

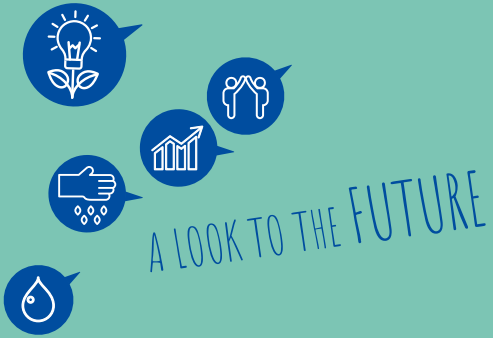


# 2017

## CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO THE ARTICLES 3 AND 4 OF ITALIAN LEGISLATIVE DECREE N. 254/2016

## SUSTAINABILITY REPORT



## A year of change.

A unified approach that brings together the various corporate spirits within the evolving dynamic that the Cattolica Assicurazioni Group is currently experiencing.

An industrial and cultural shift towards innovation.



REPORT  
ON  
REMUNERATION

REPORT ON CORPORATE  
GOVERNANCE  
AND THE OWNERSHIP  
STRUCTURES

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL  
STATEMENTS

# 2017

CONSOLIDATED  
NON-FINANCIAL STATEMENT  
PURSUANT TO THE ARTICLES 3 AND 4 OF ITALIAN  
LEGISLATIVE DECREE N. 254/2016

## SUSTAINABILITY REPORT

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WHERE THERE'S A WILL,  
THERE'S A WAY.

Albert Einstein



# THE SUSTAINABLE JOURNEY

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## THE SUSTAINABLE JOURNEY

### The way to do business

A Non-Financial Statement is a heartfelt report to frame a company's commitment on grounds that are deeply linked to individuals, the environment, and local communities.

Clearly, the future of any company depends on its level of sustainability and how it gradually fits in with their business, and on its decision to actively transforming good intentions into the foundation for its strategic objectives. This is a need that goes well beyond the law provision set this year.

Cattolica Assicurazioni Group starts off with a major advantage in this “sustainability race”. We can proudly say that the corporate social responsibility has always been a fundamental part of our business, long before this expression was used to identify a specific sector of social studies.

Ours is a distinctive trait, which is continuously fuelled by the fundamental values of cooperation and the Church's Social Doctrine, in its close link with the community in the pursuit of the public interest in all its possible aspects.

Our corporate conduct is not bound to the convenience that the reputational value of sustainability offers in terms of "cosmetics", marketing or communication, but rather on the very identity of a Company which is seriously committed to creating principles and practices that can look to the future with confidence.

This Report, the fruit of the joint efforts of each department, aims to illustrate a year of activities carried out together with our customers, members, employees, agents and suppliers, while respecting the environment and paying particular attention to the needs of the general public.

In short, this is a collection of a range of different "stories", which have in common the same urge for a change capable of triggering a truly sustainable economic growth, starting with the respect to the interests of each stakeholder involved.

At Cattolica, we think this is the only way to do business.

*Paolo Bedoni*

Chairman

## A long-term vision

### ***Interview with Alberto Minali, Managing Director***

#### ***Why is sustainability so important in Cattolica's strategy?***

From an objective point of view of economic rationality, I think that all insurance companies should be sensitive to the topic of sustainable development, given the very nature of their business. I think that Cattolica's DNA has a natural inclination to consider its role not only in business terms, but also with respect for the social dimension. In a more subjective and personal view, I believe that a long-term economy should meet the principle of competition and income excellence, together with an ideal propensity to generate a more positive impact on society and on the environment. The common good has always been a fundamental value for Cattolica, long before the concept of sustainability became a part of corporate agendas and a core topic of the international debate.

#### ***What are the main features of Cattolica's vision in the field of the Corporate Social Responsibility?***

The basic concept is simple and clear: we must be able and want to be able to have a positive impact on all stakeholders. Protecting our customers from the various risks they are exposed to, being an attractive employer for our employees, being able to develop our talents and offer them an inclusive and stimulating environment; being a point of reference for the communities where we are active, thanks to the dissemination of our values of solidarity and orientation towards the common good, developing Cattolica's business model while taking into account the environmental impact it may have. These are just a few of the goals we have set for ourselves, and we are determined to apply them to our day-to-day actions, not only to achieve them, but also make them cornerstones of our corporate culture.

#### ***How will Cattolica implement the principles of Corporate Social Responsibility?***

In the ideal scenario, the CSR guidelines are present and implemented in each and every link of the value chain and at all business process levels, by means of ad-hoc policies and rules. This goal is still to be achieved, but this is the direction we want to follow. We must implement a long-term vision, the only one that can enable us to make wide-ranging choices and harmonise all our management decisions as parts of a greater project, thus integrating environmental, social and economic sustainability and providing an ethical response to the question: "Will the decision we are making generate benefits for our customers and for our Company, now and in the medium and long run?".

#### ***What is Cattolica's sustainability outcome for the year 2017?***

This was an important year for Cattolica, as the Company changed rapidly and became more responsive and responsible. We paved the way for further positive development, by approving the Business Plan and the many relevant initiatives, with significant effects from the CSR point of view. We are at the beginning of a difficult, yet stimulating, process, which challenges us to improve and reshape our organisational culture. I am the most enthusiastic advocate of Cattolica's transition towards a more open scenario and a more effective, competitive and sustainable organization. I hope that, in a not too distant future, we won't talk about sustainable business any more, as this would mean that sustainability has become the norm and the usual way of doing business.

***How can the principle of sustainability fit in with the concept of human capital?***

At Cattolica, I have always put people at the focus of my business vision. In 2017, we achieved important results, but clearly this is only the first phase of a broader and more structured process, and there are many opportunities for improvement. I committed to turn Cattolica into an increasingly attractive and dynamic organisation, a respectful and transparent workplace, where people are treated and valued fairly and impartially and are motivated to develop their talents: the activation of the Job Market is the response to the need for a spontaneous and efficient reallocation of resources. We don't just want our employees to be happy. We want our colleagues to be the happiest in this field. That is why we want to focus on doing what we know how to do, while introducing and disseminating innovation and making Cattolica a cutting-edge workplace.

***A more personal question: do managers and fathers view sustainability in a different way?***

These are undoubtedly two different roles, but their points of view merge into one. I would even say the two perspectives are mutually reinforced. Some issues, like pollution, climate change and the waste of natural resources concern me both as a father and as a manager. I would like future generations to live in a world where the negative trends of the last decades are a thing of the past and the environment is no longer sacrificed for the sake of short-term profit. I agree with the increasingly widespread idea that the “cowboy economy”, based on endless resources and space to conquer at all costs, is no longer viable.

## Inclusive and open since the beginning

The year 2017 marked the transformation of Sustainability Reporting: from being an independent and self-initiated report it has become a Non-Financial Statement that must comply with specific legal requirements and reporting standards, used to objectively assess our actions.

From being voluntary it has become mandatory: from being arbitrary, sustainability has now become an unavoidable factor. Law-makers have supported the development of this fundamental disclosure, so it can have a positive impact on the economy and on society, while it has been so often merely used for image purposes, despite the need for it to be concrete.

As we prepared this Report, we therefore asked ourselves: “What does sustainability mean to Cattolica?” and “how are we trying to be sustainable?”.

These questions may seem obvious, but they are essential to make sure we are focussing on matters which are becoming more and more pivotal in doing business. It’s not just about this.

Following the principles of sustainability can define the very nature of a company and its organisation, and it is interesting to understand whether this is an endogenous vocation or the result of external influences.

In this report, - the outcome of a joint effort by all the Company's divisions - we provide answers to the above questions and explain our commitment to sustainability. Yet before we reason about “doing” we must concentrate on our “being”.

In the Chairman's letter and in the interview with the Managing Director, it is clear that corporate social responsibility is one of our innate and lasting values.

We are genuinely inclusive and open, in our current nature and in our name: Cattolica. The Greek etymology “καθολικός” (katholikòs), made of the prefix “kata” - with regard to, concerning - and the term “òlos” - everything, all and, more generally, the universal whole.

So basically, “katholikòs” means “concerning the whole”, “addressing everyone”, “including everyone”.

This meaning refers to our daily commitment to our direct stakeholders, which more widely embraces all the beneficiaries of actions for the common good, expressed through and aiming for sustainability.

The report clearly explains our work and the direction we are following, but above all where we want to go, in full awareness that corporate social responsibility is a challenging path, but that it is also intrinsic to our being. Therefore, we are dealing with a genuine drive for sustainable action.

*Emanuela Vecchiet*

Head of Institutional Relations and Communication

## Pursuing sustainability: a necessary choice

In recent years, sustainability has been one of the most widespread, debated and publicised ideas in the field of economic studies; more and more studies and analyses are published and the public opinion is increasingly aware of its importance.

Every year, the number of Companies required to draw up a Sustainability Report increases, and in many Countries it has become mandatory.

How can sustainability be defined? This is a difficult task, not only because of the intrinsic complexity of the topic, but also due to the enormous cultural shift and to the change of mentality that it requires.

Sustainability stems from ethical assumptions and behavioural principles which are neither obvious nor natural in the development model of the modern market economy.

Generally speaking, sustainability is based on the need to balance and meet three conditions: protection of the environment, social development and equity, and economic prosperity.

It is based on the ethical and pragmatic commitment to ensure the well-being of the current generation, but also of the future ones.

With their goals and the means used to reach them, companies have to cope with global challenges: climate change, growing energy demand and costs, water and food shortage, poverty and inequality, exploitation and destruction of natural resources.

Corporate Social Responsibility policies (frequently identified by the acronym CSR in this Report) can inspire a long-term-oriented business strategy that aims to integrate and harmonise economic profit with social and environmental responsibility, while meeting stakeholders' demands and expectations.

Advocating an increasingly sustainable way of doing business, greater transparency, adopting policies that avoid the negative social and environmental impact of our actions: this is the heart of the type of CSR that Cattolica intends to implement in its choices and decisions.

Below is a short list of some of the most interesting and common definitions of sustainability, which can be thought-provoking for discussion on the topic.

## Sustainability: a multifaceted concept

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*

Brundtland Report

*As a value, it refers to giving equal weight in your decisions to the future as well as the present. You might think of it as extending the Golden Rule through time, so that you do unto future generations (as well as to your present fellow beings) as you would have them do unto you.*

Robert Gilman

*A transition to sustainability involves moving from linear to cyclical processes and technologies. The only processes we can rely on indefinitely are cyclical; all linear processes must eventually come to an end.*

Karl Henrik-Robert

*Actions are sustainable if:*

- there is a balance between resources used and resources generated*
- the viability, integrity and diversity of natural systems are restored and maintained*
- they lead to local and regional self-reliance*
- they help create and maintain community and a culture of place.*
- each generation preserves the legacies of future generations.*

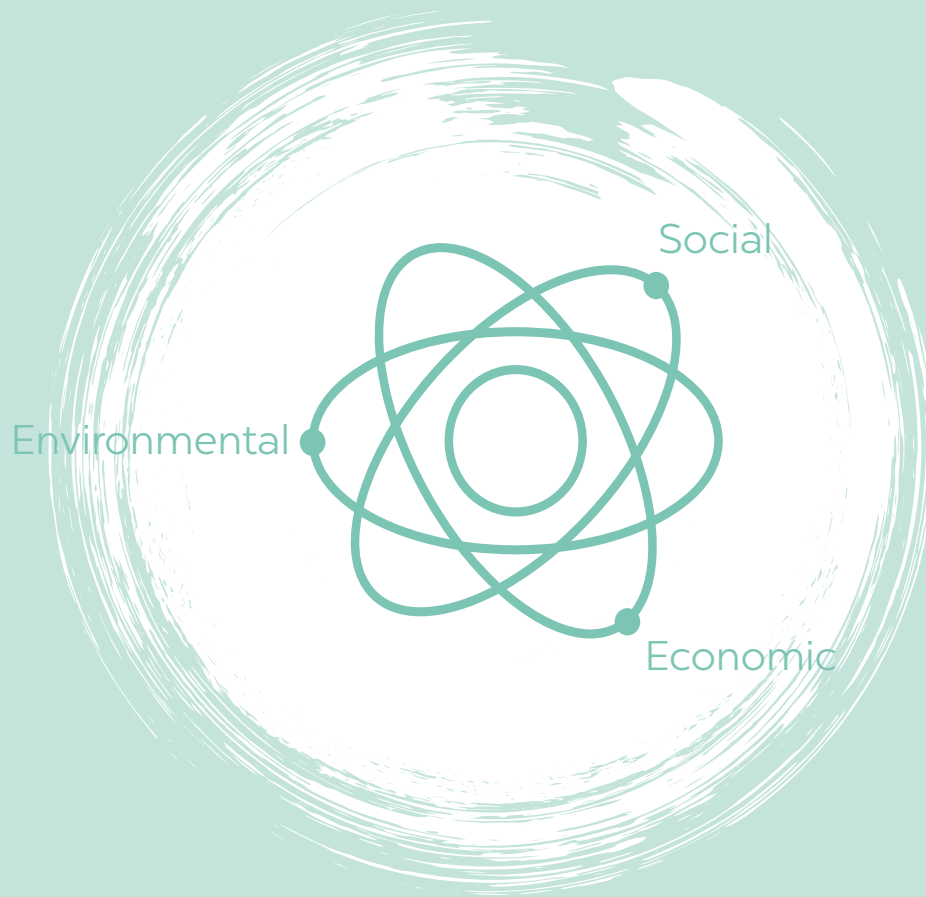
David Mc Closkey

*Leave the world better than you found it, take no more than you need, try not to harm life or the environment, make amends if you do.*

Paul Hawken







# 1

## ETHICS AND EFFICIENCY: FOR A RESPONSIBLE BUSINESS

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## CHAPTER 1 - ETHICS AND EFFICIENCY FOR A RESPONSIBLE BUSINESS

*An advanced CSR has an ambitious objective without any compromise: clarifying, defining and re-orienting the business model is its ultimate goal. Obtaining a profit and serving shareholders are just means to reach a wider purpose and not the purpose itself.*

(Wayne Visser)

### CSR: an integrated vision

Cattolica developed an “integrated” idea of Corporate Social Responsibility to point out that it should not be considered as a superstructure that comes after the business vision and formula in ideal terms and from a time perspective, but rather as an essential and systemic part of them.

This formula is based on the basic features of the Group’s strategy:

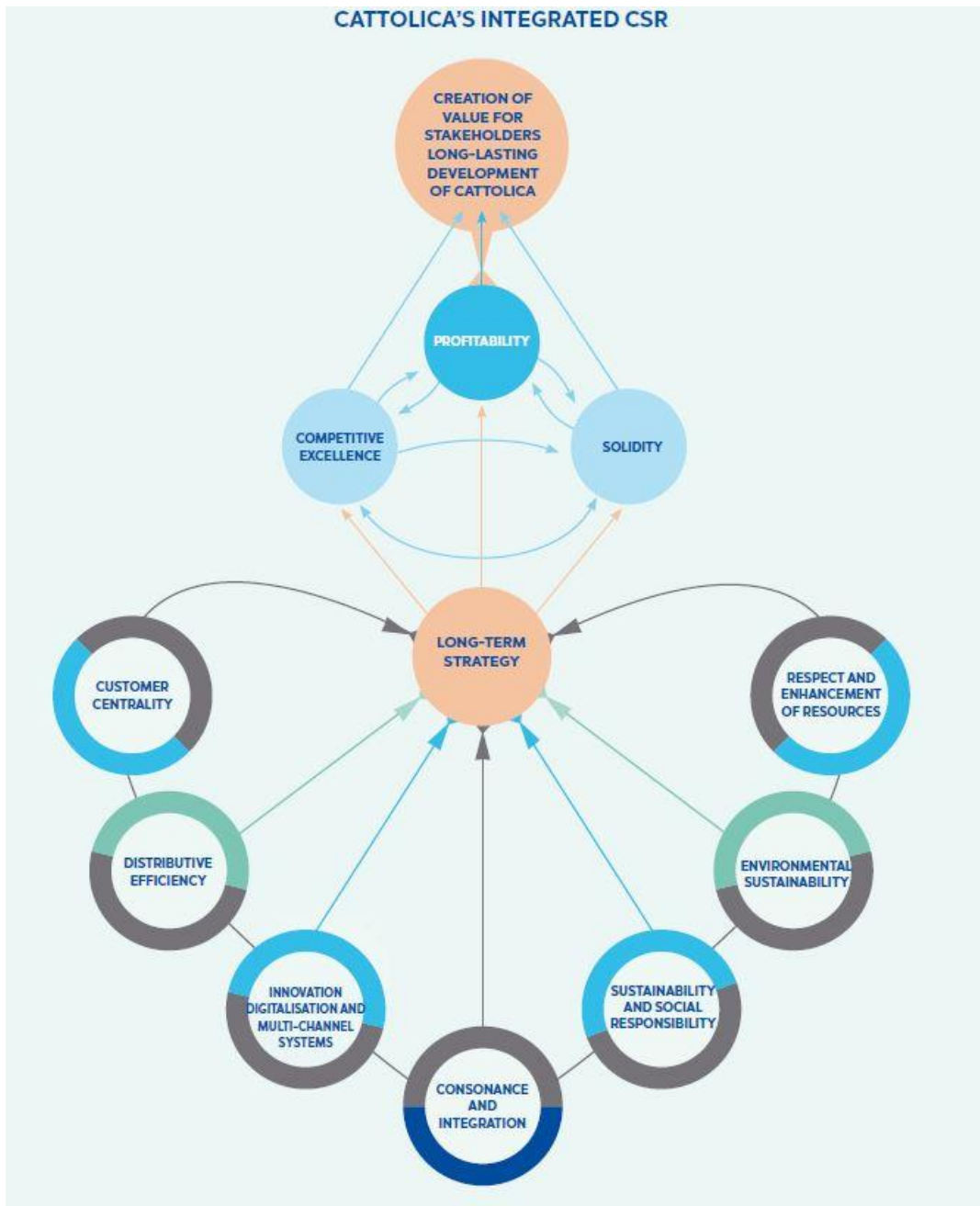
- the value of being customer-oriented
- the mechanism of distributive efficiency
- the emphasis on innovation, digitalisation and multi-channel systems
- the ethics of social responsibility
- the importance of environmental sustainability
- the respect and enhancement of resources

that are fully harmonised and integrated to define a long-term-oriented strategy, including and supporting the three economic pillars

- financial and equity solidity
- profitability
- competitive excellence

with the ultimate purpose of achieving the creation of value for stakeholders and the long-lasting development of Cattolica.

An outline of this principle is provided in the following diagram.



### Ethics and business at Cattolica

The reference to the ethical behaviour of our Company is pivotal in Cattolica’s business vision and in its idea of the relationship with the economic system and the unions.

Our Company believes in the importance of transparent, fair and ethical conduct at all levels of the organisation and when taking any decision.

We also believe that effective and genuine corporate ethics should be the driver of everyday behaviours and the ultimate aim of the Company.

Corporate ethics cannot be boiled down to mere compliance with formal rules: it must be lived and internalised until it becomes a fundamental principle that comes before compliance, albeit important, with laws and regulations.

Cattolica wants to pursue corporate ethics that foster virtuous behaviours to be implemented in the Company's relations with its stakeholders.

The company considers corporate ethics a relational and inclusive value, a general process of growth towards a culture aiming at the common good and business excellence.

Cattolica's Corporate Social Responsibility is fully integrated into this wide-ranging ethical dimension and is one of its essential components.

## The business model

Cattolica Group is one of the main players in the Italian insurance market, with a total collection of premiums of almost € 5 billion at the end of 2017. Over 3.6 million customers chose our insurance solutions and the products distributed by Cattolica and the other Companies of the Group. Serving customers to the best of our ability is the main goal of Cattolica's business model and its development over time.

It is an integrated and dynamic multi-channel and multi-product model, that is updated to adapt and, if possible, anticipate the changes of the insurance market, the current social and demographic trends, the increasingly advanced demand of services and the appearance of new distribution channels.

Individuals and families, businesses, agriculture, religious and non-profit organisations are Cattolica's core business. Besides the traditional insurance services, such as life and non-life business, we offer innovative products and solutions to protect customers and mitigate risks, with an original formula that makes Cattolica's business model unique and recognizable.

## Future sustainability: our 2018-2020 Business Plan

Thanks to the new Business Plan we prepared in the second half of 2017 and published in the market at the beginning of 2018, Cattolica is developing a wide-spanning perspective, based on a business project that focuses on profitable growth and creating long-lasting value.

The main quantitative targets set for 2020 are:

- an operating income between € 375 and 400 million;
- an estimated operating ROE of at least 10% in 2020;
- a dividend per share increasing by approx. 50%;
- a stable capital solidity with a Solvency II Ratio between 160% and 180%;

- a total collection of premiums between € 7.6 and 8 billion, of which premiums from non-life policies between € 2.4 and 2.6 billion and premiums from life policies between € 5.2 and 5.4 billion.

The key points of the Plan for the next three years are based on some clear goals:

- strengthening and developing the collection, diversifying the business lines and channels, thanks to the implementation of unsystematic actions;
- making the agency network more sustainable and efficient, with an increase in the average size;
- continuing to rebalance the Non-Life business mix;
- strengthening the training offered to the agency network;
- enhancing specific features and optimising the territorial footprint;
- increasing the sale of Life unit link products and the growth of non-motor Non-Life insurance;
- promoting the agricultural and Agri-food offer and the extension of the offer for Religious Organisations and the Third sector;
- developing an offer of connected and distinguishing products by means of telematics, the Internet of Things and smartphone-based technologies;
- creating and launching a specific newco for specialty lines, which can potentially generate premiums for € 100 million in 2020;
- pursuing a deep cultural transformation, by fostering the dynamism of the Company's talented resources.

This Plan includes some important actions taken during 2017, which refer to several guidelines of Cattolica's strategy to develop a more competitive and sustainable business model.

- A deep change in the organisation, culture and governance took place, 19 functional areas were reorganised, most of the management team was renewed, talents and corporate resources were enhanced;
- an exclusivity agreement with Banco BPM was signed for the distribution of insurance products;
- the financial structure was optimised through the issue of Tier2 bonds and the reduction of exposure on Italian government bonds.

## The Group's Structure

Cattolica Assicurazioni Group's activity is divided into three business areas: non-life insurance, life insurance and other activities, both of operating type and ancillary to the insurance business.

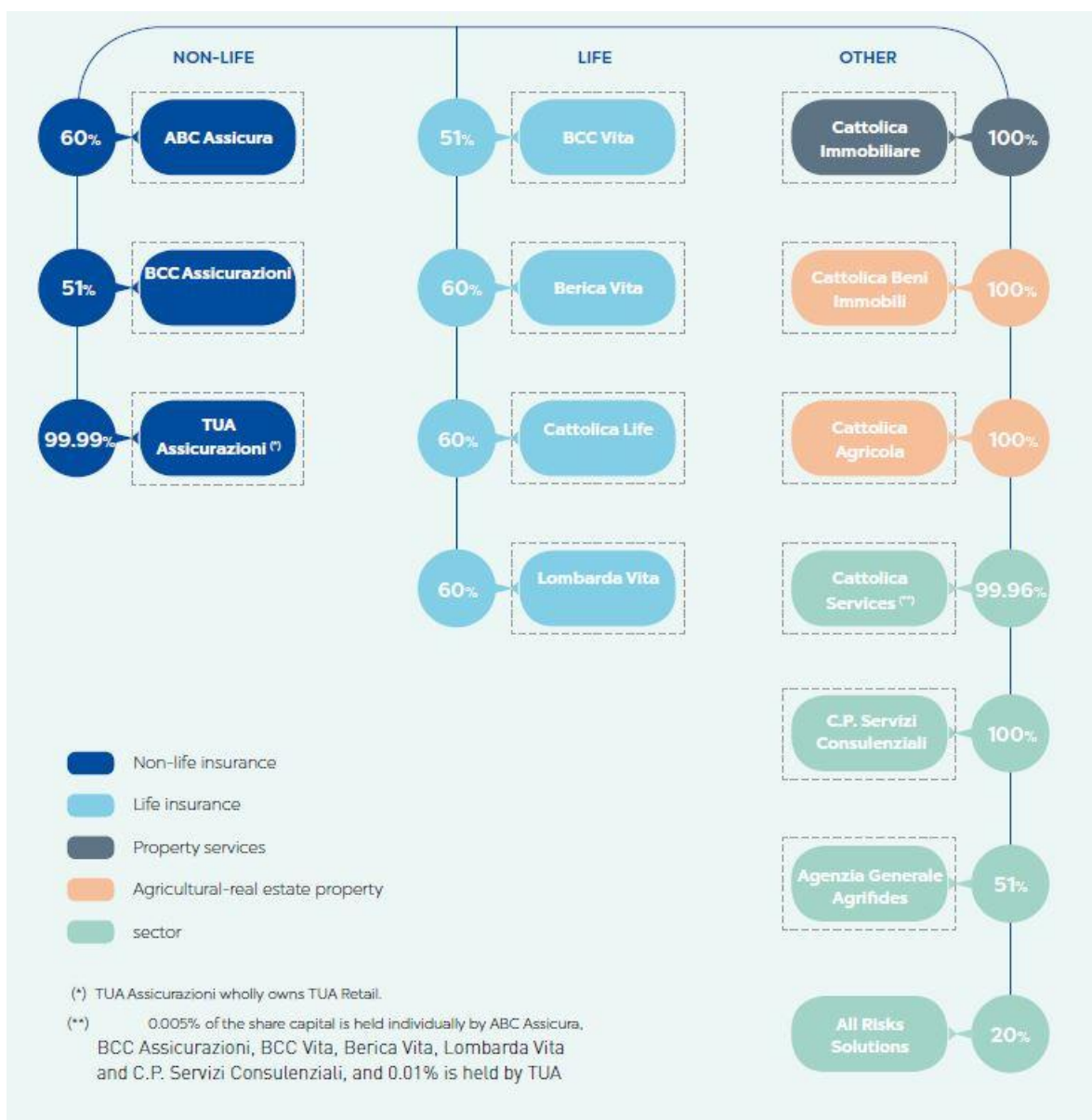
Cattolica Assicurazioni, the parent company, covers the life and non-life business.

The activity of the other Companies of the Group is divided into the non-life (ABC Assicura, BCC Assicurazioni, C.P. Servizi Consulenziali for Cattolica's non-life mandate, TUA Assicurazioni and the closed-end real estate funds allocated in the non-life portfolio) and the life segment (BCC Vita, Berica Vita, Cattolica Life, Lombarda Vita, C.P. Servizi Consulenziali for Cattolica's life mandate, and the closed-end real estate funds allocated in the life portfolio).

The other activities include the agricultural-real estate sector of Cattolica Agricola and Cattolica Beni Immobili and several companies providing operating services for the implementation of the Group’s activities: Cattolica Services, Cattolica Immobiliare, Agenzia Generale Agrifides.

At 31 December, the consolidation area comprised the insurance Parent Company, seven insurance companies, four service companies, two companies in the agricultural-real estate sector and three real estate property investment funds.

The Structure of the Group<sup>1</sup> as of 31 December 2017



<sup>1</sup> The Companies marked with a dashed box are included in the consolidation scope of the Sustainability Report. In addition, the consolidation scope of the Sustainability Report includes the following funds: Fondo Euripide, Fondo Macquarie Office Italy, Fondo Perseide.



### The Companies of the non-life segment

- ABC Assicura, with headquarters in Verona, share capital of € 8.9 million, is authorised to carry out non-life business. The branches that distributed the company's products up to December 11th, are those of the former BPVi Group (now part of Intesa Sanpaolo). The Parent Company holds 60% of the share capital;
- BCC Assicurazioni, with headquarters in Milan, share capital of € 14.4 million, is authorised to carry out non-life business and distributes its products using the network of branches of the ICCREA Group. The Parent Company holds 51% of the share capital;
- TUA Assicurazioni, with headquarters in Milan, share capital of € 23.2 million, carries out insurance activities in the non-life business, offering the market a specialist range of insurance and financial products/services able to meet the needs of personal line customers. The Parent Company holds 99.99% of the share capital;
- C.P. Servizi Consulenziali, with headquarters in Verona, share capital of € 120 thousand. It carries out non-life premium business activities (with TUA and Cattolica products) as well as in the life classes (Cattolica) using sub-agents. It is wholly-owned by Cattolica.

### The Companies of the life segment

- BCC Vita, with headquarters in Milan, share capital of € 62 million, is authorised to carry out life insurance activities and distributes its products via the branches of the ICCREA Group. It is a subsidiary of Cattolica which holds an investment of 51% in the same;
- Berica Vita, with headquarters in Vicenza, share capital of € 31 million, is authorised to carry out life insurance activities. The branches that distributed the company's products up to December 11th, are those of the former BPVi Group (now part of Intesa Sanpaolo). The Parent Company holds 60% of the share capital;
- Cattolica Life DAC is a life insurance company with headquarters in Dublin, Ireland, share capital of € 635 thousand, specialising in the structuring of index and unit linked contracts for customer segments. The Parent Company holds 60% of the share capital;
- Lombarda Vita, with headquarters in Brescia, share capital of € 185.3 million; it is authorised to carry out life insurance activities, distributing them via the network of branches of the UBI Banca Group. The Parent Company holds 60% of the share capital;
- C.P. Servizi Consulenziali, with headquarters in Verona, share capital of € 120 thousand. It carries out non-life premium business activities (with TUA and Cattolica products) as well as in the life classes (Cattolica) using sub-agents. It is wholly-owned by Cattolica.

### The funds

- The Fondo Euripide is a closed-end real estate property mutual investment fund managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 74.67%, Lombarda Vita 24.47% and TUA Assicurazioni 0.86%. Part of said interests are allocated to the life portfolios of Cattolica and Lombarda Vita;
- The Fondo Macquarie Office Italy is a closed-end real estate property mutual investment fund, managed by CB Richard Ellis, which was wholly acquired by the Group companies. The interests held in the fund are as follows: Cattolica 72.02%, Lombarda Vita 17.66% and BCC Vita 10.32%. Part of said interests are allocated to the life portfolio of Cattolica, Lombarda Vita and BCC Vita;
- The Fondo Perseide is a real estate property mutual fund dedicated to investment in renewable energies, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 78.11%, Lombarda Vita 11.55%, TUA Assicurazioni 5.42%

and BCC Vita 4.92%. Part of said interests is allocated to the life portfolio of Cattolica, Lombarda Vita and BCC Vita.

#### Other Companies

- Cattolica Agricola was established on September 28th, 2012 by Cattolica, the single member company within the sphere of the purchase of the property complex known as Tenuta Ca' Tron. It has headquarters in Verona and share capital of € 35.5 million. It is a single-member limited liability company which has the exclusive purpose of carrying out agricultural activities pursuant to art. 2135 of the Italian Civil Code;
- Cattolica Beni Immobili was established on September 28th, 2012 by Cattolica, the single-member company within the sphere of the purchase of the property complex known as Tenuta Ca' Tron. It is a limited liability company with single member. It has headquarters in Verona and share capital of € 7 million. It manages, amongst other aspects, the properties not instrumental to the agricultural activities related to said estate, as well as the “Cattolica Center” property complex, located in Via Germania, Verona;
- Cattolica Immobiliare, with headquarters in Verona, share capital of € 400 thousand, carries out activities for developing and leveraging the real estate assets and those typical of property services. It is wholly-owned by the Parent Company.
- Cattolica Services, a consortium company which carries out service activities for the Group, with headquarters in Verona and share capital of € 21 million. The services and activities provided are: planning, implementation and management of IT applications and operating processes, along with the services relating to telecommunications systems; supervision of the digital innovation of the Group with regard to IT and organisational aspects; handling of the settlement of Group claims with the exception of the security, hail and transport areas; teaching and training services for the Group resources; the life and welfare technical area; non-life operations and accounting and financial statements of the Group companies. Cattolica Services is 99.956% owned by the Parent Company Cattolica, while the remaining investment is held by other Group companies (ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, C.P. Servizi Consulenziali and Lombarda Vita to an equal extent of 0.005%) and by TUA Assicurazioni, which owns 0.01%. The Parent Company acquired from Coldiretti a 51% stake of the Company Agenzia Generale Agrifides, with the aim of creating new points of sale at Coldiretti's local offices, which were 28 at the end of 2017.

