

2018



CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ARTICLES 3 AND 4 OF ITALIAN LEGISLATIVE DECREE 254/16

SUSTAINABILITY REPORT

READY FOR LIFE



INTEGRITY



READY FOR LIFE

Grow up, renew yourself, evolve

Living means transforming oneself and the world with new ideas and projects and acquire a higher self-awareness.

The pictorial sign follows the evolution of Cattolica Insurance and the circular form unveils the shape of the angel, symbol par excellence of the Company, which protects life in all its moments.

Life itself is change and transformation, in a circularity that is completed and enriched over time: to be "ready for life" is to seize every day the richness of existence to realize one's nature, to face the challenges of the world without fear, being able to change while remaining true to one's more authentic essence and sticking to its values.

*Please note that the original Report is in Italian.
In case of doubt the Italian version prevails.*



CONSOLIDATED
FINANCIAL STATEMENTS

FOCUS ON
RESULTS

READY FOR LIFE

INTEGRITY

MERITOCRACY

COURAGE
TO DO AND
TO LEARN

COHESION

REPORT ON
REMUNERATION

REPORT ON
CORPORATE GOVERNANCE AND
THE OWNERSHIP STRUCTURES

ANNUAL REPORT AND
FINANCIAL STATEMENTS

2018 CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLES 3 AND 4 OF ITALIAN LEGISLATIVE DECREE 254/16

SUSTAINABILITY REPORT

Contents

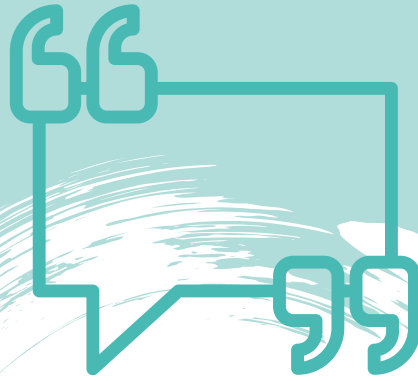
A JOURNEY GOING ON.....	10
(Re)thinking the future.....	10
Sustainability, our horizon.....	12
Towards a new business model.....	14
For an authentic CSR.....	15
VALUES IN ACTION.....	20
Tradition in a modern key	20
Personal ethical principles.....	22
The operational reference: the integrated design of CSR.....	22
Governance of the Group CSR.....	23
SDGs and CSR: a complex connection.....	25
For a CSR with impact: Cattolica and the SDGs	26
Ethics and business in Cattolica: a constant dialectic	28
The vocation to protect: the <i>Cattolica Group</i> and its business	29
Sustainability today and tomorrow: the 2018-2020 Business Plan.....	30
The Cattolica Group and its structure	31
The Companies of the non-life segment	33
The Companies of the life segment	33
The companies operating in both branches	34
Companies operating in reinsurance	34
The funds	34
Other Companies	34
A dialogue that grows: listening to the stakeholders	36
Cattolica’s stakeholder engagement	37
Materiality analysis: the matrix.....	39
Inform, listen, involve: communication as instrument of sustainability.....	42
A complete and transparent information: external communication.....	43
We communicate: internal communication.....	44
In network, the new aspect of the institutional site	44
Identity and image	45
The brand’s campaign	45
Sponsorships.....	46
A team sponsorship.....	46
The events	47

The CSR and Observatories Unit	47
Celebration Day, a day together	48
Our roots, our future: Members Tour and 2018 Agents Tour	48
A training course open to civil society: Cattolica Lecture Day	49
FOR A WIDESPREAD SUSTAINABILITY	52
A three centuries long path: the Cattolica Group from its origins to present	52
The heart of the business system: corporate governance	53
Simplification and efficiency in corporate governance: the one-tier system	55
The Board of Directors	56
The Board of Statutory Auditors	57
The Board's Internal Committees	58
The Executive Committee	58
The Other Internal Committees	58
The Internal Control System	58
The Organisational Model pursuant to Italian Legislative Decree 231/2001	59
Risk as competitive advantage: for a more effective risk management	61
Climate Change	62
Environmental Risks	62
Health and Safety Risks	63
Corruption-Related Risks	63
Risks linked to People	63
Risks related to Human Rights	64
Attention to equity: the remuneration policies	64
At the centre of corporate governance: the Members	65
Services to the Members and dedicated products	66
SUSTAINABLE INVESTMENT: ESG INVESTING	70
Introduction: what is sustainable investment and why is important	70
The United Nations Principles for Responsible Investment (PRI)	70
The most widespread approaches for socially responsible investments	71
The inspirational principles	71
The Group's integrated approach to sustainable investments and the implementation methods	72
Exclusions (Black List) and Monitoring (Watch List)	72
Holistic approach: ESG Rating/Score	72
Thematic approach	73
Environmental protection	74
PREVENT AND PROTECT: AT THE CUSTOMER'S SERVICE	78

Customer first: insurance products and services	78
Solutions and products offered in a social perspective	79
For those who need it: dedicated support	80
Social security solutions	81
An important segment: solutions for the world of volunteering	81
Solutions to protect savings	82
Solutions to protect the heritage from natural disasters	82
The evolution of the distribution model	83
The professional channels	83
Insurance in the bank: the development of the bancassurance channel	84
Agents and insurance partners	85
The development of skills and the training of the agent network.....	86
Distribution excellence and digital transformation	88
Enhancing the presence on the market: communication with the customers	88
Innovative communication: the digital channels.....	88
A transparent communication: the new website	89
A direct line with the customer: the agency websites	89
A better customer experience: the quality of the service	90
Speed and transparency: the liquidation of the claims.....	90
Recall CARD.....	91
Network Authorised Body shops	91
Video appraisal non-life branches	91
Complaint Management	92
The business of the future, now: <i>Cattolica</i> and innovation	93
Active Auto.....	93
New support services: the agreement with IMA.....	95
Attention to the elderly: the partnership with <i>CoopSelios</i>	95
IT and the value of sharing: the SMART model	96
Area of excellence: Religious and Non-Profit Entities BU [Business Unit]	97
The connection with the Church and the Third Sector	97
Protecting the parishes: Single CEI Policy against catastrophic events.....	98
Protection for volunteers.....	98
Training.....	98
The Religious Organisations and Third Sector Observatory	99
Close to the agricultural world: products dedicated to the Agri-Food Sector	100
Products for agriculture	101

Collaboration with Coldiretti	102
Agri-Food Observatory	102
THE COMMON GOOD: FUTURE TESTS	106
A way of being: the bond with the communities	106
Function in social life: the “Cattolica per la vita” fund	106
Membership in Il Quinto Ampliamento	107
The common good as mission: Fondazione Cattolica	107
How Fondazione operates	108
The Projects	108
The Tenders	108
The Micro-Disbursements	109
The disbursement activity in 2018	109
Well-being is contagious: the #Contagiamoci initiative	110
Grest Verona Tender 2018	111
Tender for state-recognised Catholic preschools in Verona	111
No thought without action, no action without thought: “Intraprendere nel sociale”	111
Progetto di Vita – Cattolica Per i Giovani	112
“Free to restart” from the Social Doctrine: The DSC Festival	113
“Imprenditori per il bene comune”, the Ethics Award	113
ALL GROWING UP, TOGETHER: CATTOLICA AND PEOPLE	118
For a successful project: the people at the centre	118
Work in progress: towards a “Great Place To Work”	118
Transparency and Flexibility: the Job Market	119
Express what you are: Talent Development	120
Rethinking equity: the WITH evaluation system	121
The use of time: balancing life - work	121
Welfare focused on people	122
Staying well and doing good: the “Well-being and Solidarity” project	123
A dynamic organisation: the <i>Cattolica</i> numbers	124
Training and education	127
Training plans by type	127
Training plans for the units	128
Training for digital transformation	128
Training on regulatory matters	129
Training outside the company	130
Training for the Board of Directors and the executives of the Group	131

Equal Opportunities Commission	132
The value of exchange: industrial relations.....	133
Protect and prevent: company health and safety	134
Accidents and absenteeism	136
TAKING CARE OF THE COMUNAL HOUSE: CATTOLICA AND THE ENVIRONMENT.....	140
Thinking of the future: in defence of the natural resources	140
Paper usage	141
Dematerialisation of processes and documentation	141
Energy usage.....	143
Direct and indirect emissions	145
Climate change: <i>Cattolica</i> and the Fondazione ENI Enrico Mattei	148
Water usage	148
The great green resource: Ca' Tron agricultural estate	150
The development of the company	151
In the forefront: the environmental policy of the Ca' Tron agricultural estate.....	153
Extending the field of innovation: H-Campus.....	154
CREATING VALUE OVER TIME: THE ECONOMIC RESULTS.....	160
The 2018 results	160
The rating	163
Economic value generated and distributed	164
The Cattolica fiscal duty: the “Total Tax Contribution” project	166
OUR “BOTTOM LINE”	172
2018 - What we have done	172
2019 - What we want to do.....	172
APPENDICES	176
CSR: Minimum Bibliography.....	176
Glossary.....	177
Acknowledgements.....	183
Methodological Note	186
GRI Standard Table	190
GRI Universal Standards.....	190
GRI Topic-Specific Standards	192
Independent Auditors' Report	201



*BAKED BREAD IS TASTY
AND SATISFYING FOR ONE DAY.
BUT FLOUR CANNOT BE SOWN
AND SEED-CORD
SHOULD NOT BE GROUND.*

Johann Wolfgang Goethe

A JOURNEY GOING ON

(Re)thinking the future	10
Sustainability, our horizon	12
Towards a new business model	14
For an authentic CSR	15

A JOURNEY GOING ON

(Re)thinking the future

In recent years, the concept of corporate social responsibility has been profoundly transformed and multiple interpretations have succeeded about the true meaning of the word “sustainability”. A new code of “knowing to be business” has also been established - which is especially valid for a company with our tradition – a necessary tool to harmonize with effective strategies, within a context in which the values of entrepreneurial organisations, required by law to report on their vision for the future, are affirmed and renewed.

The Sustainability Report which you are holding aims not only at representing the initiatives, the objectives and the targets achieved by Cattolica Assicurazioni in the realm of sustainability, but also at making our stakeholders truly active and involved partners, each one with their peculiar requirements and expertise, of a truly conscious business development adventure.

Capturing the *raison d'être* of a sustainable path, moreover, is nothing more than becoming embedded in the multiple changes of today's social-entrepreneurial organisation, by protecting a coefficient of future growth, no trace of which can be found in the profit and loss statement.

As Cattolica, we're aware that the best part of a company's operations is represented by the relations that it manages to trigger with the community of which it is part. Such a bond isn't just limited to the people who work every day in one of our offices or branches, but it also involves the ways the work of each colleague is perceived to the outside world and impacts it. This view, focused also outside of ourselves, translates into the desire to grow together with our territory of reference and to read and interpret its needs and opportunities.

In an age in which the entire social construction and the behaviours that ensue appear to be founded on the denial of a sound system of values, I believe that the most compelling project is to reaffirm and reinforce a scenario truly anchored to a set of principles, validated by our history and our tradition.

Our foundations are solid, our by-laws are rooted in the Social Doctrine of the Church and from this derives the centrality that we, from both an ethical duty and a firm conviction, attribute to the individual and its qualities. These two aspects, if enhanced, can effectively determine the success of a company.

The core question concerns the thorough understanding and internalizing our roots even more, by grasping in full the relevance and the natural complexity of maintaining a company project unique of its kind. We know that it is also the natural consequence of the good work performed over the years, of a strengthening of our Company achieved through courageous choices that turned out to be successful. It is also thanks to these choices that the Company, today, can think of deploying a more complex and structured strategy of sustainability, capable of generating positive effects on multiple fronts where economic, social and environmental topics find themselves living together in balance, offering greater advantages than if they were considered individually.

There are corporate projects that turn out to take a place in history, as they get in touch with currents and tensions the circulate beyond any legal obligation, since they are more connected to a

deeper way of being and understanding the world than to formal and legal obligations. They are disruptive examples that change the current balance, striving to affirm a new one. We can say with pride that we have chosen this path.

We are a cooperative company: social responsibility is inherent in our corporate model. This is what distinguishes us in the market. With our Fondazione, which I have the honour of chairing, we have undertaken a mutual challenge: the Fondazione follows its projects with entrepreneurial attitude while the Company feels the duty to manage its business with social responsibility. This is the secret of our being an enterprise.

Paolo Bedoni

Chairman

Sustainability, our horizon

By launching the 2018-2020 Business Plan, the Cattolica Group has gone to the heart of one of the most important transformations of its long history. We are rapidly evolving from a traditional business, founded on classic insurance solutions for a relatively homogeneous clientele, to a modern data-centric company offering a rich, customized range of solutions, addressed to a broad and mixed client target, a strategy requiring transparency, speed and a thorough customer care.

We took on with faith the challenge of increasingly dynamic markets, in which national and international competitors operate, fortified by our more authentic values and the inner cohesion on achieving common objectives.

Cattolica' founders had the deep conviction that lasting success of the cooperative had to reside in the strength and vitality of the bond with the territory and communities served. After over a century, we not only believe even more deeply in that essential symbiosis, but we have expanded our horizons to embrace the philosophy of sustainability in the broadest sense.

As Cattolica, we believe in courageous choices and in a transparent and loyal relationship with our stakeholders. Our long-term vision focuses on the innovation of products and solutions, at the same pace with the evolution of the corporate culture yet remaining faithful to our more genuine identity.

Thanks also to the definition of an ambitious but feasible sustainability strategy, we are trying to perform - wherever an opportunity arises - actions capable of creating positive effects and triggering further projects to the benefit of the Company.

We explore new opportunities without losing sight of the deep roots which make us different and recognisable in the eyes of those who have already chosen us and the ones who get in touch with our organisation.

We are aware that the quest for an increasing transparency of business is now a principle felt both in the economic community and, to an even greater extent, within civil society.

The expectations towards corporations are rising, and such a trend is even more relevant for the financial services industry, which can and must be in the forefront of supporting the changes of the economic, social and environmental world scenario.

We feel intensely the need to enhance our positive impact on the stakeholders of reference and to effectively communicate the results that we achieve.

We started last year by applying the new rules provided by the European Directive of Non-Financial Information and we have captured their implications to start the set-up of an adequate governance of the CSR Department. This Consolidated non-financial statement, the second to meet the new legislative requirements, expands and improves the previous work and aims to represent in detail the initiatives, goals and progress achieved as far as sustainability is concerned.

Last year I emphasized the importance of a long-term vision. I want to stress once again this idea, a central landmark of my entrepreneurial view: only a perspective that goes beyond the short term validates and makes the pursuit of significant goals possible, avoiding compromise solutions and façade commitments.

The increasing focus that the Group places on sustainability is also proven by the fact that, for the first time, a part of the variable remuneration of some top managers - including the Managing Director - is directly linked to the achievement of objectives focused on the corporate social responsibility.

My hope is that we achieve what a well-known scholar recommended, when he stated that “the CSR should not be conceived as one way to run a business among any other, but as the premise and the institutional frame within which to run a business”.

I believe that the acquisition of this mindset and this attitude is the ultimate goal which we must focus on with commitment and conviction.

Alberto Minali

Managing Director

Towards a new business model

A growing number of corporations are working on integrating sustainability in every phase of the production process and at every decision-making level.

Starting to measure the impact caused to the stakeholders under the lens of corporate social responsibility is the necessary premise, even though a not sufficient one, for a long-term approach that can combine economic efficiency and social sensibility.

A sustainable business model is an increasingly decisive factor, both in terms of differentiation within comparable organizations and the development of new competitive advantages or the defence of existing ones.

Starting last year, Cattolica decided to undertake this evolutionary path, aware of the complexity of the goal yet committed to pursue it. The sustainability strategy must aspire to a real integration with the business model: a missed or just partial integration makes non-financial reporting barely effective and significant and the sustainability policies not very substantial.

There are still relatively few companies capable of embedding the philosophy of sustainability at every organisational level and along the whole value chain, to achieve a concrete effectiveness, which goes beyond the critical threshold of significance.

One of the objectives which we focus on most is making Cattolica a company able of having a positive impact on all the stakeholders, by contributing to their well-being thanks to an integrated business model.

It is neither a vague social and environmental sensitivity nor a form of old-style philanthropy: we want to work to the best of our abilities on all the drivers available. The understanding of these impacts can in turn reinforce our sustainability model for the coming years.

We are moving fast from a sustainability in real time to a design with a wider breath, which aspires to anticipate strategies and goals thanks to an increasing focus on the requests - old and new - which we are asked. The best companies have defined targets, they reflect on the best ways to understand and enhance their strengths and know how to identify the solutions to deploy at best policies and operating choices to the benefit of the stakeholders. We strive to be one of these companies and we are working hard in this direction.

Emanuela Vecchiet

Head of Communication and Institutional Relations

For an authentic CSR

Last year, as part of the first Consolidated Non-Financial Statement of the Cattolica Group, we defined sustainability as “necessary choice”, an expression which may appear a sort of oxymoron, but which reflects in fact the pressing requirements set by a modern trend in which such a topic is increasingly central and unavoidable.

In recent times an idea has established, also in the common sense, while not long ago it was confined to a small group of scholars and “enlightened souls”: humanity cannot think of continuing for long according to current development trends, without facing economic, social and environmental problems which - due to their size and interconnections - risk crossing a point of no return, which might make them no longer solvable.

We deal with the assumption of a widespread responsibility that involves, at different rates, individuals, social and economic players - public and private - and national states.

Companies are at the centre of this scenario in a two-fold role: both sources of the problem and potential bearers of solutions, through the spread of alternative practices and strategies and the promotion of new cultural models that have sustainability at the core of the reflection.

Sustainability is a complex concept which is often not shared between cultures, partly also for historic and linguistic reasons. In addition, it requires a deep effort of cultural processing, which proceeds slowly and is hindered by obstacles.

The birth of the term in its modern meaning, which appeared between the XVIII and XIX century in the German culture, fully expresses the most genuine essence of that philosophy. The word *Nachhaltigkeit*, with which the idea of sustainability got started in the lexicon of modernity, refers with great precision to the idea of “keep for later” or, if you prefer, “conserve for the future”; a concept which the terms “sustainability” and “*sostenibilità*” express with less clarity or, at least, with less immediacy.

In this sense, the iconic Brundtland¹ Report, on the subject of a “development that satisfies present needs without compromising the ability of future generations to satisfy their own”, remains faithful to the original concept of sustainability.

We have a strong conviction that sustainability – well beyond the ethical assumptions that it implies – is, primarily, creation and transmission of knowledge and culture. It’s a kind of knowledge that proceeds by accumulation and which, in addition to the well-known immediate purposes (protection of the environment, equity and social development, economic well-being) pursues one of greater breadth: the transfer to future generations of a new cultural vision, unprecedented practical principles and new business models, capable of transforming the very idea of human presence in the world.

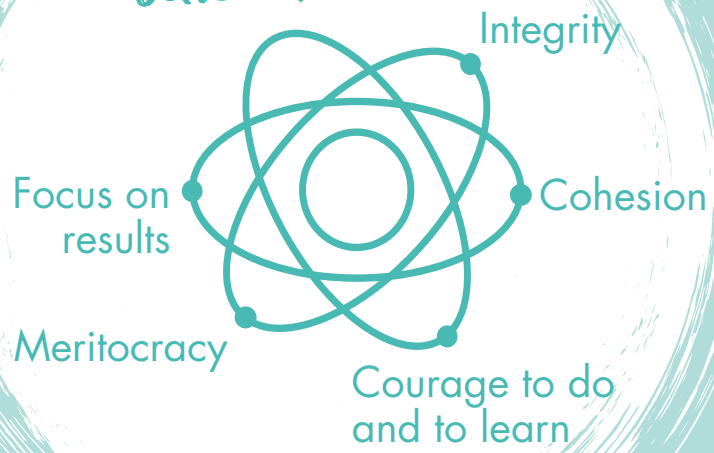
¹ The Brundtland Report (known also with the original title “Our Common Future”) is a document published in 1987 by the World Commission on the Environment and Development (WCED) in which, for the first time, the concept of “sustainable development” was introduced.

And this is the spirit that animates the daily operations and initiatives of Cattolica, a company active on the market, part of a social and territorial fabric, but also a community of individuals who cooperate for shared objectives.

The support to a project fostered by ANIA, dedicated to the comparative analysis of the Non-financial statements published by the national insurance companies, fits into this perspective. It is a three-year initiative, which promotes the interaction and comparison among the subjects involved, to raise the awareness of the companies on sustainability and contribute to the development of shared practices, also for the benefit of those who are not yet obligated to report on this matter.

The corporate sustainability and responsibility choices we developed during this first year of operations of the CSR Department are inspired by that original and, in our opinion, most authentic meaning of sustainability: a long-term forward-thinking is its golden rule.

OUR VALUES



VALUES IN ACTION

Tradition in a modern key	20
The operational reference: the integrated design of CSR	22
Governance of the Group CSR	23
SDGs and CSR: a complex connection	25
Ethics and business in Cattolica: a constant dialectic	28
The vocation to protect: the Cattolica Group and its business	29
Sustainability today and tomorrow: the 2018-2020 Business Plan	30
The Cattolica Group and its structure	31
A dialogue that grows: listening to the stakeholders	36
Cattolica's stakeholder engagement	37
Materiality analysis: the matrix	39
Inform, listen, involve: communication as instrument of sustainability	42

VALUES IN ACTION

Tradition in a modern key

The values of a company count. The theory states this, but the practice shows it beyond any doubt. Every successful business has distilled and codified over time a set of corporate principles and values, capable of developing and preserving the internal cohesion and focus the thinking and behaviours of the people, in order to facilitate the simultaneous achievement of the company's goals as well as the individual ones.

The corporate values represent the essence of a company's identity and are powerful tools for internalizing the ultimate goals, the targets and the operational choices, at the same time defining "how" an organisation should function on a daily basis.

Cattolica boasts a long tradition in terms of corporate principles, dating back to its founding at the end of the XIX century. While not made explicit and formalised, the original founding values of the Company are inspired by the principles defined by the Social Doctrine of the Church (SDC), and have permeated the corporate culture of the Company:

- Unity, uniqueness, freedom and dignity of the person
- Orientation on the common good and collective responsibility
- Importance of subsidiarity and solidarity
- Importance of participation and cooperation
- Centrality attributed to the dignity of work and the right to work
- View of the natural environment as collective asset to be safeguarded

Cattolica has always pursued the idea that values are living organisms, ideal points of reference and principles to be achieved in daily practice, without being afraid to update them and adapt them to the changed conditions of the context and the emerging trends.

The new management has initiated an important time of reflection on the corporate values, a structured and inclusive project, aimed at outlining a set of principles suitable for integrating the founding values, to take into account the new organisational and market context, and to serve as guiding elements propelling towards change.

To support the new vision connected to the deployment of the Business Plan model, a new organisational culture and promote processes of renewal and relaunching, a selection path of values was defined, that would be expression of comparison and review, involving the employees, the management and the Board of Directors. It has been a broad, widespread work which, thanks to the involvement of the internal stakeholders, has produced a genuine and shared result.

The outcome of that commitment led to the identification of the five values of the *Cattolica Group*, a true "identity card" of the company: five points of reference, unique and distinctive, to be achieved in everyday life.

Integrity

It is the most “ethical” and personal value of the five, the one that involves a moral internal pressure, yet with immediately practical implications. It means maintaining a strong coherence between daily life and the values stated, exercising honesty towards oneself as precondition of the correctness in relations with others.

Cohesion

It is a value that expresses the strength and unity of intention of the group, the strong sense of belonging to a successful team and the ability to develop effective ways of cooperation among the individuals, in view of achieving a common goal. It also expresses the desire to share experiences of mutual enrichment, in a dialectic which overcomes organisational and functional boundaries.

Courage to do and to learn

It expresses the intellectual and professional curiosity, directed at the constant search for innovation and supported by the inclination to explore new ideas and solutions, without being afraid to make mistakes or expose oneself. It is a kind of courage which implies a sense of responsibility and “accountability” towards the solution proposed, which dares to take new paths and has the energy and faith to transform even the mistake in a moment of learning.

Meritocracy

Affirms the worth and its recognition as criterion and promotes the capacity to grasp it, evaluate it and enhance it: meritocracy sets itself as guarantee of a fair process in rewarding the result, stimulating the commitment and quality of serious effort. Its natural corollary is the respect for the work of the people, at every organisational level.

Focus on the result

It represents the most pragmatic value, which is based on a proactive commitment to always achieve the best results possible, with an aptitude on the quality of the work and the pressure to advance. It promotes the organisation of the work by objectives, the ability to listen to the needs of the customer (internal and external) and the willingness to ensure a high-quality service.

These are values that fully represent the uniqueness of *Cattolica* and that differentiate it within its own market of reference. They are principles suitable for promoting the involvement of the people and capable of guiding behaviour. They communicate what is considered important and help to choose the most suitable conduct, inspiring towards action and reinforcing the corporate culture. It is a fusion of ancient and modern values in which *Cattolica* recognises itself and is recognised externally.

These principles were communicated and “explained” to the employees during the *Cattolica* Celebration Day, held in Rome in November, also thanks to a form which was able to combine entertainment and reflection, through a narrative in which music, images and drama alternated, giving life to an immersive experience, in which the new corporate values were fully expressed.

The core message of the evening was that the values must be acted upon and take the form of concrete actions in order to be genuine and credible.

Personal ethical principles

There is a strong conviction in Cattolica that the ethical dimension is firstly an individual and personal quality, of which the corporate culture is the interpretation and extension. The corporate values already listed are part of that dynamics, established as main points of reference within the life of the company, to reinforce and make more coherent those virtuous behaviours which are functional to the success of the organisation.

A Code of Conduct is also provided for the Group companies: it outlines the principles and rules of conduct that the employees and consultants must follow when carrying out their work.

The operational reference: the integrated design of CSR

In parallel and in support of the corporate values, *Cattolica* has developed an idea of Corporate Social Responsibility that it defines as “integrated”, to be understood not as a later conceptually and temporally superstructure relative to the vision and entrepreneurial formula, but as essential and systemic part of it.

It's a formula with a prominent pragmatic quality, that moves from the guidelines characterizing the long-term orientation of the Group and interprets them in the present day, to the extent that the initiatives anticipated by the 2018-2010 Business Plan become part of it and are fully expressed in it:

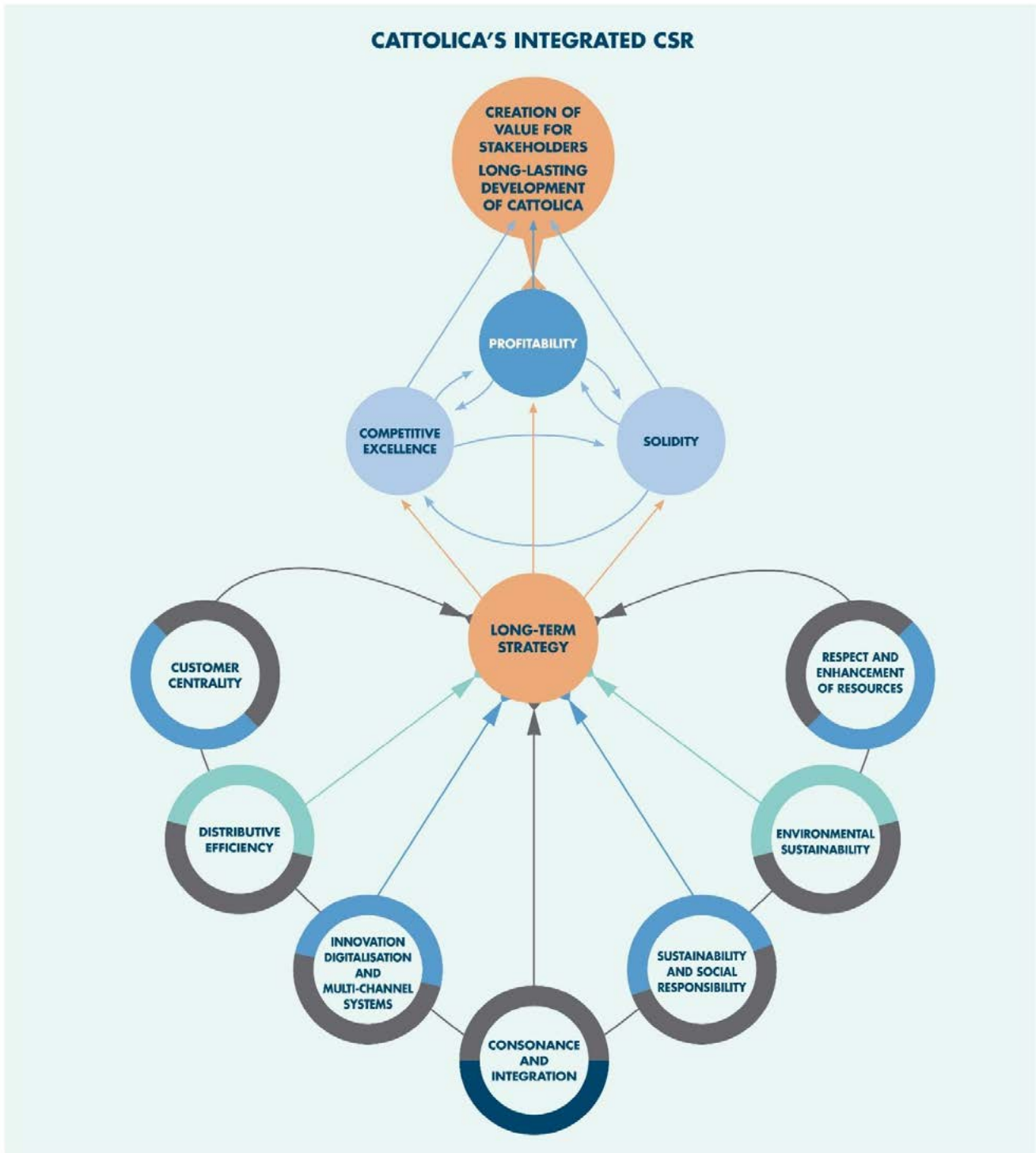
- the principle of being customer-oriented
- the lever of distribution efficiency
- the emphasis on innovation, digitalisation and multi-channel systems
- the ethics of social responsibility
- the importance of environmental sustainability
- the respect and enhancement of resources

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 goal of sustaining the value creation for the stakeholder and the long-lasting development of *Cattolica*.

An outline of this principle is offered again in the following diagram.



Governance of the Group CSR

A little more than a year from the establishment of the CSR and Observatories Unit, reporting directly to the Communication and Institutional Relationships Department, the governance of the Group CSR has developed rapidly, through the establishment of internal bodies, involved in different ways in the decision-making and operational processes, with a special focus on combining the peculiar requirements of the Company and the efficiency of the organisational model, also by drawing inspiration from certain successful best practices.

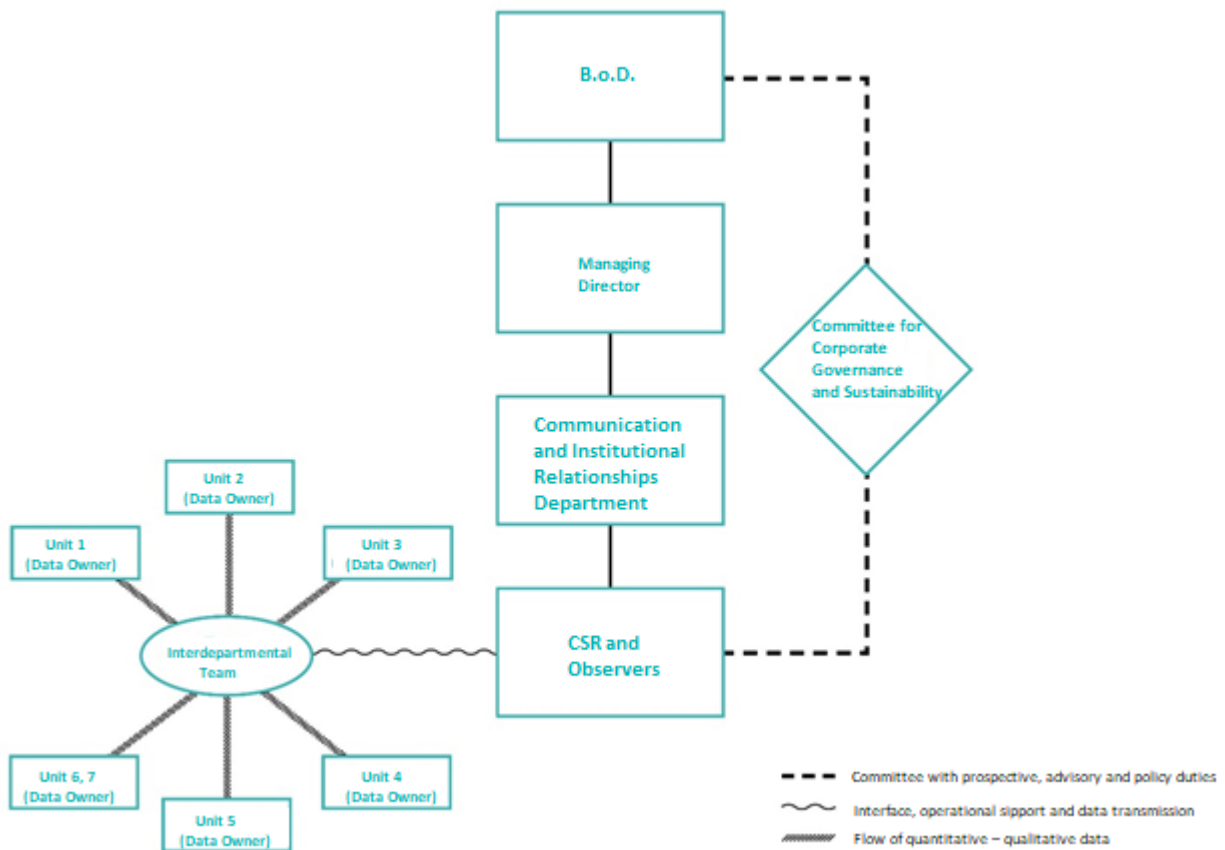
In this context, a special care has been placed on the development of a culture of widespread sustainability within the company and embedded in the acts of the key roles of corporate governance.

