

Vittoria Assicurazioni

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

Report on corporate governance and ownership structures FY 2016

pursuant to Article 123–bis of the Consolidated Law on Finance

Vittoria Assicurazioni S.p.A.
www.vittoriaassicurazioni.com

FY 2016 Report
Approved by the Board of Directors on 15 March 2017

(Translation from the Italian original which remains the definitive version)



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GLOSSARY

Code/Corporate Governance Code:

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

Civil Code:

The Italian Civil Code

Board:

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

Issuer:

Vittoria Assicurazioni S.p.A.

Financial year:

The financial year that ended on 31 December 2016

Consob Issuers' Regulation:

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

Consob Markets Regulation:

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

Consob Related Party Regulation:

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

Report:

This report on corporate governance and ownership structures that companies are required to prepare pursuant to Article 123-bis of the TUF.

Consolidated Law on Finance/TUF:

Italian Legislative Decree 58 of 24 February 1998.

Market Abuse Regulation/MAR

Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014

Ivass (formerly ISVAP)

Italian Insurance Regulator

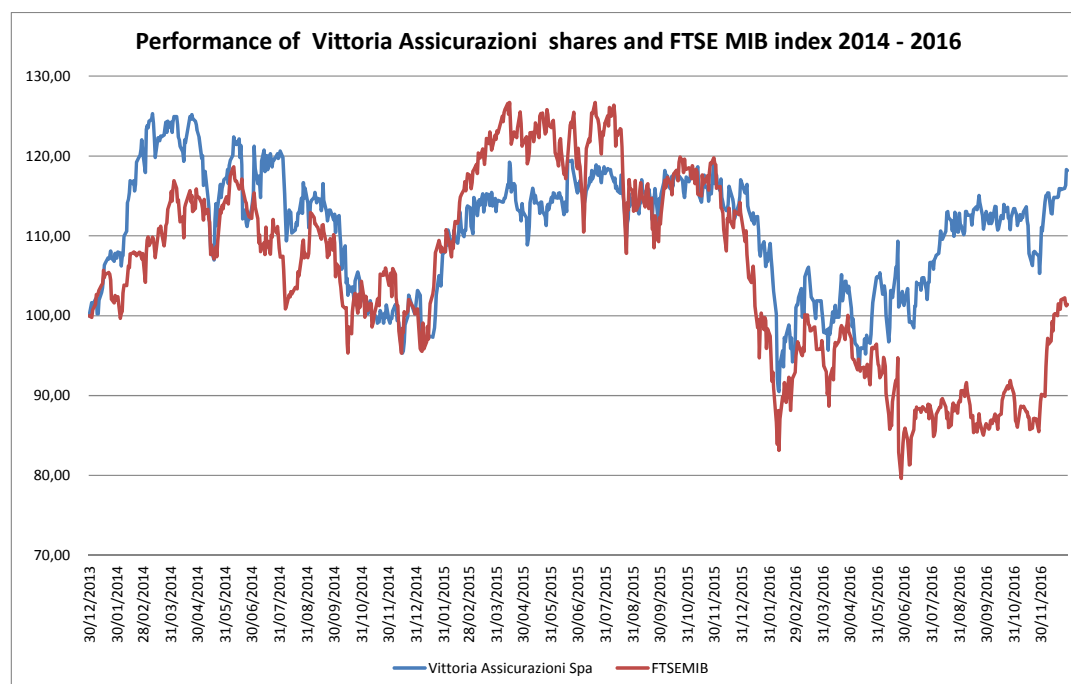
EXECUTIVE SUMMARY

HIGHLIGHTS

€/million				
Main Key Performance Indicators (Statutory Financial Statements)				
	31/12/2014	31/12/2015	31/12/2016	Δ 2016 - 2015
Non Life business				
Gross Premiums written - direct Non Life business	1.033,0	1.069,1	1.081,1	1,1%
Non Life business technical balance (before transferral of technical profits from investments)	98,8	119,6	116,7	(2,5)%
Net Income Non Life business	73,9	66,1	138,5	109,6%
(1) - Loss Ratio (retained)	65,5%	63,9%	64,6%	0,7
(2) - Combined Ratio (retained)	90,7%	89,1%	89,4%	0,3
(3) - Expense Ratio (retained)	24,9%	24,8%	24,7%	(0,1)
Life business				
Gross Premiums written - direct Life business	250,6	218,3	189,5	(13,2)%
Life business technical balance	(1,2)	0,6	(0,5)	n.s.
Net Income Life business	0,2	0,2	1,0	n.s.
Total Agencies	409	413	430	17
Average of employees	514	527	536	9
Shareholders' equity	485,8	539,2	665,2	23,4%
ROE	16,5%	12,9%	23,2%	10,3

- (1) Loss Ratio - retained business: is the ratio of current year claims to current year earned premiums;
- (2) Combined Ratio - retained business: is the ratio of (current year claims + operating costs + intangible assets amortization + technical charges) to current year earned premiums;
- (3) Expense Ratio -- retained business: is the ratio of (operating costs + intangible assets amortization + net technical charges) to current year gross premiums written.

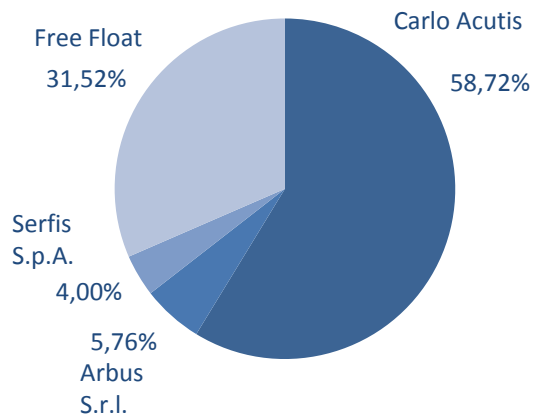
SHARE PERFORMANCE 2014 – 2016



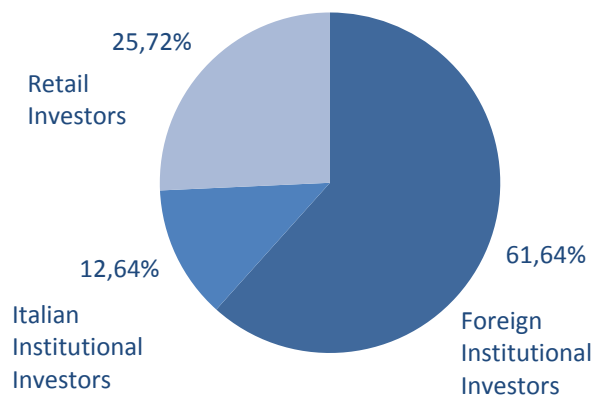
OWNERSHIP

As at 31 December 2016

Composition of ownership



Type of investors in the free float

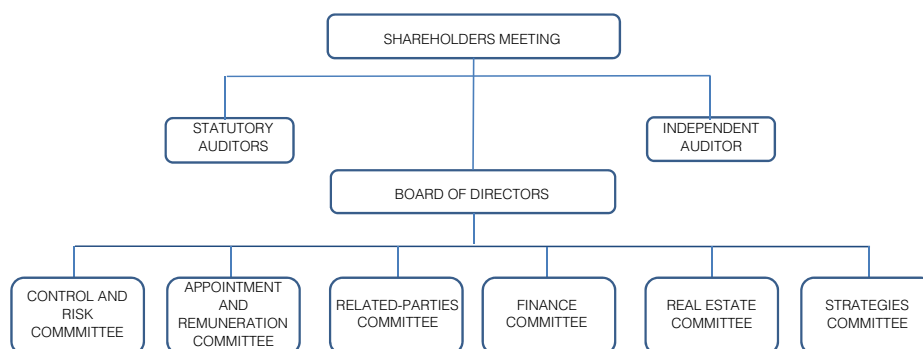


Data as at 31/12/2016

Other features of ownership

	Yes/No	% of share capital
Shareholders agreement	No	
Increased	No	
Top Management's shareholding	Yes	Not material
Shareholding threshold to submit a list	Yes	2,5%
Italian institutional investor's shareholding	Yes	3,98%
Foreign institutional investor's shareholding	Yes	19,43%

GOVERNANCE STRUCTURE



COMPOSITION OF THE BOARD OF DIRECTORS

Structure of the Board of Directors

		Exec.	Indep. TUF	Indep. Code	Control and Risk	Appoint. Remuner	Related Parties	Finance	Real Estate	Strateg.
ACUTIS Carlo	Emeritus Chairman	M						X	X	X
ACUTIS Andrea	Chairma	M						P	P	P
GUARENA Roberto	Vice Chairman	M						X	X	X
CALDARELLI Cesare	Manging Director (*)	X	M					X	X	X
ACUTIS BISCARETTI di RUFFIA Adriana	Director	M						X	X	
BRIGNONE Marco	Director	M	X	X			X			
COSTA Giorgio	Director	M	X					X	X	
GUERRA SERAGNOLI Lorenza	Director	M	X	X						
MARSIAJ Giorgio	Director	M	X	X						
MASSARI Maria Antonella	Director	m	X	X		X				
MORENA Marzia	Director	M	X	X					X	
PASSERIN d'ENTREVES Lodovico	Director	M		X		P				
PAVERI FONTANA Luca	Director	M			X	X		X	X	
SPADAFORA Giuseppe	Director	M	X	X	P	X	X	X	X	X
URBAN Roberta	Director	M		X	X		P			X

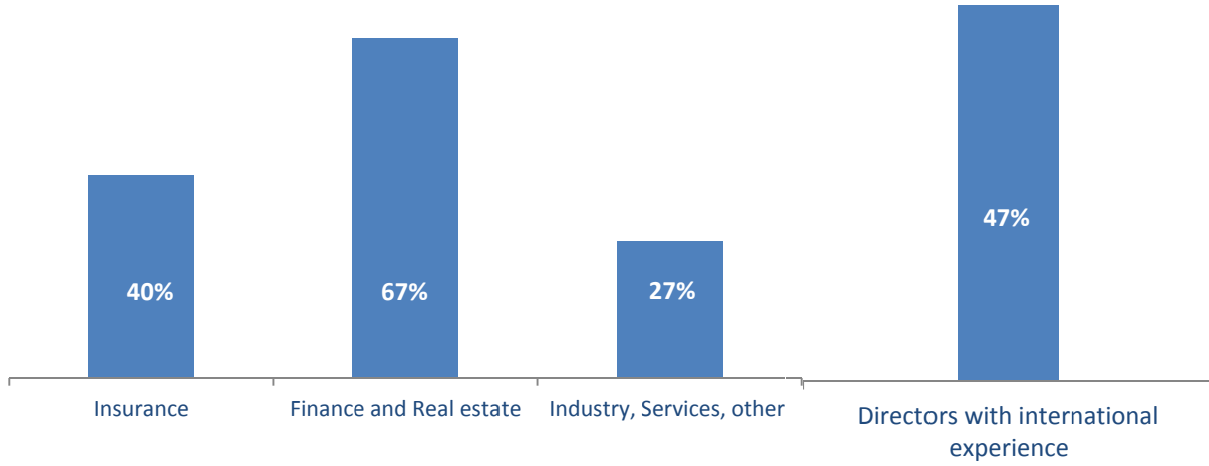
(*) Executive Director since 27 April 2016 and Managing Director since 15 March 2017

M/m: majority/minority

P: Chairman of the Committee

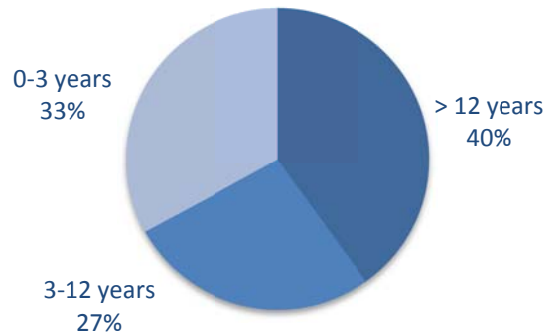
Professional background of Directors

All Directors have managerial or teaching experience in the fields of insurance, finance and real estate, industry, services and other sectors



Internazionali experience of Directors

Board of Directors Membership

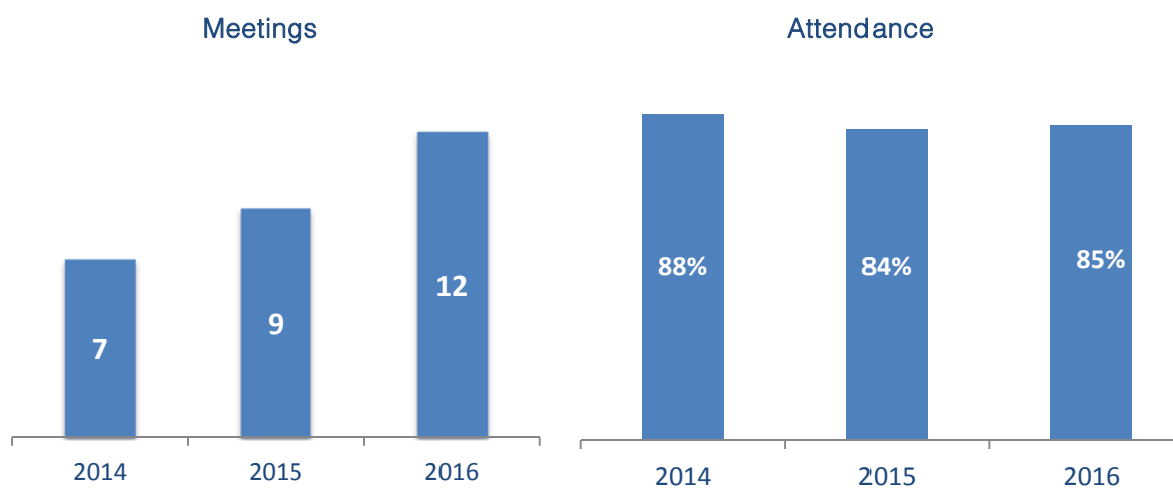


Evolution from the previous Board

	Previous Board	Current Board
Number of Directors	16	15
Directors designated by minority	1	1
Percentage of female Directors	25%	33%
Percentage of Independent Directors	63%	53%
Average age of Directors	63	61
Status of the Chairman	Non executive	Non executive
Appointment of the <i>Lead Independent Director</i>	Yes	Yes

FUNCTIONING OF THE BOARD OF DIRECTORS

Numbers of Board meetings and attendance rate



Numbers of Committees meetings and attendance rate

	Number of meetings	Attendance rate	Independent members (%)
Appointment and Remuneration Committee	6	93%	75%
Control and Risk Committee	10	73%	67%
Related Parties Committee	4	83%	67%
Strategies Committee	2	92%	33%
Finance Committee	9	93%	13%
Real Estate Committee	4	91%	22%

Position held in other Companies

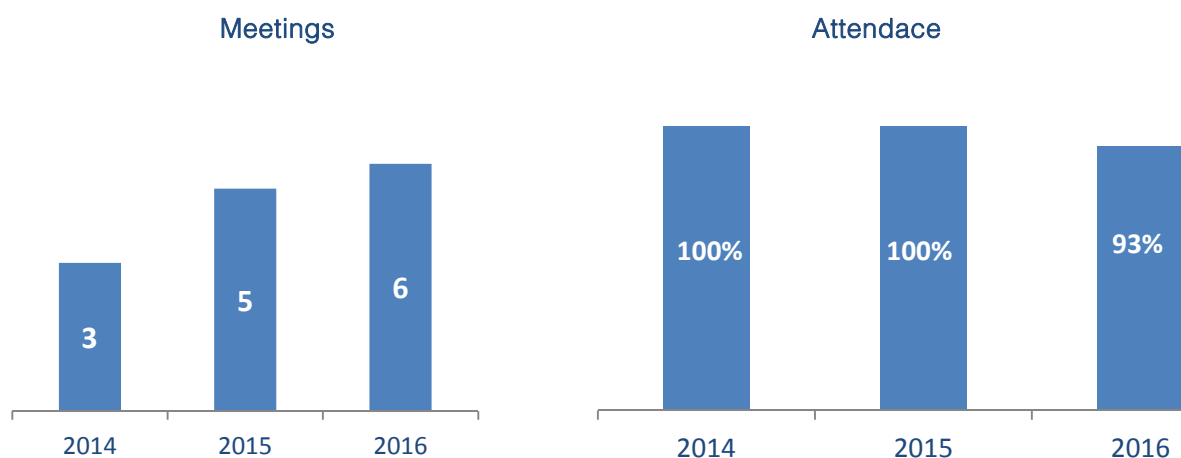
	Group Companies	Other Listed Companies	Banking / Financial	Companies of significant size
ACUTIS Carlo	1	0	1	1
ACUTIS Andrea	2	0	0	0
GUARENA Roberto	6	0	0	0
ACUTIS BISCARETTI di RUFFIA Adriana	3	0	1	0
BRIGNONE Marco	0	0	0	0
CALDARELLI Cesare	0	0	0	0
COSTA Giorgio	1	0	0	0
GUERRA SERAGNOLI Lorenza	0	0	0	0
MARSIAJ Giorgio	0	0	0	0
MASSARI Maria Antonella	0	0	0	0
MORENA Marzia	0	0	0	0
PASSERIN d'ENTRÈVES Lodovico	1	0	0	2
PAVERI FONTANA Luca	1	0	1	0
SPADAFORA Giuseppe	1	0	2	0
URBAN Roberta	0	0	0	0

Board Evaluation process

Execution of the Board Evaluation process	Yes
Evaluator	Appointment and Remuneration Committee
Evaluation methods	Anonymous questionnaire to Directors

REMUNERATION

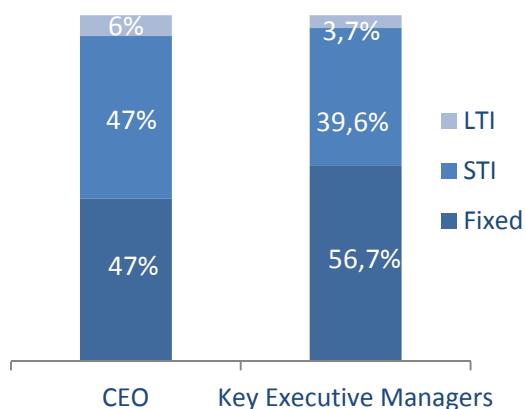
Numbers of Appointment and Remuneration Committee meetings and attendance rate



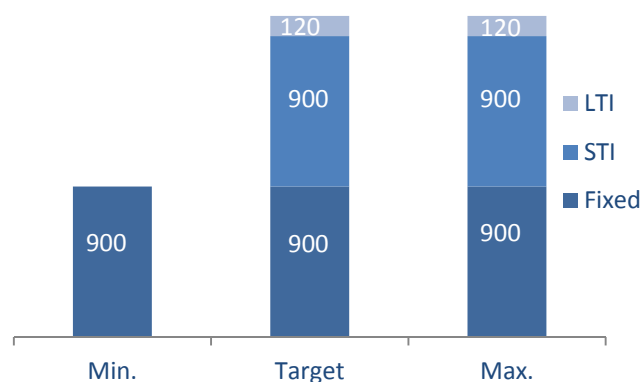
Part I – Remuneration Policy submitted to AGM 2017

Short period incentive system (STI)		Long period incentive system (STI) (LTI)	
	NO	YES	
Short period incentive system		X	Long period incentive system
Bonus cap		X	LTI vehicles
			<i>Cash</i>
			<i>Performance Unit</i>
STI Parametres for the CEO	Weight		STI Parametres for the CEO
RTO – Ordinary Technical Result linked to Solvency II Ratio	100%		Average ROE linked to Solvency II Ratio
			Weight
			100%

Theoretical Pay mix for the CEO and the strategic Executives



Remuneration for the CEO based on the achievement of Objectives



Other elements of the remuneration policy

Does the Company use a peer group?	NO
<i>Una Tantum</i> to CEO and Strategic Executives	NO

Indemnities and Non-competition agreements

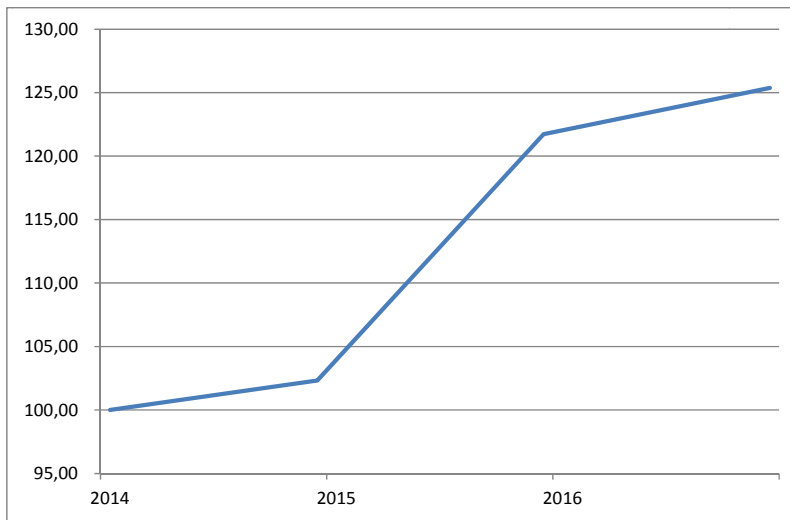
Early termination	NO
End of office indemnity	NO
Non-competition agreements	NO

Part II – Achievement of the objectives and pay out

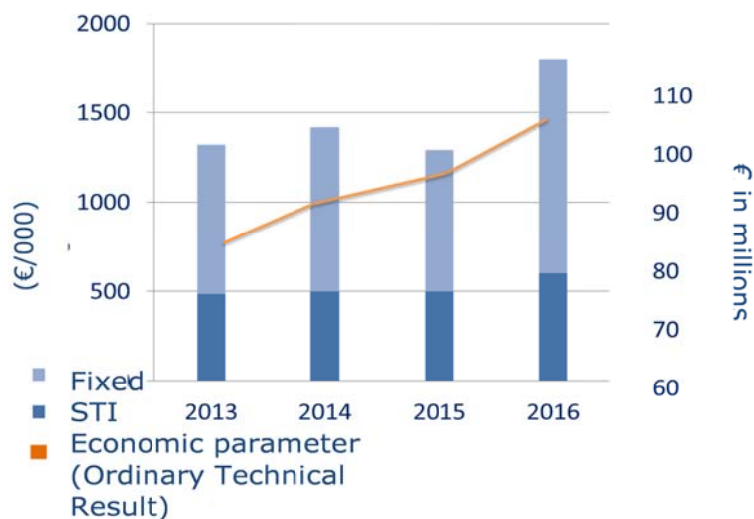
CEO short term objective achievement



Return on shareholders (for every € 100 invested in 2014)
 Return to Shareholders (each 100€ inveted in 2014)

