

**CATTOLICA**  
**ASSICURAZIONI**  
DAL 1896



MERITOCRAZIA

2018

REMUNERATION  
REPORT

PRONTI ALLA VITA

## Grow, renew, evolve

To live means to transform oneself and the world with new ideas and projects, and to gain a higher self-awareness.

The logo tracks the evolution of Cattolica Assicurazioni: the circular drawing that reveals the shape of a guardian angel - the traditional symbol for the company - protecting life at all times.

Life itself means change and transformation, in a circle that completes itself, and enhances itself, over time. To be “ready for life” is to seize the day in all its richness, to become fully oneself, to tackle challenges without fear, and to be able to change whilst remaining faithful to one's authentic self, and to one's values.



## Società Cattolica di Assicurazione

Cooperative with registered office in Verona at Lungadige Cangrande n. 16, Parent Company for the Gruppo Cattolica Assicurazioni, enrolled in the Association of Insurance Groups as no. 019  
Tax ID and Verona Business Register enrolment number 00320160237  
Association of Insurance Companies no. 1.00012  
Association of Cooperatives no. A100378

## Remuneration Report

*Drawn up pursuant to IVASS no. 38 (July 2018), Art. 123-ter of the Consolidated Law on Financial Intermediation, and Art. 84-  
quater of the Issuers Regulation.*

2018



## SUMMARY

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## SECTION 1

### FOREWORD SECTION 1

The Società Cattolica di Assicurazione, hereinafter “the Company”, by decision of the Board of Directors, and with favourable opinion of the Remuneration Committee, herewith submits the 2018 Remuneration Report for the approval of the Ordinary Annual General Meeting.

The instant document is drawn up in compliance with applicable laws and regulations, with particular reference to IVASS Regulation no. 38 (3 July 2018, hereinafter, “Regulation”) and Art. 275 of EU Regulation 2015/35 regarding remuneration Policies within insurance companies, as well as in accordance with CONSOB Regulation 17221 referring to related-party transactions, and Art. 123-ter of the Consolidated Law on Financial Intermediation.

The document was generated bearing in mind the following as well:

- Article 57 and Articles 2, 17, 19, 29 of EU Directive 2016/97 on Insurance Distribution, incorporated into Italian Law with Legislative Decree no. 68 (21 May 2018);
- Title II of EU Delegated Regulation 2017/2359 from the Commission, of 21 September 2017, on disclosure duties, and rules of conduct applicable to the distribution of insurance-based investment products (IBIPs)
- IVASS Regulation no. 40/2018 regarding insurance and reinsurance distribution

The Report also follows the principles set forth in the Corporate Governance Code (with respect to its most recent update) for publicly traded companies, and be broken down into the following sections:

- SECTION I: with reference to the Directors, Control Bodies, General Managers, and other Executives, provides a report on the implementation of 2018 Policies, with respect to individual remuneration governed by the Regulation, and which contains information regarding the principles and guidelines Società Cattolica di Assicurazione applies in establishing the FY2019 Remuneration Policy, as well as information relating to procedures used for adopting and implementing those policies;
- SECTION II: is divided in two parts. The first part provides a description of each of the line items comprising remuneration; the second part provides details on remuneration paid during the prior financial year, regardless of the type or form, by Company to subsidiaries and affiliates, using the tables attached to the Report itself, and which are an integral part of the same.

Please note, pursuant to the Regulation’s provisions – that the instant Policies have been updated with respect to the version approved by the Annual General Meeting in 2018; this update was made partly in consideration of directions shared with the Key Functions.



# 1 INTRODUCTION TO THE REMUNERATION POLICIES

## 1 - INTRODUCTION TO THE REMUNERATION POLICIES

### 1.1 DEFINITIONS

For purposes of the instant Policies, the following definitions (listed in alphabetical order) have been adopted:

- **Senior Management** – identifies the CEO and General Managers;
- **Bonus** – value of variable remuneration, calculated as a percentage of Gross Annual Salary, disbursed upon the achievement of objectives set forth in the incentivisation plans;
- **Claw-back** – a contract provision that allows for the demand of restitution, whether in whole or in part, of any disbursed remuneration predicated on earnings that turned out to be short-lived or the result of intentional or grossly negligent behaviour;
- **Corporate Governance Code** – the Corporate Governance Code for companies publicly traded on the Borsa Valori in Milan, in the version approved July 2018, by the Corporate Governance Committee;
- **Deferment** – delayed (within a pre-established time period) payment of the variable component with respect to the date the incentive accrued, the disbursement of which may be subject to the malus and claw-back rules;
- **Key Functions** – Audit, Risk Management, Compliance and Actuarial Functions, pursuant to IVASS Regulation no. 38, 3 July 2018, in addition to other Functions that may be instituted as part of Company policy;
- **Gate**: a baseline objective to be reached to activate the incentive plan; below that threshold, the plan does not contemplate the disbursement of any bonus;
- **Key Performance Indicators (KPI)** – qualitative / quantitative measures identified and established as incentivisation plans (both for short-term and long-term plans) are created, and geared towards making the actual achievement of assigned objectives measurable;
- **Long Term Incentive (LTI)** – an incentivisation system based on pre-established long-term goals being reached.
- **Malus** - a contract clause that contemplates the possibility of not disbursing, whether in whole or in part, any accrued deferred remuneration in circumstances where, once the deferment has expired, the *pre-set objectives* have not been reached, or where the Company's equity or financial position has deteriorated significantly;
- **Management by Objectives (MBO)** – an incentive system correlated to the results achieved based on annual pre-set objectives.
- **Control Body** – identifies the Board of Directors or Management Control Committee;
- **Personnel** – identifies the set of parties defined in Art. 2, paragraph 1, subpart (m) of the Regulation;
- **Insurance-Based Investment Product (IBIP)** – an insurance product that features an expiry or redemption value, and in which such expiry or redemption value is subject in whole or in part, directly or indirectly, to market fluctuations;
- **Remuneration** – any type of payment of benefit paid, be it directly or indirectly, including with financial instruments or in-kind assets ("fringe benefits"), based on work performance or professional services rendered by recipients of Company Policies. Any payments referring to elements contemplated under national collective-bargaining agreements and supplemental agreements are excluded, included but not limited to complementary social-security services and variable company bonuses;
- **Gross Annual Salary (GAS)** – the sum of fixed annual remuneration (equal to the total of fourteen monthly salary payments under the CCNL [National Collective Bargaining Agreement] and any typical remuneration that might be considered fixed);
- **Personnel** – identifies the set of persons identified in Art. 2, paragraph 1, point 1, of EU Delegated Regulation 2017/235.

## 1.2 REFERENCE PRINCIPLES AND GUIDELINES

All those who perform an important role in the management or supervision of the business shall be compensated in accordance with the general principles set forth in Art. 40 “General principles of the Remuneration Policies” of the Regulation, which states *“Businesses shall adopt Remuneration Policies in a written form in accordance with sound and prudent risk management, and pursuant to long-term strategic objectives, profitability, and sustainability for the business. Companies shall eschew Remuneration Policies predicated exclusively or primarily on short-term earnings, such that excessive risk exposure, or the assumption of risks that exceed the risk tolerance set by the Governing Body might be incentivised”*.

Director and executive remuneration, especially of executive directors, and executives vested with strategic authority, shall thus be set based on the need to pursue profitable but sustainable management. Thus, alignment between Company’s Remuneration Policies and its policy for managing and assessing business risk and solvency is ensured.

Furthermore, alignment with empirical market references has been ensured, both in terms of overall positioning and pay mix. Specifically, over the past years, the new Remuneration Policies emphasise merit and performance, shoring up the variable-remuneration component company-wide. To that end, the incentivisation plans contemplates indicators intending to orient staff behaviour to guard against risks typical of the industry.

Furthermore, for those parties involved in distribution operations, the provisions of Art. 17 of EU Directive 2016/97 shall apply. Therefore, the payment of remuneration and performance assessments both for Company employees involved in distribution activities as well as of the distribution network take into account such parties’ duty to act in the customer’s best interests in all cases. To that end, Company, bearing in mind the provisions of the Conflict of Interest Policy, which constitutes an integral part of the instant document:

- shall not adopt any remuneration-related provisions, sales or other objectives that might induce its employees or distribution network to offer or recommend to customers a particular insurance product where a different insurance product better suited to their needs is available;
- has introduced, within its own incentivisation system, qualitative performance-assessment criteria that allow both for assessing customer-service quality with an eye on continual improvement, as well as to encourage the gathering of information useful to identify and to offer products that are increasingly in line with customer needs, according to a view integrated into the POG process.

In light of the foregoing, Company incentivisation plans contemplate indicators that have the goal of directing both Personnel behaviour (with respect to the types of risks typical to the industry) as well as the behaviour of parties involved in distribution activities (including personnel) to act in an honest, equitable, and professional manner in the customer’s best interest, without fail.

Persons subject to the Remuneration Policy shall be required not to use hedging strategies that might alter or invalidate the risk-alignment effects inherent to the variable-remuneration policies.

Furthermore, to stay true to its own history, its corporate nature, and the principles that inspire its operations, Company has set Remuneration Policies so as to accord with, and abide by, the following principles as well:

- uniform economic treatment for equivalent roles and responsibilities; fostering diversity of origin and gender;
- balancing company remuneration with those in the reference market;
- disbursing bonuses in an incremental manner, with the intent of encouraging the achievement of long-term earnings.

The foregoing is carried out with the conviction that, by establishing and applying the Remuneration Policies in a consistent manner, and subject to the aforementioned principles, it shall be possible to:

- contribute to creating long-term value for all stakeholders;

- promote the creation of long-term business strategies, which are then made manifest in strategic/industrial plans;
- safeguard Company's image and reputation, in accordance with the provisions of Company's Code of Conduct;
- motivate directors, executives, and associates to pursue Company's objectives with all due professionalism, optimising Company's chances of achieving them;
- improve customer-service quality, building trust in Company and its network, establishing a sound, solid, and lasting relationship with the same.

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### 1.3 SCOPE OF APPLICATION

Recipients of the instant Policies include - as expressly required by the Regulation - members of the Board of Directors, members of the Control Body, all "Personnel", and other contemplated parties: insurance and reinsurance brokers, and generally all parties involved in distribution operations (especially with respect to insurance-based investment products), and outsourced service providers.

Generally, please note that Company Staff within the Group are only subject to those Remuneration Policies for the Company in which they are directly employed, as has been the practice and protocol for years.

For those Employees who also hold office within one of the Group's corporate bodies, the remuneration package (GAS, MBO, and other elements as described herein) earned by the individual include director remuneration in that any fees for offices held within any corporate body shall be turned over to the Company employing such person.

The instant Remuneration Policies and Group Policies constitute a strategic and coordination tool for all Group subsidiaries, thereby confirming the Parent Company's role in establishing, developing, and identifying guidelines and application/assessment criteria in force Group-wide, in general accordance with the provisions of Art. 2497 et seq. of the Civil Code, and in compliance with the Regulation, including with respect to the Group's risk-management strategy and policy, ensuring at the same time that these are calibrated specifically to the individual Companies within the Group.

The process to set the instant Remuneration Policies unfolds within the Governance system for the Company, in sync with the Group's own governance system.

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### 1.4 IDENTIFICATION OF "PERSONNEL"

Personnel, *whose activities could have a significant impact on the business' risk profile*, includes pursuant to a specific regulatory provision:

- General Managers;
- Executives tasked with strategic functions;
- Heads of Key Functions;
- *other categories of personnel as duly identified.*

The latter category, unlike the others which automatically fall under the definition of "Personnel" pursuant to the regulation, must be identified by a business using objective criteria. Company thus identifies, on at least an annual basis, the roles and categories of subjects falling into such category in accordance with internal rules and regulations.

Pursuant to Art. 59, paragraph 1, subpart (b) of the Regulation, with the instant Policies we hereby state that the process for identifying Personnel has been carried out in concert with the Key Functions, and passed by resolution of the various companies' Boards of Directors. This identification was made in part based on indicators regarding the position and degree of responsibility held, position in the chain of command, operations conducted, authority delegated to the same, and the possibility of generating profits or impacting accounting entries at a significant level, or the ability to take a risky stance.

At the end of that assessment process, which was conducted in accordance with the aforementioned criteria, has allowed - amongst other benefits - for greater focus to be placed on “strategic” roles within the Group. Therefore, in addition to the Personnel as defined in the Regulation, another category of “personnel” has been identified in all other Executives on the Strategy Committee, as well as all Parent Group Executives which, taking pay grade (amongst other factors) into account (D2/Directors), the level of responsibility and position in the chain of command, are parties reporting directly to the CEO, General Managers, and Vice General Managers.



# 2

## GOVERNANCE OF REMUNERATION POLICIES

## 2 - GOVERNANCE OF REMUNERATION POLICIES

In accordance with applicable law, the establishing and passing of Remuneration Policies and the controls intended to supervise proper implementation of the same, involve specific responsibilities and proactive behaviour on the part of a series of individuals, engaged in various ways in the general governance system with respect to remuneration.

### 2.1 ANNUAL GENERAL MEETING

The following authority is reserved to the Ordinary Annual General Meeting:

- setting remuneration accruing to the members of the Board of Directors and the Management Control Committee for their entire term, subject to the provisions set forth in Art. 2389 of the Civil Code for special offices;
- setting the attendance fee payable to Directors and Auditors for every Board of Directors or Board Committee meeting attended;
- approving remuneration policies for Company Corporate Bodies and for Personnel, including remuneration plans predicated on financial instruments.

### 2.2 THE BOARD OF DIRECTORS

The Board of Directors, in accordance with the provisions of Art. 42 of the Regulation, is responsible for establishing and updating Company's Remuneration Policies, to be submitted to the Ordinary Annual General Meeting for approval.

The Board of Directors is also responsible for:

- passing resolutions regarding individual allocations of the global remuneration approved by the Annual General Meeting for members of the Board of Directors, as well as modalities relating to expense reimbursements to the same;
- passing resolutions - having secured an opinion from the Control Body and Remuneration Committee - on remuneration for Directors holding the offices of Chairman, Vice President, Secretary (if appointed) and Managing Director, and of other specific offices, especially those contemplated in the self-governance codes;
- submitting, on an annual basis, a document constituting the disclosure to the Annual General Meeting pursuant to Art. 59 of the Regulation;
- ensuring - in part based on the support provided by the Remuneration Committee and the Risk Management Committee - the proper application of Remuneration Policies; for any general implementation issues, the BOD may rely on Senior Management, and for any operations issues, HR and other Functions involved in the process in question; the BOD may also acquire the findings of any audits performed by Key Functions;
- monitoring decision-making processes with respect to Remuneration Policies to ensure they are straight-forward, documented, and transparent, and that they include measures intended to avoid conflicts of interest;
- setting remuneration and attendance fees, and expense reimbursements, for members of the Control Body established pursuant to Legislative Decree no. 231/2001;
- setting remuneration for the Deputy Director charged with accounting documents;
- setting expense-reimbursement levels for the Ethics and Disciplinary Committee.

## 2.3 REMUNERATION COMMITTEE

The Remuneration Committee<sup>1</sup> has investigatory, consultancy, and proactive functions with respect to Remuneration Policies and remuneration for Directors and those executives charged with strategic responsibilities, subject to any specific allocations made to the Managing Director and/or other Committees within Company's Board of Directors.

The Committee is made up of three (non-executive, majority) Directors recognised as independent by Company pursuant to the Corporate Governance Code for companies publicly traded on Borsa Italiana. The Chairman shall be chosen from amongst Directors qualified by Company as independent pursuant to the Corporate Governance Code.

No Director shall participate in any Committee meeting wherein Board of Directors motions regarding their remuneration are being discussed. The Committee makes decisions on matters falling within their aegis in a collegial manner. Decisions shall be passed by a majority vote of those members present at the meeting. The person chairing the Committee meeting shall break any tie.

Committee reports to the Board of Directors on activities and on the actual functioning of remuneration policies on an annual basis.

The Remuneration Committee is responsible for, amongst other duties:

- verifying the overall fitness of the remuneration system, as well as the proportionality of remuneration for Executive Directors and Directors holding special offices with respect to Company's personnel;
- conducting periodic assessments regarding the fitness, overall consistency, and the correct application of the general policies adopted for the remuneration of Executive Directors, of other directors vested with specific executive offices with strategic responsibilities, availing themselves in that last regard of information provided by CEO;
- providing consultancy, and providing draft motions to the Board of Directors regarding the establishment of remuneration policies, and remuneration for Executive Directors and other Directors holding special offices, as well as in the setting of performance objectives relating to the variable component of such remuneration;
- monitoring the application of decisions adopted by the Board itself, auditing in particular the actual achievement of these performance objectives, thereby verifying that the conditions for bonus payment to personnel has been met;
- submitting proposals to the Board of Directors regarding remuneration to be paid to managers and directors vested with special functions, as well as members of certain committees and bodies;
- conducting periodic assessment for criteria adopted for the remuneration of companies' Corporate Bodies, and submitting opinions and suggestions on these matters to the Board of Directors;
- conducting specific enquiries as may be requested from time to time by the Board of Directors or by the Managing Director regarding remuneration;
- developing Board of Directors resolutions regarding fee, remuneration, and incentive-related proposals to be submitted to the Annual General Meeting;
- according to what is contemplated by the procedure for the management of related-party transactions, express an advance opinion under Art. 7 of the CONSOB Regulation for decisions relating to allocating remuneration and economic benefits in any capacity, to members of the Board of Directors and executives with strategic responsibilities, other than those passed at the Annual General Meeting;
- generating advance opinions on the content of the remuneration report to be provided to the public

<sup>1</sup> instituted by Resolution of the relevant Board of Directors on 23 March 2001.

- in accordance with applicable provisions, and any other informational document provided it is intended for public disclosure regarding remuneration;
- carrying out other tasks, functions, and activities attributed to it by the Board of Directors or as required by applicable provisions of law or regulation, including the identification of potential conflicts of interest, and the measures adopted to manage them;
- developing assessments on the sufficiency of policies, and their impact on the assumption and management of risks.

Pursuant to Art. 13, paragraph 3, subpart (b) of CONSOB Regulation no. 17221 of 12 March 2010, regarding related-party transactions, decisions relating to the allocation of remuneration and economic benefits (whatever the form) to members of governing bodies and to executives with strategic responsibilities shall not be subject to the procedure for managing related-party transactions as approved by the Board of Directors, insofar as consonant with the Remuneration Policies approved by the Annual General Meeting.