#### The Cattolica Center

After the acquisition of the “Ex Autogerma” area (Via Germania, Verona) in 2014, the premises have been refurbished and reorganised to become the Cattolica Center, a multifunctional complex to host important events. More specifically, a large portion of the space used for production and logistical activities has been redesigned and reorganised.

Cattolica Center is the perfect venue to develop reclamation projects of an area of approx. 100,000 m<sup>2</sup> in the heart of Verona's urban fabric. In 2017, very important corporate events took place, e.g. Cattolica Members' Meeting and two evening receptions, as well as public events, like the Festival della Dottrina Sociale (Festival of Social Doctrine).

## The distribution choices

The distribution model is deeply oriented to the development of the Company's networks, starting from the agency network. The Group is investing on strengthening the network and the quality of agents and consolidating the presence on the welfare and social security market, with the integration of the social security advisor network into the Parent Company.

On 31 December 2017, the total number of agencies was 1,494 (with 1,967 agents), located throughout Italy as follows: Northern regions 50.4%, Central regions 26.8%, Southern regions 22.8%.

Another primary channel for policy distribution is the banking sector. The Group signed significant commercial agreements and partnerships with the major banks, ICCREA and UBI Banca amongst others. In 2017, a bancassurance agreement was reached with Banco BPM, which will enter into force in 2018 and will give momentum to the Group's multi-channel strategy and its presence on the market.

The Cattolica Group ranks high in terms of distribution on the Italian market, with over 5,000 branches covering all the regions. The distribution network also includes 800 financial advisers and 210 social security advisers.

The new Business Plan involves a considerable development of the distribution model by:

- enhancing all distribution channels and agents;
- changing the distribution mix of the non-life sector to ensure more balance between motor and non-motor segments;
- the development of specialty lines to manage specific risk types;
- differently balancing the life sector towards "capital light" products.

## Ethical and responsible investment principles

### Personal ethical principles

The Company's Code of Conduct binds all the Companies of the Group and defines principles and rules of conduct that the employees and collaborators must follow as they work. The compliance with the Code is an essential condition for the dissemination of the values of the Dottrina Sociale (Social Doctrine) of the Church, at the base of Cattolica's principles.

The Code places a special emphasis on respect for legality, fairness and balance in assessments, impartiality and transparency of information.

### Ethics and environment in relation to investments

The selection criteria for the investment of financial assets follow the basic values of the Company: transparency, fairness and ethicality.

The framework agreement "Group Investment Policy", which was approved in March 2017 by the Board of Directors and is binding for all the Companies of the Group, excludes direct investments in companies and institutions that do not comply with Cattolica's values. In particular, no investment is made in companies that deal in weapons, drugs or tobacco, that exploit child labour or use polluting and dangerous equipment.

Besides the above-mentioned limitations, when investments are approved, increasing acknowledgement is paid to that fact that activities respecting the ESG (“environmental, social, governance”) and SRI (“socially responsible investment”) criteria are fully compatible with the Group’s value and support a long-term creation of value. Therefore, under equal conditions, the Company chooses to invest in companies and/or sectors committed to the sustainable development.

The Companies of Cattolica Group are increasingly interested in the financial engagement in the environmental sector, through participation in specialised funds and underwriting bonds to support specific projects. As an example, the Group’s investment portfolio includes wind farms and photovoltaic parks, investments in the water sector, in the reclamation of polluted areas and in the ecology sector in general.

The Perseide fund is particularly worth mentioning: this closed-end real estate fund is focused on renewable energies and is included in the consolidation activities of the Group.

The following table shows some essential figures on the Group’s financial engagement in the sector of renewable energies.

*Geographical composition and division by sector of the investments on renewable energies*

<b>Capital invested in environmental funds as of t 31 December 2017</b>	€ 137.3 million
<b>Sector as of last survey (30 September 2017)</b>	
<i>Solar</i>	93.4%
<i>Wind</i>	6.3%
<i>Other</i>	0.3%
<b>Geographical distribution as of last survey (30 September 2017)</b>	
Italy	90.3%
Outside Italy	9.7%
Number of plants	60

In order to continuously improve this process, a monitoring system is being tested on the evolution of our portfolio with respect to the principles explained, to support the optimisation of the quality of current assets and to prevent the reputational risk linked to ESG issues.

## Cattolica and its Stakeholders

The following outline summarises Cattolica's most important stakeholders, showing the categories that are most closely linked to the life of the Company. The list was prepared within the “materiality analysis” later described.

Stakeholders have demands and expectations from to Cattolica and are directly affected by its strategies and activities. Meeting the players’ expectations is a prerequisite for Cattolica's long-term development and success.



## Cattolica's Stakeholder Engagement

Stakeholder	Main topics	Channels of dialogue
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Quality of the service</li> <li>- Customer satisfaction</li> <li>- Transparency of the service offered</li> <li>- Data security</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Customer service / Handling of complaints</li> <li>- New technologies to support the use of services</li> <li>- Social networks</li> <li>- Distribution network</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>- Financial sustainability and solidity</li> <li>- Transparency on the market</li> <li>- Economic and financial performance</li> <li>- Presence on the territory</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings on the territory</li> <li>- Members' Meeting</li> <li>- Financial statements and reports</li> <li>- Corporate website</li> <li>- Conferences and meetings</li> </ul>
<b>Shareholders and financial community</b>	<ul style="list-style-type: none"> <li>- Financial sustainability and solidity</li> <li>- Transparency on the market</li> <li>- Economic and financial performance</li> </ul>	<ul style="list-style-type: none"> <li>- Financial statements and reports</li> <li>- Corporate website</li> <li>- Conferences and meetings</li> </ul>
<b>Agents, Intermediaries and bancassurance Partners</b>	<ul style="list-style-type: none"> <li>- Development of long-lasting relationships</li> <li>- Transparency in relationships</li> <li>- Development of agents' skills</li> <li>- Generation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>- Sales meetings</li> <li>- Training and professional updating days</li> <li>- Partnerships</li> <li>- Annual roadshow</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Wellbeing of employees</li> <li>- Development of skills</li> <li>- Health protection and occupational safety</li> <li>- Equal opportunities</li> <li>- Professional development</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate intranet</li> <li>- Survey of internal climate</li> <li>- Talent Check up</li> <li>- Training courses</li> </ul>
<b>Community and Territory</b>	<ul style="list-style-type: none"> <li>- Contribution to social and cultural initiatives</li> <li>- Support to local associations</li> <li>- Support to employment and small enterprises</li> </ul>	<ul style="list-style-type: none"> <li>- Fondazione Cattolica</li> <li>- Corporate website</li> <li>- Sponsoring activities</li> <li>- Organisation of events</li> <li>- Active participation to community events</li> </ul>
<b>Strategic Partners and Institutions</b>	<ul style="list-style-type: none"> <li>- Transparency in relationships</li> <li>- Relationship continuity and solidity</li> <li>- Partnership development</li> <li>- Creation of value</li> </ul>	<ul style="list-style-type: none"> <li>- Institutional relationships</li> <li>- Corporate website</li> <li>- Long-term agreements</li> <li>- Sales meetings</li> </ul>
<b>Religious Organisations and Third sector</b>	<ul style="list-style-type: none"> <li>- Creation of long-lasting relationships</li> <li>- Quality and satisfaction of recipients</li> <li>- Generation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>- Specific digital platform / Observatory</li> <li>- Direct contact and listening opportunities</li> <li>- Specific liquidation division</li> <li>- Organisation of events</li> </ul>

## Materiality analysis: the matrix

Starting from FY 2017, Cattolica has identified the so called “material aspects” defined by the reporting guidelines for the Sustainability Report, provided by the Global Reporting Initiative (GRI). These aspects are particularly important from the social, environmental and economic point of view and are a priority for internal and external stakeholders, with respect to the business activity and strategy.

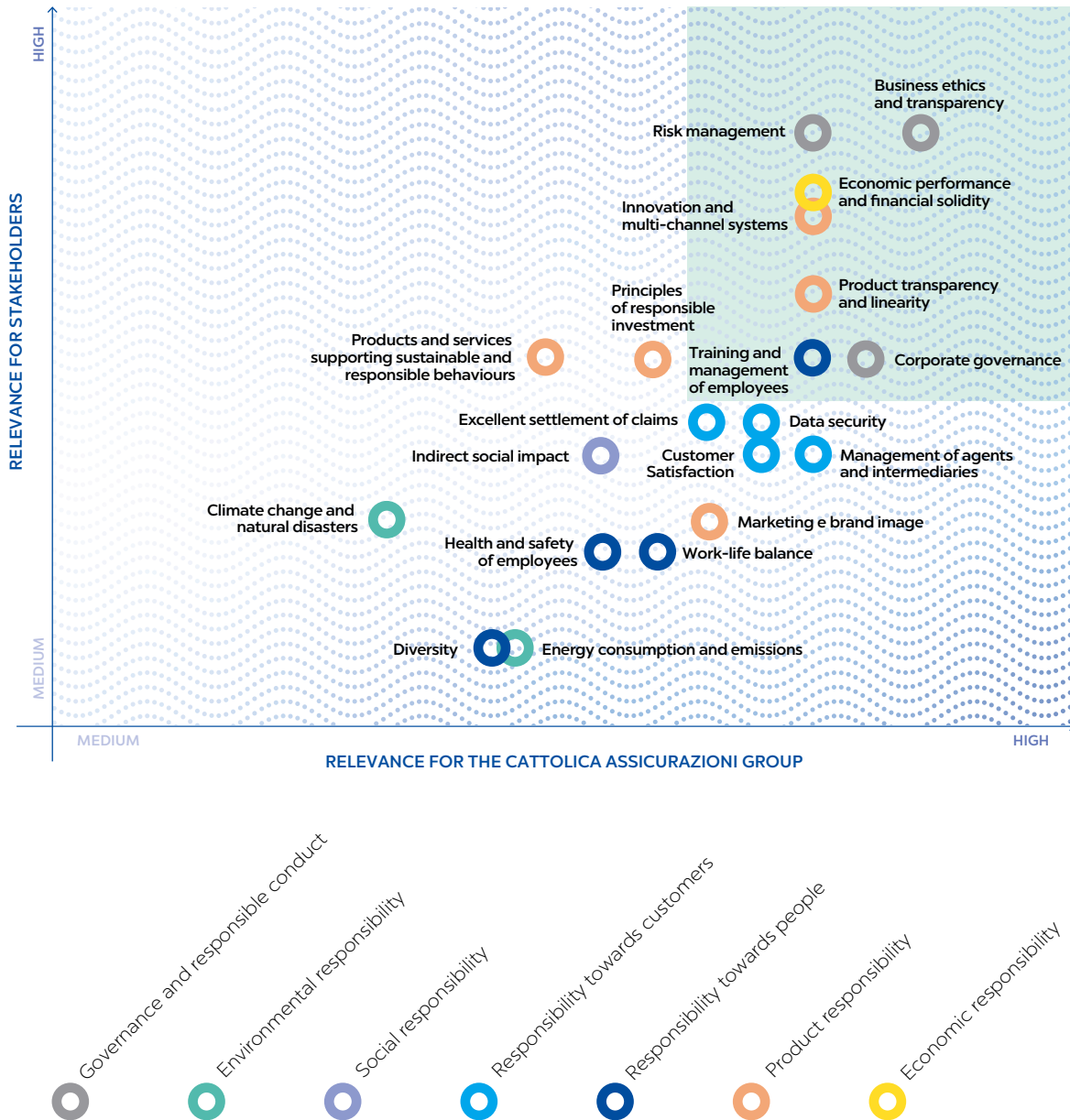
This analysis results in a “materiality matrix”, the methodological tool that is commonly used in international best practices, that was adopted by Cattolica for the first time with the aim of making it more detailed and precise in the future.

As for sustainability reporting, the material - relevant - aspects are the economic, social and environmental elements which are significantly affected (in a positive or negative way) by the Company and that may have a substantial influence on the decisions and opinions of stakeholders. Accordingly, the materiality analysis takes into consideration not only the organisation's point of view, but also that of the stakeholders.

The first analysis was carried out in December 2017 by the Group’s CSR division through a structured process which involved a working group made up of top managers, executives, division managers and other professionals within the Group. The materiality analysis process was divided into the following steps:

- identification of all potential material aspects for Cattolica, taking into account also the best practices in the sector;
- identification of relevant stakeholders;
- definition of the priority level for each aspect as identified by the representatives of Cattolica’s internal divisions, acting as spokespersons of the Group. During a specific workshop, each aspect was analysed both from a corporate point of view and from that of the external stakeholders;
- validation of the analysis and its result by the Communication division, which is in charge of Cattolica’s CSR;
- validation by the CEO.

The result of this assessment project is represented graphically through the “materiality matrix” diagram shown below.



The matrix includes Cattolica Assicurazioni Group’s material aspects, which are considered as having from average to high importance for the Group (horizontal axis) and for the stakeholders (vertical axis). These non-financial drivers make up a map of risks and opportunities that the Group must deal with.



As shown in the upper right corner of the picture, the 2017 materiality analysis attributed primary importance to the following aspects (i.e. high level of materiality for both Cattolica and the stakeholders):

1. Business ethics and transparency
2. Risk management
3. Economic performance and financial solidity
4. Innovation and multi-channel systems
5. Product transparency and linearity
6. Corporate Governance
7. Training and management of employees

Particular mention is made of these aspects within this document as they represent the issues that Cattolica has to tackle, assess and report with particular attention, while striving to improve its impact and effectiveness on each one of them; Cattolica intends to start a circular process to monitor and act in order to make its sustainability policy more effective, measurable and credible.

The following table shows the scope and the type of impact of each material issue.

Material aspects	Scope of the impact	Type of the impact
Business ethics and transparency	Cattolica Assicurazioni Group Agents and intermediaries Bancassurance Partners	Caused by the Group and directly linked to its activities
Risk management	Cattolica Assicurazioni Group	Caused by to the Group
Economic performance and financial solidity	Cattolica Assicurazioni Group	Caused by the Group
Innovation and multi-channel systems	Cattolica Assicurazioni Group Agents and intermediaries Bancassurance Partners	Caused by the Group and directly linked to its activities
Product transparency and linearity	Cattolica Assicurazioni Group	Caused by the Group
Corporate Governance	Cattolica Assicurazioni Group	Caused by the Group
Principles of responsible investment	Cattolica Assicurazioni Group	Caused by the Group

Training and management of employees	Cattolica Assicurazioni Group	Caused by the Group
Data security	Cattolica Assicurazioni Group Agents and intermediaries Bancassurance Partners	Caused by the Group and directly linked to its activities
Products and services supporting sustainable and responsible behaviours	Cattolica Assicurazioni Group	Caused by the Group
Excellent settlement of claims	Cattolica Assicurazioni Group Agents and intermediaries	Caused by the Group and directly linked to its activities
Customer satisfaction	Cattolica Assicurazioni Group	Caused by the Group
Management of agents and intermediaries	Cattolica Assicurazioni Group	Caused by the Group
Indirect social impact	Cattolica Assicurazioni Group Fondazione Cattolica	Caused by the Group and directly linked to its activities
Marketing and brand image	Cattolica Assicurazioni Group Agents and intermediaries Bancassurance Partners	Caused by the Group and directly linked to its activities
Climate change and natural disasters	Cattolica Assicurazioni Group	Directly linked to its activities
Health and safety of employees	Employees of Cattolica Assicurazioni Group <sup>2</sup>	Caused by the Group
Work-life balance	Employees of Cattolica Assicurazioni Group	Caused by the Group
Diversity	Cattolica Assicurazioni Group	Caused by the Group
Energy consumption and emissions	Cattolica Assicurazioni Group Electricity suppliers	Caused by the Group and directly linked to its activities

<sup>2</sup> Given the business sector, the health and safety of employees is considered relevant only with respect to the Group's employees and not to other categories working in the organisation's offices. With the aim of reporting any professional disease or accident, the Group is considering the possibility of collecting data from employers of external employees and providers working in the Group's premises.

## Directorate for Institutional Relations and Communication

Starting from November 2017, Cattolica Group's communication division has been deeply reorganised. The Directorate for Institutional Relations and Communication was created to develop an integrated communication suitable to highlight all the activities of the Group and support the 2018-2020 Strategic Plan for the innovation of Cattolica.

The Directorate includes the following services: Media Relations, Internal Communication, Web Management, Corporate Identity and Sponsoring activities, Events, Institutional relationships, CSR and Observers. These functions used to report to different departments, but they have been put under the same directorate to provide an effective communication to all internal and external stakeholders and to ensure information transparency and outreach.

### The history of CSR in brief

The publication and dissemination of studies and researches on Corporate Social Responsibility have increased rapidly in recent years, in line with the transformation of the idea of Corporate Social Responsibility.

To enrich the analysis, the original contribution of one of the most important experts in this field identifies five different phases or “eras” in the evolution of CSR, which were in succession and overlapping, but still coexisted, since the previous phase is never completely replaced by the following one:

- the “Age of Greed” was characterised by a defensive idea of CSR, in which all corporate sustainability and responsibility practices were sporadic and limited. Ad-hoc interventions were implemented only if and when necessary, to protect the value for shareholders, the only “primary” stakeholder, and employees and government subjects were considered secondary;
- the “Age of Philanthropy”, in which CSR took on “charitable” features, through philanthropic actions focussed on limited projects (donations, sponsorships) and managed by bodies linked to the Company (foundation, fund, trust) with the aim of obtaining the support of local communities and other civil society subjects;
- the “Age of Marketing”, which stood out for a PR concept of CSR, which became a tool to implement a public relations strategy opportunity to enhance the organization's brand, image and reputation. Within this vision of corporate responsibility, the manipulation of public opinion makes its way by creating a halo of credibility around the environmental issues that is often characterised as “greenwash”;
- the “Age of Management”, in which CSR started to play a strategic role closely related to the organisation's core business. This strategic concept of CSR was expressed for the first time in the implementation of rules, procedures, target setting principles, and reporting that are mainly taken from the concept of Management by Objectives;
- the most recent phase in the evolution of CSR is the “Age of Responsibility”, in which Corporate Social Responsibility became a “systemic” concept and focused its activities on identifying and tackling the root causes of existing issues, by means of in-depth measures, and that innovate the company's business model, thus revolutionising processes, products and

services offered and requiring the extension and dissemination of internationally respected standards and best practices.

(Wayne Visser, *The Age Of Responsibility*)





Experience

OVER 120 YEARS OLD

# 2

## SUSTAINABILITY AS A VOCATION

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## CHAPTER 2 - SUSTAINABILITY AS A VOCATION

*The common feature of successful companies seems to be the deliberate construction of a solid corporate culture.*

(Frances Cairncross)

### Innovation and tradition: a short history of Cattolica Assicurazioni Group

Cattolica Assicurazioni Group was founded over 120 years ago and can boast an almost unrivalled longevity in the Italian scenario.

All through the last century, the Company recorded a steady development, based on a mix of research of economic excellence and loyalty to the ideal inspiration, between innovation and social commitment.

This balance has been there since the beginning, in the group of the founding members, who gathered in Verona on 27 February 1896 to sign the certificate of incorporation of the Società Cattolica di Assicurazione - Società Cooperativa: 34 members and 36 shareholders who laid the foundations for this project.

This was a fertile moment in history: five years before the *Rerum Novarum* encyclical was published by Pope Leo XIII. This document attaches central importance to the social issues and marks the birth of the Social Doctrine of the Church, a point of reference for Cattolica's Bylaw.

Cattolica used to be a cooperative with a clear distinction between members and shareholders.

The primary social aim of the Company is the protection of farmers against the damage caused by hail and fire, in a moment when this sector - and therefore the majority of the employee available - was experiencing severe hardships. The symbol, an angel and the Latin motto "vitam auget securitas", represents this vocation.

In 1900, Cattolica's activities included the life insurance business, thus fostering its growth. After the First and the Second World Wars, during the reconstruction and economic recovery period, this was the only Italian Company in this sector that kept the cooperative status and was able to increase the number of customers and develop a wider range of products.

In the 1990s, Cattolica became one of the first Italian Companies to adopt a multi-channel commercial strategy, putting together the traditional agency network and the bancassurance distribution channel, which benefits from the commercial network of partner Banks.

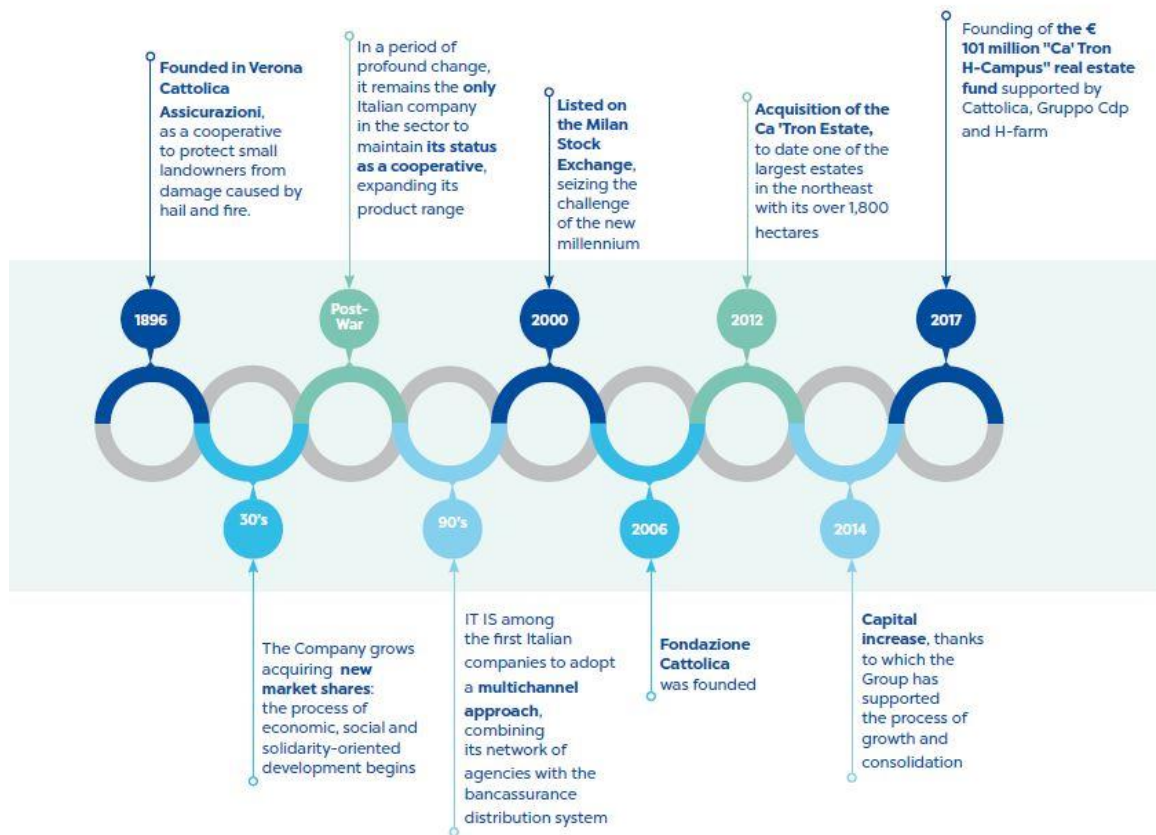
The 21st century began and the year 2000 is of paramount importance for Cattolica: the Company is now listed on the Milan Stock Exchange, a big difference from the past. This was a far-sighted and visionary choice, which marked a new phase in the life of the Company and showed its desire to measure itself against the market.

The 2007 restructuring plan allowed the Company to deal with the negative impact of the severe economic and financial crisis that hit the markets in the following years. Cattolica was able to react and consolidate its position in an increasingly competitive and selective market.



The management change which took place in 2017 and the recent 2018-2020 Business Plan represent another important chapter in Cattolica's story and sustainability is one of the key elements of an economic and financial, but also cultural, change.

## INNOVATION AND TRADITION: A BRIEF HISTORY OF CATTOLICA ASSICURAZIONI GROUP

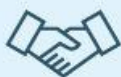


The image of the angel, symbol of protection, is the historic logo of this Company, as a representation of its institutional goals and social function, in line with the original status as a cooperative. This symbol has been modified several times over the years, according to various aesthetic styles.

### Identity and Corporate Governance

Cattolica aspires to become a leader in the development and sale of innovative insurance products and solutions to protect individuals, families and businesses from uncertainties and increase their confidence in a better future.

The Group is characterised on the insurance market for its unique corporate formula, which is the result of the combination of a consistent set of distinctive features:



**23,763**  
Members



**6**  
Meetings with  
Members:  
**2,500**  
attendees

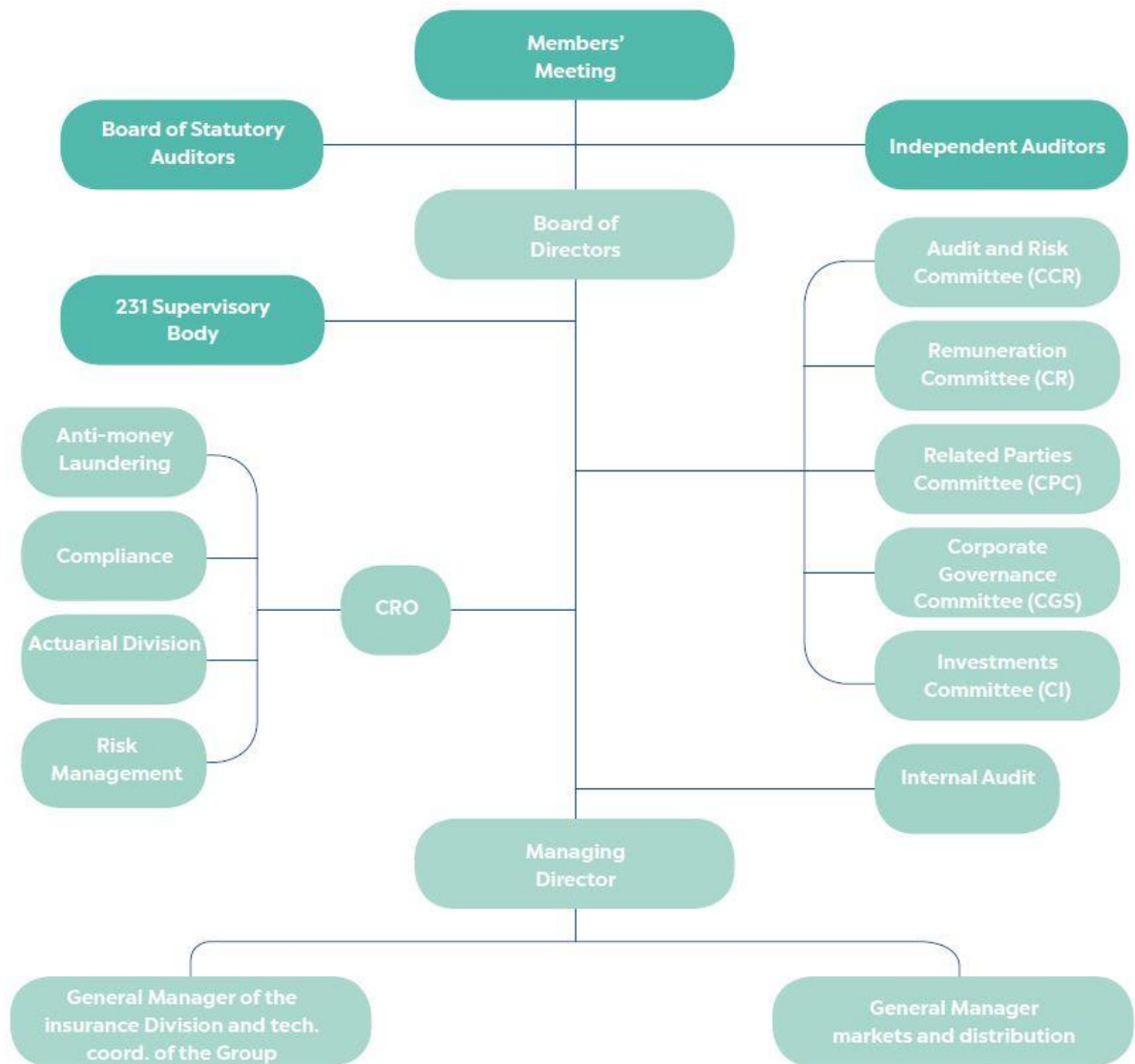


**10**  
of the **18**  
members of  
the Board are  
Independent



**6**  
Internal  
committees

- the business model of the Parent Company, a cooperative company listed on the Stock Exchange to be open to the market, pays great attention to the quality of its insurance products in a customer-oriented business management. These criteria inspire the activities of the Group's Companies and its distribution networks;
- the identity of Cattolica Group stems from its story and the reference to fundamental principles and values: a strength and a qualification in terms of market positioning in the new social and economic scenarios;
- the attitude and the commitment for social responsibility are expressed through a programme of initiatives focussed on solidarity and widely present on the territory.



(Corporate Governance structure of Cattolica di Assicurazione - Società Cooperativa as of 31 December 2017)

Cattolica di Assicurazione - Società Cooperativa, based in Verona, has been listed on the Milan Stock Exchange since 2000. The Company adopted the Self-Governance Code of listed Companies, as explained in the periodical report on corporate governance, available on the Company’s website.

At present, the Company is following the traditional or “dualistic” governance model (the horizontal type, common in the Italian scenario), based on two different bodies elected by the Shareholders’ Meeting: the **Board of Directors**, with strategic monitoring and business management functions, and the **Board of Statutory Auditors**, with administrative surveillance functions. An external auditing company is entrusted by the Board with the legal auditing procedures, upon proposal by the Board of Statutory Auditors, as required by applicable regulations.

Amongst the many provisions that the Company is bound to comply with, it is worth mentioning the general regulations on the insurance activities and those dealing with the cooperative business, besides the Italian Law 207/1992 on listed companies.

The one-man-one-vote principle, commonly applied by cooperatives, prevents dominant positions and/or influence positions from being taken within the company.

The exercise of corporate rights different from property rights depends on the admission of the shareholder to the status of Member, in compliance with the conditions set in the Statute, consistently with the Company's principle stating that a Member shall profess the Catholic religion and express their will of endorsing the Dottrina Sociale (Social Doctrine) of the Church. The Board of Directors takes decisions on the applications for admission.

### ***The Future Governance***

During 2017, the Board of Directors reviewed Corporate Governance, an essential element for the future evolution of the Company, given the strategic plan for the development and transformation defined within the Business Plan.

The new corporate governance system is in line with the international best practices and will be approved by the Board. A one-tier system is applied, with the aim of rationalising and simplifying corporate governance, thanks to the presence of a single management and control body, a lower number of Directors, the elimination of an executive committee and a suitable delegation of institutional investors within governance Bodies.

The goal of the transformation is to achieve a more linear and modern governance, able to favour more rapid and effective decision-making processes. The new CSR initiatives that will be developed in the following years will also benefit from these innovations in the corporate architecture.

### **The Board of Directors**

The Board of the Parent Company currently includes 18 Directors - 10 of which are independent - that are selected amongst the Members by the Members' Meeting from specific lists. The Board is vested with extensive powers of ordinary and extraordinary management of the Company, within the limits set by the Law and the Bylaw. In particular, the Board of Directors is in charge of approving the strategic, industrial and financial plans of the Company and the most important operations in terms of economic and financial relevance, the proposal on the allocation of profits, the appointment of General Managers and of members of the "Internal" Committees, and the definition of their powers and functions.