The current structure of the governance of the Group CSR, shown in the diagram below, is divided very briefly around some main players:

Communication and Institutional Relationships Department: performs the role of overall management and coordination - through the CSR and Observatories Unit - of the Group CSR activities, with the preparation and drafting work of the DNF (Non-Financial Statement) is a central task. It promotes a corporate culture focused on sustainability, encourages the adoption of best practices and pursues a path of constant improvement.

CSR inter-functional team: under the leadership of the CSR and Observatories Unit, it connects the Department and the individual subjects responsible for data and information (data owner), who are part of the corporate units involved, ensuring the prompt and efficient transmission of the qualitative and quantitative data necessary for the preparation of the DNF. Established in 2018, it is one of the first steps towards a shared and widespread governance of the CSR.

Committee for Corporate Governance and Sustainability: it is the internal Board committee in charge - inter alia - of the responsibility on sustainability. It has proactive, advisory and guidance functions regarding the strategy, the policies and the activities of the Group's Corporate Social Responsibility. The Committee assumed this role in late 2018, as a proof of the new sensitivity of the corporate governance bodies regarding the sustainability subjects.



Board of Directors: the body approves the Non-Financial Statement, by the same deadlines anticipated for the presentation of the financial statements and makes the document available to the Independent Auditor and the Board of Statutory Auditors. As supreme body of corporate governance, the Board is also responsible for approving the CSR documents and initiatives which fall within its decision-making scope (for example, the Sustainability Policy).

Managing Director: he is responsible for reviewing the DNF before sharing it with the Committee for Corporate Governance and Sustainability and is a constant point of reference for the activities of the Unit, which regularly updates him on the ongoing and scheduled initiatives.

SDGs and CSR: a complex connection

The 17 Sustainable Development Goals or SDGs defined by the United Nations and their 169 specific and operational targets represent the universally recognised standard in which the vision of a sustainable development is articulated, which should be fully achieved by 2030.

The SDGs explicitly underline the interrelations between the large environmental, economic and social themes that mankind must face and emphasise the need for a coordinated and integrated response by the social players involved, whether nations, companies or individuals.

They are so important from the CSR point of view, because for the first time the private sector - including the large multinational companies - was called to share and plan an agenda for sustainable development, a prerogative historically reserved for the players of the public and civil society sector.

The advantage of referring to the SDGs is three-fold:

- they are universally shared and recognised subjects, expressed in practical, measurable and immediately understandable objectives even by the companies;
- they make available a common set of goals around which different stakeholders can find a shared ground for comparison and cooperation;
- they are principles that represent and incorporate the integrated and systemic nature of the current concept of sustainable development, thereby allowing a mapping of the CSR activities and - through specific targets - the identification of the areas of improvement and the critical issues to be addressed.



The SDGs are perceived by the most far-sighted companies as an opportunity to measure the progress in terms of innovation, efficiency and sustainability, as points of reference for the definition of win-win type solutions, in which the corporations, the environment and the society itself draw mutual benefits.

It is the main reason why the Commission for Sustainable Development of the United Nations recommends companies to:

- incorporate the SDGs in their sustainability path and report in the DNF every contribution to their achievement;
- harmonise the SDGs with the corporate values, the system of governance and the corporate strategy.

Cattolica recognises in the SDGs a “common language” of the CSR and considers them a valuable map for focusing the efforts and to permit a correct organisation of the sustainability guidelines, with a real long-term orientation. For the first time it includes them in the Sustainability Report, deciding to concentrate on the SDGs that are perceived as significant, given the nature, the features, the type of business and the present and future lines of intervention of the Company.






For a CSR with impact: Cattolica and the SDGs








Cattolica choose to concentrate its efforts and dedicate resources in the areas where a positive impact can be achieved, in line with the direction outlined by the corporate strategy and with a strong focus on the guidelines expressed in the Business Plan.

For this reason, the Company decided to identify a given number of SDGs, to be taken as reference to measure the commitment towards sustainability.

The main source leading the choice were the outcomes of the materiality analysis described later, so that the significant *topics* were used as criterion of correlation with the SDGs selected.

An explanation of all the SDGs which were identified in 2018 as priorities and viable through the initiatives of the Group is shown in the following table.

Macro-subject	Material subjects	Policy Implemented	SDGs	DNF Reference
Governance and Responsible Conduct	<ul style="list-style-type: none"> Corporate Governance Business ethics and transparency Risk management 	<ul style="list-style-type: none"> One-tier system adoption Stakeholder Engagement Code of Conduct Corporate values 		FOR WIDESPREAD SUSTAINABILITY
Economic Responsibility	<ul style="list-style-type: none"> Economic performance and financial solidity 	<ul style="list-style-type: none"> Economic value generated and distributed Total Tax Contribution 		CREATING VALUE TO BE SUSTAINABLE: THE ECONOMIC RESULTS
Product Responsibility Responsibility to the customers	<ul style="list-style-type: none"> Customer satisfaction Innovation and multi-channel systems Product transparency and linearity Products and services supporting sustainable and responsible behaviours Marketing and brand image Principles of responsible investment Management of agents and intermediaries Data security Excellence in accident management 	<ul style="list-style-type: none"> Innovative Products and Services Products with particular social value Areas of excellence ESG Investing CSR activities and initiatives Diversification and specialty lines Complaints management 	  	PREVENT AND PROTECT: AT THE CUSTOMER'S SERVICE THE GREAT GREEN RESOURCE: CA' TRON VALUES IN ACTION

<p>Responsibility towards people</p>	<ul style="list-style-type: none"> • Training and management of employees • Work-life balance • Diversity • Health and safety of the workers 	<ul style="list-style-type: none"> • GPTW • WITH • Smart working • Corporate welfare • Training activity • Prevention and safety activity • Job Market • Industrial relations 	  	<p>ALL TOGETHER: <i>CATTOLICA</i> AND PEOPLE GROWING,</p>
<p>Social Responsibility</p>	<ul style="list-style-type: none"> • Indirect social impact 	<ul style="list-style-type: none"> • Activities and initiatives in the territory • Undertake in the social environment • Il Quinto Ampliamento Membership 	 	<p>THE COMMON GOOD: FUTURE TESTS</p>
<p>Environmental Responsibility</p>	<ul style="list-style-type: none"> • Climate change and natural disasters • Energy consumption and emissions • Risk management • Principles of responsible investment 	<ul style="list-style-type: none"> • ESG Investing • Cooperation with FEEM • Catastrophic insurance policies • Risks in agriculture policies • Renewable energies fund • Ca' Tron Environmental policy • Energy savings initiatives 	 	<p>TAKING CARE OF THE COMUNAL HOUSE: <i>CATTOLICA</i> AND THE ENVIRONMENT</p> <p>SUSTAINABLE INVESTMENT: ESG INVESTING</p> <p>THE GREAT GREEN RESOURCE: CA' TRON</p>

The initiatives carried out by Cattolica, which best express these SDGs and their underlying targets, are highlighted in this DNF with dedicated infographics.

Ethics and business in Cattolica: a constant dialectic

Since its foundation the reference to the ethical dimension of the business activity has been pivotal to Cattolica's entrepreneurial vision and in its idea of the relationship with the economic system and the social interlocutors; from this vision stems the significance attributed to a transparent, responsible and ethically attentive behaviour at every level of the organisation and in every corporate decision.

The company developed with sound ethical guidelines linked to the day-by-day activity, due to management choices directed at the pursuit of credible and viable purposes, along with the awareness that corporate values are not formal rules or static principles imposed from above.

The values that shape the company are instead living and dynamic ideals that evolve, transform and can lapse, lose significance, even dissolve and disappear if they become no longer authentic.

Therefore, corporate ethics cannot be reduced to sheer respect for formal rules but must be experienced and internalized until it becomes a founding principle which precedes the respect, albeit important, for laws and regulations.

Cattolica is trying to be faithful to a business ethic also through the vision of sustainability which enhance all the internal and external components that get in touch with the organisation.

It is a relational and inclusive model, which aspires to the common good and entrepreneurial excellence.

The vocation to protect: the *Cattolica Group* and its business

To be a leading company in the development and sale of innovative products and solutions to protect people, families and businesses and increase their confidence in a more serene future: this is the institutional purpose of the Cattolica Group.

The Company is one of the main players in the Italian insurance market, with a total collection of premiums of almost € 5.8 billion at the end of 2018 (2017: approx. € 5 billion). In 2018 almost 3.6 million customers chose our insurance solutions and the products distributed by Cattolica and the other Companies of the Group. Maximum attention to the customer and the quality of the offer remain the essential fulcrum of the Cattolica business model, an invariable reference of its approach to the market.

The Company adopts a multi-channel and multi-product competitive model, flexible and dynamic, which combines and harmonizes strategies of innovation and consolidation activities and strives to incorporate and possibly anticipate the dynamics of the relevant markets, with a dedicated focus to the new lifestyles and the emerging social and demographic trends, attempting to intercept an increasingly evolved demand for services and the establishment of new distribution channels.

Individuals and families, enterprises, players of the food and agriculture sector, religious and non-profit organisations are historically *Cattolica's* core business which, together with the traditional insurance services, such as life and non-life business, complement innovative products and solutions to protect and mitigate risks, with a dynamic entrepreneurial formula that makes it possible to keep the Cattolica business model unique, recognizable and effective.

Sustainability today and tomorrow: the 2018-2020 Business Plan

The new 2018-2020 Business Plan, disclosed to the market at the beginning of 2018 is fully ongoing. The Plan is based on a long-term vision but breaks it down into the short and medium term by focusing on a set of targets to be achieved in the current three-year period, starting from a challenging entrepreneurial project centred on the concepts of profitable growth and creation of lasting value.

It is worth remembering the most important quantitative objectives set for 2020:

- operating profit in the range of € 375-400 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 € 7.6-8 billion, of which premiums from non-life policies between € 2.4-2.6 billion and premiums from life policies between € 5.2-5.4 billion.

The main actions carried out in 2018 - which continue and expand what was implemented during the second half of 2017 - referred to the guidelines of the Cattolica strategy, aimed at the development of a new competitive and sustainable business model:

- the internal reorganisation plans continued, with the further renewal of the management team and the enhancement of the talents and resources already present;
- the agreement with Banco BPM for the distribution of insurance products became fully operative, thereby strengthening considerably the distribution capacity of the Group;
- the distribution of the first connected and distinctive products started with Active Auto, which make it possible to use the electronic, Internet of Things and smartphone-based technologies;
- *CattRe*, the NewCo of the Group dedicated to the specialty lines, was established and launched with the objective of generating € 100 million in premiums in 2020;
- the cultural transformation continued towards a more integrated, reactive and motivated organisation also thanks to the formalisation of a set of corporate values, after a debate which involved most of the company resources;
- the new Articles of Association were approved which incorporate the proposed reform of the corporate governance with the adoption - starting in 2019 - of the one-tier model of administration and control.

Cattolica continues its commitment to achieve the other qualifying steps of the Plan, which is based on some well-defined targets:

- strengthening and developing the fund-raising, diversifying the business lines and channels, also thanks to the implementation of inorganic actions;
- making the agency network more sustainable and efficient, with an increase in the average size and profitability;
- 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 linked* products and the growth of non-motor Non-Life insurance;
- expanding the agricultural and foodstuffs offer and the extension of the offer for Religious Organisations and the Third sector;

The Cattolica Group and its structure

The Cattolica Group's activities are divided into three business segments: Non-life, Life and Other conducted by legal entities both operational and instrumental to the insurance business.

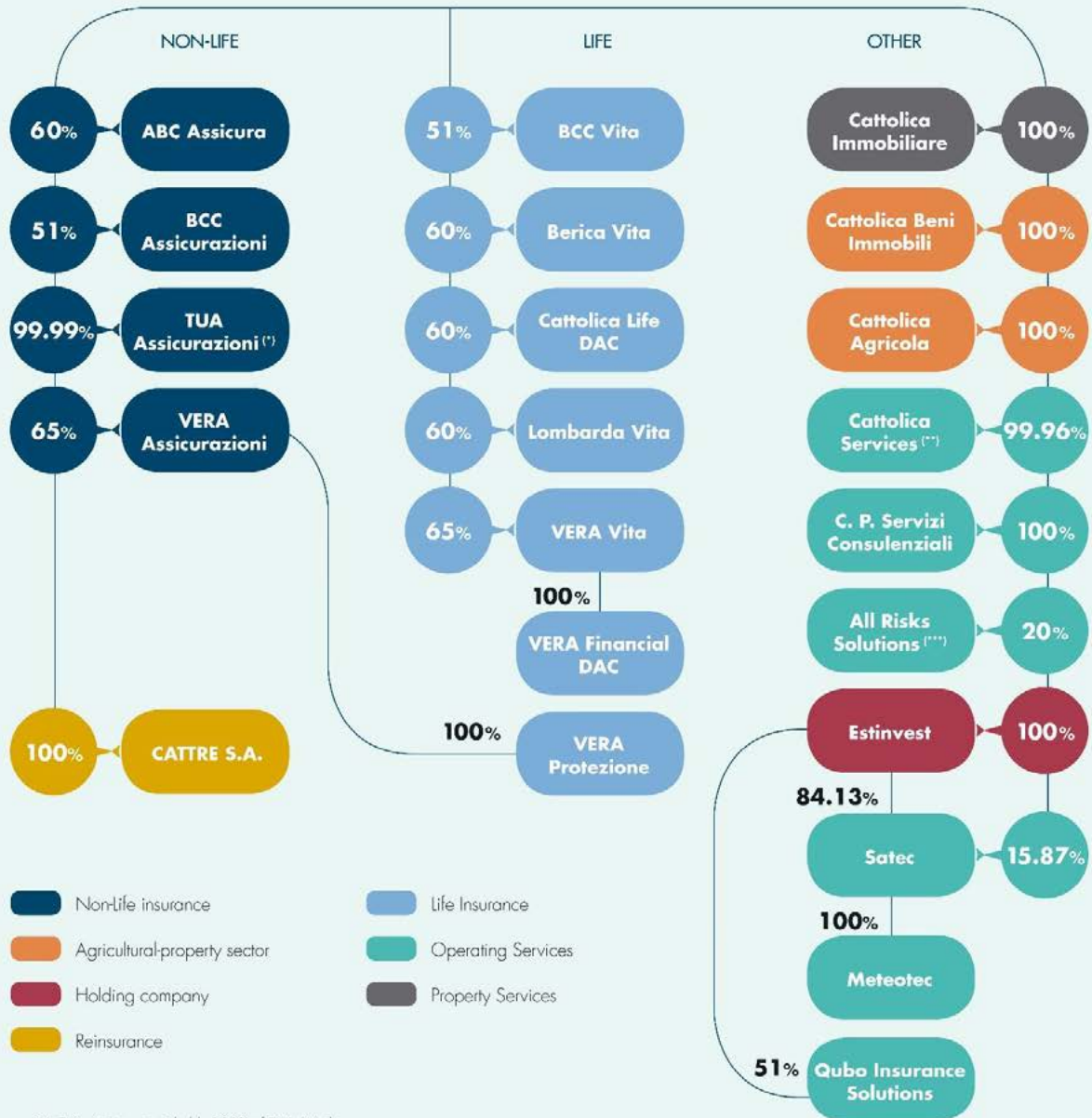
Cattolica Assicurazioni, the Parent Company, covers the life and non-life business.

The activity of the Companies of the Group is divided into the Non-life (*ABC Assicura*, *BCC Assicurazioni*, *CattRe*, TUA Assicurazioni, C.P. *Servizi Consulenziali* for *Cattolica's* non-life mandate, and TUA Assicurazioni, Satec, Qubo Insurance Solutions 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 the *Cattolica* life mandate and the closed-end property funds allocated to the life portfolio).

Other business includes the agricultural-real estate sector of *Cattolica Agricola* and *Cattolica Beni Immobili* and the operating services of *Cattolica Services*, *Cattolica Immobiliare*, *Estinvest* and *Meteotec* instrumental in the performance of the Group's activities.

The area of consolidation at 31 December 2018 enlarged compared to the preceding year, following the expansion into certain areas of activity and the entrance of new *legal entities*. The Group now includes, in addition to the insurance Parent Company, 12 insurance companies (4 in the non-life segment, 7 in the life segment and 1 in the reinsurance business), 7 services companies (one an investment holding), 2 companies of the agriculture-real estate segment and 5 real estate investment funds.

GROUP STRUCTURE AS OF 31 DECEMBER 2018



(*) TUA Assicurazioni holds 100% of TUA Retail.

(**) 0.005% of the share capital is held individually by ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Lombarda Vita and C. P. Servizi Consulenziali, and 0.01% by TUA Assicurazioni.

(***) The company is not included in the consolidation of the Sustainability Report. In addition, the following funds are included in the consolidation of the Sustainability Report but are not shown in the table: Fondo Euripide, Fondo San Zeno (formerly Macquarie Office Italy), Fondo Perside, Fondo Innovazione Salute and Fondo Andromaca.

The Companies of the non-life segment

- ✓ *ABC Assicura*, based in Verona, with share capital of € 8.9 million, is authorised to operate in the non-life sector. Starting in December 2017, the Company directly ensures assistance to customers for all necessary after-sales transactions. The Parent Company owns 60% of the share capital;
- ✓ *BCC Assicurazioni*, based in Milan, share capital of € 14.4 million, is authorised to operate in the non-life sector and to distribute in Gruppo ICCREA's branches. The Parent Company owns 51% of the share capital;
- ✓ TUA Assicurazioni, based in Milan, share capital of € 23.2 million, runs the insurance activities in the non-life sector and offers a range of specialised insurance and financial products/services to meet the needs of "personal" line. The Parent Company owns 99.99% of the share capital;
- ✓ Vera Assicurazioni, based in Verona, share capital of € 63.5 million, is authorised to carry out non-life business. Closing of the purchase of 65% of the company from *Banco BPM* was finalised on March 29th;

The Companies of the life segment

- ✓ *BCC Vita*, based in Milan, share capital of € 62 million, is authorised to run the insurance activity in the life sector and to distribute products in Gruppo ICCREA's branches. It is controlled by *Cattolica*, which owns 51%;
- ✓ *Berica Vita*, based in Vicenza, share capital of € 31 million, is authorised to run the insurance activity in the life sector. Starting from December 2017 Company directly ensures assistance to customers for all necessary after-sales transactions. The Parent Company owns 60% of the share capital;
- ✓ *Cattolica Life DAC* is a life insurance company based in Dublin, Ireland, share capital of € 635,000, and is specialised in structuring indexes and linked units for customer segments. The Parent Company owns 60% of the share capital;
- ✓ *Lombarda Vita*, based in Brescia, and share capital of € 185.3 million, is authorised to run the insurance activity in the life sector and to distribute products in Gruppo UBI Banca's branches. The Parent Company owns 60% of the share capital;
- ✓ *Vera Protezione*, with headquarters in Verona, share capital of € 47.5 million, is authorised to carry out life business and is specialised in TCM (temporary life insurance) policies. Closing of the purchase of 65% of Vera Assicurazioni, which holds 100% of the company, from *Banco BPM* was finalised on March 29th;
- ✓ *Vera Vita*, with headquarters in Verona, share capital of € 219.6 million, is authorised to carry out life business and is specialised in the savings and investment products business. Closing of the purchase of 65% of the company from *Banco BPM* was finalised on March 29th;
- ✓ *Vera Financial DAC* is a life insurance company with headquarters in Dublin, Ireland, share capital of € 803,000, specialising in class III life insurance policies. Closing of the purchase of 65% of *Vera Vita*, which holds 100% of the company, from *Banco BPM* was finalised on March 29th;

The companies operating in both branches

- ✓ *C.P. Servizi Consulenziali*, based in Verona with share capital € 120,000. This company collects premiums from the non-life sector (with *TUA* and *Cattolica products*) and the life sector (*Cattolica*) by means of subagents. It is entirely owned by *Cattolica*.

Companies operating in reinsurance

- ✓ *CattRe*, based in Luxembourg with share capital of € 3.6 million, is authorised to conduct reinsurance operations. *Cattolica* acquired 100% in October and it is destined to manage the operations dedicated to non-traditional risk lines (so-called speciality lines).

The funds

- ✓ *Fondo Euripide* is a common closed-end real estate investment fund managed by Finanziaria Internazionale Investments SGR. The overall shares are: *Cattolica* 67.13%, *Lombarda Vita* 18.64%, *TUA Assicurazioni* 0.78%, *Vera Vita* 11.36%, *Vera Protezione* 1.51% and *Vera Assicurazioni* 0.58%. They are partially allocated to *Cattolica's*, *TUA Assicurazioni's* and *Vera Assicurazioni's* non-life portfolios;
- ✓ *Fondo Innovazione Salute* is reserved real estate property mutual investment fund, dedicated to enhancing residential care facilities for the elderly. Established in 2018, it is owned 79.7% by *Cattolica*;
- ✓ *Fondo Perseide* is a common real estate fund for the 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% and *TUA Assicurazioni* 5.42% and *BCC Vita* 4.92%.
- ✓ *Fondo San Zeno* (formerly *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* 68.28%, *Lombarda Vita* 12.99% and *BCC Vita* 18.73%.
- ✓ *Fondo Andromaca* is a newly established real estate property mutual fund owned 100% by the Parent Company *Cattolica*.

Other Companies

- ✓ *Cattolica Agricola* was established in 2012 by *Cattolica* as single-member within the sphere of the purchase of the property complex known as *Ca' Tron agricultural estate*. It is based in Verona with share capital of € 35.5 million and has the sole objective of carrying out agricultural activities, pursuant to article 2135 of the Italian Civil Code;

- ✓ *Cattolica Beni Immobili* was established in 2012 by *Cattolica*, which is still the sole shareholder, within the sphere of the purchase of the property complex known as Ca' Tron agricultural estate. It is based in Verona with share capital of € 7 million. It manages, amongst other aspects, the properties not instrumental to the agricultural activities located on the Estate, as well as the "*Cattolica Center*" property complex, located in Verona.
- ✓ *Cattolica Immobiliare*, with headquarters in Verona, share capital of € 400 thousand, carries out activities of developing and leveraging the real estate assets and those typical of property services. It is fully 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. It provides various services: designing, development and management of computer applications and operating processes and of telecommunication services; management of the Group's digital innovation for IT and organisation-related aspects; management of the Group's settlement of claims, with the exception of the suretyship, hail and transportation sectors; education and training services for the Group's employees; life and social security technical division; non-life and accounting operations and the financial statements of the Group's companies. It is controlled by *Cattolica* which owns 99.96%, while the remaining quota is divided among other companies of the Group (*ABC Assicura*, *BCC Assicurazioni*, *BCC Vita*, *Berica Vita*, *C.P. Servizi Consulenziali* and *Lombarda Vita* in an equal percentage of 0.005% and by TUA Assicurazioni, which owns 0.01%).
- ✓ *Estinvest*, with headquarters in Venice, is an investment holding company, with share capital of € 81,000, 100% owned by the Parent Company;
- ✓ *Metetec*, with headquarters in Venice and share capital of € 30,000, conducts weather and climate research; it is wholly owned by Satec;
- ✓ *Satec*, with headquarters in Venice and share capital of € 135,000, performs insurance brokerage activity. *Estinvest* owns 84.13% and *Cattolica* 15.87%;
- ✓ *Qubo Insurance Solutions*, with headquarters in Milan and share capital of € 30,000, carries out insurance brokerage services; *Estinvest* holds 51%.

The *Cattolica Center*

In 2014 *Cattolica* purchased the area known as the "Ex Autogerma", located in Via Germania in Verona, close to the A4 motorway. The premises have been refurbished and reorganised and became the *Cattolica Center*, a multifunctional complex to host important events. A large portion of a space once used for production and logistical activities has been redesigned and reorganised.

The Center is the ideal location for recovery and upgrade projects of an area of almost 100,000 m², located in the heart of the urban fabric of Verona. Events of great importance were held again in 2018 connected to both the company business - including the *Cattolica* Members' Meeting and the 24th Annual Assiom Forex Conference - and public, sports and general events such as the Junior and Cadet World Fencing Championship and the Festival of the Social Doctrine of the Church.

A dialogue that grows: listening to the stakeholders

The picture shown summarises *Cattolica's* most important stakeholders, including the categories that are most closely linked to the life of the Company. Meeting their expectations is a prerequisite for *Cattolica's* long-term growth and success.

The list was drafted in 2017 with the first materiality analysis and was confirmed in 2018.



Cattolica's stakeholder engagement

The stakeholder engagement can be defined as all the activities and tools focused on detecting, identifying and recording information and data about the expectations and requests received from those interested in an organisation.

The basis of this concept is the recognition that the capacity of a company to understand and satisfy the needs, expectations and requests of the stakeholders is increasingly a key requirement for the achievement of high institutional legitimacy and appropriate social performance. In an effective engagement, an organisation identifies the significant stakeholders and establishes profitable and regular relationships of communication and dialogue with them.

Compared to 2017, the CSR unit focused on a greater involvement of the stakeholders in defining the subjects considered most significant, both for purposes of sharing and stimulating the dialogue and to fine tune the materiality process and the preparation of the related matrix.

It was decided to start a path of engagement beginning with the employees, members and agents, involved for the first time in a CSR-linked survey.

Each of these categories was given a questionnaire, with the aim to gather their opinions regarding the 20 *topics* that emerged as significant from the benchmark and industry analyses.

The survey involved approx. 2,000 people, including employees, agents and Members and was extremely positive:

- the employees were involved through an online questionnaire sent via email to the entire workforce: 934 employees responded, with a response rate of 58%;
- the agents were enlisted through an online questionnaire sent to a sample of about 160 agencies: 105 agents responded, with a response rate of 65%.

- the members were involved during the December and January evenings of the Members' Tour (meetings on the territory with the top management of the Group), through the distribution of a paper questionnaire: 957 members responded, with a response rate of 64%;

The results of the stakeholder engagement led to the updating of the materiality matrix shown below.

The following diagram details the channels of dialogue and engagement which the Company has in place with the various categories of stakeholders and the main areas of discussion.

Stakeholder	Main topics	Channels of dialogue
Customers	<ul style="list-style-type: none"> ▪ Quality of the service ▪ Customer satisfaction ▪ Transparency of the service offered ▪ Data security 	<ul style="list-style-type: none"> ▪ Corporate website ▪ Customer service / Handling of complaints ▪ New technologies to support the use of services ▪ Social networks ▪ Distribution network
Members	<ul style="list-style-type: none"> ▪ Financial sustainability and solidity ▪ Transparency on the market ▪ Economic and financial performance ▪ Presence on the territory 	<ul style="list-style-type: none"> ▪ Meetings on the territory ▪ Members' Meeting ▪ Financial statements and reports ▪ Corporate website ▪ Conferences and meetings ▪ Questionnaire
Shareholders and Financial community	<ul style="list-style-type: none"> ▪ Financial sustainability and solidity ▪ Transparency on the market ▪ Economic and financial performance 	<ul style="list-style-type: none"> ▪ Financial statements and reports ▪ Corporate website ▪ Conferences and meetings
Agents, Intermediaries and Bancassurance Partners	<ul style="list-style-type: none"> ▪ Development of long-lasting relationships ▪ Transparency in relationships ▪ Development of agents' skills ▪ Generation of shared value 	<ul style="list-style-type: none"> ▪ Sales meetings ▪ Training and professional updating days ▪ Partnerships ▪ Annual roadshow ▪ Online questionnaire ▪ Newsletter ▪ Dedicated events ▪ Digital and social channels
Employees	<ul style="list-style-type: none"> ▪ Wellbeing of employees ▪ Development of skills ▪ Health protection and occupational safety ▪ Equal opportunities ▪ Professional development 	<ul style="list-style-type: none"> ▪ Corporate intranet ▪ Survey of internal climate ▪ Talent Check up ▪ Training courses ▪ Online questionnaire ▪ Newsletter ▪ Mailing ▪ Videowall ▪ Internal Events
Community and Territory	<ul style="list-style-type: none"> ▪ Contribution to social and cultural initiatives ▪ Support to local associations ▪ Support to employment and small 	<ul style="list-style-type: none"> ▪ Corporate website ▪ Sponsoring activities ▪ Organisation of events ▪ Active participation to community events ▪ Cattolica Foundation

enterprises

Strategic Partners and Institutions	▪ Transparency in relationships	▪ Institutional relationships
	▪ Relationship continuity and solidity	▪ Corporate website
	▪ Partnership development	▪ Long-term agreements
	▪ Creation of value	▪ Sales meetings
Religious Organisations and Third Sector	▪ Creation of long-lasting relationships	▪ Specific digital platform / Observatory
	▪ Quality and satisfaction of recipients	▪ Direct contact and listening opportunities
	▪ Generation of shared value	▪ Specific liquidation division
		▪ Organisation of events

Materiality analysis: the matrix

In 2017 financial year Cattolica identified the “material aspects”, defined by the guidelines for the preparation of the Sustainability Report - issued by the Global Reporting Initiative (GRI) - as those subjects that are highly significant from the social, environmental and economic point of view, to be considered priorities both for the internal stakeholders and for the external ones, also in relations to the activity of the company and the expansion of the business.

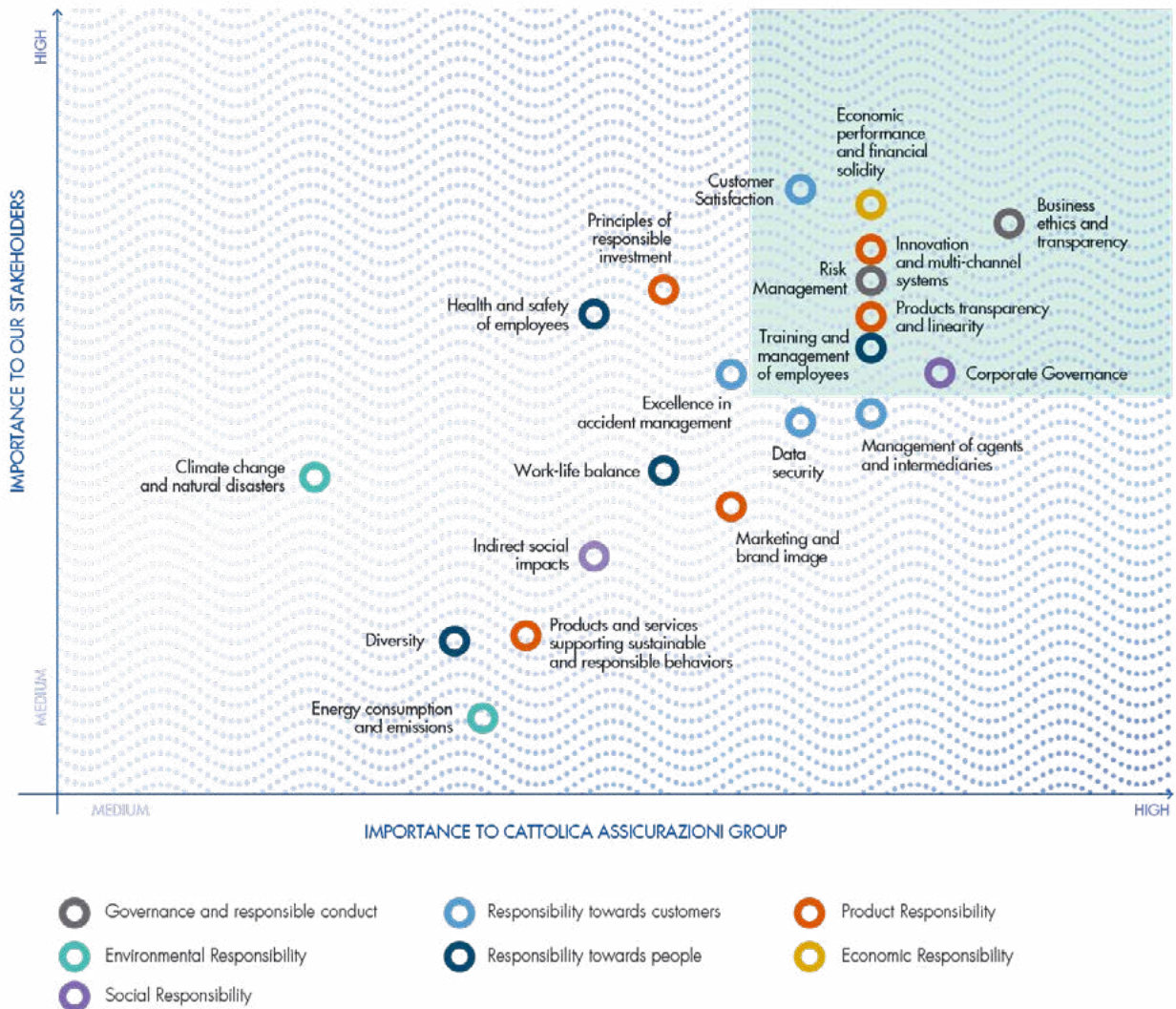
The result of this analysis - performed for the first time in December 2017 - is the determination of a materiality matrix, the methodological tool that is commonly used in international best practices, that *Cattolica* has adopted and intends to fine tune to make it more detailed and reliable in the future.

As for sustainability reporting, the material – i.e. substantial - 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 the stakeholders’.

The analysis was updated at the end 2018 by including the results of the stakeholder engagement activities described above and was approved by the Committee for Corporate Governance and Sustainability in February 2019.

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

MATERIALITY MATRIX



The matrix includes the subjects defined as “material” for the *Cattolica Assicurazioni Group*, which are considered as having medium and high importance both 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 2018 materiality analysis attributed primary importance (i.e. high importance for both the *Cattolica Group* - and the impacts it creates - and for the stakeholders) to the following aspects:

- Customer satisfaction;
- Economic performance and financial solidity;
- Business ethics and transparency;
- Innovation and multi-channel systems;
- Risk management;
- Product transparency and linearity;
- Training and management of employees;

- Corporate Governance.