To implement the provisions of that same Regulation, the Committee has been tasked with:

- verifying executive-director remuneration proportionality with respect to executives and with respect to company staff;
- verifying, should the business avail itself of external experts for the determination of remuneration policies, that they do not contemporaneously provide other consultancy services to directors or entities involved in the decision-making process.

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#### 2.4 INTERNAL CONTROL AND RISK COMMITTEE

The Internal Control and Risk Committee<sup>2</sup>, based in part of the findings of the Internal Audit Committee, provides the Remuneration Committee and the Board of Directors, in accordance with the independence of the same, its opinion on identifying “Personnel”, and the application of Remuneration Policies, in particular with respect to remuneration of the Heads of Key Functions.

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#### 2.5 SENIOR MANAGEMENT

Senior Management, in addition to implementing - insofar as their respective duties require, and in accordance with the Board of Directors - the Policies approved by the Annual General Meeting, also ensures that the criteria and principles for establishing Remuneration Policies align with what has been established, assessing its congruence with objectives approved by the Board of Directors, including with reference to the remuneration of insurance and reinsurance brokers, and outsourcing firms.

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#### 2.6 HR FUNCTION – ORGANISATION AND RESOURCE MANAGEMENT

The Remuneration Policy applicable to Personnel are coordinated for the Cattolica Assicurazioni Group by the Group's HR Function.

Therefore, as against the Person implicated by the Regulation, and in accordance with directions received by the Board of Directors and the provisions of the Regulation, the HR Function handles, amongst other duties:

- participating in the process to identify “Personnel”, handling the formalisation of the same;
- defining the variable-remuneration structure, and the distribution methods with an ad-hoc regulation;
- contributing to the identification of KPI and related target levels, with the support of the Compliance, Risk Management, and Planning / Management Control Functions, each insofar as its authority permits;
- verifying whether performance objectives for calculating variable contribution have been met, based on supplied and validated data, according to their respective fields of activity, by the Compliance, Risk Management, Planning / Management Control, Administration, and Actuary / Actuarial Functions;
- discloses to MBO and LTI recipients, the variable-remuneration calculation criteria, through the submission of the regulation, and the objective-assignment sheet; at the end of the period, and pursuant to a pre-established timeline, disburse bonuses based on a final accounting of objectives reached.

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<sup>2</sup> instituted as the Internal Control Committee pursuant to Società Cattolica di Assicurazione resolution of 23 March 2001 and re-appointed during the Board Meeting of 19 December 2012, to ensure compliance with the 2011 Edition of the Corporate Governance Code.

## 2.7 KEY FUNCTIONS

**Internal Audit Function** – In accordance with the Function's independence principles, contemplated by applicable law and international auditing standards, verifies the correct application of Remuneration Policies set by the Annual General Meeting pursuant to the guidelines established by the Board of Directors.

To wit, in its reporting to the Board of Directors, the Function verifies:

- that the identification of “Personnel” happened in accordance with criteria set forth in the Policies;
- the correct application of criteria contemplated in the Policies based on strategic direction set with a view towards efficiency and asset protection;
- including through the use of a technical sample, that variable-remuneration components have been disbursed in accordance with the Remuneration Policies;
- that information flows relating to indicators, used for purposes of setting the variable components are correct, complete, and subject to sufficient validation procedures;
- that the HR, Compliance, and Risk Management Functions have issued a non-negative opinion on the review of the Policies proposed by the Board of Directors to the Annual General Meeting, plan annual audits (complete or partial) on the process for defining and distributing remuneration;
- the disclosure of the results of its own audits, in addition to the Remuneration Committee, to the usual recipients of audit reports including but not limited to the Risk and Control Committee, and specifically to the Board of Directors.

**Compliance Function** – In accordance with the independence principles of the Function, performs an upstream verification of the remuneration policies to ensure they conform to applicable provisions of law, in order to prevent and contain legal and reputational risks. Additionally, the Function contributes to the setting of criteria to identify Personnel, establishing the Conflict of Interest Policy, applicable to distribution activities and related procedures, reports the audit findings to the Board of Directors to allow for corrective measures to be taken with respect to the Policies, if and when needed. To wit, it verifies:

- A.1. *Current policies*: the Compliance Function conducts an upstream verification that the process conforms to adopted policies.
  - That the structure of proposed objectives aligns with what is set forth in current Policies;
  - That the System Bylaws, and ancillary documentation that will be delivered to the beneficiaries of the incentivisation system are complete, and reflect the implementing principles contemplated in current Policies.
- A.2. *Motions to amend the Policies*: should it become necessary to move the Annual General Meeting to amend the Remuneration Policies adopted by the same and presently in force, the Compliance Function:
  - runs an upstream compliance check on the proposed amendments with respect to law and regulations in effect at the time, and the Code of Conduct implemented by Company and any other Codes to which Company subscribes, including the Corporate Governance Code, generating - if and when convenient - modification suggestions prior to the Board of Directors official motion to the Annual General Meeting;
  - develops specific assessments on the fitness of the Remuneration Policies proposed, in order to avoid conflict-of-interest scenarios.

**Risk Management Function** – Reports to the Board of Directors in accordance with the Function's independence principles; provides substantive contributions to setting the perimeter for “Personnel”, and participates in defining indicia of risk such that the performance objectives might take risks into account. Furthermore, assesses the risks relating to the adoption of Remuneration Policies, and the overall congruence of the Policies compared to the risk tolerance level set by the Board of Directors. In particular:

- B.1. *Current policies*: the Risk Management Function conducts an upstream verification, insofar as its duties require, that the process conforms to adopted policies. To wit, it verifies:
  - that the structure of proposed objectives aligns with what is contemplated by applicable Policies,

- with particular attention paid to properly considering the magnitude of the risks;
  - that the thresholds set for performance and risk objectives as contemplated accord with the risk tolerance set by the Board of Directors.
- B.2. *Motions to amend the Policies:* should it become necessary to move the Annual General Meeting to amend the Remuneration Policies adopted by the same and currently in force, the Risk Management Function performs an upstream verification, conducting its own assessments, the alignment with the Policies, as amended (if amended) with company risk-management policies, and the general context, providing (if and where convenient) suggestions for modifications prior to the Board of Directors' motion to the Annual General Meeting.

**Actuarial Function** – certifies actuarial data, coordinates the calculation of technical reserves, and ensures the sufficiency of the underlying methods and models; coordinates the definition of methodologies, and options for calculating technical reserves, and conducts a downstream audit of their correct application; verifies and certifies the respect for requirements used in the calculation of technical reserves.

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#### 2.8 THE PLANNING & MANAGEMENT CONTROL, FINANCE AND BUDGET, ACTUARIAL ASSESSMENTS, OPERATIONS AND CORPORATE/SHAREHOLDER COMPLIANCE FUNCTIONS, COMPANY SECRETARIAT

The aforementioned Functions, each as its duties required, in the process of verifying objectives being reached, is involved in certifying to the HR Function the datum relating to each quantitative indicator of variable-remuneration system both for the Personnel as well as for all other variable-incentivisation systems. The data processed by the Actuary are certified in advance by the Actuarial Function. The Planning and Management Control Function is also involved in the process of setting the performance indicators accruing to them, and the related target values for which it provides a certification of budgetary compliance.

The Corporate / Shareholder Compliance Function and the Company Secretariat manage, along with the Tax Affairs service, the generation of data relating to corporate-body remuneration.

# 3

## IMPLEMENTATION OF REMUNERATION POLICIES FOR 2018

### 3 – IMPLEMENTATION OF REMUNERATION POLICIES FOR 2018

#### 3.1 IMPLEMENTATION PRINCIPLES FOR THE 2018 REMUNERATION POLICIES

The Policy and its implementation are based on the tenets of proper behaviour and ethics, strategic alignment, and consonance with a sound and prudent management of risks. Adherence to the aforementioned principles is assessed each year by the Key Functions with respect to the implementation programmes for the Policies themselves.

#### 3.2 REMUNERATION OF DIRECTORS AND CONTROL BODIES IN 2018

##### 3.2.1 DIRECTORS

Remuneration for the Board of Directors in 2018 aligns with what has been approved by the Annual General Meeting. For details on remuneration for FY2018, broken down by remuneration type, please see the tables generated in accordance with CONSOB Resolution no. 18049, and attached to the instant document.

Please note that, for all non-executive Directors, none of the following is contemplated:

- Incentivisation plans based on financial or monetary instruments;
- Agreements that contemplate the allocation or maintenance of non-monetary benefits in favour of Directors who have left office, or the execution of consultancy contracts for a period following such termination;
- Agreements that contemplate remuneration for non-compete duties.

The remuneration structure for the Managing Director was passed by the Board of Directors, and is made up of a fixed and a variable component, broken down into one portion that can be disbursed upon the achievement of short-term annual earnings, and the rest linked to longer-term earnings.

Furthermore, as anticipated in previous Remuneration Policies, to draw a clear line between plans previously in place, and those introduced during FY2018 and for the purpose of facilitating the accounts-payable process, the Managing Director has been tasked with winding up current incentivisation plans, and paying all outstanding fees. The novation was limited to a medium-term Incentivisation Plan (LTI) for 2017/2018 and the short-term component (MBO) deferred with respect to FY2017.

Please further note that the objectives of the LTI component assigned in FY2018 shall have an observation period coterminous with the duration of the Industrial Plan, and thus shall be subject to a final analysis at the end of FY2020. As contemplated by applicable law, a quota equal to approximately 60% of the variable-remuneration structure is made up of financial instruments in order to align the incentives with the Group's long-term interests.

##### 3.2.2. CONTROL BODIES

Remuneration of the members of the Control Body accords with the relevant provisions of the Remuneration Policies. For details on Auditor remuneration for FY2018, broken down by remuneration type, please see the tables generated in accordance with CONSOB Resolution no. 18049, and attached to the instant document.

### 3.3 "PERSONNEL" REMUNERATION IN 2018

Growth trajectory and innovation envisaged by the Industrial Plan has been developed using a number of means, including an organisational infrastructure that keeps pace with market trends and the Group's industrial priorities.

The perimeter of Group executives, at the close of the financial year, encompassed the following:

- *Strategic Executives*: two (2) General Managers – Carlo Ferraresi and Valter Trevisani (beginning 2/5/2018) and two (2) Vice General Managers;
- *Other staff*: this category, on a Group level, included overall forty-three Cattolica Assicurazioni executives, six Cattolica Services executives, one Cattolica Immobiliare executive, and one TUA Assicurazioni executive
- *Key Functions*: falling into this category are the two Executives responsible for the Key Functions.

For Strategic Directors, the variable disburseable portion is identified in the corresponding attached tables.

For the remaining personnel falling into the FY2018 incentivisation system, the variable component assigned is structured within a short-term, monetary, traditional-model (MBO - Management by Objectives) system, with percentages calculated based on the degree of responsibility held, with a target level falling between a minimum 25% and a maximum of 30% of the GAS.

The incentivisation system as adopted contemplates:

- Group equity-stability (Gate) clauses - soft limits on the Solvency II Ratio as defined by the BOD, calculated after factoring in the relative value of distributed profits - and the present of earnings to be disbursed amongst shareholders as a baseline for paying a bonus;
- Four performance scenarios:
  - 1) an overall insufficient performance, and consequently a bonus level equal to zero;
  - 2) an overall performance threshold (minimum acceptable - most indicators reaching 90% of the target level) and a bonus level hitting 50% of the target value;
  - 3) an overall performance level where all objectives are completely reached, with a bonus level of 100% of target value;
  - 4) an overall performance level where all objectives are exceeded (over-performance), with a bonus level of 150% of target value;

The equity-stability gates, and those for the presence of a profit to be distributed, assigned as part of the incentivisation system, have been reached.

Furthermore, as anticipated in previous Remuneration Policies, to draw a clear line between plans previously in effect, and those introduced during FY2018 and for the purpose of facilitating the accounts payable process, the closure of the incentivisation plans currently in effect, and the payment of any fees outstanding, has been scheduled. The novation was limited to a medium-term Incentivisation Plan (LTI) for 2017/2018 and the short-term component (MBO) deferred with respect to FY2017.

In order to support the reaching of objectives relating to the new Industrial Plan, and to respond to investor solicitations - which require an alignment between strategic-executive risk and shareholder risk - and to make Cattolica competitive in the labour market, a new incentivisation plan was designed in FY2018. It was intended for the key figures who have the necessary responsibilities and skills for such purposes. That plan is made up of a long-term incentivisation plan, known as LTI (Long Term Incentive) that is share-based, and predicated on performance objectives established over a multi-year timeframe, in accordance with the Industrial Plan's timeframe, with variable assignment percentages ranging from 30% to 40% of the GAS.

Please further note that the objectives of the LTI component assigned in FY2018 shall have an observation period coterminous with the duration of the Industrial Plan, and thus shall be subject to a final analysis at the end of FY2020. As contemplated by applicable law, a quota equal to approximately 50% of the variable remuneration structure is made up of financial instruments in order to align the incentives with the Group's long-term interests.

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#### 3.4 REMUNERATION OF OTHER PARTIES IN FY2018

All other parties - insurance and reinsurance brokers, and outsourcing firms - have been compensated in accordance with the provisions of the FY2018 Remuneration Policies.

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#### 3.5 AUDITS PERFORMED BY KEY FUNCTIONS IN FY2018

Company Key Functions - to wit, Audit, Risk Management, and Compliance - have, each within its own span of authority and in accordance with Remuneration Policies approved by the Annual General Meeting in April of 2018, performed audits regarding the establishing and application of the policies themselves.





# 4

## REMUNERATION POLICIES FOR 2019

## 4 – REMUNERATION POLICIES FOR 2019

### 4.1 REMUNERATION OF DIRECTORS AND MEMBERS OF THE MANAGEMENT CONTROL COMMITTEE

#### 4.1.1. DIRECTORS (OTHER THAN MEMBERS OF THE MANAGEMENT CONTROL COMMITTEE)

Directors are either executive (vested with managerial authority) or non-executive; at Cattolica, only the Managing Director is designated as “executive”. Director remuneration accords with the provisions of Art. 45 of Company’s Articles.

**Non-Executive Directors:** base remuneration for Non-Executive Directors (be they independent or not) is set by the Annual General Meeting as a flat, global, pre-determined amount, which is then divided amongst the individual persons by resolution of the Board of Directors. There is also a participation fee for individual attendance of meetings, likewise set by the Annual General Meeting.

That remuneration, which - except as otherwise stated herein - constitutes non-executive director remuneration, bears in mind the total commitment, including in terms of time required to prepare for Board meetings, the review of supporting documents for the meetings, and regulatory/statutory update trainings, as well as the responsibility undertaken with the position. It is not expressly tied to any future Company earnings and/or the achievement of specific, predetermined objectives identified by the Board of by the delegated bodies, respectively.

Furthermore, for those Directors who hold special offices within the Board - Chairman, Vice President, and Board Secretary - an additional remuneration, to be resolved by the Board of Directors (likewise as a flat rate) is provided.

For taking part in Company’s Board Committees, members appointed to an individual committee may be paid a flat rate (and, potentially, a premium for the Director chairing the Committee) as well as a participation fee for individual attendance of the Committee meetings.

Non-Executive Directors are not paid any variable component, nor any fringe benefits.

Insurance coverage is provided for civil liability, under a D&O (Directors and Officers Liability) policy - see Annual General Meeting Resolution of 27 April 2002 - as well as insurance coverage for personal injury.

No severance is contemplated for Non-Executive Directors who end their term of office anticipatorily.

Any exceptions to Non-Executive Director remuneration with respect to the general criteria described in the instant paragraph shall be proposed by the Remuneration Committee to the Board of Directors and approved by the Annual General Meeting.

#### Managing Director

Remuneration Policies contemplate, for the Managing Director, dividing remuneration into equal fixed and variable portions. The structure of the variable-remuneration component is made up of the portion tied to short-term annual earnings (MBO) and the remaining portion relating, on the other hand, to the three-year results of the Industrial Plan (LTI) according to the following summarised terms:

- a) the short-term MBO variable component corresponds to 40% of the annual fixed remuneration recognised to the same.
- b) the long-term component (LTI) corresponds to 60% of the fixed remuneration recognised to such person for each year during the Plan.

The Managing Director's pay mix is therefore broken down as follows: 50% fixed remuneration, 20% variable, short-term remuneration, and 30% on the long-term variable component.

For both components:

- the percentage actually subject to disbursement shall depend, other than on the achievement of the equity-stability level established as the Gate calculated after having taken into account the value relating to the profit distributed, and a further Gate relating to the existence of a profit that might be distributed to shareholders, by the level of actual achievement of objectives.
- regardless, such recognition is predicated on the minimum-results threshold (threshold) being reached, and may reach values above the maximum percentage defined with a maximum contemplated at 150% of the established target.
- finance-related indicators are contemplated - jointly and individually, as set forth *infra*.

Please further note that the objectives of the LTI component assigned in FY2018 shall have an observation period coterminous with the duration of the Industrial Plan, and thus shall be subject to a final analysis at the end of FY2020.

In order to align the recognised incentives with long-term interests, a portion equal to at least 60% of the variable-remuneration structure is made up of financial instruments subject in part to deferred-payment systems in accordance with applicable law. For all actually assigned shares, furthermore, a duty to maintain at least 5% of the assigned quota for a period tied to the term of office, and no less than one (1) year, shall be imposed.

Only at the end of the performance period shall, if the pre-set objectives have been reached, and subject to the need to exceed the access benchmark defined at the beginning of the plan, 40% of the shares initially contemplated be assigned and made available, whereas 60% shall be assigned at the end of the overall deferment period, and thus once five (5) years from the date of the beginning of the Plan.

MBO	
kpi	weight
Operating Income per the Industrial Plan	25%
Group Adjusted Net Profit	25%
RORAC per the Industrial Plan	25%
People Empowerment	15%
Corporate Social Responsibility	10%

LTI	
kpi	weight
Relative TSR on the Eurostoxx Insurance index	30%
Roe per the Industrial Plan	70%

The respective MBO Plan and LTI Plan bylaws define the specific modalities for the same to be applied.

Greater detail regarding the variable component based on the traditional MBO (Management by Objectives) model, and the long-term, share-based incentivisation system, known as LTI (Long Term Incentive) shall be provided in points 4.2.1.A. and 4.2.1.B.

In accordance with Art. 48 of the Regulation, malus and claw-back provisions are contemplated, which apply to what has been disbursed or what might be disbursed as variable remuneration.