The current Board of Statutory Auditors will expire on the occasion of the Shareholders' Meeting which will approve the Financial Statements as of 31 December 2018.

**BOARD OF DIRECTORS AS OF 31 DECEMBER 2017**

COMPONENTS	ROLE	AGE	GENDER
PAOLO BEDONI*	Chairman	62	M
ALDO POLI*	Vice Deputy Chairman	76	M
MANFREDO TURCHETTI*	Deputy Chairman	62	M
ALBERTO MINALI*	Managing Director	52	M
ALESSANDRO LAI*	Secretary	58	M
BARBARA BLASEVICH*	Director	51	F
BETTINA CAMPEDELLI	Director	56	F
NERINO CHEMELLO	Director	73	M
CHIARA DE' STEFANI	Director	53	F
LISA FERRARINI	Director	54	F
PAOLA FERROLI	Director	55	F
PAOLA GROSSI	Director	64	F
GIOVANNI MACCAGNANI	Director	56	M
LUIGI MION	Director	58	M
CARLO NAPOLEONI	Director	50	M
ANGELO NARDI	Director	68	M
PILADE RIELLO*	Director	85	M
EUGENIO VANDA	Director	50	M

\* Directors who serve on the Executive Committee.

**COMPOSITION OF THE BOARD OF DIRECTORS BY AGE AND GENDER AS OF 31 DEC 2017**

	50-60	> 60
MALE	6	6
FEMALE	5	1

## The Board of Statutory Auditors

The Board of Statutory Auditors currently includes 5 standing Auditors and 2 alternate Auditors, appointed amongst the Members by the Members' Meeting from specific lists. The Board is in charge of monitoring the management and compliance of actions taken by the Company with the applicable laws and the Bylaw.

The current Board will expire on the occasion of the Shareholders' Meeting which will approve the Financial Statements as of 31 December 2017.

The statutory amendments passed by the Extraordinary Members' Meeting on 22 April 2017 require a change in the composition of the next Board of Statutory Auditors: 3 standing Auditors and 2 alternate Auditors.

## BOARD OF STATUTORY AUDITORS AS OF 31 DECEMBER 2017

COMPONENTS	ROLE	AGE	GENDER
GIOVANNI GLISENTI	Chairman	61	M
FEDERICA BONATO	Statutory auditor	62	F
CESARE BRENA	Statutory auditor	53	M
LUIGI DE ANNA	Statutory auditor	59	M
ANDREA ROSSI	Statutory auditor	45	M
MASSIMO BABBI	Substitute auditor	54	M
CARLO ALBERTO MURARI	Substitute auditor	52	M

## The Board's Internal Committees

*The Executive Committee*

The Executive Committee is made up of the Chairman, the Vice Deputy Chairman, and the Deputy Chairman, the Board Secretary and the Managing Director, and other two Directors appointed by the Board of Directors.

*The Other Internal Committees*

The Self-Governance Code requires the following Committees within the Board: the **Audit and Risks Committee** (former Internal Control Committee) and the **Remuneration Committee**. These Committees include three Directors, the majority of which must be independent. In addition, the **Related Parties Committee** includes independent Directors only, the **Investments Committee** and the **Corporate Governance Committee**.

For further information on the governance Bodies of the Parent Company Società Cattolica di Assicurazione - Società Cooperativa, see the Corporate Governance and Ownership Report published in the “Governance” section of the [www.cattolica.it](http://www.cattolica.it) website.

## The Internal Audit System

The Internal Audit System includes the regulations, procedures and organisational structures aimed at ensuring the correct operation of the Group's Companies and guaranteeing that corporate assets are preserved in the long run.

The Bodies involved in the System are: Board of Directors, Chairman, Managing Director, Audit and Risks Committee, Board of Statutory Auditors and the members of the Senior Management. Specific roles are played by the Manager responsible for preparing the Company's Financial Reports, guaranteeing the provision of financial information, and by the Supervisory Committee, in compliance with Italian Legislative Decree 231/2001.

The Board of Directors defined the guidelines of the System, which follows criteria of proportionality, its actual implementation being diffuse and integrated within the corporate structures. All the professional profiles are involved according to their skills and responsibilities.

Cattolica Group's Internal Audit System is divided into three different levels to cover specific targets:

- **first level:** this level includes the corporate process controls performed by the operating structures, integrated into automated procedures or carried out as back-office activities;
- **second level:** this level refers to the management of operational risks and guarantees their consistency with the Company's objectives, according to independence and segregation criteria. Controls are carried out by specialised structures which define risk management policies and assessment methods for risk management and operating limits, in cooperation with the managing body and the operational departments. They aim at ensuring the operational consistency with the goals and the levels of risk defined by the relevant corporate bodies. Controls are usually performed by the Risk Management, Compliance, Actuarial and Anti-Money Laundering Divisions, under the supervision of the Group's Chief Risk Officer (CRO), who reports directly to the Board of Directors;
- **third level:** this level provides full assurance of the organisation and operation of the Internal Audit System by means of independent assessment, also in respect of the effectiveness and suitability of first- and second-level activities. The Internal Auditing division is in charge of this control level.

By means of specific policies, the Board of Directors governs the control functions required by the regulation (Internal Audit, Risk Management, Compliance and Anti-money laundering functions). These functions report directly to the Board of Directors and are not assigned any operational responsibility to guarantee their full independence and autonomy.

Periodical information is exchanged by the different control divisions and between these functions and the management, administration and external control bodies. The work of the control functions is also regulated by the Disciplinary Code.

## Risk Management as a Source of Opportunities

Risk-taking is a fundamental business element, and this principle is particularly true for insurance companies. At Cattolica, risk management is clearly dealt with at all levels of the organisation. This approach has a cultural value: to be effective, the "risk culture" should be based on individual awareness and the employees' behaviour is a prerequisite for the Company to be successful.

In the field of risks due to the institutional activity, some sectors are particularly sensitive in terms of sustainability impact. Proper risk management is closely linked to the need for a continuous attention to different risk types, including the environmental and social risks, which are less clearly understandable than the traditional risks generated by the Group's core business and traditional activity.

Cattolica Group adopted a complex Risk Management System aiming at ensuring that risks arising from the activities of the Group are effectively monitored, with particular attention to the most significant ones, e.g. those risks which may undermine the solvency of the Group and its Companies or the compliance with corporate goals, as defined by the Risk Appetite Resolution, amongst others.

The main aim of the Risk Management System is to ensure the fulfilment of the commitment to customers, Members and, more generally, all the stakeholders (employees, distribution networks, etc.). This goal is pursued through a risk management strategy based on three pillars:

- responsibility towards customers and understanding their needs;
- a clear representation of the risks run by the Group and by its Companies;
- consistency with the Parent Company's basic principles.

During 2017, the Group continued to pursue its objective of protecting its financial strength and a suitable level of profitability. In this context, the risk management process kept into consideration the goals of the Business Plan and the annual budget. This process includes the following macro-phases, which follow each other in a cyclical process:

- analysis of the risk map (identification and assessment of the risks);
- definition of the level of risk appetite;
- definition of risk-taking and management policies;
- definition and setting up of operating limits (risk mitigation and monitoring);
- methods for measuring the risks.

In order to keep their risk profile in line with the Risk Appetite level set by the Parent Company's Board of Directors, each Company defined strict operational limits. The compliance with the limits is continuously monitored by the Risk management division, in cooperation with the functions involved. The Risk Management division submits a quarterly report to the Company's Board of Directors and, if needed, corrective actions are taken, as required by the Board itself.

As for the non-financial risks - mainly linked to the reputational risk run by the Group - the following social-environmental risks have been identified:

#### Investments

For investment matters, see the "ESG and ethically-responsible investments" section.

The choice of investments is based on the respect of the values of the Group and the analyses performed aim at safeguarding this principle. However, the risk of a possible involuntary inclusion of assets that are not fully in line with Cattolica's principles is still present. The system of preliminary analysis, required by the IVASS Regulation no. 24/2016, is an effective risk mitigation mechanism, but in some cases the connections with sectors or products that are not in line with the Group's values and principles are not easily identifiable. To be fully effective, the selection process requires attention and research activities, besides the analysis of niche sectors and companies which may be linked to larger Groups.

This is a remote possibility, but still it needs to be taken into account when outsourcing to third-parties in charge of investment activities on behalf of some of the Group's Companies. Particular attention will be paid to investment phase and the subsequent monitoring of the portfolio.

#### Climate Change

Climate change is not just a possible future scenario, but rather a current and variable phenomenon we have to deal with.

The Group is managing risks in the agricultural field by investing in cutting-edge research solutions and in technologies to develop a wide range of products to support all farming companies and for the correct assessment of damage in case of natural disasters.



A specific and highly-specialised body has been committed to the “Agricultural Innovation Project” for many years. Their goal is to update and develop new products with specific features to be able to meet the new needs of farmers with regard to adverse climatic events. See paragraph “The Agri-food sector and the new products for agriculture”.

#### The Environmental Risks

Despite its sector of operation is not particularly jeopardised, Cattolica runs a potential risk of economic or reputational damages caused by the negative environmental impacts of specific operations or various factors. The main environmental risks have been assessed using the Organisational Model required by Italian Legislative Decree 231/01, which takes into account the most common environmental crimes, such as environmental pollution and disaster.

Cattolica is aware of the need to develop ad hoc guidelines and policies to disseminate a risk culture within the Group, which takes into consideration the environmental profiles and the prevention of relevant risks, this being a priority for future strategies.

#### Health and Safety Risks

Health and Safety risks are assessed according to the criteria defined by Italian Legislative Decree 231/2001. Health and safety issues are a priority of the daily working activities within the Group.

#### Corruption-Related Risks

With regard to potential corruption risks, the main risk factors were identified during the assessment activities, in accordance with Italian Legislative Decree 231/2001. This analysis allowed to identify suitable control and prevention mechanisms, as defined by the Organisational Model.

As for the order by the Procura della Repubblica di Venezia (Public Prosecutor of Venice), executed on 16 June 2017, which involved as persons under investigation the Company’s collaborator Albino Zatachetto and Giuseppe Milone, administrative manager and Appointed Executive, the Company’s Board of Directors adopted a course of conduct aiming at effectively and clearly determining any responsibility of the internal staff and external collaborator.

The Board of Directors ordered the immediate interruption of the cooperation relationship with Albino Zatachetto and the precautionary suspension with immediate effect of Giuseppe Milone, in charge of the Administration and Financial division and Manager responsible for preparing the Company's Financial Reports.

In addition, the Board of Directors, supported by the Internal Auditing Function, the Supervisory Committee 231 and the Board of Statutory Auditors, assigned to the Audit and Risks Committee the task of monitoring and coordinating the investigation activities started by the Procura.

The Audit and Risks Committee coordinated the activities of consultants appointed by the Board of Directors and monitored the results, which showed a general solidity of the Organisation, Management and Control Model defined by Italian Legislative Decree 231/2001.

As of 1 January 2018, Giuseppe Milone left Cattolica Assicurazioni Group.

#### Risks linked to People

The risks identified in this field concern the management of skills and the preservation of a suitable level of internal engagement and motivation. Fully aware of the fundamental importance of individuals, the Group started a path towards improving listening abilities and developing professional know-how in order to keep a high level of engagement. With the same objective, during

2017 the Group started a cooperation with Great Place To Work<sup>®</sup>, a company specialised in organisation and HR consultancy.

#### Risks for Human Rights

Cattolica Group has never considered as significant the risk of human rights violation within the Company or by direct suppliers or a wider community. As for suppliers, the low-risk business sectors they operate in represent a mitigating factor. In general, the business type and geographical position do not involve any issue in this regard.

#### The Organisational Model According to Italian Legislative Decree 231/2001

The Parent Company, the Italian subsidiary insurance companies and the main instrumental companies of the Group - not being subject to sector regulations - adopted an Organisation, Management and Control Model, in accordance with Italian Legislative Decree no. 231 of 8 June 2001 (hereafter the “Model”).

The activities needed for an effective implementation of the Model are the following:

- definition of ethical principles with respect to behaviours which may be considered as criminal conduct according to the Decree: to this end, a specific Code of Conduct has been adopted;
- definition of corporate processes which may create the conditions, the opportunities or the means to commit crimes or instrumental activities;
- definition of staff training methods;
- definition of the information to be provided to the sales network, Service companies and other third parties cooperating with the Company;
- definition and implementation of disciplinary measures with the aim to sanction failure to comply with the provisions of the Model and characterized by suitable deterrence;
- identification of a Supervisory Body and assignment of specific monitoring tasks for the effective and efficient operation of the Model. This Body shall have a “mixed collective composition” - an external Chairman for the Parent Company, another external member and two internal members, temporarily responsible for the Functions of Internal Auditing and Compliance Verification;
- definition of ordinary and extraordinary information flows towards the Supervisory Body.

It should be noted that the Board of Directors decided not to assign the functions of the Supervisory Body to the Board of Statutory Auditors, as per Italian Legislative Decree 231/2001, given that this would increase the already demanding functions of the Board of Statutory Auditors and the presence of another control body facilitates the internal dialogue and surveillance, even if a higher level of coordination is needed.

The Organisational Models of the Parent Company and the subsidiaries are continuously updated, in line with the evolution of the Group’s corporate regulatory framework.

All the governance Bodies and the Group's employees have been informed of the Organisational Model as per Italian Legislative Decree 231/2001.

In particular, during 2017, a mandatory training course was organised through a platform which involved all the employees of Cattolica Group, as required by Italian Legislative Decree 231/2001. The individuals involved in the 231/2001 training during 2017 are listed below.

Training provided pursuant to Italian Legislative Decree 231/2001 <sup>3</sup>	2017	
	Number of individuals	% individuals
Executives	36	73%
Officials	197	61%
Employees	835	69%
Workers	-	-
<b>Total employees</b>	<b>1,059</b>	<b>67%<sup>4</sup></b>
Board Members <sup>5</sup>	10	56%

Pursuant to Italian Legislative Decree 231/2001, training courses are provided also to the Group’s agents. In particular, from the launch of the last version of the training course in 2016 to 31 December 2017, approx. 72% of the agents received training. The remaining agents will be trained during 2018.

### Remuneration policies

The philosophy at the base of the Group’s remuneration policies aims at guaranteeing a fair and transparent salary, commensurate not only with the role and responsibility covered, but also with the level of professional standing and individual performance of each employee; remuneration should also be independent and not be linked to any personal characteristic.

This approach is consistent with the regulatory provisions and refers to the need to maintain a sustainable management of HR policies.

It is to be noted that fairness and transparency of remuneration policies were until recently considered critical human resources elements to manage, as explained in the 2017 corporate climate survey, which shows that the Group did not fully achieved these objectives.

For further information on the Group’s remuneration policies, see the Remuneration Report published in the “Governance” section of the website [www.cattolica.it](http://www.cattolica.it).

### The Members

Members are at the heart of the governance system of cooperative companies and are their most important stakeholders.

The Shareholders who meet the requirements defined by the by-law can reach the status of Members.

<sup>3</sup> As required by Italian Legislative Decree 231/2001, the training course includes specific anti-corruption training.

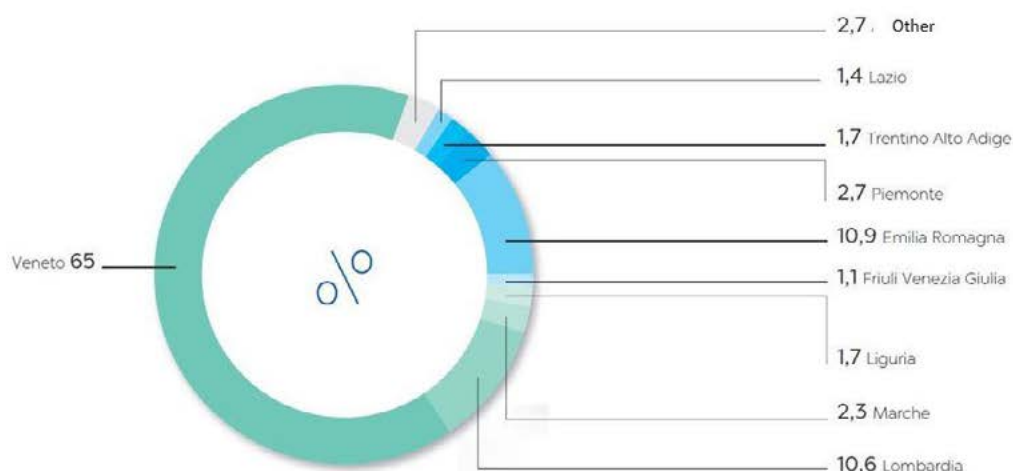
<sup>4</sup> The remaining employees were trained in January 2018.

<sup>5</sup> Exclusive reference is made to the Parent Company’s Board of Directors.

They enjoy some non-property rights of direct participation to the Company's life, first of all the active attendance to the Meeting and the right to vote. They also enjoy property rights, as receiving dividends and participating in the underwriting of capital increases.

As of 31 December 2017, there were 23,763 registered Members, located throughout Italy, with a higher concentration in some Northern regions like Veneto (65%), Lombardy (10.6%) and Emilia-Romagna (10.9%). 98.6% of Members are natural persons - of which 60% men and 40% women - and the remaining 1.4% are legal entities.

Distribution of Members on the Italian territory as of 31 December 2017



1,462 Members physically attended the Shareholders' Meeting on 22 April 2017 and 2,123 Members were represented by proxy, for a total of 3,585 votes.

One of the main objectives of Cattolica is the involvement of Members in the Company's life, in line with its cooperative nature; this is done also by means of institutional events, besides the annual Shareholders' Meeting, which is the most important corporate event.

It is particularly worth mentioning the Members' Meeting organised every November: these are traditional aggregation opportunities where Members are given all the information on the Company's performance. In 2017, 2,500 Members participated in the six meetings organised.

Cattolica's Members can also enjoy particular incentives to take out special insurance policies and products.

The cooperative spirit is the principle inspiring the Members' Associations, which have always had a fruitful cooperation with Cattolica. As of 31 December 2017, there were 10 active Associations: Apaca, Asscat, Unica, Amici della Cattolica Assicurazioni, Apical, Uscas, Cattolica Più, Insieme per Cattolica, Soci Cattolica and Valorizziamo Cattolica.

## ***Services for the Members***

An exclusive information and assistance service is offered at the Company's office. The "Member Relations" team explains the main insurance services provided, introduces the specialised staff (internal employees or external agents), who can help actual or future members with customised quotations and further explanations. In addition, the team supports the Members with regard to the participation in the Annual Meeting and provides information on dividend collection.

This Service can be contacted by phone or writing an e-mail to Servizio.Soci@CattolicaAssicurazioni.it.

A specific and user-friendly website is available, [www.cattolicasoci.it](http://www.cattolicasoci.it), for the Members to access useful content about products and agreements, institutional and corporate information, events and initiatives.

Members are sent institutional notices via ordinary mail, including the Chairman's letter, which provides information on the Company's and Group's performance.

In addition, the multi-media magazine Mondo Cattolica and the portal [www.mondocattolica.it](http://www.mondocattolica.it) offer additional information and contents to the Members, who can discover more about social, economic and cultural topics of their interest.

## ***The Members' World***

Cattolica's Members are a special and very important type of customers and their satisfaction is of the utmost importance to the Company. This is why specific incentives have been designed to take out policies and products. Members can access an exclusive line of products called "EssereSoci", which offers favourable solutions both in terms of coverage and costs.

A short description of these products is provided in the Appendix to this document.

Our Customers



3.6 MILLION

Our Agents

1,967



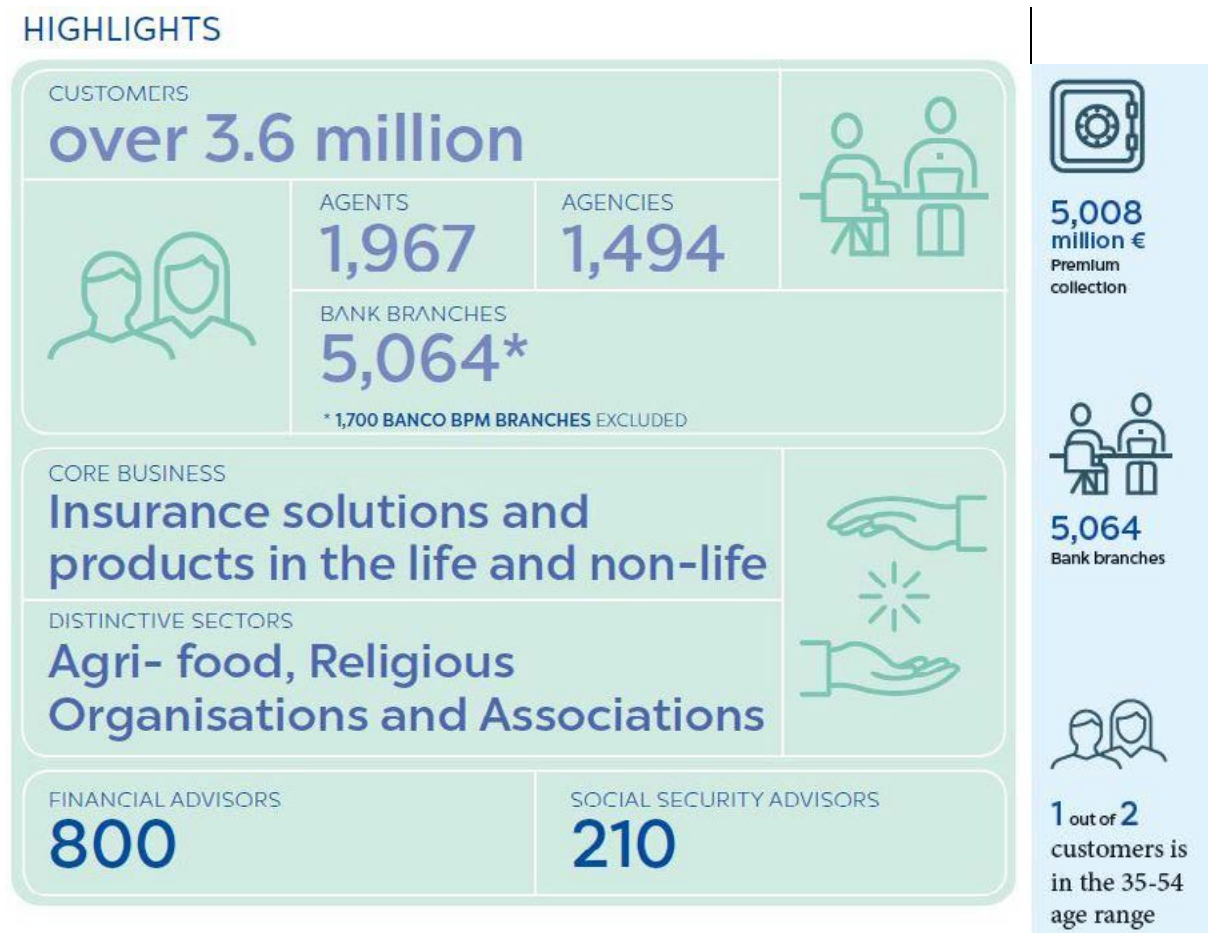
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## FOCUS ON THE CLIENT: THE INSURERS' COMMITMENT

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## CHAPTER 3 - FOCUS ON THE CLIENT: THE INSURERS' COMMITMENT

*The only way to serve your company's interest is to serve your customer's interest.*  
 (Philip Kotler)



### Insurance Products and Services

Both the strength and the profitability of an insurance company depend to a large extent on its ability to meet the needs of its customers through high value-added business proposals, focused on the needs of individuals and businesses and capable of generating and defending a high competitive standard.

The maintenance and strengthening of solid and long-term relationships with customers, based on trust and transparency, are achieved by offering quality products and solutions, especially if they are aimed at particular categories of customers and have a strong social or environmental value.

Some insurance solutions offered by Cattolica Group offer a plus in terms of attention to people and ethical and solidarity commitment, besides transmitting those values that have always characterised the profile of the Company.

For Cattolica, sustainability also means looking at the interests of all potential stakeholders and customers, proposing a range of solutions to meet new social, economic and relational needs that have imposed themselves following the change in lifestyles and that concern various social actors: young people, adults and the elderly.



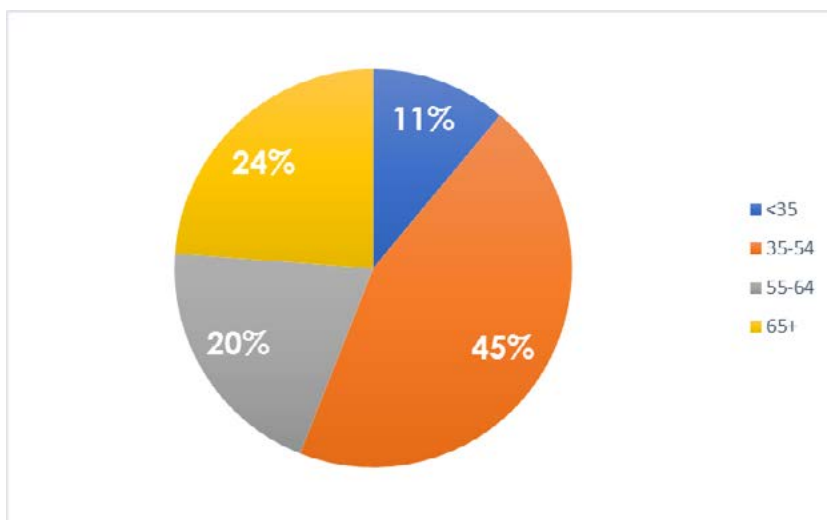
These needs recall traditional contents for insurance companies such as protection, security and savings. However, they also include emerging issues such as supplementary coverage with respect to the progressive reduction of public forms of welfare and coverage linked to the world of the social sphere and to the support of ethically sustainable behaviour.

### ***Distribution of Cattolica's customers according to age groups***

As of 31 December 2017, Cattolica Group has approximately 3.6 million customers, 62% of whom were men and 38% women, with an average age of 54 years.

Approximately one customer out of two falls into the age group 35-54, as shown in the following chart.

Cattolica Group's customer breakdown according to age group as of 31 December 2017



### ***Solutions and products offered in a social perspective***

By their very nature, insurance products also fulfil a social function: they meet the protection needs of individuals as well as of the community.

In addition to the products aimed at individuals and families and those offered to companies, Cattolica provides a range of products specifically designed to meet the insurance needs of specific customer segments.

The Company expresses its social commitment by paying the utmost attention to voluntary associations, foundations, social cooperatives and, in general, to the Non-profit world: it therefore proposes itself to the market as a reference company for the Third Sector.

Moreover, it is very close to and involved in the world of disability. Cattolica's sensitivity and vision in responding to special needs emerges from the offer developed to guarantee assistance dedicated to people with disabilities in the family. As early as 1977, the Company was the first to introduce a policy for multi-adapted vehicles on the market, with special protection for individuals with driving difficulties.

### *Dedicated assistance*

**Cattolica & Solidarietà - for people with disabilities** includes a package of policies meant for personal protection in every sector of life:

- **Cattolica & Auto:** is the RCA policy designed for safe travel. It provides specific benefits for drivers of a multi-purpose vehicle, with special discounts, services and assistance in the event of an accident and vehicle failure;
- **Cattolica & Casa senza pensieri:** it is a solution dedicated to the protection of homes and families, which provides a special benefit for people with physical and mental disabilities within the guarantee of civil liability. This includes liability arising from the ownership or use of any vehicle for persons with disabilities, including electric vehicles, including any aids and prostheses used by the person in normal social life;
- **Cattolica & Salute – Ogni giorno and Ogni giorno Click:** this range of products has been designed for complete accident protection. It offers special guarantees for families with children with disabilities, even if they are not tax dependent. If both parents die due to the same accident, the lump sum payable will be increased by 100% (with the maximum limit specified in the policy).

**Cattolica & Protezione - Dopo di noi** is the insurance solution that takes care of people with disabilities when they are left on their own. A tool to ensure they have a sustainable future, thanks to an insurance savings plan aimed at family members or at those who take care of the disabled person and wants to accumulate capital for their support. Savings are protected and guaranteed thanks to the investment in the Ri.Spe.Vi Separate Account.

The beneficiary will be able to dispose of the capital either in a single payment or by paying a revaluable annuity. If the insured party suffers a serious event, **Dopo di noi** will immediately and concretely support the needs of the disabled person. Thanks to this insurance solution, it is possible to benefit from a deduction of up to € 750 of insurance premiums paid for the risk of demise.

**Sempre indipendente** is the solution of the Cattolica & Protezione line dedicated to those who want to be able to take care of themselves if they are not self-sufficient - without placing an economic burden on family members - or to those who want to ensure a decent future for themselves. This solution offers an economic aid in case of impossibility to carry out autonomously three out of the four elementary activities of daily life (moving, eating, getting dressed, taking care of personal hygiene). It immediately recognises a sum of € 10,000 as well as the payment of a pension ranging from € 500 to 2,500 per month, guaranteed for the entire duration of life.

### *Social security solutions*

A complementary pension is an integrative welfare tool that Italian citizens can use to face the decrease in the benefits offered by the public social security system. A complementary pension makes it possible to maintain a standard of living similar to that enjoyed during one's working age.

Cattolica offers several pension solutions that include the Piano Individuale Pensionistico Cattolica Previdenza PerLaPensione and the Fondo Pensione Aperto Cattolica Gestione Previdenza.

Cattolica Previdenza PerLaPensione is an ideal individual pension scheme for all workers. Membership is on an individual and voluntary basis. It is ideal for self-employed workers or employees who want a supplementary pension to be received on retirement. PerLaPensione also offers the possibility to be protected against life's unexpected events by choosing one or more supplementary coverages such as:

- *Long Term Care*: if the person is not self-sufficient, it provides a life annuity between 300 and € 1,000 per month;
- *Total and Permanent Invalidity*: in the event of an accident or illness that totally and permanently limits the ability to work (with a degree of disability equal to or greater than 66%), it guarantees a capital sum of between € 10,000 and 60,000;
- *Dread Disease*: in the event of illness or particular health situations that imply a degree of permanent disability exceeding 5%, it guarantees a capital varying between € 10,000 and 60,000.

The Fondo Pensione Aperto Cattolica Gestione Previdenza is constituted as separate and autonomous assets within Cattolica Assicurazioni and is exclusively intended for the pursuit of the social security purpose. It is aimed at those who want a complementary pension plan on an individual base.

### ***Solutions for the world of volunteering***

According to the latest ISTAT data, in Italy the number of associations and people who, by profession or choice, join the world of volunteering is constantly growing, thus contributing to extending the network of assistance for people facing hardship. The first results of the permanent census of non-profit institutions - carried out by Istat on a sample of 43 thousand bodies - show that the sector is in excellent health despite a period of serious economic crisis like the recent one. Cattolica supports the world of volunteering with a series of specific products.

**Cattolica & Volontariato** is the most comprehensive insurance solution available on the market that is aimed at Voluntary Organisations (VOs), complying with the obligations set out in the Framework Law on Volunteering no. 266/91. It guarantees liability, accident and health insurance cover for each volunteer, as well as the civil liability of the SCs themselves, fully responding to the needs of the various Associations and members.

### **The distribution model**

A protagonist of the Italian insurance scene since 1896 and the only cooperative company in the sector listed on the Stock Exchange, Cattolica can now count on three distribution channels: the agency network, bancassurance and, finally, agents and insurance partners.