When compared to the 2017 materiality analysis, we report an increase in the significance assigned to the subject of customer satisfaction, which emerged following the engagement activities held.

Cattolica recognises in these aspects a like number of subjects to monitor, leverage and communicate with a special commitment and attention, to improve the impact and effectiveness of the actions undertaken in each of these spheres, also in order to satisfy the expectations of the stakeholders and receive their support.

Like for the last year, these *topics* are highlighted in this document, in conformity with the prevalent best practices. The intention is to maintain over time a circular process of feedback and intervention, to make the sustainability policy more effective, measurable and credible.

Below please find the table that summarises, for each of the material subjects, the perimeter and the type of impact.

Material aspects	Scope of the impact	Type of the impact
Customer satisfaction	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Economic performance and financial solidity	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Business ethics and transparency	<i>Cattolica Assicurazioni Group</i> Agents and intermediaries Bancassurance Partners	Caused by the Group and directly connected through a business relationship
Innovation and multi-channel systems	<i>Cattolica Assicurazioni Group</i> Agents and intermediaries Bancassurance Partners	Caused by the Group and directly connected through a business relationship
Risk management	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Product transparency and linearity	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Training and management of employees	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Corporate Governance	Parent Company	Due to the Group
Principles of responsible investment	<i>Cattolica Assicurazioni Group</i>	Due to the Group

Data security	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Products and Services that encourage sustainable and responsible behaviours	Products and services of the <i>Cattolica Assicurazioni Group</i>	To which the Group contributes
Excellence in accident management	<i>Cattolica Assicurazioni Group</i> Agents and intermediaries	Caused by the Group and directly connected through a business relationship
Management of agents and intermediaries	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Indirect social impact	<i>Cattolica Assicurazioni Group</i> Fondazione Cattolica	Caused by the Group and to which the Group contributes
Marketing and brand image	<i>Cattolica Assicurazioni Group</i> Agents and intermediaries Bancassurance Partners	Caused by the Group and directly connected through a business relationship
Climate change and natural disasters	<i>Cattolica Assicurazioni Group</i>	Caused by the Group and to which the Group contributes
Health and safety of employees	Employees of <i>Cattolica Assicurazioni Group</i> ²	Due to the Group
Work-life balance	Employees of <i>Cattolica Assicurazioni Group</i>	Due to the Group
Diversity	<i>Cattolica Assicurazioni Group</i>	Due to the Group
Energy consumption and emissions	<i>Cattolica Assicurazioni Group</i> Suppliers of Electricity	Caused by the Group and directly connected through a business relationship

Inform, listen, involve: communication as instrument of sustainability

²Given 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. The Group confirms the commitment to 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. Furthermore, the Group is considering further exploring the analysis relative to the significance of the other non-employee workers, in order to assess the need to collect the data from the employers of the outside partners and suppliers who operate at the sites of the Group and/or under the control of the Group, evaluating the quality and accuracy of that data over which it does not exercise a direct control.

Corporate social responsibility in Cattolica also means communicating objectives and results clearly and transparently, to provide a straightforward depiction of what the Company is doing, convinced that the most genuine essence of an organization is visible in concrete actions and in the interaction with the stakeholders.

Sustainability is also the creation and spread of culture and of a greater mutual understanding between players of the economic and social system.

Communication is a tool for interaction and debate, capable of constructing positive relations with people, companies, organisations, and a necessary premise for the dialogue and the search for shared objectives. It is the most natural and effective form of engagement.

A coherent communication contributes significantly to maintaining a strong reputation and nurturing that relationship of trust long-term which allows a Company like *Cattolica* to successfully participate in the market.

It is to these principles to which the communication of *Cattolica* and the Communication and Institutional Relations Department constantly refer. The Department is the soul and the source of such a vision.

In 2018, the Department deeply changed its structure, committing to a path of constant growth in transparent communication, aimed at introducing and appreciating the specificities of the Group to the subjects that get in touch with it.

A complete and transparent information: external communication

In 2018 there was a considerable enhancement of the structure dedicated to external communication, deemed as essential to achieve transparency and reliability in the information for the market and the corporate contacts.

The Press Office provided broad coverage of the company's strategic subjects: institutional and economic-financial activities, business initiatives, innovation, product, CSR, HR and sponsorship. The communication activity was reported on the principal national media, which amplified the circulation of these events, effectively and continuously reaching the external stakeholders.

The Press Office released 55 press releases, carried out over 90 interviews, published more than 80 news stories for the website and called and participated in over 30 press conferences, accompanying senior management to public events and creating a solid network of relationships with the major players of the Italian mass media circuit.

The following are among the institutional and business appointments of greatest significance: Investor Day, during which the 2018-2020 Business Plan of the Group was introduced; the Members' Meeting, which approved the new governance model; important business operations, such as those with *Banco BPM*, *Inter Mutuelles Assistance*, *CoopSelios*, *Conad del Tirreno* and *Polizza "Sant'Emidio"* - CEI; presentation of the "Insurer of the Year" and "2018 Personality of the Year for the Insurance Industry" awards to the Managing Director, Alberto Milani.

In addition, the Press Office handles the constant updating of the site directed and the media community, with press releases, videos, photo gallery, interviews of top management and news, to keep the stakeholders of reference updated on the corporate life of the Company. This approach is based on multimedia storytelling, which completes the information provided and makes the corporate site the window of choice for the institutional communication of the Group.

We communicate: internal communication

The main goal of Internal Communication is to contribute to the creation and promotion of a strong, widespread corporate culture. Thus, we chose to communicate with new ways and means to nurture the sense of belonging of the partners and involve the employees in the life of the Company.

It is a unit that works in close contact with the individual Departments, to generate news, share initiatives and activities that affect the corporate world, by using tools able to reach the entire population of the Group: the Corporate Intranet system and the video walls (already present in the company but completely redesigned), an institutional email service and a bimonthly newsletter.

To permit an immediate and effective understanding of the messages, five subjects have been identified which the employees can find on the Intranet: the *NOICattolica* area includes all the initiatives directed at the employees; the *NOICorporate* provides the information of a financial and institutional nature of the Group; the *NOIBusiness* area gathers the information of a commercial and marketing nature; the *NOISostenibili* area includes material on the subjects of sustainability and organisations of *Cattolica* that operate in the territory in that field; the *NOIEvents* is dedicated to news about corporate events, initiatives and sponsorships.

In *Cattolica's* vision, the employees are the real stars of Internal Communication, which transform themselves from plan recipients of messages into architects of the information to be sent. They are given a voice in widely circulated interviews and videos, thanks to over 100 publications on video walls, more than 70 institutional emails, approx. 30 articles and 100 videos, 3 newsletters and 3 internal surveys.

Very important for the subjects on sustainability has been the contribution made by Internal Communication to numerous initiatives: the opening of the Fondo Cattolica per la Vita and the "Atto di Cuore" projects, the climate survey related to "Great Place To Work®", the hiring of employees for the campaign "NOI: Fatti di valori", in addition to conventions and well-being projects promoted by the Organisation and Resources Department.

In network, the new aspect of the institutional site

2018 was a year of challenges for Web Management: the target was to transform the online communication of *Cattolica* into a more innovative, intuitive, transparent and user-friendly reality relative to all the categories of users. From this perspective, at the end of January, after months of study a planning, the new institutional site saw the light of day, which meets the need to transmit the wealth of the *Cattolica* world simply and smartly, with more complete, updated and easily

accessible information.

The intention was to provide a circular, immediate and clear communication, reflected in the actual structure of the portal: unique but equipped with two separate home pages, to better divide the contents and browsing simplicity. A customer-oriented homepage - completely updated web window, capable of responding efficiently to the needs of the users, offering a quality customer experience - and a corporate homepage, transformed from simple collection of documents to source of integrated information and communication on the Company, in which sustainability and the corporate commitment of the *Cattolica Group* are highlighted, the managers voices, the large events and the institutional appointments.

Thanks to a radical transformation in terms of style and quality, to the completeness of the contents and the renovated graphic appearance, the new site has achieved an extraordinary result in the annual Webranking classification, drafted by Lundquist. *Cattolica.it* was noted the 2018-2019 “Best Climber” site for Italy and Europe: climbing 95 places compared to the preceding year, it went from the 109th to the 14th place. A leap that, as shown by the Lundquist analysis, “has not happened for nearly a decade”.

The implementation of the portal will continue in 2019 with the pursuit of increasingly ambitious objectives in terms of quality of communication, optimization of navigation and involvement of the stakeholders.

Identity and image

Cattolica is a leading company in the Italian insurance sector listed on the Borsa Italiana since 2000, with more than a century of tradition that is rooted in 1896, the year it was founded. Created to protect farmers from the risk of hail, it developed its expertise and began offering a wide range of insurance and financial solutions in the life and non-life sector. Cooperative since its inception, founded on the principles of the Social Doctrine of the Church, it draws from history and tradition those distinctive traits and those peculiarities that make it unique compared to the other corporate organisations.

The corporate format and the ethical scope are expressed in its brand identity: the angel is its logo because *Cattolica* protects, it is close and omnipresent. The act of taking care and protecting oneself is not a bet, as it stems from a correct assessment of the risk. It means knowing how to face every uncertainty, evaluate it and manage it. Everyone knows they can trust the Company, because in every situation it knows the needs of the people and handles them in the most effective way.

The brand’s campaign

In the light of the industrial and cultural transformation that the Group is going through, the new corporate brand campaign intends to support the repositioning of *Cattolica* as national insurance company, one of the industry leaders, emphasizing its Italian identity, widespread presence and at the same time its territoriality, understood as widespread coverage and closeness to the customer

and the needs of the territory. “Innovative, agile and reactive” but tied to a tradition that believes in the excellence of serving the needs of the clientele.

The campaign developed in two *flights*: the first in November, at the same time as the start of the FIR sponsorship, leveraged rugby as metaphor of life. In the centre are the healthy sports values, which *Cattolica* shares and has embraced with the sponsorship: a convergence of principles that goes beyond the scope of sports to highlight what *Cattolica* is and is its way of being and working. The second flight, scheduled at the beginning of 2019, will have a corporate style, with the goal of further reinforcing the identity and the positioning of the Company as a company close to people at all stages of life: the guiding thread is the “Ready for Life” pay-off, which fully expresses the essence of *Cattolica* as well as referring to its business expertise.

Sponsorships

The sponsorship activity and the relative activations developed with a constant reference to the enhancement of the *Cattolica* brand, increasing its visibility and recognition, as well as the circulation and awareness on the market and with consumer, according to an integrated concept of *brand awareness*.

Divided into three main subjects of development - cultural, sports and social - these activities have to choosing sponsorships that reflect the ethical identity of the Company, in compliance with the territorial vocation but favouring at the same time a national placement for the Group.

Some initiatives were directed at reinforcing the financial and insurance culture relative to the Group’s core business.

The main sponsorships involved:

- *Rassegna Estate Teatrale Veronese* [Verona Summer Theatre Festival]
- *Rassegna Teatrale Divertiamoci a Teatro* [Let’s Have Fun at the Theatre] and *Giulietta e Romeo* [Romeo and Juliet]
- Festival of Beauty
- International Festival of Street Games
- Rome Investment Forum
- *FieraAgricola* [Agricultural Fair]
- *Vinitaly* and *Vinitaly & the City*
- *Fieracavalli* [Horse Fair]
- FIR - *Federazione Italiana Rugby* [Italian Rugby Federation]
- Cadet and Junior World Fencing Championships
- *Federazione Nazionale Calcio Amputati* [National Amputee Football Federation]
- *FSSI - Federazione Italiana Pallavolo Sorde* [Italian Volleyball Federation for the Deaf]

A team sponsorship

The selection of the Italian Rugby Federation as main sponsor is the opportunity for *Cattolica* to

share the common values that distinguish both the Company and rugby, a team sport like no other. By supporting the Federation Cattolica want to be present next to the national teams, men and women's, and the youth movements, with a widespread presence in the territory. Rugby as metaphor for life, inspiration to the sports values of loyalty, cohesion and respect for others that *Cattolica* shares and has made its own with this sponsorship.

The national and international scope is enhanced by the presence of the *Cattolica* logo at all major rugby events: Test Match, "Six Nations" and "Rugby World Cup".

We point out the relevance of the sponsorships of the National Deaf Women's Volleyball and the Italian National Amputee Football, which *Cattolica* has guaranteed to support, in line with the idea that sport is also a tool for growing, creating oneself and overcoming one's limits.

The events

During 2018, the Unit carried institutional events and incentive directed at Members, employees, agents, social security and front-office consultants, distribution partners (bankers, reinsurers, brokers), media, financial community, Directors of the Group and civil society, through the involvement of the most appropriate internal and external contact person, with inter-departmental round tables and focused meetings.

The synergistic cooperation between the Unit and the Departments allows every event to express a marked relational potential, increasing the engagement of the distribution networks and the commitment towards the Company, thereby reinforcing the image the position of *Cattolica*.

Members: 7 corporate conventions: 5,200 participants

Employees: 3 corporate conventions: 3,059 participants

Agents, welfare consultants, front office: 12 corporate conventions and 3 incentive events: 4,161 participants

Distribution partners: bankers, reinsurers, brokers: 3 corporate conventions and 2 incentive events: 875 participants

Media: 7 relationship meetings: over 200 participants

Financial community: 1 corporate conventions: 200 participants Directors of

The Group: 6 training meetings: 480 participants Citizenship: 6 information

Meetings: 6 popular meetings: 400 participants

The CSR and Observatories Unit

During 2018, the CSR and Observatories Unit worked on the definition of the governance of

sustainability and monitored the stakeholder engagement activity, also in support of the preparation of the Non-Financial Statement. As internal and external contact for the CSR subjects, the team also started the planning of paths dedicated to spreading a CSR culture within the company, by also promoting the implementation activities of new policies.

In the Observatories field, the Unit developed a new definition of the set-up and operation of the Agricultural and Food Observatory and the relative Scientific Committee and worked to make public and more visible the Religious Organisations and Third Sector Observatory. Greater details are highlighted later in the text.

Celebration Day, a day together

On 24 November, the first corporate event of the *Cattolica Group* took place, registering an attendance of 2,400. Employees and agents, together for the first time, were able to have an experience designed to bring the two souls of the Company together and dialogue, for the sake of group spirit and the sense of belonging to the “Catholic world”.

The final objective was to convey unequivocally and strongly the values of the Company. The decision to involve the agents in a corporate event demonstrate the Company maximum focus on a stakeholder, considered an integral part of the Group, beyond the mere commercial dimension.

Our roots, our future: Members Tour and 2018 Agents Tour

The Company has been historically careful to enhance the relationship with the community of Members, both to consolidate the corporate image and to continue to keep this important stakeholder listening and agreeing.

For the 2018 Members Tour, *Cattolica* chose a decidedly innovative format, which marks a net break from the previous versions: a more modern and participatory method, careful to explain the project of a company more reactive to the market, efficient, sustainable.

Central to the program of the evening was the meeting between the two top representatives of the Company - the Chairman and the Managing Director - and the Members, engaged in a direct and participated manner.

A transparent and user-friendly communication, both to explain the position and technical trend of the Company and to point out the business choices and the competitive strategy connected to the deployment of the three-year Business Plan. All with a distinct sensitivity in explaining the corporate values as driving elements of the Company’s development.

The original values of the cooperative spirit are reinterpreted and explained in relation to the new corporate values, serving the overall entrepreneurial project.

Through the new format, a special attention is furthermore placed on the subject of a Company sensitive to the subjects of sustainability and committed to incorporating these aspects in the business model, with a strong natural predisposition to adopting these issues: to be close to the

Members also means communicating to them the attention that management is pursuing on the environment, the person, the community and the territory.

The Agents Tour focuses on the development of the cooperation with the brokers of the distribution networks in the national territory, through a series of meetings with top managements, during which the commercial and motivational aspects are mutually reinforced, to increase team cohesion and make the placement of the products more effective, improving the market penetration for the various distribution channels.

A training course open to civil society: Cattolica Lecture Day

Cattolica Lecture Day is a cycle of legal and insurance conferences, conceived to promote and spread the industry culture by examining specific subjects with the support of highly experienced experts and professionals. The initiative, which was a huge success, was an opportunity of reflection and learning for the public, both inside and outside the company. The content discussed in 2018 included: complaints management, the new sanctions and the new responsibility of the management positions; the new frontiers of the Third sector between State and market crisis; old and new questions following the so-called Gelli reform; fraud in the insurance world.



Switch to

**ONE-TIER
SYSTEM**

FOR A WIDESPREAD SUSTAINABILITY

A three centuries long path: the Cattolica Group from its origins to present	52
The heart of the business system: corporate governance	53
The Board's Internal Committees	58
The Internal Control System	58
The Organisational Model pursuant to Italian Legislative Decree 231/2001	59
Risk as competitive advantage: for a more effective risk management	61
Attention to equity: the remuneration policies	64
At the centre of corporate governance: the Members	65

FOR A WIDESPREAD SUSTAINABILITY

A three centuries long path: the Cattolica Group from its origins to present

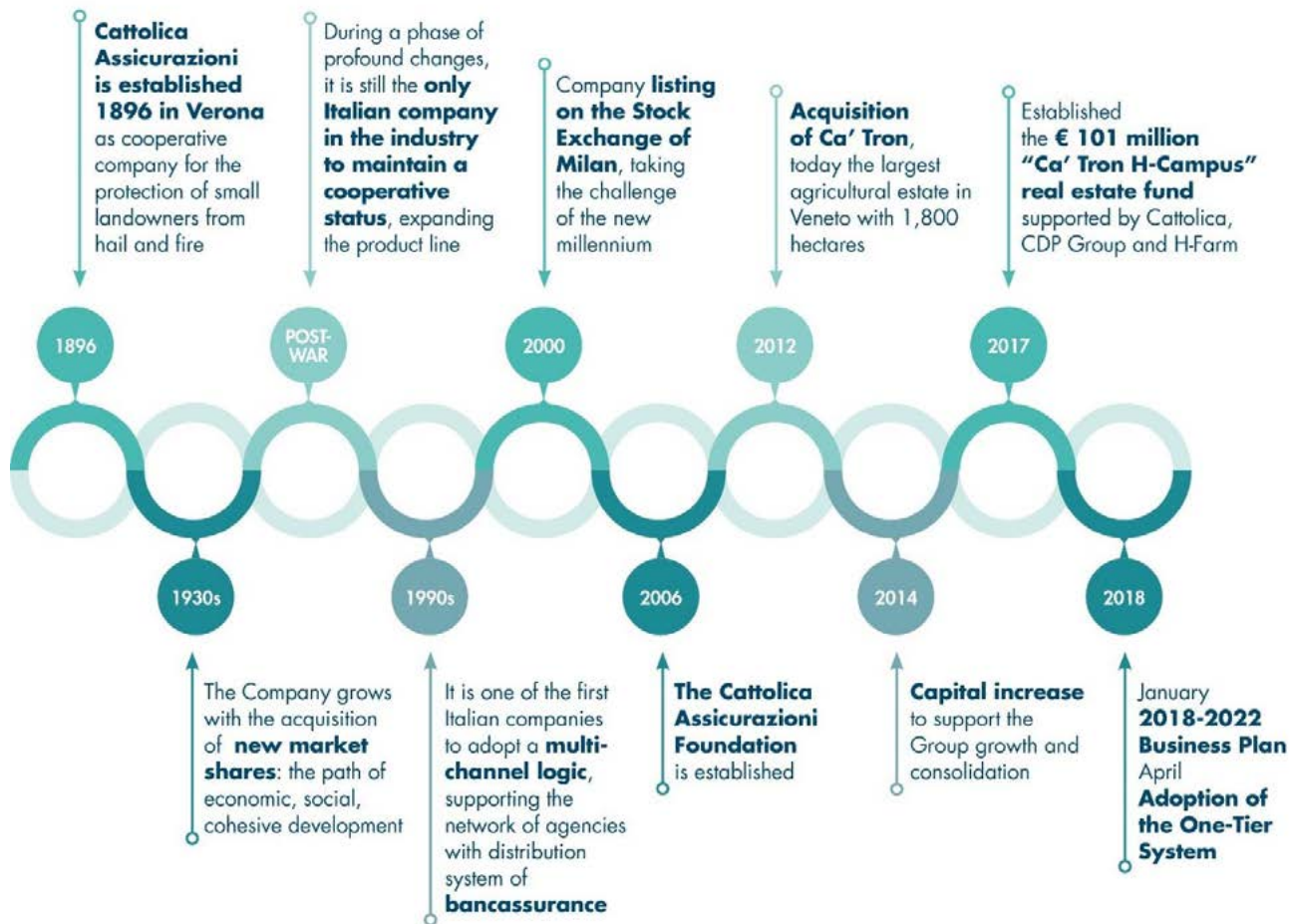
Cattolica Assicurazioni was founded over 120 years ago and can boast an almost unrivalled longevity in the Italian industrial scenario.

Its corporate and entrepreneurial evolution, spanning three centuries, is marked by a drive for development, following a path of growth and evolution that has always tried to combine economic solidity, operational profitability and a reputation as a reliable Company close to its clienteles and territories of reference.

From its founding, in Verona on 27 February 1896, Cattolica adopted the cooperative company format, with a formula that has remained unchanged to the present data – mainly in the distinction between members and shareholders - even though updated over time in certain aspects of corporate governance.

From the original corporate purpose, the protection of the farmers from the damage caused by hail and fire, Cattolica has grown hand in hand with the expansion of the business sectors, an evolution that continues and is being relaunched with the new Business Plan currently in progress.

Since 2000, the year it was listed on the Milan Stock Exchange, the Company has chosen to measure itself against the market and intensify the drive towards change, which culminated with the reorganisation plan of 2007 and even more with the mentioned 2018-2020 Business Plan, a turning point which strives to be not only economic and financial, but also and especially cultural and relative to market placement.



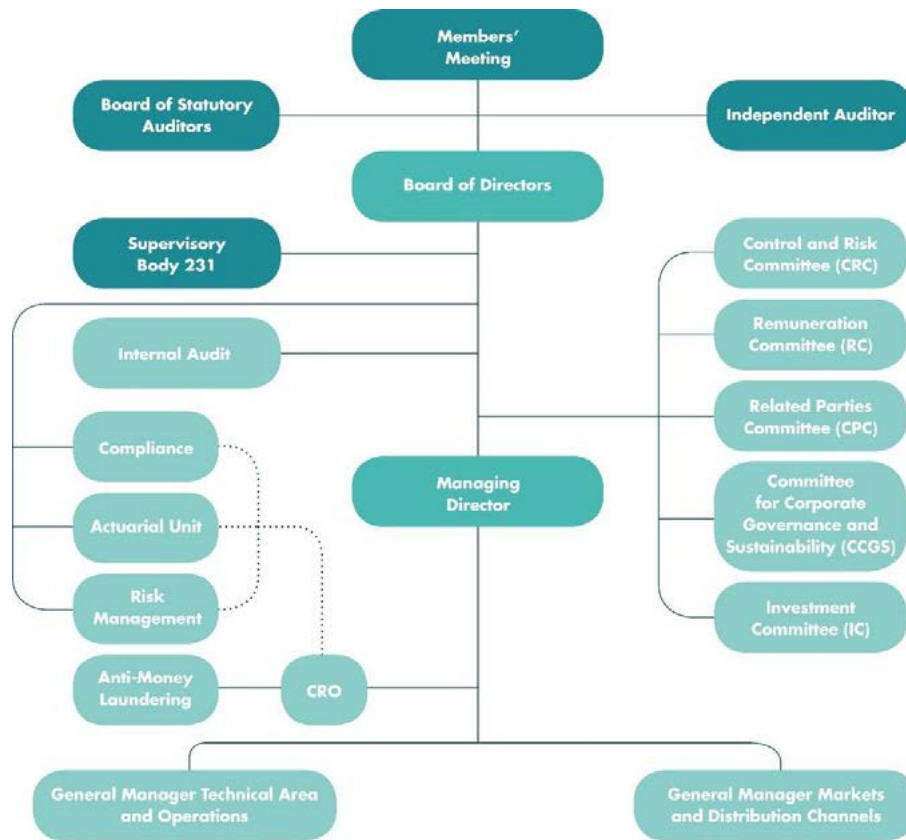
The heart of the business system: corporate governance

The institutional purpose of *Cattolica* translates into becoming a leader in the development and sale of innovative insurance products and solutions to protect individuals, families and businesses 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:

- 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 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 focused on principles of solidarity and the common good and marked by its strong presence on the territory.

Società Cattolica di Assicurazione – Società Cooperativa³ Corporate Governance structure as of 31 December 2018



(Corporate Governance structure of Società Cattolica di Assicurazione - Società Cooperativa as of 31 December 2018).³

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.

During 2018, the Company adopted for the last time the “traditional” or “dualistic” corporate governance model (the horizontal type, common in the Italian scenario), based on two different bodies elected by the Members’ Meeting: Board of Directors, with strategic monitoring and business management functions, and Board of Statutory Auditors, with control prerogatives. 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.

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

The exercise of corporate rights of non-equity relevance is subordinate to the acceptance as Member of the shareholder, under the terms and conditions provided by the Articles of Association.

³ At the beginning of 2019, the position of Chief Risk Officer was eliminated to pursue an even more direct relationship with the Control Units with the governing Board.

Simplification and efficiency in corporate governance: the one-tier system

Cattolica is firmly convinced that an effective governance model can only be achieved through a continuous process of innovation, realignment and streamlining according to the changing conditions of the environment in which it operates.

The reflection on Corporate Governance, subject of analysis and deliberations in 2017, culminated in the approval by the Members' Meeting of 28 April 2018 of a revision of the corporate governance system in a direction considered optimal for the future evolution of the Company and the full deployment of the expansion project outlined by the Business Plan.

The new corporate governance structure is modern and innovative, in addition to being in line with international best practices. It provides for a one-tier system of governance, directed at rationalising and simplifying it due to the establishment of a single administrative and control body, a smaller number of representatives (which go from a total of 21 directors and auditors to the current 17), the elimination of the Executive Committee and the possibility of an adequate representation of the institutional investors in the governing bodies.

In the one-tier model, the management is assigned to a Board of Directors appointed by the Members' Meeting. This Board includes the Committee for the Control on Management. In this structure, the role of the Management Committee will assume increasing importance as managing body supporting the Managing Director, assigned to coordinate the work of management and convey the proposals of the Managing Director to the committees.

One of the special traits of the one-tier system is the existence within the Board of Directors of a Management Control Committee, composed of directors possessing, overall, specific prerequisites of professionalism (in addition to honesty and independence *ex lege*), which is responsible for supervisory duties as those of the Board of Statutory Auditors.

The Board appoints and revokes the members of the supervisory body. Accounting control is instead performed by an independent auditor or auditing firm to which the Meeting grants the assignment.

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

To date, *Cattolica* is the only European insurance company present in Italy to have adopted the one-tier corporate governance system, thereby serving as point of reference for the industry.

Of 238 companies listed on the MTA, only four have chosen the one-tier model, and among these *Cattolica* is the only insurance company⁴. The Company intends, also in the future, to continue the evolution of a corporate governance structure and “good practices”, taking as constant reference the increase in value for the stakeholders and the transparency and sustainability of the business by reducing inefficiency and exposure to risk.

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 Bylaws. The Board is responsible for the approval of the strategic, business and financial plans of the Company and of the operations of greater economic and financial significance, the proposed allocation of the profits, the appointment of the General Managers and the so-called internal board Committees defining their relative powers and duties.

The Board expires with the Members' Meeting called to approve the financial statements at 31 December 2018 and will be renewed based on the new statutory rules, which introduced the one-tier governance system described below.

BOARD OF DIRECTORS AT 31.12.2018

MEMBERS	OFFICE	AGE	GENDER	INDEPENDENCE CODE ⁵	INDEPENDENCE according TUF [Consolidated Law on Finance]
PAOLO BEDONI*	Chairman	63	M	No	Yes
ALDO POLI*	Vice Deputy Chairman	76	M	No	Yes
MANFREDO TURCHETTI*	Deputy Chairman	62	M	No	Yes
ALBERTO MINALI*	Managing Director	53	M	No	No
ALESSANDRO LAI*	Secretary	58	M	No	Yes
NERINO CHEMELLO	Director	73	M	Yes	Yes
CHIARA DE' STEFANI	Director	53	F	Yes	Yes
BARBARA BLASEVICH*	Director	52	F	No	Yes
BETTINA CAMPEDELLI	Director	56	F	Yes	Yes
LISA FERRARINI	Director	55	F	Yes	Yes
PAOLA FERROLI	Director	56	F	Yes	Yes
PAOLA GROSSI	Director	64	F	Yes	Yes

⁴ The others are UBI Banca, Intesa San Paolo and CHL S.p.A. (Source: Assonime - Notes and Studies 2/2019, “On the one-tier model of corporate governance”).

⁵ It's worth to mention that the Company, by Committee decision of 08 May 2013, decided not to apply the 3.C.1 letter e) application criterion of the Code: those who have held the position of director for more than nine years out of the last twelve years - and who obviously are no longer involved in significant situations on the subject - are considered “independent”.

GIOVANNI MACCAGNANI	Director	56	M	Yes	Yes
LUIGI MION	Director	58	M	Yes	Yes
CARLO NAPOLEONI	Director	51	M	No	Yes
ANGELO NARDI	Director	69	M	Yes	Yes
PILADE RIELLO*	Director	86	M	No	Yes
EUGENIO VANDA	Director	51	M	Yes	Yes

* Directors who are part of the Executive Committee.

Composition of the Board of Directors by age and gender as at 31 December 2018

	50-60	>60
Men	6	6
Women	5	1

The Board of Statutory Auditors

The Board of Statutory Auditors currently includes 2 standing Auditors and 2 alternate Auditors, appointed among the Members by the Members' Meeting from specific lists. The Board is charged with monitoring the management and assuring the compliance of actions taken by the Company with the applicable laws and bylaws.

The current Board will expire with the Members' Meeting which will approve the Financial Statements as at 31 December 2018, when the Board of Directors is renewed.

As the one-tier model will be going into effect, the supervisory body will be absorbed by the Board, which anticipates including the Management Control Committee.

BOARD OF STATUTORY AUDITORS AT 31.12.2018

MEMBERS	OFFICE	AGE	GENDER
Giovanni Glisenti	Chairman	62	M
Federica Bonato	Statutory Auditor	63	F
Cesare Brena	Statutory Auditor	53	M
Massimo Babbi	Substitute Auditor	55	M
Carlo Alberto Murari	Substitute Auditor	53	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. With the new one-tier model becoming effective, the Executive Committee will terminate its activity with the meeting approving the financial statements at 31 December 2018.

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 and Sustainability Committee.

Relative to this last committee, the Board of Directors at the 16 October 2018 meeting approved the changes to the Regulations of the Corporate Governance Committee, in order to assign it proactive and advisory duties also on the subject of Corporate Social Responsibility, changing its name to Corporate Governance and Sustainability Committee.

Follow-up is provided in the “Governance of the Group CSR” section regarding the significance of that decision from the CSR governance and sustainability strategy point of view.

For more information on the governing bodies of the Parent Company Società Cattolica di Assicurazione Società Cooperativa, please see the Report on Corporate Governance and Ownership Structures, published in the “Governance” section of www.Cattolica.it.

In line with the forecasts of the Self-Governance Code, in January 2019, the Nominating Committee was appointed, composed of five directors, for the most part independent.

The Internal Control System

The Internal Control System is composed of the set of rules, procedures and organisational structures aimed at ensuring the proper functioning of the Group's Companies and the safeguard of the corporate assets in the long term.

The bodies that participate in the System are the Board of Directors, the Chairman, the Managing Director, the Audit and Risks Committee, the Board of Statutory Auditors and the members of Top 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.

The Cattolica Group has adopted an Internal Control System based on a classic three-level supervisory structure, each level being responsible for specific and differentiated objectives:

- **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. Typically, they are assigned to the Risk Management, Compliance, Actuarial and Anti money laundering units, reporting directly to the Board of Directors and with the coordination of the Group Chief Risk Officer⁶;
- **third level:** this level provides the overall assurance of the design and functioning of the Internal Control System by means of independent audit and formulates assessments also in respect of the adequacy and effectiveness 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 constantly 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 provisions of the Self-Governance Code.

The Organisational Model pursuant 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 (hereinafter Model). Please note that relative to the newly acquired *Vera Vita*, *Vera Financial*, *Vera Assicurazioni* and *Vera Protezione*, the Supervisory Body has been established and the organisational model pursuant to Italian Legislative Decree 231/2001 is in the process of being updated, in line with that of the companies of the Group.

⁶ Please see note 3.

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;
- identification and mapping of corporate processes which may create the conditions, the opportunities or the means to commit crimes or instrumental activities;
- definition of staff training methods;
- development of adequate information to be given to the sales network, the Service companies and the other third-party subjects with which the Company comes into contact;
- 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 the 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, a second external member and two internal members, in the person of the managers pro tempore of the Internal Auditing and Compliance Verification Units);
- definition of ordinary and extraordinary information flows towards the Supervisory Body.

We wish to specify that, to date, we have preferred not to attribute to the Statutory Board of Auditors the additional duties of Supervisory Body pursuant to Italian Legislative Decree 231/2001, given that this responsibility would involve an additional expansion of the already demanding duties of the Board of Statutory Auditors. Furthermore, the presence of an additional supervisory body, while requiring coordination, facilitates the internal dialectic from a perspective of greater monitoring.

The Organisational Models of the Parent company and the subsidiaries are updated continuously, consistent with the evolution of the regulatory and corporate framework of the Group.

All the governing bodies and the employees of the Group have been informed regarding the update of the Organisational Model pursuant to Italian Legislative Decree 231/2001.

During 2018, the mandatory training course pursuant to Italian Legislative Decree 231/2001 on platform was almost fully completed, directed at all the employees of the *Cattolica Group*. The individuals involved in the 231/2001 training during 2018 are listed below.