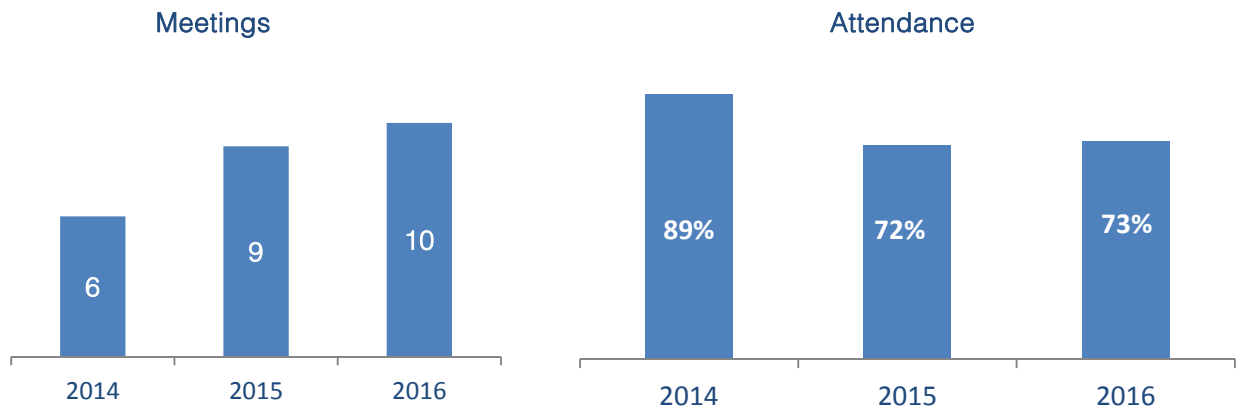


Alignment Total Compensation of the CEO (axis of the left) and Performance (right



INTERNAL CONTROL SYSTEM

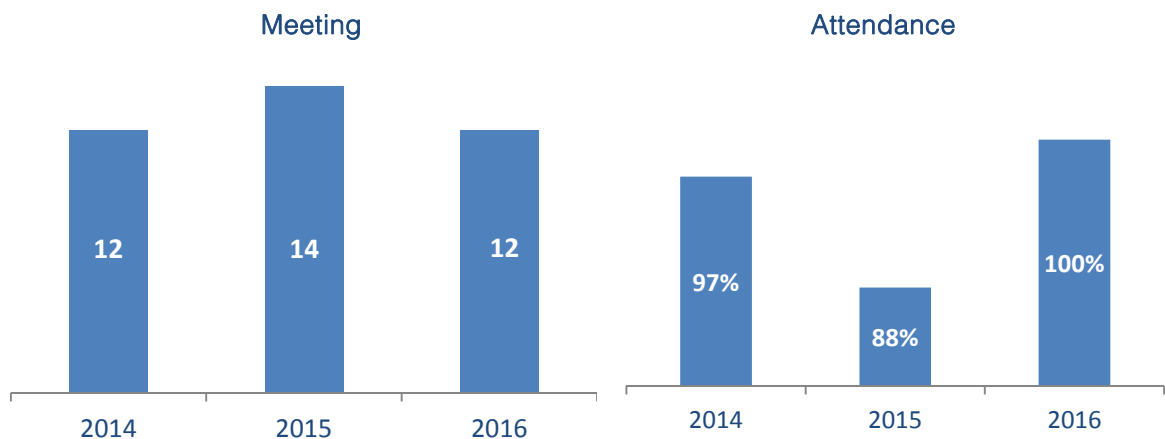
Numbers of Control and Risk Committee meetings and attendance rate



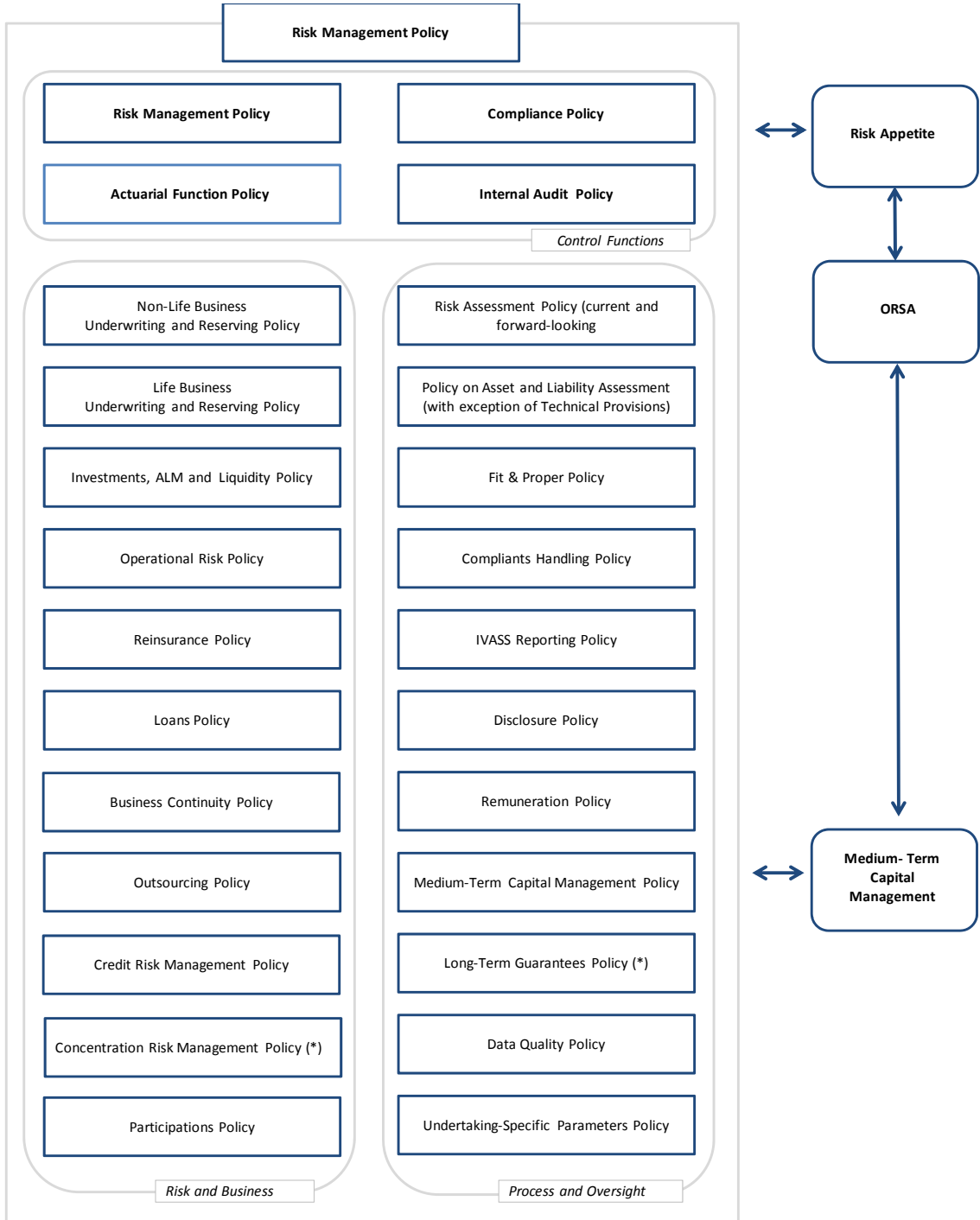
Composition of Audit Board

Auditors	Position	Indipendence	Further Membership
Giuseppe Cerati	Chairman	X	
Giovanni Maritano	Effective	X	
Francesca Sangiani	Effective	X	
Monica Mannino	Substitute	X	
Maria Filomena Trotta	Substitute	X	

Number of meeting of the audit board



Guidelines of the internal control and risk management system



(*) Integrated into the Risk Management Policy

1. PROFILE OF VITTORIA ASSICURAZIONI

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

The Company operates in all insurance business segments with a nationwide network of 412 general agencies and 1 own agency (as at 31/12/2016).

Vittoria Assicurazioni is primarily an insurance company for families and SMEs, with a particular focus on innovative solutions and quality service.

Vittoria Assicurazioni is the parent Company of the namesake Insurance Group, enrolled as No. 008 in the Register of Insurance Groups held by IVASS, the Italian Insurance Regulator. As at 31 December 2016, the Group consisted of 15 companies controlled by Vittoria Assicurazioni with activities related and supporting the insurance business, mainly in real estate and insurance distribution.

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

Since 2004, Vittoria Assicurazioni has been adopting a Code of Ethics, aimed at outlining the ethical rules and principles which have always marked Vittoria Assicurazioni history, for the benefit of the people who invest their energy and effort in the Company as well as those with whom the Company has relations.

2. INFORMATION PURSUANT TO ARTICLE 123-BIS(1) OF THE CONSOLIDATED LAW ON FINANCE AND ARTICLE 2497 OF THE ITALIAN CIVIL CODE AS AT 31 DECEMBER 2016

Share capital structure [Article 123-bis(1)(a) TUF]

As of 31 December 2016, the share capital of Vittoria Assicurazioni is equal to Euro 67,378,924, divided into 67,378,924 ordinary shares with a par value of Euro 1.00 each, centralized at Monte Titoli S.p.A.

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

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

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

No financial instruments giving the right to subscribe for newly issued shares were issued, nor were share-based incentive plans approved.

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

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

Significant Holdings [Article 123-bis(1)(c) TUF]

As of 31 December 2016, the shareholders who, either directly or indirectly, hold more than 3% of the capital, according to the communications received pursuant to Article 120 of the TUF, the records contained in the Shareholders' register and other information available, are:

Declarer	Direct shareholder	% share of ordinary capital	% share of voting capital
Carlo Acutis	Vittoria Capital S.p.A.	51.15%	51.15%
	Yafa Holding S.p.A.	7.57%	7.57%
Francesco Baggi Sisini	Arbus S.r.l.	5.75%	5.75%
Serfis S.p.A.	Serfis S.p.A.	4,00%	4,00%

Securities with special control rights [Article 123-bis(1)(d) TUF]

No securities were issued that confer special rights of control on the Company. The By-Laws do not provide for shares with multiple votes or increased votes.

Employee Shareholding: mechanism for exercising voting rights [Article 123-bis(1)(e) TUF]

There are no employee shareholding schemes.

Restrictions on voting rights [Article 123-bis(1)(f) TUF]

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

Agreements between shareholders [Article 123-bis(1)(g) TUF]

There is currently a shareholders' agreement in place between the company Yafa Holding S.p.A. and the two German companies Münchener Rückversicherungs Gesellschaft Aktiengesellschaft and Ergo Versicherung Aktiengesellschaft - whose extract was published on 20 November 2004 - which entails a total of 44,744,000 ordinary shares in Vittoria Capital S.p.A. equal to 94% of share capital, a company that, in turn, holds 51.15% of Vittoria Assicurazioni.

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

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

Change of control clauses [Article 123-bis(1)(h) TUF] and statutory provisions on tender offers [Articles 104(1-ter) and 104-bis(1)]

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

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

Indemnities for directors [Article 123-bis(1)(i) TUF]

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

Rules for the appointment and replacement of directors and amendments to the By-Laws [Article 123-bis(1)(l) TUF]

The statutory provisions governing the appointment and replacement of directors are set out in section 4.1. hereof.

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

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

The Board of Directors has not received authorization to increase share capital pursuant to Article

2443 of the Italian Civil Code, and it does not have the power to issue security-related financial instruments.

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

Management and coordination (Article 2497 et seq. of the Civil Code)

As at this Report date, Vittoria Assicurazioni is not subject to management and coordination by others pursuant to Article 2497 et seq. of the Italian Civil Code, insomuch as parent companies are financial holding companies.

As a result of the amendments to the Legislative Decree no. 7 September 2005 no. 209 (Code of Private Insurance Companies) with Legislative Decree no. 74/2015 which enacted the Directive 2009/138/EC (Solvency II), and of the entry into force of IVASS Regulation no. 22 of 1 June 2016 on the supervision over insurance groups, Yafa S.p.A., as last Italian controlling company, has started a plan for the implementation of organizational and structural adjustments needed to fulfil the requirements under aforementioned regulation and become Parent Company of the insurance group to which Vittoria Assicurazioni belongs.

Enrollment of Yafa S.p.A. to the Register of the Parent Companies pursuant to Article 210-ter of the Code of Private Insurance Companies will be completed during the financial year 2017 and will result in the exercise, by Yafa S.p.A., of activity of management and coordination towards all subsidiaries belonging to the Group, including Vittoria Assicurazioni.

3. COMPLIANCE [Article 123–bis(2)(a) TUF]

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

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

The Board of Directors, at the meeting held on 18 February 2016, assessed the amendments to the Code approved by the Corporate Governance Committee in July 2015, resolving to adopt them, with the exception of the new recommendations expressly addressed to the issuers belonging to FTSE-MIB.

In addition, as set out in the following sections, some of the new provisions introduced were already applied in the Company's practice.

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

- Application criteria 3.C.1 letter e): the Board of Directors confirms that the term of office for a period of more than nine years is not considered obstacle to the independence of the Directors. The same exception is applied when assessing the independence of Statutory Auditors as provided for by application criteria 8.C.1. of the Code.
- Application criteria 5.C.2: the Board of Directors does not deem it necessary to prepare a succession plan for executive directors.

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

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

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>

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

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

4. BOARD OF DIRECTORS

The rules governing the appointment and replacement of Vittoria Assicurazioni Directors, as well as their requirements, are based on the primary legislation and regulations applied to listed companies and insurance companies.

4.1 Appointment and Replacement [Article 123-bis(1) TUF]

Appointment Procedure

The procedure for appointing and replacing directors is regulated by Article 10 of the By-Laws, in accordance with the TUF.

The Company is administered by a Board of Directors consisting of no fewer than 7 and no more than 16 Directors, appointed by the Ordinary General Meeting, whose maximum term of office is three financial years and who may always be re-elected. Prior to electing the Directors, the General Meeting determines the number thereof within the stated limits.

The Directors of Vittoria Assicurazioni must meet the requirements envisaged by current legislation, as described below. Moreover, at least two Directors must satisfy the requirements for independence specified in Article 148(3) of the TUF.

If a Director no longer meets the requirements under the law, he/she shall cease to hold office; furthermore, as in accordance with Article 10 of the By-Laws, if a director no longer meets the independence requirements as per Article 148 (3) of the TUF, he/she may continue in office if at least two Directors in the currently serving Board meet this requirement.

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

Lists submitted by shareholders must be lodged at the Company's registered office at least twenty five days prior to the date set for the General Meeting on first call, and are published in other forms as required by current regulation.

Each shareholder, shareholders that are parties to a relevant shareholders' agreement pursuant to Article 122 of the TUF, the parent Company, the subsidiary companies and companies under joint control pursuant to Article 93 of the TUF may not submit or participate in the submission, either directly or through an intermediary or trust company, of more than a single list, and may not vote for different lists. Any support or vote made in violation of this prohibition will not be attributed to any list.

Only shareholders, who individually or together with other submitting shareholders hold voting shares totalling at least 2.5% of the voting capital, are entitled to submit lists.

Ownership of the minimum shareholding for the submission of lists is determined according to the shares registered to the shareholder on the day on which the lists are lodged at the Company's registered office.

The following documents shall be lodged with each list: (i) certification issued by a legally authorised intermediary proving ownership, on the date the list is submitted, of the number of shares required for submission; however, this certification may be provided subsequent to the submission, provided that this is within the deadline set for the publication of the lists pursuant to the laws in force; (ii) a declaration by each candidate accepting his/her nomination and declaring, under his/her own responsibility, that no grounds for ineligibility or incompatibility exist and that he/she meets the requirements prescribed for the related posts; (iii) a curriculum vitae for each candidate, with any indication of the candidate's eligibility for independent status.

Lists with a number of candidates equal to or higher than three must be composed of candidates who belong to both genders, so that at least one third (rounded upwards) of the candidates will belong to the less represented gender.

Any lists submitted without complying with the above provisions shall be regarded as not submitted.

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

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

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

Furthermore, if candidates elected in the manner described above result in a Board of Directors that does not meet the gender balance requirements *pro tempore* in effect, the candidate of the more represented gender elected last in progressive order in the list which has reported the highest number of votes shall be replaced by the first candidate of the less represented gender not elected in the same list in progressive order. This replacement procedure will continue until the composition of the Board of Directors meets the requirements *pro tempore* in effect on gender balance. Finally, if said procedure fails to produce the above result, the General Meeting shall resolve on the replacement by relative majority, upon presentation of candidates belonging to the less represented gender.

If only one list is submitted or if no list is submitted, the General Meeting shall resolve with the legal majorities, without following the above procedure, without prejudice to compliance with gender balance requirements *pro tempore* in effect.

If, during the financial year, one or more Director positions is vacant, and the majority still consists of Directors appointed by the General Meeting, the Board of Directors carries out the following co-option procedure, pursuant to Article 2386 of the Italian Civil Code:

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

In any case, the Board of Directors and the General Meeting must manage the appointment so as to ensure (i) the presence of independent directors in the minimum number required by law and (ii) the compliance with the gender balance requirements *pro tempore* in effect.

Director Requirements

The Directors of Vittoria Assicurazioni shall meet the requirements provided for by regulations *pro tempore* in effect. In particular, they shall have professional expertise commensurate to the office they are going to fill, with wide-ranging and properly diversified skills, and shall be able to dedicate adequate time and resources to the performance of their duties.

The composition of the Board of Directors shall therefore ensure the best efficiency and effectiveness of the Board of Directors through:

- A size commensurate to the structure and complexity of the Company in its economical, asset, organizational and operational position;
- A number of individuals having theoretical/managerial competence and experience that are adequate and diversified in relation to operational and dimensional features of the activities to be performed, as well as of the risks to be taken, and having full autonomy and independence in judgement;
- An adequate number of independent Directors, also depending on the establishment of Board committees.

Vittoria Assicurazioni is subject, in addition to the primary rules common to all bodies that issue financial instruments, to the sector-specific regulations setting forth the requirements of professionalism, integrity and independence of individuals who perform functions of administration, management and control in companies operating in the insurance industry. Such regulations also lay down situations that do not allow covering these roles, as well as the causes for suspension or removal.

As required under Article 5 of ISVAP Regulation no. 20 of 26 March 2008, the Board of Directors of Vittoria Assicurazioni approved the Policy providing guidelines for assessing whether candidates are eligible, in terms of integrity, professionalism and independence, for positions in administration, management and control, as well as for internal control functions (Risk Management, Compliance and Internal Audit) and key executive roles.

This Policy, whose last amendment was approved by the Board in February 2016, sets out the guidelines of the process for assessing the eligibility requirements. In particular:

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

Satisfaction of requirements by the Directors is verified collectively by the Board of Directors (following fact-finding activity conducted by the Appointment and Remuneration Committee) when the appointment is made and on a yearly basis.

The Directors shall promptly notify of any non-fulfillment of the eligibility requirements and of any changes to their directorships. In these cases, the Board of Directors, after preliminary fact-finding activity of the Appointment and Remuneration Committee, proceeds with a new evaluation of the requirements of the director involved within thirty days from the variation notice.

The results of the evaluations will be included in the minutes of the Board meetings.

Competence of the Board of Directors

Abovementioned ISVAP regulation no. 20, amended to comply with Solvency II, provides that the

Board of Directors of an insurance company should be composed of persons having theoretical, professional and management experiences in financial and insurance markets, governance systems, financial and actuarial analysis, regulatory provisions, and business strategy and models.

Requirements of professionalism

In accordance with Ministerial Decree 220/2011, the Directors shall be selected according to criteria of professionalism and competence from among individuals who have accrued overall experience of at least three years through the exercise of one or more of the following activities:

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

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

Impediments

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

- a) individuals who held the office of director, general manager, auditor or receiver in companies subject to extraordinary administration, bankruptcy or receivership proceedings or similar types of proceedings, in the three years prior to adoption of the related orders. The ban remains in place for a period of three years, starting from the date on which the orders are adopted. This ban is reduced to one year if the order to initiate the proceeding was given by request of the business owner, the administrative bodies or the reporting stakeholder. The ban shall not apply if the competent company body decides, based on appropriate information and according to criteria of reasonableness and proportionality, that the person was not involved in the facts or actions that led to the financial crisis in the Company;
- b) individuals who have been removed from the single national register of stockbrokers, set forth by Article 201, section 15, of Legislative Decree no. 58 of 24 February 1998, and stockbrokers who have been excluded from trading on a regulated market. The ban remains in place for a period of three years, starting from the date on which the orders are adopted. This ban is reduced to one year if the order was adopted by request of the stockbroker.

In the event that, during the term of office, one of the abovementioned causes of impediment occurs, the Director involved shall notify the Company. If the impediment is caused by one of the situations described under a) above, within 30 days from this communication the Board of Directors must assess, based on adequate information and according to criteria of reasonableness and proportionality, whether the Director is not involved in the facts that caused the crisis of the Company, making, if applicable, the impediment inoperative.

Requirements of integrity

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

- a) state of interdiction or temporary interdiction from holding executive offices of the legal persons and enterprises and, in any event, all the situations set forth by Article 2382 of the Civil Code;
- b) state of being submitted to preventative measures ordered by the courts, in accordance with Law 1423 of 27 December 1956 or Law 575 of 31 May 1965, or Law 646 of 13 September 1982, as amended, save for any effects of rehabilitation;
- c) final criminal conviction, without prejudice to the effects of rehabilitation:
 - 1) Imprisonment for one of the crimes set forth by the special legislation governing the insurance, financial, credit, and equity market industries, as well as by Legislative Decree no. 231 of 21 November 2007, and subsequent amendments and integrations;
 - 2) Imprisonment for one of the crimes set forth under Section XI, Book V of the Civil Code and in Royal Decree no. 267 of 16 March 1942;
 - 3) Imprisonment for not less than one year for a crime against the public administration, public trust, property, public order or public economy or for a tax-related crime;
 - 4) Imprisonment for not less than two years for any crime committed without criminal intent.

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

Requirements of independence

The requirements of independence are assessed according to three different regulations.

In accordance with Article 10 of the By-Laws, at least two Directors shall have the requirements of independence set forth under Article 148(3) of the TUF.

The requirement of independence pursuant to Ministerial Decree no. 220 of 11 November 2011 implies the incompatibility of the positions of director, auditor and general manager of an insurance company with the exercise of a similar function, involving employment relations, ongoing consulting or the provision of paid services or other relations of pecuniary nature carried out for other insurance companies, their subsidiaries or parent companies, which may prejudice their independence.

Lastly, as described in detail in section 4.5 below, at least four Directors of Vittoria Assicurazioni shall possess the requirements of independence provided for in the Corporate Governance Code.