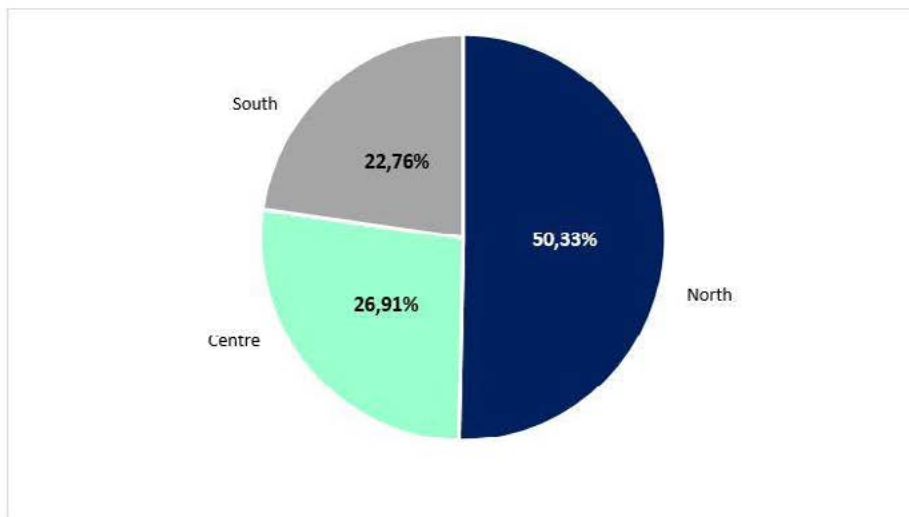
### ***The agency network***

The core of Cattolica's presence in the territory and the primary distribution channel for the distribution of its products, the agency network has 1,494 agencies and 1,967 agents at Group level as of 31 December 2017, thus being present all over Italy.

The 2017 Roadshow allowed the Company to meet 900 agents in the territory at 8 events. After the appointments in the cities of Milan, Bologna, Florence, Rome, Catania, Bari, Turin, the cycle ended in the Ca' Tron agricultural estate. The annual meeting with agents provided the opportunity for a

direct discussion between Cattolica and its agency network to review the goals achieved in 2016 and agree upon the objectives for 2017.

*The distribution of agencies on the territory as of 31 December 2017*



### The bancassurance channel

Cattolica was one of the pioneers of bancassurance. Over the years, it has established important partnership agreements in the life and non-life business with various banks, reaching a leading role at national level in terms of the number of points of sale.

Today, Cattolica and the other bancassurance companies of the Group can count on leading banking partners and a network spread throughout the country.

The mission of all the Group's bancassurance companies is to constantly support their distribution partners in meeting their personal safety requirements by protecting health, family, assets and savings, guaranteeing not only quality products, but above all continuous support for the sales network and an adequate customer advice and assistance service.

Aiming at constantly improving the offer and use of bancassurance services, through a digital strategy integrated with the business, Cattolica launched **Click2Go**: a multi-channel platform that allows customers to access different services through PC, telephone or tablet at any time during the life cycle of the policy, from its estimate to its release and up to the possible management of claims and reimbursement.

The main banking partnerships currently in operation for Cattolica Assicurazioni are with UBI Banca and Iccrea. The agreement between Cattolica and UBI Banca involves for the distribution of the insurance products of the Lombarda Vita joint venture through the banking branches and the network of financial consultants of UBI Group with approximately 560 branches. The combination of these two large groups, rooted in the territory for years in terms values and traditions, has created a wide

commercial offer composed of protection, savings and investment solutions for retail and private customers.

Iccrea Banking Group is the group of companies that offer products and services for the operations of Cooperative Banks and Rural Banks. The alliance with Iccrea gave rise to the companies BCC Vita and BCC Assicurazioni. The two companies offer members and customers of partner banks innovative products and services for families and businesses. As of 31 December 2017, their distribution network consisted of almost 300 banks and over 4,000 branches.

At the end of 2017, Cattolica and Banco BPM reached an agreement for the establishment of a 15-year strategic partnership in life and non-life bancassurance. The closing of the transaction, subject to the approval of the competent Supervisory Authorities, is expected indicatively within the first half of 2018. Thanks to the agreement, the Group's distribution network would be strengthened with the contribution of approximately 1,700 Banco BPM branches.

Other important commercial partnerships and collaborations are in place with other banks including Banca di Credito Popolare, Banca di Bologna, Banca Popolare Pugliese, Banca Galileo.

### *Agents and insurance partners*

Cattolica collaborates with agents and insurance partners in the reinsurance field: **Arag**, for legal protection, **Mapfre**, assistance in providing services to policyholders in conjunction with motor, personal and household policies, and **Gruppo Per** in relation to assistance and emergency intervention in the event of a claim dedicated to companies.

### *Agents training*

Agents play a key role in all the relations carried out by the Company. All those who carry out insurance mediation must be registered in the appropriate register and comply with the requirements of respectability and professionalism.

Competence Development and Training are two critical success factors for the qualitative and numerical development of the Group's distribution network. The objective is to broaden and update the professional skills and technical and managerial skills necessary to guarantee a high level of advising and customer advice.

Among the activities launched in 2017, the Group's strong and growing investments in the development of agents' skills are particularly important, pursued through the activation of dedicated training courses, which involved both agency networks and secondary networks, including employees and agency workers.

The training offer was constantly updated in relation to business and regulatory trends and was divided into numerous projects, the most important of which are:

- **MEA - Master Executive Agenti.** During 2017, all the modules launched in 2016 continued, in addition to the launch of the "Digital, Web & Social" and "Recruiting, Selection, Secondary Network Development" modules. 649 agents were trained, 576 of which were of Cattolica

and 73 of FATA, for a total of over 540 Agencies involved. 174 classroom courses were held, with a total of over 1,930 participants and over 3,300 man/days of training;

- **MPA – Master Professione Agente.** After the success of the first edition, the second edition of the Master Professione Agente - MPA (Master's Degree in Agents' Profession) was held from February to December, representing a path of specialist development strongly oriented towards managerial and management training dedicated to the young talents of Rete Cattolica's FATA division. In 2017, 30 young people were involved in the initiative;
- **Vocational training.** The training course for hiring RUI employees Section E (first 60 hours training), available as e-learning courses, continued. It is dedicated to all sub-agents and first appointment employees, and benefited a total of 200 people;
- **CARD 2017 Training.** Following the transformation of the so-called CARD Convention, a training plan dedicated to the Network has been developed in synergy with the Claims Division. Its goal is to teach - by the end of April 2017 - the main changes it has involved, the impact on times and procedures and the consequences for operations in the Agency, also from a "customer management" perspective. 59 editions of the course were delivered, in teacher-students mode, in 22 Italian locations, while FAD had 2 editions. These initiatives involved 1,282 intermediaries;
- **Specific Commercial Training.** This is a specific technical and commercial training activity dedicated to the new "Small Business" product with 48 editions in the area, in which 1,594 intermediaries participated for a total of over 600 training man/days. A training course was also launched with the aim of developing the technical and commercial skills of Agents and second-level networks. The Group's training offer was therefore enriched by three additional courses in the commercial sector dedicated to the Home and Family offer, as a traditional lecture, with different target groups. 2,085 participants in 33 different editions attended these courses, for about 1,800 man-days of training;
- **Online Training Offer.** The online training catalogue remains available to all intermediaries, with 129 titles available, mainly on regulatory and product issues, both non-life and life, for a total of over 265 hours of training accessible as e-learning courses. The offer was enriched with courses on products in line with the 2017 Marketing Products Plan;
- **C.P. Servizi Consulenziali (Consulting Services).** The Group's Development and Training Networks function has maintained the certification according to the technical quality standard UNI 11402 (Financial, Insurance and Quality Social Security Education), as well as UNI ISO 29990 (Non-formal Training).

### *Distribution excellence and digital transformation*

During 2017, the Group continued its commitment to achieving the objectives set out in the Digital Transformation Programme to provide the Agent Network and management structures with modern and innovative digital tools, which are essential to compete in a highly dynamic market context, where new and more evolved purchasing behaviour by customers is emerging.

The programme is based on three training pillars concerning:

- **management efficiency**, meant as the optimisation of management and agency processes, in order to achieve cost savings, free up time and resources to be dedicated to managing customer relations and commercial development;
- **commercial effectiveness**, measured by improving the ability to reach customers, including with simple and effective tools and methods of approach;

- **innovation**, defined as the process that allows the identification of new areas of development in line with current trends (technological, business and regulatory).

The Digital Transformation Program is developed and implemented by an inter-functional team comprising the Distribution and Marketing Division, the Operations Division and the Technical Divisions.

The change was implemented in successive waves:

- **Wave 1 – Improvement of Available Tools Phase I** (June 2016 - February 2017) involving over 900 agencies for about 1,600 hours of training in virtual and online classrooms;
- **Wave 2 – New Registration of Intermediaries and Improvement of Tools Phase II** (April 2017 - December 2017) involving over 950 Agencies and the provision of over 2,000 hours of training in virtual and online classroom;
- **Wave 3 – New Life Operational Platform and New Tools** (October 2017 - ongoing) which saw the roll-out of the new *ALLin* operating platform with the involvement of over 550 Agencies. It will continue in the first quarter of 2018 for *ALLin* and in the first half for the new tools.

### ***Communication with customers***

In a rapidly changing world, the daily use of new IT tools opens up a revolutionary scenario in the management of customer service.

In 2017, the communication campaigns launched in the Marketing and Customer Service areas benefited from the use of the main digital channels. Some of the actions taken in this respect involved:

- the **Facebook page**: the Company's Facebook marketing oriented page was activated with the aim of creating an insurance culture, promoting the offer and creating brand awareness towards a market segment (30-45 years) whose presence in the Company's portfolio had always been very low. Online campaigns and competitions have been launched, targeting specific and geolocalised targets (by age and interests). In 8 months, the page reached 24,000 fans, with 6 million views and generated over 90,000 interactions;
- **Agency Facebook pages**: to further stimulate the involvement of the Agency Network, over 130 agency Facebook pages have been activated (with a visual format coordinated with the customer oriented Company page) through which intermediaries can give impulse to local initiatives;
- **Agency minisites**: 260 agency mini-sites have been activated since January 2017 with a centralised editorial plan. To date, about 360 sites have been released and the activity continues in 2018;
- **Moveapp** app: the launch is aimed at sharing tools, initiatives and reports from the Distribution and Marketing Division, to facilitate the work, in particular, of people working in the area (Area Manager and Business Manager).

## Service Quality

The centrality of customers is a key principle of Cattolica's strategy, which is committed to this direction not only through the offer of products and services that encourage responsible behaviour, but also through clear, simple and transparent communication.

In compliance with these principles, in fact, in addition to being committed to maintaining different channels of communication with the customer, the Group acts in compliance with the regulations on communications to customers. With regard to pension products in particular, reference is made to Italian Legislative Decree 252/2005 and subsequent directives issued by COVIP; with regard to insurance products, reference is made to ISVAP regulations 35, IVASS regulations 38 (and subsequent amendments/measures) and EU Regulation 1286/2014 of the European Parliament and the European Council for savings and investment insurance products. Lastly, with reference to financial and insurance products, in addition to the 35 ISVAP and 38 IVASS mentioned above, reference is also made to Italian Legislative Decree 58 of 24 February 1998 (Testo Unico della Finanza) and the Issuers' Regulations adopted with resolution n. 11971 of 14 May 1999.

In addition, in order to support customer relations and ensure a positive customer experience, in 2017 initiatives and award events were organised for current and potential customers.

The Digital Transformation Program has provided agents with new tools and features to improve the level of customer service and to respond more effectively and timely to their needs.

A project called "Task del Fare" allows agencies to optimise their activities and business relationships with customers through better data management, guided visualisation of customer profiles and related initiatives and deadlines.

### ***Efficiency in the settlement of claims***

Cattolica aims at making the settlement of claims as fast, transparent and effective as possible, trying to provide the best quality of service even in this phase. In 2017 the Group's net claims incurred totalled € 4,161 million.

In the RCA business, the current settlement rate (i.e. the percentage of claims settled in the same year in which they were reported) was 78.5% in 2017 (78% in 2016).

The current speed for claims settled under Card (Agreement between insurers for direct compensation) was 84.4% (83.7% in 2016). Both percentages mark therefore an improvement compared to 2016.

The quality of service at the time of payment of the claim is pursued through the efficiency of procedures and information systems, as well as through careful monitoring of the network set up by trustees, namely lawyers, doctors and experts who work with Group companies in the settlement phase. Their task is to express Cattolica's professionalism in the territory: therefore, their selection is made with care and rigour and their work is constantly assessed.

A single structure is responsible for managing the claims of the entire Group (with the exception of certain specific lines of business): the Claims Division of Cattolica Services.



## Handling of Complaint

The attention paid to customers, as primary corporate stakeholders, does not end with the centrality reserved for them during the design of insurance products and solutions, but extends to every phase of their relationship with Cattolica. In this vision, the effectiveness and transparency of handling of complaint are key features of the Group's strategy.

An effective complaints resolution process is essential for Cattolica Group, as it contributes to increasing operating efficiency and reducing risks, as well as developing and maintaining a profitable relationship with customers.

Complaints management is entrusted to the specific department, the Group Complaints Service, which is responsible for this task pursuant to ISVAP regulation no. 24 of 19 May 2008, which deals with the management of complaints from those who use the insurance business (customers, injured parties, legal advisors, consumer associations). The unit also contributes towards monitoring the service levels and the company areas in view of possible improvements.

In 2017, the Group registered a total of 3,502 written complaints, of which 1,179 were accepted. The average time taken to process complaints was 21 days.

## The future of business: innovation and digitalisation

The themes of innovation and digitalisation are of the utmost importance in the analysis of Cattolica's materiality and this pre-eminence is not surprising. Technological innovation is now more than ever the main resource for making the business of an insurance company socially responsible and sustainable in the medium-long term towards its target customer segments. However, provided that:

- the offer is progressively reoriented from the current damage/reimbursement logic to the new prevention/protection paradigm;
- the traditional insurance product (based on a premium to cover a risk) is combined with a range of services that better meet the needs of the end user.

According to this new vision, the social role of insurance is not limited to mitigating the negative impact of damage suffered by an individual or a company through monetary reimbursement or repair work, but extends to actions that help their customers to:

- prevent the occurrence of a risk;
- prevent the emerging risk from resulting in damage;
- mitigate the negative impact of damage, if the risk materialises;
- compensate for the damage, by providing a service or compensation that is prompt, effective and of high benefit.

For innovation to produce economically sustainable solutions that are suited to needs and can be rapidly increased, the opportunities offered by digitalisation need to be widespread. Cattolica believes that the use of digital tools in data collection (Internet of Things), in the preservation and processing

of data (cloud computing and advanced analytics tools) and in the provision of services to the end customer (smartphone-based apps), will be fundamental to develop innovative products.

During the period of its business plan, Cattolica Group will present to the market a series of initiatives based on such principles. However, already in 2017, it included three products in its catalogue with a significant protection component and based on digital tools. In addition to **Pocket Farm**, which will be described later in the section dedicated to the excellence of Cattolica in the food sector, we must mention Più Salute and Tua Ti Guida.

### ***Più Salute***

Più Salute includes telemedicine services that offer a high degree of protection through:

- a personal medical record and a life-saving card, which allows you to store all your medical history in a computerised and protected way and automatically store all the medical parameters measured by telemonitoring. The insured party may allow his doctor access to the medical file online for consultation, or in case of emergency will allow access to doctors in the emergency room. The patient record can be automatically and instantly translated into 18 languages;
- teleconsultation after surgery or hospitalisation, thanks to which the insured party can request audio-visual communication with the telemedicine centre in Italy and, through the "Visual Medicare" kit, the detection of the main medical parameters. The kit allows the activation of the videoconference with the telemedicine service as well as the possibility to speak directly with the doctor;
- Mother Medicare - In the event of "at risk" pregnancies, it will be possible to request the activation of "teleconsultation" and "telemonitoring" in Italy through audio-visual communication with the telemedicine service and the use of the kit "Mother Medicare" to detect the main medical parameters. A doctor will comment on them directly by video conference with the insured party and will record them in their personal medical records;
- Children Medicare - All insured women can request the activation, in their personal medical records, of the space dedicated to their child, where their medical data can be reported.

### ***Tua Ti Guida***

TUA Ti Guida is a motor-related product that will provide the following economic, social and environmental benefits:

- lower insurance costs for customers who adopt safe driving styles;
- reduction in the number of accidents, with a consequent reduction in injuries and fatalities on the road;
- increased possibilities to recover stolen vehicles;
- speeding up rescue at the scene of the accident in the event of a serious accident, probably with the presence of injured persons as well as damage to property;
- precise reconstruction of the accident dynamics for a fairer and faster settlement of damages;
- encouragement of a virtuous driving style that also aims at reducing traffic and, consequently, reducing fuel consumption and the release of pollutant emissions.

## Areas of excellence: Religious and Non-Profit bodies BU and the agri-food sector

### Religious and Non-Profit bodies BU

Cattolica Assicurazioni is the only insurance company in Italy to include in its structure a Business Unit dedicated to religious institutions and the Third Sector, markets in which it has always had a leading role.

Since its foundation, Cattolica Assicurazioni has had a privileged relationship with the Catholic world and with all the solidarity and participation bodies that today fall within the definition of the Third Sector. Business Unit Enti Religiosi e Non Profit (BUERNP) is the name of the company structure dedicated to the insurance offer addressed to these sectors and to the strengthening of relationships so peculiar that they are connected with the roots of the Company.

Through BUERNP, Cattolica offers specific insurance solutions and the necessary assistance structures to provide a high-profile service. It is in this context that the **New Insurance Solution dedicated to Parish Entities** and the **Accident Policy for Priests** are born.

In order to offer the best possible service to the world of the Church, Cattolica Assicurazioni has also established the Polo Liquidativo Enti Religiosi (Religious Entities Settlement Centre), a department that has the task of managing exclusively the procedures regarding the policies stipulated by ecclesiastical Entities.

In addition to designing products aimed to meet the needs of such particular customers, a serious activity of relationship with the ecclesiastical environment and the Third Sector ensures unprecedented knowledge of the overall panorama as well as of the wide spectrum of subjects that it covers and their needs.

Thanks to its institutional presence at major events in the world of the Church and social affairs, BUERNP continues to analyse the complex evolution of these realities, interpreting their directions and new meanings in order to provide the right approach to those who will relate to them in the future. BUERNP can rely on employees who are familiar with the religious context and are able to express particular expertise and closeness.

Through BUERNP, Cattolica continues its fiduciary relationship with the Central Institute for the Support of the Clergy, which is the structure that protects the patrimony of the Italian Diocesan Institutes and the health of over 33,000 priests. The health policy also operates for lay people active in the missionary service of the Italian Episcopal Conference.

The prompt response to the needs that Cattolica offers to these worlds is also the result of the work of the Osservatorio Enti Religiosi e Non Profit (“Observatory of the Religious and Non-Profit bodies”, see the section on Religious and Non-profit Institutions).



***Protection for volunteers***

BUERNP has developed a specific insurance solution for voluntary organisations that meets the needs of the sector. Cattolica is familiar with the various actors of the volunteering world and knows how to grasp the real needs of their families, who participate in the development of a more sustainable and inclusive socio-economic model.

***Training***

BUERNP has developed training courses to develop the specific skills of both Agents and internal lines, but also for operators and entities involved in the Third Sector. The objectives pursued through the implementation of this training model mainly concern the development of skills, knowledge, methods and tools to maximise knowledge of the two macro-areas.

In this context, two Workshops were held: "The agricultural enterprise in the social economy" (see the dedicated section) was held in June 2017 in the presence of a hundred diocesan bursars and representatives of agricultural cooperatives in the area, while "Catholic Associations. A Heritage for the whole Country" took place in November 2017, on the occasion of the VII Festival della Dottrina Sociale della Chiesa.

The Religious and Non-Profit bodies Business Unit also provided various training courses for agencies focused on this area as well as the itinerant course "Reform of the Third Sector and Social Enterprises", organised in collaboration with Euricse (European Institute for Research on Cooperative and Social Enterprises).

***The reform of the Third Sector and of social enterprise***

Organised by Cattolica Assicurazioni in collaboration with Euricse (European Institute for Research on Cooperative and Social Enterprises), the training course "Reform of the Third Sector and Social Enterprise" was designed and implemented between 2017 and 2018 to shed light on the discipline of entities in the Third Sector introduced by the new Code and by the decree on social enterprise.

The training course for professionals, policy makers and stakeholders took place in five Italian cities for a total of six sessions from September 2017 to February 2018. The meetings were curated by university professors, researchers and professionals involved in the reform process.

By participating in one or more appointments of the training course, the participants had the opportunity to receive a clear picture of the Reform and useful indications for its practical application.

### ***Collaboration in the social sector***

In 2017, the Business Unit for Religious and Non-Profit bodies supported numerous organisations in the ecclesiastical world and the Third Sector, attending various events:

- ✓ "Giornata del Cuore", health check for Priests in the age group exposed to risk of heart disease - Central Institute for the Support of the Clergy (13 Italian cities, 5 October - 29 November);
- ✓ "Amministrazione dei beni e cura pastorale. Formazione, partecipazione, solidarietà", National Conference of the Bursars and Administrative Officers of the Italian Dioceses (Salerno, 6-8 March);
- ✓ "Responsabilità dell'essere Chiesa", National Conference of Institutes for the Support of the Clergy (Rome, 13-15 March);
- ✓ "I Cristiani e l'Europa oggi", Conference of the Dioceses of Lazio (Rome, 16 March);
- ✓ Visit of the Holy Father to the Archdiocese of Milan (Milan, 25 March);
- ✓ Village for the Earth (Rome, 21-25 April);
- ✓ Initiative "Dopo di Noi – il Futuro è oggi" (Top league stadiums, 30 April);
- ✓ VI Mami Run Edition (Rome, 14 May);
- ✓ "Communicating Hope and Trust in our Time", Festival of Communication (Cesena, 19-29 May);
- ✓ The long night of the churches (Treviso, Pordenone, Gorizia, Belluno, 9 June);
- ✓ Running Hearts (Padua, 11 June);
- ✓ Franciscan Festival (Bologna, 22-23-24 September).

## The agri-food sector and the new products for agriculture

The agri-food sector has historically been one of the main activities led by Cattolica Assicurazioni. It was founded in 1896 to protect small landowners from damage caused by hail and fire. The level of innovation achieved by the Group in terms of technology, products and services demonstrates its attention and interest in the sector.

A leader in farmers protection, Cattolica offers insurance products based on index-based policies that compensate for crop failures or poor yields, for example, due to low rainfall, or innovative products that protect income by covering negative market price fluctuations.

In today's environmental context, where climate change is no longer a hypothetical event but rather a phenomenon that needs to be lived with, Cattolica addresses cutting-edge research and technology to ensure a wide range of products to support farms of all sizes.

With a dedicated and highly specialised structure, today Cattolica is involved in the "Progetto Agricoltura", which develops different themes such as innovation of service to the insured farmer, innovation in the field of expertise and products.

Thanks to the collaboration with important technological partners and the use of weather data from the survey stations present throughout Italy and from weather models managed by the company RadarMeteo, now Cattolica also takes these factors into account for specific types of crops, compensating the customer not only for quantitative but also for qualitative damages.

For more objective and faster measurements, both before and after the event, Cattolica uses highly innovative tools, such as remote-controlled aircraft (drones) and satellite images.

An important degree of innovation has been achieved in the precision farming services offered to farmers, among which Pocket Farm, a low-cost application that enables constant diagnostic monitoring of the state of health of crops and the use of satellite maps for expert purposes, illustrated below.

### ***Products for agriculture***

#### ***Agricola 360°***

Agricola 360° is the policy designed to offer complete coverage for farms and "agritourism businesses" during all phases of the production process: from sowing to processing, from harvesting to transformation, from storage to the sale of the product.

It is an innovative product, with a flexible structure that can be easily customised according to needs. For the specific risks connected to the individual production sectors (cereals, oil, fruit and vegetables, wine, livestock), dedicated insurance formulas are available, with ad hoc guarantees.

#### ***Hail and other adverse events***

It is a plan that protects the work in the fields against the consequences of weather events that can affect the good performance and growth of a farm. If a specific request is included in the PAC aid application, important contributions to the payment of the premium are envisaged. The policy covers all major agricultural crops, including cereals, fruit, grapes, tomatoes, fresh and industrial vegetables, olives, oilseeds, tobacco, etc.

## ***Cattolica & Agricoltura Arca di Noè***

This is a comprehensive proposal to farmers, a solution that protects livestock holdings against all the typical risks of the sector.

### ***Pocket Farm***

Pocket Farm is a proprietary application of Cattolica developed in collaboration with the University of Milan, which allows farmers to monitor their crops simply and effectively.

In particular, Pocket Farm allows you to:

- carry out measurements on the leaf status (LeafAreaIndex - leaf area) and nitrogen content of the plant, variables of interest to the farmer, which provide information on the vegetative status of the crop and help in monitoring the crop season (currently available for rice and corn);
- receive three-day weather forecasts based on the type of crop insured with information on temperature, rain and wind. Pocket Farm automatically generates warning alerts that indicate when parameters exceed the thresholds of a specific crop damage (set by the University of Milan) dictated by an adverse climatic trend;
- news service and in-depth analysis on the agri-food sector, with information of great value for the agricultural entrepreneur.

In addition to the application, at the time of signing the hail policy, Cattolica offers the possibility of a free subscription to the alert service that communicates information via text message on the risk of specific fungal diseases (correctly defined "cryptogam") to which the crop is exposed.

### ***Satellite monitoring in the agriculture sector***

Cattolica group - in collaboration with the CNR-IREA, Consiglio nazionale delle ricerche - Istituto per il rilevamento elettromagnetico dell'ambiente (National Research Council - Institute for Electromagnetic Environmental Sensing) - is the first insurer in Italy to have developed innovative tools aimed at using processed satellite images, which represent plant health indices used by experts for monitoring herbaceous crops and identifying the samples to be assessed.

In particular, a satellite web application allows the georeferencing of plots by overlaying processed maps, cadastral mapping (currently available for the Lombardy region) and consultation of processed maps before and after the weather event for damage assessment.

Finally, the range of products dedicated to the agricultural sector includes solutions to protect against risks that may damage energy production plants, from photovoltaic to biomass.

### ***Collaboration with Coldiretti***

Over time, Cattolica has maintained and strengthened its collaboration with Coldiretti, which has resulted in a strategic partnership for the distribution of products and in numerous activities aimed at developing the food and agri-food sector.

The Group also supports Coldiretti in the many initiatives that the Association promotes to combat all forms of illegality in agriculture and along the agri-food chain, thus enhancing quality of agricultural work and protecting workers in the sector. Particular importance in this context is given to campaigns to combat the phenomenon of illegal hiring and to control the production chain (labelling and tracking of products, defence of typical national products).







Value generated  
by the Group

€ 929.7 MILLION



Fondazione Cattolica  
social initiatives

480

# 4

## FOR THE COMMON GOOD: CATTOLICA AND THE COMMUNITY

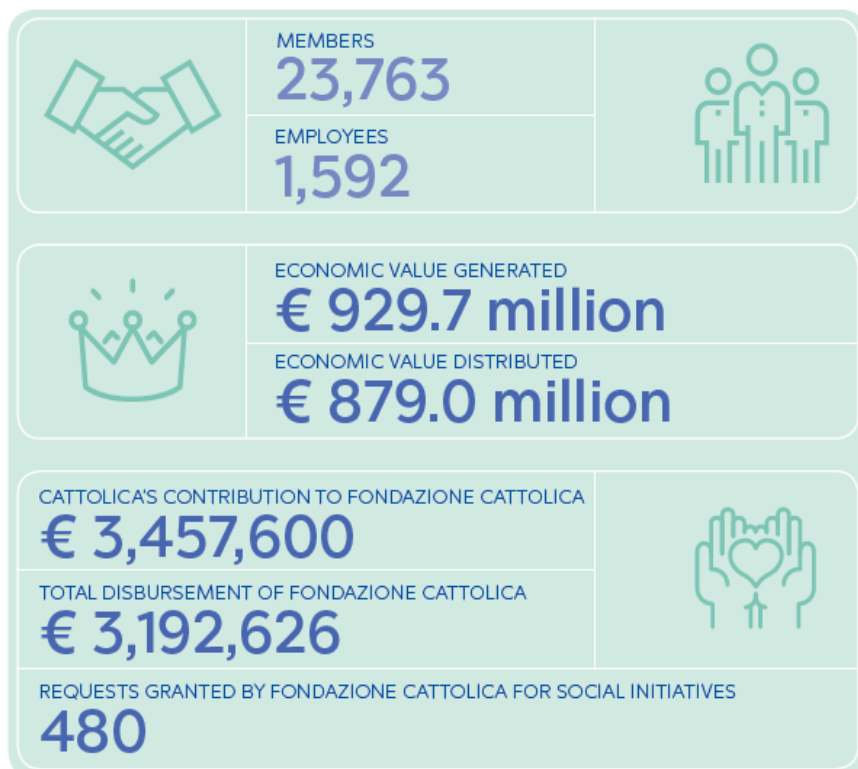
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## CHAPTER 4 - FOR THE COMMON GOOD: CATTOLICA AND THE COMMUNITY

*The time is always right to do what is right.*

(Martin Luther King)

### HIGHLIGHTS



### A company and the Territory

Cattolica pays utmost attention to its relationship with the communities in which it operates, an aspect well summarised by the image of a society "anchored to the territory" repeatedly recalled in institutional communication.

What is a community, though? It can be defined as a relatively homogeneous group of individuals united by geographical, political, cultural or by a specific set of shared and common values, principles or models of behaviour.

From the point of view of a company like Cattolica, a community is the set of stakeholders residing in the territories in which it operates and carries out its business, or for which the activity of the organisation determines a significant impact.

It is close to the community and rooted in the territory and that is not just because of geographical and cultural contiguity: it is also the result of listening to them and sharing experiences. These are interactive paths in which the expectations and priorities of people (both internal to the company and not directly related or dependent on it) and of external organised subjects are considered and valued within the company's decision-making processes and managerial choices. Even in this deeper sense -

which integrates the economic and social dimensions - Cattolica can be said to be truly rooted in its territory.



FONDAZIONE CATTOLICA

over € 1.3 million for "Intraprendere nel sociale"



+89%  
The increase of the calls for proposals of Fondazione Cattolica



5,500  
Young people oriented towards school and work in 4 years with "Progetto di Vita of Cattolica per i giovani"



8  
Prizes given for the Award "Imprenditori per il bene comune"

## Fondazione Cattolica

Fondazione Cattolica Assicurazioni was founded in 2006 to create a tangible synergy between business and society, in which attention to profitability and market challenges really includes the integrated development of social sensitivity.

People are at the centre of every project, intended in their peculiar uniqueness and singularity. Fondazione Cattolica has adopted an innovative paradigm in its general conception and in its implementation decisions. Such a paradigm goes beyond a narrow vision of mere philanthropic donation. In fact, it embraces a long-term perspective of social and economic investment, based on trust, transparency, the enhancement of people and the strength that drives them to act in the circumstances of life, even the most difficult ones.

In short, Fondazione Cattolica supports initiatives that mobilise the generosity of citizens, helping them to rediscover the meaning of their time and skills. Beyond the donor-recipient logic, the Foundation is therefore a centraliser, a catalyst that attracts and integrates different contributions with the sole aim of the common good. And investing for the autonomy of the recipient Entities, instead of creating dependence, fully responds to Cattolica's founding principles and to the desire to transform disbursements into social investments.

The Foundation wants to "empower people" by supporting ideas and projects with a lasting and tangible impact. For this reason, it looks beyond the most immediate future, through choices that already anticipate what will come next, and wide-ranging planning.

Narrating the good is not an easy task: it is a fluid and polymorphic concept, which manifests itself in changing forms and which triggers branched out processes that are often difficult to describe without the risk of losing the several meanings that characterises it.

*"When we answer to God, a process is always activated. Something new happens, which leads us where we would have never thought possible. Loyalty to man means going beyond one's self to meet concrete individuals, their face, their needs". Pope Francis*

The life and activities of Fondazione Cattolica are described in detail in its annual Mission Report; here, we present a summary of the activities it carries out.