Please note that the Board of Directors has the discretion, having secured an opinion from both the Control Body and the Remuneration Committee, to resolve - as procedures allow - and to take into account, for purposes of assessing the achievement of gates and objectives both in the short term and in the long run, extraordinary events, including statutory and regulatory changes having a significant impact on the structure and modalities of calculating the value of the assigned-objective parameters, as well as for any exceptional, unforeseeable changes to macro-economic conditions, or a significant decline in the financial context ("Market Adverse Change" provision).

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#### 4.1.2 SEVERANCE PACKAGES

In accordance with market practice, the Managing Director shall be granted:

- Severance pay: with all reasonable and convenient set-asides according to finance / budgeting best practices, for severance pay ("TFM") totalling fifteen percent (15%) of total gross pay earned by the same for any reason over the course of performance of any assigned offices.
- End-of-service bonus: at the end of service of all offices, a payment equal to two (2) times the overall emoluments subject to disbursement for the year - including the variable components - contemplated at the end-of-service date. The bonus shall not accrue when the office is terminated due to the revocation of the powers of attorney or the director's removal, in either case for just cause, or by voluntary resignation (except in instances where the resignation for just cause is attributable to Company).

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#### 4.1.3 OTHER ELEMENTS OF THE REMUNERATION PACKAGE

Rounding out the Managing Director's remuneration package, in addition to any tools deemed opportune and/or convenient for the performance of their office, are certain benefits including a company car, benefits package, health insurance, life insurance, and accident insurance, as well as a supplemental pension implemented through a life-insurance policy in which services increase based on the revenue generated by a separate internal management.

In light of the increasing complexity of duties attaching to members of the Corporate Bodies, especially in publicly traded companies, as well as potential risks traceable to that status, suitable liability coverage (through a D&O Directors and Officers Liability policy; see Annual General Meeting Resolution of 27 April 2002) shall be provided.

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#### 4.1.4 MEMBERS OF THE MANAGEMENT-CONTROL COMMITTEE

Emoluments for members of the Management Control Committee are set by the Annual General Meeting as a fixed rate, and in equal per-capita measure, but with a premium for the Committee Chair. Furthermore, the Articles contemplate the payment of a participation fee for attendance of each Board of Directors, Management Control Committee, and any other Board committee meeting. No variable-remuneration components, or earnings-related components, nor any remuneration based on financial instruments is contemplated. As for the Directors, liability insurance coverage is provided, along with accident insurance.

## 4.2 "PERSONNEL" REMUNERATION IN 2018

### 4.2.1 GENERAL PART

**Remuneration Components** - remuneration for Personnel includes a fixed component and a variable component, intended to orient staff performance toward Company objectives.

The two components (*known as the "pay mix"*) have been sufficiently recalibrated, especially with respect to top-management functions, to reward performance and merit, pursuant to Company strategic objectives and its risk-management policy.

In order to align the recognised incentives with long-term interests, a portion equal to at least 50% of the variable-remuneration structure is made up of financial instruments subject in part to deferred-payment systems in accordance with applicable law.

The fixed component is sufficient for remunerating the service in the event that the variable component is not paid due to failure to achieve the targets.

#### 4.2.1.A) THE MBO PLAN

The variable component is structured as a short-term, monetary-incentive plan, based on the traditional MBO (Management by Objectives) model, with percentages calculated based on the degree of responsibility held, with a target level ranging from a minimum of 25% to a maximum of 40% of the GAS / individual emoluments.

For those heading up Key Functions (which, as applicable law requires, may not be incentivised based on the bottom line) such percentage totals 30% of the GAS. For those functions, the assignment of objectives as well as the subsequent assessment of the degree to which they have been reached falls within the purview of the Board of Directors.

In keeping with the best market practices, the MBO assigns certain performance indicators, such as:

- Group equity-stability Gate - soft limit for the Solvency II Ratio as set by the BOD, calculated after taking into account the related value of distributed profit;
- Gate relating to the presence of profit that might be distributed to shareholders;
- Joint objectives relating to actually meeting the operating-profit objective, with all the more volatile components (e.g. sales, write-downs, other one-off elements) on the consolidated profit & loss statement according to IAS/IFRS principles with a view toward providing a better overview of business performance, as contemplated by the budget, as well as the annually contemplated RORAC level;
- Performance, risk-management objectives that bear in mind the limits of assigned operational, efficiency, and design-development limits, according to the position held in the company by the assignee, and moreover: pre-determined, measurable, and linked to the Industrial Plan;
- Individual legal-compliance objectives.

The process sets - for each position-recipient of the system - a sheet to which is assigned, for each type of objective, an indicator (KPI), the unit of measurement for the indicator, the weight of the indicator, the target value, and - when and if necessary - the respective thresholds, the assessment curve. The percentage that might actually be disbursed shall depend, in addition to the reaching of the pre-set "gates", by actual achievement of objectives.

Furthermore, in accordance with applicable law and regulations, corrective, downstream malus and claw-back provisions shall apply against what has been disbursed, or what might be disbursed, as variable remuneration.

The incentivisation system as adopted contemplates:

– Group equity-stability (Gate) clauses - soft limits on the Solvency II Ratio as defined by the BOD, calculated after factoring in the relative value of distributed profits - and the present of earnings to be disbursed amongst shareholders as base conditions for paying a bonus;

- Four performance scenarios:

- 1) an overall insufficient performance, and consequently a bonus level equal to zero;
- 2) an overall performance threshold (minimum acceptable - most indicators reaching 90% of the target level) and a bonus level hitting 50% of the target value;
- 3) an overall performance level where all objectives are completely reached, with a bonus level of 100% of target value;
- 4) an overall performance level where all objectives are exceeded (over-performance), with a bonus level of 150% of target value;



#### 4.2.1.B) THE 2018 - 2020 LTI PLAN

The 2018-2020 Industrial Plan contemplates a series of objectives, and rests on the following pillars

- profitable growth
- innovation and data management
- technical excellence
- cultural transformation and simplification

For the purpose of supporting these objectives being achieved, and to respond to investor solicitations - requiring an alignment of the strategic-manager risk with those of the shareholders, and to make Cattolica competitive in the labour market - a new incentivisation plan intended to those key figures vested with the responsibilities and skills needed for such purposes has been designed. These persons include the Managing Director, members of the Executive Committee, as well as the Parent Group Executives who, in light of factors including their pay grade (formerly D2/Directors), the degree of responsibility held, position in the company hierarchy, report directly to such senior management. That plan is made up of a long-term incentivisation plan, known as LTI (*Long Term Incentive*) that is share-based, and connected to performance objectives established over a multi-year timeframe, in accordance with the Industrial Plan's timeframe, with variable assignment percentages ranging from 30% to 60% of individual GAS / emoluments for each year the Plan is in effect.

During the previous year, the BOD, having been green-lighted by the Remuneration Committee, put the Plan together, predicated on financial instruments (ordinary Company shares) which might be disbursed depending on the degree to which the objectives for the 2018-2020 Industrial Plan have been reached, as approved by the Annual General Assembly of 28 April 2018. The design and functioning of the stock-option plan hew strictly to

the IVASS Regulation.

Furthermore, in order to optimise Company's human capital, both in the short- and long-term, a portion of the LTI Incentivisation Plan is reserved to associates who, albeit not falling under the rubric of "Personnel", possess high organisational and digital skills, and who have demonstrated superior performance levels on an ongoing basis. These persons have been allocated a variable incentive between 10% and 25% of the GAS.

The long-term variable component is made manifest over a three-year plan (from 2018 to 2020). At the expiry of that term, and subject to pre-set objectives being reached, Parent Group gratuitous shares (performance shares) shall be assigned pursuant to the procedure set forth in the Plan Bylaws. To wit, the number of shares that might potentially be assigned to each recipient was determined at the beginning of the Plan as a ratio between the target-bonus amount (defined as a percentage of GAS), and the value of the share calculated as contemplated under the Plan Bylaws.

LTI system indicators are as follows:

- Group equity-stability Gate - soft limit for the Solvency II Ratio as set by the BOD, calculated after taking into account the related value of distributed profit;
- Gate relating to the presence of profit that might be distributed to shareholders;
- an objective tied to the Parent Company: the Total Shareholder Return (TSR), increase in the security's value over the 2018-2020 period plus the dividends (should they be reinvested) compared to the performance of the Eurostoxx Insurance index during the same period.
- ROE contemplated by the Industrial Plan (ROE)

The incentivisation system as adopted contemplates:

- group equity-stability (Gate) clauses - soft limits on the Solvency II Ratio as defined by the BOD, calculated after factoring in the relative value of distributed profits - and the present of earnings to be disbursed amongst shareholders as base conditions for paying a bonus;

four performance scenarios:

- 1) an overall insufficient performance, and consequently a bonus level equal to zero;
- 2) an overall performance threshold (minimum acceptable - most indicators reaching 90% of the target level) and a bonus level hitting 50% of the target value;
- 3) an overall performance level where all objectives are completely reached, with a bonus level of 100% of target value;
- 4) an overall performance level where all objectives are exceeded (over-performance), with a bonus level of 150% of target value.



Furthermore, in accordance with applicable law and regulations, corrective, downstream malus and claw-back provisions are contemplated, the application criteria for which are detailed in the Incentivisation System Bylaws.

Only at the end of the performance period shall, if the pre-set objectives have been reached, and subject to the need to exceed the access benchmark defined at the beginning of the plan, 60% of the shares initially contemplated be assigned and made available, whereas 40% shall be assigned at the end of the overall deferment period, and thus once five (5) years from the date of the beginning of the Plan.

As contemplated by applicable law, for purposes of reconciling recognised bonuses with the business' long-term interests, a requirement that a stake equal to 5% of the assigned quota over a twelve-month period beginning the date of assignment shall also apply.

Those restrictions shall remain in place even after the relationship with the beneficiary ends, subject to the Board of Directors' option to renegotiate the terms and conditions for all encumbrances noted above.

The disbursement method and related timeline are governed by the Plan Bylaws.

The Board of Directors has the discretion, having secured an opinion from the Remuneration Committee, to consider, for purposes of assessing the achievement of gates and objectives, extraordinary events, including statutory and regulatory changes having a significant impact on the structure and modalities of calculating the value of the assigned-objective parameters, as well as for any exceptional, unforeseeable changes to macro-economic conditions, or any decline in the financial context ("Market Adverse Change" provision).

#### 4.2.2 OTHER COMPONENTS OF THE REMUNERATION PACKAGE FOR ALL PERSONNEL

Insofar as their respective delegated authority allows, designated Corporate Bodies and Human Resource Management have the right to set the disbursement of payments in consideration for non-compete agreements, as well as a one-off payment to employees (including non-personnel) in light of any special circumstances, which might include but not be limited to: professional reasons, special projects, payments for retention actions for qualified persons, and other unusual events, as well as to agree to disburse:

- specific one-off payments at the hiring stage (e.g. *entry bonus / stay bonus*), as remuneration for any losses of bonuses accrued with the previous employer, or to promote staying at the company,
- guaranteed elements of the variable component, solely for the first year of employment.
- further remuneration to be assessed on a case-by-case basis, and always in accordance with best practices.

In order to attract new talent, and to retain talent in the Group, and to optimise higher levels of performance not contemplated by the normal award system, the Managing Director may move the Board of Director to pass related resolutions, or to modify / supplement currently in effect remuneration matrices, upon receiving the greenlight from the Remuneration Committee.

Rounding out the remuneration package for Executives - including those not falling under the "Personnel" category are the following: housing allowance (for some Executives), company car for mixed business / personal use as defined in Company's "Car Policy", and a supplemental allowance (with respect to what is contemplated under the CCNL) in terms of healthcare and social services, as well as an upgraded benefits package through a higher company-match percentage over what is contemplated in the CCNL, without prejudice to any more advantageous packages negotiated on an individual level. Furthermore, given the increasing complexity of duties assigned to executive-level staff, especially in publicly traded companies, as well as the risks attaching to such position, suitable liability insurance coverage is also provided. There is also the option to supplement the remuneration package with dedicated forms of company welfare.

Some of the foregoing benefits may be provided to non-executive staff not falling into the Personnel category. Moreover, benefits representing an improvement over what is guaranteed in the industry CCNL with respect to healthcare and social services, as well as supplemental benefits, are likewise contemplated. Within the Group's Supplemental Contract, in fact, are rules regarding those benefits that supplement the services and coverage covered by the CCNL, and which increase the employer-matching level for certain supplemental pensions contemplated under the Group Pension Fund.

#### 4.2.3 HEADS OF KEY FUNCTIONS

For all Heads of Key Functions - Audit, Compliance, Risk Management, Actuarial Function, and for those leading other Functions as identified with Company, an incentivisation plan is contemplated which, in light of their role in the final analysis of the company's bottom line, includes provisions to obviate any potential conflict of interests.

The portion of variable remuneration to be paid is made up of the MBO system, as specified in the point dedicated to the achievement of earnings relating to responsibilities borne by recipients within the Internal Control System and predicated on objectives established annually, and unfettered by any economic-financial earnings targets for the areas subject to their monitoring. The assignment of such objectives and the subsequent verification of the achievement of the same, shall be carried out by the companies' Board of Directors.

### 4.3 REMUNERATION OF OTHER PARTIES

#### 4.3.1 DEPUTY DIRECTOR CHARGED WITH GENERATING ACCOUNTING DOCUMENTS

Economic remuneration accruing to the Deputy Director charged with generating the accounting documents is included in the remuneration package (GAS, MBO, and other components as described in the instant policy), recognised to the same as a Parent Company Executive.

#### 4.3.2 OTHER PARTIES IMPLICATED BY VARIABLE REMUNERATION

In addition to what has been specified, certain variable-remuneration systems may be contemplated within the Group both for Executive Personnel, as well as for other categories of entry-level and clerical staff, as well as those not falling into the Personnel category, or moreover to personnel falling into particularly significant roles and/or having special skill sets or responsibilities.

For the sake of completeness, we would further note that, following the application of the new performance-review system, a specific incentivisation system in favour for all non-Executive personnel within the company, linked to previously assigned objectives and projects, and the assessment of organisational behaviour recognised as a fundamental guide for the activities of each associate, has been established.

The aforementioned incentivisation systems are grounded in the general principles, and as applicable the application criteria already present in any in-force Policy and may be made up of monetary remuneration or company shares, as well as through company welfare or other benefits.

#### 4.3.3 ETHICS

As contemplated by the Parent Company's Articles, the role of Ethics and Disciplinary Committee is an honorary one; the only remuneration for the same is reimbursement for expenses incurred in the exercise of their duties.

#### 4.3.4 CONTROL BODY

Remuneration accruing to Executives who are members of the Control Body is included in the remuneration package (GAS, MBO, and other elements as described herein) recognised to the same as Parent Company Executives. Economic remuneration for external members is set by the BOD.

#### 4.3.5 INSURANCE AND REINSURANCE BROKERS

In order to ensure compliance with recent regulatory and statutory updates on insurance distribution, please note that, generally speaking, Company has implemented sufficient safeguards for monitoring and managing risks arising from conflict-of-interest scenarios (as defined in Art. 3 of EU Delegated Regulation 2017/2359, and governed by the Conflict of Interest Policy), and to prevent any negative repercussions on customer-service quality levels, arising from the incentivisation programmes applicable to persons involved in distribution operations.

Different categories of insurance and re-insurance intermediaries are present within Company. To wit:

- Insurance Agents
- Brokers
- Insurance intermediaries enrolled in the Consolidated Intermediaries Register ("RUI") at Section D
- Reinsurance intermediaries

In order to ensure compliance with intervening regulatory/statutory updates touching on insurance distribution (Directive 2016/97 and subsequent implementation/integration acts, EU Delegated Regulation 2017/2359), Company implemented an incentivisation system that allows for the integration of qualitative criteria for assessing intermediary performance (quali / quantitative model). This uses a functioning mechanism predicated on the application of weights and indicators that optimise commercially ethical behaviour with a view towards constant improvement of customer-service levels. That model, furthermore, is characterised by a heightened degree of flexibility, which contributes toward its becoming adaptable both to Company strategies as well as to any external variables (arising, for example, from the economic or regulatory context), increasing its sustainability, including the efficacy and timeliness of implementing any risk-mitigation actions.

Please find the following below:

- (1) the qualitative criteria forming the foundation for defining the indicators for weighing quantitative components for compensating the network
- (2) the quantitative components typical of remuneration paid to each type of intermediary

#### **QUALITATIVE CRITERIA CONTEMPLATED BY THE QUALI / QUANTITATIVE PERFORMANCE-REVIEW MODEL**

In order to assess the performance of its own distribution network, Company defines specific indicators, attributing a specific weight to each (up to a pre-established cumulative maximum); Company periodically assesses the compliance, efficacy, and sustainability of the same. Those indicators fall in line with the following qualitative criteria:

- Sales in Target Markets
- Service quality (for example, number of complaints, timelines for opening claims, covering customer needs, etc.)
- Attraction/Retention matrix
- The intermediary's conduct towards the Company (e.g. training, submission of regulatory information, proper accounting)

## QUANTITATIVE COMPONENTS OF DISTRIBUTION-NETWORK REMUNERATION

The quantitative components of remuneration for the distribution network is differentiated based on the network type:

**Insurance Agents** – the Remuneration Policies implemented with respect to the agent network more or less align with insurance-industry practices, and may be broken down as follows:

- remuneration of insurance deals consummated according to commission percentages as set forth in standard fee schedules;
- customised, multi-year incentivisation plans, linked to achievement objectives;
- *Rappel/Contest*;
- Contributions and incentives (for managing claims, for onboarding new associates, auto incentives, etc.) traceable to Supplemental Agreements signed with Group Agent representatives or associations

**Brokers** – Compensated pursuant to applicable law and regulation. Please note in particular the provisions of Art. 2, paragraph I, subpart (t) of ISVAP Regulation no. 5 (16 October 2006), which defines: «*mediators or brokers: intermediaries who act when engaged by customers, and who have no authority to represent any insurance or reinsurance company*».

In light of the broker's role, the remuneration types are standard, that is, based on commission schedules, and align with industry trends.

**Insurance Intermediaries enrolled in the Consolidated Intermediary Register ("RUI") at Section D** – remuneration of such parties is based on commissions recognised with respect to the brokering of insurance products tied to the presentation, promotion, execution, and management of insurance contracts, as well as codified in each individual broker-engagement agreement.

Commissions are subject to periodic monitoring and review. Negotiated economic conditions fit the nature and subject of the engagement, and align with industry practices.