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

Interlocking Prohibition

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

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

Succession plans

The Board of Directors of the Company decided not to adhere to the Application Principle 5.C.2. of the Corporate Governance Code, which provides for the adoption of succession plans for executive directors. As at the date of this Report, the only Executive Director is Mr. Cesare Caldarelli.

Possible adoption of such principle was subject to prior evaluation by the Appointment and Remuneration Committee, which, deemed it unnecessary to adopt a succession plan for the Executive Director, based on following considerations:

- the actual ownership structure grants a stable management of the Company;
- the Senior Management of the Company, recently enhanced with a structure which provides for a Joint-General Manager directly reporting to the Chief Executive Officer and two Deputy General Managers controlling the different business units, has adequate professional individuals that can grant a continuous company management, also in cases of sudden unavailability of the CEO;
- the Company has a succession plan for the heads of the main corporate functions, including the managers belonging to Senior Management that grants the proper operational effectiveness of the Company, both in cases of urgency and in a three-year and five-year horizon. This succession plan is annually submitted to the Appointment and Remuneration Committee for review.

The Board of Directors is the competent body to manage any advance replacement of the Executive Director following the timeframes and procedures called for under certain circumstances, with the support of the Appointment and Remuneration Committee.

4.2. Composition [Article 123-bis(2)(d) TUF]

Appointment and composition of Board of Directors in office

At the 2016 year's closing date, the Board of Directors was composed of the following 15 members:

Carlo ACUTIS	Honorary Chairman
Andrea ACUTIS	Chairman
Roberto GUARENA	Vice Chairman
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive Director
Marco BRIGNONE	Independent Director
Cesare CALDARELLI	Executive Director
Giorgio Roberto COSTA	Non-executive Director
Lorenza GUERRA SERAGNOLI	Independent Director
Giorgio MARSIAJ	Independent Director
Maria Antonella MASSARI	Independent Director
Marzia MORENA	Independent Director
Lodovico PASSERIN d'ENTRÈVES	Independent Director
Luca PAVERI FONTANA	Non-executive Director
Giuseppe SPADAFORA	Independent Director
Roberta URBAN	Independent Director

The Board in office was appointed by the Ordinary Shareholders' Meeting held on 27 April 2016, following the expiry of the three-year term of the previous Board. The Meeting established a three-year term of office, hence till the date of the Shareholders' Meeting that will approve the

financial statements for the financial year ending on 31 December 2018.

After the end of the financial year 2016, on 15 March 2017, the Board of Directors appointed Mr. Cesare Caldarelli Managing Director of the Company. On the same date Mr. Cesare Caldarelli announced his resignation from the post of General Manager effective 31 March 2017.

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

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

In compliance with provisions of the gender balance regulation, the percentage reserved to the less represented gender is one third.

3 lists of candidates for Director appointments were submitted:

List no. 1: submitted by the majority shareholder Vittoria Capital S.p.A., which holds 34,464,400 ordinary shares representing 51.15% of the share capital, with the following 15 candidates: Adriana Acutis Biscaretti di Ruffia, Andrea Acutis, Carlo Acutis, Marco Brignone, Cesare Caldarelli, Giorgio Roberto Costa, Roberto Guarena, Lorenza Guerra Seràgnoli, Giorgio Marsiaj, Marzia Morena, Lodovico Passerin d'Entrèves, Luca Paveri Fontana, Giuseppe Spadafora, Roberta Urban and Giovanna Redaelli.

List no. 2: submitted by Anima SGR S.p.A. fund manager of: Anima GEO Italia, Anima Italia and Anima Iniziativa Italia; Eurizon Capital S.G.R.- S.p.A. fund manager of: Eurizon Azioni Italia and Eurizon Azioni PMI Italia; Eurizon Capital SA fund manager of: EEF Equity Italy LTE and EEF Equity Italy; Fideuram Investimenti SGR S.p.A. fund manager of Fideuram Italia; Fideuram Asset Management (IRELAND) fund manager of: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav fund manager of Interfund Equity Italy; Kairos Partners SGR S.p.A. as management company of Kairos International SICAV segments Italia and Risorgimento and Mediolanum Gestione Fondi SGR S.p.A. fund manager of Mediolanum Flessibile Sviluppo Italia totally holding no. 2,160,279 ordinary shares, equal to 3.206% of the share capital, with following two candidates: Maria Antonella Massari and Giacomo Neri.

Shareholders submitting the list declared they do not have significant relations with the majority shareholder.

List no. 3: submitted by Serfis S.p.A., which holds 2,695,157 ordinary shares, representing 4% of the share capital, with the following single candidate: Anna Strazzera.

Serfis S.p.A. declared that it has no relations with the majority shareholder.

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 53,059,978 shares from 67,378,924 in issue, accounting for 78.749% of the share capital with voting rights and the number of shares for which votes were cast was 53,059,878 accounting for 78.748% of the share capital.

List no. 1 obtained no. 42,872,772 votes, accounting for 80.8% of the voting capital.

List no. 2 obtained no. 6,625,400 votes, accounting for 12.48% of the voting capital.

List no. 3 obtained no. 3,440,107 votes, accounting for 6.48% of the voting capital.

Votes against all lists were 121,599. No shareholders abstained.

Therefore, the following Directors were elected: Adriana Acutis Biscaretti di Ruffia, Andrea Acutis, Carlo Acutis, Marco Brignone, Cesare Caldarelli, Giorgio Roberto Costa, Roberto Guarena, Lorenza Guerra Seràgnoli, Giorgio Marsiaj, Marzia Morena, Lodovico Passerin d'Entrèves, Luca Paveri Fontana, Giuseppe Spadafora, Roberta Urban and Maria Antonella Massari.

As at the date of the Meeting, held on 27 April 2016, the Board of Directors was made up of the following Directors: Giorgio Roberto Costa, Chairman; Andrea Acutis e Carlo Acutis, Vice Chairmen, Roberto Guarena, Managing Director; Adriana Acutis Biscaretti di Ruffia, Francesco Baggi Sisini, Marco Brignone, Fulvia Ferragamo Visconti, Bernd Gierl, Lorenza Guerra Seràgnoli, Pietro Carlo Marsani, Giorgio Marsiaj, Lodovico Passerin d'Entrèves, Luca Paveri Fontana, Giuseppe Spadafora and Anna Strazzera, Directors.

Prof. Luigi Guatri, Honorary Chairman of the Company since 2007, has ceased to hold office on 27 April 2017.

Personal and professional characteristics of directors in office

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

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

He has been on the Board of Directors of Vittoria Assicurazioni since 26 May 1967. Elected Vice Chairman on 14 June 1982 and Chairman Emeritus since 27 April 2017.

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

He was nominated "Chevalier de l'Ordre National de la Legion d'Honneur" in 1995 by the President of the French Republic. He was nominated "Cavaliere del Lavoro" in 1998 by the President of Italian Republic.

He is currently the Vice President of Banca Passadore & C. S.p.A., Director of Pirelli & C. S.p.A., Director of Marco Polo International Italy S.p.A., Director of Marco Polo International Holding Italy S.p.A. and Director of Marco Polo Industrial Holding S.p.A. He is also member of the Supervisory Board of Yam Invest NV and Director of the Italian Association for Cancer Research (Piedmont and Val d'Aosta Committee).

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

He has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2004. Elected Vice Chairman on 27 April 2007 and Chairman on 27 April 2016.

He graduated in Economic Sciences from the University of Geneva and has worked as a corporate finance executive at Lazard Brothers & C. Ltd. in London. He is currently Director of Vittoria Immobiliare S.p.A., Yafa S.p.A., Yarpa S.p.A. and Nuove Partecipazioni S.p.A.

Roberto GUARENA, born in Turin on 24 September 1937 – Vice Chairman

He has been on the Board of Directors of Vittoria Assicurazioni since 29 June 1994 and Vice Chairman since 27 April 2016.

He held the position of Managing Director of the Company for 22 years, from June 1994 to April 2016.

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

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

She has been on the Board of Directors of Vittoria Assicurazioni since 29 April 2004.

She obtained a Master of Arts from Cambridge University. She was a director at Alexander & Alexander Italia S.p.A. and Banca Regionale Europea. She is currently Managing Director of Yafa S.p.A. (former Vice Chairman till 26 May 2016), a member of the Supervisory Board and Strategic Committee of Yam Invest N.V. and a member of the Supervisory Board of Yareal International N.V. She is also a director at Yafa Holding S.p.A., Yarpa Investimenti SGR S.p.A. and Yura International BV (former Managing Director from 2015 to 21 April 2016). Since April 2016 she has been Chairman of the Council for the enhancement of the artistic and cultural heritage of Turin.

Marco BRIGNONE, born in Turin on 12 October 1938

He has been on the Board of Directors of Vittoria Assicurazioni since 23 June 1983.

He was formerly Chairman of Brignone Informatica S.p.A. and of the Supervisory Board of the Turin Stanza di Compensazione, "The Sailor's Fund" (the Luxembourg-based SICAV) and Plurifid S.p.A. He has served as Vice Chairman of Banca Brignone S.p.A. and as a Director of Ceresole SIM & C. S.p.A., Ersel Sim and Acquedotto De Ferrari Galliera.

Cesare CALDARELLI, born in Cassino (FR) on 13 March 1953

He has been on the Board of Directors of Vittoria Assicurazioni since 27 April 2016.

After working for Compagnia Italiana di Sicurtà, the non-life insurance company, and Milano Assicurazioni, he entered in Vittoria Assicurazioni S.p.A. in 1991, where he currently serves as General Manager.

He is member of the Executive Committee of the International Insurance Law Association (AIDA), of the Executive Committee of the Italian National Association of the Insurance Companies (ANIA).

He is also contract professor at the Department of Economics of the University of Parma.

Giorgio Roberto COSTA, born in Bellagio (Como) on 5 April 1944

He has been on the Board of Directors of Vittoria Assicurazioni since 27 June 1995. He held the position of Vice Chairman since 29 April 2002 and as Chairman from 27 April 2007 to 27 April 2016.

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

Lorenza GUERRA SERAGNOLI, born in Rome on 29 May 1982

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

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

Giorgio MARSIAJ, born in Turin on 17 May 1947

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

He is currently Chairman of Olympic Real Estate S.p.A., Olyfen Properties S.r.l., Sabelt S.p.A. and Moncanino S.p.A. He is also Vice President and Chief Executive Officer of M. Marsiaj & C. S.r.l., Director of Torre Elah S.p.A., Director of Fenera Holding S.p.A. He is also a member of the Board

of Directors of Marsiaj S.r.l. and Fashion S.p.A., Chairman of Amma and Vice Chairman of Unione Industriale, he is also on the executive board of different cultural and charitable associations.

Maria Antonella MASSARI, born in Modigliana (FC) on 22.1.1960

She has been on the Board of Directors of Vittoria Assicurazioni since 27 April 2016.

Degree in Economic and Social Sciences, Bocconi University in Milan.

In 1987 she started her career in Unicredit Group (formerly Credito Italiano) in the Economic Studies Department, in charge of the Italian Macro-economic Area. After an experience in the Planning and Strategies Department, in 1997 she became Head of Group Investor Relations and, since 2008, of Group Identity and Communications. From 2011 to 2015 she was Executive Vice President in charge of the Group Stakeholders and Service Intelligence Department of Unicredit Group. From July 2015 to March 2016 she was independent Director of Amber Capital. Since 1 March 2017, she has been Secretary-General and member of the Board of Directors of AIPB (Italian Private Banking Association).

Marzia MORENA, born in Milan on 27.6.1969

She has been on the Board of Directors of Vittoria Assicurazioni since 27 April 2016.

Professor at the School of Architecture, Urban Planning and Construction Engineering of Politecnico of Milan, since 1996, she has been working on the training, research and consultancy activities within the ABC Department of Politecnico of Milan.

Coordinator of University Master courses of Politecnico of Milan and SDA-Bocconi in the Real Estate area. Co-director of Executive courses of MIP (Business School of Politecnico of Milan).

Founding member in 2006 of AREL (Real Estate Ladies Association) and member of the governing council till December 2013.

Founding member in 2008 and member of the Scientific Coordination of "Osservatorio Permanente per la Pubblica Amministrazione Locale (OPPAL)" of Politecnico of Milan.

She served as Chairwoman of Federimmobiliare from 2014 to 2016 and from 2010 to 2016 of Capitolo Italiano of RICS Italy (Royal Institution of Chartered Surveyors), of which she has been member since 2006.

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

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

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

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

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

He graduated in law from the University of Turin. He was formerly Chief Executive Officer of the SKF Group and Unicem S.p.A., Co-General Manager and Chief Executive Officer of IFIL S.p.A., Vice Chairman of Worms & Co. (Paris) and St. Louis Sucre (Paris), member of the Board of Directors and member of the Strategic Committee of Telecom Italia S.p.A., member of the Board of AWA Plc (London), Soporcel S.A. (Lisbon), Permal Group (Paris) and Banque Demachy (Paris) and Chairman and Chief Executive Officer of Arjo Wiggins Appleton Plc (London). He is currently Chairman of YFL S.p.A. and Yura International S.p.A., Vice Chairman of Yarpa Investimenti SGR and Yarpa S.p.A., and member of the boards of Vittoria Immobiliare S.p.A.

Giuseppe SPADAFORA, born in Palermo on 7 September 1954

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

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

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

Roberta URBAN, born in Tolmezzo (UD) on 4 April 1976

She has been on the Board of Directors of Vittoria Assicurazioni since 27 April 2016.

Degree in International Economics in 2001, University of Trieste. She entered in Munich Re in 2002, after a first experience in Dublin at Bayerische Rückversicherung (now Swiss Re). She has been recently in charge of the planning, development and implementation of important initiatives of strategic growth in Munich Re in Italy. Since 2011, she is one of the leading experts of Capital Relief Transactions of Munich Re for the European and Latin-American markets for the Non-Life Business. In Munich Re Italia, she serves as top manager in charge of Business Development for the Italian insurance market.

She currently serves as Director of Synkronos Italia S.r.l. and Vittoria Capital S.p.A.

Maximum number of positions held in other companies

In view of the expiry of its term of office at the date of approval of the financial statement at 31 December 2015, the outgoing Board of Directors, in compliance with the application criterion 1 C. 3. of the Corporate Governance Code, expressed its opinion on the maximum number of positions as director or auditor held in other companies which may be considered compatible with the effective performance of the duties involved in a directorship with the Company, taking into account the participation of the directors in Committees established within the Board.

General criteria adopted are contained in the Guidelines on the composition of the Board of Directors published on the Company website, under "2016 Meeting".

Whereas:

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

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

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

The new Board of Directors, elected on 27 April 2016, confirmed said criteria, subject to analysis and evaluation by the Appointment and Remuneration Committee.

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

Upon approval of this Report, the current composition of the Board of Directors meets above general criteria.

The number of significant offices held by the Directors in office is shown in the table provided in Annex 1 hereto.

Induction Program

After the Board of Directors appointed by the Shareholders' Meeting of 27 April 2016 took office, the Chairman invited newly appointed Directors to a meeting aimed at presenting the Company. The meeting, which was attended by the relevant corporate managers, focused on three main topics: history of the Company and governance system; main economic data and growth strategies; introduction to the new Solvency II regime.

Moreover, during 2016, the Company continued its training programme, already started up in the previous years, in accordance with IVASS Regulation no. 20 of 26 March 2008, which provides for continuing professional development, also for the members of administrative body, by means of appropriate training programmes that ensure the development of technical skills necessary to carry out their roles in a responsible manner with due regard to the nature, degree and complexity of the tasks assigned.

As also recommended in the Corporate Governance Code, this training is aimed at providing the Directors with an adequate knowledge of the business sector in which the Company runs its activity, of the corporate dynamics and the relevant evolution, the principles of proper risk management, as well as the regulatory and self-regulatory framework.

The training programme was carried out by organising special training sessions held before the board meetings. Topics addressed were briefly collected in presentations, provided to Directors and attached to the Board minutes.

In particular, four training sessions were held in 2016, including three sessions that took place after the appointment of the new Board of Directors.

The training, by the persons in charge of the relevant corporate departments, dealt with the following issues: market risk assessment; USP – Undertaking Specific Parameters for the evaluation of the capital related to the pricing and reserving risk (in two separate training sessions); claims and claims reserving.

The independent Directors, during the annual meeting held without the other directors, expressed a positive opinion on the training programme performed and did not deem it necessary to call upon the services of external consultants. They have also indicated some topics of interest that will be addressed in-depth with the training sessions provided for the 2017.

4.3. Role of the Board of Directors (Article 123-bis(2)(d) TUF)

Meetings of the Board of Directors

In financial year 2016, twelve Board meetings were held with an average duration of about 2 hours. Average meeting attendance by the Directors was 85%. Detailed attendance figures for individual Directors can be found in the table in Annex 1 hereto.

For the current year, eight meetings of the Board of Directors are scheduled to be held in the corporate events calendar. Two of these meetings had already been held at the date of this report.

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

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

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

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

Whenever the documentation is particularly extensive and complicated, it is accompanied by summary documents and/or presentations, aimed at highlighting the most significant features.

During the meetings, the Directors may provide their contribution and the Chairman ensures that the necessary time is allowed for an effective discussion of the items on the agenda.

The Chairman of the Board calls to the meetings any Executives responsible for the functions related to the matters being handled whenever it is deemed necessary to have their support for insights on the agenda items. In particular, in 2016 participants included the Financial Reporting Officer (Central Manager and Head of Administration and Finance), the Risk Manager, the Central Manager and Head of Organisation, Human Resources and General Services, as well as the Heads of Reinsurance and the Corporate Affairs.

Starting from 2017, following the new organization of the corporate top-level management, the Joint-General Manager and the Deputy General Managers are required to participate to all Board Meetings.

As detailed below, the Committees formed by the Board of Directors play an essential role for the Board itself. They are responsible for carrying out preliminary fact-finding activity on specific matters reserved to the competence of the Board and they provide support by formulating opinions and proposals. During each Board meeting, the Chairmen of the Committees provide information on the activities performed by said Committees.

Activities of the Board of Directors

The functions of the Board of Directors are determined in accordance with the provisions of the By-Laws and applicable laws and regulations.

Pursuant to Article 14 of the By-Laws, the Board of Directors is vested with the broadest and unlimited powers for the ordinary and extraordinary management of the Company; all the necessary and opportune powers are conferred upon it for implementation and achievement of the corporate objectives that are not expressly reserved to the General Meeting.

The Board of Directors approves the Strategic Plan of the Company, determining targets on the basis of the macroeconomic and market outlook, supported by the activity of the Strategies Committee that was first established in April 2016. As at the date of this Report, the Board has approved the new Strategic Plan for the three-year period 2016/2018.

The Board also approves the budget for the current year, and verifies realization thereof upon approval of financial statements for the period.

The Board is exclusively in charge of deliberations regarding the transactions which are strategically, economically or financially significant for the Company, pursuant to the delegations granted, as outlined in paragraph 4.4 below.

The Board is in charge of defining the corporate governance system and the structure of the group headed by the Company. To this end, it approves, on an annual basis, the organisational and functional chart of the Company, these being documents that identify and define the responsibilities related to the main corporate decision-making processes, together with the model of the delegations and powers defining the structure of the responsibilities assigned to operating units.

The Board has the ultimate responsibility of the internal control and risk management strategies, ensuring their continuous completeness, functionality and efficiency; in this respect, it ensures that the risk management system makes it possible to identify, assess, even on a forward-looking basis, and control the risks (reduction, mitigation and monitoring), including non-compliance with rules and regulations, while ensuring the company assets are safeguarded over the medium/long term.

This role was further highlighted in the regulatory provisions issued by IVASS as a transposition of the European Solvency II Directive on governance systems and current/forward-looking risk assessment.

As required by law, the Board of Directors approves specific policies establishing the guidelines of the internal control and risk management system, with particular focus on the degrees of the Company's risk appetite.

In 2016, in addition to reviewing the policies already approved in the previous years, the Board of Directors issued 8 new policies.

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

Board activities with respect to the Insurance Group

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

The Vittoria Assicurazioni Group operates in the insurance industry through the Parent Company only.

As at 31 December 2016, the Vittoria Assicurazioni Group included 15 subsidiaries, as follows:

- 1 real-estate holding company;
- 8 vehicle companies established solely for the purpose of making investments in the real-estate segment on the basis of the guidelines established of the Board of Directors of the Parent Company;
- 1 real-estate brokerage firm operating under the sale orders given by the companies in the group and by third parties;
- 1 company providing real-estate management and administration services;
- 1 equity investment holding company which controls the Group's 3 insurance brokerage firms;

The companies in the Insurance Group belonging to the real-estate segment represent the relevant part of the Group itself. They are held either directly by Vittoria Assicurazioni or by the subsidiary Vittoria Immobiliare, which also controls the real-estate companies held by third-party partners. They lack their own organizational structure, their conduct and management fall on related Boards of Directors.

Actual fulfilment and compliance with strategic guidelines defined by the Board of Directors of the Parent Company and provided to subsidiaries is ensured by the presence of Vittoria Assicurazioni

representatives on the Boards of Directors of the subsidiaries. One statutory auditor of Vittoria Assicurazioni participates in the meetings held by the Boards of Statutory Auditors of the subsidiaries.

In the performance of its duties for the Group, the Board of Directors of Vittoria Assicurazioni relies on internal Committees, as outlined in the sections below.

Assessment of the functioning of the Board and its Committees

In order to implement the provisions of the Corporate Governance Code and in accordance with ISVAP Regulation no. 20 of 2008, the Board of Directors undertakes an annual assessment on the functioning of the Board and of its committees, as well as on their size and composition.

To date, the Board has not availed itself of external consultants in the assessment procedure. Reliance on specialist firms on the market was assessed and was not deemed necessary also by the independent directors, who confirmed the validity of the procedure adopted by the Company. The process requires that Board Members fill out, anonymously, a questionnaire divided into several sections, with a rating scale for each statement, aimed at facilitating the assessment process. Directors should express their views on:

- Number of members making up the Board of Directors;
- Composition and balance of the Board of Directors in terms of member professionalism, competence and independence;
- Activities and elements that enable the Board of Directors to perform its tasks in an efficient manner, such as: planning board meetings; completeness of the agenda; timely distribution of documentation on matters concerning the agenda; content of information provided prior to meetings; duration of meetings; accuracy of meeting minutes;
- Activities of the Board of Directors in relation to the tasks assigned: key decisions, definition of business and financial plans, risk assumption and governance;
- Activities of board Committees in relation to proposals and consultations with respect to the activities of the Board of Directors.

Directors can provide appropriate recommendations in each section of the questionnaire.

The results of the self-assessment questionnaire are previously examined by the Appointment and Remuneration Committee, and presented by the Chairman to the Board.