### ***The operational model***

In order to implement its statutory purposes, the Board of Directors of Fondazione Cattolica sets the guidelines for the year's activities, defining:

- areas of intervention;
- allocation of the amounts destined to each area;
- criteria for the evaluation of applications;
- disbursement tools.

Currently, disbursements are made through three tools:

- Projects
- Tenders
- Micro-disbursements

### ***The Projects***

They are the result of direct contacts between the Foundation and the Associations and are aimed at building initiatives based on the guidelines. Particular attention is given to projects called "Intraprendere nel sociale", which are designed to start up activities in five areas: family, elderly, disability, new poverty and job placement. These special projects represent the function that most highlights the specific core of the Fondazione Cattolica and to which it dedicates its best efforts.

The projects of "Intraprendere nel sociale"

- are the result of an open and direct dialogue with the institutions, which propose new ideas in order to respond to the most urgent needs of the territory;
- they are translated into a concrete plan that also draws on internal expertise in a logic of constructive collaboration;
- they are supervised in the implementation phase, after their acceptance;
- the results achieved are carefully evaluated to understand their impact and effectiveness.

The collaboration developed with the institution is maintained over time and feeds the continuous search for proposals and solutions for other geographical areas and for different types of measures.

### ***The Tenders***

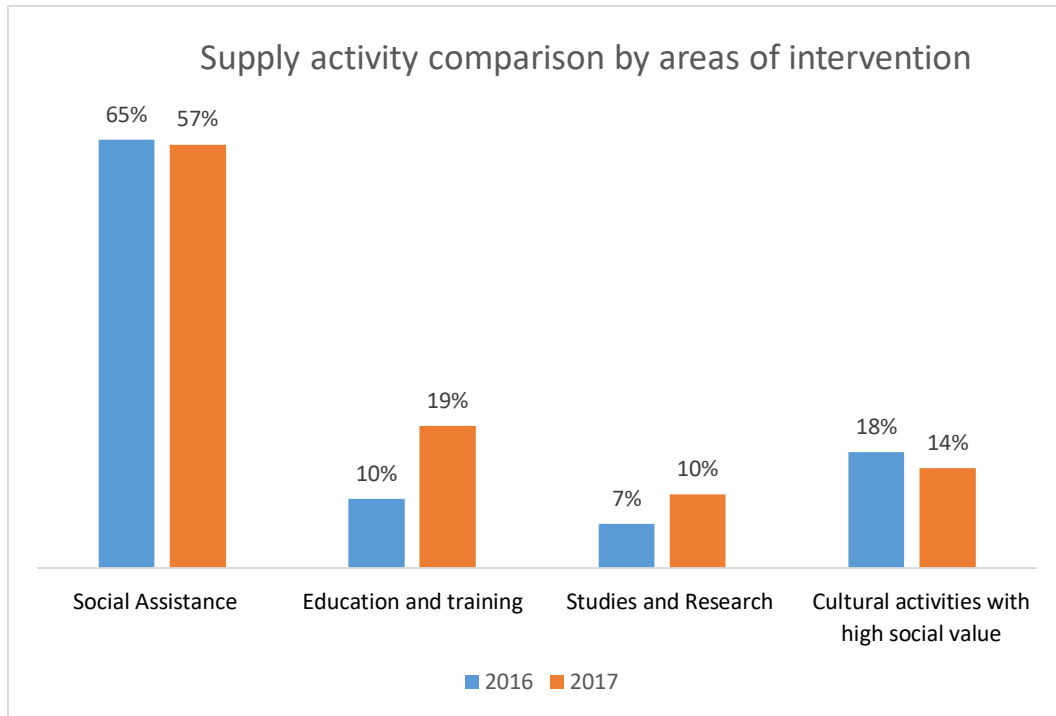
These activities involve the Foundation's Board of Directors allocating funds for specific initiatives in which the institutions may participate by submitting requests in accordance with the regulations.

### ***The Micro-Disbursements***

They are characterised by smaller amounts and a lower complexity level. In many cases, however, simpler management does not mean less impact. In fact, in small interventions, the active contribution of citizens is often broader, with a consequent increase in the activated "social capital", an indispensable element for community development.

### ***Disbursement activity in 2017***

In FY 2017, Fondazione Cattolica Assicurazioni received a contribution from the Founder of € 3,457,600 (€ 3,769,006 in 2016) from the profits produced in 2016. It accepted 480 requests (360 in 2016) for a total of € 3,192,626 (€ 2,836,411 in 2016). Over half of the resources are applied to social assistance.

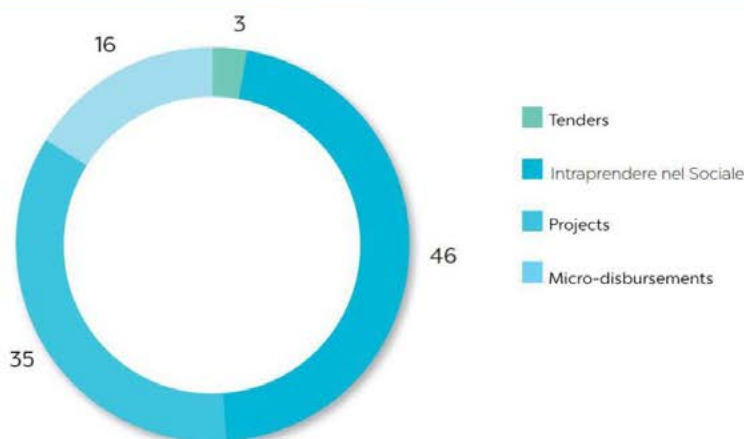


The Foundation's activities confirmed the decision - taken by the Board of Directors in 2011 - to support interventions in the new activities, eliminating the need for interventions in the structures. The guidelines adopted have made it possible to optimise resources, giving priority to solutions with the greatest social impact.

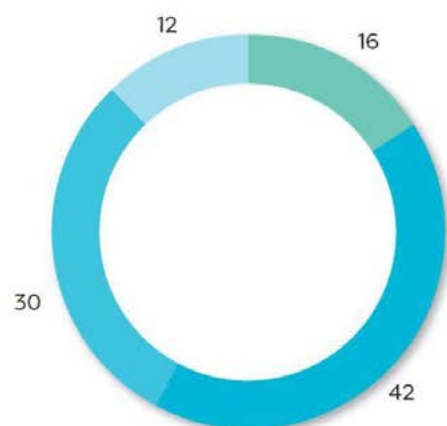
This translates into a further increase in designing new projects and into the direct involvement of the Foundation in setting up many of the initiatives decided, an objective achieved in particular thanks to the "Intraprendere nel Sociale" initiative which, with a total disbursement of € 1,335,850 in 2017 (1,312,300 in 2016), is the most significant intervention tool. Overall, the projects funded, which include "Intraprendere nel sociale" as well as calls for proposals and other projects, have increased both in number (from 203 to 324) and in value of the commitment (from € 2,386,886 to 2,796,476).

With regards to the total disbursement, there was a strong development in the number of calls for proposals, which grew by 89% in terms of number of initiatives compared to the previous year, especially thanks to the introduction of the call for proposals for the Catholic state authorised pre-schools in Verona for 2017.

**Distribution of amounts disbursed - 2016**



**Distribution of amounts disbursed - 2017**



### ***Grest Verona Tender 2017***

Since 2012, Fondazione Cattolica has been supporting the Grest parish in the province and diocese of Verona. The initiative, which was carried out during the summer in many parishes, is an experience of great educational importance that differs from other recreational proposals in terms of the attention paid to the religious dimension.

The Grest Verona Tender enabled the small contributions that the Foundation gave in various forms in various ways to support the Veronese Parishes: in 2017, 134 requests were accepted for a total commitment of € 80,000.

The donations enabled the development of activities in which 494 paid operators and 6,624 volunteers were involved. 18,963 children benefited from them.

### ***Tender for state-recognised Catholic preschools in Verona 2017***

Preschools play a central role in the development of children's personalities. In Verona, 70% of them are state-recognised Catholic schools. In 2017, Fondazione Cattolica met their 95 presidents, allocating a donation of € 500,000 to respond to the need expressed by schools to develop educational activities and to carry out programs to support parenting and disability.

Of the total donation, about € 430,000 has already been allocated. A complete list of the activities of the Fondazione Cattolica is provided in the Appendix.

### ***Three examples of "Intraprendere nel sociale"***

#### ***Cappelli ad Arte***

"One must be firm yet sweet to fight cancer," says Maria Teresa Ferrari, "there is no need for aggression, because these battles are won with our heart". The cultural association "La Cura sono Io" in Verona was born based on the experience of Maria Teresa who, struck by breast cancer, decided that the disease would not steal her smile. She thus invented an accessory that would allow all women on cancer therapy to feel beautiful despite the difficulty of the disease, in the belief that their inner strength is the first and fundamental step to defeat the disease.

She created the project "Cappelli ad Arte", which consists in the production of a line of hats that can be a real vehicle to encourage people to react by sharing. The production is largely done by the "Cooperativa Sociale Santa Maddalena di Canossa" of Verona, where disadvantaged women are employed. The products are available for sale directly at the Atelier on Corso di Vicolo Pomodoro 10 in Verona or in the online shop at [www.lacurasonoio.it](http://www.lacurasonoio.it).

#### ***21Grammi***

Gabriele is a waiter who works 5 days a week for a total of 20 hours, while Edoardo was assigned to the laboratory washing department for 3 hours a day for 3 days a week. Then there is Simone, assistant chef, and Alessandro, the most experienced worker. Gabriele, Edoardo, Simone and Alessandro have the Down syndrome. The project "21Grammi" created by the "Big Bang Società Cooperativa Sociale Onlus" aims at extending the activities of the bar-restaurant-bakery company called "21Grammi" - currently open only during the day - also in the evening, activating an internship for 12 young people with the Down Syndrome.

The cooperative was founded in 2014 by some parents of Down children to teach them a trade and accompany them towards independence. Some have acquired technical skills in the catering sector: with great satisfaction they navigate between the steaming coffee machine, the bright and fragrant showcase of breakfast pastries, the preparation of the room with all the food service on display. Others have acquired skills that have transformed them into men and women capable of dealing with their



jobs, motivated to acquire an adult identity, respectful of those characteristics that enable them to find their place in the world.

### ***Mani in pasta - Gluten Free***

To restore dignity and autonomy to women in difficult situations. The project "Mani in pasta" creates value from a fresh pasta workshop. Opening a line dedicated to Gluten Free, the Social cooperative "Madre Teresa" of Reggio Emilia expands the possibilities of a project inaugurated in 2010 that is increasingly effective in supporting employed women.

As is the case of S., originally from a small village in Nigeria where she lived with her husband and two sons. In 2012, when terrorists of the Boko Haram organisation attacked her country with machetes and fire, the lady, who was pregnant with her third child, escaped with her younger son and in the crowd was no longer able to find her husband, who in the meantime had escaped with her eldest son. After arriving in Italy, after a few days S. gave birth to her third child and was placed in a host community for mothers with children, of the "Madre Teresa" cooperative. There, she completed a course of support for parenting and personal autonomy, starting a project of vocational training and job placement at the delicatessen workshop of "Mani in Pasta". In 2017, after the first telephone contacts and several months of waiting due to bureaucratic procedures, the whole group was reunited.

### Progetto di vita – Cattolica per i giovani

“Conoscere se stessi” (Knowing oneself) to discover one's talents, to get guidance for work choices, to deepen one's reflection on the future. The difficulty of the new generations in finding concrete support at the end of their school career becomes critical in a highly evolving phase of the labour market, where new professions are born while more traditional ones decline. Cattolica believes that it was ethically and socially important to design a simple but effective tool to help those who are looking for their own working identity.

This is why "Progetto di Vita - Cattolica per i Giovani" was created, an initiative of Corporate Social Responsibility that offers specialised services of orientation and professional development for young people from 18 to 35 years old, totally free of charge and for an unlimited period.

The service has been operational since the first months of 2013 in Verona. In addition to educational and professional tutoring, the offer includes training and development sessions designed to provide students, recent graduates and young professionals with the tools necessary to make informed choices, focus on objectives and abilities and promote their talents by enhancing their skills.

Over 5,500 young people have been welcomed and listened to by a team of specialists, so far. Since 2018, the project has become a part of Fondazione Cattolica's programme of interventions.

### ***Festival della Dottrina Sociale***

It is an event that was created to reflect on the dynamics of contemporary society in the light of the principles indicated by the theoretical corpus of the Social Doctrine of the Church, meant as a source of reflection and concrete experience to be shared. Cattolica has been the main sponsor of the event since its first edition.

"Fedeltà è cambiamento" - the topic of the 2017 edition - suggested the search for a new perspective to concretely answer the questions and doubts of a modernity that is constantly and rapidly evolving.

As always, the event was held at Cattolica Center and was opened by a video message by Pope Francis. The Festival has told many stories of change, the direct expression of the plurality of a society in which concrete solutions coexist and are perfectly compatible with the experience of faith.

It was also a laboratory of ideas and good practices on work, youth, economy and justice promoted by entrepreneurs, professionals and teachers able to contribute their direct experience to be used within a critical analysis the contemporary world.

The program included 15 in-depth discussions including conferences, public meetings and round tables, to which the workshop called “L’associazionismo cattolico - Un patrimonio per tutto il Paese” (Catholic partnership - An asset for the whole country) was added. The workshop was designed and organised by Cattolica Assicurazioni and Azione Cattolica, for the one hundred and fiftieth year since the foundation of the association.

### ***The award "Imprenditori per il Bene Comune"***

Since the first edition of the Festival della Dottrina Sociale, Cattolica has been assigning the award called "Premio Imprenditori per il Bene Comune" (Entrepreneurs for the common good). This is an award for both For-Profit and Non-Profit entrepreneurs who choose to pursue the common good through their work, supporting the development of the entire community in which they live.

"Social Doctrine makes the very idea of enterprise more complete, defines its appearance, indicating the objectives to be achieved", underlined Chairman Bedoni at the 2017 edition of the event. "It conveys a fundamental concept to us: no business can be linked exclusively to economic results, because it is made up of men and women who inevitably create "human" and therefore "social" work. This is why, seven years ago, we created the award "Imprenditori per il Bene Comune", awarded in 2017 to eight companies that are particularly attentive to the territory and to the values of the individual.

The award can be considered as a further encouragement for those who work daily without being known and without occupying the front pages of newspapers.





Our employees

1,592

# 5

## THE HUMAN FACTOR: CATTOLICA AND PEOPLE

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## CHAPTER 5 - THE HUMAN FACTOR: CATTOLICA AND PEOPLE

*Human capital is not shown in the balance sheet, you will not find it on the assets side of the balance sheet. Nevertheless, it is the most important resource for a company.*

(Alberto Minali)

### The key element of transformation

A more stimulating and dynamic working environment, capable of capturing energy, achieving aspirations, mobilising forces, fostering relationships and stimulating the exchange of ideas: rapidly becoming not only a better workplace but the best is Cattolica's ambition.

The aim is to change the narrative on Human Relations, to develop an original organisational path, which is based on the uniqueness of the Group and does not emulate other people's formulas.

For a change to take place, people must perceive the presence of a set of available alternatives: they must be real options, tangible opportunities.

The basic premise is that in every individual, regardless of the role they play, there is an inner tension that makes them feel that they are active protagonists of change. Cattolica relied on this, on people's desire to be there and to act, because people are the key element of any transformation.

### Becoming a "Great Place to Work"

From the start, the new management wanted to convey a message of listening and attention to people, giving top priority to the level of satisfaction and well-being of Group employees. This was made possible by a survey of the company environment, designed to identify areas for improvement so as to implement concrete action plans, by involving all the management in a high-impact organisational development project.

"NOI - Ascoltiamoci per costruire, crescere e migliorare" (US - Let's listen to each other to build, grow and improve) is the claim that Top Management has established to launch the survey on the work environment, aimed at providing an integrated representation of all relevant issues. After the results of this research came in, the HR initiatives started. They were then designed and have been partly implemented.

With the collaboration of our partner, Great Place To Work®, we have designed a questionnaire for all employees, with a guarantee of anonymity, focused on specific issues such as fairness, commitment, job satisfaction, transparency and trust.

The response rate was 94%, an extremely significant result, which is proof of the perceived importance of the issue and the willingness of staff to express their vision. The results of the survey related to the work environment were made public to all colleagues in a spirit of transparency and sharing.

Having identified its strengths and areas of focus, the company has committed to taking action to build a better workplace not only through feedback from individuals, but also from ideas developed within its Divisions.

Following the survey, the areas for improvement were defined and the HR function immediately launched some initiatives. One of the most important areas in this respect is the creation of a modern Job Market to encourage internal mobility and unlock people's potential.



**JOB MARKET**

**300**

Candidate employees

**600**

Submissions received

**Give one's best: Job Market**

The call for action by the Job Market has been strong and radical, with the launch in 2017 of an internal labour market of innovative design, with rapid recruitment times, formulated to prevent vetoes and ensure transparency.

The answer to this call was massive: over 300 Group employees joined the Job Market with almost 600 applications in total, thanks to the possibility of advancing multiple applications. Another positive effect of this tool is the stimulus generated for the individual Divisions, for which the ability to be attractive through the development of high quality professional paths becomes a crucial aspect.



**647**

Employees for Talent Check Up

The new process of managing internal mobility quickly promotes the employability of people both for personal enrichment and for the benefit of the organisation. At the same time, the Job Market is a transparent selection system that allows the company to speed up the processes of personnel mobility and individuals to seize new opportunities for change and growth.



**82**

Employees Involved in the Smart Working pilot project

It is a fair system, because it involves all employees, and it is transparent because it makes vacancies public and explains the prerequisites for selection. But it is also effective and motivating, since it encourages managers to maintain a high level of motivation among their staff, improving the climate within their structure and collaboration.



**36,511**

Hours of training provided

**Talent Development**

The survey also focused on the topic of talent since this is a quality that can be interpreted in original and different ways. Cattolica has important sources of talent and is determined to bring them out with all the tools at its disposal: interpreting,

enhancing and encouraging the qualities of people is one of the cornerstones of the Group's strategy. The ambition behind these choices is to be a company where all resources are put in a position to fully express their skills, quality and knowledge.

The enhancement of talent is also instrumental in facilitating an efficient and sustainable transition to the transformations envisaged by the new Business Plan, with particular reference to the digitalisation of the Group and the creation of a data-driven company.

The company has carried out a Digital Assessment of the entire company population and is completing the Talent Check Up for all employees, an observation of behavioural skills in the workplace.

The objective of the Digital Assessment is to facilitate the definition of targeted development actions to fully exploit the great potential of digital transformations towards which the market is moving with increasing strength.

An online survey was carried out among all the company's staff in order to identify the levels of "digital, change and innovation readiness" present in the company, both in terms of skills and mindsets. The response rate was also high (91%).

The objective of the Talent Check Up is to find behavioural skills consistent with the current and prospective role, so as to optimally address management decisions and investments in training and development. This initiative, which has involved 647 resources to date, will be extended to all Group staff from 2018.

The set of information obtained, cross-referenced with performance evaluations, is organised within an innovative tool, the so-called "development matrix", which allows the HR to map human resources, facilitating the identification of the most suitable resource for each position, with considerable advantages in determining training and development paths and a significant increase in productivity and the enhancement of each one.

## Smart Working

Cattolica attributes particular importance to the topic of reconciling professional and private life, in line with its guiding values that take into consideration people in their entirety.

In recent years, the Group's companies have committed themselves to taking due account of these aspects, paying constant attention to the evolution of lifestyles and time use, with a particular focus on the issues of parenting and childcare.

Part-time contracts are therefore widely applied, according to different types of working hours (14.4% of total contracts, which rises to 35.6% considering women only).

A significant innovation in 2017 was the launch of a project to test flexible work (Smart Working), aimed at encouraging work to be carried out away from home and to propose new professional habits that are more socially sustainable and more attentive to the balance between work and non-working life.

The pilot project was launched at the beginning of December 2017 and 82 people joined it; starting from 2018, it will be progressively extended to the entire company.



## Welfare and attention to people

2017 was also important for the implementation of initiatives and policies to manage resources characterised by greater equity, a search for better effectiveness in communication with employees, a further focus on the welfare of human capital for the benefit of a renewed business climate.

A more transparent and fair remuneration package for 2017 was finalised, based on a multiplicity of factors and a more articulated, modern and analytical reward system than the pre-existing one.

In addition, a new process of dialogue with the trade unions was launched to agree upon and define a more sustainable approach to work, which also involves the stabilisation of atypical workers and the further development and enrichment of welfare policies. The company also promotes the welfare of its employees and their families by offering welfare services throughout their working lives.

In addition to wages and bonuses partially linked to productivity indices, the Group's companies protect the social and economic aspects of their employees, and in part of their families, in areas linked to health and supplementary pensions, according to rules established by the National Collective Labour Agreement and the supplementary contract.

Coverage is guaranteed in the event of death and permanent disability and company contributions are paid into the Single National Fund for insurance against the risk of non-self-sufficiency, reimbursement of expenses for health care and healthcare and contributions for members of pension funds promoted by the Group.

The process of dialogue with the trade unions to agree and define a more sustainable approach to work has led to the finalization of a welfare policy that already in 2017 paid a contribution that exceeded € 1 million. From 2 October to 30 November 2017, employees made their claims for reimbursement or a one-off bonus that was paid by 31 December 2017.

Through Flexible Benefits, employees can set up their own benefit packages, allocating the assigned budget among the available services: the complementary pension plan, the direct reimbursement (expenses such as education, mortgages, assistance), the direct agreement (check-ups, gyms, personalised trips) that the employee chooses and benefits without having an economic relationship with the supplier.

Further improving agreements on current legislation are being implemented.

The notice period for organisational changes for employees of insurance companies is set at 30 days for both Group and company reorganisations, as set out in art. 15 of the National Collective Labour Agreement of 22 February 2017.

## Well-being and solidarity

The Group has launched the Project "Benessere e solidarietà" (Well-being and Solidarity), which is part of the corporate welfare programme aimed at all employees. The aim is to improve the health and fitness of all of the Company's employees, encouraging them to overcome a sedentary lifestyle through physical activity.

It is an initiative aimed at improving the working environment and cohesion among colleagues and has a privileged focus on the well-being of employees; since October 2017 over 500 people have joined.

At the offices in Verona, Milan and Rome, the initiative includes walking and running sessions with the help of a personal trainer as well as a dedicated app to monitor the activity.

As part of the project, Cattolica invited its collaborators to enrol in the Christmas marches in Milan, Verona and Rome, thanks to which it collected a sum to be used for a charitable purpose: to support the Disabili No Limits Onlus non-profit association of Giusy Versace, a famous Paralympic athlete and television host.

The association, which she created to give sports equipment and prostheses to people with disabilities who want to start practising sports, will also be given the funds that the partner companies of the charity will allocate to Cattolica, so that it manages them as part of its donations to Disabili No Limits Onlus.

Other initiatives related to the welfare of employees are also being finalised.

### Cattolica's figures

People in Cattolica are not numbers. However, numbers also speak about people. Some quantitative information on the Group's resources is presented in the tables below, in order to provide an overview of certain aspects of personnel.

The following table shows the Company's employees by type of contract (permanent and temporary, full-time and part-time), category and age bracket. Details are also given of employees belonging to protected categories and the turnover of both incoming and outgoing employees.

#### **Group Employees by contract type and gender as of 31 December**

TYPE OF CONTRACT	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent contract	952	637	1,589	939	635	1,574
Fixed-term contract	2	1	3	2	1	3
<b>TOTAL</b>	<b>954</b>	<b>638</b>	<b>1,592</b>	<b>941</b>	<b>636</b>	<b>1,577</b>

TYPE OF CONTRACT	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full Time	951	411	1,362	939	416	1,355
Part time	3	227	230	2	220	222
<b>TOTAL</b>	<b>954</b>	<b>638</b>	<b>1,592</b>	<b>941</b>	<b>636</b>	<b>1,577</b>

Cattolica Group's employees as of 31 December 2017 were 1,592<sup>6</sup> (1,577 at 31 December 2016). During 2017, 49 new people were recruited (34 in 2016).

<sup>6</sup> These figures include 13 people who left to join the Intersectoral Solidarity Fund, at 31 December 2017.

As of 31 December 2017, out of the 1,592 staff members, 49 were executives (+7 compared to 31 December 2016), 349 officials (+47), 1,194 employees and workers (-39).

40% of the employees is made up of women (638). Approx. 48% of the employees have a university Degree. The Group supports the recruitment of resources from protected categories, corresponding to 101 individuals at 31 December 2017 (94 at 31 December 2016). In addition, thanks to cooperation agreements with secondary schools and universities, the Group offered an internship to 20 people during 2017 (48 in 2016).

#### Group employees by employee category and gender as of 31 December

2017				2016			
	Men	Women	Total		Men	Women	Total
<b>Executives</b>	45	4	49	<b>Executives</b>	38	4	42
<b>Officials</b>	260	62	322	<b>Officials</b>	246	56	302
<b>Employees</b>	641	571	1,212	<b>Employees</b>	650	575	1,225
<b>Workers</b>	8	1	9	<b>Workers</b>	7	1	8
<b>Total</b>	<b>954</b>	<b>638</b>	<b>1,592</b>	<b>Total</b>	<b>941</b>	<b>636</b>	<b>1,577</b>

#### Group employees by employee category and age as of 31 December

2017					2016				
	<30	30-50	>50	Total		<30	30-50	>50	Total
<b>Executives</b>	0	18	31	<b>49</b>	<b>Executives</b>	0	14	28	<b>42</b>
<b>Officials</b>	0	157	165	<b>322</b>	<b>Officials</b>	0	163	139	<b>302</b>
<b>Employees</b>	43	772	397	<b>1,212</b>	<b>Employees</b>	44	868	313	<b>1,225</b>
<b>Workers</b>	2	1	6	<b>9</b>	<b>Workers</b>	2	0	6	<b>8</b>
<b>Total</b>	<b>45</b>	<b>948</b>	<b>599</b>	<b>1,592</b>	<b>Total</b>	<b>46</b>	<b>1045</b>	<b>486</b>	<b>1,577</b>

#### “Protected categories” employees as of 31 December

2017				2016			
	Men	Women	Total		Men	Women	Total
<b>Executives</b>	-	-	0	<b>Executives</b>	-	-	-
<b>Officials</b>	5	3	8	<b>Officials</b>	5	1	6
<b>Employees</b>	52	41	93	<b>Employees</b>	48	40	88
<b>Workers</b>	-	-	0	<b>Workers</b>	-	-	-
<b>Total</b>	<b>57</b>	<b>44</b>	<b>101</b>	<b>Total</b>	<b>53</b>	<b>41</b>	<b>94</b>

#### Inbound turnover

##### 2017

New hires	<30	30-50	>50	Total	Turnover %
<b>Men</b>	8	17	11	36	3.77%
<b>Women</b>	2	10	1	13	2.04%
<b>Total</b>	10	27	12	49	3.08%

##### 2016

New hires	<30	30-50	>50	Total	Turnover %
<b>Men</b>	9	3	9	21	2.23%
<b>Women</b>	7	2	4	13	2.04%
<b>Total</b>	16	5	13	34	2.16%

## Outbound turnover

**2017**

Terminations	<30	30-50	>50	Total	Turnover %
<b>Men</b>	1	7	15	23	2.41%
<b>Women</b>	0	5	10	15	2.35%
<b>Total</b>	<b>1</b>	<b>12</b>	<b>25</b>	<b>38</b>	2.39%

**2016**

Terminations	<30	30-50	>50	Total	Turnover %
<b>Men</b>	1	38	16	55	5.84%
<b>Women</b>	-	21	7	28	4.40%
<b>Total</b>	1	59	23	83	5.26%

## Internal communications

The relaunch of internal communication was another key point of the new strategy. A real discontinuity with the past, implemented by publishing interviews with managers and contacts of processes and projects, aimed at disseminating and sharing information in a "top-bottom" sense. Detailed and updated information on the most important events in the company's life is available on the Group's multimedia platforms.

In the interests of transparency and sharing, a document containing all the organisation charts was made available on the company intranet. It is periodically updated in order to make the organisational structure and its evolution known.

"NOI" (us) is the Company's new intranet portal. It is a modern, multimedia tool, easy to access, with document and video content that can be used quickly and easily. The system, accessible at <https://noi.gruppocattolica.it>, allows the improvement of both the research capacity of the information and the applications used every day by colleagues. It also provides the latest news on the life of the Company, using the services with a few clicks.

"NOI" - the name of which is the result of a survey of the team and was inspired by the design approach that characterises the new course of Cattolica - has a further important advantage: it is possible to connect from any internet connection, fixed or mobile.

## Professional Development and Training

The total number of training hours provided in 2017 was 36,511.

Cattolica considers its collaborators as resources to be promoted by leveraging tools capable of putting the skills and talents of each individual at the service of the organisation. The development of people and the increase of knowledge are strongly felt priorities, which are pursued through training and updating activities that increase over time.

The idea is to be a "learning organisation", in which tools, methodologies and training interventions are aimed at the construction, consolidation and enlargement of a widespread culture and skills adapted to the needs of increasingly dynamic scenarios.

With its contents, methods and tools, Development & Training has confirmed itself as one of the strategic levers of the Company, whose activities are oriented to support the development of each individual collaborator. The change, which began with the performance evaluation in 2015, involved all staff. By assessing the objectives assigned by each manager, it guided the activities of each collaborator and their development path.

In support of the Performance Management Process (PMP), resource managers were supported in the performance evaluation phase of their employees through dedicated individual and team coaching meetings. In November 2017, the new performance measurement and evaluation system was studied and revised with a view to greater consistency with the new company course, with the aim of making the tool increasingly effective. The new tool will be active from 2018.

Measures were also taken to meet real business needs and support company reorganisations: training projects were launched for the heads of the organisational units with managerial components - with the aim of enhancing the development capacity of staff - and technical components, aimed at keeping the skills necessary to achieve the objectives of the Business Plan up to date.

### ***Some training courses held in 2017***

- for the Retail Non-life Division: a technical course to strengthen front-end, regulatory, product business and IT data skills;
- for the Life Division: an update on the applicable regulations, with a special focus on anti-money laundering and the taxation system and a technical analysis on products;
- to support the merge between FATA and the Parent Company: an update on the product range to supplement skills, know-how and best practices;
- for the Claims Division, dealing with the topics of Business Object, Agorà, motor insurance, general civil liability, anti-fraud, negotiation for adjusters, regulatory updating, new CARD;
- for the IT Division: the course on the Agile methodology has been completed and training courses have been organised for different organisation units (HDA database processing, new intranet);
- for the Risk Management division: training sessions on the use of advanced methodologies for the analysis of quantitative data, in line with the strategic objectives for profitability and the implementation of Solvency II;
- for the Reinsurance Division: a team building activity was organised to analyse in depth the topic of the implementation of a correct reinsurance policy, by means of case studies;
- within the scope of the Digital Coach project, several courses have been held to the benefit of all the organisational units involved;

- for the bancassurance, lessons have been held on the evolution of the insurance offer and the advanced use of Excel;
- to support the use of the new ALLIn Non-life System and the new ALLIn Life System, a training programme was launched for the organisational units involved and will continue during 2018;
- with respect to the use of the new system for the SAP BPC budget collection, specific courses have been held for the departments involved;
- in line with the collection of training needs which made up the 2017 Development Plan of each individual, a project has been set up to develop personal skills (6 titles, 613 training days and a total of 390 people trained);
- in the field of language training, a massive mapping activity of English language skills was launched and an extensive training programme will be held in 2018, involving qualified native-speaking teachers, for the benefit of 400 staff members;
- to support the new Job Market internal mobility process, launched by the HR & Organisation Division last July, some resources that are directly involved in the process (HR Management, HR Business Partner, Development & Training) attended a programme aiming at strengthening and levelling the HR selection skills and management of mobility interviews;
- once again, particular attention was paid to Equal Opportunities issues, with two different projects: Work Life Balance and Verso il Diversity Manager. The former - at its third edition - dealt with the topics of Corporate Social Responsibility and corporate welfare, while the latter (for resource managers) was focussed on stress management and the analysis and management of diversity within the working teams;
- the Smart Working training proved to be an important project: 5 training days - a theoretical-experiential study of in- and out-insurance cases for HR & Organisation Division, aiming at implementing a pilot project launched in November.