Commissions are also in line with the commercial conditions and relations held with other brokers in the same category, and accord with Company's sound and prudent risk-management principles, as well as in compliance with applicable provisions of law, and Art. 4 and 21 of the Regulation.

**Reinsurance Intermediaries** – As contemplated by industry practice, the remuneration of such parties is set and coordinated between the intermediary and the individual reinsurers, who handle the payment of the same. The Company-principal is not involved in that process.

Please note that Company, in defining, supplementing, or modifying any quantitative-remuneration components for the network, undertakes to perform all assessments needed to ensure that such parties are actually fit to discharge the duty to act in an honest, equitable, and professional manner, in the customer's best interest, on the part of the network. Moreover, Company takes into account the criteria defined in Art. 8 of EU Delegated Law 2017/2359:

- a) *whether an incentive or incentivisation system might induce an intermediary to offer or recommend a particular insurance product or service to the customer, despite the fact the intermediary would be able to offer a different insurance product or service that better satisfies customer needs;*
- b) *whether the incentive or incentivisation matrix is based solely or primarily on commercial-qualitative criteria, or takes sufficient qualitative criteria into consideration, the quality of services provided to customers, and customer satisfaction;*
- c) *the value of the incentive paid or received with respect to the value of the product and services provided;*
- d) *whether the incentive is entirely, or primarily paid upon the insurance-contract being executed, or if it extends throughout the contract term;*

- e) *the existence of an adequate mechanism for requesting the incentive be returned (claw-back) where the product terminates anticipatorily, or is anticipatorily redeemed, or where customer interests have been infringed upon;*
- f) *the existence of any type of variable or contingent threshold, or any other type of value-accelerator that is unlocked by the achievement of an objective predicated on sales volumes or value:*

With respect to conflict-of-interest and remuneration disclosure requirements, please see the dedicated paragraph *infra*.

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#### 4.3.6 SUPPLIERS OF OUTSOURCED SERVICES

In case of any outsourcing, the company shall adopt remuneration policies that align with sound and prudent management, and align with its objectives regarding strategy, profitability, and sustainability. It moreover avoids remuneration policies based exclusively or primarily on short-term earnings, such that an excessive exposure to risk might be incentivised.

Cattolica manages outsourcing through a dedicated organisational unit: the General Services and Purchasing unit.

The organisational unit in question takes action in accordance with provisions expressly contemplated under the IVASS Regulation then in effect, and by the related Company outsourcing and supplier-vetting policy.

That function checks to make sure that remuneration systems based on performance provided by the supplier over the course of the year, thereby specifically confirming that correctly identified performance indicators have only been used to disburse penalties.

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#### 4.4 SEVERANCE PACKAGES

Provisions of applicable law, and where not in conflict for the former, the Collective Contract applied by Company (whichever version in effect at the time) shall apply to Executive personnel.

Where an employment relationship ends, and in order to prevent any dispute with an Executive and/or to resolve it should it arise, the HR Function, pursuant to the specific vesting of authority in the same, may enter into settlements, in addition to the statutorily or contractually required notice period if owed, involving the payment of a pre-determined amount in consideration for waiving rights to appeal employment termination, or any other claim relating to the concluded work relationship. Within that context, furthermore, is the option to include a non-compete and/or non-poaching provision, or any other non-monetary benefits or amounts.

The amounts paid as settlements, and accepted by the Executive, cover and fully replace any supplemental payment contemplated under the applicable National Bargaining Agreement; the identification of the related economic amount is carried out bearing in mind the reasons for the employment being terminated, and the general legal context, bearing in mind in particular the content of any industry-specific law.

Such agreements shall be reached even where the relationship with the General Managers and Members of the Executive Committee ends. In such cases, the total global amount subject to the agreement shall be equal to twenty-four (24) monthly remuneration payments as well as the payment of any notice period as stated above.

In order to calculate the aforementioned amount, “remuneration” shall mean the gross annual remuneration contemplated by Art. 2121 of the Civil Code, plus the average value recognised over the last three-year for short-term variable remuneration component. In terms of long-term variable remuneration, the provisions of the Plan Bylaws shall apply.

The amounts stated in the instant article shall be paid in accordance with all applicable rules and regulations (whether external or internal) in effect as of the date of termination.

#### 4.5 DISCLOSURE OF THE VARIABLE-REMUNERATION SYSTEM

Because of the many companies involved, it is necessary to arrange for sufficient information channels and flows. The departure point of for the internal-communication process is the Board of Directors which, with the support of the Remuneration Committee, periodically reviews the Remuneration Policies approved by the Assembly, proposing all convenient modifications to the same, including in light of the experience with the application processes up until that point.

The Human Resource Function, based on the approved content within the Remuneration Policies, and any other practical directions received by the Board of Directors, involves other significant functions, each insofar as its own delegated authority requires. To wit:

- for those objectives and related performance indicators, the Risk Management Function liaises with both the Planning and the Management-Control Function to identify Personnel, and to ensure that the performance objectives take risk into account; the Function also works with the Compliance Functions on the related compliance indicators;
- proposes the incentivising system as a whole, along with the related regulation, to have the Risk Management and Compliance Function perform an upstream verification. following the audits and approvals, the Human Resources Function provides notice on the characteristics of the same to the system recipients (e.g. criteria used for the attribution of objectives, the reasoning behind the objectives themselves, the calculation method for the variable remuneration, and the verification / disbursement modalities), through the delivery of the objectives sheet, an ad-hoc set of bylaws, and the relating explanatory, accompanying letter;
- at the end of the observation period for each incentivising system, receives sufficient information flows for achieving or falling short of the “gate” and the threshold for the individual objectives for the following functions, each as its own delegated duties requires: Planning and Management Control, Administration, Actuary (upon certification the Actuarial Function), Risk Management and Compliance;
- calculates, for each recipient, the variable component, when actually accrued.

#### 4.6 REMUNERATION POLICY AUDITS

Remuneration Policies, just as with the procedures through which they are implemented, shall be subject (as indeed expressly contemplated by Art. 58 of the Regulation) to audits by Key Functions.

Such audits generally take place upstream by the Risk Management and Compliance Function, and typically, downstream on a sampling basis by the Internal Audit Function.

Key Functions report (as part of their periodic reporting duties) regarding the findings of any audits performed, and each as its own duties and modalities require, to the Remuneration Committee, to the Risk and Control Committee, as well as to the Board of Directors thereafter.

Please further note, pursuant to the Regulation’s provisions - that the instant Policies have been updated with respect to the version approved by the Annual General Meeting in 2018; this update was made partly in consideration of instructions shared with the Key Functions, who have expressed an opinion favourable to the present version.

#### 4.7 NOTICE TO THE ANNUAL GENERAL MEETING

Because the Regulation contemplates that the Ordinary Annual General Meeting, in addition to setting remuneration applicable to the Bodies appointed by the same, approves Remuneration Policies benefiting the Corporate Bodies and Personnel, including any remuneration plans predicated on financial instruments, the notice to the Annual General Meeting must be such as to allow for informed decision-making at the Remuneration-Policy approval stage.

To wit, the Board of Directors provides the Annual General Meeting, separately for each Corporate Body, and for the Personnel, and in a disaggregated manner by position and by function:

- an illustration of the general parameters, the motivations, and the aims the business tends to pursue

- through a remuneration policy;
- information relating to the decision-making utilised to set remuneration policy, as well as the entities involved;
- criteria utilised to calibrate the ratio of the fixed to the variable component;
- parameters, motivations, and the related deferment periods for recognising the variable components, as well as the policy regarding severance;
- a description of the circumstances which, when present, the company might disburse all or a part of the variable component, and the request for the restitution of all or a portion of the remuneration paid;
- the description of the key characteristics for supplemental benefits or early-retirement plans for those serving in administration, direction, and control functions, and for those heading up key functions;
- information on proposed modifications to previously approved Policies.

Such information is delivered on an annual basis to the Annual General Meeting by the Board of Directors, and is related to quantitative information, regarding the application of Remuneration Policies.



## SECTION 2

### FOREWORD SECTION 2

The following is a notice on remuneration paid during the financial year in question (FY2018). The illustration of the line items and further details can be found in Section I of the instant Report.

Specifically, the FY2018 Remuneration Policy was implemented through the disbursement of the following line items, when and as applicable:

- Board Member emolument;
- Director holding special offices - emolument;
- Gross Annual Salary (GAS) and remuneration for any non-compete agreement;
- fees for committee participation;
- An annual variable component that may be deliverable when pre-determined company objectives are reached (known as MBO);
- a long-term variable component (known as LTI);
- *benefits* recognised by the applicable CCNL and by company policies.

The tables of the instant Section's Second Part, including among other elements, details on fees recognised to newly appointed members, to confirmed members, and to members no longer in office, for the months they were actually in office.

## ATTACHMENT 2 REMUNERATION PAID TO MEMBERS OF THE GOVERNING AND CONTROL BODIES, TO GENERAL MANAGERS AND OTHER EXECUTIVES VESTED WITH STRATEGIC AUTHORITY

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Paolo Bedoni Chairman of the BOD Member of the Executive Committee Director		01/01/2018 - 31/12/2018	31/12/2018	148,039 €	33,000 €	6,227 €	800,000,00 €	- €	- €	- €	- €	1,053,533 €	- €	- €	
		01/01/2018 - 31/12/2018	31/12/2018	23,041 €	6,000 €	3,472 €	42,247 €	- €	- €	- €	- €	74,760 €	- €	- €	
		01/01/2018 - 31/12/2018	31/12/2018	171,080 €	39,000 €	9,699 €	842,247 €	- €	- €	- €	- €	- €	1,128,392 €	- €	- €
(1) Fees from the company generating the financial statements															
(1) Fees from subsidiaries and affiliates (Carnalicia Agricola, Carnalicia Beni Innanzitutto, Tm, Assesd)															
(1) Total															

NOTE (2) Fees for committee participation:  
Investment Committee: € 46,346  
Corporate Governance Committee: € 30,000  
€ 66,346

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Participation fees	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance or end of-service bonus or
				(i) emoluments accruing to the financial year	(ii) flat-rate participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Barbara Blawiech Member of the Executive Committee Director		01/01/2018 - 31/12/2018	31/12/2018	148,039 €	33,600 €	8,335 €	- €	- €	- €	- €	- €	- €	219,975 €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	148,039 €	33,600 €	8,335 €	- €	- €	- €	- €	- €	- €	- €	219,975 €	- €
(1) Fees from the company generating the financial statements															
(1) Fees from subsidiaries and affiliates															
(1) Total															

NOTE (2) Fees for committee participation:  
Internal Control and Risk Committee € 30,000

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Betina Cimpodelli Member of the Executive Committee Director		01/01/2018 - 31/12/2018	31/12/2018	64,706 €	28,200 €	1,928 €	- €	- €	- €	- €	- €	- €	159,834 €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	64,706 €	28,200 €	1,928 €	- €	- €	- €	- €	- €	- €	- €	159,834 €	- €
(1) Fees from the company generating the financial statements															
(1) Fees from subsidiaries and affiliates															
(1) Total															

NOTE (2) Fees for committee participation:  
Related-Party Committee: € 20,000  
Internal Control and Risk Committee: € 45,000  
€ 65,000

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Nerino Chermello Member of the Executive Committee Director		01/01/2018 - 31/12/2018	31/12/2018	7,500 €	13,800 €	4,967 €	- €	- €	- €	- €	- €	- €	83,473 €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
		01/01/2018 - 31/12/2018	31/12/2018	7,500 €	13,800 €	4,967 €	- €	- €	- €	- €	- €	- €	- €	83,473 €	- €
(1) Fees from the company generating the financial statements															
(1) Fees from subsidiaries and affiliates (BCC Vini)															
(1) Total															



(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)	
First name and surname	Office	Period in which the position was held	Term expiry	Fixed compensation					Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office	
				(i) emoluments accruing to the financial year	(ii) participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing						
Chiara de' Stefani	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,706	€ 12,000	€ 4,671	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(I) Fees from the company generating the financial statements				€ 64,706	€ 12,000	€ 4,671	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(II) Fees from subsidiaries and affiliates (Lombarda Via)				€ 5,000	€ 1,920	€ 2,297	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 69,706	€ 13,920	€ 6,968	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)
First name and surname	Office	Period in which the position was held	Term expiry	Fixed compensation					Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Lisa Ferrarini	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,706	€ 12,000	€ 5,704	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements				€ 64,706	€ 12,000	€ 5,704	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 64,706	€ 12,000	€ 5,704	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)
First name and surname	Office	Period in which the position was held	Term expiry	Fixed compensation					Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Paola Feroni	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,706	€ 16,800	€ 1,259	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements				€ 64,706	€ 16,800	€ 1,259	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 64,706	€ 16,800	€ 1,259	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

NOTE (2) Fees for committee participation:  
Related Party Committee € 20,000

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)
First name and surname	Office	Period in which the position was held	Term expiry	Fixed compensation					Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Paola Grossi	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,705.88	€ 21,600	€ 18,582	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements				€ 64,705.88	€ 21,600	€ 18,582	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 64,706	€ 21,600	€ 18,582	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

NOTE (2) Fees for committee participation:  
Compensation Committee € 20,000

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participatory expense reimbursement	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Alessandro Lai	Secretary Member of the Executive Committee Director	01/01/2018-31/12/2018 01/01/2018-31/12/2018 01/01/2018-31/12/2018	31/12/2018 31/12/2018 31/12/2018	€ 148,029	€ 50,800	€ 140,000	€ 40,000	€ -	€ -	€ -	€ -	€ 389,055	€ -	€ -	
(I) Fees from the company generating the financial statements				€ 7,041	€ 2,400	€ 7,041	€ -	€ -	€ -	€ -	€ -	€ 18,251	€ -	€ -	
(II) Fees from subsidiaries and affiliates (Tua Assicurazioni)				€ 155,080	€ 52,800	€ 147,041	€ 40,000	€ -	€ -	€ -	€ -	€ 407,906	€ -	€ -	
(III) Total				€ 148,029	€ 50,800	€ 140,000	€ 40,000	€ -	€ -	€ -	€ -	€ 389,055	€ -	€ -	

NOTE (2) Fees for committee participation:  
Corporate Governance Committee € 20,000  
Compensation Committee € 40,000

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participatory expense reimbursement	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Giovanni Mascagnani	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,706	€ 20,400	€ 1,337	€ 50,000	€ -	€ -	€ -	€ -	€ 136,443	€ -	€ -	
(I) Fees from the company generating the financial statements				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(II) Fees from subsidiaries and affiliates				€ 64,706	€ 20,400	€ 1,337	€ 50,000	€ -	€ -	€ -	€ -	€ 136,443	€ -	€ -	
(III) Total				€ 64,706	€ 20,400	€ 1,337	€ 50,000	€ -	€ -	€ -	€ -	€ 136,443	€ -	€ -	

NOTE (2) Fees for committee participation:  
Related Party Committee € 30,000  
Investment Committee € 20,000  
€ 50,000

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participatory expense reimbursement	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Alberto Minali	Managing Director Member of the Executive Committee Director	01/01/2018-31/12/2018 01/01/2018-31/12/2018 01/01/2018-31/12/2018	31/12/2018 31/12/2018 31/12/2018	€ 800,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(I) Fees from the company generating the financial statements				€ 800,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(III) Total				€ 800,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation				(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) flat-rate participatory expense reimbursement	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties		(v) gross compensation from employment	Bonuses and other incentives					
Luigi Mion	Director	01/01/2018-31/12/2018	31/12/2018	€ 64,706	€ 21,000	€ 1,567	€ 30,000	€ -	€ -	€ -	€ -	€ 117,273	€ -	€ -	
(I) Fees from the company generating the financial statements				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(II) Fees from subsidiaries and affiliates				€ 64,706	€ 21,000	€ 1,567	€ 30,000	€ -	€ -	€ -	€ -	€ -	€ 117,273	€ -	
(III) Total				€ 64,706	€ 21,000	€ 1,567	€ 30,000	€ -	€ -	€ -	€ -	€ -	€ 117,273	€ -	

NOTE (2) Fees for committee participation:  
Compensation Committee € 30,000



(A) First name and surname	(B) Office	(C) Period in which the position was held		(D) Term expiry	(1) Fixed compensation					(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office		
		(i) emoluments accruing to the financial year	(ii) participation fee		(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing										
Manfredo Turchetti	Vice Deputy Chairman Member of the Executive Committee Director	01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	148,039	€	25,800	€	5,725	€	170,000	€	-	€	-	€	-	
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	-	€	-	€	-	€	-	€	-	€	-	€	-	€
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	148,039	€	25,800	€	5,725	€	170,000	€	-	€	-	€	-	€
(I) Fees from the company generating the financial statements																			
(II) Fees from subsidiaries and affiliates																			
(III) Total																			

NOTE (2) Fees for committee participation:  
 Corporate Governance Committee € 20,000  
 Compensation Committee € 20,000  
 € 40,000

(A) First name and surname	(B) Office	(C) Period in which the position was held		(D) Term expiry	(1) Fixed compensation					(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office		
		(i) emoluments accruing to the financial year	(ii) participation fee		(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit sharing										
Eugenio Vanda	Director	01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	64,706	€	14,400	€	9,019	€	-	€	-	€	-	€	-	
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	-	€	-	€	-	€	-	€	-	€	-	€	-	€
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	64,706	€	14,400	€	9,019	€	-	€	-	€	-	€	-	€
(I) Fees from the company generating the financial statements																			
(II) Fees from subsidiaries and affiliates																			
(III) Total																			

(A) First name and surname	(B) Office	(C) Period in which the position was held		(D) Term expiry	(1) Fixed compensation					(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office		
		(i) emoluments accruing to the financial year	(ii) participation fee		(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing										
Giovanni Gisenti	Chairman of the Board of Statutory Auditors	01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	165,000	€	50,400	€	2,857	€	-	€	-	€	-	€	-	
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	15,000	€	-	€	-	€	-	€	-	€	-	€	-	€
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	180,000	€	50,400	€	2,857	€	-	€	-	€	-	€	-	€
(I) Fees from the company generating the financial statements																			
(II) Fees from subsidiaries and affiliates (ABC Asistam)																			
(III) Total																			

(A) First name and surname	(B) Office	(C) Period in which the position was held		(D) Term expiry	(1) Fixed compensation					(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office		
		(i) emoluments accruing to the financial year	(ii) participation fee		(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing										
Federica Bonato	Statutory Auditor	01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	110,000	€	36,000.00	€	2,722	€	-	€	-	€	-	€	-	
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	-	€	-	€	-	€	-	€	-	€	-	€	-	€
		01/01/2018 - 31/12/2018	01/01/2018 - 31/12/2018	31/12/2018	€	110,000	€	36,000	€	2,722	€	-	€	-	€	-	€	-	€
(I) Fees from the company generating the financial statements																			
(II) Fees from subsidiaries and affiliates																			
(III) Total																			