During the year 2016, the assessment process started in January, and the results were examined by the Board of Directors at the meeting held on 10 March 2016.

The directors deemed that the number of non-executive directors and independent directors was commensurate to the activity and size of the Board. A positive opinion was expressed in relation to overall professionalism, experience and competence of the Board of Directors, with a positive contribution to the Board activity arising from the heterogeneity among directors on board.

The program of ongoing training got a very positive opinion, in particular for the training sessions dedicated to the insight on Solvency II regulation, given the complexity of the new rules.

As for the functions of the Board and the practices relating to organizational issues, the number of meetings, their program and the agendas were considered appropriate. Also in relation to timing for making documents available and comprehensive pre-Meeting information, the opinion was generally positive, while there is a growing need to receive summaries of larger documents, in order to be better prepared during the meetings.

As for the Board activity, there was an increasing focus on the debate on business strategies. Taking into account this need, also highlighted by the results of the self-assessment process, the Appointment and Remuneration Committee suggested to establish a dedicated Board Committee supporting the activity of the Board of Directors on the definition of corporate objectives and identification of strategies for their attainment. This recommendation was followed by the Board taking office in April 2016, which appointed a Strategies Committee inside the Board.

Information received by the Directors through the answers to the Self-Assessment Questionnaire provided important contribution to the guidelines that, pursuant to the Application Criterion 1.C.1.(h) of the Corporate Governance Code, were formulated by the Board of Directors, with the support of the Appointment and Remuneration Committee, to the shareholders, on the managerial and professional profiles whose presence on the Board is deemed as appropriate in view of the appointment for the new administrative body by the Shareholders' Meeting of 27 April 2016.

In particular, the outgoing Board called for a proper number of Board directors in relation to the Company size and the complex and specific insurance business, which takes into account the need to have professionals on Board as provided for by the industry regulation, as well as the opportunity to ensure diversified skills and an appropriate number of independent directors, even for the purposes of participating in different board committees.

Furthermore, the Board provided guidance on what may be considered the optimal structure of organization of the board activities and delegations. In this regard, it was deemed important that the Board maintains a structure that ensures continuity with the company past, including profiles serving for the stakeholders as reference point and guarantee of continuity with the traditional prudent management.

Exemptions to the non-compete clause

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

4.4. Delegated Bodies

Pursuant to Article 18 of the By-Laws, as amended by the Extraordinary Meeting held on 27 April 2016, the Chairman of the Board of Directors, the Vice Chairmen, the Managing Directors and General Managers legally represent the Company before third parties and the law.

The Board of Directors, appointed on 27 April 2016, conferred new management powers to the Managing Director, Cesare Caldarelli. Such powers were also conferred to the Vice Chairman, Roberto Guarena, it being understood that deputy powers are to be exercised only in the event of emergency or urgency.

After the end of the financial year 2016, on 15 March 2017, the Board of Directors confirmed the powers to Mr. Cesare Caldarelli in his new role as Managing Director. At the same date, the Board, having considered the new organization of the Senior Management of the Company with effect 1 January 2017, with a Joint General Manager and two Deputy General Managers reporting directly to Mr. Caldarelli, approved a new structure of the delegations system, increasing the management powers delegated to the three aforementioned members of Senior Management, with joint signatures for acts of greater importance, to be exercised in cases of urgency and necessity within the powers conferred to the Managing Director.

Main powers delegated to Mr. Cesare Caldarelli are as follows:

- the acceptance, conclusion and termination of insurance contracts, whether director indirect, establishing the rates and the conditions;
- the conclusion and termination of active and passive reinsurance treaties, the granting and acceptance of optional reinsurance;
- settlement and payment of claims; payment of amounts due to the Company for maturity of insurance policies, for their surrender and for any other reason;
- the purchase, exchange and sale of buildings for a maximum amount of Euro 10 million for each individual purchase, exchange or sale;
- conclusion of contracts, even organizing auctions and tenders;

- the purchase and sale, without limitation as to the amount, of debt and equity securities for the benefit of life policyholders bearing the investment risk and those relating to pension fund management;
- purchasing and selling, without limitation as to the amount, of state or State guaranteed securities, and non-convertible bonds and similar securities;
- the purchase and sale of UCIs, without limitation as to the amount, provided they invest mainly in the bond market;
- the purchase and sale of units of UCIs, including closed-end funds, which invest in the bond market, up to a maximum amount of Euro 20 million;
- the purchase, underwriting, trading and selling of shares, convertible bonds and equity investments in companies or entities, credit instruments generally up to the maximum amount of Euro 15 million, this amount to be reduced to Euro 10 million if the transactions refer to the acquisition and sale of equity holdings in insurance companies or in companies having a corporate purpose directly connected and instrumental to its own. The Board of Directors is in any case vested with the authority to purchase and acquire majority interests in other companies or bodies, with the exception of real estate companies up to Euro 10 million per transaction;
- the granting of mortgages and loans up to the amount of Euro 5 million;
- relations with credit institutes and financial institution, setting terms and procedures for credit lines and their usage;
- the recruitment, promotion and dismissal the company personnel, including the Executives, defining indemnities and remuneration;
- representation of the Company before any judicial, financial and administrative authorities.
- The issue of sureties and endorsements to third parties is in any case the sole prerogative of the Board of Directors, except for those referred to the performance of credit and suretyship insurance activity and to the management of company real estate, conclusion and termination of lease and rental agreements.

Mr. Cesare Caldarelli does not hold other offices as Director, and therefore no interlocking directorate applies.

Chairman

The Chairman of the Board of Directors, who under the By-Laws is granted the authority of legal representation of the Company, is not vested with any executive authority.

Disclosures to the Board

As required by the By-Laws, on the occasion of board meetings and on at least a quarterly basis, the Board of Directors shall receive a report, also drafted by its delegated bodies, on the activities of the Company and its subsidiaries, the general outlook, the major economic, financial and equity transactions, especially on those transactions for which Directors hold a stake – personally or on behalf of third parties.

4.5. Independent Directors

On 27 April 2016, at the first meeting held following the appointment, the Board of Directors checked that each Director met the requirements for independence, also based on the declarations issued by each Director on the occasion of his/her candidacy.

The following met the independence requirements as indicated under section 3 of the Corporate Governance Code: Marco Brignone, Lorenza Guerra Seràgnoli, Giorgio Marsiaj, Maria Antonella Massari, Marzia Morena, Lodovico Passerin d'Entrèves, Giuseppe Spadafora, Roberta Urban.

Furthermore, following directors meet the independence requirements pursuant to provisions under Articles 147-ter and 148 of the TUF: Giorgio Costa, Marco Brignone, Lorenza Guerra

Seràgnoli, Giorgio Marsiaj, Maria Antonella Massari, Marzia Morena, Luca Paveri Fontana, Giuseppe Spadafora, Roberta Urban.

During 2016, the Director Roberta Urban lost the independence requirement provided for by TUF. In this respect, the Board of Directors, after the preliminary fact-finding activity of the Appointment and Remuneration Committee, evaluated that there were no grounds for the forfeiture of office in Vittoria Assicurazioni, as pursuant to Article 10 of the By-Laws the absence of this requirement by a director does not entail forfeiture of office if the requirements are met by the minimum number of directors, that according to current regulation are required to have this requirement, i.e. by two directors.

The application criteria 3.C.1.(e) of the Corporate Governance Code, under which directors that have held office for more than nine years cannot be qualified as independent, was not taken into consideration in the Director independence assessment.

The Board of Directors determined not to adopt this criterion considering that long-term presence on the board does not prevent independence, and that an in-depth knowledge of the Company and its activity as well as of the insurance business and industry regulation, that can be acquired over the course of several years of experience, allows to provide a significant contribution to the Board work and, more generally, to the definition of the Company's strategic guidelines.

Pursuant to the application criterion 3.C.5 of the Corporate Governance Code, the Board of Statutory Board, after examining the documentation produced to this end by the Company, in the light of the assessments made by the Board, confirmed the proper application of criteria and procedures adopted by the Board to evaluate the independence of its members.

The outcome of the assessments made by the Board of Directors was communicated in a press release issued to the market, in which the reasons for the deviation from the aforementioned application criterion 3.C.1.(e) was briefly outlined.

The Board of Directors makes an annual assessment of whether the Directors meet the requirements of independence, subject to the verification by the Appointment and Remuneration Committee.

Independent Directors shall promptly notify the Company in the event of any situations that could jeopardize such requirement.

In 2016, the Independent Directors met once without the other Directors in an *ad hoc* meeting. During this meeting, the Independent Directors evaluated the opportunity to appoint a Lead Independent Director and discussed the value of the self-assessment process. They also provided guidance on the organization of the Board activities, in particular by requesting the preparation of executive summaries for each issue under discussion as well as on possible training-related topics.

4.6. Lead Independent Director

The Board of Directors, at the meeting of 10 November 2016, in accordance with guidelines arising during the Independent Directors' Meeting, appointed Mr. Signor Lodovico Passerin d'Entrèves as Lead Independent Director who had already held this position in the previous directorship.

The position of Lead Independent Director was already introduced in 2013 when non-executive directors, and in particular, independent directors, needed to have a point of reference and coordination for their proposals and contributions in the Board activities.

The position of Lead Independent Director does not correspond to a corporate office with powers that compete with those of the Company's top management.

5. HANDLING OF CORPORATE INFORMATION

5.1. Public Disclosure Policy

The Board of Directors of Vittoria Assicurazioni submits the public disclosure policy, first approved in 2015, to annual audit.

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

The policy was adopted with the purpose of defining the guidelines for all the activities related to public disclosures, as well as the roles and responsibilities of the individuals and departments involved in the process.

The guidelines approved by the Board are aimed at ensuring:

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

The Company is committed to managing, by proper oversight measures, information related to public disclosures such as to ensure it is accurate and reliable. In particular, the standards pursued by Vittoria Assicurazioni should ensure that the information is thorough and timely and that it is disclosed, either internally and externally, through the contribution of the Corporate Departments.

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

Senior Management defines the measures needed to ensure that the public disclosure process is established and maintained, and works properly. In particular, it is responsible for implementing the Policy and ensuring that it is implemented in the corporate processes formalized by organizational documents, where also the tasks of the involved Corporate Departments are defined, whilst guaranteeing that disclosure systems are reliable and efficient.

The Managing Director is responsible for managing the public disclosure of inside information and information on significant matters relating to the Company and its subsidiaries.

Disclosing non-confidential documents concerning the Company, other than those already officially disclosed, is subject to approval by the Managing Director and the Investor Relator

Relations that entail additional public disclosures concerning the Company, in particular to shareholders, journalists or analysts, can be held only by the Chairman of the Board of Directors, the Vice Chairman, the Managing Director, persons appointed by the latter, or by the Investor Relator.

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

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

5.2. IVASS Reporting Policy

The Board of Directors of Vittoria Assicurazioni also approved the policy for reporting information to the Italian Insurance Regulator (IVASS).

The Policy adopted is aimed at defining the guidelines for all the activities related to reporting periodic information, linked to an event or arising from specific requests.

It sets out the standards and methods for managing such relations and for reporting information to the Insurance Regulator so as to guarantee the following on a constant basis: the adequacy of information and data prepared and structural oversight of management and public disclosures; timely and effective management of disclosures in order to ensure compliance with regulatory provisions; due collaboration in case of special requests or requirements.

5.3. Procedure for the management and public disclosure of inside information

On 28 July 2016, the Board of Directors approved a new procedure for the handling of inside information, in order to implement provisions under the Regulation (EU) no. 596/2014 of the European Parliament and Council of 16 April 2014 (Market Abuse Regulation) and related implementing regulations on market abuse, in force since 3 July 2016.

The procedure is aimed at governing the management, including the public disclosure, of inside information and of information that may become inside information, seeking for a balance between the interest vested by the information protection and the interest vested by compliance with the principles of equal information disclosure to the market.

Compliance with this Procedure is required for all members of the corporate bodies and employees of Vittoria Assicurazioni and the Group, as well as for all those with whom there is a relationship of professional collaboration who may have access to corporate information that are likely to evolve into inside information. It also applies to the subsidiaries of Vittoria Assicurazioni, so that they provide all information needed to promptly and properly comply with obligations of disclosure to the public as envisaged by existing regulation.

In particular, the Procedure identifies the parties that are responsible for assessing the inside nature of the information and the procedures for disclosing inside information. It also outlines the specific procedure to follow in cases where, if conditions set forth by law are met, the Company decides to delay the disclosure of inside information, by defining the parties responsible for the decision, the procedure for handling inside information that have not been disclosed as well as for the communication to CONSOB of the reasons for the delay.

Moreover, the Procedure describes the new methods for drafting and updating the Register of persons having access to inside information, as required by the Market Abuse Regulation, and identifies, within the Company, the person in charge of that.

All names of people having access to inside information are placed in the Register in case of delay of its disclosure. Names are registered by activity, process, project or intermediate stages of a long-term process, by indicating when the specific inside information is first available and when the inside information is disclosed to the public.

The Register has also a dedicated section ("Permanent Access") which includes only the persons, by function or position, that have always access to all inside information of Vittoria Assicurazioni.

The dissemination of inside information is made by means of a press release according to provisions of the Consolidated Law on Finance, Issuers' Regulation and the Regulation by Borsa Italiana.

5.4. Procedure for Internal Dealing

In order to implement the new provisions entered into force with the Market Abuse Regulation, a new Procedure for Internal Dealing was approved, regulating the disclosure of transactions on financial instruments issued by Vittoria Assicurazioni or other instruments related to them, by the Directors, Statutory Auditors and Executives with strategic responsibilities (so-called significant

parties), as well as by persons closely related to them.

In accordance with the law, these transactions shall be promptly notified to CONSOB, and no later than within three working days. These transactions shall also be notified to the Company no later than one working day, in order to enable it to comply with the public disclosure requirements.

The procedure includes a prohibition for significant parties to carry out, directly or through intermediaries, any transactions on financial instruments issued by Vittoria Assicurazioni or other instruments related to them during the closed period of 30 calendar days before the announcement of the annual financial report, the half-yearly financial report under Article 154-ter of the Legislative Decree 58/1998, as well as the interim financial reports.

At the beginning of every financial year, following the publication of the corporate events calendar, the Company provides all parties involved with a calendar indicating the dates on which it is not possible to conduct transactions (so-called Blocking Periods).

The procedure is available on the Company website www.vittoriaassicurazioni.com, under "Governance", where is also given disclosures of the transaction carried out by significant parties.

5.5. Opt-out Regime under Articles 70(8) and (71)(1-bis) of the Issuers' Regulation

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

6. BOARD COMMITTEES [Article 123-bis(2)(d) TUF]

Under Article 14 of the By-Laws, the Board of Directors appointed by the Shareholders on 27 April 2016, has established six committees:

- Appointment and Remuneration Committee
- Control and Risk Committee
- Strategies Committee
- Finance Committee
- Real Estate Committee
- Related-Party Committee

Duration of terms of office for committees coincides with the term of the Board of Directors.

In establishing the Committees, the Board, besides taking into account the provisions under the Corporate Governance Code, considered the operativity of the Company, in particular as for real-estate investments and outcome of the self-assessment processes on the Board functioning, performed in compliance with the provisions of ISVAP Regulation no. 20 and the Corporate Governance Code.

In the composition of the Boards, the Board considered the requirements provided for by the Corporate Governance Code, the professional profiles of the Directors, their past experience and the number of offices held, as well as the availability of each member.

In compliance with the Corporate Governance Code, given the relation between the matters at hand, the Board deemed it necessary to merge the Appointment Committee and the Remuneration Committee into a single Committee, called Appointment and Remuneration Committee, in order to facilitate organizational needs and full functioning of each committee.

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

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

Minutes of all Committee Meetings are taken and a copy of the minutes is distributed to all Directors.

Vittoria Assicurazioni has been long using a practice, recommended by the new text of the application criterion 4.C.1(d) of the Corporate Governance Code, to report, during the first Board meeting, through the President of each Committee, on the activities performed by the Committee itself.

This section briefly outlines the composition and activities of the Strategies Committee, Finance Committee, Real Estate Committee and Related-Party Committee.

As for the Appointment and Remuneration Committee and Control and Risk Committee, please refer to sections 7 and 8 below.

6.1 Strategies Committee

As at the date of this Report, the Strategies Committee, first established in 2016, consists of the following Directors:

Andrea ACUTIS
Carlo ACUTIS

Non-executive Chairman
Non-executive

Cesare CALDARELLI	Executive
Roberto GUARENA	Non-executive
Giuseppe SPADAFORA	Independent
Roberta URBAN	Independent

The Committee shall meet at least on a six-monthly basis, convened by the Chairman or when requested by at least 2 members of the Committee.

The Chairman coordinates the Committee activities. The Committee can appoint a Secretary, that can also be an external member of the Committee.

Minutes of all Committee meetings are taken and at the first meeting possible the Chairman reports to the Board on the activities performed.

The heads of the company operating departments may also be called to attend some Committee meetings.

The Committee supports the Board and Top Management by carrying out corporate objectives and strategies. In particular, the Committee assists the Board and Top Management in following activities:

- identification of market evolution and related strategic challenges to be addressed; analysis of the different strategic options at disposal;
- definition of the multi-year strategic plans;
- development of the Key Performance Indicators and their monitoring.

The Strategies Committee met 2 times in 2016. Average meeting attendance was 92%. See the table in Annex 2 of this Report for the individual Directors' attendance records.

The Committee reviewed the market scenarios, whose evolution will be taken into account for the formulation of the next three-year strategic plan of the Company, in order to identify the significant opportunities and risks and plan the adequate strategic initiatives accordingly.

2 meetings are planned for 2017.

6.2. Finance Committee

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

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

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

In order to encourage the exchange of information between the Finance Committee and the Control and Risk Committee and considering the new tasks given to them according to the policies approved in accordance with regulations issued by IVASS, Board of Directors Appointment and Remuneration Committee assigned to Mr Giuseppe Spadafora the special task of coordinating the information flows between the two committees.

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

The Chairman coordinates the Committee activities. The Committee can appoint a Secretary, that can also be an external member of the Committee.

Minutes of all Committee meetings are taken and at the first meeting possible the Chairman reports to the Board on the activities performed.

The Finance Committee met 9 times in 2016.

Average meeting attendance was 93%. See the table in Annex 2 of this Report for the individual Directors' attendance records.

7 meetings are planned for 2017.

The Committee meetings are also attended by executives belonging to Senior Management, the Financial Reporting Officer, the Risk Manager and, where considered useful with respect to the items on the agenda, the heads of company departments may be called to participate.

In the performance of preliminary fact-finding and proposal-making, the Finance Committee provides support to the Board:

- defining policies and strategies for risk management, risk appetite and capital management;
- defining investment policies and strategies and supervising their implementation.

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

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

The Committee's tasks include:

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

6.3. Real Estate Committee

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

Andrea ACUTIS	Non-executive Chairman
Adriana ACUTIS BISCARETTI DI RUFFIA	Non-executive
Carlo ACUTIS	Non-executive
Cesare CALDARELLI	Executive
Giorgio Roberto COSTA	Non-executive
Roberto GUARENA	Non-executive
Marzia MORENA	Independent
Luca PAVERI FONTANA	Non-executive
Giuseppe SPADAFORA	Independent

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

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

The Chairman coordinates the Committee activities. The Committee can appoint a Secretary, that can be also an external member of the Committee.

Minutes of all Committee Meetings are taken and at the first meeting possible the Chairman reports to the Board on the activities performed.

The Real Estate Committee met four times in 2016.

Average meeting attendance was 91%. See the table in Annex 2 of this Report for the individual Directors' attendance records.

Four meetings are planned for 2017.

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

The Committee has the following duties:

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

In particular, during 2016, the Real-Estate Committee provided support to the Board in the re-organization of the real-estate business and in the definition of new strategies for its development, that will be started during 2017.

The organizational model for implementing the new strategy of the real-estate business is based on these principles:

- enhancement of group synergies;
- real-estate segment that is instrumental to the Group's needs;
- implementation of the new lease business, separated from the current business (trading and development) in order to evaluate the profitability during the implementation of the strategy;
- focus of the real-estate business on the core services: real-estate brokerage and asset management;
- flexibility of the cost structure;
- review of commercial strategies, providing for the possibility of making use of external partners for the sale of group assets and implementation of sales measures for properties (leftovers) that do not have strategic value.

Vehicle companies will be restructured and real-estate operating companies will be merged into a new company, that will deal with the asset management of the properties and promotion of sales of the group real-estate assets.

6.4. Related-Party Committee

As at the date of this Report, the Related-Party Committee, established based on Consob Regulation no. 11721, consists of the following Directors:

Roberta URBAN	Chairman
Marco BRIGNONE	Independent
Giuseppe SPADAFORA	Independent

All members have the requirement of independence provided for by the Corporate Governance Code. During 2016, Roberta Urban lost the independence requirement required by provisions under Articles 147 and 148-ter of the TUF, as she held the position of director of the associate company Vittoria Capital S.p.A. It was not considered necessary to replace her inside the Committee, as this requirement is met by the majority of the Committee members, which is permitted by the CONSOB Regulation no. 17221 in relation to the assessment of related-party transactions with minor importance. The position will be subject to review during the financial year 2017, or if the Company aims at carrying out transactions of major importance.

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

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

The Committee's work is coordinated by a Chairman, who can appoint a Secretary who can be an external member of the Committee. Minutes are taken at the meetings and the Chairman provides the Board of Directors with a report on the Committee's work.

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

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

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

In 2016, the Committee met 4 times both for evaluating the transactions subject to its review and analysing and approving, within its competence, the annual report on the intra-group activity provided for 2016 pursuant to ISVAP Regulation no. 25/2008 then repealed by Article 27 of IVASS Regulation no. 30 of 26 October 2016. The Committee assessed the transactions of minor importance, expressing its positive opinion. Average meeting attendance was 83%. See the table in Annex 2 hereof for the individual Directors' attendance records.

7. APPOINTMENT AND REMUNERATION COMMITTEE

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

Lodovico PASSERIN d'ENTRÈVES	Independent Chairman
Luca PAVERI FONTANA	Non-executive
Maria Antonella MASSARI	Independent
Giuseppe SPADAFORA	Independent

As mentioned in Section 6 above, the functions prescribed for the Appointment Committee and the Remuneration Committee in the Corporate Governance Code have been assigned to a single committee set up in accordance with the stricter rules set out in the Corporate Governance Code for the Remuneration Committee (non-executive directors, the majority of whom must be independent, with the Chairman selected among the latter).