### ***Training outside the company***

Together with the activities organised within the Company, several non-corporate training sessions have been widely attended. These courses were organised by Universities, specialised associations and institutes, e.g. Fondazione CUOA, Università degli Studi di Verona, Università del Sacro Cuore in Milan (Cetif, Altis), Università Bocconi in Milan (School of Management).

### ***Specialised regulatory training***

As for the specialised regulatory training in the field of safety, further training courses for the Group's staff have been organised, together with an online updating campaign.

Online training courses have been offered on the last amendments of Italian Legislative Decree 231/2001 and about the adoption of the Fourth European Anti-Money Laundering Directive, with the aim of raising awareness on the effects of the regulation on organisational structures.

### ***Training for the Board of Directors***

On the basis of the multi-annual training programme for the members of the Board of Directors and the training programme for the year 2017, 4 training sessions have been organised, which involved the members of the Board of Directors and the Managers of the different Companies of the Group. The following topics have been tackled: News on Market Abuse, 4th Anti-money laundering Directive, Paradigm change, overcoming the crisis by thinking ahead, Insurance Distribution Directive (IDD): implementation and impact on the Companies.

*Hours of training by employee category and gender*

Number of hours	2017						2016					
	Hours Men	Hours per capita men	Hours Women	Hours per capita women	Hours Total	Hours per capita total	Hours Men	Hours per capita men	Hours Women	Hours per capita women	Hours Total	Hours per capita total
Executives	2,772	62	410	103	3,182	65	1,462	38	140	35	1,602	38
Officials	6,419	25	1,541	25	7,960	25	6,585	27	1,713	31	8,298	27
Employees	13,704	21	11,665	20	25,369	21	10,168	16	8,147	14	18,315	15
Workers	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,895</b>	<b>24</b>	<b>13,616</b>	<b>21</b>	<b>36,511</b>	<b>23</b>	<b>18,215</b>	<b>19</b>	<b>10,000</b>	<b>16</b>	<b>28,215</b>	<b>18</b>

*Hours of training by type*

2017	
Training type	Total hours
MANAGERIAL TRAINING	3,008
MANAGEMENT TRAINING	9,682
PROFESSIONAL TECHNICAL TRAINING	14,995
REGULATORY TRAINING	8,826
<b>Total</b>	<b>36,511</b>

Equal Opportunities Commission

The Group’s Equal Opportunities Commission is made up of representatives of both the trade union organisations and the company.

Its tasks are:

- promoting positive actions to create and foster conditions of real equality between female and male workers within the Company;
- implementing interventions and initiatives aiming at eliminating all forms of direct and indirect discrimination that hinder the full realisation of the Equal opportunities principles in the working activities;
- proposing formulas to conciliate the professional life with the private one, in order to favour a different organisation of work, the balance between work and family responsibilities and a better division of these responsibilities between men and women.

In addition, the Commission can promote the implementation of a code against sexual harassment and intervene in case of direct or indirect discrimination.

## Industrial relations

In 2017, we signed some important agreements to regulate a number of fundamental legislative institutions within the company:

- Hourly parental leave
- Smart Working
- Creation of an intersectoral solidarity fund
- Welfare for the employees
- Agreement on Bancassurance shifts

Though the first agreement on parental leaves, the Parties meant to govern the use of hourly and half-hourly voluntary leaves, thus favouring a balance between the daily working activity and the time needed for the family. Thanks to this agreement, the professional career is not interrupted and the salary reduction is decreased.

The Smart Working agreement allows the 82 employees involved in the 4-month pilot project to choose a day of the week when they can work outside the Company's premises, thus favouring the conciliation between private and working life and improving the efficiency of the professional performance.

In October, the trade union organisations signed an agreement providing for the possibility to bring forward the voluntary retirement of 5 years. This agreement is applicable for 4 years and is divided into 4 sections.

The Company and the Trade Unions agreed upon the payment of a welfare bonus to all employees during 2017.

Another agreement has been signed on the introduction of working shift for the Integrated Sale Service, which refers to the Bancassurance Division, thus improving the customer service level.

Their distinctive contents make these agreements really advanced in the field of second-level negotiation. Cattolica's experience is cutting-edge in terms of good listening practices and management of the needs of its employees.

The Group decided to push forward the innovation of a range of tools to establish modern industrial relations, capable of expressing a generalised effort for the social care.

Cattolica's primary goal is twofold: to improve the work quality of human resources and, at the same time, their quality of life. On the one hand, the hourly parental leaves allow parents to avoid interrupting their working experience, while on the other, Smart Working offers broader margins for improvement of one's own organisational efficiency and, therefore, one's professional added value.

From the social point of view, quality of life is improved not only for the employees, but also for their families. Children and elderly people can benefit from their parents/children having more free time. A better balance between daily working hours and the time spent with the family is beneficial for the individuals in need for greater attention and care.

Social responsibility is also supported by the early retirement system. This is not just a "soft" reorganisation: employees who belong to the early retirement age are often dealing with family duties.



The union agreements that developed this important set of professional and private values have been reached thanks to a continuous dialogue between the Company and the Trade Union representatives. Cattolica was operating in a situation where all the parties involved offered full and open cooperation, utmost transparency, desire to innovate and to find effective and satisfactory solutions.

## Health and Safety

Health and safety in the workplace is an extremely important topic at Cattolica and not just a legal requirement. These issues have an intrinsic value in the larger context of the employees' well-being.

The Group is adopting safety standards able to minimise the risk of accidents and sickness and disseminate good practices in terms of prevention and safe management of workplaces.

In addition, the Organisation Model based on Italian Legislative Decree 231/2001 requires delivering training to all the employees and, in particular, specialised training for each role and position. More specifically, health and safety training must be suited to the specific working activities of each position.

## *Injuries and absenteeism*

A total of 19 accidents occurred in 2017, amounting to 824 days of absence. The accident rate is particularly low, as only 3 accidents occurred in the workplace.

### *Injuries and other health and safety KPIs of the Group's employees*

	2016			2017		
	Men	Women	Total	Men	Women	Total
Injuries in the workplace	2	-	2	2	1	3
Injuries during the commute	7	9	16	12	4	16
Deaths	0	0	0	0	0	0
<b>Total injuries</b>	<b>9</b>	<b>9</b>	<b>18</b>	<b>14</b>	<b>5</b>	<b>19</b>
Lost days due to injuries (commuting injuries excluded)	51	-	51	126	24	150
Total lost days due to injuries	253	382	635	688	136	824
Injury rate <sup>7</sup> (commuting injuries excluded)	1.46	-	0.93	1.36	1.19	1.30
Lost day rate <sup>8</sup> (commuting injuries excluded)	0.03	-	0.02	0.07	0.02	0.05
Total injury rate	6.55	11.47	8.34	9.54	5.95	8.23
Total lost day rate	0.19	0.39	0.27	0.40	0.13	0.30

### *Absentee rate<sup>9</sup> of the Group's employees*

2017	
Men	2.37%
Women	3.13%
<b>Total absentee rate</b>	<b>2.66%</b>

<sup>7</sup> The injury rate is calculated as follows: (Total. no. of injuries / total hours worked)\*1,000,000

<sup>8</sup> The lost day rate is calculated as follows: (No. of lost days due to injuries / total no. of hours scheduled to be worked hours)\*1,000

<sup>9</sup> The absentee rate is calculated as follows: no. of total days of absence / no. of days scheduled to be worked





# 6

## THE SUSTAINABLE FUTURE: CATTOLICA AND THE ENVIRONMENT

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## CHAPTER 6 - THE SUSTAINABLE FUTURE: CATTOLICA AND THE ENVIRONMENT

*I think having land and not ruining it is the most beautiful art that anybody could ever want.*

(Andy Warhol)

### A resource to be protected

Companies cannot thrive in the long run if they do not consider the environmental impact of their presence and activities.

The protection and improvement (if possible) of the general environmental context becomes pivotal for corporate decision-making.

The relationship between the organisation and the surrounding ecosystem poses risks and offers opportunities both for the company and the stakeholders. Cattolica is committed to contribute to the well-being of its community and to prevent and mitigate the environmental impact of business activities.

The Group is positively contributing to the reduction of the environmental impact by means of several initiatives to decrease energy consumption due to the regular activities of operating offices. Some of these initiatives aim at involving the employees and favour the dissemination of virtuous behaviours. As an example, water dispensers have been installed to be used by the employees, thus reducing the use of plastic bottles.

The core principle that has been recently developed within the organisation is that clear environmental governance is essential to ensure the implementation and monitoring of environmental policies and their adoption within the corporate culture.

This is the prerequisite for the definition of suitable environmental policies in the broader context of corporate strategies.

In addition to the impact of daily activities, the Group pays particular attention to the monitoring of climate change and its effects, which are clearly identifiable by their economic impact. The nature of this business implies the need to measure and assess the extraordinary climate events, so as to reduce their negative consequences on the economy, the society and on the environment. As an example, some of the products offered by the Group to the agricultural sector can minimise the negative effects of adverse climatic conditions. The coverage includes systems for the remote monitoring of crops, and other tools.

The Group also offers Catastrophe coverage against earthquakes, floods, storms, whirlwinds and hail (not agricultural). To this end, the division in charge performs a monthly analysis of catastrophic events that exceed the pre-set performance thresholds, thus identifying and reporting the potentially severe negative impact of these events.

The main environmental impact of Cattolica Group includes the use of paper, water and energy and the relevant emissions. The Group is committed to efficiently manage these resources in order to reduce the environmental impact.

The figures provided in this chapter refer to the Group's Business Offices in Verona, Rome and Milan, the Cattolica Center in Verona and the Ca' Tron agricultural estate. In particular, in the area around



CA' TRON  
area  
**1,800**  
hectares  
approx



**40**  
hectares  
Forest area



**300**  
hectares  
Vineyard area



**15,000**  
Trees planted  
in 2017

Verona there are two operating offices - Lungadige Cangrande and Via Fermi - and the Cattolica Center since 2016. This building owned by Cattolica; some refurbishing measures have been completed and the facility was already partially used in the year 2016.

The figures relating to minor units (offices located in private buildings) are not included, since their environmental impact is insignificant.

See paragraph “Nature and cutting-edge technologies: the Ca’ Tron agricultural estate” to discover more about Ca’ Tron agricultural estate and its water and energy consumption.

### Paper consumption

Cattolica Group used 340 tons of paper in 2017. In addition, 391 tons were sent for pulping. In June 2014, Cattolica Group launched a project to rationalise our print environment in order to reduce paper consumption and increase employees’ responsibility in this regard.

The project was started in the office in Milan, Largo Tazio Nuvolari, and included the installation of hi-tech devices, the rationalisation of the number of machines and the implementation of the “follow-me” print functionality, that requires the use of a personal badge.

The results achieved in the Milan office are detailed below. Starting from January 2017, the project has been extended to the Verona Cangrande office, where the printing infrastructure has been completely refurbished.

Paper consumption (t)		
Type	2017	2016
Photocopying paper	31	55
Printed materials: forms, brochures, etc.	392	309
<b>Total</b>	<b>423</b>	<b>364</b>

Paper sent for pulping (t)		
Type	2017	2016
Warehouse for printed materials: obsolete forms	49	30
Central archive: pulping of policies, accident documents, etc.	104	246
Paper collection at business offices	32	35
<b>Total</b>	<b>185</b>	<b>311</b>

### Energy consumption

The total power consumption of the Group in 2017 was approx. 4,700,897 kWh (3,853,099 kWh in 2016). The substantial increase compared to 2017 was mainly due to a greater use of the Cattolica Center, which reached full operation in 2017.

Electricity consumption by location (kWh)		
Location	2017	2016
Verona	2,785,368	2,433,780
of which business offices	2,079,150	1,989,204
of which Cattolica Center	706,218	444,576
Rome	494,542	510,430
Milan	1,298,589	908,889
Ca' Tron agricultural estate	122,398	n/a
<b>Total</b>	<b>4,700,897</b>	<b>3,853,099</b>

The relamping project for the Group's operating centres was started in 2016, continued throughout 2017 and will also continue in 2018. It is estimated that the replacement of the whole lighting systems will save 61%<sup>10</sup> of energy per year in for lighting.

In 2017, a saving project was launched focussed on the office of Lungadige Cangrande. Motion sensors have been installed in the lavatories to reduce energy waste. In 2018, the project will be extended to all the Group's Business Offices.

Natural gas consumption by location (m <sup>3</sup> )		
Location	2017	2016
Verona	39,987	52,051
of which business offices	39,987	38,863
of which Cattolica Center	n/a	13,188
Rome	8,725	8,062 <sup>11</sup>
Milan	103,611	118,256
Ca' Tron agricultural estate	1,925	n/a
<b>Total</b>	<b>154,248</b>	<b>178,369</b>

<sup>10</sup> These figures were estimated on the basis of the difference in the power of lamps which will be replaced and a calculation of the hours of operation per year.

<sup>11</sup> This figure was restated after including actual natural gas consumption of the Rome office.



District heating (kWh)		
Location	2017	2016
Verona (Lungadige Cangrande)	1,215,823	1,626,837

The total energy consumption of Cattolica Assicurazioni Group in 2017 was 38,386 GJ (35,433 GJ in 2016), as shown in the table below.

Total energy consumption (GJ)		
Type	2017	2016
Electricity consumption <sup>12</sup>	16,923	13,871 <sup>13</sup>
Consumption of thermal energy (district heating)	4,377	5,857
Natural gas	5,419	6,246 <sup>14</sup>
LPG	186 <sup>15</sup>	n/a
Energy consumption for vehicles:		
- Agricultural diesel fuel	6,458	5,095
- Transportation diesel fuel	4,585	4,364 <sup>16</sup>
- Transportation petrol	438	n/a
<b>Total energy consumption</b>	<b>38,386</b>	<b>35,433<sup>17</sup></b>
<i>of which renewables</i>	-	-

ENERGY INTENSITY	2017	2016
Employees at 31 December (no.)	1,592	1,577
<b>Energy intensity per employee (GJ)</b>	<b>24.1</b>	<b>22.5</b>

<sup>12</sup> Note that the Group did not use certificates of origin from renewable sources when purchasing power.

<sup>13</sup> The figure does not include the consumption of the Ca' Tron agricultural estate.

<sup>14</sup> This figure was restated after including actual natural gas consumption of the Rome office. The figure does not include the consumption of the Ca' Tron agricultural estate.

<sup>15</sup> The LPG consumption is estimated.

<sup>16</sup> The figure on diesel consumption of the Ca' Tron agricultural estate is estimated.

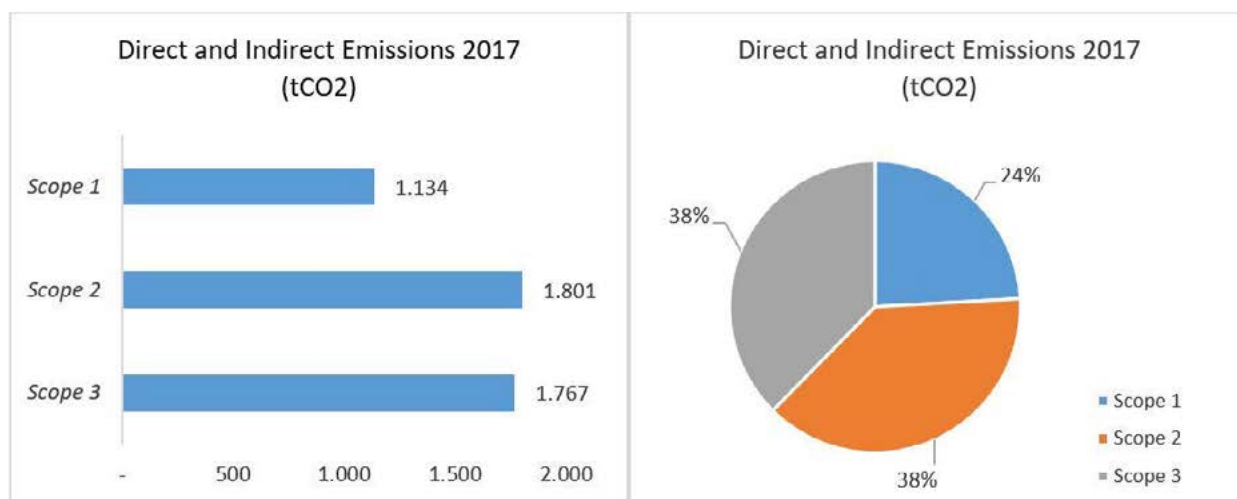
<sup>17</sup> This figure was modified after the inclusion of transportation diesel consumption by company cars and agricultural vehicles of the Ca' Tron agricultural estate.

## Direct and indirect emissions

Direct emissions include the emissions from natural gas and LPG consumption for the heating system and diesel fuel consumption of both the company's car fleet and the agricultural vehicles of Ca' Tron agricultural estate (*Scope 1*).

As for indirect emissions, *Scope 2* includes the emissions from electricity consumption and district heating and *Scope 3* includes the emissions from the employees' private vehicles and chauffeur-driven cars for business purposes, and the emissions due to business journeys (by train and plane)<sup>18</sup>.

In 2017, the total emissions of greenhouse gases of Cattolica Assicurazioni Group were 4,701 tCO<sub>2</sub> (4,173 tCO<sub>2</sub> in 2016<sup>19</sup>). In particular, *Scope 1* emissions are 1,134 tCO<sub>2</sub> (24% of the total), *Scope 2*<sup>20</sup> emissions were 1,801 tCO<sub>2</sub> (38% of the total) and *Scope 3* emissions were 1,767 tCO<sub>2</sub> (38% of the total).



For the calculation of CO<sub>2</sub> emissions of *Scope 2*, both calculations methods required by the GRI Standards have been used: the Location-based method - represented in the diagrams - and the Market-based method.

The total emissions generated by the Group are detailed below.

<sup>18</sup> With reference to the *Scope 3*, it is to be noted that the 2016 figure has been restated including the emissions caused by business journeys (by train or plane).

<sup>19</sup> The figure has been restated with the inclusion of the consumption of Ca' Tron agricultural estate and the updated emission factors used for the calculation of *Scope 2*.

<sup>20</sup> With respect to the *Scope 2*, the emission levels here reported refer to the location-based calculation method.

CO <sub>2</sub> emissions [t CO <sub>2</sub> ] <sup>21</sup>		
	2017	2016
Scope 1	1,134	1,036
Scope 2 (Location-based)	1,801	1,581
Scope 2 (Market-based)	1,947	1,732
Scope 3	1,767	1,555

### ***Climate change: Cattolica and the ENI Enrico Mattei Foundation***

In 2016, Cattolica started a cooperation with FEEM - Fondazione ENI Enrico Mattei, a nationally-renowned study centre and think tank - in the context of the project “Disclosure, Measurement, Management and Mitigation of Climate-Related Risks for Companies” (DeRisk-CO). The aim of this project is to promote the scientific knowledge of risks and opportunities of climate change, by analysing the management methods and their disclosure by a selected sample of Italian companies.

DeRisk-CO relates to the FEEM research programmes “Climate Change: Economic Impacts and Adaptation” (EIA) and “Society and Sustainability” (SAS), and follows the development scheme defined in the Agenda 2030 for Sustainable Development and the relevant Sustainable Development Goals (SDGs). These Goals consider the Companies as complex interaction systems where

<sup>21</sup> With regard to the calculation of emissions according to the *Market based* method, reference was made to the most recent figure available for both the years. The following emission factors were used for the calculation of 2016 emissions:

- *Scope 1*
  - *Natural gas: Ministero Ambiente (Italian Ministry of Environment) - national standard parameters for fuels (updated on 11 November 2016);*
  - *Diesel fuel: ISPRA - NIR 2016 Table A2.4 Time series of CO<sub>2</sub> emissions from electricity production.*
- *Scope 2*
  - *District heating: Defra 2016 – Conversion factors 2017 – full set. Note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *Electric power (Location-based): ISPRA - NIR 2017 Table A2.4 Time series of CO<sub>2</sub> emissions from electricity production. Note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *Electric power (Market-based): AIB - European Residual Mixes 2016 (15 June 2017 version).*
- *Scope 3*
  - *Car (km): DEFRA 2016 - Conversion factors 2016 – Full set. Note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *Km covered by plane and train: DEFRA 2016 - Conversion factors 2016 – Full set. Note that the emission factor refers to t CO<sub>2</sub>eq;*

The following emission factors were used for the calculation of 2017 emissions:

- *Scope 1*
  - *Natural gas: Ministero Ambiente (Italian Ministry of Environment) - national standard parameters for fuels (updated on 20 December 2017);*
  - *Diesel fuel (km): Defra 2017 – Conversion factors 2017 – full set. Note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *LPG: Ministry of Environment - national standard parameters for fuels (updated on 11 November 2017);*
  - *Petrol: DEFRA 2017 - Conversion factors 2017 – Full set. Note that the emission factor refers to t CO<sub>2</sub>eq.*
- *Scope 2*
  - *District heating: Defra 2017 – Conversion factors 2017 – full set. Note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *Electric power (Location-based): ISPRA - NIR 2017 Table A2.4 Time series of CO<sub>2</sub> emissions from electricity production. Please note that the emission factor refers to t CO<sub>2</sub>eq;*
  - *Electric power (Market-based): AIB - European Residual Mixes 2016 (15 June 2017 version).*
- *Scope 3*
  - *Car, plane and train (km): DEFRA 2017 - Conversion factors 2017 – Full set. Note that the emission factor refers to t CO<sub>2</sub>eq.*

communities, companies and public institutions cooperate closely to improve the results in terms of progress, social cohesion and environmental quality.

In early 2018, Cattolica decided to further increase the cooperation with FEEM through a cooperation agreement for the 2018-2020 period.

### Water consumption

767,805 m<sup>3</sup> of water were used by Cattolica Group in 2017 (748,083 m<sup>3</sup>), mainly used for the irrigation of the Ca' Tron agricultural estate.

Water consumption (m <sup>3</sup> )		
	2017	2016
Business offices <sup>22</sup> and Cattolica Center <sup>23</sup>	27,965 <sup>24</sup>	28,083
Ca' Tron agricultural estate <sup>25</sup>	739,840	720,000
<b>Total</b>	<b>767,805</b>	<b>748,083</b>

The increase in water consumption in 2017 is due to the new potato crops, which required specific irrigation activities. With reference to vine-growing, it is to be noted that the drip irrigation system has a positive impact on the quality of the products and generates a significant reduction in water consumption.

In particular, the water used for the irrigation activities is pumped from watering tanks. It is filtered and sent to a second low-pressure pump (1.5/2 atm.), through underground perforated plastic pipes along the rows of vines. The holes have a diameter of 2/4 mm, with a spacing of 30 to 60 cm<sup>26</sup>. These holes release small drops of water on the plant roots.

These systems also allow spreading fertilisers (usually in liquid form), diluted in the irrigation water (fertigation). Once fully operational (spring 2018), all the fertigation systems will be completed and approximately 300 hectares of the farm will be turned into a vineyard.

The benefits of an underground irrigation system compared to a traditional one are:

- water savings for over 30% in terms of irrigation efficiency, the ratio between the quantity of water used by the plant and the quantity of water released in the soil. The efficiency rate of long-range sprinkler irrigation systems is approx. 65%, while the efficiency rate of underground drip irrigation systems is 99%. This increase is due to the slow flow of water near the roots, which prevents water waste and dissipation (e.g. deep percolation, surface leaching or evaporation, albeit limited), as occurs with other micro-irrigation systems;

<sup>22</sup> The figure for the office in Verona, Via Fermi (11/b and 11/d), the consumption in the month of December, is estimated.

<sup>23</sup> The 2016 figure for the Cattolica Center was modified after developing a more accurate detection method.

<sup>24</sup> This figure does not include the water consumption for the office in Rome, which is not available.

<sup>25</sup> Water consumption figures for the Ca' Tron agricultural estate are estimated.

<sup>26</sup> The distance between holes differs by crop according to their daily water requirement. Vines need 8/10 litres of water per day for each plant.

- the even distribution on the surface avoids water stagnation - due to the concentration of an excessive quantity in some areas - and water scarcity in other areas;
- water is delivered to the plant directly, thus keeping the soil dry between the rows, so that the agricultural equipment can also operate during the irrigation process;
- the soil is correctly ventilated, particles are not compressed during irrigation and the ground does not crack during drought periods;
- the automation of all the irrigation phases;
- leaves are not chemically treated as usually occurs before and after precipitation, as the risk of diseases and growth of fungi due to excessive humidity of the plant is minimised;
- reduction in the use of fertilisers and/or chemical nutrients, compared to the traditional systems, as these substances are delivered regularly and with precision and do not reach the groundwater;
- a higher control of the salinity level of the ground, as frequent watering reduces the concentration of salt deposits, which move away from the roots;
- a strong reduction in the power needed for pumping, with a consequent reduction of pollution and more energy savings.

A water recycling or reuse system is not currently used.

### Nature and cutting-edge technologies: the Ca' Tron agricultural estate

*“Too many cars on congested roads, air pollution, people chasing each other desperately and frantically while their actions and knowledge vanish into the symbolic world of virtual networks in a state of true schizophrenia. In this climate of uncertainty and anxiety, the existence of rare havens like Ca' Tron is almost remedial. Here, the excitement of new human undertakings can be cultivated and coexists with the nourishing and comforting memories of the living mother earth”.*

These are the words by Andrea Zanzotto, one of the most important Italian poets of the second half of the Twentieth century.

There are places on earth that are worth over a valuation or their commercial value, because they host the treasure of nature and the product of human ingenuity and labour over the centuries.

Ca' Tron agricultural estate is one of these places.

Cattolica is proud to own this haven for environmental sustainability and innovation in the heart of the Veneto region.

Ca' Tron agricultural estate's charm is due not only to its size: 1,800 hectares, the largest farm in the Triveneto area. This is an incredibly beautiful place, where the integrity of the environment has been fully maintained. Most of Ca' Tron agricultural estate is located in the municipality of Roncade, in the south-east corner of the Province of Treviso, while a small portion falls within the municipality of Meolo, Province of Venice.

To the South, the area is bordered by the river Sile, the longest resurgent river in Italy, and reaches the Regional Natural Park of the River Sile, which is named after the river. To the East, the land is bordered by the river Vallio, left-side stream of the Sile, near the Lagoon of Venice. The cultivated areas, the woods and water canals shape a fascinating landscape, home to several animal species. The

farm also contains archaeological sites of the Roman period, including some sections of the ancient Via Annia, the consular road to Aquileia.

In addition H-Farm, one of the most prestigious business incubators in Italy, is hosted by the estate. Cattolica participates in H-Farm's capital and shared with them an important project for the creation of a Campus for all levels of education, which aims at becoming a European centre of innovation. The overarching project of the Company is to turn Ca' Tron agricultural estate into an outstanding business for its cutting-edge technology and innovation.

The investment further strengthens Cattolica's presence in a very important area in terms of economy and development. The property manages the activities directly and crops cultivated are mainly cereals and tomatoes for the processing industry. In the recent years, significant investments have been made in vines of different species and in a broader diversification in the cultivation of vegetables.

Ca' Tron agricultural estate is one of the last remaining portions in the Veneto plains where crops extend as far as the eye can see. It is a unique place for its natural beauty and environmental integrity.

Cattolica Agricola and Cattolica Beni Immobili are the two companies founded by Cattolica for the purchase of this Estate. The former is in charge of agricultural activities, pursuant to article 2135 of the Civil Code, while the latter manages the buildings that are not used for agricultural activities.

Ca' Tron agricultural estate is the perfect habitat to protect plant and animal biodiversity.

Besides the Ca' Tron historic park, planted between 1871 and 1881 - which include also a small lake - there are approximately 40 hectares of woods of native species, to which about 15,000 new plants were added in 2017 and new wooded areas and hedges were created to the benefit of the local birdlife. In 2018, new marginal areas will be turned into woods.

There are about 15 hectares of uncultivated land, where no farming and transit of machinery is allowed in order to increase and support the reproduction of wildlife and migratory and wintering species.

Other initiatives that are worth mentioning are the preservation and maintenance of wetlands, which are located near areas that are important for the community (SIC) from a landscape/environmental point of view.

In some areas of the estate, special strategies are implemented to protect the archaeological treasures of the territory.

Next to traditional crops, more and more land is converted to organic farming. In these areas, farmers use only natural products, of plant or animal origin.

Finally, a vineyard of approximately 300 hectares is partially cultivated and partially used for the experimental activity of collecting 60 grape varieties that resist to plant diseases and require 2-3 treatments per years instead of the usual 20.

## ***History***

It is not at all easy to summarise the history of Ca' Tron, the result of a very unique chain of events, in which the local estates have maintained the size of the large estates intact. At least since the time the Municipality of Treviso was founded, in the 14th century, the part of the Estate north of the church has been called Cal di Meolo, while the southern part has been called Musestre Santa Caterina. During

the Middle Ages, most of the Estate belonged to the family of the Counts of Collalto and the area along the Sile river there were several lagoon monasteries, in particular “Santa Caterina” and “San Maffio di Mazzorbo”.

In the last decades of the 16th century, a noble family from Venice, called Tron, acquired most of the ancient property. However, historians have recently discovered that the last quarter of the 16th century was the period when the Cal di Meolo estate was acquired by the Venetian family.

Along the centuries, and especially in the 17th century, the new owners gave their name to the area that is now the heart of the farm - with a huge farmyard, a park, a pond and a village, located in Frazione Roncade. About 40 farmhouses were built and are now the heritage of a past when the Estate hosted several patriarchal families. Nowadays, the area includes a study and research centre, a central building with offices, an auditorium and exhibition halls.

***Investing in advanced education: Cattolica and the H-Campus Project***

In November 2017, in a real-estate transaction Cattolica - in cooperation with Cassa Depositi e Prestiti - chose the H-Farm project as the basis for the H-Campus, which aims at becoming the most important innovation centre at European level, where talented resources can contribute to the economic and cultural development of Italy. The project will be developed at Ca’ Tron agricultural estate.

The H-Farm project was made possible thanks to the establishment of a jointly-controlled closed-end real estate fund called “Ca’ Tron H-Campus”. The fund is managed by Finanziaria Internazionale Investments sgr, with its real estate assets of approx. € 100 million, that include € 32 million of existing assets - acquired by Ca’ Tron Real Estate - and € 9.2 million of assets provided by Cattolica Assicurazioni, in addition to € 59 million of liquidity, allowing to implement and develop the project. The real estate operation includes the extension of the H-Farm area, which currently is 14 thousand m<sup>2</sup> of buildings and 12 hectares of park, in addition to 36 hectares of land belonging to Cattolica Assicurazioni, where 27 thousand m<sup>2</sup> of new buildings will be built, for a total equivalent value of € 69 million.

The environmental assessment procedure needed to start the works, certified that no negative impact will be caused to the surrounding environment and that the project is fully sustainable.

*The employees at Ca’ Tron agricultural estate by employee category and gender as of 31 December*

2017				2016			
	Men	Women	Total		Men	Women	Total
<b>Executives</b>	-	-	-	<b>Executives</b>	-	-	-
<b>Officials</b>	-	-	-	<b>Officials</b>	-	-	-
<b>Employees</b>	1	1	2	<b>Employees</b>	1	1	2
<b>Workers</b>	6	-	6	<b>Workers</b>	5	-	5
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>Total</b>	<b>6</b>	<b>1</b>	<b>7</b>

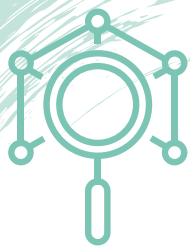
The staff at Ca’ Tron agricultural estate includes 8 people employed with permanent contract. During 2017, 104 hours of technical-professional and regulatory training were provided.