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation					(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participations on fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Cesare Breia	Statutory Auditor	01/01/2018 - 31/12/2018	31/12/2018	€ 110,000	€ 35,400	€ 2,805	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements															
(II) Fees from subsidiaries and affiliates (Cattolica Agricola)															
(III) Total				€ 117,500	€ 35,400	€ 2,805	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation					(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participations on fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Luigi de Anna	Statutory Auditor	01/01/2018 - 28/04/2018	28/04/2018	€ 35,562	€ 7,200	€ 2,056	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements															
(II) Fees from subsidiaries and affiliates															
(III) Total				€ 35,562	€ 7,200	€ 2,056	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation					(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participations on fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Andrea Rossi	Statutory Auditor	01/01/2018 - 28/04/2018	28/04/2018	€ 35,562	€ 13,800	€ 1,680	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements															
(II) Fees from subsidiaries and affiliates (Berica Via - Cattolica Agricola - Cattolica Immobiliare - Tira-assab)															
(III) Total				€ 69,541	€ 2,600	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation					(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participations on fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Bonuses and other incentives	Profit-sharing					
Massimo Babbi	Substitute Auditor	01/01/2018 - 31/12/2018	31/12/2018	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements															
(II) Fees from subsidiaries and affiliates															
(III) Total				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	
				Fixed compensation											Non-monetary benefits
(8)	Office	Period in which the position was held	Term expiry	(i) emoluments accruing to the financial year	(ii) flat-rate expense reimbursement	(iii) flat-rate reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office
	Substitute Auditor	01/01/2018 - 31/12/2018	31/12/2018	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(I) Fees from the company generating the financial statements				€ 7,500	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates (Catoica Beni Immobili)				€ 7,500	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 15,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

**Fees paid to General Managers**

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)	
				Fixed compensation												Non-monetary benefits
(A)	Office	Period in which the position was held	Term expiry	(i) emoluments accruing to the financial year	(ii) flat-rate expense reimbursement	(iii) flat-rate reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office	
	General Manager	1/1/2018 - 28/02/2018	28/02/2018	€ 98,295	€ -	€ -	€ -	€ 98,295	€ -	€ -	€ -	€ -	€ 98,295	€ -	€ 1,700,000	
(I) Fees from the company generating the financial statements				€ 98,295	€ -	€ -	€ -	€ 98,295	€ -	€ -	€ -	€ -	€ -	€ 98,295	€ -	€ 1,700,000
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ 98,295	€ -	€ -	€ -	€ 98,295	€ -	€ -	€ -	€ -	€ -	€ 98,295	€ -	€ 1,700,000

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)	
				Fixed compensation												Non-monetary benefits
(A)	Office	Period in which the position was held	Term expiry	(i) emoluments accruing to the financial year	(ii) flat-rate expense reimbursement	(iii) flat-rate reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office	
	General Manager	1/1/2018 - 31/12/2018	UNTIL REMOVED	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(I) Fees from the company generating the financial statements				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

(A)	(B)	(C)	(D)	(1)					(2)	(3)	(4)	(5)	(6)	(7)	(8)	
				Fixed compensation												Non-monetary benefits
(A)	Office	Period in which the position was held	Term expiry	(i) emoluments accruing to the financial year	(ii) flat-rate expense reimbursement	(iii) flat-rate reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment	Fees for committee participation	Variable, non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair market value of equity compensation	Severance pay for end of term or anticipated termination of office	
	General Manager	02/08/2018 - 31/12/2018	UNTIL REMOVED	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
(I) Fees from the company generating the financial statements				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
(III) Total				€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

**Fees paid to other Strategic Executives**

(A) First name and surname	(B) Office	(C) Period in which the position was held	(D) Term expiry	(1) Fixed compensation					(2) Fees for committee participation	(3) Variable, non-equity compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair market value of equity compensation	(8) Severance pay for end of term or anticipated termination of office
				(i) emoluments accruing to the financial year	(ii) participation fee	(iii) flat-rate expense reimbursement	(iv) fees for performing certain duties	(v) gross compensation from employment		Bonuses and other incentives	Profit-sharing					
2	Strategic Executives	1/1/2018 31/12/2018	UNTIL REMOVED	€ -	€ -	€ -	€ -	€ 800,000	€ -	€ 562,000	€ -	€ 196,089	€ 1,615,424	€ 308,522	€ -	
(1) Fees from the company generating the financial statements				€ -	€ -	€ -	€ -	€ 800,000	€ -	€ -	€ -	€ 196,089	€ 1,615,424	€ 308,522	€ -	
(II) Fees from subsidiaries and affiliates				€ -	€ -	€ -	€ -	€ 800,000	€ -	€ 562,000	€ -	€ 196,089	€ 1,615,424	€ 308,522	€ -	
(III) Total				€ -	€ -	€ -	€ -	€ 800,000	€ -	€ 562,000	€ -	€ 196,089	€ 1,615,424	€ 308,522	€ -	

ATTACHMENT 3 TABLE OF MONETARY INCENTIVE PLANS FOR MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS, AND OTHER EXECUTIVES VESTED WITH STRATEGIC AUTHORITY

(A) First name and surname	(B) Office	(1) Plan	(2) Bonus for the current year			(3) Bonus from previous years			(4) Other bonuses
			(a) Disburseable/Disbursed	(b) Deferred	(c) Deferment period	(a) No longer disburseable	(b) Disburseable/Disbursed	(c) Still deferred	
ALBERTO MINALI Managing Director and Member of the E.C. Director		Plan A							
		SHORT-TERM MBO OBJECTIVES	€ 416,000.00					€	
		Plan B							
		Plan C							
(II) Fees from subsidiaries and affiliates		Plan A							
		Plan B							
(III) Total			€ 416,000.00	€	-		€	€	

(A) First name and surname	(B) Office	(1) Plan	(2) Bonus for the current year			(3) Bonus from previous years			(4) Other bonuses
			(a) Disburseable/Disbursed	(b) Deferred	(c) Deferment period	(a) No longer disburseable	(b) Disburseable/Disbursed	(c) Still deferred	
MARCO CARDINALETTI GENERAL MANAGER		Plan A							
		SHORT-TERM OBJECTIVES							
		Plan B							
		MEDIUM-LONG TERM OBJECTIVES							
(II) Fees from subsidiaries and affiliates		Plan A							
		Plan B							
(III) Total			€	€	-	€	€	€	

(A) First name and surname	(B) Office	(1) Plan	(2) Bonus for the current year			(3) Bonus from previous years			(4) Other bonuses
			(a) Disburseable/Disbursed	(b) Deferred	(c) Deferment period	(a) No longer disburseable	(b) Disburseable/Disbursed	(c) Still deferred	
CARLO FERRARESI GENERAL MANAGER		Plan A							
		SHORT-TERM MBO OBJECTIVES	€ 193,050.00						
		Plan B							
		Plan C							
(II) Fees from subsidiaries and affiliates		Plan A							
		Plan B							
(III) Total			€ 193,050.00	€	-	€	€	€	

(A) First name and surname	(B) Office	(1) Plan	(2) Bonus for the current year			(3) Bonus from previous years			(4) Other bonuses	
			(a) Disbursable/Disbursed	(b) Deferred	(c) Deferment period	(a) (b) (c)				
						No longer disbursable	Disbursable/Disbursed	Still deferred		
VALTER TREVISANI	GENERAL MANAGERS OF 2/5/2018	SHORT-TERM MBO OBJECTIVES	Plan A	139,700.00						
			Plan B							
			Plan C							
			Plan A							
(II) Fees from subsidiaries and affiliates			Plan B							
(III) Total				€ 139,700.00	€ -	€ -	€ -	€ -	€ 50,000.00	

(A) First name and surname	(B) Office	(1) Plan	(2) Bonus for the current year			(3) Bonus from previous years			(4) Other bonuses	
			(a) Disbursable/Disbursed	(b) Deferred	(c) Deferment period	(a) (b) (c)				
						No longer disbursable	Disbursable/Disbursed	Still deferred		
N 2	STRATEGIC EXECUTIVES	SHORT-TERM MBO OBJECTIVES	Plan A	312,000.00						
			Plan B							
			Plan C							
			Plan A							
(II) Fees from subsidiaries and affiliates			Plan B							
(III) Total				€ 312,000.00	€ -	€ -	€ -	€ -	€ 250,000.00	

**ATTACHMENT 3A - TABLE 3A MONETARY INCENTIVE PLANS PREDICATED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR MEMBERS OF THE GOVERNING BODY, GENERAL MANAGERS, AND OTHER EXECUTIVES VESTED WITH STRATEGIC AUTHORITY**

First name and surname	Office	Plan	financial instruments assigned during the previous financial years			financial instruments assigned during the current financial year					financial instruments assigned during the current financial year and not assigned	financial instruments vested during the current financial year and subject to assignment		financial instruments accruing to the period
			1	2	3	4	5	6	7	8		9	10	
			Number and type of securities	Vesting period	Number and type of financial instruments	Fair value as of the assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Value at maturity	Number and type of financial instruments	Value at maturity	fair value
<b>MINALI ALBERTO</b>	MD													
FEE FROM THE COMPANY GENERATING THE FINANCIAL STATEMENTS		2018-2020 LTI RESOLUTION Annual General Meeting 28/04/2018	156,522 Cattolica Assicurazioni ordinary shares potentially assignable to target levels at the end of the period of vesting			1,388,350	2018-2020	28/04/2018	8.87					462,783
FEE FROM SUBSIDIARIES AND AFFILIATES														
III Total						1,388,350								462,783
The values shown refer to a performance share based on Cattolica Assicurazioni Ordinary Shares, with 100% on-target performance in achieving objectives during the 2018-2020 vesting period														
First name and surname	Office	Plan	financial instruments assigned during the previous financial years			financial instruments assigned during the current financial year					financial instruments assigned during the current financial year and not assigned	financial instruments vested during the current financial year and subject to assignment		financial instruments accruing to the period
			1	2	3	4	5	6	7	8		9	10	
			Number and type of securities	Vesting period	Number and type of financial instruments	Fair value as of the assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Value at maturity	Number and type of financial instruments	Value at maturity	fair value
<b>CARLO FERRARESI</b>	GENERAL MANAGER													
FEE FROM THE COMPANY GENERATING THE FINANCIAL STATEMENTS		2018-2020 LTI RESOLUTION Annual General Meeting 28/04/2018	71,739 Cattolica Assicurazioni ordinary shares potentially assignable to target levels at the end of the period of vesting			636,325	2018-2020	28/04/2018	8.87					212,108
FEE FROM SUBSIDIARIES AND AFFILIATES														
III Total						636,325								212,108
The values shown refer to a performance share based on Cattolica Assicurazioni Ordinary Shares, with 100% on-target performance in achieving objectives during the 2018-2020 vesting period														

A	B	1	2	3	financial instruments assigned during the current financial year					8	9	financial instruments vested during the current financial year and subject to assignment		12
					4	5	6	7	Assignment date			Market price at assignment	Number and type of financial instruments	
First name and surname	Office	Plan	Number and type of securities	vesting period	Number and type of financial instruments	Fair value as of the assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Value at maturity	financial instruments accrued to the period		
<b>VALTER TREVISANI</b>	GENERAL MANAGER													
FEE FROM THE COMPANY GENERATING THE FINANCIAL STATEMENTS		2018-2020 LTI Resolution Annual General Meeting 28/04/2018			71,739 Cattolica Assicurazioni ordinary shares potentially assignable to target levels at the end of the period of vesting	636,325	2018-2020	28/04/2018	8.87			212,108		
FEE FROM SUBSIDIARIES AND AFFILIATES														
III Total												212,108		

The values shown refer to a performance share based on Cattolica Assicurazioni Ordinary Shares, with 100% on-target performance in achieving objectives during the 2018-2020 vesting period

A	B	1	2	3	financial instruments assigned during the current financial year					8	9	financial instruments vested during the current financial year and subject to assignment		12
					4	5	6	7	Assignment date			Market price at assignment	Number and type of financial instruments	
First name and surname	Office	Plan	Number and type of financial instruments	vesting period	Number and type of financial instruments	Fair value as of the assignment date	Vesting period	Assignment date	Market price at assignment	Number and type of financial instruments	Value at maturity	financial instruments accrued to the period		
<b>N2</b>	STRATEGIC EXECUTIVES													
FEE FROM THE COMPANY GENERATING THE FINANCIAL STATEMENTS		2018-2020 LTI Resolution Annual General Meeting 28/04/2018			104,348 Cattolica Assicurazioni ordinary shares potentially assignable to target levels at the end of the period of vesting	925,567	2018-2020	28/04/2018	8.87			308,522		
FEE FROM SUBSIDIARIES AND AFFILIATES														
III Total												308,522		

The values shown refer to a performance share based on Cattolica Assicurazioni Ordinary Shares, with 100% on-target performance in achieving objectives during the 2018-2020 vesting period

**ATTACHMENT 4 – EQUITY INTERESTS FOR MEMBERS OF THE GOVERNING AND CONTROL BODIES,  
OF GENERAL MANAGERS AND OTHER EXECUTIVES VESTED WITH STRATEGIC AUTHORITY**

First name and surname	office	Company	shares		shares		shares	
			held of FY 2017	acquired in of FY 2018	sold in of FY 2018	held at the end of FY 2018	shares over 2018	
<b>Paolo Bedoni</b>	Director	Cattolica Assicurazioni	40,000	30,000	-	-	70,000	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	24,500	-	-	-	24,500	
<b>Barbara Blasevich</b>	Director	Cattolica Assicurazioni	6,356	6,644	-	-	13,000	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	12,025	-	-	-	12,025	
<b>Bettina Campedelli</b>	Director	Cattolica Assicurazioni	3,168	-	-	-	3,168	
<b>Nerino Chemello</b>	Director	Cattolica Assicurazioni	3,110	-	-	-	3,110	
<b>Chiara de' Stefani</b>	Director	Cattolica Assicurazioni	3,100	-	-	-	3,100	
<b>Lisa Ferrarini</b>	Director	Cattolica Assicurazioni	3,100	-	-	-	3,100	
<b>Paola Ferroli</b>	Director	Cattolica Assicurazioni	3,101	-	-	-	3,101	
<b>Paola Grossi</b>	Director	Cattolica Assicurazioni	3,010	-	-	-	3,010	
<b>Alessandro Lai.</b>	Director	Cattolica Assicurazioni	47,210	21,318	-	-	68,528	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	2,915	-	-	-	2,915	
<b>Giovanni Maccagnani</b>	Director	Cattolica Assicurazioni	3,262	-	-	-	3,262	
<b>Alberto Minali</b>	Director	Cattolica Assicurazioni	403,000	-	-	-	403,000	
<b>Luigi Mion</b>	Director	Cattolica Assicurazioni	3,725	-	-	-	3,725	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	121	784	-	-	905	
<b>Carlo Napoleoni</b>	Director	Cattolica Assicurazioni	3,100	-	-	-	3,100	
<b>Angelo Nardi</b>	Director	Cattolica Assicurazioni	3,415	-	-	-	3,415	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	300	-	-	-	300	
<b>Aldo Poli</b>	Director	Cattolica Assicurazioni	100,000	50,000	-	-	150,000	
<b>Pilade Riello</b>	Director	Cattolica Assicurazioni	3,410	-	-	-	3,410	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	682	-	-	-	682	
<b>Manfredo Turchetti</b>	Director	Cattolica Assicurazioni	3,000	-	-	-	3,000	
<b>Eugenio Vanda</b>	Director	Cattolica Assicurazioni	3,005	-	-	-	3,005	
<b>Giovanni Glisenti</b>	Chairman of the Board of Statutory Auditors	Cattolica Assicurazioni	3,753	-	-	-	3,753	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	315	-	-	-	315	
<b>Federica Bonato</b>	Statutory Auditor	Cattolica Assicurazioni	454	-	-	-	454	
<b>Cesare Brena</b>	Statutory Auditor	Cattolica Assicurazioni	5,492	-	-	-	5,492	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	315	1,950	-	-	2,265	
<b>Luigi de Anna (2)</b>	Statutory Auditor	Cattolica Assicurazioni	341	-	-	-	341	
<b>Andrea Rossi (2)</b>	Statutory Auditor	Cattolica Assicurazioni	1,000	6,500	-	-	7,500	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	34,200	-	-	-	34,200	
<b>Carlo Alberto Murari</b>	Substitute Auditor	Cattolica Assicurazioni	100	-	-	-	100	
<b>Massimo Babbi</b>	Substitute Auditor	Cattolica Assicurazioni	341	-	-	-	341	
<i>Constructive possession via close family member</i>		Cattolica Assicurazioni	341	-	-	-	341	
<b>Marco Cardinaletti (1)</b>	General Manager	Cattolica Cattolica	10,000	-	-	-	10,000	
<b>Nazareno Cerni</b>	Vice General Manager	Cattolica Assicurazioni	-	1,000	-	-	1,000	
<b>Mattioli Enrico</b>	Vice General Manager	Cattolica Assicurazioni	-	10,000	-	-	10,000	

(1) General Manager Marco Cardinaletti left that office effective 28 January 2018; the related equity stake is therefore noted up until that date.

(2) Statutory Auditors Luigi de Anna and Andrea Rossi were not confirmed by the Annual General Meeting of 28 April 2018 in order to account for the reduction of the Board of Statutory Auditors; the related stake is therefore shown as of that date.





# Cattolica Assicurazioni Group

## Remuneration Report

*Drawn up pursuant to IVASS Regulation no. 38 of July 2018*

*2018*



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## SECTION 1

### FOREWORD

The instant remuneration Report (hereinafter, “Report”) has been generated in compliance with applicable laws and regulations, with specific reference to IVASS Regulation no. 38 (3 July 2018, hereinafter, “Regulation”) and Art. 275 of EU Regulation 2015/35 regarding Remuneration Policies within insurance companies, as well as, to the extent applicable, in compliance with CONSOB Regulation 17221 referring to related-party transactions, and Art. 123-ter of the Consolidated Law on Financial Intermediation.