When this Committee was established, at the time of appointment, the Board of Directors also assessed compliance with application criterion 6.P.3. of the Corporate Governance Code which provides for the presence of at least one member with adequate knowledge and experience in finance or in remuneration policies. All members do have an adequate financial knowledge and experience, while Mr. Lodovico Passerin d'Entrèves and Mr. Paveri Fontana also have expertise in remuneration policies, accrued even as members of the Committee during previous financial years.

The Chairman coordinates the Committee activities. The Committee can appoint a secretary, not necessarily a member of the Committee. Minutes of all Committee meetings are taken, and at the first meeting possible the Chairman of the Committee provides the Board with a report on the activities performed.

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

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

If the Committee decides to avail itself of the services of a consultant in order to obtain information on market standards for the remuneration policies, it shall previously verify that the consultant is not in a position which might compromise its independent judgement.

To date, the Committee has not availed itself of any outside consultants.

The Appointment and Remuneration Committee held 6 meetings in 2016, with an average duration of about one hour. Average meeting attendance was 93%, as seen in the table in Annex 2 hereof.

7.1. Functions of the Appointment and Remuneration Committee

As for the appointments, the Committee has the function of:

- formulating opinions to the Board of Directors with regard to the size and composition of the Board and of the Committees;
- making proposals for the organisation and functioning of the Board of Directors;
- making recommendations with respect to:
 - (i) the professionals whose presence within the Board is deemed advisable;
 - (ii) the maximum number of positions as director or statutory auditor in other companies listed on regulated markets (also abroad), in financial, banking, insurance companies or in companies of significant size, that would be compatible with the effective performance of

a director's duties, taking into account the directors' participation in the committees within the Board of Directors of the Company;
(iii) exemptions to the non-compete clause under Article 2390 of the Italian Civil Code.

- making proposals for the appointment of Directors;
- making proposals to the Board for co-opting Directors;
- making proposals to the Board for the appointment of the Chairman, Deputy Chairmen, Committee members, Managing Director and General Manager;
- making proposals to the Board, in agreement with the Managing Director, for the appointment of senior managers;
- assisting the Chief Executive Officer in preparing career and replacement plans for the Company's Senior Management;
- carrying out the preliminary work for the preparation of the plan for the succession of the executive directors;
- carrying out checks as required by the Fit & Proper Policy approved by the Board of Directors;
- supporting the Board in the analysis of the results of the annual evaluation on the functioning of the Board and its Committees as well as on their size and composition;
- assisting the Managing Director of the Parent Company in formulating proposals for the appointment of Directors, of the Chairman, Managing Director and General Manager of the subsidiary Companies;
- assisting the General Manager of the Parent Company in formulating proposals for the appointment of the Group Directors at the affiliated Companies.

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

- submitting proposals to the Board of Directors with regard to the definition of the policy for the remuneration of directors and senior managers with strategic responsibilities. In particular:
 - (i) making proposals or expressing opinions to the Board of Directors for the remuneration of executive directors, of Directors holding specific offices and of the General Manager, as well as for setting the performance targets related to the variable portion of said remuneration;
 - (ii) making proposals to the Board, as indicated by the Managing Director, for setting the remuneration of the Senior Management of the Company in such a way as to attract and motivate high-calibre people;
 - (iii) checking the proportionality of the remuneration of the executive directors among them and compared to the company staff;
- verifying the enforcement of the Board of Directors' decisions on remuneration, monitoring also the actual attainment of performance targets;
- periodically evaluating the adequacy, overall consistency and concrete enforcement of the policy on the remuneration of directors and executives with strategic responsibilities, relying, in this last case, on the information provided by the Managing Director, and formulating proposals on this matter.
- assisting the parent company's Managing Director in developing proposals for determining the remuneration of the Directors, the Chairman, the Managing Director and the General Manager.

No Director participates in the meetings where proposals on his/her remuneration are made.

In 2016, consulting and proposing activity of the Committee on the appointments included, *inter alia*:

- prior examination of the proposals made by the Board of Directors for promotion to Senior Managers;
- approval of the proposals of the Executive Management for the appointment of the corporate bodies of subsidiaries and associated companies, also in the light of the new offices conferred to the Parent Company;

- prior examination of the results of the self-assessment questionnaire prepared to evaluate size, composition and functioning of the management body as a whole, as well as its committees, in compliance with ISVAP Regulation no. 20 and the Corporate Governance Code;
- proposal to provide the Shareholders, also in the light of the self-assessment results, with the outgoing Board's Guidance on size and composition of the new management body, for appointments made by the Meeting of the 27 April 2016;
- support to the Board to define the maximum offices of directors or statutory auditors held in other companies that can be considered compatible with an efficient performance of the Company directorship, taking into account the participation of the members to the Board Committees;
- proposal to modify the existing By-Laws in order to provide for the appointment of an Honorary Chairman and to confer legal representative powers also to the General Manager, with the purpose of provide the Board of Directors with the possibility to establish a more detailed organization and distinction of powers to be assigned to senior managers;
- preliminary activity to check the eligibility requirements for executives belonging to Senior Management and Heads of Control Departments, in accordance with the existing policy approved by the Board;
- examination of the organisation chart, function chart and the system of powers and delegations;
- examination of the replacement schemes prepared by the General Management to address any needs to replace the Heads of the main corporate departments, both in case of urgency, and in a three-five-year horizon.

With reference to remuneration, the Committee guaranteed its contribution to the decision-making process at Board and Top Management level, in relation to:

- formulation of the Report on the Remuneration policies adopted by the Company, in accordance with ISVAP Regulation no. 39 and Article 123-ter of the TUF;
- distribution of the total emolument approved by the Shareholdings' Meeting for the Board as well as the proposal of remuneration due to directors holding particular positions;
- distribution of variable remuneration to be paid to the Managing Director, the General Manager and Senior Management of the Company, based on the criteria defined by a dedicated Regulation approved by the Committee itself;
- remuneration of executive directors of the associated companies;
- definition of variable remuneration to be paid to the heads of control departments (Internal Audit, Compliance and Risk Management), with the consent of the members of the Control and Risk Committee, in accordance with the Company remuneration policy;
- definition of remuneration provided for executives belonging to Senior Management, in relation to promotions and new responsibilities.

8. CONTROL AND RISK COMMITTEE

As at the date of this Report, the Committee consists of the following Directors:

Giuseppe SPADAFORA	Independent Chairman
Luca PAVERI FONTANA	Non-executive
Roberta URBAN	Independent

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

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

Both Mr. Spadafora and Mr. Paveri Fontana have adequate experience in accounting and finance, as well as in risk management, being this latter accrued also as members of the Committee itself in the previous years.

The Board of Directors has made an annual budget of Euro 30,000 available to the Committee for the performance of its duties, it being understood that any additional needs must be submitted to the Board for approval.

The work of the Control and Risk Committee is coordinated by the Chairman. Minutes of all Committee meetings are taken, and at the first meeting possible the Chairman reports to the Board of Directors on Committee activities performed, highlighting the most significant problems.

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

The Control and Risk Committee held 10 meetings in 2016, with an average duration of approximately 2 hours.

Average meeting attendance was 73% as seen in Annex 2 of this Report.

All Committee meetings were attended by members of the Board of Statutory Auditors, the Heads of the Internal Audit, the Legal, Compliance and Anti-money laundering Department, the Risk Management Department. The Managing Director, the Reporting Manager and heads of different Company departments may also be called to attend some meetings depending on the issues discussed.

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

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

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

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

7 meetings are planned for 2017, including 2 meetings that have already been held as at the date of this Report.

8.1. Functions of the Control and Risk Committee

According to the provisions of the “Risk Management Policy” approved by the Board of Directors, and in accordance with Principle 7.C.1. of the Corporate Governance Code, the main role of the Control and Risk Committee is to support, through an appropriate assessment activity, the Board of Directors’ evaluations and decisions regarding the establishment of guidelines and the assessment of the Risk and Control Management System’s adequacy, also by examining, in terms of monitoring /verification, the documentation relevant to the Risk and Control Management System. In this context the Committee examines, reporting to the Board of Directors, the related policies.

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

- assesses, on a yearly basis, the adequacy of the internal control and risk management system with respect to the characteristics of the Company and with the assumed risk profile, as well as its effectiveness;
- reports to the Board of Directors on the work done and on the adequacy of the Internal Control System and Risk Management system;
- checks the updates of the RA (Risk Appetite) document, as well as the formalisation and distribution of related documentation;
- ensures the existence of adequate processes and systems to define risk appetite and for constant monitoring;
- checks formalisation of escalation processes to implement if risk appetite tolerance levels are not satisfied;
- monitors implementation of assessments, also under conditions of stress, on a set basis and with each event;
- checks execution of any corrective measures defined by the Board of Directors or Senior Management, in the case of deviation within or over tolerance thresholds, respectively;
- reviews the risk assessment and management policies;
- analyses the ORSA report on methods, processes and results of internal, current and forward-looking assessment of risks and solvency;
- reviews reports provided by the internal audit department for the Board describing the activities carried out and the outcome of audits performed to monitor adherence to the limits/parameters, also at quality level, set by the Board of Directors in relation to risk exposure.

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

- yearly planning and periodic reports prepared by the control functions (Internal Audit, Compliance and Risk Management) and by the Supervisory Body on the activities performed;
- the Report on Corporate Governance and Ownership Structures, for the parts concerning the existing risk management and internal control systems related to the corporate disclosure process;

- the annual Report, prepared pursuant to ISVAP Regulation 20, describing the Internal Control System and Risk Management system implemented by the Company;
- the annual report by the head of the Compliance Department on the adequacy and effectiveness of the measures adopted by the Company to manage risk of non-compliance with regulations, prepared in accordance with Article 24, Paragraph 3 of ISVAP Regulation no. 20;
- the periodic reports prepared by the Head of the Anti-Money Laundering Department in accordance with ISVAP Regulation no. 41;
- the annual report prepared by the Head of the Anti-Fraud Department in accordance with ISVAP Regulation no. 44;
- the annual report on training and professional development of distribution networks under ISVAP Regulation no. 40;
- the interim reports prepared by the Head of Internal Audit on the management of the Claims received by the Company;
- the updates of the Organisation and Management Model adopted by the Company in accordance with Italian Legislative Decree 231/2001.

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

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

In accordance with the Internal Audit Policy approved by the Board, the Committee provides the Board of Directors with its binding opinion on the appointment of the Head of Internal Audit and his/her remuneration. In addition, in accordance with Committee Regulation, it provides support to the Board of Directors in assessing the adequacy of resources given to the head of the Internal Audit Department.

9.REMUNERATION OF DIRECTORS

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

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

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

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

The Remuneration Reports approved as from 2012 are published in the "Governance" section of the Company's website.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

The internal control and risk management system is the Board of Directors' responsibility, which shall define the guidelines and monitor its adequacy and effectiveness while ensuring that company risks are identified and managed in a suitable manner.

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

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

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

The system is therefore integrated with the following documents:

- Risk Appetite (RA): is the risk level the Company is willing to assume in each identified area, in order to pursue its strategic objectives.
Risk Appetite has been defined on the basis of three dimensions: Capital, Value and Profit and is operatively translated into appropriate key indicators which are subject to the Company's continuous monitoring;
- Own Risk and Solvency Assessment or "ORSA": internal assessment process for risks and solvency, consisting of a group of analysis, decision-making and strategic processes and methods used to assess capital needs and availability of assets on a constant and forward-looking basis. This assessment is linked to the Company-specific profile and risk appetite.

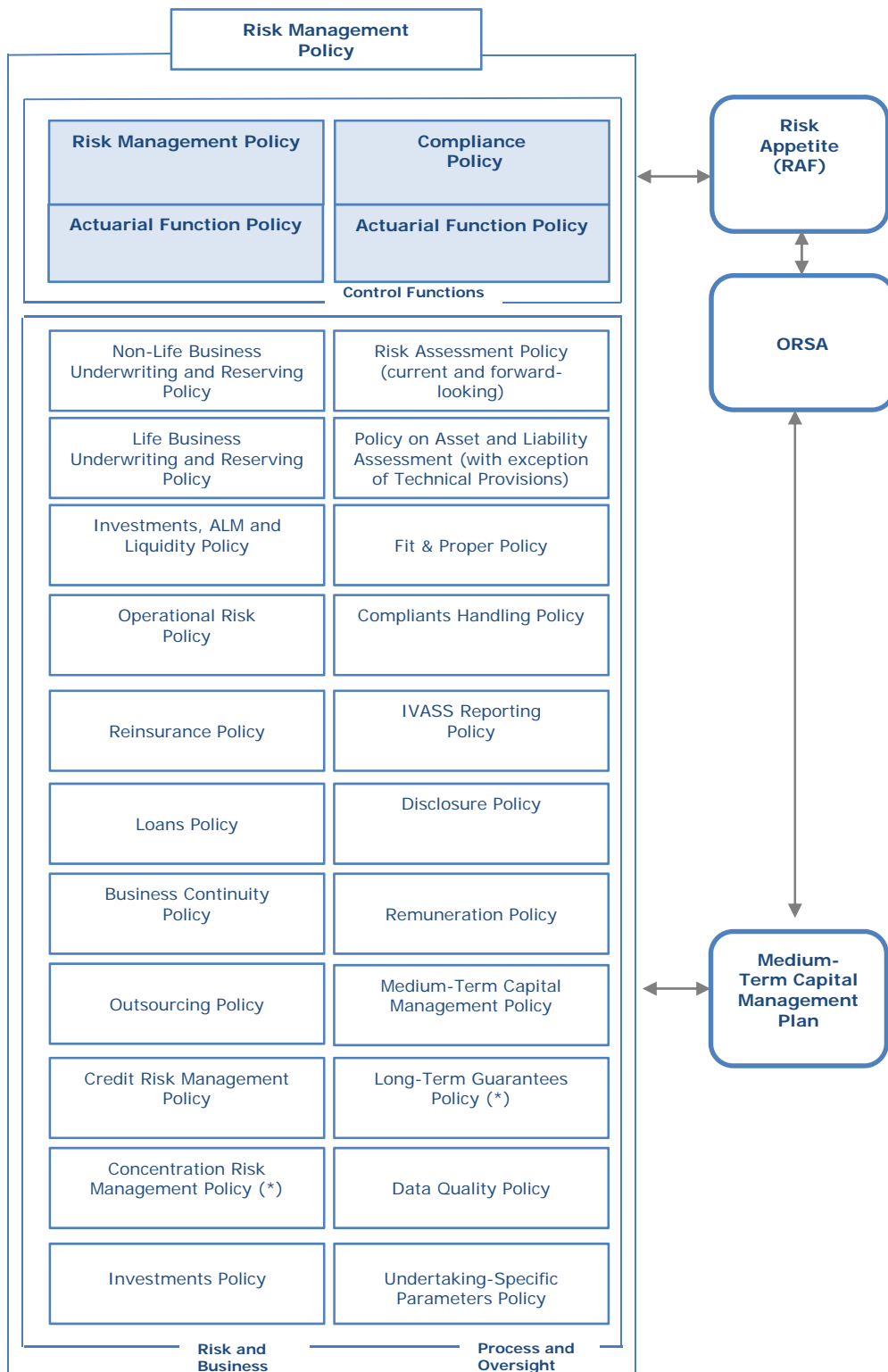
The system includes the policies of the primary control functions at second and third level, i.e., Compliance, Risk Management and Actuarial and Internal Audit.

The entire system is reviewed, on a yearly basis, by the Board of Directors, with the support of the Control and Risk Committee and Finance Committee. The governance policies set forth in the guidelines gives the Committees an essential role in supporting the Board for information and control.

On the whole, as at 31 December 2016, the Board of Directors approved 28 new Policies and submitted to annual review the 19 Policies, already approved in the previous years; these policies can be divided into 3 macro-categories:

- A. Control Department;
- B. Risk and Business;
- C. Processes and Oversight

The system is briefly outlined in the chart below:



(*) Integrated into the Risk Management Policy

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

Risk Management Policy

The Risk Management Policy is the benchmark Policy of the whole self-regulatory framework governing the risk management system and serves as connection and reference for all other policies.

The objective of the policy is to formalize guidelines and procedures aimed at ensuring an efficient risk management.

It regulates:

- formalization of roles and responsibilities of parties involved in the risk management, in order to preserve stability and solvency of the Company and the Group, also in stress scenarios;
- definition of the advisory, preliminary fact-finding and proposal-making functions conferred by the Board of Directors to the Finance Committee, the Strategies Committee and the Control and Risk Committee;
- definition of risk categories the Company is or might be exposed to as well as the methods to measure them;
- processes aimed at identifying, assessing, monitoring and mitigating risks, with a current and forward-looking approach..

It also includes the definition of the guidelines and methods relating to (i) Concentration Risk Management Policy; (ii) Long-Term Guarantees Policy (with special reference to the Volatility Adjustment).

A) Control Function Policies

Policies relating to control functions, approved by the Board of Directors on the proposal of the Control and Risk Committee, define tasks, operating procedures, coordination procedures as well as the nature and frequency of reporting to the corporate bodies by the control functions, in accordance with provisions under ISVAP Regulation no. 20.

According to these Policies, the Board, after a preliminary assessment by the Control and Risk Committee, approves, on a yearly basis, the plans of the control functions, i.e. Internal Audit, Compliance and Risk Management. Said functions provide the Board with a report, on a semi-annual basis, on the activity performed.

Internal Audit Policy

The objective of the Policy is to regulate roles and responsibilities under the Internal Audit Department in the performance of activities within its purview as well as to define the general objectives the Department shall pursue in the performance of activities assigned.

It regulates:

- definition of roles and responsibilities of the Internal Audit Function in performing processes for monitoring and assessment of the internal audit system;
- the function-related requirements (integrity, professionalism, independence and the right to information) for the head of the function and his/her staff;
- definition of interdependence and information flows between the other Control Functions and the Internal Audit Function;
- The processes to define the Internal Audit Plan (risk-based approach) and procedures adopted for audit and advisory activities.

Risk Management Policy

The objective of the Policy is to regulate roles and responsibilities under the Risk Management Function and to define the general objectives the function shall pursue in monitoring the risks arising from the business of the Company and Group.

It regulates:

- definition of roles and responsibilities of the Risk Management Function in performing risk management processes, interdependence and information flows;
- function-related requirements such as independence, resource adequacy, the right to

- information, objectivity, confidentiality and professionalism of the Head and the staff;
- processes to define the risk management plan;
- processes for risk management (identification, assessment, monitoring and treatment) and reporting;
- relations with corporate bodies and departments.

Actuarial Function Policy

The objective is to regulate roles and responsibilities referred to the activities performed by the Actuarial Function, to apply the general targets the Function pursues in the performance of its activities, as well as to ensure compliance with the requirements of integrity, professionalism and independence relating to the Head of the Function and related staff;

In particular, the Policy outlines high-level activities of the Function within the processes of:

- identification and analysis of the risks, supporting the Risk Management;
- calculation of technical provisions pursuant to Solvency II and Civil Code;
- advice on the underwriting policy and reinsurance agreements;
- assessment aimed at identifying and calculating the Undertaking Specific Parameters;
- continuous monitoring of Solvency II requirements;
- management of information flows.

Compliance Policy

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

It regulates:

- definition of the roles and responsibilities of the Compliance Function in performing risk assessment processes;
- definition of the objectives for the Compliance Function; the function-related requirements such as independence, resource adequacy, the right to information, objectivity, confidentiality and professionalism of the Head and the staff;
- processes to define the Compliance plan; processes for non-compliance risk management (survey of legal rules, risk assessment, implementation of measures) and reporting;
- relations with corporate bodies and departments;
- definition of interdependence and information flows between the audit function and the compliance function.

B) Risk and Business Policies

Policies of this category provide the guidelines that the corporate functions have to follow during the processes of taking and managing the risks which the Company is exposed to, and regulate tasks, responsibilities, operation limits as well as nature and frequency of reporting to corporate bodies, aimed at continuous risk monitoring.

Non-Life Business Underwriting and Reserving Policy

The objective of the Policy is to define guidelines and methods aimed at granting an adequate and efficient underwriting and reserving risk management for the Non-Life Business, in accordance with Solvency I provisions and Solvency II requirements.

The Policy defines:

- the general principles of the underwriting and reservation policy;
- main operating activities aimed at managing risks of underwriting, reserving, renewal and catastrophe under Solvency II;
- roles and responsibilities within the of Non-Life pricing processes;

It also defines:

- the terms by which the Company, upon planning new insurance products (tariffs), takes into account provisions under the investment policy;

- indicators to control the expected profitability level and to check that the written premiums are sufficient to cover claims and related expenses.

Life Business Underwriting and Reserving Policy

The objective of the Policy is to define guidelines and methods aimed at granting an adequate and efficient underwriting and reserving risk management for the Non-Life Business, in accordance with Solvency I provisions and Solvency II requirements.

The Policy defines:

- general principles of the underwriting and reserving policy;
- main operating activities aimed at managing the risks of underwriting, reserving, renewal and catastrophe under Solvency II;
- roles and responsibilities relating to the process of Life business underwriting and reserving both under Solvency I and in compliance with Solvency II;
- roles and responsibilities within the scope of Life Business pricing process.

It also defines terms by which the Company, upon planning new insurance products (tariffs), takes into account provisions under the investment policy.

Investments, ALM and Liquidity Policy

The objective of the policy, in accordance with IVASS Regulation no. 24 on investments, is to formalise the strategic direction of the Company in terms of investment management, ALM and liquidity. The policy defines principles, guidelines and roles assigned in the processes of investment management, liquidity position and ALM, also by considering risk management of: interest rates, shareholdings, real-estate, spread, exchange rates, concentration, liquidity (for example, inadequate treasury and illiquid asset management). The Policy is an integral part of the Risk Management system and takes into consideration risk tolerance, as set forth in the Risk Appetite document, and the medium/long term objectives of the Company.

Operational Risk Policy

The objective of the policy is to define the guidelines and strategies the Company shall pursue in the operational risk management, with particular focus on risks related to information technology, data security, frauds and inefficiency of people and/or processes.

It defines:

- methods used by the Company to identify, evaluate, monitor and handle operational risks;
- roles and responsibilities of the different corporate functions involved;
- the process of managing the operational risk, frequency and activity of prevention and mitigation;
- information tools used to detect, monitor and store data relating to risks that have already occurred or may occur;
- formalization of detections and reporting produced.

Reinsurance Policy

The objective of the policy approved is to establish guidelines and strategies the Company shall pursue in the management of reinsurance cover and in the choice of reinsurers to remove the exposure identified, to enable the Company to operate in full compliance with provisions under IVASS regulations. The aim is to ensure a balance in the portfolios of individual branches through the use of reinsurance cover to safeguard technical processes and to maintain prudent exposure to risks.

It regulates:

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

- definition of roles and responsibilities of the Actuarial Function in evaluating the Company's overall underwriting policy and reporting its opinion to the Board.