TRAINING PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001⁷

	2018		2017	
	Number individuals	% individuals	Number of individuals	% individuals
Office employees				
Executives	27	59%	36	73%
Officials	231	59%	197	61%
Employees	677	54%	835	69%
Workers	-		-	-
Total employees	951	55%	1,059	67%
Board Members ⁸	16	89%	10	56%

The training path pursuant to Italian Legislative Decree 231/2001 is give also to the agents of the Group. From the launch of the last version of the training course in 2016 to 31 December 2018, approx. 78% of the agents received training. The course in any case continues to be always available to all the brokers, on the online training platform.

Risk as competitive advantage: for a more effective risk management

Risk management is a decisive element of every business, and this principle is especially true for insurance companies. It is a subject always fully present and widespread in every area 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 and is a fundamental element in the monitoring of the risks within the Group.

In the field of risks due to the institutional activity, some sectors are highly 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.

With specific reference to the risks connected to the ESG factors relative to the investments of the Group and the insurance portfolios, from a perspective of systematic improvement of the process connected to responsible investments, the Group has undertaken a process to redefine the founding criteria of the exclusions, and has also adopted a portfolio monitoring procedure capable of specifically and systematically including the ESG subjects in the analysis and in the investment decisions. Placing this extra-financial information alongside the more classic financial criteria, financial materiality is recognised, already widely demonstrated by the academic world over the years.

Please see the specific analysis on the investments in the dedicated section.

⁷ The training pursuant to Italian Legislative Decree 231/2001, includes anti-corruption and, for 2018, also anti-money laundering training. The training hours data does not include TUA Assicurazioni, Cattolica Life and the companies Vera Financial, Satec, Estinvest, Meteotec, Qubo, CattRe, acquired during 2018.

⁸ Exclusive reference is made to the Parent Company's Board of Directors.

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

Climate Change

Climate change is no longer a hypothetical event part of future possibility, but an increasingly widespread, changing phenomenon with which we must live. The Group is managing risks in the agricultural field, and in that setting is investing increasingly in cutting-edge research solutions and in technologies to develop a wide range of products to support all farming companies in the correct assessment of damage in case of natural disasters.

As for the management of the investments, the Group recognises the potential impact that climate change can have in terms of risk/return on its own assets in the portfolio, connected to the transition to a *low-carbon economy* and an increase in the frequency of extreme climate events.

In fact, these categories can lead to a decrease in value in the assets over the long-term, in addition to an indirect reputational risk tied to violations of an environmental nature by the issuers in the portfolio. To monitor these risks, the Group has introduced a system of ex post checks on the exposure to *carbon intensive* industries.

Furthermore, there is a dedicated and highly specialized structure in operation, which has been involved for years in the “Innovation in Agriculture Project”, aimed at updating the products and the development of solutions capable of best responding to the new needs of the agricultural producers in terms of the risk protection against adverse weather conditions due to climate change. For more details, please see the paragraph dedicated to the products for the agri-food sector and the paragraph on the cooperation with FEEM - Fondazione ENI Enrico Mattei in the study and circulation of research on climate-related risks.

Environmental Risks

Despite its sector of operation is not so critical, *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 were evaluated in the Organisational Model anticipated by Italian Legislative Decree 231/01, taking into consideration the principal environmental crimes including those of environmental pollution and disaster.

Cattolica is fully 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 the future.

An important step on this path is the issuance of an Environmental Policy relative to the Ca' Tron agricultural estate, which will be approved during the first months of 2019 and may be the prelude to a broader Group environmental policy to be implemented later.

Health and Safety Risks

Health and Safety risks are assessed according to the procedures defined by Italian Legislative Decree 231/2001. The subject is handled as a priority of the daily working activities within the Group.

Corruption-Related Risks

Relative to the potential risks of corruption, the principal risk factors have been identified in the assessment activities pursuant to Italian Legislative Decree 231/2001. This analysis allowed to identify suitable control and prevention mechanisms, as defined by the Organisational Model.

Risks linked to People

The risks identified in this area, again in 2018, mainly concern the adjustment and expansion of knowledge and expertise, imposed by the speed of the environmental dynamics, as well as maintaining an optimal internal engagement and an adequate level of motivation. Coherent with the value of centrality and importance of the person, the Group continued the path undertaken in 2017 aimed, on the one hand, at providing increasingly updated profiles digitally (necessary to face the challenges of business and be prepared for the professions of the future) and, on the other hand, to increase the capacity to listen, manage feedback and enhance the qualities of the individuals, in order to maintain a high level of commitment, participation and cohesion within the organisation.

Also, on this point, the Group continued, during 2018, the corporate development project started in 2017 in cooperation with "Great Place to Work[®]", a company specialised in organisational and HR consulting. Their monitoring during the year highlighted an overall improvement in the indicators that measure the quality of the work environment and engagement of the employees.

Risks related to Human Rights

Cattolica Group to date has never considered as significant the risk of human rights violation within the Company or by direct suppliers. As for suppliers, a mitigating factor is the type of low-risk supplies, necessary for the company business.

However, the Group evaluated the need to be able to focus its mitigation actions to counteract the risks for human rights in the management of the investments. Violations relative to human rights can become significant business risks for the companies in which the Group invests, including operating, reputational and legal risks, which can have an impact in terms of risk/return on the assets in the portfolio.

In order to monitor these risks, during 2018 the Group investment policy was updated to include exclusion criteria for all the companies characterised by serious violations of human rights. Furthermore, the Group introduced an ex post control system through a company performance analysis of the companies in the portfolio, included in the ESG analysis.

As for the selection and management practices of the investments, exclusion and monitoring lists of the company issues (stocks and bonds) were furthermore applied, which undergo screening to check that the issuing companies are not connected to violations of human rights. This analysis is conducted according to the MSCI criteria, which included the definitions of the United Nations Global Compact Principles (UNGCP) and United Nations Guiding Principles on Business & Human Rights (UNGPBHR), described below:

- General human rights concerns
- Indigenous peoples' rights
- Civil liberties
- Disputed territories issues
- Environmental incidents that harm local livelihoods

For additional information, please see the specific analysis on the investments in the dedicated section.

Attention to equity: the remuneration policies

The Group has maintained unchanged the principles at the base of the remuneration policies of the personnel aimed at guaranteeing a fair and equitable salary, commensurate with the role and responsibility covered, the level of professionalism and individual performance of each employee. Remuneration should not be linked to personal characteristics.

This method complies with the regulatory provisions and takes as indispensable reference the need to maintain in the long-term an efficient and sustainable management of the policies relative to human resources, maintaining at the same time an operational flexibility suitable for the rapid transformations taking place in the Group and the dynamics tied to the deployment of the new 2018-2020 Business Plan, still ongoing.

With these premises, the incentive system was reviewed in 2018, also taking into consideration the fact that the labour market, the major competitors and the broader financial community have compensation practices increasingly focused on rewarding competence and commitment.

It's very remarkable from the point of view of sustainability the introduction, starting with the results achieved during 2018, of forms of variable remuneration for some top management figures of the Group - tied to mechanisms of *Management by Objectives* (MBO) - partially correlated to the achievement of non-financial objectives.

It is still in the initial phase and will be subject to fine-tuning - also in correlation with the definition of a sustainability plan with more defined objectives and significant KPI - but will an already evident rationale: encourage top management to monitor and enhance, both during strategic planning and the decision-making process, behaviours tied to sustainability.

For more information on the Group's remuneration policies, please see the Report on Remuneration, published in the "Governance" section of www.Cattolica.it.

At the centre of corporate governance: the Members

Because of its nature as a cooperative company, the *Cattolica* Members are the cornerstone of governance and are their most important stakeholders. Only shareholders who meet the requirements defined by the Articles of Association can reach the status of Members. They enjoy non-property rights of participation to the Company's life, via the active attendance to the Meeting and through the expression of the right to vote. They also enjoy property rights, they receive dividends and participate in the underwriting of capital increases.

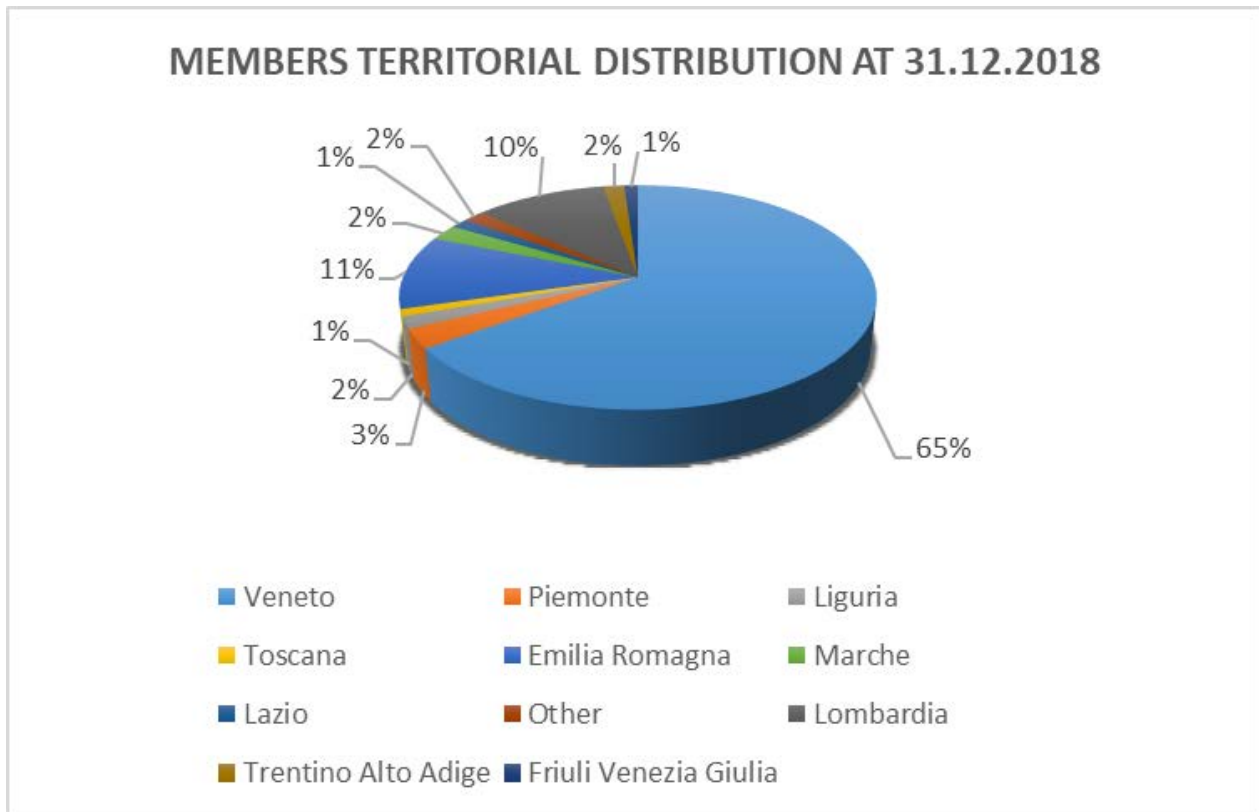
At 31 December 2018 there were 24,547 registered Members (2017: 23,763), located throughout Italy, with a higher concentration in some Northern regions like Veneto (65%), Lombardy (10.6%) and Emilia-Romagna (10.7%). 98.6% of Members are natural persons - of which 60% men and 40% women - and the remaining 1.4% are legal entities.

Almost 4,000 members participated, in person or by proxy, in the 28 April 2018 Meeting (exact figures, variable for each of the individual votes, are included in the Meeting minutes available on the institutional site).

Cattolica is continuing, as it has traditionally, a high involvement of Members in the Company's life, in line with its cooperative nature and with the importance of that stakeholder, also by means of institutional events, besides the annual Members' Meeting, which is the most important corporate event.

Among these initiatives are the Members Tour, a series of meetings organised between November and January, which are opportunities for communication, listening and sharing in the territory, during which the Members are updated on the Company's performance. Over 2,000 members participated in the six 2018-2019 meetings.

The cooperative spirit is the principle inspiring the Members' Associations, which have always had a fruitful cooperation with *Cattolica*. As of 31 December 2018, there were 10 active Member Associations: *Apaca*, *Asscat*, *Unica*, *Amici della Cattolica Assicurazioni*, *Apical*, *Uscas*, *Cattolica Più*, *Insieme per Cattolica*, *Soci Cattolica* and *Valorizziamo Cattolica*.



Services to the Members and dedicated products

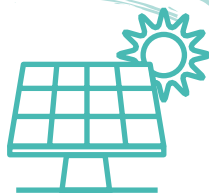
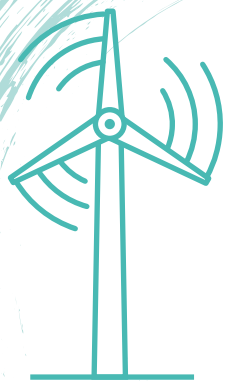
An information and assistance service is offered at the Company's office. The "Member Relations" team explains the main insurance services provided, introduces the specialised staff (internal employees or external agents), who can help actual or future members with customised quotations and further explanations. 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, for the Members to access useful content about products and agreements, institutional and corporate information, events and initiatives.

The Member receives institutional messages also by post, including the Chairman's letter, containing information on the Company's and the Group's performance.

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 a dedicated line of products called "*EssereSoci*", which offers exclusive and favourable solutions both in terms of coverage and costs.



Investments in
renewable energies

€ **163** MLN

SUSTAINABLE INVESTMENT: ESG INVESTING

Introduction: what is sustainable investment and why is important	70
The United Nations Principles for Responsible Investment (PRI)	70
The most widespread approaches for socially responsible investments	71
The inspirational principles	71
The Group's integrated approach to sustainable investments and the implementation methods	72
Exclusions (Black List) and Monitoring (Watch List)	72
Holistic approach: ESG Rating/Score	72
Thematic approach	73
Environmental protection	74

SUSTAINABLE INVESTMENT: ESG INVESTING

Introduction: what is sustainable investment and why is important

The concept of sustainable investment is widely accepted global principle which tries to provide a theoretical and practical framework to include environmental, social and governance factors (hence ESG, acronym that expresses the English terms Environmental, Social and Governance) in investment decisions.

The definition remains however open and not yet unique, also because of the intrinsic complexity of the subject. A useful point of reference is the United Nations statement made during the launch of the Principles for Responsible Investment (UNPRI) in 2005: “Responsible investment is an approach to investment that focuses on integrating the environmental, social and governance factors in the investment decisions, to better manage the risk and generate long-term sustainable returns”.

The ESG approach examines in detail the business processes and development methods of a company and defines a wide spectrum of parameters and criteria for measuring the risk, based on:

- the quality of the environmental management;
- the level of commitment and support vis-a-vis social issues and the methods of interaction with the stakeholders;
- the structure and characteristics of the Corporate Governance;
- the economic and financial performance.

An increasing number of investors incorporate the ESG principles in the decision-making mechanisms relative to the investments, because awareness is increasingly widespread that these factors have a significant impact, not only on the sustainability of a company in the medium and long-term, but also due to their decisive influence on the risk profiles and the risk-return ration of the investments.

The United Nations Principles for Responsible Investment (PRI)

Conceptually distinct, but closely connected to the SDGs, it is the United Nations initiative that defines the Principles of Responsible Investment (PRI). It sets out six guidelines for incorporating the ESG issues into investment practices.

Based on the principles outlined, the companies participating in the PRI are required:

1. to incorporate the ESG issues in the analysis of their investments and relative decision-making processes;
2. adopt an active ESG-driven management of the investments, adjusting policies and processes to this approach;
3. obtain adequate disclosures on the ESG issued by the company subject of investment;

4. promote the acceptance and implementation of the PRI in the management of the investments;
5. cooperate for the improvement and a more effective implementation of the PRI;
6. produce transparent and accurate reporting on the ESG Investing activities and the progress achieved.

At the end of 2018, *Cattolica* began to consider the possibility of adopting the PRI, consistent with the path laid out by the development of the CSR and the anticipated consolidation of the Group ESG Investing initiatives. This adoption could take place already in 2019.

The conceptual framework summarised here, shows that the *Cattolica Group* has taken the steps to defined and develop its ESG Investing strategy.

The most widespread approaches for socially responsible investments

Relative to the operational practice of the ESG Investing, three main approaches emerge: the use of exclusion criteria, the integration of environmental, social and governance (ESG) factors in the investment process and the adoption of *impact investing*.

- Exclusion: exclude from a fund or a portfolio specific industries, companies or *practices* based on specific ESG criteria;
- Integration: systematically use ESG criteria significant at the financial level, to improve the risk/return profile of the investments and therefore performance;
- *Impact Investing*: make investments with the objective of exercising a measurable benefit to the environment or society, obtaining at the same time a positive financial return.

The inspirational principles

The Group is fully aware of the significant role that it can play in the field of environmental and social protection as well regarding respect for the governance factors. Therefore, the criteria have been identified, inspired by the most widespread international practices and expressed in the International Conventions issued by universally recognised bodies, aimed at considering the following issues:

- the respect for human rights;
- the prevention of all forms of corruption and conflicts of interest;
- the respect for the rights of workers and adequate working conditions;
- the ban on controversial arms;
- the respect and protection of the environment.

These areas hold a financial as well as an ethical significance and, if considered adequately by the companies, contribute to the creation of a more stable and sustainable economic system.

The Group's integrated approach to sustainable investments and the implementation methods

With specific reference to the investments relative to the insurance portfolios, from a perspective of constant improvement of the process connected to responsible investments, the Group has undertaken a process to redefine the founding criteria of the exclusions and is adopting a portfolio monitoring procedure capable of including the ESG subjects in the analysis and in the investment decisions.

Placing this extra-financial information alongside the more classic financial criteria, the financial materiality is recognised, already widely suggested by the academic world in recent years. The activities are conducted with the support of social responsibility advisor and are based on the external analyses provided by the MSCI ESG Research company.

These criteria are applied to over € 19 billion, corresponding to 82% of the assets under management in the insurance portfolio at 31.12.2018⁹.

Exclusions (Black List) and Monitoring (Watch List)

The purpose of creating a screening is to continuously monitor the investing universe, by identifying and evaluating the issuers with a greater exposure to the ESG issues.

The exclusion criteria on which the sustainability screening is based consider, in the case of corporate issuers¹⁰, serious violations of the principles defined by the United Nations in the UN Global Compact or the affiliation with certain sectors considered sensitive, in line with the founding values of the Group.

The Group also undertakes to continue to monitor and to limit direct investments in certain sectors which are not considered in line with the values and principles pursued. The screening leads to the inclusion of the issuers on the exclusion list (black list) or in the monitoring and verification one (watch list).

The Group periodically analyses to verify that the company subject of investment is in line with the criteria mentioned. At end 2018, the negative screening, applied to the corporate issuers included in the Group's portfolio, showed that on 0.09% are part of the black list while 3.4% appear in the watch list.

Holistic approach: ESG Rating/Score

Investments in government issues, funds and corporate issuers (subdivided based on the relevant industry) included in the insurance portfolio are examined based on a social responsibility, environmental and corporate governance score.

⁹ Portfolio composition at 31.12.2018: 14% corporate issuers; 61% government issuers; 6% open funds; 18% asset not covered by MSCI ESG Research database. The portfolio includes the assets (excluding: liquidity, financial liabilities and properties) of the following companies: Società Cattolica di Assicurazione, ABC Assicura, BCC Assicurazioni, BCC Vita, Tua Assicurazioni, Berica Vita, Lombarda Vita.

¹⁰ The criteria are applied exclusively to the direct investments in corporate issuers, government issues and Funds are monitored through the ESG Rating.

The ESG is, in turn, divided into three columns - environment, social practices and good corporate governance - and analysed at the industry level in the case of corporate issuers. The ESG score is converted into an overall ESG rating, based on specific conversion ranges established by MSCI¹¹, to pursue an improvement in the average portfolio rating. A special attention is paid to the issuers with a rating under B.

At 31 December 2018, the insurance portfolio of the Group has an average ESG rating of BBB, positioning itself in the middle of the scale established by MSCI.

Thematic approach

The Group furthermore promotes thematic investments, aimed at improving sustainability through the selection of products that identify macro-trends destined to guide future social-economic developments. In the last few years there has been a growing interest in investing in the environmental sector, through the participation in specialised funds, real estate funds and closed-end funds, or through the underwriting of bonds to support specific projects (so-called Green Bonds and Sustainability Awareness Bonds).

The Perseide fund is worth mentioning this closed-end real estate fund is focussed on renewable energies, is included in the consolidation activities of the Group and is wholly owned by the Companies of the Group. The investment portfolio includes specialised closed-end funds focussed entirely on the alternative energy industry, especially solar and wind, and other funds in which these investment percentage is lower. The following table shows some concise figures on the Group's financial loans in the sector of renewable energies.

Specialised funds - Sector and geographic composition of the investments in renewable energies

Specialised closed-end funds Figures at 31/12/2018	31.12.2018	30.9 2017 ¹²
Value expressed in Mln of Euro	163	137
Breakdown % by sectors		
- related to solar	79.9%	93.4%
- related to wind	19.9%	6.3%
- other	0.14%	0.3%
Geographic allocation (%)		
- Italy	78%	90.3%
- Outside Italy	22%	9.7%
Number of plants	75	60

¹¹ The scale prepared by MSCI provides a rating from AAA (best) to CCC (worst).

¹² The 2017 figures relative to the by sectors and the geographic allocation are reported at 30 September 2017.

The number of SRI (Social Responsible Investment) securities has been increased in the portfolio. In the last six months, Green Bonds totally almost € 14 million were underwritten. These include securities issued by Iren, EDP, Getlink and the first Sustainability Awareness Bond issued by the European Investment Bank (EIB), destined to finance sustainable development, with a peculiar focus on projects with strong impact in the water sector.

The total amount of Green Bonds in the insurance portfolio at 31.12.2018 is approx. € 80 million, equal to about 2% of the corporate bonds.

As for the social interest investments, the Group recently entered the *elderly care* sector with the establishment of the specialised Fondo Innovazione Salute real estate fund, reserved for the enhancement of residential care homes (RSA). This commitment will guarantee a total of more than 800 beds, with an investment pipeline of at least € 150 million.

The project combines two aspects of business in the Group's 2018-2020 Business Plan: the planning and execution of an innovative offer for elderly care and real estate investment in the healthcare sector.

Environmental protection

The Group considers environmental protection important. In addition to having included serious environment damage among the exclusion criteria, it has also recently adopted an ex post monitoring system to check on a quarterly basis for investments in sectors identified as *carbon sensitive*. This methodology uses a broader concept for screening the issuers by monitoring companies with a turnover which includes over 70% from industries tied to high carbon emissions, such as combustible fuels (Coal, Petroleum and Natural Gas).

At 31.12.2018 there are no direct stock or bond investments in companies connected to the coal industry in the insurance portfolio,

The screening showed that the sectors¹³ in which the company has a marginal exposure are Materials, Energy and Industrials. The weight of the *carbon intensive* securities present directly on the Group portfolio is 0.2%.

The carbon footprint is also monitored on a quarterly basis. It is a measurement that expresses all the greenhouse gas emissions associated directly or indirectly with a product, an organisation or a service, generally expressed in tons of CO₂e¹⁴. The Weighted Average Carbon Intensity¹⁵ of the

¹³ According to the GICS Sector definition.

¹⁴ According to indications of the Kyoto Protocol, greenhouse gases taken into consideration are: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF₆); each of which is weighted based on its individual contribution to the increase in the greenhouse gas effect (namely its "climate changing power") compared to that of CO₂, considered equal to 1.

¹⁵ Metric used MSCI Carbon Emission - Scope 1 + Scope 2 Intensity, measured in tCO₂e/\$M. This measurement represents the Scope 1 and Scope 2 greenhouse gas emissions standardised on the total of the sales in millions of Dollars, with the purpose to enable the comparison between companies of different sizes.

corporate issuers in the portfolio for which this information is available (approx. 10% of the market value of the portfolio) comes to 18 tCO₂e/\$M, compared to the 180.3 tCO₂e/\$M of the MSCI EUROPE INDEX¹⁶.

¹⁶ MSCI, INDEX CARBON FOOTPRINT METRICS figure, updated 29.6.2018.



Agencies

1,444



Bank
Branches

6,054

PREVENT AND PROTECT: AT THE CUSTOMER'S SERVICE

Customer first: insurance products and services	78
Solutions and products offered in a social perspective	79
Social security solutions	81
An important segment: solutions for the world of volunteering	81
Solutions to protect savings	82
Solutions to protect the heritage from natural disasters	82
The evolution of the distribution model	83
Enhancing the presence on the market: communication with the customers	88
A better customer experience: the quality of the service	90
Complaint Management	92
The business of the future, now: Cattolica and innovation	93
Area of excellence: Religious and Non-Profit Entities BU [Business Unit]	97
Close to the agricultural world: products dedicated to the Agri-Food Sector	100
Collaboration with Coldiretti	102
Agri-Food Observatory	102

PREVENT AND PROTECT: AT THE CUSTOMER'S SERVICE

Highlights

Customers: 3.58 million

Agents: 1,929

Agencies: 1,444

Bank Branches: 6,054

Core business: Insurance Products and Solutions in the life and non-life branches

Distinctive areas: Agri-food Sector, Religious Entities and Associations, Specialty lines for non-traditional risks

Financial advisors: 733

Welfare and pension product advisors: 159

Customer first: insurance products and services

It is inherent in *Cattolica's* essence and in its core business - to protect people and companies from risk and from the consequences of adverse events - maintain a privileged focus on the customers, establishing solid, long-term relationships with them.

The Company acknowledges that only through the lasting ability to satisfy the needs and expectations of the clientele is it possible to achieve a level of cost-effectiveness capable of generating adequate profitability and the capital and financial strength necessary to grow.

The quality of the products and services offered, with commercial proposals of high added value and functional to the needs of the people and the companies, is essential to expand and remain highly competitive on the market.

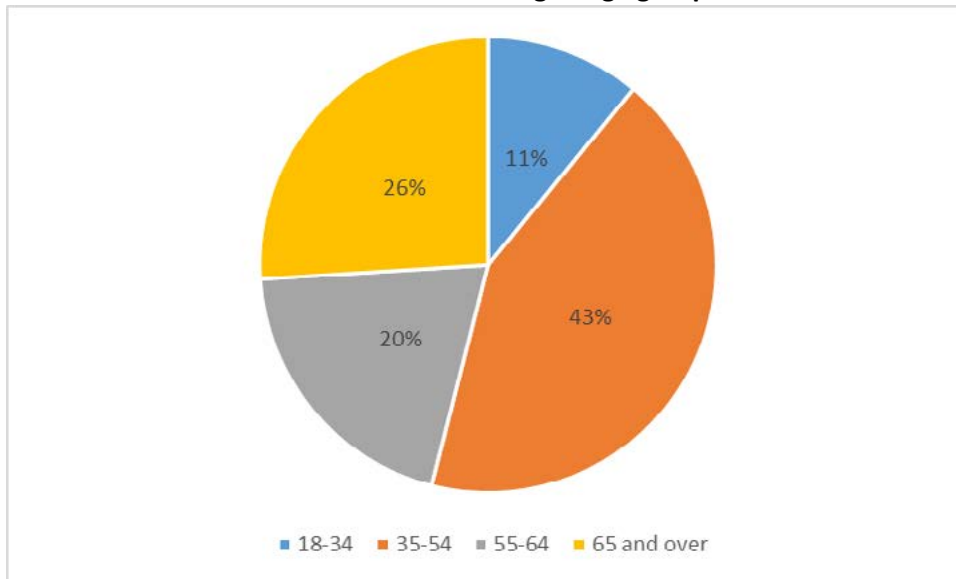
In a context of changed sensitivity to social and environmental issues and evolution of consumer models, lifestyles and demographic dynamics, the ability to create insurance and protection solutions with high social and environmental value complement the traditional criteria of customer loyalty based on trust, transparency and quality of the standards of services offered.

Again, we chose this year to give a special emphasis to the insurance formulas offered by Cattolica Group that stand out, directly and indirectly, because of their specific ethical and solid value and for their ability to have a positive impact for one or more categories of customers.

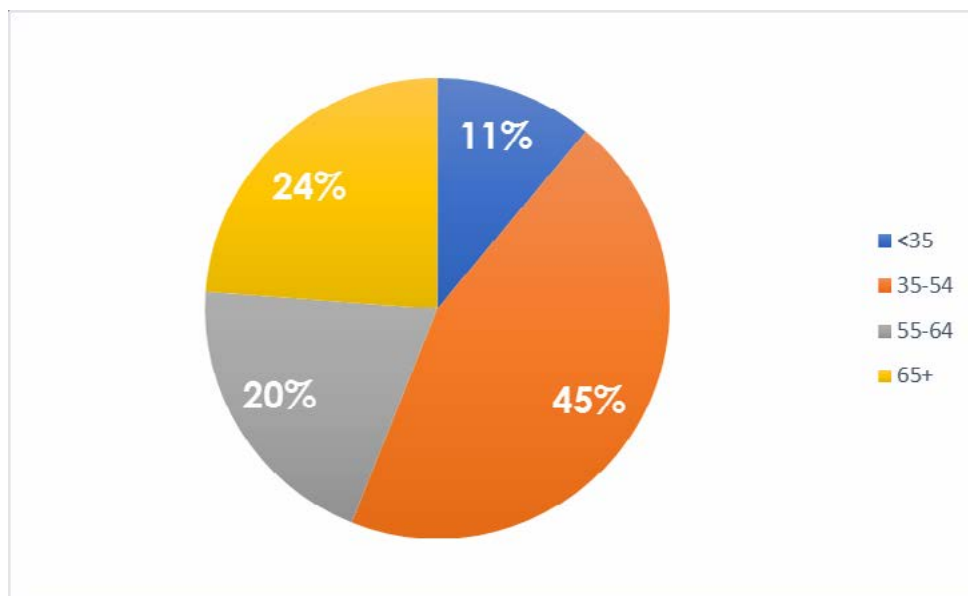
As of 31 December 2018, *Cattolica Group* has almost 3.6 million customers¹⁷, 61% of whom were men and 39% women, with an average age of 55 years. 43% of the customers fall in the age group 35-54, as shown in the following chart.

¹⁷ The figure on the number of customers is underestimate since it does not include the Vera brand companies, which are not available yet.

Cattolica's customer breakdown according to age group as of 31 December 2018



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



Solutions and products offered in a social perspective

Over time, *Cattolica* has enlarged a range of products and services created to satisfy the insurance needs of specific segments of clientele with a strong social connotation.

The Company expresses this propensity by increasing the activity towards intermediate bodies such as volunteer associations, foundations, cooperatives and social companies and, in general, the Third Sector world, with which it aims to operate on the market as company of reference. Attention and closeness to the world of disability continue to remain high.

Cattolica's sensitivity and vision emerge from the offer developed to guarantee assistance dedicated to people with disabilities in the family. The Company is proud of having opened already in 1977, by introducing - first on the market - a policy for multi-purpose vehicles, with protections reserved for individuals who difficulty driving.

For those who need it: dedicated support

Cattolica & Solidarietà is a plan that defines certain traditional insurance solutions, which protect individuals in every facet of life, with specific focus on the needs of people with disabilities. The following are significant:

- *Cattolica & Auto* is the RCA [third party insurance] policy to be able to drive safely and includes specific advantages for those driving a multi-purpose vehicle, with special discounts, services and support in the event of an accident or breakdown with the vehicle.
- *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 e Ogni giorno Click* [Every Day and Every Day Click] is a line of products designed for complete accident protection, which offers special guarantees for families living with children with disabilities, even if they are not fiscally responsible for them. 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, also through the security of an investment in the *Gestione Separata Ri.Spe.Vi*. The beneficiary will have capital in the future available in a lump sum payment or through the disbursement of a evaluable annuity. Even if the insured party suffers today a serious event, *Dopo Di Noi* immediately and specifically supports the needs of the person with disabilities. Thanks to this insurance solution, it is possible to benefit also from a deduction of up to € 750 of insurance premiums paid for the risk of demise.
- *Sempre indipendente* is, lastly, 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. The solution contributes with financial aid if three of the four elementary activities of daily life cannot be performed (move, eat, dress, take care of personal hygiene), immediately paying € 10,000 and disbursing a variable income of between € 500 and € 2,500 per month, guaranteed for life.

Social security solutions

The complementary pension is an integrative welfare tool that is constantly expanding, thanks to which Italian citizens are able to face the decrease in the benefits offered by the public social security system. Thanks to an adequate supplemental pension it is possible to maintain a standard of living similar to that enjoyed during one's working age.

The *Cattolica Group* 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 individual pension plan ideal for all workers and not only, subscription to which is individual and voluntary.

It is a solution offered to the independent worker or the employee who wants a supplemental pension to be received at retirement. It can be underwritten also for the benefit of a family member, including a minor child, even new-born, to immediately create the bases for their own social security.

With *PerLaPensione* it is also possible to broaden the objective of protection, by extending it to the unforeseen events of life, opting for one or more of the ancillary guarantees provided:

- 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 some health situations that imply a degree of permanent disability exceeding 5%, it guarantees a capital varying between € 10,000 and 60,000.

Cattolica Gestione Previdenza is an open pension fund, established in the form of separate capital and autonomous within *Cattolica Assicurazioni*. *Cattolica Gestione Previdenza* is directed at all those who intend to create a supplemental social security plan. Participation in the Fund can be individual - in this case it is the individual who voluntarily decides to join the Fund - and collectively: in which case there is a specific agreement between the company and its employees regarding the methods and terms of the contribution. Participation can also occur through tacit conferment of the TFR [severance indemnity].

Cattolica Gestione Previdenza also makes it possible to expand the level of protection of the product, thanks to the possibility of choosing additional coverage just for death or for death and total and permanent disability, for a fixed insurable capital of € 100,000 and € 150,000.

An important segment: solutions for the world of volunteering

The ISTAT surveys confirm the constant growth, in the nation, of the number of associations and individuals who, because of their profession or ethical choice, participate in the world

voluntary work, thereby contributing to extending the support network for people in difficulty. The reform of the Third Sector has marked a further impulse to this expanding dynamic.

The research done by ISTAT on a sample of 43,000 organisations shows that the sector, even in a period of serious economic crisis like the recent one, remains in a state of feverish activity. *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.