The energy and water consumption of the farm during 2017 are detailed below.

<b>Power and water consumption of Ca' Tron agricultural estate</b>	
<b>Type</b>	<b>2017</b>
Electricity (kWh)	122,398
Natural gas (m <sup>3</sup> )	1,925
LPG (litres)	7,754
Agricultural diesel fuel (litres)	177,200
Diesel fuel for transportation (litres)	14,400
Water consumption (m <sup>3</sup> )	739,840







Research



Understanding



Training

# 7

## LEARN TO UNDERSTAND: THE OBSERVATORIES

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Agri-food Observatory	117

## CHAPTER 7 - LEARN TO UNDERSTAND: THE OBSERVATORIES

*An investment in knowledge pays the best interest.*

(Benjamin Franklin)

The multimedia platforms developed by Cattolica provide information and training on very important issues for the Group; so much so that specific monitoring is constantly performed.

In recent years, the Company has invested energy and resources to create an Observatory of the Religious and Non-Profit bodies and another one for the agri-food sector. These facilities can provide significant benefits while meeting specific strategic goals:

- enhancing the knowledge of crucial sectors through independent and fruitful research;
- sharing with all the divisions of the company and different types of users all data and information needed to update and improve their knowledge, support marketing, product and commercial strategies and for any “policy-making” activity, besides the overarching goal of knowledge development and cultural progress;
- defining a point of reference for internal and external users, as a tool to deliver an added value and lead to informed choices and decisions.

### Religious and Non-Profit Bodies BU Observatory

The Osservatorio Enti Religiosi e Non Profit (“Observatory of the Religious and Non-Profit bodies”) is a reserved portal of Cattolica Group in charge of analysing the Church and Third Sector’s dynamics, with specific attention to judicial-administrative aspects.

According to Cattolica Assicurazioni, Religious and Non-Profit bodies are macro-areas where significant investments can be made, in terms of human resources and technical-commercial, communication and reporting policies. It is no coincidence that the Company is the only Italian insurance company to have a Business Unit dedicated to two areas to which it is linked in terms of history, culture and expertise.

Cattolica Assicurazioni's intention is to offer a quality service that takes into account the profound changes taking place in the Catholic world and the news that concern the Non-Profit sector, associations and the entire Third sector. This is why the Religious and Non-Profit bodies Business Unit directs its work towards activities aimed at creating design and training paths for agents selected to operate in these sectors and according to the Company's internal guidelines.

As proof of Cattolica Group's commitment to these specific types of customers, in 2017 the digital platform Osservatorio Enti Religiosi e Non Profit was further implemented. The portal is designed to analyse and research new social realities and perspectives through wide-ranging studies of the sector and the direct dialogue with national and international subjects. This is the origin for new proposals that take into consideration the evolution of the Italian Church and Third sector.

Thanks also to the work carried out by the experts of the Business Unit and transmitted through the services of the Observatory, Dioceses, Parishes and Cooperatives have chosen Cattolica's insurance

protection, contributing to enriching and expanding the client portfolio in sectors and market segments in which the Company has always been an undisputed leader.

The ecclesiastical world has also shown an increasing interest in the Observatory's activity and has asked to become part of it.

The aim remains the development of new insurance solutions and the cultural and educational promotion of the whole Company. Setting up a Third Sector Scientific Committee, made of senior jurists and professionals, has been oriented towards the search for new trends and profiles in the Non-Profit world, as needed to develop specialised insurance solutions that are complete and innovative.

The Religious and Non-Profit bodies Business Unit provides training to the agencies operating in this market segment. The sessions are programmed and held within the Observatory. This kind of training requires a specific knowledge and approach to customer management. In the framework of the development activities, technical-commercial meetings are also organised to present the “Nuova Soluzione Assicurativa Cattolica & Clero Secolare Parrocchia” (new insurance solution), with the participation of selected agents.

### Agri-food Observatory

The Osservatorio Agroalimentare (“Agri-food Observatory”) is a multi-media, multi-level platform, available on a web portal and on the main social channels, for farmers and all those interested in the agri-food world. Thanks to its user-friendly structure and language, it provides the agricultural sector with a tool to create and disseminate knowledge, connecting information and research with the players of the agri-food sector.

Cattolica decided to create an Observatory to reach a leadership position in an increasingly complex sector, where many topics are tackled, like the effects of climate change and environmental scenarios and market changes. The qualified presence of the Company operates in close cooperation with Coldiretti, - the most important association for the representation and support to the agricultural sector in Italy - and agricultural consortia.

This centre of expertise produces researches and analyses news and studies day by day. The Osservatorio Agroalimentare includes an internal newsroom and an international-level scientific committee cooperating with a wide network of researchers, entrepreneurs and experts.

Besides the sections “studies and researches”, “news” and “in-depth analyses”, the portal also offers a video gallery and customisable tools that can be directly used to discover figures and news in real time, e.g. price changes, the evolution of meteorological factors and the opportunities offered by subsidised loans for the agricultural sector.

The Observatory favours the interactions between the Company and its current and potential customers from the point of view of relationships and marketing, shares the agri-food culture and knowledge and keeps users informed on the development of the sector and the relevant regulatory innovations.

In short, AGR is a place for knowledge creation and dissemination through different channels. Specific seminars and training activities have been organised for the Company's internal lines.

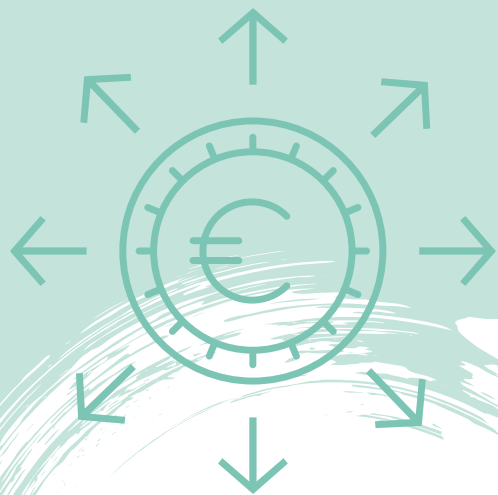
Lastly, the internal divisions of the Group and its corporate network can access a reserved area of the portal, which contains in-depth analyses and information on the management of risk in the agricultural field.

***The Workshop “L’impresa Agricola nell’economia del sociale” (The agricultural enterprise in the social economy)***

The alliance between the Church and the agricultural world: this was the subject of the workshop “The agricultural enterprise in the social economy”, held at Ca’ Tron agricultural estate in June 2017. The workshop was organised by the Religious and Non-Profit bodies Business Unit, in cooperation with the Osservatorio Agroalimentare.

The participants to this event included diocesan accountants, Caritas managers, chairmen of diocesan institutes and social cooperatives operating in the agricultural sector. The discussion was focussed on business opportunities for dioceses in this specific field. In addition, possible subsidised loan solutions were presented. The participants also visited H-Farm Ventures, one of the most important start-up incubators in Italy, specialised in streamlining digital services to people and companies.





Economic value distributed

€879 MILLION



# 8

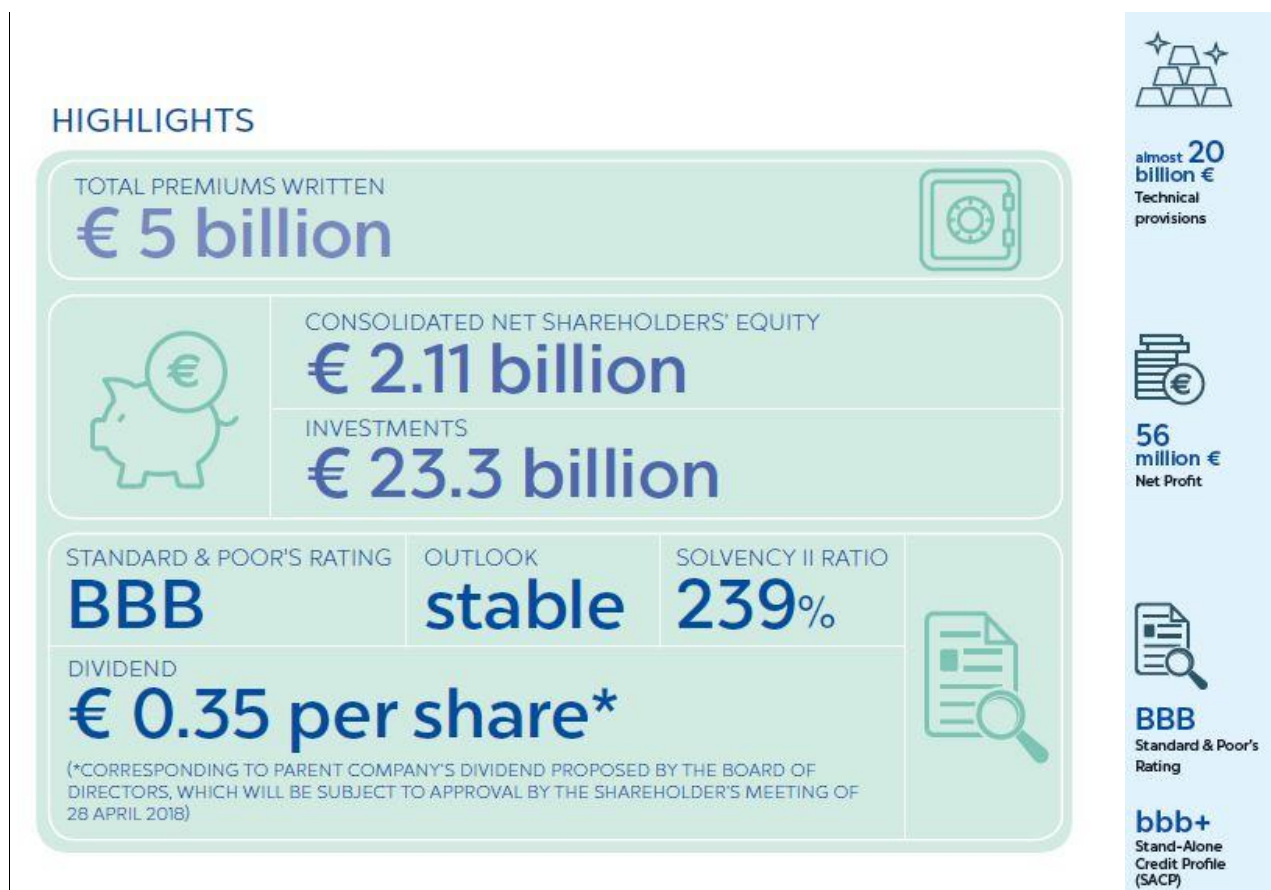
## CREATING VALUE TO BE SUSTAINABLE: THE ECONOMIC RESULTS

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## CHAPTER 8 - CREATING VALUE TO BE SUSTAINABLE: THE ECONOMIC RESULTS

*The objective of profit is a goal-means and must be included in a circular, long-term conception of corporate finalism.*

(Vittorio Coda)



### The 2017 results

Cattolica Group closed FY 2017 with a consolidated profit of € 56.1 million (-40%). The Group's net profit came to € 41.1 million (-46.1%).

These results are mostly influenced by the outcome of applying the new procedures for testing Group assets for impairment that were introduced further to the Board's resolution on July 13, 2017, as communicated to the market on July 27 and with impacts already on the figures of the 2017 interim financial report, aimed at adapting the Group's assessment models to the Solvency II approach, in line with maximum prudence principles..

The consolidated profit was penalised by non-recurrent charges attributable for € 52 million to writedowns consequent to the goodwill impairment test, € 5 million concerning permanent impairment losses for AFS securities, for the new rule adopted and € 5 million for the writedown of the Atlante Fund. The result was also affected by the severance payouts of several top management personnel who left during the year, amounting to € 6 million, € 8 million depreciation/amortisation

due to the shortening of the useful life of the software that is expected to be replaced within the time-frame of the Business Plan and € 5 million attributable mainly to the notification of unfavourable rulings by the Supreme Courts of Cassation – Tax Section, concerning VAT and which were challenged for ordinary revocation.

Having taken this into account, the consolidated profit and Group profit, normalised for nonrecurrent effects, came to € 137 million and € 121 million respectively.

Total premium collections for direct and indirect business - life and non-life - came to € 5,008.2 million (+5.2%). Premiums written for direct non-life business amounted to € 2,015.1 million (+2.2%).

The motor segment posted premiums of € 1,103 million (+1.6%). Premium collections for non-motor classes, increasingly focused on products intended for retail customers, amounted to € 912 million (+2.8%).

The combined ratio of retained business increased from 93.2% to 94.7% (+1.5 pps). The variation is mainly due to claims related to atmospheric events that took place in the third quarter of 2017 and to large claims, as well as to the decrease in the profitability of the motor class of business against the continuing decline in the average premium. Nevertheless, the Group is keeping up a positive technical result, even in a complex, strongly competitive market scenario marked by a slight pick-up in the frequency of claims, owing to a quality portfolio and its distinctive settlement expertise.

The operating result<sup>27</sup> fell from € 226 to 206 million (-8.8%): the decrease was mainly due to the worsening of the combined ratio.

In the life sector, direct business premiums came to € 2,979.4 million (+7.5%). The new business concerning the life policies subject to revaluation with minimum guaranteed rates of 0% is allowing the average guaranteed minimum of the Group's stock of actuarial provisions to progressively reduce (from 1.2% to 1%).

The financial management<sup>28</sup>, before tax, closed with a net profit of € 491.2 million (+3.7%), with an increase in assets managed and limited capital gains, with a view to preserving the portfolio's future profitability.

As of December 31st, investments - including properties classified in the tangible assets and cash and cash equivalents item - amounted to € 23,284.5 million (+7.8%). Gross technical provisions for non-life business amounted to € 3,603 million (+1%). Provisions for life business, inclusive of financial liabilities, amounted to € 18,081.7 million (+6.4%). Consolidated net shareholders' equity amounted to € 2,107.5 million (-0.3%).

The Solvency II Ratio of the Group<sup>29</sup> came to 2.39 times the regulatory minimum.

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<sup>27</sup> Includes the "Others" sector.

<sup>28</sup> Excluding the investments whose risk is run by the insured parties and the variation of the other financial liabilities.

<sup>29</sup> The post-distribution ratio of the proposed Parent Company dividend, calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USP). The ratio includes the subordinated debenture loan issued on December 14th, 2017. The figures have not yet been subject to the checks envisaged by the IVASS letter to the market dated December 7th, 2016; data will be shared with the Istituto di Vigilanza (Surveillance Institute) and the market, according to the schedule defined by the applicable regulation within 18 June 2018.

## 2017 Consolidated Financial Statement - Main economic indicators

(€ thousands)

	2017	2016	Changes	
			Amount	%
<b>Total premiums written</b>	<b>5,008,179</b>	<b>4,758,833</b>	<b>249,346</b>	<b>5.2</b>
of which				
<b>Gross premiums written</b>	<b>4,781,484</b>	<b>4,531,334</b>	<b>250,150</b>	<b>5.5</b>
Direct business - non-life	2,015,050	1,972,521	42,529	2.2
Direct business - life	2,752,665	2,543,636	209,029	8.2
Indirect business - non-life	13,727	15,129	-1,402	-9.3
Indirect business - life	42	48	-6	-12.5
of which				
<b>Investment contracts</b>	<b>226,695</b>	<b>227,499</b>	<b>-804</b>	<b>-0.4</b>
<b>Consolidated net profit for the period</b>	<b>56,065</b>	<b>93,368</b>	<b>-37,303</b>	<b>-40.0</b>
<b>Group net profit for the period</b>	<b>41,108</b>	<b>76,254</b>	<b>-35,146</b>	<b>-46.1</b>

## 2017 Consolidated Financial Statement - Main balance sheet indicators

(€ thousands)

	2017	2016	Changes	
			Amount	%
<b>Investment</b>	<b>23,284,549</b>	<b>21,590,939</b>	<b>1,693,610</b>	<b>7.8</b>
<b>Technical provisions net of reinsurance amount</b>	<b>19,969,176</b>	<b>18,796,480</b>	<b>1,172,696</b>	<b>6.2</b>
<b>Financial liabilities relating to investment contracts</b>	<b>1,402,204</b>	<b>1,353,045</b>	<b>49,159</b>	<b>3.6</b>
<b>Net shareholders' equity</b>	<b>2,107,536</b>	<b>2,113,726</b>	<b>-6,190</b>	<b>-0.3</b>

## 2017 Consolidated Financial Statement - Main business indicators

(€ thousands)

	2017	2016
<b>Non-life ratios for retained business</b>		
Claims ratio (Net charges relating to claims/Net premiums)	67.5%	65.9%
G&A ratio (Other administrative expenses/Net premiums)	6.9%	6.6%
Commission ratio (Acquisition costs/Net premiums)	19.6%	19.2%
Total Expense ratio (Operating expenses/Net premiums)	26.5%	25.8%
Combined ratio (1 - (Technical balance/Net premiums))	94.7%	93.2%
<b>Non-life ratios for direct business</b>		
Claims ratio (Net charges relating to claims/Premiums for the year)	68.9%	64.3%
G&A ratio (Other administrative expenses/Premiums for the year)	6.0%	5.7%
Commission ratio (Acquisition costs/Premiums for the year)	19.9%	19.8%
Total Expense ratio (Operating expenses/Premiums for the year)	25.9%	25.5%
Combined ratio (1 - (Technical balance/Premiums for the year))	95.8%	91.4%
<b>Life ratios</b>		
G&A ratio (Other administrative expenses/Premiums written)	1.1%	1.1%
Commission ratio (Acquisition costs/Premiums written)	2.4%	2.8%
Total Expense ratio (Operating expenses/Premiums written)	3.5%	3.9%
<b>Total ratios</b>		
G&A ratio (Other administrative expenses/Premiums written)	3.1%	3.0%
Operating costs/Premiums written	5.8%	5.6%

Note: "Premiums written" in the life business refers to the amount of gross insurance premiums and investment contracts.

1 This includes other administrative expenses and acquisition costs before consolidation adjustments and intra-group eliminations.

### ***The rating***

On November 15 2017, Standard & Poor's confirmed Cattolica's rating of BBB after the Group announced its agreement with Banco BPM for a long-term strategic partnership in life and non-life bancassurance. According to Standard & Poor's, the agreement with Banco BPM will strengthen the Group's competitive position and growth opportunities in both life and non-life business, guarantee access to an alternative and widespread distribution channel and offer significant economies of scale.

Cattolica's stand-alone credit profile (SACP) remains unchanged at BBB+, a notch higher than the sovereign rating, also taking into account the effects of the transaction on the Group's capital adequacy. The Group's financial flexibility remains unchanged.

### **Economic value generated and distributed**

The economic value generated is of paramount importance in the economic sustainability perspective. It is calculated from a reclassification of the income statement and represents the wealth created by a company in the performance of its activities. In case of an Insurance Group like Cattolica, it is the difference between the production value (premiums collected plus financial and investments income) and the costs paid due to insurance activity and the products and services purchase.

The calculation for the FY 2017, that has been carried out through a new and advanced method compared to last year, shows that Cattolica Group recorded a generated economic value of € 929.7 million.

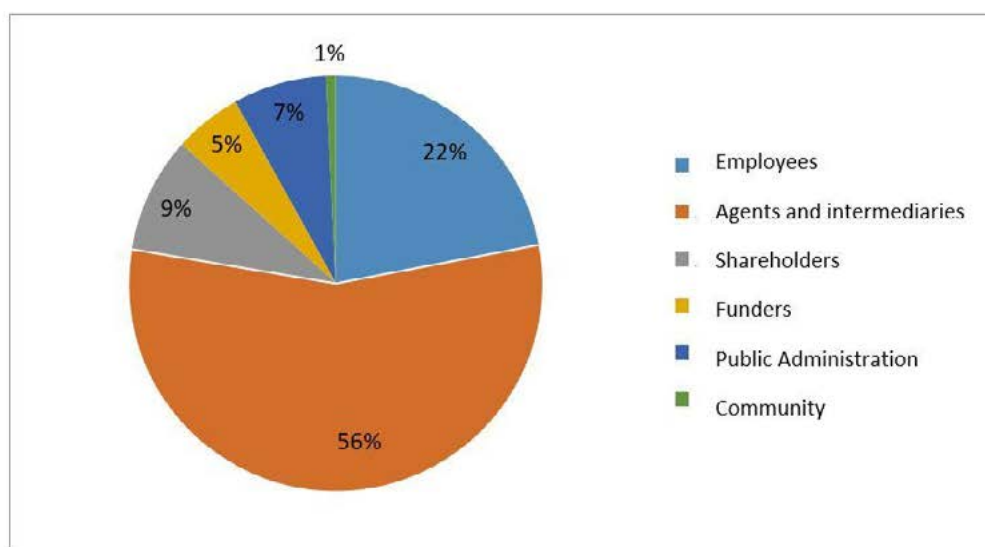
The contribution in terms of economic value that Cattolica Group generated in favour of its stakeholders is divided as shown in the table below.

**Economic value generated and distributed in 2017**

<i>(EUR million)</i>	<b>2017</b>	<b>% distributed</b>
<b>Generated economic value</b>	<b>929.7</b>	
<b>Distributed economic value</b>	<b>879.0</b>	<b>100%</b>
<b>Employees</b>	<b>193.6</b>	<b>22%</b>
<b>Agents and intermediaries</b>	<b>488.8</b>	<b>56%</b>
<b>Shareholders<sup>30</sup></b>	<b>79.2</b>	<b>9%</b>
<b>Funders</b>	<b>46.4</b>	<b>5%</b>
<b>Public Administration</b>	<b>64.4</b>	<b>7%</b>
<b>Community</b>	<b>6.6</b>	<b>1%</b>
<b>Economic value withheld</b>	<b>50.7</b>	

<sup>30</sup> The economic value distributed to shareholders for the year 2017, which corresponds to the Parent Company's dividend proposed by the Board of Directors, is subject to approval by the Shareholders' Meeting on 28 April 2018.

Economic value distributed in 2017 (%)



The above-mentioned description shows that:

- the majority of the value (56%) is received by agents and intermediaries (€ 488.8 million); this figure shows the central role played by the agency network, within a business strategy that is oriented to a high-quality and customised service;
- the portion of value paid to employees and workers – fundamental stakeholders of the Group - is € 193.6 million (22%);
- the amount paid to the public administration, under the form of direct taxes, is € 64.4 million, 7% of the distributed value;
- the portion of value in favour of the community is € 6.6 million. A portion of this amount was paid through Fondazione Cattolica Assicurazioni, funded for € 3.5 million.
- € 50.7 million have been withheld and used inside the Company.

### Total Tax Contribution Project

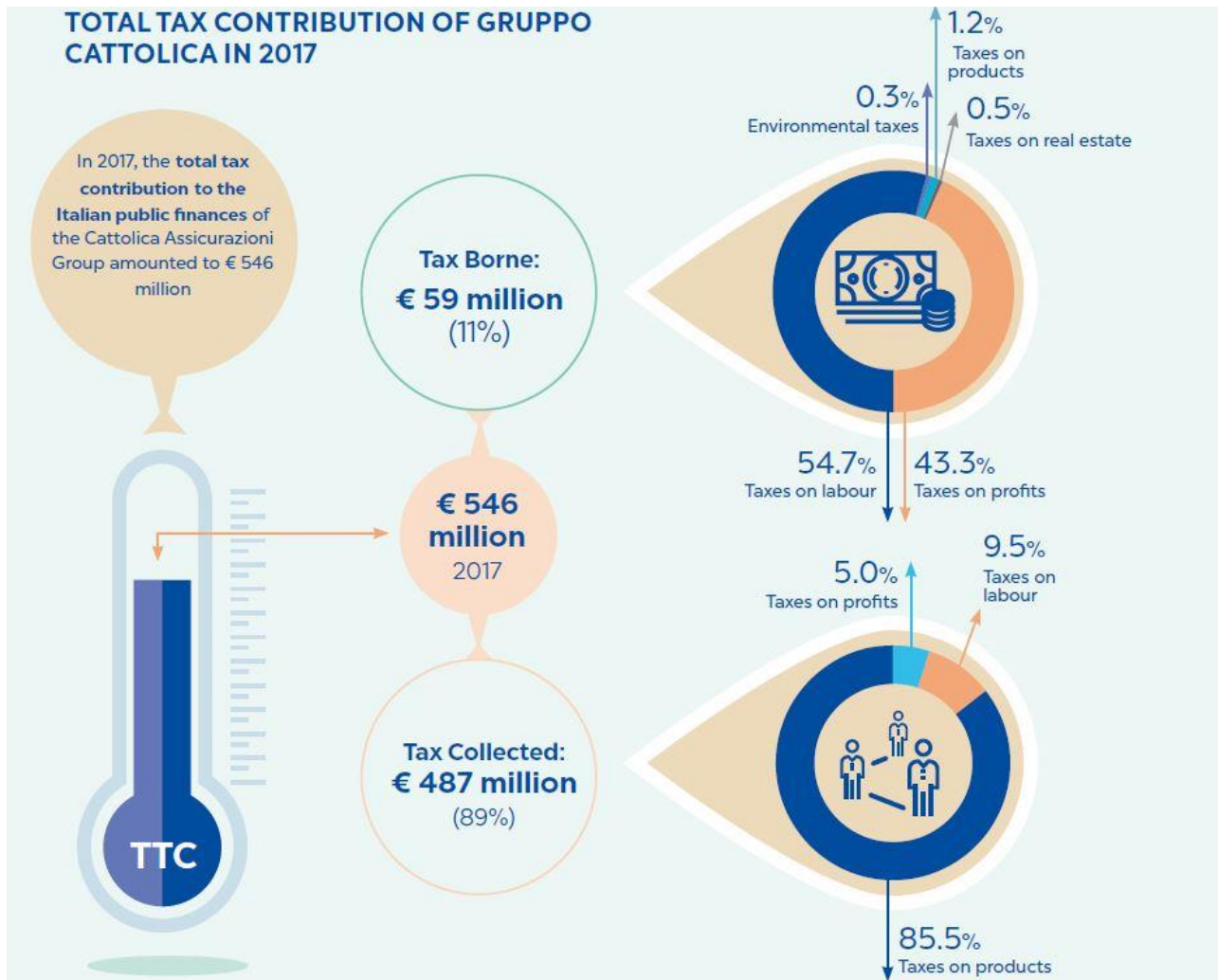
Cattolica Group decided to publish the information on its global tax payment: the result of this effort is the Total Tax Contribution project. This initiative, launched in 2017, follows the trend of international regulators to increase fiscal transparency of economic groups (e.g. the BEPS project implemented by OECD, non-financial reporting, etc.).

The goal is to share with stakeholders, in a transparent and immediate way, the information on taxes and contributions paid<sup>31</sup> in Italy, in a way to strengthen the perception of the Group's commitment in its social responsibility.

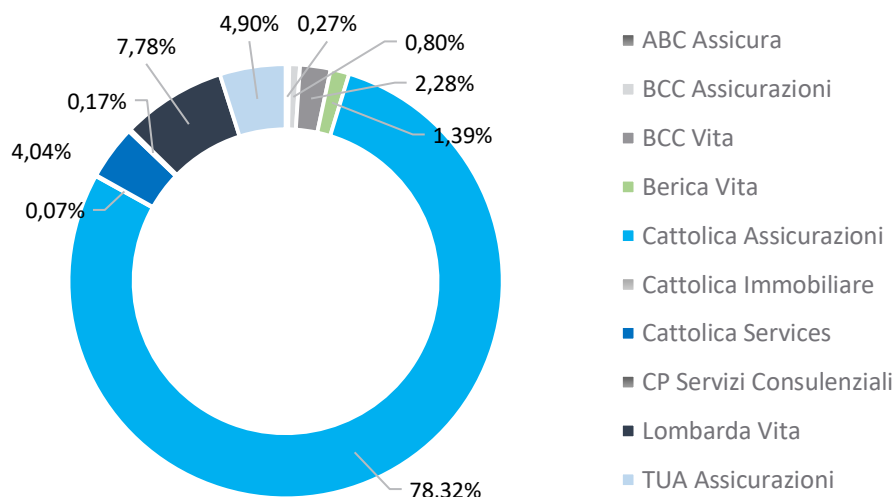
<sup>31</sup> The Total Tax Contribution considers all the taxes paid during 2017 according to the "cash" principle, instead of on an accrual basis, as used in the model for the determination of the economic value generated and distributed.

The Total Tax Contribution approach allows a proper disclosure of information given by the Group to the fiscal jurisdictions of the regions where it operates, by a transparent and exhaustive communication.

This model provides detailed information on income types that led to the payment of a specific tax. The following tables show the Total Tax Contribution of Cattolica Assicurazioni Group during 2017.



Contributions by the individual companies to form the total, in 2017



In short, the Total Tax Contribution of Cattolica Assicurazioni Group in 2017 was € 546 million, of which 487 million of Taxes Collected (89% of the total) and € 59 million of Taxes Borne (11% of the total).

The Parent Company Società Cattolica di Assicurazione - Società Cooperativa contributed to 78% of the total of the Group (approx. € 428 million).

This method distinguishes between the taxes paid by the Companies of the Group to the Italian Public Administration, which represent a cost for the Company (Taxes Borne), and the payments made as tax collectors (Taxes Collected).

The Total Tax Contribution approach divides the tax charges and the withholding taxes paid into five macro-categories (taxes on labour, taxes on products, taxes on real estate, taxes on profit and environmental taxes), thus allowing the consolidation and the comparison between different fiscal years.







THE SECRET  
OF GETTING AHEAD  
IS GETTING STARTED.

Mark Twain

A "TEMPORARY"  
CONCLUSION

## A “TEMPORARY” CONCLUSION

At the end of this process, during which we tried to summarize Cattolica's relationship with the issues of Corporate Social Responsibility, it seems appropriate to conclude - aware that no conclusion is definitive when the horizon is long term and the issues are complex and constantly evolving - by outlining a few brief ideas to be taken as a reference for future choices.

The main guidelines of Cattolica Group's CSR action deal with the following commitments:

- continue and intensify efforts to incorporate best practices and principles of sustainable development into activities, processes, products and insurance solutions;
- foster the dissemination of the sustainability culture at all levels of the organisation, in order to make it a pivotal element for future strategies and increase transparency of information in order to support the most effective decision-making processes;
- develop the digitalisation and innovation processes, testing new solutions to enhance sustainability at the service of corporate stakeholders;
- cooperate with experts, institutions, research centres and other companies in the sector, so as to develop fruitful dialogue and share experiences on CSR matters;
- develop and publish a Sustainability Policy at the basis of guidelines, rules and detailed procedures aiming at triggering a wide range of innovations in the social, economic and environmental field.





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## ANNEXES

### CSR: Fundamental bibliography

We recommend the following titles to those interested in Corporate Social Responsibility:

#### *In Italian*

- S. De Girolamo, P. Anselmi, *La responsabilità sociale delle imprese. L'impresa sostenibile e lo sviluppo competitivo*, Franco Angeli Editore.
- G. Castellani, *Responsabilità sociale d'impresa. Ragioni, azioni e reporting*, Maggioli Editore.
- J. D. Sachs, *L'era dello sviluppo sostenibile*, Università Bocconi Editore.

#### *In English*

- U. Grober, *Sustainability - A Cultural History*, UIT Cambridge.
- M. Robertson, *Sustainability: Principles and Practice*, Routledge London.
- W. Visser, *The Age of Responsibility: CSR 2.0 and the New DNA of Business*, J. Wiley & Sons.
- D. Chandler, *Strategic CSR*, Sage Publication.

### Acknowledgements

Cattolica's CSR division and the Directorate for Institutional Relations and Communication wish to thank all the colleagues who helped draft this document, not only with their specialised contribution, but also with several bases for reflection, advice and suggestions, shared during the preparatory meetings and exchanges.