Loans Policy

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

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

Specifically, the policy defines:

- roles and responsibilities of departments involved in the process for granting and managing loans according to type and recipient;
- the conditions for payment according to type of loan and recipient and their limits;
- identify the macro-phases in the loan management process: Application for preliminary review, payment resolution, management of transaction, monitoring credit, assessment of credit positions and renewal or extinguishment;
- defines eligibility requirements for mitigation associated with residential mortgage loans in accordance with Solvency regulations;
- defines second-level controls by the Risk Management Function.

Business Continuity Policy

Objective of the policy is to define the guidelines for controlling Business Continuity, in accordance with applicable supranational and national legislation, by providing guidance to ensure the operational continuity of technological and non-technological resources. In particular, the strategies for preserving essential functions and information and for ensuring business continuity in case of breakdown of systems or procedures are formalized. The strategies for quickly recovering operations are defined, by implementing plans to recover functions and data.

It regulates:

- the roles, distinguishing between ordinary situations and emergency situations;
- internal and/or public communications when implementing the Business Continuity Plan or the Disaster Recovery Plan;
- definition of measures taken to protect the Company against any interruption of services provided by suppliers in support of essential or critical processes.

Outsourcing Policy

The objective of the policy is to provide guidance in relation to outsourcing activities and/or functions. The Policy defines the general principles and criteria used to qualify the activities to be outsourced and for selection and assessment of suppliers. Furthermore, it sets out corporate roles and responsibilities on outsourcing and defines frequency of assessments of the supplier performance level consistent with the formalized Service Level Agreement.

Credit Risk Management Policy

The objective of the Policy is to regulate roles and responsibilities on the credit risk management, with reference to the main committees, bodies and corporate functions, as well as to define the criteria for taking the credit risk based on the type of classification provided for by Solvency II regulation. The document, besides governing methods to identify, evaluate, monitor and handle credit risks, provides for:

- additional analyses, in accordance with the risk management policy, that enable to check the external credit ratings used in calculating the technical provisions and the asset solvency requirement;
- proper checks to control the current and future credit risk referred to the insurance intermediaries and its significance in relation to the development of the network of agencies;
- the distinction between the exposures and counterparties governed by the policy and those handled, as related-risk source in other policies to which reference is made.

Concentration Risk Management Policy

The Risk Management Policy defines also the guidelines for management of the concentration

risk, represented by all exposures to risk subject to potential losses that are large enough to deteriorate the solvency or financial position of the Company. This risk relates to many operating areas and therefore its management is regulated within many policies. In particular:

- by the Investments, ALM and Liquidity Policy, for the market concentration risk relating to assets, to bank counterparties and issuers of financial instruments;
- by the Reinsurance Policy, for the concentration risk towards the reinsurance counterparties;
- by the Credit Risk Management Policy for the concentration risk towards the insurance counterparties, the intermediaries, the third parties involved in different ways in the insurance agreement;
- by the Lending Policy for the concentration risk concerning also the residential mortgage lending;
- by the Life and Non-Life Business Underwriting and Reserving Policy, for the concentration risk relating on client portfolio.

Investments Policy

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

It regulates:

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

C) Process and Oversight Policies

Policies of this category regulate the guidelines for the different processes of risk assessment, as well as for compliance with applicable regulation and obligations towards Regulators.

Risk Assessment Policy (current and forward-looking)

The objective of the Policy is to define guidelines, methodological principles and macro-processes for the purpose of assessing the Group's internal risks and solvency with a current and forward-looking approach and on a continuing basis. The Policy outlines the instruments to periodically monitoring the methods used in the current and forward-looking risk assessment: quantitative methods, with Solvency II Standard Formula metrics, with reference to the insurance, market, credit and operational risks; qualitative methods, used in assessing risks of non-compliance with rules (and potential reputational risk). In particular, the Policy describes the methods for the analysis of deviations from the Risk Profile (continuous monitoring) and for the analysis of the deviations from assumptions underlying the Standard Formula calculation.

Policy on Asset and Liability Assessment

The objective of the policy is to ensure the reliable and accurate economic assessment of the items of the financial statements relating to Assets and Liabilities, in line with Solvency II regulation, by defining the roles and responsibilities of the corporate functions and bodies that participate to the assessment of Assets and Liabilities (with the exception of Statutory Reserves). In particular, the valuation process for items related to assets and liabilities is regulated, with the definition of the methodological approaches and any control systems and verification procedures implemented by the Company.

Fit & Proper Policy

The objective of the Policy is to provide guidelines for assessing suitability requirements for the positions in the Board of Directors, Senior Management, of the General Manager, Control Functions and related Heads, of the executives with strategic responsibility, and of the administrative and control bodies of the subsidiaries. In particular, the Policy:

- defines roles and responsibilities of parties involved in the process for the evaluation of the fit & proper requirements;
- identifies situations that entails forfeiture, suspension or any revocation of the office held inside the Company; it provides for a period verification aimed at checking that the fit & proper requirements are maintained over time;
- identifies the events that require new assessments of the requirements of eligibility to the office held inside the Company;
- identifies the other relevant collaborators that are not subject to said requirements, but for which the Company considers nonetheless to make some assessment in terms of professionalism and integrity, establishing the fit & proper requirements.

Complaints Handling Policy

The objective of the Policy is to define the conduct and guidelines to follow for ensuring correct and timely management of complaints received by the Company, in particular to:

- ensure standardised conduct by parties involved in complaint management according to shared conduct principles;
- ensure timely and effective management of complaints, indicating the roles and responsibilities of parties involved;
- promote solutions based on the principles of honesty and transparency in the relationships with policyholders in the complaints handling;
- manage any conflicts of interest;
- manage any operational (legal and reputational) risks linked to the complaints.

It defines roles and responsibilities of parties involved in the process of complaints handling and identification and evaluation of the underlying causes. It sets forth procedures that enable to identify products and corporate processes involved by complaints as well as rules and proper behaviors to identify and handle any conflicts of interest.

IVASS Reporting Policy

The objective of the Policy, briefly outlined in the previous section 5, is to formalize the guidelines in the performance of all activities relating to reporting information to the Italian Insurance Regulator (IVASS), be they periodic, by event or arising from specific requests.

The Policy identifies roles and responsibilities of the different corporate functions involved in the performance of periodic/recurring obligations and sets forth the channelling process, through the Claims Department, of the specific and episodic requests, assigning to the different corporate functions the tasks for preparing, checking, approving and sending the various information addressed to IVASS. The Policy defines principles and procedures for managing the relationships and disseminating the information to the Insurance Regulator in order to ensure on a continuous basis:

- the adequacy of data prepared and structured oversight for managing and sending communications;
- prompt and efficient management of communications in order to ensure compliance with requirements under the regulation;
- proper collaboration in case of inspection visits.

Public Disclosure Policy

The objective of the Policy, briefly outlined in the previous section 5, is to establish rules of conduct to follow for all the activities related to disseminating disclosures and information to the public by defining the principles and procedures for managing communications so as to ensure the following on an on-going basis:

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

It regulates:

- the roles and responsibilities held by parties involved in the disclosure dissemination process, also with respect to sensitive information;
- the general principles (e.g. collaboration, accuracy, confidentiality, consistency, traceability, effectiveness and efficiency) and conduct (e.g., truthfulness, transparency, documentation, archiving and control) that the parties involved are required to respect;
- implementation: preparation, review, approval and dissemination;
- details concerning the main disclosures of information to the public, with indications on the managers and departments involved.

Remuneration Policy

The Remuneration Policy is approved by the Board of Directors, on the proposal of the Appointment and Remuneration Committee and is subject to the approval by the Shareholders' Meeting held for approving the financial statements.

The guidelines of the Remuneration Policy are based on principles of sound and prudent risk management and in line with the strategic targets, the profitability and the long-term undertaking balance.

Main objective of this Policy adopted by Vittoria Assicurazioni S.p.A. is to ensure an adequate remuneration to attract, motivate and retain the resources having the professional qualities needed to pursue the Company's or Group's objectives.

As for the top-management positions and for the whole personnel, the definition of the remuneration is made based on the responsibilities assigned to the recipients, the role held, the competencies and the reference market, according to principles of fairness.

Medium-Term Capital Management Policy

The objectives of the Policy are as follows:

- defining the guidelines and principles for a sound and prudent management of the Group capital, in order to ensure that the elements of Own Funds, on a continuous basis, meet existing regulatory provisions and are sufficient for its business activities and its possible evolution;
- Defining roles and responsibilities of corporate bodies and functions, in line with the strategy, the risk appetite and preferences relating to capital management;
- Regulating the checks for the issuance of new elements of Own Funds and the approach for dividend management and distribution.

Long-Term Guarantees Policy (i.e. Volatility Adjustment)

The Risk Management Policy defines also the application criteria for the volatility adjustment pursuant to Article 30-bis(8) of the Code of Private Insurance Companies, that the Company can use in assessment of risks as measure for the long-term guarantees.

The volatility adjustment is aimed at reducing the disruptive effects arising from the misalignment in the evaluation, of assets and liabilities, with different interest rate curves. Liabilities are evaluated through a risk-free interest rate curve, while assets depend on the type of issuer to which the Company is exposed. The reduction of these disruptive effects occurs through the actualization of cash-flows of future insurance underwriting liabilities using the highly representative curve of the bond portfolio held at the date of assessment, instead of the risk-free curve.

The guidelines provide that within the scope of the integrated management of assets and liabilities, the Company, by applying this adjustment:

- assesses the sensitivity of the technical provisions and own funds eligible to assumptions underlying the calculation of volatility adjustment and possible effects impacting the own funds eligible to a enforced sale of assets;

- prepares a liquidity plan with cash-flow incoming and outgoing projections in order to check that the Company is able to keep these assets also in stress market scenarios;
- defines the impact of zeroing the volatility adjustment by checking that the Solvency Capital Requirement is met;
- defines, in case of abovementioned non-compliance, the measures to be applied in order to re-establish the level of eligible own funds covering the Solvency Capital Requirement or to reduce the risk profile and guarantee the capital adequacy.

Data Quality Policy

The objective of the Policy is to define the rules of conduct and strategies of the Company on the “Data Quality System” adopted, in order to guarantee the standards of quality of the data defined by the Company in terms of accuracy, completeness and appropriateness.

It regulates:

- the organization model “Data Quality framework”, in terms of roles and responsibilities of the Corporate Bodies and Functions involved, aimed at overseeing the implementation, maintenance and monitoring of the “Data Quality Framework” as well as the instruments composing the system and recurrent processes of Data Quality.
- the scope of the corporate information assets to which the framework is to be applied, with reference to Solvency II regulation, of the processes to determine the undertaking-specific parameters (USP), of the assessment of the technical provisions and calculation of the solvency capital requirement;
- the reporting system aimed at highlighting the data quality level, any deviations from predetermined quality objectives and the status of implementation of any corrective measures planned;
- the connection with the organizational arrangement on USPs - Underwriting Specific Parameters.

Undertaking-Specific Parameters Policy

The objective is to define the rules of conduct of the Company on the determination, usage and management of Undertaking-Specific Parameters (USPs) pursuing the purpose of establishing regulatory capital requirement that is more in line with the real risk profile of the Company with reference to the Non-Life and Disease “Premium and Reserve” risks.

It also regulates the organizational model in terms of roles and responsibilities of the Corporate Bodies and Functions involved, in the determination, usage and management of the Undertaking-Specific Parameters, with reference to:

- identifying the scope of business segments, checking that they meet the quality criteria, setting the volatility factors through the application of standardized models laid down in the legislation, and identifying the effects of catastrophic events as well as those relating to the reinsurance agreements;
- checking on a continuous basis of the compliance with conditions on which the use of specific parameters is based;
- relying, if needed, on the judgement of the expert;
- checking by a third party of the process for setting USPs and data used;
- formalizing the notifications and communications to the Insurance Regulator differentiated according to the outcome of the continuous monitoring both on the verification of compliance with requirements on which the authorization is based, and on the deviations of the risk profile from assumptions underlying the Standard Formula;
- connecting to the Data Quality Policy and the Reinsurance Policy as well as to the organizational arrangement on the data quality system adopted in process for setting USPs for pricing and reserving risks of the Non-Life Business and Disease Business.

The Board ensures that Senior Management correctly implements the internal control and risk management system in accordance with the provisions provided and they ensure its efficiency, completeness, suitability and timely information flow. For that purpose, the Board analyses any

problems identified and takes the corrective actions necessary, which are then followed up on to check their effectiveness.

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

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

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

The task of overseeing the operation of the internal control system falls within the competences of the Director responsible for the internal control.

10.2. Director responsible for the internal control system

On 27 April 2016, at the meeting held after the appointment of the Board of Directors by the Shareholders' Meeting, the Board conferred on the Deputy Chairman, Mr. Roberto Guarena, the role of Director responsible for the internal control system and risk management pursuant to Principle 7.P.3. of the Corporate Governance Code.

After the end of the financial year 2016, on 15 March 2017, this role as been conferred to the Managing Director Mr. Cesare Caldarelli.

Pursuant to Application criteria 7.P.4. of the Corporate Governance Code, Director responsible for the internal control system and risk management has the following task:

- identifying the main corporate risks, taking into account the characteristics of the activities performed by the Company and by its subsidiaries, and periodically submitting them to the review by the Board of Directors;
- implementing the guidelines defined by the Board of Directors, by having the internal control and risk management system designed, set up and managed, while constantly monitoring its overall adequacy and efficiency;
- adapting this system to the changes on operating conditions and the statutory and regulatory framework;
- proposing to the Internal Audit the performance of verifications on specific operating areas and on compliance with internal rules and procedures in the execution of company operations, while also informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- promptly reporting to the Control and Risk Committee (or the Board of Directors) on problems and criticalities arisen in the performance of his activity or of which he became aware, so that the Committee (or the Board) may take action.

Moreover, the Director responsible for the internal control and risk management system provides proposals to the Board of Directors, after obtaining a positive opinion from the Control and Risk Committee, on: (i) appointment and dismissal of the Head of Internal Audit; (ii) adequacy of resources for said Head for the performance of his responsibilities; (iii) his remuneration in line with the Company's policies.

Within the scope of the Risk Appetite Framework approved by the Board, the Director responsible for the internal control and risk management has the task of promptly informing the Control and Risk Committee and, with the support of the Board Committees, the Risk Management Department and the Senior Management, of defining any recovery plan to be submitted to the Board if the level of risks taken exceeds the thresholds of attention established by the Board (escalation process).

10.3. Senior Management

Senior Management performs the activities related to the development, management and control of the risk management system on a continuing basis. In addition, as part of their duties under the strategic and organisation guidelines, Senior Management ensures implementation and improvement of policies to assume, assess and manage risks as approved by the Board as well as implementing company processes formalised by organisation documents. Furthermore, it checks operational limits are respected as well as risk exposure and respect for tolerance levels.

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

As at the date of this Report, the Senior Management consists of the following managers:

- Mr. Claudio Rampin, Co-General Manager Life-Business, Commercial and Marketing;
- Mr. Matteo Campaner, Deputy General Manager Organization, Human Resources, General Services and Real Estate;
- Mr. Paolo Novati, Deputy General Manager Non-Life Business and Claims;
- Mr. Luca Arensi, Central Manger Administration, Finance, Planning Control;
- Mr. Maurizio Monticelli, Central Manger Claims;
- Mr. Giuseppe Traverso, Central Manger Commercial;
- Mr. Enzo Vighi, Central Manger Information technology.

10.4. Company Organization

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

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

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

10.5. Primary company functions involved in the internal control system

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

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

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

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

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

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

Internal Audit Department

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

The Head of Internal Audit reports to the Control and Risk Committee and to the Director responsible for the internal control and risk management.

The responsibilities of the Internal Audit Department, the tasks, operating procedures and the nature and frequency of reporting to corporate boards and involved departments are defined in the Internal Audit Policy, approved by the Board of Directors, with the favourable opinion of the Control and Risk Committee. The Internal Audit Department Policy establishes the principles of independence, objectivity, confidentiality and adequacy of resourced needed by the department.

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

Free from any influence that might jeopardise its activity, the Department:

- does not have direct responsibility or authority over the areas subject to audit;
- is not involved in any operational activities that might be subject to audit;
- carries out audit activity on an autonomous initiative and is free to allocate the resources available and apply the most appropriate techniques for the attainment of the targets required;
- is free to formulate and disclosure results and evaluations with regard to its specific purposes;
- has access and reports to management, Senior Management, the Control and Risk Committee and the Board without restrictions, also through the Control and Risk Committee.

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

The Company maintains an Internal Audit structure with adequate human and technological resources. Supervisors must have and maintain adequate know-how and professional skills to respond to the various requirements of activities provided for by the function plan approved by the Board of Directors.

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

As at 31/12/2016, the Internal Audit Department consisted of seven staff members, including the Head.

In 2016, Internal Audit also made use of external consultants.

When carrying out their duties, Internal Audit staff must comply with the rules of conduct governing integrity, objectivity, confidentiality and professional expertise set out in the Code of Ethics of the Institute of Internal Auditors (IIA).

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

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

- a) establishes, applies and maintains an audit plan indicating the audit procedures to be carried out in the Company and its subsidiaries in order to check operation and suitability of the internal control and risk management system;
- b) when setting its priorities it does so based on risk factors;
- c) forwards the audit plan to the Board, Senior Management, Board of Statutory Auditors and the Supervisory Board of the Company;
- d) promptly prepares internal audit reports on particularly relevant events;
- e) prepares an internal audit report for the Board based on the outcome of work performed pursuant to letter a), including results and recommendations, the period of time needed to correct any discrepancies and the department in charge as well as information on carrying through audit recommendations;
- f) submits the internal audit report to the Board of Directors at least once per year;
- g) checks compliance with the decisions adopted by the Board and the recommendations mentioned under letter e);
- h) establishes a programme of quality assurance and improvement by which its audit activities can be assessed and professional growth is promoted, by notifying the Board of Directors of elements that enable to evaluate future performance;
- i) ensures, in coordination with the other control functions, an adequate approach of management of risks and controls and a systematic evaluation process of the internal control system.

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

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

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

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

In addition, the Head of Internal Audit shall:

support the Supervisory Body in the manner set forth in the Organization and Management Model pursuant to Legislative Decree 231/2001 through the integration of the Audit Plan with specific

activities requested by the Body itself. It also maintains exchanges of information with all other bodies and departments with a specific control function. All corporate departments having I and II level control responsibilities are required to notify the Internal Audit of any high-risk situations.

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

The plan is defined also through risk-based methodology. It identifies the companies subject to audit, the areas, resources used and the budget available to the Internal Audit Department. The plan also entails an appropriate number of days for audits that may be performed in response to urgent requests by management and/or when reasons of immediate concern arise. These interventions are then recorded in the plan. The planning of interventions takes into consideration any faults found and any new risks identified.

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

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

Within the scope of some activities not falling under assurance (monitoring and assessment), but that are in any case particularly important for the risk management and internal control system, the Internal Audit Department provides advisory support and participates to specific projects that can require the formulation of an opinion, the provision of support and the performance of special tasks.

In performing its work, the Internal Audit Department adopts operational methods in line with the international standards issued by the Institute of Internal Auditors (IIA).

The Internal Audit Department provides information for reporting to the Board of Directors on the implementation status of the corrective measure plan developed by the departments involved.

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

Compliance Department

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

The Head of Compliance does not depend on any operational department. He reports directly to the Director responsible for the internal control and risk management system and to the Board of Directors, also through the Control and Risk Committee, on every issue related to the content and organisation of its activities.

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

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

In accordance with Article 23(3) of ISVAP Regulation no. 20, under the risk management system and the internal control system, the Compliance Department pursues the following general objectives:

- a) ensures an efficient and effective management of non-compliance risk;
- b) ensures that corporate activities comply with rules, including self-regulatory rules;
- c) helps to create corporate value, protect losses and enhance corporate reputation.

With reference to what has been stated above, the Compliance tasks are mainly as follows:

- identifying, on an ongoing basis, the laws and regulations that are applicable to the Company and assessment of their impact on corporate processes and procedures;
- assessing the adequacy and effectiveness of organisational measures to prevent the risk of non-compliance with laws and regulations and proposing changes to organisation and procedure to ensure adequate protection against risk;- assessing the effectiveness of organisational adjustments resulting from the suggested changes;- providing adequate information flows to corporate bodies and other departments involved;
- preparing periodic reports for Senior Management and the departments involved setting forth the changes to I and II level rules, regulations, provisions and guidelines issued by the Regulator and legal decisions related to insurance companies;
- overseeing compliance with the rules governing the transparency and fairness of treatment of insured and damaged parties, pre-contract and contract disclosures, the proper fulfilment of contracts, specifically in regard to the management of claims and, more generally, consumer protection;
- conveying and spreading the culture of corporate reputation throughout the organisation, also through training on compliance and on the internal control system, in order to ensure employees of all levels are adequately informed on the risk of non-compliance;
- maintaining adequate information and co-ordination links with the Internal Audit Department, particularly in regard to the audits performed by the latter in compliance with corporate procedures, laws and regulations;
- maintaining informational links with the Company departments that manage risk measurement, monitoring and reporting systems;
- providing support to the Anti-Money Laundering department every time it identifies the need to update anti-money laundering processes and procedures.

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

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

process over the Company, promote and coordinate workgroups with all the departments involved so that the procedures and measures needed to implement the provisions are designed in accordance with the provisions and in a manner to prevent non-compliance risks.

Within the outsourcing processes, the Compliance Department's tasks are as follows:

- checking the characteristics of outsourced activities and the nature of essential and important activities whenever there is an outsourcing project;
- always keeping the outsourcing register up-to-date, for each of which there is a company contact;
- ensuring that IVASS is provided with the information set forth in ISVAP Regulation no. 20.

The tasks and activities of the Compliance Department in this regard are regulated by the Outsourcing Policy approved by the Board of Directors, subject to the favourable opinion of the Risk and Control Committee.

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

The Head of Compliance is responsible for the following activities:

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

The Head of Compliance is also responsible for:

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

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

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

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

In particular, in planning its activities the Compliance Department also takes into consideration the evidence and any shortcomings found during previous risk assessments; changes taking place in

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

The implementation status of planned activities is documented and formalised in six-month reports to the Control and Risk Management Committee and to the Board of Directors.

In an overall view, the process to manage the risk of non-compliance and the operability of the Compliance Department is divided into these macro-phases: (i) recognition of rules and regulations; (ii) risk assessment; (iii) implementation of corrective measures; (iv) monitoring and reporting.

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

As at 31 December 2016, the structure of the Compliance Department consisted of four staff members, including the Head of the Department.

Risk Management and Actuarial Department

The Head of Risk Management and Actuarial Functions, appointed by the Board, is Mr. Massimo Marchegiani.