The document was generated bearing in mind the following as well:

- Article 57 and Articles 2, 17, 19, 29 of EU Directive 2016/97 on Insurance Distribution, incorporated into Italian Law with Legislative Decree no. 68 (21 May 2018);
- Title II of EU Delegated Regulation 2017/2359 from the Commission, of 21 September 2017, on disclosure duties, and rules of conduct applicable to the distribution of insurance-based investment products (IBIPs)
- IVASS Regulation no. 40/2018 regarding insurance and reinsurance distribution

When and where applicable, the Report also follows the principles set forth in the Corporate Governance Code (with respect to its most recent update) for publicly traded companies.

Pursuant to the Regulation, the Parent Company generates Group-wide remuneration policies, ensures their overall congruence, provides necessary directions needed to implement them, subject to Group companies’ maintaining responsibility with respect to the provisions directly applicable to the same with respect to remuneration, and the proper implementation of the instructions provided by the Parent Company themselves.

With reference to the Directors, Control Bodies, General Managers, and other Executives, of Cattolica Assicurazione Group Companies (hereinafter, “Group”) provides a report on the implementation of 2018 Policies, with respect to individual remuneration governed by the Regulation, and which contains information regarding the principles and guidelines Società Cattolica di Assicurazione applies in its role as Parent Company in establishing the FY2019 Remuneration Policy, as well as information relating to procedures used for adopting and implementing those policies.



# 1

## INTRODUCTION TO THE REMUNERATION POLICIES

## 1 – INTRODUCTION TO THE REMUNERATION POLICIES

### 1.1 DEFINITIONS

For purposes of the instant Policies, the following definitions (listed in alphabetical order) have been adopted:

- **Senior Management** – identifies the CEO and General Managers;
- **Bonus** – value of variable remuneration, calculated as a percentage of Gross Annual Salary, disbursed upon the achievement of objectives set forth in the incentivisation plans;
- **Parent Company** – Società Cattolica di Assicurazione - a cooperative
- **Claw-back** – a contract provision that allows for the demand of restitution, whether in whole or in part, of any disbursed remuneration predicated on earnings that turned out to be short-lived or the result of intentional or grossly negligent behaviour;
- **Corporate Governance Code** – the Corporate Governance Code for companies publicly traded on the Borsa Valori in Milan, in the version approved July 2018, by the Corporate Governance Committee;
- **Deferment** – delayed (within a pre-established time period) payment of the variable component with respect to the date the incentive accrued, the disbursement of which may be subject to the malus and claw-back rules;
- **Key Functions** – Audit, Risk Management, Compliance and Actuarial Functions, pursuant to IVASS Regulation no. 38, 3 July 2018, in addition to other Functions that may be instituted as part of Company policy;
- **Gate**: a baseline objective to be reached to activate the incentive plan; below that threshold, the plan does not contemplate the disbursement of any bonus;
- **Key Performance Indicators (KPI)** – qualitative / quantitative measures identified and established as incentivisation plans (both for short-term and long-term plans) are created, and geared towards making the actual achievement of assigned objectives measurable;
- **Long Term Incentive (LTI)** – an incentivisation system based on pre-established long-term goals being reached.
- **Malus** - a contract clause that contemplates the possibility of not disbursing, whether in whole or in part, any accrued deferred remuneration in circumstances where, once the deferment has expired, the *pre-set objectives* have not been reached, or where the Company's equity or financial position has deteriorated significantly;
- **Management by Objectives (MBO)** – an incentive system correlated to the results achieved based on annual pre-set objectives.
- **Personnel** – identifies the set of parties defined in Art. 2, paragraph 1, subpart (m) of the Regulation;
- **Insurance-Based Investment Product (IBIP)** – an insurance product that features an expiry or redemption value, and in which such expiry or redemption value is subject in whole or in part, directly or indirectly, to market fluctuations;
- **Control Body** – identifies the Board of Directors or, if contemplated, Management Control Committee;
- **Remuneration** – any type of payment of benefit paid, be it directly or indirectly, including with financial instruments or in-kind assets (“fringe benefits”), based on work performance or professional services rendered by recipients of Company Policies. Any payments referring to elements contemplated under national collective-bargaining agreements and supplemental agreements are excluded, included but not limited to complementary social-security services and variable company bonuses;
- **Gross Annual Salary (GAS)** – the sum of fixed annual remuneration (equal to the total of fourteen monthly salary payments under the CCNL [National Collective Bargaining Agreement] and any typical remuneration that might be considered fixed);
- **Group Companies** - the Parent Company and its subsidiaries
- **Subsidiaries** - Group companies subject to the control of the Parent Company pursuant to applicable laws and regulations.

- **Insurance Subsidiaries** - Group companies operating in the insurance industry under the aegis of the Parent Company;
- **Non-Insurance Subsidiaries** - Group companies not operating in the insurance industry but under the control of the Parent Company.
- **Personnel** – identifies the set of the persons identified in Art. 2, paragraph 1, point 1, of EU Delegated Regulation 2017/235.

## 1.2 REFERENCE PRINCIPLES AND GUIDELINES

All those who perform an important role in the management or supervision of the business shall be compensated in accordance with the general principles set forth in the Regulation, which states *“Businesses adopt Remuneration Policies in a written form in accordance with sound and prudent risk management, and pursuant to long-term strategic objectives, profitability, and sustainability for the business. Companies shall eschew Remuneration Policies predicated exclusively or primarily on short-term earnings, such that excessive risk exposure, or the assumption of risks that exceed the risk tolerance set by the Governing Body might be incentivised”*.

Director and executive remuneration, especially of executive directors, and executives vested with strategic authority, shall thus be set based on the need to pursue profitable but sustainable management. Thus, alignment between Group Remuneration Policies and its stance on risk management and assessment and solvency is ensured.

To that end, the incentivisation plans contemplated indicators with the objective of gearing beneficiary behaviour with respect to risks typical of the industry.

Furthermore, for those parties involved in distribution operations, the provisions of Art. 17 of EU Directive 2016/97 shall apply. Therefore, the payment of remuneration and performance assessments both for Company employees involved in distribution activities as well as of the distribution network take into account such parties' duty to act in the customer's best interests in all cases. To that end, Group companies, bearing in mind the provisions of the Conflict of Interest Policy, which constitutes an integral part of the instant document:

- shall not adopt any remuneration-related provisions, sales or other objectives that might incentivise its employees or distribution network, or to offer or recommend to customers a particular insurance product where a different insurance product that better meets their needs is available;
- have introduced, within their own incentivisation system, qualitative performance-assessment criteria that allow both for assessing the quality of services offered to the customer with a view toward continual improvement, as well as to encourage the collection of information useful to identify, and to offer products that are increasingly in line with customer needs, according to a view integrated into the POG process.

In light of the foregoing, Group company incentivisation plans for parties involved in distribution activities (including personnel) contemplates indicators focused on gearing behaviour towards honesty, equity, and professionalism, in the best interests of the customer.

Persons subject to the Remuneration Policy shall be required not to use hedging strategies that might alter or invalidate the risk-alignment effects inherent to the variable-remuneration policies.

Furthermore, to stay true to its own history, its corporate nature, and the principles that inspire its operations, Group has set Remuneration Policies so as to accord with, and abide by, the following principles:

- uniform economic treatment for equivalent roles and responsibilities; fostering diversity of origin and gender;
- balancing company remuneration with those in the reference market;
- disbursing bonuses in an incremental manner, with the intent of encouraging the achievement of long-term earnings.

The foregoing is carried out with the conviction that, by establishing and applying the Remuneration Policies in a manner consistent with the aforementioned principles, it is possible to:

- contribute to creating long-term value for all stakeholders;
- promote the creation of long-term business strategies, which are then made manifest in strategic/industrial plans;
- safeguard Group companies' image and reputation, in accordance with the provisions of Company's Code of Conduct;
- motivate directors, executives, and associates to pursue Group's objectives with all due professionalism, optimising Group's chances of achieving them;
- improve customer-service quality, building trust in Group companies and its network, establishing a sound, solid, and lasting relationship with the same.

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### 1.3 SCOPE OF APPLICATION

The instant Remuneration Policies constitute a strategic and coordination tool for all Group subsidiaries, thereby confirming the Parent Company's role in establishing, developing, and identifying guidelines and application/assessment criteria in effect Group-wide, in general accordance with the provisions of Art. 2497 et seq. of the Civil Code, and in compliance with the Regulation, including with respect to the Group's risk-management strategy and policy, ensuring at the same time that these are calibrated specifically to the individual Companies within the Group.

Generally, please note that Company Staff within the Group are only subject to those Remuneration Policies for the Company in which it is directly employed, as has been the practice and protocol for years.

The Parent Company's role in instruction and coordination applies to Group non-insurance companies as well, and to foreign companies to the extent, and insofar as laws applicable to each company permit, whilst bearing in mind the framework of laws, remuneration programmes, and practices applicable in each country.

As expressly required by the Regulation for all companies formed under Italian law, the recipients of the instant Policies are— members of the Board of Directors, members of the Control Body, all "Personnel", and other contemplated parties: insurance and re-insurance brokers, and generally all parties involved in distribution operations (especially with respect to insurance-based investment products), and outsourced service providers.

For those Employees who also hold office within one of the Group's corporate bodies, the remuneration package (GAS, MBO, and other elements as described herein) earned by the individual include director remuneration in that any fees for offices held within any corporate body shall be turned over to the Company employing such person.

Please further note, in terms of the foregoing, the instant Policies have been officially delivered to the Group's foreign insurance companies as well, whilst the regulatory/statutory citations, definitions, remuneration infrastructure, and related application process, refer solely to insurance companies formed under Italian law.

#### 1.4 IDENTIFICATION OF “PERSONNEL”

Personnel, *whose activities could have a significant impact on the business’ risk profile*, includes pursuant to a specific regulatory provision:

- General Managers;
- Executives tasked with strategic functions;
- Heads of Key Functions;
- *other categories of personnel as duly identified*

The latter category, unlike the otherwise which automatically fall under the definition of “Personnel” pursuant to the regulation, must be identified by a business using objective criteria. Company thus identifies, on at least an annual basis, the roles and categories of subjects falling into such category in accordance with internal rules and regulations.

Pursuant to Art. 59, paragraph 1, subpart (b) of the Regulation, with the instant Policies we hereby state that the process for identifying Personnel has been carried out in concern with the Key Functions, and passed by resolution of the Parent Company’s Boards of Directors. This definition was made in part based on indicators regarding the position and degree of responsibility held, position in the chain of command, operations conducted, authority delegated to the same, and the possibility of generating profits or impacting accounting entries at a significant level, or the ability to take a risky stance.

At the end of that assessment process, which was conducted in accordance with the aforementioned criteria, has allowed - amongst other benefits - for greater focus to be placed on “strategic” roles within the Group. Therefore, in addition to the Personnel as defined in the Regulation applicable to the Group's Italian insurance companies, another category of “personnel” has been identified in all other Executives on the Strategy Committee, as well as all Parent Group Executives which, taking pay grade (amongst other factors) into account (D2/Directors), the level of responsibility and position in the chain of command, are parties reporting directly to the CEO, General Managers, and Vice General Managers.



# 2 GOVERNANCE OF REMUNERATION POLICIES

## 2 – GOVERNANCE OF THE REMUNERATION POLICIES

In accordance with applicable Italian law, the establishing and passing of Remuneration Policies and the controls intended to supervise proper implementation of the same, involve specific responsibilities and proactive behaviour on the part of a series of individuals, engaged in various ways in the general governance system with respect to remuneration, with reference to companies formed under Italian law. Please note that some parties identified in the instant chapter are only established at the Group level.

### 2.1 ANNUAL GENERAL MEETING

The following authority is reserved to the Ordinary Annual General Meeting:

- establishing, remuneration accruing to the members of the Board of Directors for their entire term, subject to the provisions set forth in Art. 2389 of the Civil Code for special offices;
- setting annual remuneration for actual members of the Governing Body at their appointment, and applicable throughout their term;
- setting the attendance fee payable to Directors and Auditors for every Board of Directors or Board Committee meeting attended;
- approving remuneration policies for Company Corporate Bodies and for Personnel, including remuneration plans predicted on financial instruments.

### 2.2 THE BOARD OF DIRECTORS

The Board of Directors, in accordance with the provisions of Art. 42 of the Regulation, is responsible for establishing and updating Company's Remuneration Policies, to be submitted to the Ordinary Annual General Meeting for approval.

The Board of Directors is also responsible for:

- passing resolutions regarding individual allocations of the global remuneration approved by the Annual General Meeting for members of the Board of Directors, as well as modalities relating to expense reimbursements to the same;
- passing - once the Governing Body and Remuneration Committee's opinion has been secured - resolutions regarding remuneration for Directors holding particular offices, if any;
- submitting, on an annual basis, a document constituting the disclosure to the Annual General Meeting pursuant to Art. 59 of the Regulation;
- ensuring - in part based on the support provided by the Parent Company's Remuneration Committee and the Risk Management Committee - the proper application of Remuneration Policies; for any general implementation issues, the BOD may rely on Senior Management, and for any operations issues, HR; the BOD may also acquire the findings of any audits performed by Group Key Functions;
- monitoring decision-making processes with respect to Remuneration Policies to ensure they are straight-forward, document, and transparent, and that they include measures intended to avoid conflicts of interest;
- setting remuneration and attendance fees, and expense reimbursements, for members of the Control Body established pursuant to Legislative Decree no. 231/2001, if appointed;

The Parent Company's Board of Directors shall be further responsible for:

- setting remuneration for the Deputy Director charged with accounting documents;
- setting expense-reimbursement rates for the Ethics and Disciplinary Committee;
- ensuring the overall congruence of the Group's remuneration policies and practice, verifying proper implementation by group companies;
- guaranteeing that Group company remuneration conforms to the principles and rules contemplated by the Regulation and, for any foreign companies, the absence of any conflict with local laws and industry regulations;
- ensuring proper Group-level management of significant risks relating to aspects relating to Group

companies;

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### 2.3 REMUNERATION COMMITTEE

The Remuneration Committee<sup>1</sup> has investigatory, consultancy, and proactive functions with respect to Remuneration Policies and remuneration for Directors and those executives charged with strategic responsibilities, subject to any specific allocations made to the CEO and/or other Committees within Parent Company's Board of Directors.

The Committee is made up of three (non-executive, majority) Directors recognised as independent by Company pursuant to the Corporate Governance Code for companies publicly traded on Borsa Italiana. The Chairman shall be chosen from amongst Directors qualified by Company as independent pursuant to the Corporate Governance Code.

No Director shall participate in any Committee meeting wherein Board of Directors motions regarding their remuneration are being discussed. The Committee makes decisions on matters falling within their aegis in a collegial manner. Decisions shall be passed by a majority vote of those members present at the meeting. The person chairing the Committee meeting shall break any tie.

Committee reports to the Parent Company's Board of Directors on activities and on the actual functioning of remuneration policies on an annual basis.

The Remuneration Committee is responsible for, amongst other duties:

- verifying the overall fitness of the remuneration system, as well as the proportionality of remuneration for Executive Directors and Directors holding special offices with respect to Company's personnel;
- conducting periodic assessments regarding the fitness, overall consistency, and the correct application of the general policies adopted for the remuneration of Executive Directors, of other directors vested with specific executive offices with strategic responsibilities, availing themselves in that last regard of information provided by CEO;
- providing consultancy, and providing draft motions to the Board of Directors regarding the establishment of remuneration policies, and remuneration for Executive Directors and other Directors holding special offices, as well as in the setting of performance objectives relating to the variable component of such remuneration;
- monitoring the application of decisions adopted by the Board itself, auditing in particular the actual achievement of these performance objectives, thereby verifying that the conditions for bonus payment to personnel has been met;
- submitting proposals to the Board of Directors regarding remuneration to be paid to managers and directors vested with special functions, as well as members of certain committees and bodies;
- conducting periodic assessment for criteria adopted for the remuneration of companies' Corporate Bodies, and submitting opinions and suggestions on these matters to the Board of Directors;
- conducting specific enquiries as may be requested from time to time by the Board of Directors or by the Managing Director regarding remuneration;
- developing Board of Directors resolutions regarding fee, remuneration, and incentive-related proposals to be submitted to the Annual General Meeting;
- according to what is contemplated by the procedure for the management of related-party transactions, express an advance opinion under Art. 7 of the CONSOB Regulation for decisions relating to allocating remuneration and economic benefits in any capacity, to members of the Board of Directors and executives with strategic responsibilities, other than those passed at the Annual General Meeting;
- generating advance opinions on the content of the remuneration report to be provided to the public in accordance with applicable provisions, and any other information document provided it is intended

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<sup>1</sup> instituted by Resolution of the relevant Parent Company's Board of Directors on 23 March 2001.

- for public disclosure regarding remuneration;
- carrying out other tasks, functions, and activities attributed to it by the Board of Directors or as required by applicable provisions of law or regulation, including the identification of potential conflicts of interest, and the measures adopted to manage them;
- developing assessments on the sufficiency of policies, and their impact on the assumption and management of risks.

Pursuant to Art. 13, paragraph 3, subpart (b) of CONSOB Regulation no. 17221 of 12 March 2010, regarding related-party transactions, as applicable, decisions relating to the allocation of remuneration and economic benefits (whatever the form) to members of governing bodies and to executives with strategic responsibilities shall not be subject to the procedure for managing related-party transactions as approved by the Board of Directors, insofar as consonant with the Remuneration Policies approved by the Annual General Meeting.

To implement the provisions of that same Regulation, the Committee has been tasked with:

- verifying executive-director remuneration proportionality with respect to executives and with respect to company staff;
- verifying, should the business avail itself of external experts for the determination of remuneration policies, that they do not contemporaneously provide other consultancy services to directors or entities involved in the decision-making process.

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#### 2.4 INTERNAL CONTROL AND RISK COMMITTEE

The Internal Control and Risk Committee<sup>2</sup>, based in part of the findings of the Internal Audit Committee, provides the Parent Company's Remuneration Committee and its Board of Directors, whilst respecting the independence of the same, its opinion on the identifying "Personnel", and the application of Remuneration Policies, in particular with respect to remuneration of the Heads of Key Functions.

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#### 2.5 SENIOR MANAGEMENT

Senior Management, in addition to implementing - insofar as their respective duties require, and in accordance with the Board of Directors - the Policies approved by the Annual General Meeting, also ensures that the criteria and principles for establishing Remuneration Policies align with what has been established by the Parent Company, assessing its alignment with approved objectives, including with reference to the remuneration of insurance and re-insurance brokers, and outsourcing firms.

Parent Company Senior Management, furthermore, is tasked with ensuring the overall implementation, maintenance, and monitoring of Group remuneration policies.