Additional insurance solutions are being studied and creation, hand in hand with the wider application of the legislative corpus on the Third Sector.

Solutions to protect savings

Cattolica has always paid close attention to the administration of the capital it has been given to manage by the customers, because it recognises the importance of the savings accumulated by each person in family budgets also as a protective buffer against unforeseen events.

For this reason, the Company offers a wide selection of solutions dedicated to investment and savings, which never lose sight of their broader insurance/social security management, through:

- attention to a correct risk profile for every investment, both through the Separate Management and through the Internal Insurance Funds managed directly by the Company;
- the combination of types of insurance protection, already included or which could be combined, which can intervene and supplement in case of serious unforeseen events;
- the possibility of deciding the liquidate capital also in several forms of annuity, when one wants a more flexible and free management compared to the traditional supplemental social security products.

Solutions to protect the heritage from natural disasters

Increasing importance has been attributed in recent years to the subject of climate change and the new risks resulting from the occurrence of natural disasters. Because of its geographic shape, Italy is one of the countries most exposed to earthquakes, deluge and flooding and the official research published by UNISDR (United Nations Office for Disaster Reduction) reiterates a growing trend of the occurrence of catastrophic events in our country.

Unfortunately, the statistics of the last few years confirm that the economic consequences of these events are considerable for companies and family households.

Despite this, there is still extremely low coverage against these events: to date only about 40% of all companies and 2.5% of private homes are insured for example against seismic disasters.

Starting from this context, *Cattolica* has worked to enrich the products dedicated to the protection of the Home (*Cattolica&Casa Senza Pensieri*) and the Company (*Cattolica&Impresa Industria 360°, Alimentare 360°, Commercio*), endowing them with catastrophic guarantees which can provide protection in the event of natural disasters. These are guarantees with high social value accessible to everyone, thanks to which it is possible today to offer the customers the extension of the catastrophic guarantees to more widespread events, as earthquake, flooding and deluge, as protection against residential and non-residential risks tied to industry and commerce.

There were 7,614 new contracts for a total value of the portfolio premium of more than € 1 million, issued during the last quarter of 2018 following the makeover and launch of the catastrophic insurance products,

The evolution of the distribution model

Cattolica is historic company in the Italian insurance landscape, present on the market since 1896. It is also the only industry cooperative company listed on the Stock Exchange, with three distribution channels: agency network, bancassurance, insurance brokers and partners.

The professional channels

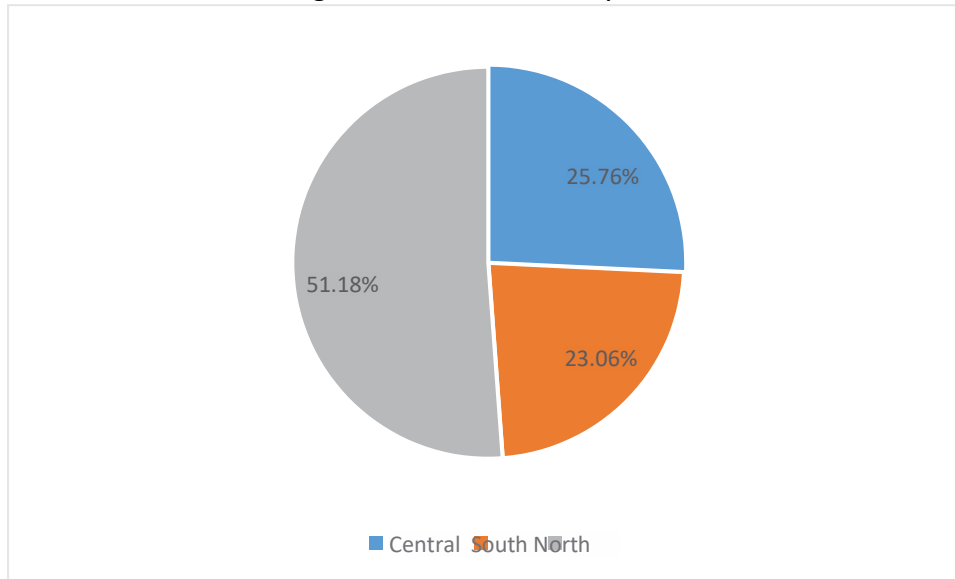
The agency network remains the fundamental pillar of *Cattolica's* presence in the territory and is the primary channel for the distribution of the products, in addition to being one of the indispensable levers for the achievement of the “profitable growth” anticipated by the Business Plan. The network has 1,444 agencies and 1,929 agents at 31 December 2018 spread throughout Italy. The distribution network also includes 733 financial advisers and 159 social security advisers.

The distribution of the agency network according to the classification by district adopted by the Group and shown in the figure is the following: North District 51.18%, Central District 25.76% and South District 23.06%.

The 2018 Agents “*Cattolica on Air*” Tour, interesting moment of great aggregation for the agency network and for the people who work with and for the agents, allowed *Cattolica* to meet, during February and March, 980 agents in eight cities: Turin, Milan, Bologna, Catania, Florence, Verona, Naples and Rome. *Cattolica* reaffirmed with the 2018 Tour the importance of the agents as decisive participants in the company activity, consistent with the process of engagement that involved them at the end of the year in the definition of tangible subjects.

In February, 1,430 agents of the *Cattolica Group*, from all over Italy, participated in the 2018 Agent Day, and event dedicated to the distribution network and which was held at the *Cattolica* Center of Verona, during which the Managing Director presented the 2018-2020 Business Plan.

Distribution of agencies on the territory as at 31 December 2018



Insurance in the bank: the development of the bancassurance channel

Cattolica believed in bancassurance since the beginning of this distribution channel, forming since the 1990s important partnerships with the life and non-life branches with leading banks, and reaching a position of significance in terms of number of points of sale throughout the national territory.

The objective that inspires all the bancassurance companies of the Company is to best support the distribution partners, meeting the safety needs of the person through quality products for the protection of health, family, capital and savings, by offering continuous support to the sales network and an adequate consulting and support service to the customer.

The main banking partnerships currently in operation for *Cattolica Assicurazioni* are with UBI Banca, Iccrea and *Banco BPM*.

The agreement between *Cattolica* and *UBI Banca* involves the distribution of the insurance products of the *Lombarda Vita* joint venture through the bank branches, with almost 500 branches, and the network of UBI Group's financial consultants. The union of the two organisations materialised in a wide commercial offer which integrates protection, savings and investment solutions for Retail and Private customers.

The partnership between *Cattolica Assicurazioni* and the *Iccrea Banking Group* applies, respectively for the life and non-life segment, through the *BCC Vita* and *BCC Assicurazioni* companies that operate through the distribution network of almost 4,000 branches of the *Banche di Credito Cooperativo e Casse Rurali*.

It is anticipated that, during the first months 2019, *Cattolica Assicurazioni* and *Iccrea Banca* - thanks to an exclusive negotiation phase - will review the negotiated terms of the existing partnership, with an agreement to renew for a three-year period and a 70% increase in the investment interest held by *Cattolica* in both joint ventures.

In 2017, *Cattolica* signed an agreement with *Banco BPM* for the establishment of a 15-year strategic partnership in life and non-life bancassurance. The closing of this important operation was complete on 29 March 2018 and resulted in the creation of *Vera Vita*, with the subsidiary *Vera Financial* and *Vera Assicurazioni*, with the subsidiary *Vera Protezione*.

The agreement with *Banco BPM* provided a decisive boost to the distribution and production capacity of the Company (with an increase of over 1700 branches), reinforcing the market penetration capacity.

In order to develop an offer adequate for the evolution of the needs of the clientele, *Cattolica* has invested significantly in the Non-Life and Protection sector, in order to create new insurance solutions (for example in the area of natural disasters) and new segments, such as the world of domestic animals, as well as to design scalable products within the insurance coverage, optimizing the flexibility and personalisation of the products.

Cattolica's bancassurance, also in the Life area, is engaged in supporting the traditional insurance product line of the joint ventures with innovative solutions, expanding the range of Private and Retail products through the study of new products dedicated to specific targets and the evolution of Class 1 products to *non-cliquet* logics (not tied to parameters) with lower absorption of capital.

Among the banks with which *Cattolica* has smaller active commercial partnerships are *Banca di Credito Popolare*, *Banca di Bologna* and *Banca Galileo*.

Agents and insurance partners

Cattolica collaborates with agents and insurance partners in the reinsurance field: *Arag*, for legal protection, *IMA Italia* for 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.

An important innovation, connected to the implementation of the Business Plan, is the Group's entrance in the non-traditional risk business (speciality lines), characterized by a high level of complexity and specialisation.

The *CattRe* company - *legal entity* acquired in 2018 - is the operational lever to allow *Cattolica* to enter the special risks market, thanks to a flexible and innovative business model.

CattRe's role will be reinsurance of the premiums collected by the *managing general agencies* (MGA), companies with specialist expertise operating in niche markets. The current and future MGA report to *Estinvest*, financial holding company 100% owned by *Cattolica*.

CattRe makes it possible to expand the Group's business beyond the traditional retail sector, according to criteria of innovations and technical excellence outlined in the Business Plan.

The development of skills and the training of the agent network

Agents play a central 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 is a critical success factor for the qualitative and numerical development of the distribution network, and the training represents its principal tool. It is an aspect that has assumed increasing significance, both for the expansion of the Group's perimeter and for the regulatory consequences introduced by the EU Directive 97/2016 called IDD (Insurance Distribution Directive).

The main purpose is the constant growth in the expertise of the intermediaries and a careful and complete professional update relative to the technical (processes, procedures, legislation) and managerial (management of the agency, profitability, management of Class II level employees, communication and negotiation) abilities, necessary to guarantee a high level of advising and consulting to the clientele.

Among the activities launched in 2018, the Group's large investments focused on the development of agents' skills are so 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:

- **IDD Training.** To share an evolved vision of insurance distribution connected to the application of the Directive and to strengthen the combination of respectful behaviours and commercial results, *Cattolica* made available to the network a complete training course, the objectives of which are the alignment with the *core* skills relative to the regulatory aspects and, in a second phase, the definition of an evolved view of insurance distribution. A training course has been available to the distribution network since September 2018, aimed at promoting the progressive examination of the subjects identified and the didactic synergy between class training and distance learning, through the Group's e-learning platform. 2,408 agents, 9,690 sub-agents and 2,474 agency employees participated in the initiative.
- **Active Auto Training - New *Cattolica* electronic product line.** Of the launch of the new *Cattolica* product, the following training supports were made available:
 - ✓ Three online courses (*CATTOLICA&MOTORI* for Auto third party liability, *CATTOLICA&MOTORI CVT* for additional guarantees and *CATTOLICA&MOTORI ACTIVE* for the related product), for a total of approx. 3 hours of training on classic product subjects such as: guarantees and features with focus and review of peculiarities of the new electronic product in terms of market context, target customers, benefits, and advantages for the customer. Over 4,000 individuals participated in the first 2 courses and over 6,000 for the third with a total of about 2000 man/days of training.

- ✓ Classroom training: “The effectiveness in the commercial proposal of *Cattolica&Motori Active Auto*”, 7 hours. It is a course dedicated to the commercial effectiveness of the proposal of the new related products, destined mainly for the Secondary Networks, but also open to Agents and Front Office. 19 events were carried out, for a total turnout of 1,965 participants and 1,720 man-days of training; The course covered many subjects: market context, product line target, features of Active auto and consultancy methods for proposing the product to the customer. In a second phase, in dedicated workshops to groups of 20, the reasons for the purchase, the objections and their management were analysed;
 - ✓ Video training bites which explain simply and clearly the salient traits of Active Auto: functionality, services, index of merit, management of the accidents, methods for installation of Active Box and association with Active APP. The videos were a streamlined and useful method for improving the relationship with the customer in the various sales phases of the product;
 - ✓ Classroom training dedicated to the agents of the former FATA Division, with an innovative offer not only from the electronic point of view, but also new as Auto offer tout court. About 100 Agents for a total of 98 man/days training participated in this cycle.
- MEA - Master Executive Agents. Throughout 2018, 323 agents were trained with 69 courses provided during the year. The agents benefited from the extensive training provided by the Master catalogue dedicated to them;
 - MPA – *Professione Agente* Master's degree. The third edition of the Master’s program dedicated to the young talent of the *Cattolica* Network was a specialist course oriented strongly on the managerial and operational preparation, benefiting the *Cattolica* Network FATA Division. In 2018, 22 young people were involved in the initiative;
 - Professional 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 257 people;
 - Life Training. The “Savings and Investment for the Customer. Financial course: markets, scenarios, tools and *Cattolica* product line” was offered, with the objective of providing the intermediaries with the expertise necessary to accompany the Customer through a consultancy sales process, capable of providing answers to the specific financial and investment needs. The course, for a total of 15 hours and certifiable for IVASS purposes, was developed according to a blended training logic, divided into four parts: one preparatory for online training, one of core skills in the classroom, one of in-depth examination online and a follow-up one in virtual classroom;
 - Online Training Offer. The online training catalogue remains available to all intermediaries, with 142 titles available, mainly on regulatory and product issues, both non-life and life, for a total of over 281 hours of training accessible as e-learning courses. The offer was enriched with courses relative to the products in line with the Marketing Products Plan GDPR and Cyber Security as well as PRIIPS/KIDS. In 2018, there were 24,982 man/days on those subjects;

- C.P. Servizi Consulenziali: 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 2018, the Group continued its commitment to achieving the objectives set out in the Digital Transformation Programme aimed at providing the agency networks and management structures with modern and innovative digital tools, which are necessary to compete in a highly dynamic market context, where new and more evolved purchasing behaviour by customers is emerging.

The plan of interventions aims to position the Company in the high-end range of the insurance sector, thanks to initiatives focused on objectives of operational efficiency and commercial effectiveness. When defining the plan of interventions of the Program, the following guiding principles were considered:

- expansion of the centre-network interaction methods, from the “request” sphere to the “initiative” one;
- enhancement of the equipment for the management of the relationship with the customer and mobile sales;
- evolution of the management functions of the Agency Level II Network;
- fine-tuning of the reporting and communication tools;
- creation of a single point of access to the information and the various business systems.

The Program is developed and implemented by an inter-functional team comprising the Distribution and Marketing Department, the Operations Department and the Technical Departments. The change was implemented in successive “waves”, which led to:

- an improvement of the tools available and a new database of the intermediaries with the Wave 1 and Wave 2 phases (implemented between June 2016 and December 2017), which involved over 1,850 agencies for more than 3,600 virtual classroom and online training;
- start of the *roll out* activity of the new life operational platform *ALLin* and New Instruments - advanced OTP electronic signature, Task of Doing (Front End TuttoQui), new customer card and electronic document file - with the Wave 3 phase (carried out between October 2017 and December 2018), in which over 550 Agencies were involved.

Enhancing the presence on the market: communication with the customers

In a context marked by a growing distribution complexity and by the intensity of the competition, every communication channel with the clientele represent a crucial instrument for the consolidation of the current market and the entrance into new segments.

Innovative communication: the digital channels

The daily and widespread use of the new computer tools opens scenarios in the management of customer service in revolutionary ways. The communication campaigns launched in the Marketing and Customer Service areas continued also in 2018 and benefited from the use of the main digital channels.

The objective of the Company's Facebook page, which was started in April 2017, is to promote and

develop a greater brand awareness also with a younger market segment than the one which currently makes up the Company's portfolio. In 2018, the activity grew significantly in terms of followers and engagement.

From the perspective of centrality of the customer and greater transparency, this tool has turned out to be a powerful touchpoint, capable of providing immediate answers both to actual customers and to potential new target customers: it collected 450 messages (pertaining mostly to the request for information on the product line and on accidents, but also requests for support and contact) 90% of which were answered within 1 day.

A transparent communication: the new website

The year 2018 was year zero of the new website of the Group (www.Cattolica.it), which inaugurated a new flexible, user friendly style of communication more focused on the needs of the customer. It is a single portal with two home pages created to permit the same navigation method, coherent and uniform also in terms of visual identity: one is more customer-oriented (orient on the business and destined for the clientele) and one corporate-oriented, which examines in depth all the aspects and issues that characterise *Cattolica*.

Two separate home pages for greater transparency and wealth of information, simplicity of navigation, ease in searching the contents: features designed to accurately respond to the requirements of the various types of users: the customers find the answers to their needs and requirements; the media, the investors and all the contact persons interested in the Group can find all the information pertaining to structure and operation.

A direct line with the customer: the agency websites

Web and social communication directed at the customer includes two other important projects: agency Facebook pages and agency sites.

The activation of 215 Facebook agency pages continues the objective of stimulating the involvement of the agency network thanks to the disclosure of the social contents of the Company and the development of employee advocacy (the involvement of the employees in the corporate communication activity).

They are pages that have a visual format coordinated with that of the Company and automatically pick up its contents, at the same time allowing the intermediaries the possibility to stimulate local initiatives and converse independently with the customers.

In 2018, 486 agency sites were activated: many Agencies who could develop a web window in line with the coordinated Company image, but which could be personalized.

A better customer experience: the quality of the service

The centrality of the customer remains a founding principle of the *Cattolica* entrepreneurial formula, and this is even more true from the perspective of corporate sustainability. The Company's commitment is substantiated by the offer of products and services that encourage responsible behaviour, through direct, immediate and transparent communication.

Following this philosophy, the Group invests in maintaining multiple channels of communication with the customer and operates in compliance with the regulations on communications with customers. As for the pension products, we refer to the provisions of 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) and EU Regulation 1286/2014 of the European Parliament and the European Council for savings and investment insurance products.

Lastly, with reference to financial-insurance products, in addition to the already mentioned ISVAP 35 and IVASS 38, reference is also made to Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) and the Issuers Regulation adopted with Resolution no. 11971 of 14 May 1999.

Supporting the relationship with the customer and with the goal of ensuring a positive relationship with every commercial segment, initiatives directed at current and potential customers were organised also during 2018.

The mentioned 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.

Speed and transparency: the liquidation of the claims

The level of quality of the service to the customer at the time of the payment of a claim is the subject of a program of actions for the constant improvement of the performance, always from the perspective of the centrality of the customer expressed by the Business Plan and the response philosophy to the requests of the stakeholders.

In 2018 the Group's net claims incurred totalled € 4,568 million (2017: 4,161).

In the RCA business, the current settlement rate (i.e. the percentage of claims settled in the same year of reporting) was 77.4% (2017: 78.5%).

The current speed for claims settled under CARD (Agreement between insurers for direct compensation) was 83.4% (2017: 84.4%). Both percentages are therefore basically comparable to the previous year.

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.

At the end of 2018, the process of creating the paperless claim file was virtually completed. Barring a few types of documents and niche damages, which because of their intrinsic features cannot be filed digitally, the new claims are managed through the immediate digitisation and filing of all the documentation that the Company receives.

This innovation involves obvious benefits in terms of lower environmental impact, speed of retrieval and completeness of the files, in addition to allowing it to be used by all the subjects involved.

Recall CARD

Since November, the Company has launched a series of communications to support Customers and Agencies in the management of the CARD claims, aimed at clarifying the procedural aspects and acquiring in the shortest amount of time possible the documentation required and anticipated by the agreement, in order to assign to the parties the portion of liability in the causation of the claim and the correct merit class of the insured party. Thanks to this service, it is possible to support the customers in identifying potential claims to redeem, avoiding running into contract penalties.

Network Authorised Body shops

The technological evolution of the car fleet and the greater complexity of the related insurance services require *Cattolica* to develop a network of higher profile authorised body shops capable of providing the customer with high standard service, in line with the expectations described in the policy specifications.

It is a network of selected body shops which includes 1,534 repairmen, and which during 2018 managed 15,312 claims, divided between 11,768 CARD double signature and 3,544 Land Vehicle Bodies.

The network provides undeniable advantages for the customer both in terms of service, with the possibility of receiving a courtesy car, and of quality of the repairs to the vehicle.

Starting in the last quarter of 2018, an operational improvement plan of the network and an optimisation of the process overseeing the settlement phase in an authorised body shop began.

Video appraisal non-life branches

At the end of 2017 the use of video appraisal in the estimate of *property* damages, excluding claims relative to electrical phenomenon, was started on an experimental basis in Northwest Italy.

During 2018, 474 claims were handled in this way. In 2019 the process will be extended through the country.

Video appraisal provides undeniable advantages for the customer, for the Company and for the authorised appraisers, since it allows:

- ✓ the customer to set a video appointment taking advantage of a daily hourly availability of about 12 hours from Monday to Saturday inclusive, without being conditioned by a visit from

- the appraiser;
- ✓ the company to increase the settlement speed of the damages increasing customer satisfaction;
- ✓ the authorised appraiser to reduce the operating costs of the case, including travel expenses, also benefiting the environment.

Complaint Management

Attention on the customers and a high level of customer satisfaction are vitally important for the growth and profitability of a company. This approach recognises the centrality of the customer among the corporate stakeholders and is confirmed in the pre-eminent degree of materiality assigned to the subject during engagement.

Attention to customers is not limited to the care reserved during the creation of insurance products and solutions but extends to the sales and after-placement phases. According to this approach, the speed and effectiveness in the management of the complaints, together with the transparency during the communication phase, represent distinctive elements of the Company's work.

An adequate management of the complaints remains an essential benchmark for measuring the excellence of an insurance company such as *Cattolica*, since it contributes to the increase in the operational efficiency and reduces the risks of a reputational nature, permitting high quality in the relationship with the customer.

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 contributes furthermore to the constant monitoring of the levels of service also from the perspective of potential improvements.

During 2018, also due to the expansion in the Group's perimeter, there were a total of 3,978 complaints written (2017: 3,502); of which 1,075 were accepted (2017: 1,179). The average time complaints processing was 26 days (2017: 21).

In addition to the mentioned complaints, we report that the Group received 3 reports regarding violations of consumer privacy. These reports refer to minor cases relative to individual users that the Group promptly handled confirming, following in-depth review, the cases reports. In each case, the consumer was informed not only that the company was taking charge of the report but also the result of the verifications.

Complaints for violation of privacy (n.)	2018	2017
Complaints received for violations of the customer's privacy	3	0
<i>of which received from third parties and verified by the organisation</i>	3	-
<i>of which from regulatory entities</i>	0	-
Total number of leaks, thefts or losses of customer data	0	0
TOTAL	3	0

The business of the future, now: *Cattolica* and innovation

In 2018, the trend continued that attaches primary significance to the subjects of innovation and digitalisation in the materiality analysis of *Cattolica*, and this direction will endure. Technological innovation represents to a growing extent the key resource for making the business of an insurance company socially responsible and sustainable in the medium-long-term, both within the organisation and vis-a-vis the markets of reference and the segments of current and potential customers. *Cattolica* is intensifying its commitment towards a constant search for innovative products and services, with a strong and highly specialised team and a growing focus on the forefront of innovation.

Active Auto

The Active Auto product was launched in 2018 making it possible to incorporate in a single insurance product damages and services of prevention and protection of the auto customers, based on an innovative technology that leverages also the customer's smartphone.

The idea stems from the idea that customers and companies are becoming increasingly connected and that the market estimates anticipate that by 2020 in the world every single individual will be connected by about 6.5 devices.

The phenomenon of the Internet Of Things is already transforming various industries and sectors, creating new business models. These changes are already influencing the future of urban transport and the user methods imposing radical changes both for the automobile and the insurance industries.

Electronics revolutionizes the very nature of the insurance products, starting with auto insurance, making it possible to have:

- ✓ greater wealth of information to profile the risk;
- ✓ more interactions with the customer;
- ✓ possibility of receiving information in real time on critical events (accidents).

The value generated is then distributed among all the stakeholders - companies, customers and insurers - and creates a win-win type of situation, in which several categories of person benefit from the evolution.

Cattolica is strongly aware of the significance of this change in paradigm, which allows a considerable progress also in social sustainability matters, because:

- ✓ it offers incentives to the customers who drive responsibly, contributing to reducing the number of victims on the road, that of the accidents and their extent;
- ✓ it makes it possible to segment more effectively the categories of clienteles from the revenue point of view, rewarding those who behave responsibly and by fighting fraud;
- ✓ it allows the recovery performance of stolen cars to increase;
- ✓ through the incentivisation of responsible behaviours, it contributes to reducing traffic congestion and pollution.

It is a modern, flexible product that can be easily installed by the user, which allows the driver in difficulty to receive help in real time, simply and effectively, thanks to a latest generation self-installing device called Active Box, to be placed on the windscreen of the car and connected to the dedicated smartphone application "Active App".

Active Auto is a product that is much more sustainable than a traditional solution, since it serves as both a protection and prevention element.

- Protection: gives easy and immediate access to 24-hour emergency services and the entire world of assistance services. In the event of a serious accident, the Active Box sensor recognises the impact and alerts the operations centre, which attempts to contact the driver. If there is no answer, the centre automatically notifies the rescue services, also requesting an ambulance at the scene of the accident. The driver can also activate the sensors directly from the App or from the Active Box: they can contact the operations centre and request a breakdown lorry or view the closest garages with agreements with *Cattolica*. The protection also extends to cases of theft or robbery. Thanks to an innovative device – Active Security – it is possible to guarantee a greater defence and effective help by reporting the vehicle's geolocation, with a higher chance of finding the stolen car. Additionally, to adapt to the new forms of sustainable mobility, it is possible to extend free-of-charge the driver accident coverage and legal assistance even when using a third-party vehicle when car sharing.
- Prevention: Active App allows customers to monitor their driving style thanks to a concise indicator (merit index) given on few parameters, including kilometres travelled by road in one year, time of day, observing speed limits, acceleration, and deceleration. Active Auto also guarantees benefits from the very first year, giving customers a 15% relief on the third-party liability insurance rate. The best drivers receive an additional discount up to 15% at renewal, with a reduced premium compared to that of the preceding year. Drivers who also install Active Security receive a reduced theft guarantee rate of 60%, and at the same time, pay nothing for self-insurance. Drivers with vehicles already equipped with advanced safety systems – such as autonomous emergency braking systems – will enjoy an additional 5% discount. Active App includes an ecosystem of benefits for the customer: it can provide information about weather conditions and include warnings for highly dangerous road points, giving personalised information on travel routes selected.

Active Auto has won the top prize awarded by *Milano Finanza*, in cooperation with Accenture, as the most innovative insurance product launched in the last 12 months for the motor vehicle category.

New support services: the agreement with IMA

In line with the principle of the customer's centrality included in the Business Plan, *Cattolica* has forged a close alliance with *Inter Mutuelles Assistance*, a French multinational group and 4th European player in the assistance sector.

To meet the growing expectations of the end customer through new innovative and differentiating services, *Cattolica* is consolidating its line of support products and enabling the design and implementation of new services for the insured, to guarantee both innovative services and an effective presence in case of emergency.

The Company will support the customer in difficulty, both during unforeseen problems of mobility and if their house floods. Dedicated customer care will always be available to the customer and, in the future, the emergency services can be activated also from the Group's Apps or automatically.

The closing of the partnership with IMA is anticipated in the first half 2019 and scenarios of significant potential for *Cattolica's* objectives will open in an area that is so significant from the social profile.

Attention to the elderly: the partnership with *CoopSelios*

The *Cattolica Group* has decided to invest in the *elderly care* sector, with the intention of launching a path of progressive increase of its presence in that sector, destined to assume an ever-greater significance hand in hand with the evolution of the demographic variables.

Today the elderly aim at achieving a positive perspective of life: they ask for solutions to their main needs, but also want to achieve their dreams, stay healthy and socially active. They generally have spending capacity and capital higher than the average, they purchase goods and services in all fields, not just healthcare.

The value inherent in the prevention and protection services for the elderly and their *caregivers* is indisputable, both for the individuals and for the community. In 2018, the Group has already taken the first step in this direction, by defining a financial and business partnership with *CoopSelios*, leading cooperative operator in the RSA sector (residential care homes) in Italy.

A real estate fund "Fondo Innovazione Salute [Health Innovation Fund]" has been established, while on the commercial side a joint study is planned of a hybrid offer of services and insurance products, which will provide a response to the care, health, assistance, orientation and accompaniment needs of the elderly and their families.

IT and the value of sharing: the SMART model

The improvement in the cooperation between persons stems also from increased sharing of information and from the flexibility of work procedures.

Starting with this assumption, *Cattolica* has worked to take on an important challenge which, during the last year, has already made it possible to achieve decisive results in the improvement of the mechanisms of cooperation and interaction.

In a market characterised by continuous change, with new technologies that introduce cultural discontinuity inside and outside the organisations, in addition to necessary interventions of the regulator, the IT Operations & Quality of Service Office has wanted to develop that theme.

Starting from the concept of cooperation as premise and engine of the evolution, the project developed with two reflections of immediate empirical value as linchpin: how to get people to cooperate? How to make sure that the Company work to support the environment?

The answer to these questions was the result of the intense year of activity, being the final achievement a new approach, launched in 2018 and called the SMART model.

The model grounds cooperation and change in two principal interpretations: on the one hand smart working, made possible thanks to the introduction of a new paradigm of flexible work supporting a better balance of private life and work; on the other *smart operations*, result of a new vision of IT serving the business and the simplification of the operating machine.

Common denominator of the SMART Model - and element of high significance at this time - is also the ecologically sustainable set-up of the project, according to a vision of *green information technology*, which led to the selection of a new cutting-edge data centre, distinctive for its performance of protecting the environment.

Smart working represents the first real sign of innovation, which challenges the classic paradigm of cooperating exclusively in proximity. The locations of the Company's offices in the territory thus becomes transparent, the work spaces relative and flexible compared to the needs of the people, who are restored to the centre of their decisions and encouraged to an approach of objectives, according to a new cooperative culture free of the formalities and restrictions of time and space.

The result of this vision is concrete, tangible and measurable: in 2018, 500 people worked according to these new dynamics, involved in more than 15 projects created and carried out with the objective of improving and making cooperation more efficient. Cutting-edge tools were introduced (such as Office 365 and Video-conference) and widespread innovative and disruptive uses of the assets already available to the Company.

The challenges go on and the path continues: the IT Department will continue to provide cooperation and research for more sustainable and efficient methods of cooperation.

Area of excellence: Religious and Non-Profit Entities BU [Business Unit]

The connection with the Church and the Third Sector

Cattolica Assicurazioni is known to be the only insurance Company in Italy to include in its structure a Business Unit dedicated to Religious Institutions and the Third Sector, worlds in which it expresses, for historical and cultural reasons, a strong leadership.

The Company has historically maintained 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 company organisation dedicated to offering insurance to these areas and to strengthen long-term relations with organisations that are so peculiar in terms of insurance needs and relationship complexity.

Thanks to the expertise of this organisation, *Cattolica* can to offer specific insurance solutions and very often tailor-made and the support activities necessary to provide a high-profile service.

It is in this context that the New Insurance Solution *Cattolica & Clero Secolare - Parrocchia* [Secular Clergy - Parish] 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 the planning of the products conceived to meet the needs expressed by such specific customers, the Company invests in relationship activities with the Ecclesiastical Entities and the Third Sector, in order to acquire knowledge - unprecedented up to now - of the overall panorama, the subjects involved and their requirements.

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.

The BUERNP makes use of associates who know the religious context in depth, capable of expressing a strong closeness, sensitivity and listening ability for a field so close to the Company.

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.

To date, 126 dioceses out of 225 have signed agreements that make it possible to best adapt the insurance service based on the requirements of the individual organisations.

In 2018, 19 agreements were signed relative to the Nuova Soluzione Assicurativa *Cattolica &*

CleroSecolare - Parrocchia and the adequacy of the insurance coverage of the Ecclesiastical Entities is checked continuously.

The Religious Entities and Non-Profit Business Unit has also offered a consistent organisation and educational contribution to various initiatives proposed by the Ecclesiastical Entities and the Third Sector.

Protecting the parishes: Single CEI Policy against catastrophic events

In May 2018, *Cattolica* and the Italian Episcopal Conference concluded the agreement for the stipulation of a complete and homogeneous insurance policy, which can be underwritten through an agreement.

It is coverage that guarantees protection from catastrophic risks of all the 25,708 parishes of the 225 Italian dioceses, limited to the building complexes of the parishes, namely the church, intercommunicating rectory and steeple.

This coverage will cover the damages resulting from earthquakes, flood and inundation operating uniformly and homogeneously throughout the Italian territory.

If one considers the strong hydrogeological and seismic risk of our Country, the high social and cultural value of this operation is undeniable, which is in primis directed at the protection of our previous historical heritage and which, as additional consequence, makes it possible to reinforce the distinctive position of the *Cattolica Group* in the Religious Entities sector.

In addition, *Cattolica* has made available to the dioceses, in the event of an earthquake, a highly specialised settlement organisation capable of intervening promptly.

Protection for volunteers

BUERNP has developed a specific insurance solution for voluntary organisations (OdV and APS) that meets the emerging demand of the sector. Thanks to a deep knowledge of the organisations of the varied volunteer world, the Company is able to interpret the real requirements of the volunteers and their families, contributing to the development of a more sustainable and inclusive social-economic model and carrying out the task of providing effective answers and concrete solutions to the volunteers and their associations.

Training

BUERNP develops and updates training courses to expand the specific skills of agents, internal lines, operators and entities involved in the Third Sector. The objectives pursued with the distribution of this training model concern the development of expertise, knowledge, methodologies and tools to raise the level of awareness and knowledge of the dynamics relative to this sectors that are so important to *Cattolica*.

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 workshop on the Third Sector

In 2018 as well, the Bisoffi Auditorium of Verona hosted a workshop on the Third Sector, organised by Euricse (European Research Institute on the Cooperative and Social Enterprise) in cooperation with *Cattolica Assicurazioni*, centred on the theme "The Reform of the Third Sector - State of the Art and relevant questions in light of the corrective decrees". It was a further in-depth study of the recent regulation of Third Sector entities, introduced by the new Code and by the decree on the social enterprise.

Among the speakers present were also members of the *Cattolica* Third Sector Observatory, who explained the state of the art of the legislation of the Third Sector and answered the questions and requests for clarification from a large audience, composed of industry operators, professionals, and other players working in the social sector.