The Head of the Risk Management and Actuarial Functions does not depend on any operational department. He reports directly to the Director responsible for the internal control and risk management system and to the Board of Directors, also through the Control and Risk Committee on every issue related to the content and organisation of its activities.

The Head is responsible for the following activities:

(i) as for the Risk Management:

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

(ii) As for the Actuarial Department:

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

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

following activities:

- coordinating and managing the department;
- defining standard methods for conducting activities;
- ensuring full collaboration with the Board of Statutory Auditors, Independent Auditors and Company control bodies;
- ensuring an adequate internal communication system in order to make operations efficient and effective.

The actual structure of the Function, including the Risk Management Function and the Actuarial Function, has been operating since 1 January 2016 and consists, overall, of 8 staff members (including the Head), 5 of which are assigned to Risk Management and 2 to the Actuarial Function. During 2016, the check on the adequacy of the resources and its degree of autonomy was completed. Starting from February 2017, the unit was enhanced by adding a financial expert, for the evaluations of quantitative finance, referred to asset portfolio, Market Risks and monitoring.

Risk Management Department

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

The Risk Management Department conducts the following tasks:

- supporting the strategic choices definition process regarding top management's risk management;
- promoting the adoption of an effective and efficient process concerning risk's analysis, measurement and control;
- improving risk management process;
- spreading risk management culture;
- defining improvement areas in the declination of the risk appetite;
- controlling the observance of risk exposure's limits and parameters, established by the Board of Directors;
- monitoring the Company's risk profile.

Pursuant to Article 21 paragraph 1 of ISVAP Regulation no. 20, as part of the internal control and risk management system, the Risk Management Function has the following duties:

- contribute to identifying and classifying risks to which the Company and / or the Group are exposed or might be exposed;
- identify the emergence of new risks or changes related to the existing ones;
- contribute to defining and validating the criteria, methods and measurement models (input data, algorithms and rules, tools for the models' application), evaluating and monitoring the Company's risks;
- continuously monitoring the consistency of risk measurement models adopted, with the operations carried out by the Company, also performing quantitative analysis;
- contribute to defining and validating methodologies and metrics to be applied for current and forward looking assessment of the risk profile, defining any reaction or mitigation measure;
- evaluate and monitor the Group's risk profile on an ongoing basis, valuating the internal capital requirement, both actual and forward looking, and reporting to the Board of Directors the risks identified as most significant also in potential terms;
- contribute to the scenarios' definition and stress testing methodologies;
- carrying out, actual and forward looking, qualitative and quantitative assessments of risks, on an ongoing basis, also using stress testing techniques;
- define the methodological approach for Risk Appetite definition and calculation;
- propose to the Board of Directors Risk Appetite's definition, contributing to its ratification and

- subsequent amendments;
- provide the Top Management with useful elements in order to assign operating limits to the departments and outline the procedures for a prompt verification of the limits;
 - contribute to defining the investment limits' allocation and periodically assess its adequacy, also by using stress tests, ensuring that investment decisions are appropriate in relation to the prefigured scenarios;
 - define the methodology to be used for financial assets' valuation and their safety level, liquidity, quality, profitability and availability, with particular regard to complex assets, to direct lending and investment activities of an occasional nature;
 - verify the observance of risk exposure's limits and parameters, established by the Board of Directors, activating the foreseen procedures in case of non-compliance;
 - contribute to the definition of the Capital Management System;
 - monitor controls and results of the consistency checks between business plan, capital requirements and available capital and the adoption of any necessary corrective actions;
 - provide a prior opinion regarding the development of non-life and life new products, based on analysis carried out on related risks and evaluate the effectiveness of the risk transfer related to Reinsurance arrangements;
 - ensure the development of the overall business continuity plan, integrating the Information Technology, General Services and Safety departments' parts, and make sure it is consistent with business needs;
 - prepare reports for the Corporate Governance Bodies with particular reference to half-yearly reports on monitoring tasks and risk management, and annual activity programme;
 - provide the Board of Directors, also through the Board Committees, adequate reports regarding the verifications' outcome and adequate reports to the Top Management, the Risk Management Committee, and to the business lines on the evolution of risks and the violation of operating limits;
 - spread Risk Management culture;
 - coordinate the process concerning the drafting and updating of policies to be submitted to the Board of Directors, supporting for each policy the person responsible for technical content and the specific functions involved;
 - suggest and contribute to updating the content of Solvency II's Policies for which the Risk Management Function is responsible;
 - oversee the regulatory SCR process calculation, defining the assumptions and models, verifying data related to risk measure's estimates and performing the capital requirement calculation regarding the Standard Formula methodology;
 - contribute, with the Actuarial Function's technical support, to evaluations that lead to the identification, determination and validation of the Undertaking Specific Parameters (selection of the calculation hypotheses, volatility factors analysis and verification of the compliance with the conditions upon which the authorization to use the specific parameters has been issued);
 - assess the impacts of Undertaking Specific Parameters' usage on the Solvency Capital Requirement and ensure the related information to the Board of Directors;
 - check, on a continuous basis, the potential compliance to the Solvency II regulatory capital requirements, analyzing:
 - (i) the potential material changes in the risk profile;
 - (ii) any significant deviations from the assumptions underlying the calculation of the solvency capital requirement assessed in accordance with the Standard Formula;
 - coordinate, from an operational point of view, the annual and quarterly Quantitative Reporting Templates production;
 - contribute to the narrative Reporting (Solvency and Financial Condition Report and Regular Supervisory Report) producing relevant chapters and paragraphs and providing an opinion on the overall report.

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

Actuarial Department

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

The Actuarial Function has the responsibility to coordinate the calculation of Non-life and Life Technical Reserves according to Solvency II principles, to assess the sufficiency of Non-life and Life Technical Reserves Life calculated for Local and Solvency II balance sheet purposes and to attest the correctness of the applied procedures. The Function also checks the appropriateness of the data used in supporting the assumptions and the pertinence of the methodologies, models and assumptions used and assesses the general underwriting policy and the reinsurance arrangements, providing specific opinions. It also guarantees the preparation of reports regarding risks monitoring, to the benefit of the Board of Directors and the Risk Management Committee and provides to ANIA, IVASS and COVIP periodic sector statistics.

In particular, the Actuarial Function's responsibilities are declined in the following activities:

- carry out checks referred to the procedures applied on the calculation of Non-life and Life Technical Reserves evaluated for Statutory and Solvency II Balance sheets purposes and the adequacy of the methods, models and assumptions used also by using appropriate back testing;
- evaluate the accuracy, appropriateness and completeness of the data used for calculating Non-life and Life Solvency II Technical Reserves;
- carry out checks on the data used in calculating Local Technical Reserves, in particular:
 - (i) Non-life, through the verification of the correct taking in charge of the policy and claims archive and claims flow;
 - (ii) Life, through verifying the reserves flows' balancing, the inputs and outputs;
- carry out consistency checks between Technical Provisions calculated according to Local criteria and the ones resulting from the application of Solvency II methodology;
- ensure, on an ongoing basis, that the Company meets the requirements inherent the calculation of Solvency Technical Reserves II and identify potential risks arising from uncertainties associated with the valuation;
- express an opinion on the quality of the data, on the appropriateness of the assumptions and models used for the Undertaking Specific Parameters calculation as well as the Company's relevant process;
- verify that the inputs used for the Undertaking Specific Parameters calculation are the same or are otherwise consistent with those used for the calculation of Solvency II Technical Provisions;
- support the Risk Management Function, in particular:
 - (i) identifying and analyzing the Company's risks, with particular regard to the technical risks, and implementing a Risk Management System consistent with Solvency II regime, as well as in the ORSA process;
 - (ii) selection of the calculation assumptions of each of volatility factor, through the evaluation of the parameters determined by the Function Actuarial Technical Analysis;
 - (iii) assessing the impact of the application of Undertaking Specific Parameters in the Solvency Capital Requirement evaluation;
 - (iv) verifying the compliance with the conditions on which is based the use of specific parameters;
 - (v) analysis of the deviations from the assumptions underlying the calculation of the solvency capital requirement evaluated according to Standard Formula;
 - (vi) defining data quality standards to be used in the risks and solvency internal assessment,

- both current and forward looking (ORSA);
- (vii) assessing the reinsurance risk mitigating effect in the Solvency Capital Requirement Calculation.
- measure the risk model and the level of mutuality of the MTPL business within the Risk Evaluation and Monitoring System, accessing all the necessary data bases for the elaboration, and produce the related half-yearly reports for the Risk Manager and Risk Management Committee;
 - provide an opinion to the Board of Directors with regard to the overall underwriting policy implemented by the Company and to reinsurance agreements;
 - prepare reports for the Corporate Governance Bodies with particular reference to: the results of the activity performed, the appropriateness of the assumptions and models used for the calculation of Undertaking Specific Parameters and Technical Reserves calculated according to Local and Solvency II principles, including the opinion on data quality;
 - provide feedback to other departments related to checks carried out in order to ensure compliance with the guidelines deriving from the Company's policies;
 - verify pricing adequacy of Life products with regard to the assumptions applied and the assessments made at the design stage of a new product;
 - ensure the preparation of analysis and risks monitoring reports, for the Risk Manager and the Risk Management Committee;
 - suggest and contribute to updating the content of Solvency II's Policies for which the Actuarial Function is responsible;
 - provide to ANIA, IVASS and COVIP the periodical technical Life and Non-life statistics and collaborate with other departments on request;

In addition to the above, the Actuarial Function, on request by corporate structures, can be called upon to provide an opinion on particular issues.

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

Financial Reporting Officer

Since 1 January 2015, in accordance with Article 154-bis of the TUF, Luca Arensi, Head of Administration and Finance, Planning and Control has been also appointed as Financial Reporting Officer.

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

In accordance with Article 154-bis of the TUF, Article 16 of the By-Laws provides that the Manager responsible for preparing the financial reports shall have, in addition to good repute prescribed by law for those who perform administrative and management duties, also specific requirements of professionalism in administration and accounting, gained from professional experience in positions entailing adequate responsibility for a reasonable period of time.

In accordance with the Fit & Proper Policy, the Board of Directors checks, on a yearly basis, that the Financial Reporting Officer has the requirements upon appointment, with the support of the Appointment and Remuneration Committee.

The Board of Directors also approved, in accordance with the By-Laws, the Financial Reporting Officer's remuneration component related to this task.

The Financial Reporting Officer periodically reports to the Board of Directors, also through the Control and Risk Committee, of which he is a member, with respect to the activities carried out during the year in order to ensure that adequate administrative and accounting procedures are in

place for preparing the year-end financial statements, the consolidated financial statements and any other financial disclosures, with the assistance of specialised resources within the Company.

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

Anti-money Laundering Department

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

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

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

Since 1 January, the Anti-money Laundering Department is placed in the business unit called Compliance and Anti-money Laundering, under the supervision of the Head of Legal, Compliance and Anti-money Laundering Department, still under the responsibility of Mr. Alberto Giani.

The structure of the Anti-money Laundering Function as at 31 December 2016 was made up of 1 staff member, in addition to the Head of the department.

Anti-fraud Department

The Anti-fraud Department was set up in compliance with Law no. 137 of 26 May 2000. Since 2016, it has been reporting to the Claims Division.

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

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

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

Risk Management Committee

The Company set up a Risk Management Committee to ensure the application and testing of a risk assumption, assessment and management system that is consistent with the operations of individual departments.

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

Anti-money Laundering Committee

The Company set up an Anti-Money Laundering Committee to carry out, at the request of the Anti-Money Laundering Department, an assessment of the transactions reported as suspicious, deciding whether to dismiss the report or send it to the Financial Information Unit.

Executive Committee for Disaster Recovery

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

Investigation Group for Intra-Group Transactions

The Investigation Group for the Intra-Group Transactions is made up of the Heads of the following departments: Administration and Finance, Planning and Control, Compliance, Risk Management and Corporate Affairs.

The Investigation Group has the task to previously review the intra-Group transactions proposed by the Head Office Departments and Divisions of the Company in order to identify the authorization process of the transaction, verifying the competence for the transaction approval and any need to involve the Related-Party Committee of the Company.

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

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

The Organisation and Management Model of Vittoria Assicurazioni, available for consultation on the Company's website www.vittoriaassicurazioni.com, under "Governance", is briefly outlined below:

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

The Model is updated in line with the amendments to reference regulation: the last update was approved by the Board of the Directors on 18 February 2016 upon proposal of the Supervisory Body and based on the findings of a preliminary review by the Control and Risk Committee. Main changes were made in order to implement the new rules with impact on the provisions under Legislative Decree 231. In particular:

- a dedicated section was prepared for the prevention measures of the Self-money Laundering offence (ex Law 186 of 6 November 2014) and related sensitive and instrumental processes were identified;
- cases related to offences against the public administration and to corporate offences following the approval of the law on anti-corruption (Law no. 69 of 27 May 2015) were integrated;
- environmental offences implementing the approval of provisions on crimes against the environment (Law no. 68 of 22 May 2015) were integrated.

The distinction between “Sensitive” activities, i.e. all company activities that entail the risk of committing offences, and “Instrumental” activities, i.e. all activities that, due to conditions, instruments and means, are potentially instrumental to the commission of offences, was also introduced.

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

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

The Committee members cannot be removed, after hearing the opinion of the Board of Statutory Auditors, if not by the Board of Directors and only for just cause.

As the term of office of the Supervisory Body ends with the expiry of the term of office of the Board of Directors appointing it, in the meeting held on 11 May 2016 the directors appointed on 27 April 2016 appointed the members of the Authority itself, approving the proposal by the Appointment and Remuneration Committee to confirm, in relation to the composition, the criteria already in force, i.e.: five members, including one external member with specific experience on the matter, a standing auditor of the company and the corporate heads of Internal Audit, Compliance and Risk Management.

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

10.8. Independent Auditor

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

10.9. Key features of the existing risk management and internal control systems related to the financial disclosure process [Article 123-bis(2)(b) TUF]

Foreword

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

The specific purpose of the system is to ensure Reliability¹, accuracy², trustworthiness³ and timeliness⁴ of financial information.

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

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

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

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

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

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

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

The risk management and internal control process

The system provides that:

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

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

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

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

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

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

Corporate Functions Involved

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

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

The Control and Risk Committee

It performs the following functions:

- it works with the Financial Reporting Manager and the external auditors to assess the proper application of accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
- it examines the Internal Audit work plan and the reports drafted by this area;
- it oversees the effectiveness of the independent auditing process;
- it liaises with the Board of Directors and the Supervisory Body in regard to issues involving the enforcement of Italian Legislative Decree no. 231/2001;

The Control and Risk Committee reports to the Board of Directors on the activities performed as well as on the adequacy of the Internal Control System.

The Financial Reporting Manager

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

He performs the following functions:

- ensures that adequate administrative and accounting procedures are in place for preparing the annual report, the consolidated financial statements and all other financial disclosures, with the assistance of specialised resources within the Company;
- works with the delegated body, certifies the adequacy and effective application of administrative and accounting procedures in the reporting period, that the corporate accounting documents match the books and ledger entries and are appropriate to provide an accurate and fair representation of the financial position, income and cash flow of the Company;
- endorses the consistency of the Company's records and market disclosures relating to its annual and interim accounts with the corporate records, books and accounting entries.

For this purpose, the Financial Reporting Manager has identified the operating roles and functions as well as the control functions.

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

Second- and third-level control functions

Activities of the second and third-level control functions, i.e. Risk Management and Compliance, as well as third-level functions, i.e. Internal Audit, also apply to the control and risk management system relating to the financial reporting disclosures.

Risk Management supports the implementation of the risk management system which includes the reporting strategies, processes and procedures necessary to identify, measure, manage and report risks that the Company is or could be exposed to.

Compliance identifies the relevant regulations as well as the corporate bodies with reference to regulatory compliance.

Internal Audit collaborates in the development of the internal control system by assessing its design aspects and monitoring its effectiveness and efficiency.

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

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

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

11. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

Since 2004 Vittoria Assicurazioni has enforced an internal procedure regarding transactions with related parties, later adapted to the provisions of ISVAP Regulation 25 of 27 May 2008 (now replaced by IVASS Regulation no. 30 of 26 October 2016) which governed intergroup transactions entered into by insurance companies.

In 2010 the Board of Directors approved the "Procedure for transactions with related parties" in accordance with the provisions of CONSOB resolution no. 17221 of 12 March 2010. The procedure was reviewed and modified by the Board of Directors at the meeting of 22 February 2017 after it aligned to the new Intra-Group Transactions Policy adopted pursuant to IVASS Regulation no. 30.

The Procedure is aimed at ensuring transparency and substantial and procedural fairness of transactions carried out by the Company, directly or through subsidiaries, with its related parties.

A corporate function is charged with identifying on a continuous basis parties, private persons and legal entities, that can be considered as related parties of the Company, to be enrolled in a dedicated list. To this end, the corporate function involved carries out, on a quarterly basis, controls aimed at collecting information that are useful to identify the related parties of Vittoria Assicurazioni through the Directors, Auditors and Executives with strategic responsibilities and of its associate company, as well as updates information relating to them. The list is then distributed to the Corporate Departments/Divisions of the Company and the subsidiaries.

The Procedure formalized the establishment of an Investigation Group consisting of the Heads of Administration and Finance, Risk Management, Compliance and Corporate Affairs, with the task of previously examining the transactions proposed by the Corporate Departments/Divisions of the Company and its subsidiaries, in order to identify the authorization process of the transaction, checking competence for transaction approval and the need to involve the Related-Party Committee.

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

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

Transactions with minor significance, instead, are approved in compliance with what is provided for the system of delegations and powers pro tempore in force as well as within the limits of competence defined by the Intra-Group Transactions Policy, after non-binding opinion of the Related-Party Committee on the interest of the Company to complete the transaction and on the convenience and substantial fairness of related conditions.

As provided for by abovementioned CONSOB Regulation, the procedure:

- identifies transactions with major and minor significance, based on quantitative parameters established in accordance with provisions under said CONSOB Regulation 17221;
- identifies cases of exemptions which the Company avails itself, within the limitations under CONSOB Regulations;
- identifies the requirements of independence of the directors called on to express their opinions on related-party transactions for the purposes of implementing the procedure;
- established procedures and deadlines for the provision of information on the transactions, to the independent directors expressing their opinions related-party transactions as well as to administrative and control bodies, along with the documentation, before resolution, during and after execution of these transactions;

- indicates any alternative choices made by companies with reference to the options assigned to the Company pursuant to the provisions of CONSOB Regulation.

The procedure for the related-party transactions is available on the Company website www.vittoriaassicurazioni.com under "Governance".

12. BOARD OF STATUTORY AUDITORS

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

12.1. Appointment Procedure

The appointment and replacement of Statutory Auditors is regulated by Article 17 of the By-Laws.

Statutory Auditors are appointed on the basis of lists, to ensure the appointment of at least one Standing and one Substitute Auditor by the minority shareholders, in compliance with the rules concerning the balance between genders

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

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

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

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

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

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

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

The lists must contain:

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

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

submitted.

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

The first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the second highest number of votes that, pursuant to the laws and regulations in force, is neither directly nor indirectly connected to the shareholders who have submitted or voted for the list obtaining the highest number of votes, are appointed Substitute Auditors. In the event of a tie vote between two or more lists, the eldest candidates are appointed Statutory Auditors until all the available positions have been filled.

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

Where a single list or no lists are submitted, all candidates on the said list or respectively those voted on by the General Meeting shall be elected Standing and Substitute Statutory Auditors, provided that they achieve a majority of the votes cast at the General Meeting, subject to compliance with the applicable *pro tempore* regulations on the balance between genders.

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

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

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

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

The abovementioned replacement procedures shall, in any case, ensure adherence to existing gender balance regulations.

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

In accordance with Article 1(3) of the aforementioned Ministerial Decree, Article 17 of the Company's By-Laws specifies the matters and sectors related to the Company for the purpose of

defining experience accrued, prescribing that it should relate to:

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

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

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

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

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

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

12.2. Composition [Article 123-bis(2)(d) TUF]

Appointment and Composition of Board of Statutory Auditors in Office

As at 31 December 2016, the Board of Statutory Auditors of Vittoria Assicurazioni was as follows:

Giuseppe CERATI	Chairman
Giovanni MARITANO	Standing Auditor
Francesca SANGIANI	Standing Auditor
Monica MANNINO	Substitute Auditor
Maria Filomena TROTTA	Substitute Auditor

At the date of approval of the year-end financial statements as at 31 December 2016 the term of office of the Board of Statutory Auditors ended, since their term expired.

The Ordinary Shareholders' Meeting held on 27 April 2016, then, appointed the new Board for three financial years, hence till the date of the Shareholders' Meeting that will approve the financial statements as at 31 December 2018.

In accordance with provisions under the gender balance regulation, the share reserved to the less represented gender is one third.

Two lists were submitted with the following proposals of appointment of Statutory Auditors:

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

Standing Auditors:

1. Giovanni MARITANO
2. Francesca SANGIANI

Substitute Auditors

1. Maria Filomena TROTTA

List no. 2 jointly submitted by Anima SGR S.p.A. fund manager of: Anima GEO Italia, Anima Italia and Anima Iniziativa Italia; Eurizon Capital S.G.R. S.p.A. fund manager of: Eurizon Azioni Italia and Eurizon Azioni PMI Italia; Eurizon Capital SA fund manager of: EEF Equity Italy LTE and EEF Equity Italy; Fideuram Investimenti SGR S.p.A.: fund manager of Fideuram Italia; Fideuram Asset Management (IRELAND) fund manager of: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav fund manager of Interfund Equity Italy; Kairos Partners SGR S.p.A. as management company of Kairos International SICAV segments Italia and Risorgimento e Mediolanum Gestione Fondi SGR S.p.A. fund manager of Mediolanum Flessibile Sviluppo Italia, which totally hold no. 2,160,279 ordinary shares, accounting for 3.206% of the share capital, with the following candidates:

Standing Auditor:

1. Giuseppe CERATI

Sindaci Supplenti:

1. Monica MANNINO

Shareholders submitting the list declared they do not have relevant relations with the majority shareholder.

At the time of voting for the appointment, those who took part represented, on their own behalf or by proxy, 53,059,978 ordinary shares on 67,378,924 in issue, accounting for 78.749% of the share capital having voting right and the shares for which votes were cast were 49,619,871 accounting for 73.64% of the share capital.

List no. 1 obtained no. 42,872,872 votes, accounting for 86.40% of the voting capital.

List no. 2 obtained no. 6,746,420 votes, accounting for 13.59% of the voting capital.

Votes against all lists were no. 579 and there were no abstentions.