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#### 2.6 HR FUNCTION – ORGANISATION AND RESOURCE MANAGEMENT

The Remuneration Policy applicable to Personnel are coordinated for the Cattolica Assicurazioni Group by the Group's HR Function.

Therefore, as against any Personnel implicated by the Regulation, and in accordance with instructions received by the Board of Directors and the provisions of the Regulation, the HR Function handles:

- participating in the process to identify "Personnel", handling the formalisation of the same;
- defining the variable-remuneration structure, and the distribution methods with an ad-hoc regulation;
- contributing to the identification of KPI and related target levels, with the support of the Compliance, Risk Management, and Planning / Management Control Functions, each insofar as its authority permits;
- contributing to the identification of KPI and related target levels, with the support of the Compliance,

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<sup>2</sup> instituted as the Internal Control Committee by Board of Directors Resolution of 23 March 2001 and re-appointed at the 19 December 2012 Board meeting, in accordance with the 2011 edition of the Corporate Governance Code.

Risk Management, and Planning / Management Control Functions, each insofar as its authority permits;

- verifying whether performance objectives for calculating variable contribution have been met, based on supplied and validated data, according to their respective fields of activity, by the Compliance, Risk Management, Planning / Management Control, Administration, and Actuary Assessments / Actuarial Functions;
- discloses to MBO and LTI recipients, the variable-remuneration calculation criteria, through the submission of the regulation, and the objective-assignment sheet; at the end of the period, and pursuant to a pre-established timeline, disburse bonuses based on a final accounting of objectives reached.
- formally submitting the Policy to companies formed under foreign law so that they might generate their own in a manner consonant with the Parent Company's.

## 2.7 KEY FUNCTIONS

**Internal Audit Function** – In accordance with the Function's independence principles, contemplated by applicable law and international auditing standards, verifies the correct application of Remuneration Policies set by the Parent Company's Annual General Meeting pursuant to the guidelines established by the Parent Company's Board of Directors.

To wit, in its reporting to the Board of Directors, the Function verifies:

- that the identification of "Personnel" happened in accordance with criteria set forth in the Policies;
- the correct application of criteria contemplated in the Policies based on strategic direction set with a view towards efficiency and asset protection;
- including through the use of a technical sample, that variable-remuneration components have been disbursed in accordance with the Remuneration Policies;
- that information flows relating to indicators, used for purposes of setting the variable components are correct, complete, and subject to sufficient validation procedures;
- that the HR, Compliance, and Risk Management Functions have issued a non-negative opinion with respect to the Policies proposed by the Parent Company's Board of Directors to the Annual General Meeting;
- plans annual audits (be they full or partial) on the processes for setting and disbursing remuneration;
- disclosing the results of its own audits, in addition to the Remuneration Committee, to the usual recipients of audit reports including but not limited to the Risk and Control Committee, and specifically to the Board of Directors.

**Compliance Function** – In accordance with the independence principles of the Function, performs an upstream verification of the remuneration policies to ensure they conform to applicable provisions of law, in order to prevent and contain legal and reputational risks. Additionally, the Function contributes to the setting of criteria to identify Personnel, establishing the Conflict of Interest Policy, applicable to distribution activities and related procedures, reports the audit findings to the Board of Directors to allow for corrective measures to be taken with respect to the Policies, if and when needed. To wit:

- A.1. *Current policies*: the Compliance Function conducts an upstream verification that the process conforms to adopted policies.
  - That the structure of proposed objectives aligns with what is set forth in current Policies;
  - That the System Bylaws, and ancillary documentation that will be delivered to the beneficiaries of the incentivisation system are complete, and reflect the implementing principles contemplated in current Policies.
- A.2. *Motions to amend the Policies*: should it become necessary to move the Annual General Meeting to amend the Remuneration Policies adopted by the same and presently in force, the Compliance Function:
  - verifying the regulatory compliance of any proposed amendments upstream, generating - as deemed fit - suggestions for modifications prior to the Board of Directors' motion to the Annual General Meeting.
  - develops specific assessments on the fitness of the Remuneration Policies proposed, in order to avoid conflict-of-interest scenarios.

**Risk Management Function** – Reports to the Board of Directors in accordance with the Function’s independence principles; provides substantive contributions to setting the perimeter for “Personnel”, and participates in defining indicia of risk such that the performance objectives might take risks into account. Furthermore, the Function assesses the risks relating to the adoption of Remuneration Policies, and the overall congruence of the Policies compared to the Group's risk tolerance level set by the Board of Directors. To wit:

- B.1. *Current policies*: the Risk Management Function conducts an upstream verification, insofar as its duties require, that the process conforms to adopted policies. To wit, it verifies:
  - that the structure of proposed objectives aligns with what is contemplated by applicable Policies, with particular attention paid to properly considering the magnitude of the risks;
  - that the thresholds set for performance and risk objectives as contemplated accord with the risk tolerance set by the Board of Directors.
- B.2. *Motions to amend the Policies*: should it become necessary to move the Annual General Meeting to amend the Remuneration Policies adopted by the same and currently in force, the Risk Management Function performs an upstream verification, conducting its own assessments, the alignment with the Policies, as amended (if amended) with company risk-management policies, and the general context, providing (if and where convenient) suggestions for modifications prior to the Board of Directors’ motion to the Annual General Meeting.

**Actuarial Function** – certifies actuarial data, coordinates the calculation of technical reserves, and ensures the sufficiency of the underlying methods and models; coordinates the definition of methodologies, and options for calculating technical reserves, and conducts a downstream audit of their correct application; verifies and certifies the respect for requirements used in the calculation of technical reserves.

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2.8 THE PLANNING & MANAGEMENT CONTROL, FINANCE AND BUDGET, ACTUARIAL ASSESSMENTS, OPERATIONS AND CORPORATE/SHAREHOLDER COMPLIANCE FUNCTIONS, COMPANY SECRETARIAT.

The aforementioned involved Functions, each as its duties required, in the process of verifying objectives being reached, is involved in certifying to the HR Function the datum relating to each quantitative indicator of variable-remuneration system both for the Personnel as well as for all other variable-incentivisation systems. The data processed by the Actuarial Assessment are certified in advance by the Actuarial Function. The Planning and Management Control Function is also involved in the process of setting the *performance* indicators accruing to them, and the related *target* values for which it provides a certification of budgetary compliance.

The Corporate / Shareholder Compliance Function and the Company Secretariat manage, along with the Tax Affairs service, the generation of data relating to corporate-body remuneration.

# 3

## IMPLEMENTATION OF REMUNERATION POLICIES FOR 2018

### 3 – IMPLEMENTATION OF REMUNERATION POLICIES FOR 2018

#### 3.1 IMPLEMENTATION PRINCIPLES FOR THE 2018 REMUNERATION POLICIES

The Policies and their implementation are based on the tenets of proper behaviour and ethics, strategic alignment, and moving to a sound and prudent management of risks. Adherence to the aforementioned principles is assessed each year by the Group's Key Functions with respect to the implementation programmes for the Policies themselves.

#### 3.2 REMUNERATION OF DIRECTORS AND CONTROL BODIES IN 2018

##### 3.2.1 DIRECTORS

FY2018 remuneration for Group company Board members (for companies formed under Italian law) and their respective Governing Bodies shall align with the provisions set forth in the related Remuneration Policy section approved by the Annual General Meeting.

Please note that, for all non-executive Directors, none of the following is contemplated:

- Incentivisation plans based on financial or monetary instruments;
- Agreements that contemplate the allocation or maintenance of non-monetary benefits in favour of Directors who have left office, or the execution of consultancy contracts for a period following such termination;
- Agreements that contemplate remuneration for non-compete duties.

For details on fees and remuneration paid to the Directors of each Company, please see the applicable Remuneration Reports.

#### 3.3 "PERSONNEL" REMUNERATION IN 2018

Growth trajectory and innovation envisaged by the Industrial Plan has been developed using a number of means, including an organisational infrastructure that keeps pace with market trends and the Group's industrial priorities.

Within this context, the Parent Company's Board of Directors, having secured a favourable opinion from the Remuneration Committee, decided in FY2018 to review the incentivisation system. Thereafter, these were approved by the Parent Company's Annual General Meeting as well as those for Group insurance companies formed under Italian law.

That incentivisation system is structured as a short-term, monetary, traditional-model (MBO - Management by Objectives) system, with percentages calculated based on the degree of responsibility held, with a target level falling between a minimum 25% and a maximum of 40% of the GAS.

For the Key Functions (which, as applicable law requires, may not be incentivised based on financial earnings) such percentage totals 30% of the GAS.

In order to support the reaching of objectives of the Industrial Plan, and to respond to investor solicitations - which require an alignment between strategic-executive risk and shareholder risk - and to make the Group competitive in the labour market, a new incentivisation plan was designed in FY2018. It was intended for the key figures who have the necessary responsibilities and skills to pursue such objectives.

That plan is made up of a long-term incentivisation plan, known as LTI (Long Term Incentive) that is share-based, and connected to performance objectives established over a multi-year timeframe, aligned with the Industrial Plan's timeframe, with variable assignment percentages ranging from 30% to 60% of the GAS/individual emolument for each year the Plan is in effect.

The long-term variable component is made manifest over a three-year plan. At the expiry of that term, and subject to pre-set objectives being reached, Parent Group gratuitous shares (performance shares) shall be assigned. To wit, the number of shares that might potentially be assigned to each recipient was determined at the beginning of the Plan as a ratio between the target-bonus amount (defined as a percentage of GAS), and the value of the share calculated as contemplated under the Plan Bylaws.

Only at the end of the performance period shall, provided the pre-set objectives have been reached, and subject to the need to exceed the access benchmark defined at the beginning of the plan, 60% of the shares initially contemplated be assigned and made available, whereas 40% shall be assigned at the end of a subsequent two-year deferment.

As contemplated by applicable Policies, to draw a clear line between previous plans and those introduced for FY2018, and in order to facilitate managing accounts payable on the same, the current incentivisation plans were closed, and any remuneration payable to the Parent Company's CEO and to other interested Executives was disbursed. The novation was limited to a medium-term Incentivisation Plan (LTI) for 2017/2018 and the short-term component (MBO) deferred with respect to FY2017.

For further information regarding the implementation of FY2018 Remuneration Policies, please review documentation held at each company.

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#### 3.4 REMUNERATION OF OTHER PARTIES IN FY2018

All other parties - insurance and reinsurance brokers, and outsourcing firms - have been compensated in accordance with the provisions of the FY2018 Remuneration Policies.

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#### 3.5 AUDITS PERFORMED BY KEY FUNCTIONS IN FY2018

Group Key Functions - especially Audit, Risk Management, and Compliance - have, each within its own span of authority and in accordance with Remuneration Policies for the individual Group companies formed under Italian law, approved by the Annual General Meeting in April of 2018, conducted audits regarding the establishing and application of the policies themselves.



# 4

## REMUNERATION POLICIES FOR 2019

## 4 – REMUNERATION POLICIES FOR 2019

### 4.1 REMUNERATION OF DIRECTORS AND CONTROL BODIES

#### 4.1.1. DIRECTORS

Generally, for companies formed under Italian law, Directors are divided between executive (vested with managerial authority) and non-executive; within such companies, only the Managing Director is designated as “executive”.

**Non-Executive Directors:** base remuneration for Non-Executive Directors (be they independent or not) is generally set by the Annual General Meeting at a flat, global, pre-determined amount, which is then divided amongst the individual persons by resolution of the Board of Directors. There may also be a participation fee for individual attendance of meetings, likewise set by the Annual General Meeting.

That remuneration, which - except as otherwise stated herein - constitutes non-executive director remuneration, takes into account the total commitment, and the responsibility undertaken with the position. It is not expressly tied to any future Company earnings and/or the achievement of specific, predetermined objectives identified by the Board or by the delegated bodies, respectively.

Furthermore, for those Directors who perform special offices within the Board, an additional remuneration, likewise as a flat rate, is contemplated.

For taking part in Board Committees, if any such committees are formed, a flat rate (with, potentially, a premium for the Director chairing the Committee) as well as a participation fee for individual attendance of the Committee meetings is contemplated.

Non-Executive Directors are not paid any variable component, or any fringe benefits. Insurance coverage for civil liability of the same (under D&O Directors and Officers Liability policy) may be provided.

No severance is contemplated for Non-Executive Directors who end their term of office anticipatorily.

#### 4.1.2 THE PARENT COMPANY MANAGING DIRECTOR

Remuneration Policies contemplate, for the Parent Company's Managing Director, dividing remuneration into equal fixed and variable portions. The structure of the variable-remuneration component is made up of the portion tied to short-term annual earnings (MBO) and the remaining portion relating, on the other hand, three-year results of the Industrial Plan (LTI) according to the following summarised terms:

- a) the short-term MBO variable component corresponds to 40% of the annual fixed remuneration recognised to the same.
- b) the long-term component (LTI) corresponds to 60% of the fixed remuneration recognised to such person for each year during the Plan.

For both components:

- the percentage actually subject to disbursement shall depend, other than on the achievement of the equity-stability level established as the Gate calculated after having taken into account the value relating to the profit distributed, and a further Gate relating to the existence of a profit that might be distributed to shareholders, by the level of actual achievement of objectives.
- regardless, such recognition is predicated on the minimum-results threshold (threshold) being reached, and may reach values above the maximum percentage defined with a maximum contemplated at 150% of the established target.
- finance-related indicators are contemplated - jointly and individually.

In accordance with Art. 48 of the Regulation, malus and claw-back provisions are contemplated, which apply to what has been disbursed or what might be disbursed as variable remuneration.

Please note that the Parent Company's Board of Directors has the discretion, having secured an opinion from both the Control Body and the Remuneration Committee, to resolve - as procedures allow - and to consider, for purposes of assessing the achievement of objectives and gates both in the short term and in the long term, extraordinary events, including statutory and regulatory changes having a significant impact on the structure and modalities of calculating the value of the assigned-objective parameters, as well as for any exceptional, unforeseeable changes to macro-economic conditions, or a significant decline in the financial context ("Market Adverse Change" provision).

In line with the best market practices, the Parent Company's Managing Director is provided both severance and an end-of-service bonus. Rounding out the Parent Company's Managing Director's remuneration package, are certain benefits including a company car, company welfare, health insurance, life insurance, disability and accident insurance, as well as a supplemental pension implemented through a life-insurance policy in which services increase based on the revenue of a separate internal management. Finally, in light of the increasing complexity of duties attaching to members of the Corporate Bodies, especially in publicly traded companies, as well as potential risks traceable to that condition, shall be provided suitable liability coverage (through a D&O Directors and Officers Liability policy).

Greater details regarding the variable components of fees paid to the Managing Director, including the disbursement modalities, deferment and retention of the same, are available within the Parent Company's Remuneration Report.

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#### 4.1.3 THE SUBSIDIARIES' MANAGING DIRECTOR

The Managing Director for subsidiaries formed under Italian law receives a set remuneration as an executive administrator. Should the Managing Director be a Parent Company executive, please note that such party shall not receive any fee for being a Director since such fee is contractually contemplated under its remuneration as Parent Company Executive, the variable-remuneration system contemplated for the Parent Company Executives. Therefore, its remuneration is set and disbursed by the Parent Company itself. Fees paid to the Managing Directors who are employees within the Reference Group of company shareholders, shall be paid to the latter in accordance with the cost-transfer policies currently in effect.

Generally, should such role be filled by personnel belonging to reference Groups for company shareholders, the remuneration structure for such parties shall be governed by the Remuneration Policies for the respective companies to which they belong. Regardless, alternative individual agreements may be negotiated, or different methods of composition for the variable-remuneration system may be established pursuant to agreements entered into by Group companies for company shareholders, provided such agreements comply with the law.

Please note that severance pay for any early exit from office is not contemplated for the Managing Directors of the subsidiaries.

Any exceptions to Director pay with respect to the general criteria described in the instant paragraph are proposed by the Parent Company's Remuneration Committee to company Board of Directors and approved by the Annual General Meeting.

Likewise in this case, greater details regarding the variable components of fees paid to Managing Directors, including the disbursement modalities, deferment and retention of the same, are available within the Remuneration Report for Group insurance companies formed under Italian law.

#### 4.1.4 CONTROL BODIES

Emoluments to members of the Governing Body is set as a fixed rate, in advance. The payment of a participation fee for each Board of Directors meeting (or that of any other Board Committee meeting) attended may be contemplated. No variable-remuneration components, or earnings-related components, nor any remuneration based on financial instruments is contemplated. As for the Directors, liability insurance coverage is provided.

Emoluments for members of the Parent Company's Management Control Committee are set by the Annual General Meeting as a fixed rate, and in equal per-capita measure, but with a premium for the Committee Chair. Furthermore, the Articles contemplate the payment of a participation fee for attendance of each Board of Directors, Management Control Committee, and any other Board committee meeting. No variable-remuneration components, or earnings-related components, nor any remuneration based on financial instruments is contemplated. As for the Directors, liability insurance coverage is provided, along with accident insurance.

## 4.2 "PERSONNEL" REMUNERATION IN 2018

**Remuneration Component** – Bearing in mind that, as previously cited herein, all

### 4.2.1 GENERAL PART

Group company policies shall be subject only to the Remuneration Policies for the company in which they are employed, please note that remuneration of Personnel is made up of a fixed component and a variable component, in the hopes of orienting personnel performance towards objectives set on a Group and Company level.

The two components (known as the "pay mix") have been sufficiently recalibrated, especially with respect to top-management functions, to reward performance and merit, pursuant to strategic objectives and its risk-management policy.

The fixed component is sufficient for remunerating the service in the event that the variable component is not paid due to failure to meet targets.

The variable component is structured as a short-term, monetary, traditional-model (*MBO - Management by Objectives*) system, with percentages calculated based on the degree of responsibility held, with a target level falling between a minimum 25% to a maximum of 40% of the GAS / individual emoluments.

For those heading up Key Functions (which, as applicable law requires, may not be incentivised based on financial earnings) such percentage totals 30% of the GAS. For those functions, the assignment of objectives as well as the subsequent assessment of the degree to which they have been reached falls within the purview of the Board of Directors.