Do not hesitate to send an e-mail to [csr@cattolicaassicurazioni.it](mailto:csr@cattolicaassicurazioni.it) to share your ideas and proposals.



## Fondazione Cattolica's Initiatives

Below is the list of initiatives promoted by Fondazione Cattolica, not described herein for lack of space. Do not hesitate to send an e-mail to [fondazione.cattolica@cattolicassicurazioni.it](mailto:fondazione.cattolica@cattolicassicurazioni.it) if you wish to discover more on one or more initiatives.

### ***“Intraprendere nel sociale” - Social engagement projects approved in 2017***

#### ***Elderly people***

*Efficacemente: supporto intergenerazionale all'apprendimento*

Fondazione Human Potential Network Research (HPNR) Onlus - Padua

#### ***Disability***

*Orto biodinamico*

Nazareno Work Società Cooperativa Sociale - Carpi (MO)

*Un Ostello per la Gioventù a Verona*

L'Officina dell'AIAS Cooperativa Sociale - Verona

*Estate Inclusiva 2017*

Ufficio degli Oratori dei Giovani e delle Vocazioni della Diocesi di Brescia - Brescia

*Osteria della Gioia*

Gli Amici di Elena onlus - Rovigo

*Piedi per terra 2.0*

Primavera 85 Cooperativa Sociale - Sovizzo (VI)

*Progetto "Apelibreria"*

Lindbergh cooperativa sociale a.r.l. - La Spezia

*Progetto EQUI-LIBRI*

Banca del gratuito associazione di volontariato onlus - Fano (PU)

*La vita indipendente*

Associazione "Un sogno per la vita" onlus - Trieste

*Cappelli ad Arte*

Associazione Culturale La Cura sono Io - Verona

*Orto SuperAbile*

Cascina Pensolato società cooperativa agricola sociale onlus - Fossano (CN)

#### ***Family***

*Museo interattivo esperienziale della scienza*

CREATElab Associazione culturale - Verona

*Scuola primaria privata paterna*

Associazione Amici del Sacro Cuore - San Giovanni in Persiceto (BO)

*Ed io... avrò cura di Te*  
ACLI Provinciali di Roma - Rome

*Sviluppo della Fondazione della Comunità Veronese*  
Fondazione della Comunità Veronese Onlus - Verona

*Si Fa*  
SI FA Cooperativa Sociale - Verona

*Oltre le nuvole - Centro per l'infanzia e la famiglia*  
Istituto Casa Famiglia S. Pio X - Venice

### **Job placement**

*Alici per gli Amici*  
Work and Services s.c.s. - Comacchio (FE)

*AntePiano*  
Lirica Italiana Impresa Sociale srl - Verona

*Formazione e lavoro nel nuovo punto vendita a Tarquinia*  
Associazione Comunità Mondo Nuovo - Civitavecchia (RM)

*Re-made in Rione Sanità*  
Officina Dei Talenti Soc. Coop. Onlus - Naples

*Housing Sociale*  
Solleva Società Cooperativa Sociale Onlus - Brivio (LC)

*ZeroPerCento bottega solidale*  
Namastè Cooperativa sociale Onlus - Milan

*Per non lavarsene le mani*  
Cooperativa Sociale L'Arcobaleno scs onlus - Turin

*W El FARE Generativo*  
Luoghi Comuni Società Cooperativa Sociale Onlus - Bassano del Grappa (VI)

*21 grammi*  
Big Bang Società Cooperativa Sociale Onlus - Brescia

*L'orto dei ragazzi*  
Educare Coop - Turin

*Cambiare la Calabria*  
GOEL Società Cooperativa Sociale - Siderno (RC)

*Nuova Fabbrica Sociale*  
Consorzio Tassano Inserimenti lavorativi - Casarza Ligure (GE)

*Monscleda Daily Care*  
Cooperativa sociale Monscleda Onlus - Montecchia di Crosara (VR)

*La Bottega del Legno*

Contrada degli Artigiani Società Cooperativa - Como

*Scelgo la fattoria per sperimentare*

Caresà Società Cooperativa Sociale Agricola - Brugine (PD)

*Lavoro: una cura per l'anima*

L'Alvadur cooperativa sociale onlus - Ravenna

*La Trattoria del Volo*

Volando insieme società cooperativa sociale onlus - Casatenovo (LC)

*Tagliati su misura*

NADIA WORK Onlus - Cooperativa Sociale - Verona

*P'orto frutta*

Agricola Calafata - Società Cooperativa Agricola Sociale - Lucca

*Obiettivo lavoro*

Il Ponte Cooperativa Sociale a r.l. Onlus - Invorio (NO)

*Pastificio1908*

Cooperative sociale Ippogrifo - Sondrio

*Atelier del gusto*

Comunità Nuova Cooperativa Sociale - Milan

*Filiera agro-ittica di qualità*

Clarabella Società Cooperativa Sociale Agricola Onlus - Iseo (BS)

*Legami di Terra*

Consorzio Casalasco Servizi Sociali - Casalmaggiore (CR)

*Aiutare ad aiutarsi*

Società Cooperativa Sociale Arcugnano - Arcugnano (VI)

*Mani in Pasta - Gluten Free*

Madre Teresa Società Cooperativa Sociale - Reggio Emilia

*Slow Tile*

Made in Sipario - Florence

*Nouveaux pauvres*

*Nuovo Caseificio*

Accademia Nazionale delle Arti - Todi (PG)

*Casa Osmolowski*

Provincia Veneta di S. Antonio dell'Ordine dei Frati Minori - Venice

*Insieme si può*

Centro Vicentino di Solidarietà CeIS Onlus - Schio (VI)

*Riduco Riciclo Riuso*

Onlus Gulliver Associazione di Volontariato - Pesaro (PU)

*R.E.A.L. Scuole + R.I.A.*

Associazione Proposte di Welfare Innovativo - Prowin - Verona

*Modello Rebus*

ACLI Provinciali di Verona - Verona

## **Other projects**

### ***Social assistance***

*Telefono Arancione*

Associazione di promozione sociale San Giuseppe Imprenditore - Como

*Dementia Friendly Community 2017*

Associazione Alzheimer Verona - Verona

*Nuovi Mondi cognitivi digitali*

A.G.B.D. - Associazione Sindrome di Down - Verona

*Sostegno domiciliare ai malati di SLA*

Fondazione Speranza Onlus già UILDM Verona ONLUS - Verona

*Ricomincio da me*

CRS Cooperativa Roma Solidarietà - Rome

*Il Colle per la Famiglia*

Associazione "Colle per la Famiglia" - Opera Don Calabria - Verona

*Help4Rare*

Fondazione Europea per la DBA onlus - Verona

*Verso un'accoglienza emancipante*

N.A. Società cooperativa sociale Forlì (FC)

*Ampliamento delle attività del Club Itaca Parma*

Progetto Itaca Parma Onlus - Parma

*Apertura di un PAAV (Punto di accoglienza e aggregazione volontari) a Legnago*

Fondazione ANT Italia Onlus - Bologna

*Mosaico: "Cresco, dunque abito!"*

Associazione Italiana Persone Down Sez. Provinciale di Belluno Feltre (BL)

*Al Giordano*

Istituto Palazzolo in S. Chiara - Vicenza

*Lavoriamo per il futuro*  
Associazione Belluno Donna - Belluno

*Nuovi Volontari per attività rinnovate*  
Associazione Oncologica Italiana Mutilati della Voce Onlus - Verona

### ***Education and training***

*Portale web*  
F.I.S.M. Veneto - Venice

*Ponti di Pace a Mostar - biennio 2017-19*  
Collegio Mondo Unito dell'Adriatico onlus - Duino-Aurisina (TS)

*Borse di studio Università Campus Bio-Medico 2017*  
Università Campus Bio-Medico di Roma - Rome

*Formazione sulla DSC 2017*  
Fondazione Segni Nuovi - Verona

*Kidslaw / La Costituzione in classe*  
Associazione di Promozione Sociale - Quartiere Attivo - Verona

### ***Studies and Research***

*Sistema Telematico ECG*  
Sistema Nervoso Onlus - La Spezia

*Evento scientifico internazionale sulla diagnosi e la cura delle malattie epato-biliari (International scientific event on the diagnosis and treatment of hepato-biliary diseases)*  
UNIVR - Dipartimento di Scienze Chirurgiche, Odontostomatologiche e Materno Infantili - Verona

*Bio - Medical Humanities: un crocevia a servizio di idee umanizzanti*  
Università Campus Bio-Medico di Roma - Rome

*Progetto "Master in modalità MOOCS" (Massive Open Online Courses)*  
Associazione Culturale Sociale Archibaille - Verona

*Progetto BCI (Brain Computer Interface)*  
Cooperativa Sociale Aida Onlus - Modena

*Prevenire con gli ausili*  
Fondazione Together to go onlus - Milan

*Progetto europeo ragazzi con Sindrome di Williams*  
Associazione Italiana Sindrome di Williams - Rome

*Nuove tecniche di erogazione del trattamento radiante per pazienti con carcinoma della mammella (New techniques for the radiation treatment in breast cancer patients)*  
Azienda Ospedaliera Universitaria Integrata - Dip. Chirurgia Oncologia - Verona

*L'impatto psicologico della comunicazione nella mutazione genetica BRCA1 e BRCA2 (The*

*psychological impact of communication in BRCA1 and BRCA2 mutation)*

AOUI Verona - Dipartimento Psicologia clinica BT per Hub di Senologia - Verona

*L'impatto del rigetto cronico nel paziente trapiantato di fegato in età pediatrica (The impact of chronic rejection in paediatric liver-transplant patients)*

ASST Papa Giovanni XXIII Unità di Pediatria - Bergamo

*DAND - Dravet Associated Neuropsychiatric Disorders Scale*

Associazione italiana Sindrome di Dravet Onlus - Affi (VR)

*La contenzione nella relazione di cura del paziente anziano (Restraint in the care relationship with elderly patients)*

Dipartimento di Filosofia, Pedagogia, Sociologia e Psicologia applicata - Università Studi Padova - Padova

*Trattamento farmacologico e riabilitativo integrato per i malati di Parkinson (Integrated drug and rehabilitation treatment for Parkinson patients)*

Dip. Neuroscienze, Biomedicina e Movimento - Centro Ricerca Riabilitazione Neuromotoria e Cognitiva - Verona

*Ricerca sulla malattia di Huntington: valutazione di pazienti in fase pre-sintomatica (Research on the Huntington disease: assessment of patients in the pre-symptomatic phase)*

Fondazione LIRH onlus - Rome

*Medico-ricercatore dedicato per pazienti con immunodeficienze primitive (Physician-researcher for patients with primary immunodeficiency)*

Associazione per le Immunodeficienze Primitive Onlus - Brescia

### ***Cultural activities with high social value***

*Verona International Piano Competition 2017*

Associazione Musicale Liszt 2011 - Negrar (VR)

*Festival Biblico XIII edizione*

Centro Culturale San Paolo Onlus - Vicenza

*L'Arte racconta i quartieri - Edizione 2017*

Comune di Verona - Servizi Progettuali Culturali per i Quartieri - Verona

*La Grande Sfida 2017: "La forza della fragilità"*

Centro Sportivo Italiano - C.S.I. Comitato Provinciale di Verona - Verona

*Premio giornalistico nazionale Natale UCSI 2017*

Ucsi Verona Unione Cattolica Stampa Italiana - Verona

*Concorso internazionale di musica da camera "Salieri-Zinetti" & Festival 2017*

Associazione Culturale Gaetano Zinetti - Sanguinetto (VR)

*VII Festival della Dottrina sociale della Chiesa*

Circolo Noi Lievito - Verona

*IX Concorso Internazionale Giovani Musicisti Premio Antonio Salieri*  
Associazione Scuola d'Istrumenti ad Arco "Antonio Salieri" - Legnago VR

*Premio San Giuseppe Imprenditore*  
Associazione di promozione sociale San Giuseppe Imprenditore - Como

### ***Project follow-up***

MuMa Hostel  
Gea Ambiente e Turismo Soc. Coop. a.r.l. - Capoterra (CA)

Officina Sartoriale Scalabriniana  
Associazione Internazionale Scalabriniana Humilitas onlus - Rome

Cibo, integrazione e solidarietà  
ACLI Provinciali di Roma

Creazioni al fresco  
Associazione di Promozione Sociale "Sc'Art!" - Genoa

Sviluppo editoria cattolica  
Fede & Cultura Società Cooperativa - Verona

L'arte NON è un gioco  
Fucina Culturale Machiavelli - Verona

Starting-up a point of direct sale of agricultural products and a café  
Caresà Società Cooperativa sociale agricola - Brugine (PD)

ValFamily: un Sistema Famiglia Valtellina  
Cooperativa sociale Ippogrifo Onlus - Sondrio

R.Accolti  
Cooperativa Sociale Servizi e Accoglienza Il Samaritano onlus - Verona

Tre Punti di Accoglienza e Aggregazione per Volontari - PAAV ANT nel veronese  
Fondazione ANT Italia Onlus - Bologna

Centro smistamento indumenti usati  
Cooperativa Sociale Renovas - Bolzano

Social Press Point  
Comunità Nuova Cooperativa sociale - Milan

Verde speranza  
Fondazione Nuovo Villaggio del Fanciullo - Ravenna

Rifugio Sociale Erterle nel gruppo Lagorai  
Associazione Montagna Solidale - Trento

Reti di sicurezza

Associazione Genitori Piacenza 4

La Buona Terra

La Buona Terra - Società Cooperativa Agricola (Reggio Nell'Emilia)

In cammino

La Nuova Arca Società Cooperativa Sociale - Rome

La rete che ri-Genera

Monteverde Cooperativa Sociale di Solidarietà - Badia Calavena (VR)

Nuovo sviluppo per la “Stoffa dei Sogni”

Associazione Mine Vaganti - Verona

Laboratorio di Comunicazione Konò

Associazione Educare - Turin

Nessuno escluso 2016

ACLI Provinciali di Verona

Casa Mia - verso una vita autonoma e indipendente

Associazione Aladino Onlus - Terni

SIMBIorti

Cadore Società Cooperativa sociale - Valle di Cadore (BL)

Vivere alla Grande

CEPIM TORINO - Centro Persone Down

Pani e peschi

Filo di Arianna società cooperativa sociale onlus - Cinisello Balsamo (MI)

Laboratorio Tantemani

Cooperativa Sociale Patronato San Vincenzo - Bergamo

Coloriamoci

Ozanam Cooperativa Sociale di Solidarietà - Saronno (VA)



## Products for Members

A short description of the products for Members with the highest social value is provided below.



This solution offers full protection for homes, families and pets. Customers can choose among different protection areas according to their needs. In case of emergency, the service warranty provides a number of services, e.g. urgent repairs. Pets are also covered with civil liability guarantees, reimbursement of surgery expenses and other specific interventions. Members get a 30% discount on annual premiums.



This is the right solution to protect your own future, also in case of loss of self-sufficiency. Even with minimum payments, an economic coverage is guaranteed in the form of a monthly income from € 500 to 2,500, which helps to be independent. After having paid ten annual premiums, payments can be suspended without losing the right to assistance, proportionally to the premiums paid. Members get a 35% discount on the annual cost of the premium.



This life policy is designed to protect the Member's family in case of his/her death, while guaranteeing economic soundness. This is the perfect solution in case of heavy economic commitment or if you run your own business. The paid-up capital is not pledgeable or seizable, is not part of the estate, is not subject to inheritance tax and the corresponding paid-up premium enables tax deductions to be made.



This option is particularly interesting from a social point of view, as it allows parents, grandparents, relatives, friends or others to contribute to youngsters' and children's future goals with a limited disbursement. A "project-specific" fund can be created through a simple savings plan. A supplementary protection: in case a major impediment (e.g. disability or death) prevents customers from completing the savings plan, a safeguard mechanism is activated to secure the future of the young beneficiary. Members get a 50% discount on the annual premium.

**PROGETTO PENSIONE BIS**  
CATTOLICA&PREVIDENZA



It is an individual plan that makes it possible to accumulate a capital sum to be transformed, in whole or in part, into a future supplementary pension. The coverage of the social security gap is directly proportional to the rapidity in taking out the plan. Customers can choose amongst different options, according to their risk propensity level. Members do not need to pay a subscription fee, nor a percentage on contributions paid.





# METHODOLOGICAL NOTE

# GRI STANDARD TABLE

GRI Universal Standards  
GRI Topic-Specific Standards

# INDEPENDENT AUDITORS' REPORT

## METHODOLOGICAL NOTE

This Consolidated Non-Financial Statement (hereafter also “Sustainability Report”) has been drawn up so as to make fully understandable the activities of Cattolica Assicurazioni Group (also called “Cattolica Group” or “Cattolica”), its performance, its results and its impact as regards the relevant aspects required by Article 3 of Italian Legislative Decree 254/16, with reference to the financial year 2017 (from 1 January to 31 December).

As required by Article 5 of Italian Legislative Decree 254/16 this document constitute a stand-alone report marked with a specific caption to identify it as the consolidated non-financial statement required by the law.

In particular, its contents have been selected according to a structured materiality analysis, which allowed to identify the most relevant sustainability aspects for the Group and its stakeholders, as described in the paragraph “Materiality analysis: the matrix”. This analysis also included a comparison between the material aspects and the best practices in this field.

It is worth mentioning that, with respect to the business sector, no other significant polluting emissions into the atmosphere have been detected other than greenhouse gas emissions. Given the type of products and services offered, the geographic areas of operation, the category of employees and the type of supplies, Cattolica Assicurazioni Group did not consider relevant the risk of violation of human rights. Therefore, this topic has not been considered relevant to ensure the understanding of business activities.

This Sustainability Report has been drawn up in compliance with the “Global Reporting Initiative Sustainability Reporting Standards”, defined in 2016 by the Global Reporting Initiative (GRI), according to the “in accordance – Core” option. Where appropriate, the EC Guidelines 2017/C215/01 were taken also into account.

The scope of economic and financial figures and information is the same as in the Consolidated Financial Statement of Cattolica Assicurazioni Group as of 31 December 2017. The scope of social and environmental figures and information include all the Companies consolidated using the line-by-line method within the Consolidated Financial Statement of Cattolica Group<sup>32</sup>. In particular, the environmental data include the Group’s Business Offices in Verona, Rome and Milan, the Cattolica Center in Verona and the Ca’ Tron agricultural estate. The figures relating to minor offices (offices located in private buildings) are not included, as their environmental impact is not relevant.

As for the contributions and initiatives supporting the community described in the chapter “For the Common Good: Cattolica and the Community”, are included also data and information related to the Fondazione Cattolica. Despite being excluded from the consolidation scope of Cattolica Group’s Consolidated Financial Statement, the Foundation is an important tool for the Group to pursue its social strategies; its exclusion would prevent a complete and consistent illustration of the impacts generated.

In 2017, no significant variations in the Group’s organisational structure and size have been identified.

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<sup>32</sup> To consult the list of Companies consolidated using the line-by-line method, see Table 16 “Consolidation area” in Part A of the Explanatory Note of the Consolidated Financial Statements as of 31 December 2017 of Cattolica Assicurazioni Group, published in the section “Investor Relations” of the website [www.cattolica.it](http://www.cattolica.it).

In order to allow comparability of the data over time, a comparison with the data for 2016 has been included, where possible. In addition, to ensure the data are reliable, the use of estimates has been minimised and clearly marked within the document.

The Sustainability Report is published annually: this version is for FY 2017 and was approved by the Board of Directors of Società Cattolica di Assicurazione - Società Cooperativa on 20 March 2018.

The Sustainability Report is subject to a limited assurance engagement according to the criteria explained in principle ISAE 3000 Revised by Deloitte & Touche S.p.A. This assurance was carried out following the procedures explained in the “Independent Auditors’ Report”, included in this document.

All the Companies of the Group adopted an Organisational Model, in compliance with Italian Legislative Decree no. 231 of 8 June 2001 and the relevant Code of Conduct that all the Companies of the Group shall abide by. This Code defines the principles and rules of conduct that all employees and staff shall respect for the execution of their working activities. The compliance with the Code is an essential condition for the dissemination of the values of the Social Doctrine of the Church, at the base of Cattolica's principles.

The “Group Investment Policy” excludes recourse to direct investments in companies and institutions that do not comply with Cattolica’s values. In particular, no investment is made in companies dealing in weapons, drugs, tobacco, exploiting child labour or using polluting and dangerous equipment.

The centrality of customers is a key principle of Cattolica's strategy, which is committed to this direction not only through the offer of products and services that encourage responsible behaviour, but also through clear, simple and transparent communication.

The close connection with the territory and the community is particularly evident at Fondazione Cattolica Assicurazioni, which was founded with the aim of creating a tangible synergy between the Company and the civil society, where the attention to profitability and market challenges implies the integrated development of social awareness.

The Group will also develop and publish a Sustainability Policy at the basis of guidelines, rules and detailed procedures aiming at triggering a wide range of innovations in the economic, social and environmental field.

More specifically, a continuous improvement process will be implemented for all the sustainability aspects, in order to virtuously follow the best practices in the sector. A detailed plan is provided below.

### *Environmental aspects*

The Group deals with the main issues linked to the direct environmental impacts of the Group and, with a view to continuous improvement, commits to:

- adopting medium- and long-term guidelines and an environmental policy to reduce the direct impact generated in terms of use of energy resources from non-renewable sources and greenhouse gas emissions;
- extending the analysis of the main environmental risks generated from the Group’s activities, with special reference to the Ca’ Tron agricultural estate;
- extending the analysis of significant topics linked to the Ca’ Tron agricultural estate;
- implementing a structured process for collecting figures and information on Ca’ Tron agricultural estate’s environmental impact, in particular in terms of water consumption, which is currently estimated;

- adopting an environmental policy for Ca' Tron agricultural estate in order to gather into a single document: the analysis of the main risks generated or sustained, the impact reduction targets, policies to be implemented and due diligence actions.

#### *Employees-related aspects*

The Group has already developed several initiatives to enhance its human capital, in cooperation with the Company Great Place To Work®. Health and Safety risks have been assessed and managed according to the Organisational Model as defined by Italian Legislative Decree 231/2001.

The Group also commits to:

- adopting a policy on the diversity of corporate governance bodies;
- expand the analysis of the main health and safety risks generated or suffered by the Group's activities, particularly for the Ca' Tron agricultural estate;
- implementing a structured process for the collection of data and information about health and safety at Ca' Tron agricultural estate, involving also third-party contractors.

The development and implementation of the above-described projects will require approximately 12-18 months (completion within June 2019), in consideration of the operating characteristics of Cattolica Group.



## GRI STANDARD TABLE

### GRI Universal Standards

Indicator	Page	Information
<b>GRI 102: GENERAL DISCLOSURES (2016)</b>		
<b>Organisation profile</b>		
102-1	Page 43	Name of the Organisation
102-2	Pages 21-26	Activities, brands, products, and services
102-3	Page 43	Location of headquarters
102-4	Page 22	Location of operations
102-5	Pages 40-44	Ownership and legal form
102-6	Page 22	Markets served
102-7	Pages 21-26; 56-57	Scale of the organisation
102-8	Page 90	Information on employees and other workers
102-9	Pages 57-59	Supply chain
102-10	Page 150	Significant changes to the organisation and its supply chain
102-11	Pages 47-50	Precautionary Principle or approach
102-12	Page 50	External initiatives
102-13	Pages 59; 107	Membership of associations

Strategy		
102-14	Pages 11-13	Statement from senior decision-maker
102-15	Pages 47-50	Key impacts, risks, and opportunities
Ethics and integrity		
102-16	Page 27	Values, principles, standards and norms of behaviour
Governance		
102-18	Page 43	Governance structure
Stakeholder engagement		
102-40	Page 29	List of stakeholder groups
102-41	99.62% of employees is covered by collective bargaining agreements	Collective bargaining agreements
102-42	Page 29	Identifying and selecting stakeholders
102-43	Page 30	Approach to stakeholder engagement
102-44	Pages 31-32	Key topics and concerns raised
Reporting practice		
102-45	Page 24	Entities included in the consolidated financial statements
102-46	Pages 32; 150	Defining report content and topic Boundaries
102-47	Page 32	List of material topics
102-48	Pages 150; 104-108	Restatements of information
102-49	Page 31	Changes in reporting

102-50	Page 150	Reporting period
102-51	Page 150	Date of most recent report
102-52	Page 151	Reporting cycle
102-53	Page 136	Contact point for questions regarding the report
102-54	Page 150	Claims of reporting in accordance with the GRI Standards
102-55	Pages 153 - 161	GRI content index
102-56	Page 163 - 165	External assurance

### GRI Topic-Specific Standards

Indicator	Page	Omission	Information
<b>GRI 200: ECONOMIC SERIES (2016)</b>			
Economic performance			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 15; 20-21; 32; 77; 125-126		The management approach and its components
103-3	Pages 15; 20-21; 32; 77; 125-126		Evaluation of the management approach
<b>GRI-201: Economic performance (2016)</b>			
201-1	Pages 125-126		Direct economic value generated and distributed
Anti-corruption			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 50; 21-22; 150		The management approach and its components

103-3	Pages 43; 50; 21-22; 150		Evaluation of the management approach
<b>GRI-205: Anti-corruption (2016)</b>			
205-2	Page 43		Communication and training on anti-corruption policies and procedures
<b>Anti-competitive behaviour</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 20-22		The management approach and its components
103-3	Pages 20-22		Evaluation of the management approach
<b>GRI-206: Anti-competitive behaviour (2016)</b>			
206-1	In 2017 no legal action was taken against the Group with reference to anti-competitive behaviour and/or violations of monopoly practices and anti-trust regulations.		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
<b>GRI 300: ENVIRONMENTAL SERIES (2016)</b>			
<b>Energy</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 20; 27-28; 48-49; 102-105; 109-110; 150		The management approach and its components
103-3	Pages 20; 27-28; 48-49; 102-105; 109-110; 150		Evaluation of the management approach
<b>GRI-302: Energy (2016)</b>			
302-1	Pages 103-105		Energy consumption within the organization
302-3	Page 105		Energy intensity
<b>Emissions</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary

103-2	Pages 20; 28; 48-49; 102-107; 150		The management approach and its components
103-3	Pages 20; 28; 48-49; 102-107; 150		Evaluation of the management approach
<b>GRI-305: Emissions (2016)</b>			
305-1	Pages 106-107		Direct (Scope 1) GHG emissions
305-2	Pages 106-107		Energy indirect (Scope 2) GHG emissions
305-3	Pages 106-107		Other indirect (Scope 3) GHG emissions
<b>GRI 400: SOCIAL SERIES (2016)</b>			
<b>Employment</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 86-89		The management approach and its components
103-3	Pages 86-88; 90-92		Evaluation of the management approach
<b>GRI-401: Employment (2016)</b>			
401-1	Page 91-92		New employee hires and employee turnover
<b>Employment and industrial relations</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 88-90; 95-98		The management approach and its components
103-3	Pages 88-90; 95-98		Evaluation of the management approach
<b>GRI-402: Labour/Management Relations (2016)</b>			
402-1	Page 89		Minimum notice periods regarding operational changes
<b>Health and safety in the workplace</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary

103-2	Pages 49; 98; 150-152		The management approach and its components
103-3	Pages 49; 98; 150-152		Evaluation of the management approach
<b>GRI-403: Occupational Health and Safety (2016)</b>			
403-2	Page 98		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
<b>Training and education</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 87-89; 93-95		The management approach and its components
103-3	Pages 87-89; 93-95		Evaluation of the management approach
<b>GRI-404: Training and education (2016)</b>			
404-1	Page 95		Average hours of training per year per employee
<b>Diversity and equal opportunity</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 44-46; 90-92; 95		The management approach and its components
103-3	Pages 44-46; 90-92; 95		Evaluation of the management approach
<b>GRI-405: Diversity and equal opportunity (2016)</b>			
405-1	Pages 45-46; 90-92		Diversity of governance bodies and employees
<b>Marketing and labelling</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 20; 64; 77; 81-82		The management approach and its components
103-3	Pages 20; 64; 77; 81-82		Evaluation of the management approach
<b>GRI-417: Marketing and labelling (2016)</b>			

417-2	In 2017, no cases of non-compliance with regulations and/or voluntary codes were registered, with reference to information and communication practices for products and services.		Incidents of non-compliance concerning product and service information and labelling
417-3	In 2017, no cases of non-compliance with regulations and/or voluntary codes were registered, with reference to marketing communication practices, promotion and advertising.		Incidents of non-compliance concerning marketing communications
<b>Customer privacy</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 63-64; 93-94		The management approach and its components
103-3	Pages 63-64; 93-94		Evaluation of the management approach
<b>GRI-418: Customer privacy (2016)</b>			
418-1	In 2017, the Group did not receive any complaints concerning information leakage and breaches of customer privacy.		Substantiated complaints concerning breaches of customer privacy and losses of customer data
<b>Risk management</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 47-49; 150-152		The management approach and its components
103-3	Pages 47-49; 150-152		Evaluation of the management approach
<b>Corporate Governance</b>			
<b>GRI-103: Topic management (2016)</b>			

103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 21-24; 41-44		The management approach and its components
103-3	Pages 21-24; 41-44		Evaluation of the management approach
<b>Innovation and multi-channel systems</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 62-63; 65-66; 70-72		The management approach and its components
103-3	Pages 62-63; 65-66; 70-72		Evaluation of the management approach
<b>Principles of responsible investment</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 21-22; 28		The management approach and its components
103-3	Pages 21-22; 28		Evaluation of the management approach
<b>Products and services supporting sustainable and responsible behaviours</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 56-57; 59		The management approach and its components
103-3	Pages 56-57; 59		Evaluation of the management approach
<b>Customer Satisfaction</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 20; 56-59; 60-63		The management approach and its components
103-3	Pages 20; 56-59; 60-63		Evaluation of the management approach
<b>Excellent settlement of claims</b>			



<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 60-63		The management approach and its components
103-3	Pages 60-63		Evaluation of the management approach
<b>Management of agents and intermediaries</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 32-34; 50-51; 62-63		The management approach and its components
103-3	Pages 32-34; 50-51; 62-63		Evaluation of the management approach
<b>Indirect social impact</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 23; 77-82		The management approach and its components
103-3	Pages 23; 77-82		Evaluation of the management approach
<b>Climate change and natural disasters</b>			
<b>GRI-103: Topic management (2016)</b>			
103-1	Pages 31-34		Explanation of the material topic and its Boundary
103-2	Pages 16; 20; 48-49; 70-71; 102-103; 117-118		The management approach and its components
103-3	Pages 16; 20; 48-49; 70-71; 102-103; 117-118		Evaluation of the management approach



## **INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267**

**To the Board of Directors of  
Società Cattolica di Assicurazione – Società Cooperativa**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of the Cattolica Assicurazioni Group (the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, and approved by the Board of Directors on March 20<sup>th</sup>, 2018 (hereinafter the "NFS").

### **Responsibility of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

### **Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Cattolica Assicurazioni Group.
4. Understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Società Cattolica di Assicurazione – Società Cooperativa and with the employees of the subsidiaries Cattolica Immobiliare S.p.A., Cattolica Services S.c.p.a., TUA Assicurazioni S.p.A., Cattolica Beni Immobili S.r.l. and Cattolica Agricola S.a.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following company, Società Cattolica di Assicurazione – Società Cooperativa, which we selected based on its activity, its contribution to the performance indicators at the consolidated level and its location, we carried out site visits, during which we have met the management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Cattolica Assicurazioni Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

## Other Matter

With reference to the year ended December 31, 2016, the Cattolica Assicurazioni Group prepared a Sustainability Report, whose data were used for comparative purposes within the NFS. This Sustainability Report has not been examined in accordance with ISAE 3000 Revised.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Vittorio Frigerio**  
Partner

Milan, Italy  
April 4, 2018

**Mercurio GP**  
Creative concept  
Graphic design

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