The Religious Organisations and Third Sector Observatory

The Religious and Third Sector Observatory is the tool that the *Cattolica Group* has created to study the dynamics within the Church and the Third Sector, with a constant attention to legal and administrative aspects. The CSR and Observatories Unit of the Communication and Institutional Relations Department handles the management and coordination of the Observatory.

The main communication channel is the web portal (www.osservatorioentirnp.it) in which the contributions of the dedicated Scientific Committee and all other information, research and in-depth study pertaining to these subject areas are collected and presented.

Cattolica Assicurazioni considers the Religious Entities and the Third Sector – even more so after the recent reform of this field- areas in which to concentrate significant investments in terms of human resources and technical-commercial policies, communication and relations.

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 associations and the Third Sector. This is why the 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.

Thanks to the cooperation and consultancy of a Scientific Committee composed of four prominent figures with great experience, the Observatory has also the specific task of analysing and researching, through wide-ranging studies, the new emerging perspectives and social organisations,

enhancing the dialogue with the international and national subjects.

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 to which the Company has always been strongly dedicated.

Aware of the objective achieved, the aim remains to develop further the research, aimed at the creation of new insurance solutions and the cultural and educational promotion of the whole Company.

Close to the agricultural world: products dedicated to the Agri-Food Sector

The agri-food sector has historically been one of the main fields chosen by the Company which was founded with the objective of protecting small landowners from damage caused by hail and fire. The level of innovation achieved by the Company in terms of technology, products and services demonstrates its attention and interest in the sector and its specificities.

Cattolica wants to be - and be recognised - the company leader in the protection of farmers and agricultural companies, by offering broad and flexible insurance products that range from the simplest insurance solutions to more complex policies, in an environmental context in which climate change is no longer a rare, residual event but an increasingly frequent phenomenon with we must live.

Cattolica confronts cutting-edge issues in the field of research and technologies to help companies increase their level of resilience and environmental sustainability in the face of scenarios characterised by a growing rate of atmospheric variance.

The Company, also with the help of highly specialised individuals, is engaged in a constant effort of innovation that develops along three different themes: service, appraisals and products.

As regards the innovations relative to service, *Cattolica* uses technologically advanced devices, capable of providing the farmer with updated, personalised information, useful for helping to manage his company on a daily basis. The Company is also the first insurer in Italy to have developed innovative tools aimed at the creation of reprocessed satellite images, used by the appraisers to monitor the health indices of the herbaceous crops and to identify the samples to evaluate.

Lastly, in line with constant attention on product innovation, *Cattolica* is focusing on insurance solutions based on meteorological indices (*index-based* policies), which make it possible to compensate the failed or poor yield of a harvest, and on innovative products (*income stabilization tool*), which protect the income of the agricultural business, through the coverage of the negative fluctuation of the market price.

Cattolica believes that the protection of the income of the agricultural business and the prevention of the risks, through an intelligent use of technologies, are two different elements of the insurance range of products.

In this context, the role of constant training is crucial and the Company provides it to the network in the territory, with the intent of creating centres of excellent within the context of insurance

consultancy in the agri-food sector.

Products for agriculture

Agricola 360° is the insurance solution designed to offer complete coverage to the agricultural company all phases of the production process. It is an innovative, flexible product that can be personalised. It provides diversified coverage and ad hoc guarantees depending on the specific production sector.

It provides guarantees created to meet the requirements of consolidated companies as well as younger companies more sensitive to the technological innovations, including coverage against *cyber risk*, a guarantee that is unique through the panorama of the products for agriculture.

The policy against adverse climate events protects the work in the fields against the consequences of weather events that can affect the good performance and growth of a farm. Since it is a subsidised policy, the subscribers have the possibility of receiving contributions by filling out the application for PAC assistance.

Cattolica & Agricoltura - Arca di Noè [Noah's Ark] is a solution that protects livestock against the risks that a breeder must face. The policy offers coverage against animal diseases, both in case of mandatory slaughter and failed income. This solution also provides the possibility of covering the disposal costs, often significant for a livestock business considering the fact that, faced with regulatory obligations, it is the entrepreneur who has to bear the costs. It is a complete solution which protects the livestock against all the typical risks of the sector and which benefits from public contributions.

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.

Pocket Farm allows you to:

- carry out measurements on the leaf status (LeafAreaIndex - leaf area) and nitrogen content of the plant, variables 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 dictated by an adverse climatic trend;
- benefit from a new service and in-depth studies on the agri-food sector with very valuable information for the agricultural entrepreneur.

In addition to the application, at the time the Hail Policy is signed, *Cattolica* offers the policy of a free subscription to the alert service which provides information via SMS on the risk of specific fungal diseases (correctly called "cryptograms") to which the crop is exposed.

Collaboration with Coldiretti

From a distribution point of view, the seven-year agreement renewed with Coldiretti - the largest representative association of farmers - has a prime relevance. Cattolica supports Coldiretti in the distribution of insurance solutions and in the large ethical battles (fight against counterfeiting, illegal recruitment, agromafias), which Coldiretti works on every day.

It is a cooperation for the benefit of the enhancement of quality agricultural work and the protection of the sector workers.

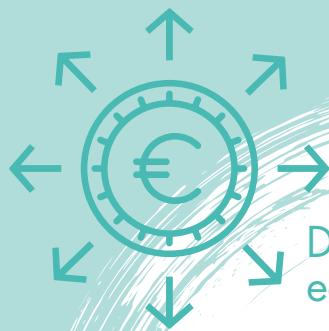
Agri-Food Observatory

The Agri-Food Observatory - AGR, is an investigative and study tools of the current phenomena and trends in the agri-food sector, which *Cattolica* historically monitors as a result of its strong bond with the territories and the closeness to the agricultural workers.

In 2018, the company decided to redefine the structure and the methods for using the Observatory, with a design more closely tied to the business and to the possibility of being the industry opinion leader.

The basic idea is to make this instrument an industry point of reference and a catalyst of research, in addition to a meeting point between the Company and the current and potential customers, from a relational and commercial growth point of view.

The CSR and Observatories Unit of the Communication and Institutional Relations Department handles the management and coordination of the Observatory. The new website will undergo a total restyling in 2019 in line with the evolution of the Observatory, which will be at the centre of a series of initiatives to make the *Cattolica* presence in the agri-food segment better known and enhanced.



Distributed
economic value

€ 1,009 MLN



Total disbursements
of Fondazione Cattolica
OVER

€ 2.4 MLN

THE COMMON GOOD: FUTURE TESTS

A way of being:
the bond with the communities 106

The common good as mission:
Fondazione Cattolica 107

THE COMMON GOOD: FUTURE TESTS

Highlights

Members: 24,547

Employees: 1,717

Generated economic value: 1,183 million

Distributed economic value: 1,009 million

Cattolica contribution to Fondazione Cattolica: 1,804,942

Total disbursements of Fondazione Cattolica: 2,436,890

Requests received from Fondazione Cattolica for initiatives in the social area: 406

A way of being: the bond with the communities

Cattolica is a business fully aware of how much the territory in which it operates is not a space to be ignored, or that the community settled in it is a set of indistinct subjects. On the contrary, it shows that it attributes maximum importance to two concepts - territory and community - very often emptied of their most authentic sense and frequently overlapped, almost as though the first could be reflected in the second. And instead what is the territory but the community that inhabits it, the environment that describes it, the history it has experienced, the resources and the culture that represent it outside increasingly blurred borders?

Facilitate and spread well-being and progress, contribute to the creation of the common good, through direct interventions or through its own Fondazione, that is what *Cattolica Assicurazioni* carries forward not as a duty to be performed, but as a very special manner of being, a model tied to the origins, to what it wants to continue to represent.

Cattolica is part of the territory in which it develops its business. For this reason, it knows and can thoroughly understand that social complexity which, together with the growing dynamism of the market, leads to an enormous basin of stimulus for the entrepreneurship of the future.

Function in social life: the “*Cattolica per la vita*” fund

Open to employees and citizens, the “*Cattolica per la Vita* [*Cattolica for Life*]” Fund will promote new projects of support to the territory every year. The objective of the first initiative, called “*Atto di Cuore*” (Act from the Heart), is the purchase of medical instruments for the Ospedale della Donna e del Bambino di Borgo Trento (Women’s and Children’s Hospital of Borgo Trento, Verona).

“*Cattolica per la Vita*”, was the first Fund of the *Cattolica Group* of a social nature. Established as part of the cultural and social philanthropic organization, *Fondazione Italiana per il Dono*, the Fund is open to employees and citizens and focuses on making everyone participants in actions of solidarity

to improve the well-being of the community with small or large donations. The contributions made to the Fund are aimed at supporting solidarity initiatives in the country identified annually by the *Cattolica* Executive Committee.

To join the Fund and support the initiative just click on the site

<http://dona.perildono.it/atto-di-cuore/>.

Membership in Il Quinto Ampliamento

Cattolica's membership in Il Quinto Ampliamento continued also in 2018. It is the non-profit association whose founding members are companies in the forefront of entrepreneurship, culture, associations and business communications.

Il Quinto Ampliamento offers companies theoretical and practical tools to develop a strong internal culture, inspired by the concepts of Civil Economy and the thinking of Adriano Olivetti. It strives to assert a business model that places the common good and the person at the centre of its dynamics, overcoming the aridity of the dominant neo-liberal economic models to “taste again the flavour of the great challenges”.

The common good as mission: Fondazione Cattolica

Solidarity, subsidiarity, gratuitousness and fraternity are values that can talk about that ethics of cooperation which is the basis of the orientation towards the common good which guides the Fondazione Cattolica. Since 2006 it has been involved in promoting the dialogue between business and civil society, intervening nationally with a great attention on the territories in which the founding Company operates and develops its business. Well beyond the philanthropic donation, the Fondazione Cattolica has bet and continues to bet on project give yield results in the long-term through a lasting and always sustainable impact, following a perspective of social and economic development that starts from the trust and enhancement of persons.

The Fondazione Cattolica's activity is socially oriented and connective, capable of positively impacting the future, a *modus operandi* that chooses to invest in the autonomy of the recipient entities, without creating dependency, transforming the donations into true social investments. “Putting people into a position to act” is an expression that perfectly renders the idea of the project that the Fondazione is pursuing, creating something new starting from the live encounter between people. Mobilising the generosity of the citizens, helping them to rediscover the meaning of the gift of time and skills, this is the centre of every Fondazione's project, always listening to the most important capital: the person understood in its uniqueness and singularity.

The Fondazione Cattolica describes in detail in the Annual Mission Report the inspiring criteria, the intervention methods and the activities, a summary of which we provided here.

“We believe in solidarity, subsidiarity, gratuitousness and fraternity, values which talk about the ethics of cooperation and confirm the orientation of the common good which inspired the birth of Cattolica Assicurazioni.

We promote these values because they are the best guarantee for the development of a tailor-made society of Man, of its dignity and its vocation.

We invest in Values to build Projects that generate Future”.

(From the Fondazione Cattolica website)

How Fondazione operates

The Board of Directors of the Fondazione Cattolica decides the guidelines for the year’s activity in order to implement the statutory purposes, anticipating the areas of intervention, the allocation of the amounts destined for every area, the assessment criteria of the requests and the disbursing tools. To date, the disbursements take place through projects, tenders and micro-disbursements.

The Projects

Once again, the contact between the people is the cornerstone. Because it is from there that every project of Fondazione starts, from meetings with the individual Associations, direct dialogues that have as the sole goal the creation of initiatives capable of responding to the guidelines. The projects that fall in the category “Intraprendere nel sociale” have a special significance within the general business, because they are directed at starting activities in five areas which are family, elderly, disability, new poverty and job placement.

The most pressing needs of the territory are what the “Undertake in the social environment” projects try to satisfy, starting from an open and direct dialogue with the entities proposing new solutions. This is how, in a logic of cooperation, they are translated into concrete plans. The Fondazione follows, during the realisation phase, the entities and then analyses the results achieved from a perspective of impact and efficiency in the territory. Often, the result of this direct contact and careful follow-up lead to unprecedented proposals for new paths of intervention.

The Tenders

These are activities involve the Board of Directors of Fondazione allocating funds for those initiatives in which the entities may participate by submitting requests in accordance with the regulations.

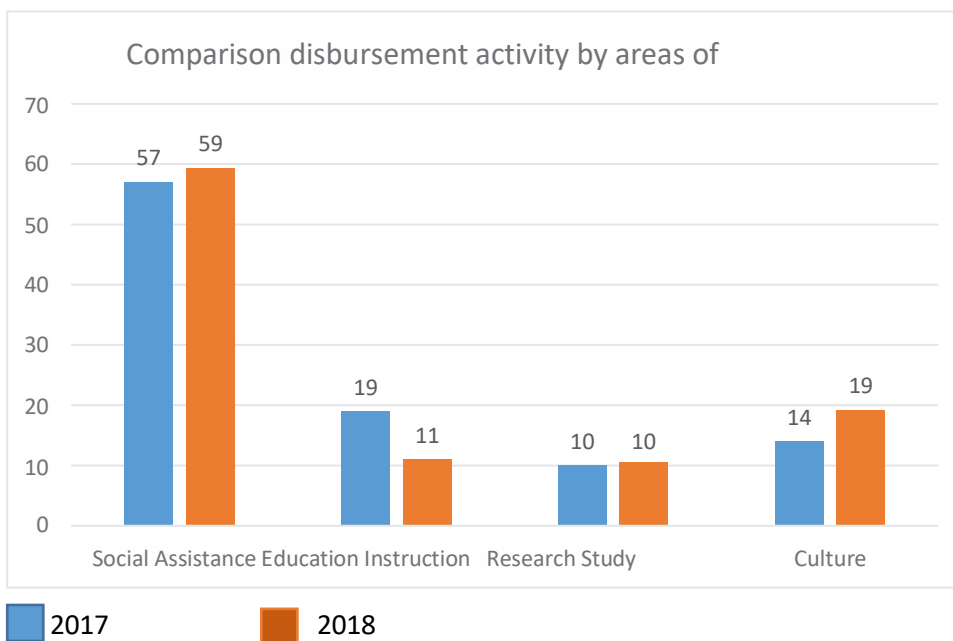
The Micro-Disbursements

Characterised by small amounts and less complexity, the micro-disbursements experience a greater active contribution by fellow citizens, with a resulting increase in the “social capital” put into circulation, indispensable for the development of every community and territory.

The disbursement activity in 2018

Fondazione Cattolica received from the Founder a contribution for 2018 of 1,804,942 (2017: 3,457,600) based on the profits achieved in 2017, accepting 406 applications (2017:480) for a total of 2,436,890 (2017: 3,192,626). Approx. 60% of the resources were allocated to the social environment.

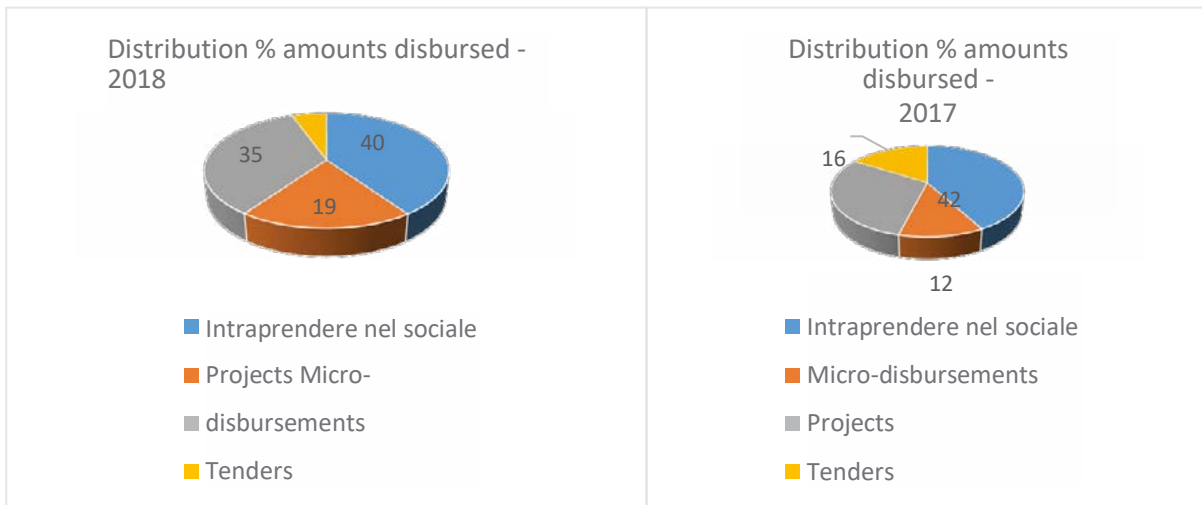
It is important to note that starting in 2019 the Founder’s contribution disbursed to Fondazione Cattolica will be determined during the Members’ Meeting of the Company.



Again in 2018, the projects carried forward by the Fondazione confirmed the choice, deliberated by the Board of Directors in 2011, to support interventions concerning new activities, resetting to zero the interventions on the structures. The guidelines adopted have made it possible to optimise resources, giving priority to solutions with the greatest social impact.

This is reflected in the increase in designing new projects and in the direct involvement of the Fondazione in many of the initiatives decided, an objective achieved mainly due to the "*Intraprendere nel Sociale*" initiative which, with a total disbursement of € 983,100 during 2018 (2017: 1,335,850) is the most significant intervention tool.

Generally, the initiatives financed, which include in addition to “Intraprendere nel sociale” also tenders and other projects, mark a decrease both in terms of number (from 324 to 238) and financial commitment (from € 2,796,476 to 1,962,900) faced with the smaller financial availability for the year in question. However, they continue to represent the heart of the Fondazione’s typical activity, which continuously tries to start new self-sustainable activities in the national territory.



Well-being is contagious: the #Contagiamoci initiative

#Contagiamoci is an initiative born to put together the wealth of relations that Fondazione Cattolica has amassed over the years, thanks to the meeting with virtuous organisations of the territory which enabled projects of social undertaking.

There were two editions during 2018: the first, in which 130 people and 64 associations participated, was held in Comacchio (24-25 April) at one of the social companies started in 2017; the second in Verona (23-24 November, as part of the Social Doctrine Festival, which registered 297 people and 137 associations from 13 Italian regions.

#Contagiamoci is a group that grows each time, becoming enriched with new experiences, it is a collection of people with the goal of meeting and sharing ideas and opportunities for the benefit of their respective work environments, from the perspective of becoming “one resource for the other”.

The meeting takes place at round tables, at which subjects are discussed of great interest to the Third Sector which range from the virtuous circularity between profit and non-profit to the construction of networks to face complex needs, from social organic agriculture to the e-commerce opportunities.

The organisation of the days then includes free time for spontaneous and direct meetings which have led to the birth of new projects capable of creatively responding to social needs by sharing experiences, skills and passion.

#Contagiamoci is a “non-virtual portal”: the Fondazione Cattolica works on the framework while the people are the resources, the values the thread, the generativity the forma mentis, the relationships the key, the common good the goal.

Grest Verona Tender 2018

The Grest Verona tender experiences a growth in terms of number of contributions and overall disbursements year after year: in 2018 148 applications were received (2017: 134) for a total commitment of € 100,000 (2017: 80,000). The contributions made possible the implementation of activities in which 215 paid operators and 7,672 volunteers were involved and benefited 22,169 children.

Since 2012, Fondazione Cattolica has been supporting the Grest parish in the province and Diocese of Verona. It is an initiative, carried out during the summer in many parishes, which 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 made it possible to systematize small contributions that the Fondazione, for various reasons, paid in favour of the Verona Parishes.

Tender for state-recognised Catholic preschools in Verona

In the city of Verona, 70% of the preschools are state-recognised Catholic preschools. In 2017, Fondazione Cattolica allocate € 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 amount allocated in 2017, € 430,000 was assigned to 95 schools individually. During 2018, an additional 9 schools joined the initiative, with a total allocation of € 34,000.

No thought without action, no action without thought: “Intraprendere nel sociale”

Tastes of freedom of *Associazione Libra* non-profit - Mantua

Associazione Libra was created in 2010 to promote support for inmates and victims of crime from a perspective of remedial justice within the correctional facility of Mantua. With the project “Tastes of freedom” a planning laboratory began in the new prison kitchen to produce and market quality bread and pastry products. Through the work, the inmates can test the responsibility of their own behaviour, personal care and relations with others, support themselves and provide for the family, to be open lastly to new opportunities for social-employment reintegration and redemption at the end of the sentence. The new activity could be launched thanks to the involvement of a local baker. The culture of work promotes the social reintegration of the person imprisoned, because it carries out the education and accountability process through which the sentence time becomes a time for rebirth. At the same time, the project links the prison population with the surrounding community, which can to reconsider the perpetrator a person with personal resources who can potentially be reintegrated, socially useful and, in the near future, a man returned to freedom.

Street work of *Avanguardia impresa sociale s.r.l.* - Verona

Established last June, this social enterprise combines the experience of the Avanguardia Association, which has long produced personalised elements of décor, recovering used pallets

which would otherwise go to the dump and by employing disadvantaged persons. Two new activities were launched with the “Street Work” project: Avanguardia Home, tied to the world of tailoring for furnishings and assigned to the Social Energies Cooperative, and Avanguardia Wood which will develop the products in recycled wood. Both the initiatives are created as workshops to involve unmotivated and unemployed youth in training in the crafts and education in entrepreneurship. At Avanguardia Wood, the production of a Made in Italy *longboard* is being produced with recovered wood. By realizing a product designed for the American market, also as home decoration and design object, educators, woodworkers, qualified artisans and entrepreneurs will guide the boys through an educational training project that also realizes the talents and aspirations of the person. The unemployment rate among young people 15 to 24 years of age is close to 40%. In a context of precariousness, this project promotes and innovates the work of the artisan.

“Alliance for a Civil Economy” of AFI Association of Milanese and Monza-Brianza Families - Limbiate (MB)

The family as resource for the common good: “Alliance for a Civil Economy” enlarges the impact of the initiative “*Famiglia portaValori in rete* [Family armoured truck in network]”, which for four years has been active in the promotion of family purchasing groups. A small portion of the cost, made through the portal www.nonsolospesa.org, is allocated to families in difficulty, reported by social services, parishes and Caritas Helplines. Every GAF (composed of at least 10 families) actually supports a needy family with the offer of scholarships for one member, with food stamps to spend at authorised shops and food stamps in relation to the hours of volunteer work dedicated to the project. The new phase of development of this model of civil economy, based on the principal of circular subsidiarity, anticipates the creation of new GAF in the seven municipalities that have recently joined (including Milan) and the development of centralised logistics to manage the increase in volumes purchased. The GAFs are the tools for developing a civil economy circuit and a network of closeness for the mutual among families. In this way “shopping” becomes the opportunity to meet, share fears and holiday moments and cooperate for the good of the community. This is the most favourable condition for designing and implementing a new welfare system, subsidiary because it favours participation from the bottom of the social subjects, generative because capable of discovering and arouse dispersed and unexpressed energies.

Progetto di Vita – Cattolica Per i Giovani

Active since 2013 “Progetto di Vita – *Cattolica Per i Giovani*” is a social responsibility enterprise initiative dedicated to offering free service for entrepreneurial guidance and support dedicated to 18 to 35 years old.

It is established as incubator of social initiatives started by young people. In 5 years, 10 new initiatives have been started, fully 9 of which managed to take hold and to grow year after year, turning into entrepreneurial entities. Among these the social cooperative QUID stands out, created by 5 young people in 2013 and which today offers work to 106 women, more than half of which with a difficult past.

In 2019, new projects mainly focused on training will be launched.

“Free to restart” from the Social Doctrine: The DSC Festival

“The risk of freedom” was the title of the Eighth Festival of Social Doctrine (Verona, 22-25 November), which offered moments of reflection and in-depth analysis on a subject that interests and involves every segment of civil life. The title of the 2018 event takes shape from the idea that everyone wants freedom, because it is the precondition for a dignified human life, but which often is at risk or totally denied.

The program involved 21 moments of in-depth analysis between conventions, public meetings and round tables, such as “With a new look: experiences of a possible renaissance”, conceived and organised by the Fondazione Cattolica, which focused attention on five experiences of people who, putting their skills to help someone else, they transformed problems into resources and gave value to the lives of many people.

As is traditional, the event was held at *Cattolica Center* and was opened by a video message by Pope Francis. The Festival of Social Doctrine was created to reflect on the dynamics within contemporary society in 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 Assicurazioni* has been the main sponsor of the event since its first edition.

“Imprenditori per il bene comune”, the Ethics Award

As part of the Festival of Social Doctrine, the “Entrepreneurs for the Common Good” is the moment and the place of testimony as demanding and irreplaceable form of charity.

Awarded by *Cattolica Assicurazioni* during the event, it is a recognition of entrepreneurs - both profit and non-profit - who pursue the common good with their work, supporting the entire community in which they live. The award wants to convey a fundamental concept: 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.

There were eight entrepreneurs reward during the 2018 event:

Davide Benini, founder of the *Cooperativa Sociale Solidarietà Intrapresa*

Maurizio Bernardi, co-founder of *AFI Associazione Famiglie Italiane*

Alessandro Invernizzi, di *Lurisia Acque Minerali Srl*

Newton Jones, Managing Director and Chairman of the Bank of Labour

Carlo Milia, Chairman of the *Cooperativa GEA Ambiente e Turismo*

Pierantonio Riello, Chairman of *Riello Elettronica Group SpA*

Battista Saibene, founder and Chairman of *LISA Spa*

Don Paolo Steffano, of the *Associazione di Promozione Sociale La Rotonda*

Anyone wishing to learn more about the initiatives of the Fondazione Cattolica can see the 2018 Mission Report of the Fondazione.

Alternatively, please write directly to fondazione.cattolica@cattolicassicurazioni.it.



Our Employees

1,717



Training hours
provided

54,436

ALL GROWING UP, TOGETHER; CATTOLICA AND PEOPLE

For a successful project: the people at the centre	118
Work in progress: towards a "Great Place To Work"	118
Transparency and Flexibility: the Job Market	119
Express what you are: Talent Development	120
Rethinking equity: the WITH evaluation system	121
The use of time: balancing life - work	121
Welfare focused on people	122
Staying well and doing good: the "Well-being and Solidarity" project	123
A dynamic organisation: the Cattolica numbers	124
Training and education	127
Training for the Board of Directors and the executives of the Group	131
Equal Opportunities Commission	132
The value of exchange: industrial relations	133
Protect and prevent: company health and safety	134

ALL GROWING UP, TOGETHER: CATTOLICA AND PEOPLE

For a successful project: the people at the centre

Every wide-ranging successful company and entrepreneurial project that is “ambitious but realistic” is based on a group of people, driven by a common idea and by the energy resulting from the mutual trust. The person is at the centre of every bright business idea and key element of every transformation.

For this reason, it is fundamental to create and maintain a stimulating and reactive work environment, cohesive inside but open to the exterior, able to grasp and process ideas, liberate and enhance the talent, stimulate dialogue and encounter, listening to the requests and contributions of everyone.

Cattolica's ambition - to quickly become a place of work that is not only better but among the best - remains firm and expands hand in hand with the development of new initiatives dedicated to people.

The organisational history of *Cattolica*, characterised by the importance attributed to the person, each with their own unique and original qualities, has been and continues to be fertile ground for a thought and a narrative, with the central theme being the enhancement of the resources.

To activate a change coherent with the broadest corporate strategy and keep it alive over time is the primary objective of the policies and initiatives that the Organisation and Resources Department is committed to developing and spreading within the Group.

This drive for change must be perceived as real and genuine, applicable in daily practice and verifiable. Only in this way will the inner pressure that pushes us to feel as if we are active participants in a change is preserved and yields results.

Work in progress: towards a “Great Place To Work”

The organisational development begun last year continued in 2018. It was conceived to spread a culture based on trust and make the workplace an environment in which it is possible to achieve the corporate objectives in a serene and constructive climate. The company value of cohesion is achieved more effectively in an environment in which people trust each other and work together, united by a sense of pride in what they are doing.

Once again it turned out to be indispensable to listen to the people. Through a survey on the corporate climate, it was possible to identify the areas of improvement and, consequently, implement action plans involving all of management on paths of the high impact organisation *enhancement*.

Again in 2018, and still in cooperation with the partner Great Place to Work®, a questionnaire was developed directed at the employees, aimed at measuring the effectiveness of the plans activated

and the recognition of the new areas of intervention. The claim used, continuing the preceding one, was: Let's cultivate the change.

The response rate was 89%, while the overall satisfaction (expressed by the statement "all in all I would say this is an excellent work environment") increased by 15% to 71%. The *trust index* (index of internal trust) also increased 8 percentage point to 56%. These are extremely significant results, which are proof of the importance perceived by the people regarding the commitment and the concreteness of the actions undertaken.

Following a critical analysis of the results which identified the strong points and the areas needing attention, the company undertook to use an approach more markedly based on the concept of *accountability*. This anticipated a greater involvement of the people, also through the creation of a group of employees from different units, offices and with different hierarchical level, who have the job of identifying the corporate challenges considered priorities, until a summary and formalisation of the proposals is achieved, with a final voting phase open to the entire company. The process will be supported by the Digital Action Planning platform of GPTW.

Transparency and Flexibility: the Job Market

The consolidation of the internal Job Market started in 2017 - a "call to action" completely innovative not only for *Cattolica*, but for the insurance industry in general - continued in 2018, confirming the validity of the initiative to promote an optimal allocation of resources, with faster hiring times than the traditional methods and greater flexibility and transparency.

In 2018 fully 472 employees of the Group (over 27%) participated in the Job Market (compared to more than 300 during the period between the start in July 2017 and December of that same year), a significant figure if one considers the natural decreasing trend that that type of mechanism shows as the system tends towards equilibrium.

It is worth remembering the importance of the Job Market also from the point of view of the offer: the role of stimulation relative to the individual Departments, for which the ability to appear attractive thanks to the presence of high-quality professional paths become a critical success factor.

In addition, the effectiveness was confirmed of this instrument in favouring a faster redeployment of the people, from a perspective of greater personal satisfaction and to the advantage of the organisation. A transparent selection allows the company to make the mobility processes of the personnel more flexible and for the individuals to grasp new opportunities for change and growth.

A special attention was paid to assuring equity and certainty of the outcome as quickly as possible, guaranteeing transparency and correctness. Following the revision of the Job Market to make it even closer to the needs of the company and the people, the rule was introduced that a person had to stay a minimum of 2 years from the hiring date or the date the new position was assumed, to give stability and sustainability to the expertise of the various organisational structures.

Express what you are: Talent Development

The path of *Cattolica's* cultural evolution concentrates first of all on the subject of talent.

Aware of having important reserves of talent, applied in original and different ways, the Company is determined to have them emerge with all the tools available and commits to recognising, interpreting, enhancing and stimulating the qualities of the people, recognised as one of the principal assets for the growth of the Group.

The central idea on which these choices are based is the importance of being a company in which the resources are put in a position so that they are able to fully express their intellectual and professional potential, enhancing skills, quality and knowledge and leveraging the motivational aspects, which inevitably influences working life and generates the actual engagement in the people.

To this end, the Company has realised the objective of finalising a first *talent check-up*, extending to the entire corporate population the survey of the skills of a behavioural nature carried out in the working context, also by using innovative and digital tools. In total, the *talent check-up* was carried out on over 1,400 people

An enhancement project of the talents must also anticipate an assessment of the functional support and the contribution that they can provide to the Group during the delicate transition phase towards widespread digitisation, as foreseen by the Business Plan. For this purpose, a new digital assessment cycle directed at the entire corporate population was also started in 2018.

The objective of the second digital assessment is the verification regarding the coherence of the training actions undertaken following the results of the previous cycle, in order to make possible correction and rescheduling selective actions of improvement. The idea remains a priority of fully capturing the great potential of the digital transformations towards which the market is heading with increasing force.

From the summary of the assessment opinions relative to the individuals and their intersection with the performance evaluations, extremely refined key information emerges expressed in the matrix of developability, an innovative tool which permitted the mapping of the corporate population according to indicators that facilitate the identification of the talents and their characteristics, to better steer the training and development courses and increase the employability of the individual.

In order to review in-depth and refine with greater precision and attention the knowledge of some potentials and professionalism present in the company, two difference and specific assessment were organised and carried out:

- Talents / Talent Pool Project, focused on identifying within the context of the best performers, the real level of engagement towards the objective of the Business Plan. The project involved about 30 people.
- Managerial Assessment, aimed at supporting the set-up and implementation of an effective Talent Management process for the development of the strategic resources, which involved about 50 assessment individuals.

Rethinking equity: the WITH evaluation system

The aspect of the performance evaluation - traditionally one of the most complex and delicate in the organisational setting - saw a radical change in paradigm during 2018 with the transition of the pre-existing system (PMP) to the new instrument called WITH (We Improve Together), centred on the aspect of equity and designed to ensure a transparent comparison and a constant dialectic between evaluator and the person evaluated, in order to arrive at a final opinion shared as much as possible between the parties.

The premise which led to the introduction of that tool is the idea that people are the fundamental pillar on which the future of the Group is being built and the key element through which to achieve the cultural transformation necessary to reach the objectives of the Business Plan.

The implementation of WITH and its circulation within the companies of the Group entailed a considerable commitment also from the training point of view, with the structuring of a learning course of the new tool for the entire corporate workforce.

It is moreover a tool that is potentially able to create a decided acceleration to the cultural transformation process launched, thanks to the introduction of a bottom-up system and promotes the culture of continuous feedback, makes it possible recognize and promote cases of over-performance and highlight the contribution of the individuals when the Business Plan is achieved.

Among the innovations introduced in the WITH system, a high relevance is assumed by the connection of the performance with the disbursement of an individual bonus. In the case in question, a three-year budget has been allocated to tie the achievement of the individual objectives to those of the Business Plan. It is an incentive that does not replace the other scheduled pay interventions (one-off, career advancement, salary increase).

The system facilitates the cultural change in the innovative idea of the performance that underlies it. No longer a mere quantitative measurement of output, but a more articulated assessment, product of two factors: a recognition of the results obtained compared to a set of assigned objectives and an observation on the behaviours, in other words the methods, the functional and relational nature, with which the objectives are pursued and achieved.