In keeping with the best market practices, the MBO assigns certain performance indicators, such as:

- Group equity-stability Gate - soft limit for the Solvency II Ratio as set by the BOD, calculated after taking into account the related value of distributed profit;
- Gate relating to the presence of profit that might be distributed to shareholders;
- Joint objectives relating to actually meeting the operating-profit objective, with all the more volatile components (e.g. sales, write-downs, other one-off elements) on the consolidated profit & loss statement according to IAS/IFRS principles with a view toward providing a better overview of business performance, as contemplated by the budget, as well as the annually contemplated RORAC level;
- Performance, risk-management objectives that bear in mind the limits of assigned operational, efficiency, and design-development limits, according to the position held in the company by the assignee, and moreover: pre-determined, measurable, and linked to the Industrial Plan;
- Individual legal-compliance objectives

The decline in joint, area, and individual objectives aligns with consolidated practice, in that the principle that each position within the company - based on his/her responsibilities - contributes not only to reaching individual objectives, but also team objectives, and then company and Group-level objectives.

A closed long-term incentivisation plan, known as LTI (Long Term Incentive) that is share-based, and connected to performance objectives established over a multi-year timeframe, in accordance with the Industrial Plan's timeframe, with variable assignment percentages ranging from 30% to 60% of individual GAS / emoluments for each year the Plan is in effect.

Furthermore, in order to optimise Company's human capital, both in the short- and long-term, a portion of the LTI Incentivisation Plan is reserved to associates who, albeit not falling under the "Personnel" heading, possess high organisational and digital skills, and who have demonstrated superior performance levels on an ongoing basis. These persons have been allocated a variable incentive between 10% and 25% of the GAS.

The long-term variable component is made manifest over a three-year plan. At the expiry of that term, and

subject to pre-sent objectives being reached, Parent Group gratuitous shares (performance shares) shall be assigned pursuant to the procedure set forth in the Plan Bylaws. To wit, the number of shares that might potentially be assigned to each recipient was determined at the beginning of the Plan as a ratio between the target-bonus amount (defined as a percentage of GAS), and the value of the share calculated as contemplated under the Plan Bylaws.

LTI system indicators are as follows:

- Group equity-stability Gate - soft limit for the Solvency II Ratio as set by the BOD, calculated after taking into account the related value of distributed profit;
- Gate relating to the presence of profit that might be distributed to shareholders;
- an objective tied to the Parent Company: the Total Shareholder Return (TSR), increase in the security's value over the 2018-20120 period plus the dividends (should they be reinvested), to the performance of the Eurostoxx Insurance index during the same period.
- ROE contemplated by the Industrial Plan (ROE)

The disbursement method and related timeline are governed by the Plan Bylaws.

For both components, the percentage actually subject to disbursement depends not only on the attainment of the equity-stability level as defined previously, but on the actual attainment of objectives. Specifically, the adopted systems contemplate

- Group equity-stability (Gate) clauses - soft limits on the Solvency II Ratio as defined by the Parent Company's BOD, calculated after factoring in the relative value of distributed profits - and the present of earnings to be disbursed amongst shareholders as base conditions for paying a bonus;

- Four performance scenarios:

- 1) an overall insufficient performance, and consequently a bonus level equal to zero;
- 2) an overall performance level (minimum acceptable), and a bonus level of 50% of target value;
- 3) an overall performance level where all objectives are completely reached, with a bonus level of 100% of target value;
- 4) an overall performance level where all objectives are exceeded (over-performance), with a bonus level of 150% of target value;

Furthermore, in accordance with applicable law and regulations, corrective, downstream malus and claw-back provisions are contemplated, the application criteria for which are detailed in the Incentivisation System Bylaws.

The designated bodies have the discretion, having secured an opinion from both the Control Body and the Remuneration Committee, to resolve - as procedures allow - and to consider, for purposes of assessing the achievement of objectives and gates both in the short term and in the medium and long term, extraordinary events, including statutory and regulatory changes having a significant impact on the structure and modalities of calculating the value of the assigned-objective parameters, as well as for any exceptional, unforeseeable changes to macro-economic conditions, or a decline in the financial context ("Market Adverse Change" provision).

Greater details regarding the variable components of remuneration, including the disbursement modalities, deferment and retention of the same, are available within the Remuneration Report for Group insurance companies formed under Italian law.

Generally, including where falling within the category of Personnel are personnel belonging to Groups for

company shareholders, the remuneration structure for such parties shall be governed by the Remuneration Policies for the respective companies to which they belong. Regardless, alternative individual agreements may be negotiated, or different methods of composition for the variable-remuneration system may be established pursuant to agreements entered into by Group companies for company shareholders, provided such agreements comply with the law. Such operating modalities may be used for non-Personnel as well.

#### 4.2.2 OTHER COMPONENTS OF THE REMUNERATION PACKAGE FOR ALL PERSONNEL

Insofar as their respective delegated authority allow, Corporate Bodies and Human Resource shall have the right to set the disbursement of payments in consideration for non-compete agreements, as well as a one-off payment to employees (including non-personnel) in light of special events, and might include but not be limited to: professional reasons, special projects, payments for retention actions for qualified persons, and other unusual events, as well as to agree to disburse:

- specific one-off payments at the hiring stage (e.g. entry bonus / stay bonus), as remuneration for any losses of bonuses accrued with the previous employer, or to promote staying at the company,
- guaranteed elements of the variable component, solely for the first year of employment.
- further remuneration to be assessed on a case-by-case basis, and always in accordance with best practices.

Rounding out the remuneration package for Executives - including those not falling under the "Personnel" category are the following: housing allowance (for some Executives), company car for mixed business / personal use as defined in Company's "Car Policy", and a supplemental allowance (with respect to what is contemplated under the CCNL) in terms of healthcare and social services, as well as an upgraded benefits package through a higher company-match percentage over what is contemplated in the CCNL, without prejudice to any better packages negotiated on an individual level. Furthermore, given the increasing complexity of duties assigned to executive-level staff, especially in publicly traded companies, as well as the risks attaching to such position, suitable liability insurance coverage is also provided. There is also the option to supplement the remuneration package with dedicated forms of company welfare or other benefits.

Some of the foregoing benefits may be provided to non-executive staff not falling into the Personnel category. Moreover, benefits representing an improvement over what is guaranteed in the industry CCNL with respect to healthcare and social services, as well as supplemental benefits, are likewise contemplated. Within the Group's Supplemental Contract, in fact, are rules regarding those benefits that supplement the services and coverage covered by the CCNL, and which increase the employer-matching level for certain supplemental pensions contemplated under the Group Pension Fund.

Furthermore, in light of the increasing complexity of duties attaching to management, especially in publicly traded companies, as well as potential risks traceable to that condition, a suitable liability coverage (through a *D&O Directors and Officers Liability policy*) may be provided.

### 4.3 REMUNERATION OF OTHER PARTIES

For further information regarding the remuneration infrastructure for certain “special positions” within some Group companies, please review documentation within such companies.

#### 4.3.1 OTHER PARTIES IMPLICATED BY VARIABLE REMUNERATION

In addition to what has been specified, certain variable-remuneration systems may be contemplated within the Group both for Executive Personnel, as well as for other categories of entry-level and clerical staff, as well as those not falling under the Personnel category, or to personnel falling into particularly significant roles and/or having special skill sets or responsibilities.

For the sake of completeness, we would further note that, following the application of the new performance-review system, a specific incentivisation system in favour for all non-Executive personnel within companies formed under Italian law, connected to previously assigned objectives and projects, and the assessment of organisational behaviour recognised as a fundamental guide for the activities of each associate.

The aforementioned incentivisation systems are grounded in the general principles, and as applicable the application criteria already present in any in-force Policy, and may be made up of monetary remuneration or company shares, as well as through company welfare or other benefits.

#### 4.3.2 CONTROL BODY

Remuneration accruing to Executives who are members of the Control Body is included in the remuneration package (GAS, MBO, and other elements as described herein) recognised to the same as Parent Company Executives. Economic remuneration for external members is set by the BOD.

#### 4.3.3 INSURANCE AND REINSURANCE BROKERS

In order to ensure compliance with recent regulatory and statutory updates on insurance distribution, please note that, generally speaking, Group companies have implemented sufficient safeguards for monitoring and managing risks arising from conflict-of-interest scenarios (as defined in Art. 3 of EU Delegated Regulation 2017/2359, and governed by the Conflict of Interest Policy), and to prevent any negative repercussions on customer-service quality levels, arising from the incentivisation programmes applicable to persons involved in distribution operations.

Different categories of insurance and re-insurance intermediaries may be present within Company. To wit:

- Insurance Agents
- Brokers
- Insurance intermediaries enrolled in the Consolidated Intermediaries Register (“RUI”) at Section D
- Reinsurance intermediaries

In order to ensure compliance with intervening regulatory/statutory updates touching on insurance distribution (Directive 2016/97 and subsequent implementation/integration acts, EU Delegated Regulation 2017/2359), Company implemented an incentivisation system that allows for the integration of qualitative criteria for assessing intermediary performance (quali / quantitative model). This uses a functioning mechanism predicated on the application of weights and indicators that optimise commercially ethical behaviour with a view towards constant improvement of customer-service levels. That model, furthermore, is characterised by a heightened degree of flexibility, which contributes toward its becoming adaptable both to Company strategies as well as to any external variables (arising, for example, from the economic or regulatory context), increasing its sustainability, including the efficacy and timeliness of implementing any risk-mitigation actions.

Please find the following below:

- (1) the qualitative criteria forming the foundation for defining the indicators for weighing quantitative components for compensating the network
- (2) the quantitative components typical of remuneration paid to each type of intermediary

#### **QUALITATIVE CRITERIA CONTEMPLATED BY THE QUALI / QUANTITATIVE PERFORMANCE-REVIEW MODEL**

In order to assess the performance of its own distribution network, Company defines specific indicators, attributing a specific weight to each (up to a pre-established cumulative maximum); Company periodically assesses the compliance, efficacy, and sustainability of the same. Those indicators fall in line with the following qualitative criteria:

- Sales in Target Markets
- Service quality (for example, number of complaints, timelines for opening claims, covering customer needs, etc.)
- Attraction/Retention matrix
- The intermediary's conduct towards the Company (e.g. training, submission of regulatory information, proper accounting)

#### **QUANTITATIVE COMPONENTS OF DISTRIBUTION-NETWORK REMUNERATION**

The quantitative components of remuneration for the distribution network is differentiated based on the network type:

**Insurance Agents** – the Remuneration Policies implemented with respect to the agent network more or less align with insurance-industry practices, and may be broken down as follows:

- remuneration of insurance deals consummated according to commission percentages as set forth in standard fee schedules;
- customised, multi-year incentivisation plans, linked to achievement objectives;
- *Rappel/Contest*;
- Contributions and incentives (for managing claims, for onboarding new associates, auto incentives, etc.) traceable to Supplemental Agreements signed with Group Agent representatives or associations

**Brokers** – Compensated pursuant to applicable law and regulation. Please note in particular the provisions of Art. 2, paragraph I, subpart (t) of ISVAP Regulation no. 5 (16 October 2006), which defines: «*mediators or brokers: intermediaries who act when engaged by customers, and who have no authority to represent any insurance or reinsurance company*».

In light of the broker's role, the remuneration types are standard, that is, based on commission schedules, and align with industry trends.

**Insurance Intermediaries enrolled in the Consolidated Intermediary Register ("RUI") at Section D** – remuneration of such parties is based on commissions recognised with respect to the brokering of insurance products tied to the presentation, promotion, execution, and management of insurance contracts, as well as codified in each individual broker-engagement agreement.

Commissions are subject to periodic monitoring and review. Negotiated economic conditions fit the nature and subject of the engagement, and align with industry practices.

Commissions are also in line with the commercial conditions and relations held with other brokers in the same category, and accord with Company's sound and prudent risk-management principles, as well as in compliance with applicable provisions of law, and Art. 4 and 21 of the Regulation.

**Reinsurance Intermediaries** – As contemplated by industry practice, the remuneration of such parties is set and coordinated between the intermediary and the individual reinsurers, who handle the payment of the same. The Company-principal is not involved in that process.

Please note that Companies, in defining, supplementing, or modifying any quantitative-remuneration components for the network, undertake to perform all assessments needed to ensure that such parties are actually fit to ensure compliance with the duty to act in an honest, equitable, and professional manner, in the customer's best interest, on the part of the network. Moreover, Companies take into account the criteria defined in Art. 8 of EU Delegated Law 2017/2359:

- a) *whether an incentive or incentivisation system might induce an intermediary to offer or recommend a particular insurance product or service to the customer, despite the fact the intermediary would be able to offer a different insurance product or service that better satisfies customer needs;*
- b) *whether the incentive or incentivisation matrix is based solely or primarily on commercial-qualitative criteria, or takes sufficient qualitative criteria into consideration, the quality of services provided to customers, and customer satisfaction;*
- c) *the value of the incentive paid or received with respect to the value of the product and services provided;*
- d) *whether the incentive is entirely, or primarily paid upon the insurance-contract being executed, or if it extends throughout the contract term;*
- e) *the existence of an adequate mechanism for requesting the incentive be returned (claw-back) where the product terminates anticipatorily, or is anticipatorily redeemed, or where customer interests have been infringed upon;*
- f) *the existence of any type of variable or contingent threshold, or any other type of value-accelerator that is unlocked by the achievement of an objective predicated on sales volumes or value;*

With respect to conflict-of-interest and remuneration disclosure requirements, please see the dedicated paragraph: 4.5.

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#### 4.3.4 SUPPLIERS OF OUTSOURCED SERVICES

In case of any outsourcing, the companies shall adopt remuneration policies that align with sound and prudent management, and align with strategy, profitability, and sustainability objectives for the same. It moreover avoids remuneration policies based exclusively or primarily on short-term earnings, such that an excessive exposure to risk might be incentivised.

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#### 4.4 SEVERANCE PACKAGES

Provisions of applicable law, and where not in conflict for the former, as well as the Collective Contract applied by Companies formed under Italian law (whichever version in effect at the time) shall apply to companies' Executive personnel.

Where an employment relationship ends, and in order to prevent any dispute with an Executive and/or to resolve it should it arise, the HR Function, pursuant to the specific vesting of authority in the same, may enter into settlements, in addition to the statutorily or contractually required notice period if owed, involving the payment of a pre-determined amount in consideration for waiving rights to appeal employment termination, or any other claim relating to the concluded work relationship. Within that context, furthermore, is the option to include a non-compete and/or non-poaching provision, or any other non-monetary benefits or amounts.

The amounts paid as settlements, and accepted by the Executive, cover and fully replace any supplemental payment contemplated under the applicable National Bargaining Agreement; the identification of the related economic amount is carried out bearing in mind the reasons for the employment being terminated, and the general legal context, bearing in mind in particular the content of any industry-specific law.

Such agreements shall be reached even where the relationship with the General Managers and Members of the Parent Company's Executive Committee ends. In such cases, the total global amount subject to the agreement shall be equal to twenty-four (24) monthly remuneration payments as well as the payment of any notice period as stated above.

In order to calculate the aforementioned amount, "remuneration" shall mean the gross annual remuneration contemplated by Art. 2121 of the Civil Code, plus the average value recognised over the last three-year for short-term variable remuneration component. In terms of long-term variable remuneration, the provisions of the Plan Bylaws shall apply.

The amounts stated in the instant article shall be paid in accordance with all applicable rules and regulations (whether external or internal) in effect as of the date of termination.

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#### 4.5 DISCLOSURE OF THE VARIABLE- REMUNERATION SYSTEM

Because of the many companies involved, it is necessary to arrange for sufficient information channels and flows.

The departure point of for the internal-communication process is the Board of Directors of each Group insurance company which, with the support of the Remuneration Committee, periodically reviews the Remuneration Policies approved by the Assembly, proposing all convenient modifications to the same, including in light of the experience with the empirical processes up until that point.

Group's Human Resource Function, based on the approved content within the Remuneration Policies, and any other practical instruction received by the Board of Directors, involves other significant functions, each insofar as its own delegated authority requires. To wit:

- For those objectives and related performance indicators, the Risk Management Function liaises with both the Planning and the Management-Control Function to identify Personnel, and to ensure that the performance objectives take risk into account; the Function also works with the Compliance Functions on the related compliance indicators;
- proposes the incentivising system as a whole, along with the related regulation, to have the Risk Management and Compliance Function perform an upstream verification. following the audits and approvals, the Human Resources Function provides notice on the characteristics of the same to the system recipients (e.g. criteria used for the attribution of objectives, the reasoning behind the objectives themselves, the calculation method for the variable remuneration, and the verification / disbursement modalities), through the delivery of the objectives sheet, an ad-hoc set of bylaws, and the relating explanatory, accompanying letter;
- at the end of the observation period for each incentivising system, receives sufficient information flows for achieving or falling short of the "gate" and the threshold for the individual objectives for the following functions, each as its own delegated duties requires: Planning and Management Control, Administration, Actuary (upon certification the Actuarial Function), Risk Management and Compliance;
- calculates, for each recipient, the variable component, when actually accrued.

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#### 4.6 REMUNERATION POLICY AUDITS

Remuneration Policies, just as with the procedures through which they are implemented, shall be subject (as indeed expressly contemplated by Art. 58 of the Regulation) to audits by Group Key Functions.

Such audits generally take place upstream by the Risk Management and Compliance Function, and typically, downstream on a sampling basis by the Internal Audit Function.

Key Functions report (as part of their periodic reporting duties) regarding the findings of any audits performed, and each as its own duties and modalities require, to the Remuneration Committee, to the Risk and Control Committee, if present, as well as to the Board of Directors.

#### 4.7 NOTICE TO THE ANNUAL GENERAL MEETING

Because the Regulation contemplates that the Ordinary Annual General Assembly for each Group insurance company, as well as setting remuneration applicable to the Bodies appointed by the same, approves Remuneration Policies in favour of the Corporate Bodies and Personnel, including any remuneration plans based on financial instruments, the notice to the Annual General Meeting must be such as to allow for informed decision-making at the Remuneration -Policy approval stage.

To wit, the Board of Directors for each Group insurance company provides their Annual General Meeting, separately for each Corporate Body, and for the Personnel, and in a disaggregated manner by position and by function:

- an illustration of the general parameters, the motivations, and the aims the business tends to pursue through a remuneration policy;
- information relating to the decision-making utilised to set remuneration policy, as well as the entities involved;
- criteria utilised to calibrate the ratio of the fixed to the variable component;
- parameters, motivations, and the related deferment periods for recognising the variable components, as well as the policy regarding severance;
- a description of the circumstances which, when present, the company might disburse all or a part of the variable component, and the request for the restitution of all or a portion of the remuneration paid;
- the description of the key characteristics for supplemental benefits or early-retirement plans for those serving in administration, direction, and control functions, and for those heading up key functions;
- information on proposed modifications to previously approved Policies.