Following auditors were appointed: Giuseppe CERATI, Chairman; Giovanni MARITANO and Francesca SANGIANI, Standing Auditors; Monica MANNINO and Maria Filomena TROTTA, Substitute Auditors.

From the date of appointment till the date of preparation of this Report there were no changes in the composition of the Board of Statutory Auditors.

Till the date of the Shareholders' Meeting, held on 27 April 2016, the Board of Statutory Auditors consisted of: Alberto Giussani, Chairman; Giovanni Maritano and Francesca Sangiani, Standing Auditors, Michele Casò and Maria Filomena Trotta, Substitute Auditors.

In a meeting held at the end the Shareholders' Meeting, the Board of Statutory Auditors verified that its member met the independence requirements laid down by existing regulation and the Corporate Governance Code. Results of this verification were communicated to the Board of Directors, which made them available to the public in the press release on the appointment of new corporate bodies. Similar to the independence requirements provided for the Directors, no criterion, according to which the auditor in office for more than nine years cannot be qualified as independent, applies.

Remuneration of the Board of Statutory Auditors, set as a fixed amount, was resolved by the Shareholders' Meeting of 27 April 2016 upon proposal of the majority shareholder Vittoria Capital. This remuneration is in line with market standards for companies having the same dimensional and sector-specific features of Vittoria Assicurazioni.

Statutory Auditors participate in the same program of ongoing training organized for the Directors.

Any transactions made by the Company whereby the Auditors hold some interests are subject to the existing Procedure for the Related-Party Transactions.

Personal and professional characteristics of Statutory Auditors in office

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

Giuseppe CERATI, born in Parma on 15.05.1962

He has been Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni since 27 April 2016.

Degree in Economics and Business.

Since 1992 enrolled in the Order of the Chartered Accountants of Parma and since 1995 in the Order of Statutory Auditors and the Order of Technical Consultants of the Court of Parma (section accounting experts).

He provides audit, tax and corporate advisory services, and he is an expert on insurance tax matters, supplementary pension and real estate.

He carries out teaching, training and advertising activities.

He is also Chairman of the Statutory Auditors of the listed Company Beni Stabili Siiq S.p.A. since 9 April 2015 and holds positions on Boards of Statutory Auditors and as auditor in corporations and other entities.

Giovanni MARITANO, born in Turin on 23.10.1960

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

Degree in Economics at the University of Turin.

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

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

Francesca SANGIANI, born in Sondrio on 25.04.1968

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

Degree in Business Administration from Bocconi University of Milan.

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

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

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

Monica MANNINO, born in Palermo on 18.10.1969

She has been Substitute Auditor on the Board of Statutory Auditors of Vittoria Assicurazioni since 27.4.2016.

Degree in Business Administration, Bocconi University of Milan. Enrolled in the Register of Chartered Accountants of Milan since 1995 and statutory auditor since 1998.

She currently provides corporate, business and tax consultancy for Italian and Foreign corporations and multinational groups, with reference also to corporate governance, administration and control, ordinary budgets, national and international tax issues, principles and expert reports.

She is member of NedCommunity, Italian Association of non-executive directors, of the Governance Committee of the companies listed and the Equal Opportunities Commission of the Order of Chartered Accountants.

She is currently Chairman of the Board of Statutory Auditors of Diasorin S.p.A. (listed), of Casta

Diva Group S.p.A. (AIM) and ADES Acciai S.r.l., Standing Auditor of Milano Ristorazione, and she serves as statutory auditor and auditor also in the service sector.

Maria Filomena TROTTA, born in Paola (CS) on 5.6.1977

Substitute Auditor of Vittoria Assicurazioni since 19 April 2013

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

Since 2000, she has been working as chartered accountant.

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

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

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

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

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

12.3. Role of the Board of Statutory Auditors

The Board of Statutory Auditors held 12 meetings in 2016, with an average duration of about 1.5 hours. The average attendance at meetings was 100%.

7 meetings are planned for 2017.

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

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

According to the Legislative Decree 39 of 27 January 2010, which assigned the boards of statutory auditors of companies of public interest (including Vittoria Assicurazioni, as a listed company) the function of 'Control and Risk Committee and Statutory Audit', the functions assigned to the Board of Auditors and the Audit and Risk Committee of Vittoria Assicurazioni differ as follows:

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

Pursuant to Article 149 of the TUF, the Board of Statutory Auditors oversees:

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

Pursuant to Article 19 of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors also oversees:

- the financial disclosure process;
- the efficiency of the systems of internal control, internal audit, where applicable, and risk management;
- the statutory auditing of the separate and consolidated accounts;

- the independence of the company engaged to carry out the statutory audit of the accounts, verifying both compliance with the legislative provisions in this regard and the nature and extent of the various statutory auditing services provided to the Company and its subsidiaries by the auditing company and by the entities in its network.

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

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

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

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

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

13. RELATIONS WITH THE SHAREHOLDERS

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

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

The notices and documents disclosed pursuant to the regulatory provisions in force are available in Italian and English on the website. During 2016, the position of Investor Relator was conferred to Mrs. Giuseppina Marchetti, Head of Planning and Control, with the task of drafting the institutional financial disclosures of the Company.

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

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

The presentations at meetings with the financial community are made public in a timely manner in accordance with current regulations.

The documentation made public and documents available to Shareholders can also be requested from the Company Office. Contact details are available on the Company website.

14. GENERAL SHAREHOLDERS' MEETINGS [Article 123-bis(2)(c) TUF]

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

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

The General Meeting deliberates on issues it is competent for pursuant to the applicable laws and the By-Laws. Pursuant to Article 2365 of the Italian Civil Code, Article 14 of the By-Laws authorises the Board of Directors to resolve, except as prohibited by law, on any reductions in share capital upon withdrawal, amendments to the By-Laws in accordance with statutory provisions, relocation of the registered office within national territory, and merger resolutions in the cases envisaged in Articles 2505 and 2505-bis of the Italian Civil Code, including in the case of demergers, where these provisions apply.

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

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

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

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

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

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

Voting by correspondence or remotely is not provided for and there is no provision for audio-visual connections.

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

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

In accordance with Application Criteria 9.C.3 of the Corporate Governance Code, the Board of Directors approved a Shareholders' Meeting Regulation governing the procedures aimed at ensuring that the shareholders' meetings are conducted in an orderly and functional manner.

The Regulation, governs:

- procedures for verifying eligibility to participate in shareholders' meetings and access to

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

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

Those entitled to exercise their right to vote may request the floor to speak on items under discussion only once, making comments and asking for information, as well as making proposals. They can also advance proposals. The request can be made any time until the Chairman has announced that discussions on the issue have been closed.

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

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

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

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

The Regulations for shareholders' meetings are available for consultation on the website www.vittoriaassicurazioni.com under "Investor Relations – shareholders' meetings".

In 2016 a general shareholders' meeting was held on 27 April 2015 during which 11 directors intervened.

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

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

In any case, a response is not required to be given during the General Meeting when the information requested is already available in a "question and answer" format in the aforementioned section of the Company's website, within the two days prior to the holding of the General Meeting. During 2016, there were no significant changes to the market capitalization of Vittoria Assicurazioni shares or in the composition of its corporate structure.

15. CHANGES SINCE THE END OF THE FINANCIAL YEAR

As already outlined in the previous sections, since the end of the financial year 2016, following changes have occurred in the corporate governance of Vittoria Assicurazioni:

- with effect from 1 January 2017, a new organization of the Senior Management has been provided for, by means of the appointment of two Deputy General Managers.
- on 15 March 2017 the Board of Directors has appointed Mr. Cesare Caldarelli Managing Director, also giving the role of Director responsible for the internal control system and risk management, previously attributed to Vice President Mr. Roberto Guarena. The Managing Director Mr. Cesare Caldarelli has resigned his previous position as General Manager effective 31 March 2017;
- on 15 March 2017, the Board of Directors approved a new framework for delegate powers, providing proxies to senior management, with joint signatures for acts of greater importance, to be exercised in cases of urgency and necessity within the powers conferred to the Managing Director;
- The Board of Directors approved, in accordance with provisions under ISVAP Regulation no. 30 of 26 October 2016, the Policy on Intra-Group Transactions in line with its strategy and policies on investments; furthermore, a new Procedure for the related-party transactions was approved in replacement of the one already approved in 2010.

ANNEXES

ANNEX 1 – BOARD OF DIRECTORS

Name and surname office	Year of birth	Date of first appointment (1)	In office from	In office until	List (2)	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Board meetings	Other offices (3)
Carlo ACUTIS President Emeritus	1938	26.05.1967	27.04.2016	Shareholders' meeting 2019	M		X			12/12	3
Andrea ACUTIS Chairman	1964	29.04.2004	27.04.2016	Shareholders' meeting 2019	M		X			12/12	0
Roberto GUARENA Vice Chairman ●	1937	29.06.1994	27.04.2016	Shareholders' meeting 2019	M		X			9/12	0
Adriana ACUTIS BISCARETTI di RUFFIA Director	1965	29.04.2004	27.04.2016	Shareholders' meeting 2019	M		X			12/12	0
Marco BRIGNONE Director	1938	23.06.1983	27.04.2016	Shareholders' meeting 2019	M		X	X	X	9/12	0
Cesare CALDARELLI Director ◊ ●	1953	27.04.2016	27.04.2016	Shareholders' meeting 2019	M	X				8/8	0
Giorgio Roberto COSTA Director	1944	27.06.1995	27.04.2016	Shareholders' meeting 2019	M		X		X	10/12	0
Lorenza GUERRA SERAGNOLI Director	1982	19.04.2013	27.04.2016	Shareholders' meeting 2019	M		X	X	X	8/12	0
Giorgio MARSIAJ Director	1947	23.06.1998	27.04.2016	Shareholders' meeting 2019	M		X	X	X	10/12	0
Maria Antonella MASSARI Amministratore	1960	27.04.2016	27.04.2016	Shareholders' meeting 2019	m		X	X	X	7/8	0
Marzia MORENA Amministratore	1969	27.04.2016	27.04.2016	Shareholders' meeting 2019	M		X	X	X	6/8	0
Lodovico PASSERIN d'ENTREVES Director ○	1944	09.11.2006	27.04.2016	Shareholders' meeting 2019	M		X	X		12/12	2
Luca PAVERI FONTANA Director	1944	29.04.2002	27.04.2016	Shareholders' meeting 2019	M		X		X	11/12	1
Giuseppe SPADAFORA Director	1954	29.04.2005	27.04.2016	Shareholders' meeting 2019	M		X	X	X	12/12	2
Roberta URBAN Director	1976	27.04.2016	27.04.2016	Shareholders' meeting 2019	M		X	X		5/8	0
DIRECTORS WHO CEASED DURING 2016											
Francesco BAGGI SISINI Director	1949	26.04.2001	19.04.2013	27.04.2016	M		X	X	X	4/4	
Fulvia FERRAGAMO VISCONTI Director	1950	02.08.2012	19.04.2013	27.04.2016	M		X	X	X	2/4	
Bernhard GIERL Director	1948	16.02.2012	19.04.2013	27.04.2016	M		X	X	X	4/4	
Pietro Carlo MARSANI Director	1936	26.06.1986	19.04.2013	27.04.2016	M		X	X	X	0/4	
Anna STRAZZERA Director	1959	19.04.2013	19.04.2013	27.04.2016	m		X	X	X	4/4	

During FY 2016 the Board of Directors' met 12 times

Pursuant to Article 147-ter of the TUF, only those shareholders who, individually or together with other submitting shareholders, hold voting shares totalling at least 2.5% of the voting capital, or representing such lesser percentage as may be established by mandatory legal or regulatory provisions, are eligible

Legend

- Director in charge of the system of internal control and risk management until March 15, 2017
- ◊ ● Mr. Caldarelli has been appointed Managing Director and Director in charge of the system of internal control and risk management on March 15, 2017
- Lead Independent Director (LID)

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

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

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

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

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

Attendance at the Board meetings: attendance of directors at meetings of the Board of Directors, with indication of the number of meetings attended compared to the total number of meetings. Directors appointed on April 27, 2016 had to attend n. 8 meetings.

ANNEX 2 – BOARD COMMITTEES

Risk and Control Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Giuseppe SPADAFORA	Committee Chairman	27.04.2016		X	X	X	10/10
Luca PAVERI FONTANA	Member	27.04.2016		X			7/10
Roberta URBAN	Member	27.04.2016		X	X	X	3/5
MEMBERS WHO CEASED DURING 2016							
Pietro Carlo MARSANI	Vice Committee Chairman	19.04.2013		X	X	X	0/5
Anna STRAZZERA	Member	10.03.2015		X	X	X	5/5

During FY 2016 the Risk and Control Committee met 10 times

Appointment and Remuneration Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Lodovico PASSERIN d'ENTREVES	Committee Chairman	27.04.2016		X	X	X	6/6
Luca PAVERI FONTANA	Member	27.04.2016		X		X	6/6
Maria Antonella MASSARI	Member	27.04.2016		X	X	X	3/3
Giuseppe SPADAFORA	Member	27.04.2016		X	X	X	3/3
MEMBERS WHO CEASED DURING 2016							
Francesco BAGGI SISINI	Member	19.04.2013		X	X	X	2/3

During FY 2016 the Appointment and Remuneration Committee met 5 times

Related Parties Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Roberta URBAN*	Committee Chairman	27.04.2016		X	X		2/2
Giuseppe SPADAFORA	Member	27.04.2016		X	X	X	4/4
Marco BRIGNONE	Member	27.04.2016		X	X	X	4/4
MEMBERS WHO CEASED DURING 2016							
Pietro Carlo MARSANI**	Committee Chairman	19.04.2013		X	X	X	0/2

During FY 2016 the Related Parties Committee met 4 times

* Chairman from 27/04/2016

** Chairman until 27/04/2016

Strategies Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Andrea ACUTIS	Committee Chairman	27.04.2016		X			2/2
Carlo ACUTIS	Member	27.04.2016		X			2/2
Cesare CALDARELLI	Member	27.04.2016	X				2/2
Roberto GUARENA	Member	27.04.2016		X			1/2
Giuseppe SPADAFORA	Member	27.04.2016		X	X	X	2/2
Roberta URBAN	Member	27.04.2016		X	X		2/2

From 27 April 2016 the Strategies Committee met 2 times

Finance Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Andrea ACUTIS	Committee Chairman	27.04.2016		X			9/9
Carlo ACUTIS	Member	27.04.2016		X			9/9
Adriana ACUTIS BISCARETTI di RUFFIA	Member	27.04.2016		X			8/9
Cesare CALDARELLI	Member	27.04.2016	X				6/6
Giorgio Roberto COSTA	Member	27.04.2016		X		X	9/9
Roberto GUARENA	Member	27.04.2016		X			5/9
Luca PAVERI FONTANA	Member	27.04.2016		X		X	9/9
Giuseppe SPADAFORA	Member	27.04.2016		X	X	X	9/9

During FY 2016 the Finance Committee met 9 times

Real Estate Committee

Name and surname	Office	In office from	Executive	Non executive	Independent as per Code	Independent as per TUF	Attendance at Committee meetings
Andrea ACUTIS	Committee Chairman	27.04.2016		X			4/4
Carlo ACUTIS	Member	27.04.2016		X			4/4
Adriana ACUTIS BISCARETTI di RUFFIA	Member	27.04.2016		X			4/4
Cesare CALDARELLI	Member	27.04.2016	X				3/3
Giorgio Roberto COSTA	Member	27.04.2016		X		X	3/4
Roberto GUARENA	Member	27.04.2016		X			3/4
Marzia MORENA	Membro del Comitato	27.04.2016		X	X	X	3/3
Luca PAVERI FONTANA	Member	27.04.2016		X		X	4/4
Giuseppe SPADAFORA	Member	27.04.2016		X	X	X	2/3
MEMBERS WHO CEASED DURING 2016							
Francesco BAGGI SISINI	Member	19.04.2013		X	X	X	1/1
Anna STRAZZERA	Member	19.04.2013		X	X	X	1/1

During FY 2016 the Real Estate Committee met 4 times

ANNEX 3 – STATUTORY AUDITORS

Name and surname office	Year of birth	Date of first appointment (1)	In office from	In office until	List (2)	Independent as per Code	Attendance at BoSA meetings	Other offices (3)
Giuseppe CERATI Chairman	1962	27.04.2016	27.04.2016	Shareholders' meeting 2019	m	X	6/6	1
Giovanni MARITANO Auditor	1960	23.04.2010	27.04.2016	Shareholders' meeting 2019	M	X	12/12	0
Francesca SANGIANI Auditor	1968	19.04.2013	27.04.2016	Shareholders' meeting 2019	M	X	12/12	0
Monica MANNINO Substitute Auditor	1969	27.04.2016	27.04.2016	Shareholders' meeting 2019	m	X	=	0
Maria Filomena TROTTA Substitute Auditor	1977	19.04.2013	27.04.2016	Shareholders' meeting 2019	M	X	=	0
AUDITORS WHO CEASED DURING 2016								
Alberto GIUSSANI Chairman	1946	30.09.2011	19.04.2013	27.04.2016	m	X	4/5	2
Michele CASO' Substitute Auditor	1970	30.09.2011	19.04.2013	27.04.2016	m	X	=	0

During FY 2016 the Board of Statutory Auditors met 12 times.

Pursuant to Article 147-ter of the TUF, only those shareholders who, individually or together with other submitting shareholders, hold voting shares totalling at least 2.5% of the voting capital, or representing such lesser percentage as may be established by mandatory legal or regulatory provisions, are eligible to submit lists

Legenda

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

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

(3) Participation of the auditor at the Statutory Auditors Board meetings, with indication of the number of meetings attended compared to the total number of meetings held during the year 2016

(3) Numer of other position in listed Companies. The full list of positions as director or auditor held by the person in accordance with art. 148-bis of the Italian Finance Act is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Issuers Regulation.

APPENDIX 4

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

Corporate Governance Code

Adoption of the code by Vittoria Assicurazioni

Article 1 - Role of the Board of Directors

Principles

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

Adopted

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

Adopted

Criteria

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

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

Adopted

the results achieved with those planned;

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

1.C.2. The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory

Adopted

auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report;

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

Adopted

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

Adopted

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

Adopted

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

Adopted

Article 2 – Composition of the Board of Directors

Principles

2.P.1. The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	Adopted
2.P.2. Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.	Adopted
2.P.3. The number, competence, authority and time availability of nonexecutive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.	Adopted
2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual.	Adopted
2.P.5. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Corporate Governance Report on the reasons for such organisational choice.	Adopted

Criteria

2.C.1. The following are qualified executive directors for the issuer:	Adopted
<ul style="list-style-type: none">- the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies;- the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer;- the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer.	

The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.

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

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

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

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

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

2.C.4. The lead independent director: Adopted

- (a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below;
- (b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.

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

Article 3 – Independent directors

Principles

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

3.P.2. The directors' independence shall be assessed by the Board of Directors after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be communicated to the market.

Adopted

Criteria

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

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

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

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

- d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of nonexecutive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of the issuer for more than nine years in the last twelve years;

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

f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;

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

3.C.2. For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity, must be considered as "significant representatives".

Adopted

3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the indications set out in the Code.

Adopted

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

Anyway, independent directors shall not be less than two.

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

Adopted

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

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

- disclose whether they adopted criteria for assessing the

independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;

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

3.C.5. The Board of statutory auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory auditors to the shareholders' meeting.

Adopted

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

Adopted

Article 4 – Internal committees of the Board of Directors

Principles

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

Adopted

Criteria

4.C.1. The establishment and functioning of the committees governed by the Code shall meet the following criteria:

Adopted

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

- inform the Board of Directors thereof during the first available meeting;
- e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;
 - f) persons who are not members of the committee, including other Board members or persons belonging to issuer's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;
 - g) the issuer shall provide adequate information, in the Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.

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

Adopted

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

Article 5 – Appointment of directors

Principles

5.P.1. The Board of Directors shall establish among its members a committee to propose candidates for

Adopted - A single Appointments and

appointment to the position of director, made up, for the majority, of independent directors.

Remuneration Committee has been set up

Criteria

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

Adopted

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

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

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

Article 6 – Remuneration of directors

Principles

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

Adopted

6.P.2. The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.

Adopted

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

6.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of

Adopted - A single Appointments and

independent directors. Alternatively, the committee may be made up of non executive directors, the majority of which to be independent; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.

Remuneration Committee has been set up.

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

Adopted

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

Adopted

Criteria

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

Adopted

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

permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated;

- g) indemnities eventually set out by the issuer in case of termination of directors shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.

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

Adopted

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

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

Adopted

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

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

Adopted

6.C.5. The remuneration committee shall:

Adopted

- periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard;

- submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the

implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.

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

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

6.C.8. According to principle 6.P.5., the press release should provide: Adopted

a) adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement - distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and “claw-back” clauses, if any, in particular with reference to:

- Indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement);
- maintenance of rights related to any incentive plans, monetary or financial instruments based;
- benefits (monetary and non monetary ones) subsequent to the end of office;
- non-competition commitments, describing their main contents;
- any other payment assigned for any reason and in any form;

b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions' regulation;

c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out;

d) information as whether the replacement of the ceased executive director or general manager is governed by

any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or manager.

Article 7 – Internal control and risk management system

Principles

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

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

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

a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:

(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the “director in charge of the internal control and risk management system”), and

(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;

b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;

c) the other roles and business functions having specific tasks with regard to internal control and risk

management, organised depending on the company's size, complexity and risk profile;

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

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

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

Adopted

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

Criteria

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

Adopted

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

issues resulting from the auditing.

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

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

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

Adopted

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

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

Adopted

7.C.4. The director in charge of the internal control and risk management system, shall:

Adopted

- a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;
- b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;
- c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
- d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors;
- e) promptly report to the control and risk committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.

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

Adopted

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

internal control and risk management system;

g) verify, according to the audit plan, the reliability of information systems, including the accounting one.

7.C.6. The internal audit function may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Corporate Governance Report.

Adopted

Article 8 – Statutory auditors

Principles

8.P.1. The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.

Adopted

8.P.2. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors.

Adopted

Criteria

8.C.1. The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, submitting the result of such verification to the Board of Directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors.

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

8.C.2. The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

Adopted

8.C.3. The remuneration of statutory auditors shall be proportionate to the commitment required from each of them, to the importance of his/her role as well as to the size and business sector of the company.

Adopted

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

Adopted

8.C.5. In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or

Adopted

transactions of the company.

8.C.6. The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties. Adopted

Article 9 – Relations with the Shareholders

Principles

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

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

Criteria

9.C.1 The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function. Adopted

9.C.2. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting. Adopted

9.C.3. The Board of Directors should propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion. Adopted

9.C.4. In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests. Adopted

Article 10 – Two-tier and one-tier systems

Not applicable