To this end, within WITH, 4 organisational drivers (called accountability, innovation, people care and team work) are inserted, which define the types of behaviour that the company recognises and defines as fundamental guiding principles of the daily activity, the assessment of which contributes to determining the final score as much as the objectives.

The use of time: balancing life - work

For 2018 the initiatives focused on promoting the balance between professional life and private life continue, consistent with one of the driving principles of the Company: the consideration of the person in its uniqueness and entirety.

The evolution of lifestyles and the ways of using time has promoted the introduction of flexible work (smart working), which spread further in 2018, involving 634 employees and making professional trajectories more sustainable socially and more attentive to balancing work and outside work life, also in support of the quality of the professional performance.

Central are the themes of parenting and the care of the children, which therefore make part-time contracts widely applied, according to different types of working hours (13.4% of total contracts, which rises to 32.7% considering women only).

Welfare focused on people

Again in 2018, the realisation of management initiatives and activities of the resources directed towards a greater equity, a more continuous and transparent communication towards the employees and constant attention on the well-being of the human capital took place.

Thanks also to the introduction of WITH, the foundations were laid for more transparent and fair wage policies, developed starting from the consideration of a wider set of organisational variables and with a reward system that is more articulated, modern and analytical compared to the pre-existing one.

The atypical workers were hired and additional impulse and enrichment was given to the welfare policies. The company is committed to promoting 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.

During 2017, the meetings with the trade unions led to the finalisation of a welfare policy characterised by a disbursement of a contribution of approx. € 1.3 million. This expansion of the corporate welfare continued and was increased in 2018 (with a disbursement of € 2.4 million, € 1.2 million of which relative to a one-off), allowing all the associates to benefit from goods and services as well as the reimbursement of certain costs incurred for the well-being and health of the worker and/or their relatives.

Through a flexible benefits system, employees can independently set up their own individual benefit package, allocating the assigned budget among the available services: payment to 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.

Staying well and doing good: the “Well-being and Solidarity” project

The Group continues to want to improve the state of health and the physical and psychological well-being of every associate with the intent of overcoming a sedentary lifestyle through physical activity and other initiatives beneficial to the person.

The Well-being and Solidarity project, continued in 2018, is based on a series of initiatives aimed at improving the work environment and the cohesion between colleagues, in addition to promoting “the attachment to the jersey”, and is divided into numerous initiatives in the territory.

The partnership with the 6più company, which began in October 2017, allowed many colleagues working in Verona, Milan and Rome to participate in weekly running and fast walking training programs under the guide of a sports trainer. This project also had a charitable purpose, in line with the values of the Group: according to different criteria and in several phases, *Cattolica* a share in favour of *Disabili no Limits Onlus*, the association of Giusy Versace, Paralympic champion who is also the spokesperson of the Project.

the Company’s commitment also continued with the dissemination of information on the events connected to running (non-competitive marches and marathons) which were held in the provinces of Verona, Milan and Rome.

Another important consolidation of the project took place at the beginning of 2018 with the definition of a business partnership with Gympass, leading company in the membership and networking of national and international sports facilities. Thanks to this partnership, the employees of the Group had the opportunity to access an annual plan to use selected facilities for a *company fee* paid by *Cattolica*.

The agreement provides that the associates of offices other than those of Verona, Milan and Rome can attend - by purchasing a single financial package (which can also be activated for just 30 days and cancelled at any time) - several facilities and practice various activities starting from € 4.99/month and up to a 70% financial advantage compared to the market segment, in the participating sports facilities.

Cattolica’s financial participation has made it possible to obtain attractive prices (50% less compared to the market price) also for the relatives and friends of active employees.

Still on employee’s well-being, already in the first weeks of 2018 the twice weekly supply began of fresh seasonal fruit distributed at the main offices of the Company and micro-filtered water coolers were installed in the break rooms of the offices, which can be consumed using a personal water bottle supplied by *Cattolica*, also contributing to sustainability. The initiative, called “*La Pausa che...Frutta!*”, earned very positive feedback in the surveys performed with all the staff.

The Well-being Project was further enriched with the “*Facciamo Strada*” initiative. The Company has purchased 15 bicycles to make moving around Verona easier. The initiative successfully interpreted a latent need of the colleagues, since to date they have already been used 700 times. Currently

opportunities are being studied of stipulating *bike-renting* agreements to expand the initiative also to the Milan and Rome offices.

Lastly commercial agreements have been stipulated with shops selling sports items.

A dynamic organisation: the *Cattolica* numbers

Speaking about *Cattolica* people also means talking about the ongoing changes through the numbers and providing a quantitative picture, which can somehow speak of the human resources and offer an overview of certain significant dynamics relative to the employees of the Group.

The information provided in the following table include the data relative to the Company's workforce by type of contract (permanent and temporary, full-time and part-time), category and age bracket. Details, as usual, are also given of employees belonging to protected categories and the turnover of both incoming and outgoing employees.

Group Workforce by contract type and gender as at 31 December¹⁸

2018				2017			
	Men	Women	Total		Men	Women	Total
Permanent contract	1,014	689	1,703	Permanent contract	952	637	1,589
Fixed-term contract	9	5	14	Fixed-term contract	2	1	3
Total	1,023	694	1,717	Total	954	638	1,592

2018				2017			
	Men	Women	Total		Men	Women	Total
Full Time	1,020	467	1,487	Full Time	951	411	1,362
Part time	3	227	230	Part time	3	227	230
Total	1,023	694	1,717	Total	954	638	1,592

Cattolica Group's employees as at 31 December 2018 were 1,717 (compared to 2017). The extremely positive hiring trend must be emphasized which, during 2018, came to 107 (+118% compared to the 49 in 2017) while there were 50 employment terminations.

Of the total hires in 2018, 57% were men and 43% were women. The distribution of the workforce between men and women is around 60%-40%, in line with the 2017 figure.

¹⁸ The figures include 25 employees who terminated the contract on 31 December 2018, 23 of which for membership in the Inter-sector Solidarity Fund (13 employees at 31 December 2017).

As at 31 December 2018, out of the 1,717 staff members, 65 were executives, 394 officials, 1,249 employees and 9 workers.

There are 14 individuals with fixed-term contracts while part-time employees total 230. It must be emphasized that, during 2018, 41 workers were hired who previously had temporary job contracts; another 6 workers had previously been interns.

40% of the workforce is made up of women (694). Approx. 49% of the employees have a university Degree. The Group supports the recruitment of resources from protected categories, corresponding to 99 individuals at 31 December 2018 (2017: 101). In addition, thanks to cooperation agreements with secondary schools and universities, the Group offered an internship to 65 people during 2018 (2017: 20).

Group Workforce by classification and gender as at 31 December

2018				2017			
	Men	Women	Total		Men	Women	Total
Executives	59	6	65	Executives	45	4	49
Officials	309	85	394	Officials	260	62	322
Employees	647	602	1,249	Employees	641	571	1,212
Workers	8	1	9	Workers	8	1	9
Total employees	1,023	694	1,717	Total employees	954	638	1,592

Group Workforce by classification and age at 31 December

2018					2017				
	<30	30-50	>50	Total		<30	30-50	>50	Total
Executives	1	31	33	65	Executives	0	18	31	49
Officials	0	219	175	394	Officials	0	157	165	322
Employees	69	812	368	1,249	Employees	43	772	397	1,212
Workers	2	2	5	9	Workers	2	1	6	9
Total employees	72	1,064	581	1,717	Total employees	45	948	599	1,592

“Protected category” employees at 31 December

2018				2017			
	Men	Women	Total		Men	Women	Total
Executives	-	-	-	Executives	-	-	-
Officials	6	2	8	Officials	5	3	8
Employees	49	42	91	Employees	52	41	93
Workers	-	-	-	Workers	-	-	-
Total employees	55	44	99	Total employees	57	44	101

Inbound turnover

2018					
New employees	<30	30-50	>50	Total	Turnover %
Men	17	39	5	61	5.96%
Women	22	21	3	46	6.63%
Total	39	60	8	107	6.23%
2017					
New employees	<30	30-50	>50	Total	Turnover %
Men	8	17	11	36	3.77%
Women	2	10	1	13	2.04%
Total	10	27	12	49	3.08%

Outbound turnover

2018					
Employees who left	<30	30-50	>50	Total	Turnover %
Men	1	8	16	25	2.44%
Women	0	4	9	13	1.87%
Total	1	12	25	38	2.21%
2017					
Employees who left	<30	30-50	>50	Total	Turnover %
Men	1	7	15	23	2.41%
Women	-	5	10	15	2.35%
Total	1	12	25	38	2.39%

Training and education

The total number of training hours provided in 2018 were 54,436 (2017: 36,511).

Cattolica continued along a path that it considers central, the training activities for all the categories of company resources, including the directors of the Group's companies.

To be a *learning organization* is and remains a critical factor for success in an environmental and competitive context which has never been this complex and rapidly evolving.

In this context the Training unit plays a key role and offers constant support in meeting company needs and in keeping updated the required high standards of professionalism. There is a strong conviction that it is advantageous to focus on the distinctive qualities and skills of the resources, while at the same time preserving the ability to evolve quickly depending on the characteristics of the market.

For this reason, and to meet the Business Plan objectives, the implementation of an effective Training Plan that accompanies people in performing their job and that evolves based on the changes inside the company plays a determining role.

Training plans by type

Important training projects were started in 2018:

- with reference to company reorganisations focused both on technical skills and on soft skills, with the goal of having additional skills acquired, and of updating and intensifying the existing ones to effectively play the new professional roles. Three Corporate Departments are being reorganised: Non-Auto Damage Department, CFO Department (which include Actuarial Life and Non-life and Technical Control, Operations and Commercial IT), Distribution and Marketing Department for which training courses were starting distributed over 12 months;
- In support of the WITH program, the Executives and Managers of resources were involved in courses useful for development skills and ability to efficiently manage the 2018 phases of Intermediate Assessment and Final Assessment. The method used was peer coaching.
- In support of the management of the phases of big change and as part of the cultural transformation, aimed at facilitating the adoption of various organisational modes, such as working in intra-and inter-departmental teams and for objectives, with the Soft Skill Lab, which included FeedbackLab and Work Agile courses.
- On linguistic training - specifically English - with the English Group project: different courses depending on the level of knowledge of the language and given by English-speaking teachers for groups of a maximum of 6 people.
- To promote a structured approach to the management of the projects, enabling professional growth by acquiring soft and technical skills, inter-departmental projects with Skillbooster programs, including analytical process; team working; structured

communication - effective presentations; for the Insurance Analytics & Business Architecture, IT/BI & Analytics, Bancassurance and Organisation & Resources Department.

- In support of the complex changes due to the introduction of the Solvency II legislation a specialised education and training course has been created aimed at the organisational units impacted.
- As for computer skills, to increase and reinforce the knowledge of the Office applications, online courses of Basic Excel, Advanced Excel and PowerPoint were made available to all the associates of the Group.

Training plans for the units

In addition, interventions were carried out to meet the real needs of business, with the development of projects with technical components useful to keep the skills necessary to achieve the objectives of the Business Plan properly updated.

- The Homo Faber Project was launched for the Bancassurance Department with the objective of increasing the technical knowledge of the customer/bank to increase the commercial effectiveness and loyalty and to standardise the consultancy style of the Bancassurance Account, so that they are universally recognisable with the customers. The specific objectives were to support the change and increase soft and hard skills.
- For the Legal and Corporate Affairs Department, for purpose of teamworking and direct involvement in the current internal processes, a Design Thinking project was created - through an analysis and hypothesis of simplification of the activities of the Department - to think outside the box and contribute to the innovation of the ongoing projects.
- For the Claims Department, in support of the growth process of the associates of the Direct Network, classes on the subject of “The Civil Process” were organised throughout the territory for the claim adjusters. Furthermore, as part of the industry regulatory training, classroom sessions were organised for the claims adjusters on the subject of “Legislative and Case-Law Innovations on Personal Injury”. Lastly, for the claims adjusters of the property sector, a course was offered aimed at increasing the fundamental skills requested by the position.
- Two projects were created for the Actuarial and Appraisal Department aimed at reinforcing the use of the SAS and ResQ software.
- A program dedicated to the subject of risk management connected to Information Technology to consolidate the Skills required for the CRISC Certification was created for identified units.

Training for digital transformation

The Group started a full-scale digital transformation in line with the strategic and business goals dictated by top management. In this regard, a progressive work plan was defined, functional for the implementation of a new management and growth model from a disruptive perspective.

Following the analysis of the data that emerged from the “Digital Skill & Digital Mindset” assessment, the Training unit planned dedicated follow-up courses, with activities focused on:

- developing the skill areas revealed to be weak;
- ensuring homogenous growth of the digital skills;
- promoting a balanced mix of focuses on *Cattolica* and a comparison with the outside world;
- developing the positive potential brought out.

The training courses created in this context included:

- Digital Workshop Light: plenary sessions aimed at raising the awareness of the reference target on the potentials of the Digital world and the changes in progress;
- Online version of Digital Workshop Light.
- Digital Workshop: interventions for professional digital change "Supporter" Development, with the objective of increasing awareness of the digital skills and the impact they have on the role and everyday workflow and of encouraging the adoption of a digital mindset.
- Co-Design digital Workshop and Digital Lunch: interactive and dynamic sessions based on the Practice of Design Thinking/Sprint, meaning evolved participatory design methodologies above all applied in the case of designing/launching new products and/or services.
- Co-Design Digital Workshop Masterclass and New Leadership Model: in-depth course dedicated to organisational and business models that can accompany the paths of change dedicated to the executives.
- Online Digital Pills on the following contents: App and services; artificial intelligence; big data and analytics; blockchain; digital workplace; cloud computing; devices and mobile economy; digital marketing; e-commerce; industry 4.0; insurtech; Internet of Things; research engines and social networks.

Another very important subject is smart working. Two difference training courses were released: the Eye Opening smart working online course to the entire *Cattolica Group* and - dedicated to the trade union representative and the Resource Managers - the smart working Workshop project.

Training on regulatory matters

As part of the training courses aimed at providing legislative updates, the following subjects were discussed, for all the associates of the Group, via e-learning:

- GDPR (General Data Protection Regulation): basic concepts of the legislation, application principles, legality of the processing, rights of the interested party, liability/accountability of the

subjects, report of violation, compulsory training, penalty system, differences compared to Italian Legislative Decree No. 196 dated;

- Computer Security: analysis of the major IT attacks, computer defence and prevention and follow-up on good computer practices;
- Insurance Distribution Directive (IDD): basic concepts of the new European Directive on insurance distribution, which anticipates the introduction of certain important innovations in the classification and rules of conduct of the professional or economic operators which appear in the insurance distribution industry. It is revolutionary for the insurance market, pervasive throughout the industry.

As regards the sector legislative training, the classroom training on the subject of Security in the Workplace continued, dedicated to specific subjects for identified associates of the Group. The employee and supervisor updating campaign ended in online mode and training campaigns dedicated to the Executives (newly appointed and being updated) and the new employees, still in electronic mode.

Training outside the company

Parallel with activities carried out within the company, also in 2018, participation in training events organised outside of the company by universities, associations and sector institutes was considerable, including those ran through Fondazione CUOA, Verona University, Sacro Cuore University in Milan (Cetif, Altis), Bocconi University in Milan (Business Management School), Carlo Cattaneo University (\), MIB Trieste School of Manager.

Advanced course in Actuarial Sciences and in Risk Management for Insurance Companies

In 2018, a company training project came about that involved the University of Verona, for the realisation of an advanced course entitled “Actual Sciences and Risk Management in Insurance Companies”. It is a post-graduate course that will start in 2019 and will offer the employees of the Group the opportunity to participate free-of-charge in a training course with teachers which will include, among others, some executives and officials of the Company.

The course is dedicated to those working in the industry and handles financial-insurance, auditing, finance and social security subjects, and it is also recommended for those preparing for the Government exam for the actuarial profession.

The lessons will increase the specialised preparation in actuarial subjects and will make it possible to improve professional knowledge and expertise in the management of the risks of insurance companies.

The Course includes 144 hours of lessons, structured into 10 subject modules, in which various topics will be discussed: Insurance and Social Security Legislation, Mathematical Probability and Finance, Actuarial Mathematics, Insurance Statistics, Actuarial Technique of Life Insurance, Actuarial Technique of Non-Life insurance, Reinsurance Models, Financial Statements and Reporting Models, Models for the Assessment of Insurance Portfolios and for Risk Management.

Training for the Board of Directors and the executives of the Group

On the basis of the long-term Training Plan addressing the members of the Boards of Directors and the Training Plan for 2018, three training sessions were held which involved members of the Boards of Directors and Executives of all Group companies.

The contents covered in the training modules were:

- A new Corporate Governance model: the One-Tier System
- Governance of the remuneration policies and executive compensation
- Compliance in *Cattolica*, the new Privacy Code (GDPR): the new innovations of the regulation and their introduction in *Cattolica*.
- Reinsurance - fundamental principles and policies
- The Corporate Governance System in IVASS Regulation no. 38 of 03 July 2018

Hours of training by working position and gender¹⁹

Hours of training												
number of hours	2018					2017						
	Hours Men	Hours per capita and Men	Hours Women	Hours per capita and Women	Total Hours	Hours per capita and Totals	Hours Men	Hours per capita and Men	Hours Women	Hours per capita and Women	Total Hours	Hours per capita and Totals
Executives	1,704	29	141	23	1,845	29	2,772	62	410	103	3,182	65
Officials	11,324	37	3,210	38	14,534	37	6,419	25	1,541	25	7,960	25
Employees	20,157	31	17,802	30	37,959	30	13,704	21	11,665	20	25,369	21
Workers	98	12		0	98	11		0		0		0
Total employees	33,283	33	21,152	30	54,436	32	22,895	24	13,616	21	36,511	23

Hours of training by type

Training type	2018	2017
	Total hours	Total hours
MANAGERIAL TRAINING	4,144	3,008
MANAGEMENT TRAINING	11,587	9,682
PROFESSIONAL TECHNICAL TRAINING	29,118	14,995
REGULATORY TRAINING	9,587	8,826
Total	54,436	36,511

¹⁹ The training hours data does not include TUA assicurazioni, Cattolica Life and the companies Vera Financial, Satec, Estinvest, Meteotec, Qubo, CattRe, acquired during 2018. The 2017 data does not include Cattolica Agricola, Cattolica Beni Immobili, TUA assicurazioni, Cattolica Life.

Equal Opportunities Commission

In spring 2018, *Cattolica* in cooperation with the Equal Opportunities Commission, participated in the research project to counteract harassment and violence in the workplace entitled “*Che male c’è?* [What harms is there?]”, financed by the Fondazione Cattolica and promoted by *Coordinamento Donne Cisl* in cooperation with the University of Verona.

The research, through interviews, studies, focus groups as well as an anonymous questionnaire, outlined the phenomenon and promoted awareness on the subject, which increasingly requires a cultural evolution and adequate tools, also in the work world.

This important adherence has offered *Cattolica* the possibility of contributing to the promotion of dignity of the people in the workplace, especially of those in a disadvantaged condition - not necessarily tied to gender - and to thereby participate in the spread of a company culture, in which everyone can express their abilities and potential.

The results of the research were explained on 16 November 2018 at the Civic Library of Verona and will be included in a publication which will be presented during 2019.

It is worth remembering that the Equal Opportunities Commission, established at the Group level, is composed equally of representatives of the trade union organisations and the company.

The tasks of the Commission 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.

The value of exchange: industrial relations

Trade union relations during the year were held in a climate of frank exchange and mutual cooperation, thereby favouring the definition of agreements among the most advanced in the insurance and financial industry, not just nationally.

One of the most important agreements, signed in July 2018, is the renewal of the Corporate Collective Agreement (CCA), which expired in 2015.

The complex and comprehensive negotiation made it possible to reach an agreement on very important subjects both for the workers and the company.

The contractual renewal led to redefining, with a deep and innovative transformation of the wage policies, the results bonus structure, which was transformed from fixed bonus to variable entirely related to the achievement of the corporate profitability objectives.

Important provisions were also introduced focused on the development of the Work Life Balance (reconciling private life and work life). For example, a Christmas bonus that anticipates the payment of € 500 in Welfare for births or adoptions, the expansion and continuity of health coverage in retirement (so-called continuing), the extension also to the spouse of the guarantees provided for social assistance in case of death, the introduction of long-term care, also transferable to the spouse or partner, the expansion of the types of part-time and ability to use certain leaves.

The introduction of the Fondo *Ferie Solidale* [Solidarity Holiday Fund] deserves special mention. Thanks to the new provision a holiday fund was created, supplemented by the transfer of half day's holiday by every colleague, which will allow those who must assist relatives needing care to be able to borrow additional days off. This is an important social provision, thanks to which the employees can manage with great flexibility a sensitive period in their personal life.

In addition, Corporate Welfare was extended to the entire Group. It allows goods and services to be used as well as receive reimbursement of certain costs incurred for the well-being and health of the worker and/or their relatives.

Cattolica wanted with this agreement to invest significantly in the quality of life of the associates and their families, from the perspective of guarantee an increasingly welcoming, excellent place of work.

In February the second tender of the Inter-sector Solidarity Fund was opened which allowed, on a voluntary basis, 24 employees, who will accrue the pension requirements by December 31st, 2023 to advance their retirement by up to 5 years.

The Company has been affected by significant organisational changes regarding various Corporate areas since the early months of the year. All the reorganisations (pursuant to art. 15 CCNL) which took place in 2018 were brought to the attention of the Trade Union Organisations and were followed by the signing of agreements to protect the rights of the workers involved.

All the agreements signed pursuant to Article 15 of the CCNL were followed by further and specific agreements concerning the training of the people involved in the reorganisations and whose duties were altered and/or supplemented. All 215 people involved were guaranteed an adequate training course and the companies will receiving financing of the Inter-sector Solidarity Fund.

In September 2018, the negotiations began for the definition of an agreement regarding Friday afternoon work, a very delicate subject in the insurance industry and widely debated during the trade union negotiations. The exchange led, in November, to the signing of an experimental agreement. Around 90 employees of the company, working in various corporate areas, starting in December 2018 for one year, will work on Friday afternoon. The purpose of the agreement was to provide an increasingly efficient, extended, broad and flexible service.

At a time of great corporate change, 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. Each party involved offered open cooperation, utmost transparency, desire to innovate and to find effective and satisfactory solutions.

The company, investing heavily in innovation, has undertaken a path of deep change characterised by the desire to create a better synthesis between private and work life, improving the quality of both by adopting various measures focused on work-life balance. There are numerous forms of leave and flexibility offered the individual workers to allow them to reconcile family requirements with work life.

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.

The period of notice in case of organisational changes for the employees of the insurance companies remains set at 30 days both for the Group reorganisations and for the company one, as established by art. 15 of the CCNL 22 February 2017.

Protect and prevent: company health and safety

To standardise the policies regarding health and safety, the management of obligations and the optimisation of resources, the companies belonging to the Cattolica Group share the structure and figures in charge of that function. For all the companies of the Group there is a single Delegate for safety, as provided by art. 16 of Italian Legislative Decree 81/08, who is assigned all the duties of Employer, except those that cannot be delegated.

In 2018, in addition to the training activities provided by the legislation, we wish to report initiatives aimed at expanding the number of people involved in safety (emergency team, first aid) and the administration of a questionnaire to all the employees on the use of computer tools in order to identify resulting needs.

The Prevention and Protection Department (SPP) is joint for all the companies of the Group, with central office at the Verona headquarters and specific figures at the Milan and Rome sites, while the position of Prevention and Protection Department Manager (RSPP) was entrusted during the year to outside consultants, appropriately appointed.

Likewise, the role of Company Doctor (MC) was given to 3 outside professional, qualified to cover the duties, based on a territorial division, with one doctor serving as coordinator. The Workers' Safety Representatives (RLS) are also joint for all the companies of the Group and will be subject, shortly, to renewal through elections. The SPP operates in close contact with all the other offices, both general and peripheral, as needed each time to fulfil the necessary obligations (Technical Office, General Services, Purchasing Office, Contract Management Office, HR, Training).

The Prevention and Protection Department complies continuously with the provisions of Italian Legislative Decree 81/08. During 2018, the following was taken care of:

- updating of the Assessment Documents of all the Risks (DVTR) for the executive offices of Verona, Milan and Rome and for the new incoming companies (*Vera Vita, Vera Protezione, Vera Assicurazione*);
- updating of the Emergency Management Plans and relative attachments of all the offices of Verona, Milan and Rome: emergency management is handled for all the locations jointly, and not by individual company, to increase of the effectiveness. For this reason, emergency drills were conducted in all the management and peripheral sites, according to various risk scenarios;
- training plans were drafted and implemented regarding health and safety, through training of new hires and updates for personnel already trained on the following subjects: general and specific training, training of the supervisors, training for executive staff, training for firefighting employees, training for first aid workers, training for defibrillator use, technical training for emergency intervention on elevators;
- handling, in according with the MCs, of the healthcare monitoring, controlling the expiries and convening the workers for the relative visits;
- handling the information of the workers, by updating the existing contents (information art. 36 for new hires) or proposal of new contents (disclosure foreign work);
- analysing critical events (accidents, near misses, reports), in order to identify their causes and prevent their occurrence;
- organising and participating in periodic meetings (August and December 2018);
- assisting and providing answers in the event of inspections by outside entities (ASL inspection at the CDL Bari, Bureau Veritas certification entity at the time of the certification visits for the offices of Rome, Verona and Milan).

The independent certification of the health and safety management system according to the standard OHSAS 18001 was extended to the management office of Rome, after the offices of Verona and Milan had been screened.

Accidents and absenteeism

A total of 21 accidents occurred in 2018, 4 of which in the workplace and 17 commuting.

They accounted for 691 days of absence the number of accidents is low, although slightly higher than 2017.

Accidents and health and safety indicators - Group's employees²⁰

	2018			2017		
	Men	Women	Total	Men	Women	Total
Accidents in the workplace	2	2	4	2	1	3
Commuting accidents	7	10	17	12	4	16
Deaths	0	0	0	0	0	0
Total accidents	9	12	21	14	5	19
Days of absence due to accidents (commuting accidents excluded)	27	13	40	126	24	150
Total days of absence due to accidents	410	165	575	688	136	824
Frequency index ²¹ (commuting accidents excluded)	1.30	2.24	1.65	1.36	1.19	1.30
Severity index ²² (commuting accidents excluded)	0.02	0.01	0.01	0.07	0.02	0.05
Total frequency index	5.81	13.36	8.58	9.54	5.95	8.23
Total severity index	0.23	0.15	0.20	0.40	0.13	0.30

²⁰ Relative to the health and safety indicators of the employees of the Group, the 2017 data does not include Cattolica Agricola, Cattolica Beni Immobili and Cattolica Life, the 2018 data does not include Cattolica Life and the companies Satec, Estinvest, Meteotec, Qubo e CattRe, acquired during 2018.

²¹ The frequency index is calculated as follows: (Tot. no. of accidents / total hours worked) *1,000,000

²² The severity index is calculated as follows: (No. of days of absence due to accidents / tot. no. of workable hours) *1,000

Absenteeism rate²³ of the Group's employees

	2018	2017
Men	2.09%	2.37%
Women	2.58%	3.13%
Total absenteeism rate	2.28%	2.66%

²³ The absenteeism rate is calculated as follows: no. of days of absence (for accident or illness) / no. of workable days



Energy usage

4,816,606 KWH



Water usage

765,585 M³



Paper usage

447 T

TAKING CARE OF THE COMUNAL HOUSE: CATTOLICA AND THE ENVIRONMENT

Thinking of the future: in defence of the natural resources	140
Paper usage	141
Energy usage	143
Direct and indirect emissions	145
Climate change: Cattolica and the Fondazione ENI Enrico Mattei	148
Water usage	148
The great green resource: Ca' Tron agricultural estate	150

TAKING CARE OF THE COMUNAL HOUSE: CATTOLICA AND THE ENVIRONMENT

Thinking of the future: in defence of the natural resources

The environmental question holds a structural importance in the objectives of a company focused on the long-term. It is a fundamental variable, capable of basically influencing the competitive advantage of an organisation, far beyond the mere ethical value of that phenomenon.

Protecting and, if possible, improving the overall condition of the environmental context of reference becomes, therefore, a central theme of corporate decisions: the respect and protection of the natural environment tend to increasingly influence the quality of a company's relations with the economic and social context in which it operates.

The search for corporate compatibility with the environmental sphere translates into the intention of an investment, in terms of innovation and sustainability, which completes and reinforces the competitive strategies and the ability to obtain the consent and support that the company needs.

Themes such as the impact of the processes and the products, the reduction in consumption and the achievement of energy savings, the prudent management of the resources belong de jure in the financial statement of a company such as *Cattolica*. It is from premises such as these that stems the desire to have a Group environmental policy and one dedicated to the *Ca' Tron agricultural estate*, for which please refer to the pertinent paragraphs.

The Company is continuing the course that commits it to contributing to the well-being of its community and to prevent and mitigate the environmental impact of business activities.

The idea remains unswerving that well-defined environmental governance is essential to effectively monitor the policies regarding these themes and for their dissemination within the organisation.

The Group, in this sense, is continuing its efforts to manage the resources that it uses efficiently, with the objective of reducing the impact generated. It has also acquired catastrophic coverage for risks of earthquake, floods, storms, tornadoes and hail (not agricultural), with monthly monitoring of the catastrophic events which exceed set performance thresholds, in order to be able to identify potential events with high negative impact.

The data provided in this section include the Group's executive offices of Verona, Rome, Milan and, starting this year, the office of Venice, following the acquisition of the companies *Estinvest*, *Satec* and *Meteotec* during 2018 and the relative inclusion in the Group's perimeter. Together with the executive offices, the data report includes the *Cattolica Center* of Verona and the *Ca' Tron* agricultural estate. The Verona area includes the two operational sites of Lungadige Cangrande and via Fermi and the *Cattolica Center*, property owned by *Cattolica*, partly renovated and used starting in 2016.

The figures relating to peripheral units (offices located in private buildings) remain excluded, since their environmental impact is insignificant.

For more information on the Ca' Tron agricultural estate and the relative energy and water usage please see the dedicated section.

Paper usage

Cattolica used 447 tons of paper during 2018. Numerous initiatives of dematerialization and digitisation have contributed to reducing the amount of paper for photocopies. The *Cattolica Group*, furthermore, continued during 2018 the project to rationalise the print environment started in June 2014, in order to reduce paper usage and increase employees' responsibility in this regard. As confirmation of the Group's efforts, the number of tons of paper for photocopies has decreased 13%.

The quantities of waste paper sent for pulping (120 tons) have decreased 42% compared to last year thanks to the conclusion, during 2017, of a transfer and reorganisation operation of files and warehouses, that had involved the offices of the Group.

Paper usage (t)		
Type	2018	2017
Photocopy paper	27	31
Printed materials: forms, brochures, etc.	420	392
Total	447	423

Paper sent for pulping (t)		
Type	2018	2017
Warehouse for printed materials: obsolete forms	22	49
Central archive: pulping of policies, accident documents, etc.	46	104
Paper collection at management offices	52	32
Total	120	185

Dematerialisation of processes and documentation

A simplification program has been initiated which focuses on the dematerialisation of processes and documentation, both in the agencies and in the executive offices, in order to achieve efficiency and greater environmental sustainability, thanks to the lower use of paper and printing material. Below please find a brief review of the most important initiatives:

- **Digital Desks:** the project, already active in some corporate units and companies of the Group, anticipates the digitisation of the correspondence received from third parties, as well as its indexation and management, thereby drastically reducing the circulation of paper documents and the relative consumption, in addition to tracking internal transmission.
- **Digital registered letter for customers:** it is a service that is in the experimental phase, which

allows the customer to collect the registered letter digitally. The recipient can access the digital document following registration, without having to go to the post office, thereby saving time and travel costs.

- “Contextual Service” review: since 70% of the shipments made by Management to the Agencies by “contextual service” every two weeks does not include correspondence, this method has been replaced by a monthly shipment service, with the possibility of an additional collection on call at the agency’s discretion. Furthermore, the requests for print-outs weighing less than 20 kg will be sent by that service and no longer sent ad hoc, generating greater efficiency in terms of costs and usage.
- Collection and printing: the common practice in use in the agency network of producing massive quantities of paper documents entails a significant waste of paper, mainly related to uncollected payments. It is estimated that about 200,000 payment instruments are cancelled every year, with a significant waste of paper and collection and filing charges for the agency of documents. Thanks to new flexible processes, the agencies can produce the payment receipt and the insurance certificates only after collection and therefore only for instruments for which the production of the document makes sense. By the end 2018, only 40% of the instruments cancelled or still to be collected were printed, thereby considerably reducing costs and waste.
- Advanced digital and electronic signature: The IVAS 8/2015 regulations recommends the use of electronic signature technique to manage the contracts. The adoption of a one-time password techniques selected by *Cattolica* - using virtual password generating devices or smartphones - was completed on the sales network in November 2018. The innovation was welcomed for the simplicity of use by both the agency and the customer. During the first two months of full operation, approx.2,000 contracts were signed with this technique, forecasting a trend in constant growth.
- Collections from portal: the IVASS 41/2016 provision clarified that it is possible to adopt the dematerialised form for motor vehicle insurance policies. *Cattolica* had already activated in 2016 procedures for dematerialised collection, limited to managing the collections outside the agency premises. The procedure and operational supports were completed reviewed in 2018 with the objective of being able to adopt it as ordinary tool also in agency. The activation processes were completed in November. There 30 times more collections from portal compared to 2017 already in December reaching 6.6% of total agency collections.
- Use of plain paper for the production of policies: *Cattolica* was producing the contract documents on anti-falsification paper (sensitive to Wood’s Lamp) watermarked with the Company logo, more costly than plain paper. The new anti-falsification tools introduced in the data of the document (the reference to the unique identifiers of the contract, the portfolio movement and the security) have made it possible to change to the use of standard paper on almost all the non-life contract: out of 2.5 million new contracts only 25,000 continue the use of watermarked paper.
- Robotic process automation (RPA) and the impact on dematerialisation: one of the purposes of using the RPA processes is to render the operations on repetitive procedures efficient with deterministic decision-making elements and reduce the rate of error. The adoption of this approach required that the processes managed with this technology change to the dematerialisation of the documents and eliminate procedures that anticipated an exchange of paper between offices. The positive impact towards dematerialisation caused by the

adoption of these processes is anticipated to grow also in the future generating a significant benefit in terms of minimisation or absence of movements of documents between offices.

