the public as per points 6 and 7 can be carried out by Vittoria Assicurazioni SpA on behalf of all relevant persons.

In such cases, in order to enable Vittoria Assicurazioni SpA to perform the necessary formalities in a timely manner:

- Relevant persons indicated in points 2a), 2b) and 2d) are under obligation to notify Vittoria Assicurazioni SpA, as per point 3, by the end of and not later than the second day after that when the transaction was carried out;
- Relevant persons indicated in point 2c) are under obligation to notify Vittoria Assicurazioni SpA by the end of and not later than the tenth day of the month following the month when the transaction was carried out.

- 10. In the cases envisaged by points 6 and 8 the Legal & Corporate Affairs Department will be the function responsible for receiving, managing and disclosing the transactions notified by relevant persons.
- 11. (Omitted – Internal company operations)
- 12. Notifications to the CONSOB can be sent, alternatively, by:
  - Fax, to the number (+39) 06.84.77.612;
  - e-mail, to the address INTERNALDEALING@CONSOB.IT.

Notifications sent to the CONSOB by Vittoria Assicurazioni SpA can also be performed via the Milan Bourse's "NIS" notification and disclosure circuit.

- 13. All notifications contemplated by this Procedure must be performed using the filing model indicated in Attachment 6 of CONSOB resolution no. 11971 of 14 May 1999. 11971.
- 14. (Omitted – Internal company operations)

If relevant persons deviate from the conduct established by the present Procedure and current regulations, the CONSOB will impose the administrative sanctions dictated by such regulations.