Energy usage

The total energy usage of the Group in 2018 was approx. 4,816,606 kWh, a slight decrease compared to the last year (2017: 4,824,645 kWh). Relative to the usage of the Verona site, there was a total reduction of about 12%, obtains thanks to the achievement of energy savings in the executive offices and the decrease in the incidence of the renovation works on the usage of the *Cattolica Center*. The usage of the Rome offices increased slightly compared to 2017 (+7%), but the most significant increase occurred in the Milan offices (+16%). This increase could be due to the acquisition of Vera, located in the Milan location formerly the property of the Group, which led to an optimisation of the building spaces and resulting increase in usage.

Instead the methane gas usage relative to the executive offices of Verona and Rome decreased, while the impact of the extension of the perimeter analysed confirm an increase in usage.

Power usage of each office (kWh)		
Headquarters	2018	2017
Verona	2,464,730	2,785,368
of which executive offices	1,916,991	2,079,150
of which <i>Cattolica Center</i>	547,739	706,218
Rome	528,337	494,542
Milan	1,504,949	1,298,589
Venice	1,691	n.a
Ca' Tron agricultural estate	316,899	246,146 ²⁴
Total	4,816,606	4,824,645

²⁴ Following a process of improvement of the reporting system, the 2017 figure relative to energy usage for the Ca' Tron agricultural estate was restated, including also the usage of the Cattolica Beni Immobili company. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.Cattolica.it.

Natural gas usage of by site (m ³)		
Headquarters	2018	2017
Verona	33,362	39,987
of which operating offices	33,362	39,987
of which <i>Cattolica Center</i>	n/a	n/a
Rome	7,943	8,725
Milan	125,076	103,611
Venice	442	n/d
Ca' Tron agricultural estate	30,923	24,754 ²⁵
Total	197,746	177,077

District heating (KWh)		
lookHeadquarters	2018	2017
Verona (Lungadige Cangrande)	949,785	1,215,823

The total energy usage of the *Cattolica Assicurazioni Group* for 2018 was 37,420 GJ, a decrease compared to the 39,634 GJ in 2017, as summarised in the following table.

Total energy usage (GJ) ²⁶		
Type	2018	2017
Electricity usage ²⁷	17,340	17,369

²⁵ Following a process of improvement of the reporting system, the 2017 figure relative to methane gas usage for the Ca' Tron agricultural estate was restated, including also the usage of the Cattolica Beni Immobili company. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

²⁶ Following a process of improvement of the reporting system, the 2017 figure relative to energy and methane gas usage for the Ca' Tron agricultural estate was restated, including also the usage of the Cattolica Beni Immobili company. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

²⁷ We report that the Group did not purchase certificates of Guarantees of Origin (GO) for the purchase of energy from renewable sources.

Usage of thermal energy (district heating)	3,419	4,377
Methane gas	6,971	6,221
GPL ²⁸	190	186
Energy usage for vehicles ²⁹ :		
- Agricultural diesel fuel	4,790	6,458
- Transportation diesel fuel	4,323	4,585
- Transportation petrol	388	438
Total energy usage	37,420	39,634
of which renewables	-	-

Energy intensity		
	2018	2017
Employees at 31 December (no.)	1,717	1,592
Energy intensity	21.8	24.9

Direct and indirect emissions

Direct emissions include the emissions from natural gas and LPG usage for the heating system and diesel fuel usage 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 usage 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.

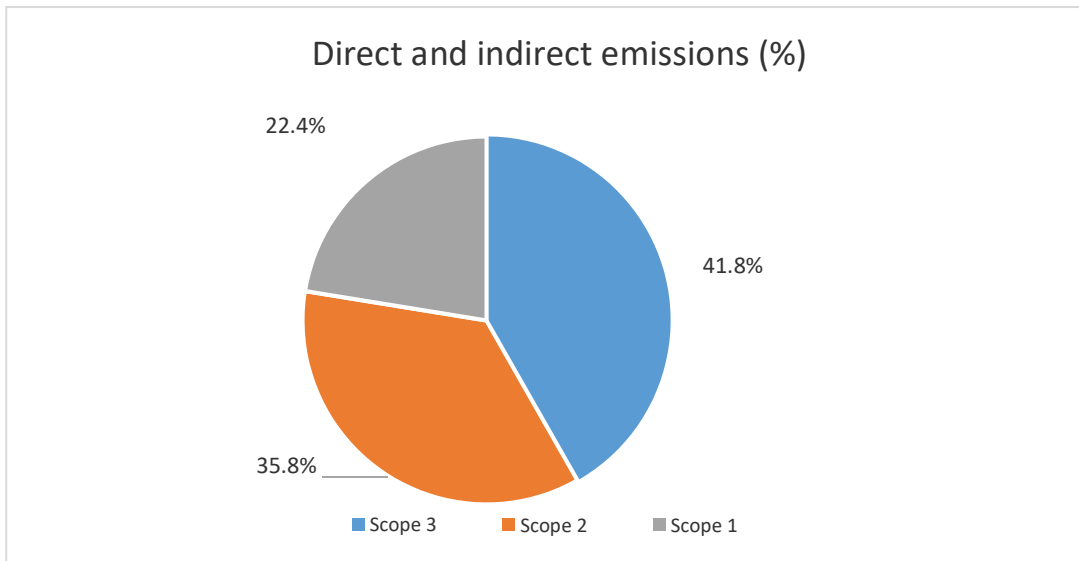
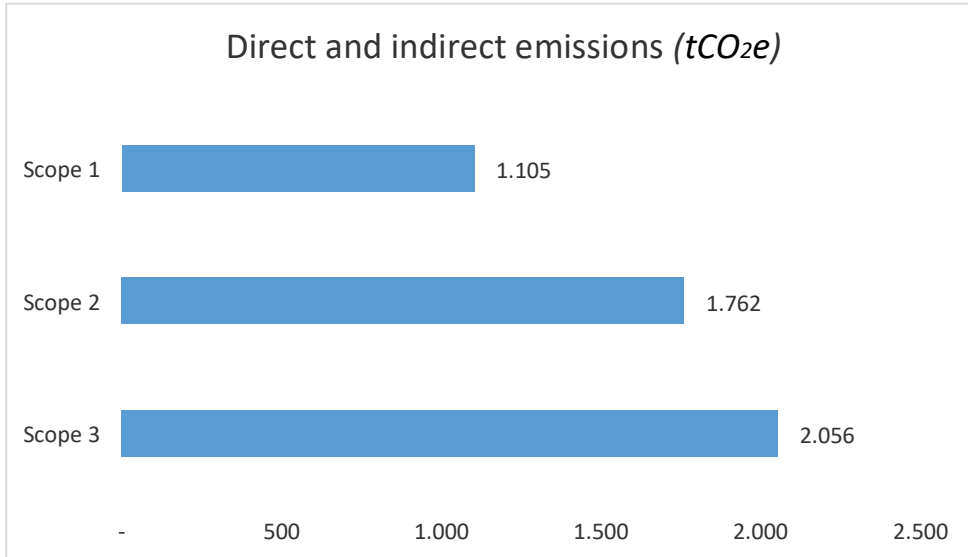
In 2018, the total emissions of greenhouse gases of *Cattolica Assicurazioni Group* were 4,923 tCO_{2e} (2017: 4,849 tCO_{2e}³⁰). The *Scope 1* emissions are 1,105.

²⁸ The LPG usage is estimated.

²⁹ We report that for mixed you cars, 70% of the total usage as indicated by the ABI 2018 Guidelines are included in the data relative to 2018.

³⁰ Following an improvement process of the reporting system, the 2017 data relative to CO₂ emissions of the Cattolica Assicurazioni Group include starting this year also the energy and methane gas usage of the Cattolica Beni Immobili company for the Ca' Tron agricultural estate. Furthermore, the sources of the emission factors relative to Scope 1 and Scope 2, to obtain data in equivalent CO₂, have been updated. For comparison purposes, the 2017 data have therefore been restated. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

tCO₂e (2017: 1,206³¹ tCO₂e), or 22% of total emissions, those of *Scope 2* are 1,762 tCO₂e (2017: 1,876³² tCO₂e), or 36% of total emissions, those of *Scope 3*³³ are 2,056³⁴ tCO₂e (2017: 1,767 tCO₂e)³⁵, or 42% of total emissions.



³¹ Following an improvement process of the reporting system, the 2017 data relative to the Scope 1 emission has been restated, to also include the methane gas usage of the Cattolica Beni Immobili company. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

³² Following an improvement process of the reporting system, the 2017 data relative to the Scope 2 emissions have been restated to include also the energy usage of the Cattolica Beni Immobili company for the Ca' Tron agricultural estate. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

³³ With respect to the Scope 2, the emission levels reported refer to the location-based calculation method.

³⁴ The Scope 3 emissions do not include Cattolica Life and the companies Vera Financial, Satec, Estinvest, Meteotec, Qubo and CattRe, acquired during 2018.

³⁵ The data relative to work trips by air and train do not include TUA assicurazioni, Cattolica Life, Cattolica Agricola and the companies Vera Financial, Satec, Estinvest, Meteotec, Qubo, CattRe, acquired during 2018.

For the calculation of CO₂e 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.

Emissions CO ₂ e [t CO ₂] ³⁶		
	2018	2017
Scope 1 ³⁷	1,105	1,178
Scope 2 (Location-based)	1,762	1,842
Scope 2 (Market-based)	2,520	1,992
Scope 3	2,056	1,767

³⁶ With regard to the calculation of emissions according to the *Market based* method, reference was made for the two-year period in question to the most updated figure available. The following emission factors were used for the calculation of the emissions:

- *Scope 1: ISPRA with transformation into CO₂ according to the procedure provided in the ABI Guidelines (version 13.12.2018 for the 2018 data, and version November 2017 for the 2017 data)*
- *Scope 2*
 - *District heating: ISPRA in accordance with the ABI Guidelines (version 13.12.2018 for the 2018 data, and version November 2017 for the 2017 data). The Scope 2 emissions due to district heating are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect of total greenhouse gas emissions (CO₂e) as indicated in the ISPRA report "Atmospheric emission factors of CO₂ and other greenhouse gases in the electrical industry";*
 - *Electric power (Location-based): ISPRA with transformation into CO₂ according to the procedure provided in the ABI Guidelines (version 13.12.2018 for the 2018 data, and version November 2017 for the 2017 data);*
 - *Electric power (Market-based): AIB - European Residual Mixes 2018 (version 11.07.2018 We report that the emission factor refers to t CO₂e;*
- *Scope 3*
 - *Car, plane and train (km): DEFRA 2018 - Conversion factors 2018 - Full set (version DEFRA 2017 for 2017 data).*

³⁷ We report that for mixed you cars, 70% of the total usage is included in the data relative to 2018 as indicated by the ABI 2018 Guidelines.

Climate change: *Cattolica* and the Fondazione ENI Enrico Mattei

During 2018, *Cattolica* continued its relationship with *FEEM - Fondazione ENI Enrico Mattei*, prestigious national research centre and think tank, as part of the project called “Disclosure, Measurement, Management and Mitigation of Climate-Related Risks for Companies” (DeRisk-CO), the objective of which is to promote scientific knowledge on the risks and opportunities associated to climate change. The initiative anticipates among other things and inquiry on the management methods of these issues in international best practices and the disclosure of methods and results by a select 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 growth 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 communities, companies and public institutions cooperate closely to improve the results in terms of progress, social cohesion and environmental quality.

Two workshops were held during the year called “The recommendations of the task on climate-related financial disclosures - Analysis of scenario and financial impacts for businesses” (13 June) and “Methodologies and Tools to Evaluate the Financial Impact of Climate-Related Risks and Opportunities” (16 November), which attracted great interest. The partnership with *FEEM* continues in 2019 as well within the framework of the 2018-2020 three-year agreement.

Water usage

The water used by the *Cattolica Group* in 2018 comes to 765,585 m³, in line with the usage reported last year (2017: 767,805 m³, mainly attributable to the irrigation activities of the Ca’ Tron agricultural estate which, in 2018, reduced the most intensive water usage crops and focused on better use of the irrigation techniques.

Water usage (m ³)		
	2018	2017
Management offices and <i>Cattolica Center</i> ³⁸	32,132	27,965
Ca’ Tron agricultural estate ³⁹	733,453	739,840
Total	765,585	767,805

³⁸ This figure does not include the water usage for the office in Rome, which is not available. The figure for the offices in Verona, Via Fermi (11/b and 11/d) and for the *Cattolica Center*, the usage in the month of December, is estimated.

³⁹ The water usage of the Ca’ Tron agricultural estate were estimated based on the water needs of the two main crops, potatoes and vineyards. With reference to the first crop, the numbers of hectares cultivated, the number irrigation cycles, the flow of the irrigation pump and the diameter of the pump were considered. With reference to the second crop, the number of hectares, the irrigation cycles and the quantity of water dispensed (the flow of the pump is programmed by computer) were considered.

During 2018, the use of the drip irrigation system continued which determined, in addition to a positive impact on the quality of the crops in question, also a significant reduction in water usage.

The water used for the irrigation activities is pumped from watering tanks. Afterwards it is filtered and sent with a second pump (operating at low pressure: 1.5/2 atm), inside perforated plastic pipes, buried along the rows of vines. The holes have a diameter of 2/4 mm, with a spacing of 30 to 60 cm⁴⁰. These holes release small drops of water on the plant roots. Minute drops of water leak out of the holes near the roots.

These systems also allow spreading fertilisers (usually in liquid form), diluted in the irrigation water (fertigation). In 2018, the fertigation systems were completed at the Estate and currently cover about 350 hectares destined as 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 administration of the water and the proximity to the roots, avoiding losses and leaks, typical of other micro-irrigation systems.
- 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 pre- and post-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 continuously and with precision, thereby avoiding dangerous leaching into the groundwater;
- greater control of the salinity of the soil, since the frequent delivery of water reduces the concentration of deposited salts which are moved to the edges of the root area;
- a strong reduction in the power needed for pumping, with a consequent reduction of pollution and energy savings.

A water recycling or reuse system is not currently used.

⁴⁰ The space between holes varies by crop and the diameter varies according to the daily water requirement, in the case of the vines 8/10 l/water/day per plant.

The origin of everything. Cattolica for “*Labirinto d’acqua* [Labyrinth of Water]”

Cattolica Assicurazioni has supported - as top sponsor - the first edition “*Labirinto d’Acque 2018*”, event conceived and organised by editor and designer Franco Maria Ricci and under the patronage of the President of Italy and the European Parliament. Hosted in the spellbinding setting of the *Labirinto della Masone* in Fontanellato (Parma) from 21 to 24 March, the festival was the first wide-reaching national event dedicated to water in all its shifting forms and infinite uses.

An event promoted to “think water” on both a planetary and local scale that invited the general public to reflect on the element’s importance in an age in which the ecosystem is affected by irreversible processes such as climate change and global warming, which will have a serious impact upon our future.

Mankind’s relationship with water was central to the four days of debate. In a wide-ranging investigation that placed a special emphasis on the enormous challenge of environmental sustainability, it is a focus with various implications for: One need only think of the use of water resources for agri-food purposes, or the risk factors related to climate change.

These are the reasons that drove the Group to support an event which included famous representatives from every sphere related to the theme: scientists, scientific popularisers and institutional personalities including the Communication and Innovation Director of the Leonardo Di Caprio Foundation Karl Burkart, the director Peter Greenaway, the astronaut Samantha Cristoforetti and the swimming champion Federica Pellegrini.

The great green resource: Ca’ Tron agricultural estate

The Ca’ Tron agricultural estate is a real oasis of sustainability, preserved in its unity and environmental integrity. Immersed in the heart of the Veneto, in the municipality of Roncade, province of Treviso, with a small part in that of Meolo, province of Venice, Ca’ Tron agricultural estate is the largest single agricultural estate of the region, the ideal habitat for the protection of the biodiversity of flora and fauna.

Like every real resource (green), the Estate is not just an asset for the *Cattolica Group*, but also an element of progress for the surrounding community. The plans carried out provide continuity to the history of a land of great naturalistic and landscape beauty that has always demonstrated that it was willing to accept innovations and social-economic changes. The Estate, visible today, is the result of land transformation in the first decades of the last century which led to the total eradication and disappearance of an extensive woodland area of hundreds of hectares and the simultaneous reclamation work and cultivation of native marshy environments.

The management of the approx. 2,000 hectares is done directly by the property and the cultivation is mainly cereals and commercial tomatoes. In the recent years, significant investments have been made in vines of different species and in a broader diversification in the cultivation of vegetables.

Cattolica Agricola and *Cattolica Beni Immobili* are the companies established by *Cattolica* as part of the purchase of the Estate for the purpose, respectively, of the exclusive operation of the agricultural activities listed in Article 2135 of the Italian Civil Code and the buildings that are not instrumental to the agricultural activity.

The development of the company

The original body of the Tenuta di Ca' Tron agricultural estate comes from an ancient property of the Armenian Monks, who created large land transformation projects aimed at turning the valley area (so in fact uncultivated) into an agricultural area. The land transformation works were followed, still by the Armenian Monks, by large land improvement projects, aimed at creating plots of land suitable for cultivation, thanks to the elimination of stagnant water and the simultaneous guarantee of water for irrigation.

Immediately following the acquisition by Fondazione Cassamarca, *Cattolica Agricola* schedule large land improvement projects, aimed at adapting existing surface layouts to the real needs of a rational and economical management of the main cultivation operations such as changing, at least in part, the cultivation direction adopted (rotating arable land) by the previous owners.

The first aspect - adaptation of the existing surface layouts - involved a careful analysis of the existing layout through field surveys and the resulting design of a new water/agricultural structure.

All the land had been laid out in the “*ferrarese style*”, with the subdivision of the various areas in rectangular parcels 20-25 metres wide and an average length of 100 metres, bordered by drainage ditches. The drainage system flowed towards specific points to ensure the disposal of excess water. This type of land layout was suitable for cultivation operations carried out with machinery and simpler equipment than those that *Cattolica Agricola* intended to acquire. Furthermore, the considerable extent of the drainage network eliminated a lot of area for cultivation, requiring frequent, costly cleaning and maintenance interventions of the ditches.

Cattolica Agricola, when planning the new land layouts, pursued the following objectives:

- adapt the various parcels of land to the new company mechanisation;
- eliminate unproductive flaws (part of the drainage ditches);
- ensure the available of irrigation water;
- contain, as much as possible the irrigation costs of the crops.

To achieve the goals indicated, radical land layout projects were designed and realised, with the creation of parcels of adequate size for modern machinery and the resulting elimination of numerous drainage ditches, as well as the creation of an adequate underground drainage system.

Currently an area of 400 hectares has undergone land improvement, which permitted the recovery for agricultural purposes of about 20 hectares, ensuring:

- an adequate disposal of the excess rainwater and resulting elimination of stagnant water which negatively affected production;
- an increase, through the underground drainage system, in the groundwater during the summer, so that the direct irrigation is fairly limited and is only done during the spring-summer sowing periods;
- a rational and economic use of the operating machines, which avoids a lot of idle time with a significant savings in production costs;
- efficient company practicability.

As regards production, a substantial and important change has been scheduled: about 350 hectares vineyard in specialised cultivation and “raised” with forms and techniques aimed at the mechanization of all the cultivation operations (from pruning to harvest) have been carried out on the land that underwent regarding and underground drainage. The vineyards have fixed irrigation systems (localized irrigation) with the possibility of doing fertigation.

The irrigation systems have all been completely automated and they can be controlled remotely. The grape varieties are Glera, Pinot Grigio, Pinot Bianco, Verduzzo Trevigiano and other lesser berries.

Special attention was paid to the protection of the residents of the Ca’ Tron agricultural estate district and the regular visitors, by planting varieties of disease resistant grapes. This avoids many pesticide and/or fungicidal treatments which could cause a negative impact on the environment.

From the economic point of view, the introduction of the cultivation of the vine, already present at one time, involved a significant improvement of the company performance. This is a rather important element because today arable land yields a reduced income.

Part of the surface (about 450 hectares) is set aside for organic crops (Ca’ De Riva estate, already recognised as organic, and Fondo i Marzi, currently converting to organic), with the introduction of arable land that maximize this type of agriculture (sugar beets, soy, alfalfa, etc.).

Also, in the organically cultivated portion, next spring a vineyard (about 25 hectares) will be created with disease resistant varieties. The objective is to obtain grapes without having to resort to any treatment and allocate those grapes to the production of distinctive high-quality wines.

A cattle breeding project has also been activated in the organic agriculture area that are raised organically (known also as cow-calf line) which anticipates, during the spring-summer period, the rearing of the animals in the pasture.

With the aim of improving the management of the Estate and to promote a positive environmental balance, hedgerows have been planted (with native tree and shrub species) and rows of native plants (poplars, cypresses and other varieties).

Areas cultivated and harvested during 2018

CROP	ORGANIC HA	TRADITIONAL HA	TOTAL HA
SUGAR BEET		73	73
GRAIN MAIZE	66	206	272
SOYBEAN	14	267	281
COMMON WHEAT	38	318	356
ALFALFA, RYE GRASS, FODDER	54	69	123
MEADOWS		31	31
HIGH OLEIC SUNFLOWER		61	61
POTATO		21	21
GRAIN SORGHUM		21	21
PEA PROTEIN		31	31
VINEYARD		335	335
TOTAL HA.	172	1,433	1,605
WOODS, HEDGEROWS, CROPS FOR AVIFAUNA, etc.		94	94
TOTAL HA.	172	1,527	1,699
LAND LEASED (TOMATO)		75	75
TOTAL HA.	172	1,602	1,774
Note			
The areas anticipated to be cultivated in 2019 should be added to those already listed			
(crops planted in autumn 2018 on 582 HA. which will complete the production cycle in 2019)			
In summary, the following were cultivated in 2018: 1,774 + 582 = HA. 2,336			

In the forefront: the environmental policy of the Ca' Tron agricultural estate

In line with the objective of spreading the culture of sustainability within the Group and as tangible sign of a commitment that wants to grow over time, *Cattolica* has identified among the priorities - within the action plan drafted by the CSR unit in autumn 2018 - the definition of an environmental policy with reference to the Ca' Tron agricultural estate.

This document, which resulted from a careful analysis and mapping in the field of the principal environmental risks - generated and suffered - tied to the activities of the estate, led to the simultaneous identification of the areas of improvement in terms of reducing the impact, thanks to the contribution of the resources of the company involved in the management and an outside team of specialists. It will be submitted for approval to the Board of Directors of the Group together with the DNF 2018.

This policy not only represents a result that places *Cattolica* in the forefront in the sustainable management of an agricultural asset, but also establishes itself as theoretical-practical nucleus of

knowledge from which to take the steps to develop a more comprehensive Group environmental policy, which is anticipated to be issued in 2019.

Traces of history. The Via Annia

The numerous archaeological artefacts that emerged widely document that during the Roman era the territory of Ca' Tron agricultural estate was cultivated and inhabited. Rising on the left shore of the Silis, the Estate is closely tied to the historical evolution of the city of Altino, which was a settlement of the Paleo Veneti first and then Roman town. The tie with Altino became even easier with the construction, in 131 B.C., of the Via Annia, which connected Adria, Padua, Altino, Concordia and Aquileia.

At Musile di Piave, the Via Annia splits into two tracks which come back together in the “*agro altinate*”, in our Estate of Ca' Tron agricultural estate: one runs parallel to the shoreline, following the canals, while the other is curved.

The track close to the shoreline corresponds to the oldest route and very probably retraces a road axis from the Iron Age (IX-VI century B.C.; it was a dirt road, about 21 metres wide and bordered by two ditches for drainage of the road surface. It was abandoned during the I century B.C. because of incoming sea water which submerged it.

The second track was created further inland. It was on an embankment 17 metres wide at the base, flanked by two ditches 9 metres wide and about 1.5 metres deep, and the surface was partially covered with gravel.

Extending the field of innovation: H-Campus

In the Tenuta Ca' Tron agricultural estate, H-Farm is based, influential business incubator that works on making innovation, entrepreneurship and training coexist. In addition to participating in the H-Farm capital, *Cattolica* shares with the *venture incubator* the realisation of a Campus completed with every level of instruction which is in a position to become an important European organisation on innovation.

The property operation wanted by *Cattolica*, in cooperation with *Cassa Depositi e Prestiti*, for the realisation of H-Campus was officially started in 2017 and made possible through the establishment of a reserved closed investment fund, called “Ca' Tron H-Campus”. It is a jointly controlled fund, managed by Finanziaria Internazionale Investments SGR, that has real estate assets of around € 100 million composed of € 32 million in existing assets, acquired by Ca' Tron agricultural estate, and by € 9.2 million in assets conferred by *Cattolica Assicurazioni*, to which are added € 59 million in liquidity which will permit the realisation of the project.

Once the project is concluded, the area occupied by H-Farm, which today covers 14,000 m² of buildings and 12 hectares of park, will be expanded by an additional 36 hectares of land belonging to *Cattolica Assicurazioni*, where 27 thousand m² of new buildings will be built, for a total equivalent value of € 69 million.

The preliminary screening, functional in order to start the works, did not find any impediments or negative impacts on the surrounding area, which could prejudice the full sustainability of the initiative. However, in consideration of the size and significance of the intervention, the Entity in charge considered it necessary to further explore the assessment of the project’s environmental impact.

For this reason, it is currently subject to an Environmental Impact Assessment, which it is anticipated will be completed by the 2019 third quarter permitting, thanks to having already identified the contracting firm for the work, the start of the worksite by the end of the year. Based on the project timelines, the implementation works of the Campus will be carried out over two years.

The nuts of Ca’ Tron agricultural estate, *Cattolica* and Loacker together for the planting of 30 hectares of hazelnut grove

Develop a 100% Made In Italy industry, sustainable with a guarantee of quality and traceability: the idea materialised thanks to the partnership between *Cattolica* and Loacker, with the agreement for the planting of 30 hectares of hazelnuts in the Ca’ Tron agricultural estate, to satisfy the need for Italian hazelnuts and create an opportunity for real work alternatives for the local farmers.

Ca’ Tron agricultural estate will serve as pilot estate for the Veneto for the largest “Nuts in Veneto” project, aimed at expanding this crop with sustainable methods that respect the environment and support the Italian hazelnut production industry.

Cattolica’s commitment to the initiative underlines the importance that the Company attributes to the participation in innovative and sustainable agricultural experiments that positively and ethically impact the work and income of the agri-food sector.

The workforce at Ca’ Tron agricultural estate by classification and gender as at 31 December

	2018			2017			
	Men	Women	Total		Men	Women	Total
Executives	-	-	-	Executives	-	-	-
Officials	-	-	-	Officials	-	-	-
Employees	-	-	-	Employees	1	1	2
Workers	8	1	9	Workers	6	-	6
Total employees	8	1	9	Total employees	7	1	8

The staff at Ca’ Tron agricultural estate includes 9 people employed with permanent contract. They were given a total of 150 hours of technical-professional and regulatory training (2017: 104).

The energy and water usage of the farm during 2018 are detailed below.

Power and water usage of Ca' Tron agricultural estate		
Type	2018	2017 ⁴¹
Electricity (kWh)	316,899	246,146
Natural gas (m ³)	30,923	24,754
LPG (litres)	7,340	7,754
Agricultural diesel fuel (litres)	133,000	177,200
Diesel fuel for transportation (litres)	9,817	14,400
Petrol for transportation (litres)	866	n/d
Water usage (m³)	733,453	739,840

⁴¹ Following a process of improvement of the reporting system, the 2017 figure relative to energy and methane gas usage for the Ca' Tron agricultural estate was restated, including also the usage of the Cattolica Beni Immobili company. January and February electricity usage was estimated based on the 2018 usage. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.Cattolica.it.



Economic value
generated

€ 1,183 MLN



Total Premiums
Written

€ 5.8 BLN

CREATING VALUE OVER TIME: THE ECONOMIC RESULTS

The 2018 results	160
The rating	163
Economic value generated and distributed	164
The Cattolica fiscal duty: the “Total Tax Contribution” project	166

CREATING VALUE OVER TIME: THE ECONOMIC RESULTS

Highlights

Total premiums written: € 5.8 billion

Consolidated shareholders' equity: € 2.25 billion

Investments: € 31.5 billion

Rating Standard & Poor's: BBB

Outlook: negative⁴²

Combined ratio of retained business: 93.4%

Solvency II Ratio: 178%⁴³

Dividend: € 0.40 per share*

(*Corresponding to the Parent Company dividend proposed by the Board of Directors, which will be approved by the Members' Meeting of 13 April 2019)

The 2018 results

Cattolica closed the year with the best Group result of the last decade, at €106.9 million (€41.1 million as at December 31st, 2017).

Consolidated profit amounted to €136.6 million versus €56.1 million as at December 31st, 2017.

The result was impacted by various provisions: credit positions with Popolare di Vicenza, potential sums to be paid following so-called "dormant" positions on temporary insurance contracts in the event of death identified following registry checks by IVASS and potential risks resulting from VAT assessments by the Italian Revenue Agency on co-insurance transactions, a case that is affecting the entire market.

Net of these provisions, the consolidated result stood at €150 million and that of the Group at €116 million.

Following the increase in non-life and life volumes and the confirmed technical profitability, the operating result marks an increase of 42.2% to €292.4 million (+17.8% on equivalent terms, net of the contribution of new joint ventures with Banco BPM). In the life segment, the operating result amounted to €127 million (+86.2%), in the non-life segment, it amounted to €169 million (+20.1%). Operating RoE amounted to 7.5%, up 1.3 p.p.

Total premium income for direct and indirect business - life and non-life - came to €5,793.1 million (+15.7%), €4,826.5 million (-3.6%) excluding the contribution of the companies acquired by Banco

⁴² Outlook corresponding, according to the criteria of the agency, to the sovereign debt of the Italian Republic.

⁴³ Net of the dividend proposed of € 0.40 per share comes to 172%.

BPM.

Premiums written for direct non-life business amounted to €2,103.9 million (+4.4%), +1.3% excluding the contribution of the companies acquired by Banco BPM.

The motor segment posted premiums of €1,111.4 million (+0.8%). Premium income for non-motor classes, increasingly focused on products intended for retail customers, amounted to €992.5 million (+8.8%).

The combined ratio improved significantly, going from 94.7% to 93.4% (-1.3 p.p.), despite the claims related to weather events that occurred during the fourth quarter of 2018. The claims ratio improved by 4.3 p.p. (from 67.5% to 63.2%) due to the declining frequency of claims and the increase in average premiums in the Motor segment and as a result of the start of the turnaround in the Non-Motor segment, in line with the Business Plan guidelines. The expense ratio stood at 29.1%, up 2.6 p.p., mainly due to the production mix and, to a lesser extent, due to the investments supporting the new Plan. Specifically: the number of civil liability motor policies declined by 1.2% (-37,766 units), the average premium grew by 1.3% and the trend in claims frequency was 4.8% versus a market figure of 6%.

In the life sector, direct business premiums came to €3,671.7 million (+23.2%). Excluding the contribution of the companies acquired by Banco BPM, a 7.1% decrease would be recorded.

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, which stood at 0.78% (1.00% as at December 31st, 2017).

Financial operations before tax posted a net profit of €484.6 million (-1.3%) with an increase in assets managed and losses from valuation down. The components of this deviation are provided in the "Capital and financial performance" section in the "Business performance" Chapter of the "Consolidated Financial Statements".

As at December 31st, the investments amount to €31,501.7 million (+35.3%), including the real estate investments classified as material activities and the cash equivalents. Gross technical provisions for non-life business amounted to €3,747.9 million (+4%). Provisions for life business, inclusive of financial liabilities, amounted to €26,502.3 million (+46.6%).

Consolidated shareholders' equity amounted to €2,255.3 million (+7%) partly due to the provision of capital by third parties, following the acquisition of the companies by Banco BPM.

The Group's Solvency II ratio, assuming the foreseen distribution of the dividend, stood at 172%.

2018 Consolidated Financial Statement - Main economic indicators

(€ thousands)	2018	2017	Changes	
			Amount	%
Total premiums written	5,793,132	5,008,179	784,953	15.7
of which				
Gross premiums written	5,648,624	4,781,484	867,140	18.1
Direct business - non-life	2,103,858	2,015,050	88,808	4.4
Direct business - life	3,527,196	2,752,665	774,531	28.1
Indirect business - non-life	17,534	13,727	3,807	27.7
Indirect business - life	36	42	-6	-15.6
of which				
Investment contracts	144,508	226,695	-82,187	-36.3
Consolidated net profit for the period	136,626	56,065	80,561	n.s.
Group net profit for the period	106,934	41,108	65,826	160.1

2018 Consolidated Financial Statement - Main balance sheet indicators

(€ thousands)	2018	2017	Changes	
			Amount	%
Investment	31,501,671	23,284,549	8,217,122	35.3
Technical provisions net of reinsurance amount	28,261,846	19,969,176	8,292,670	41.5
Financial liabilities relating to investment contracts	1,809,686	1,402,204	407,482	29.1
Liabilities of disposal group held for sale	0	0	0	n.a.
Consolidated shareholders' equity	2,255,327	2,107,536	147,791	7.0

n.s. = not significant
n.a. = not applicable

Consolidated Financial Statement 2018 - Main efficiency and profitability indicators

	2018	2017
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	63.2%	67.5%
G&A ratio (Other administrative expenses / Net premiums)	7.7%	6.9%
Commission ratio (Acquisition costs / Net premiums)	21.4%	19.6%
Total Expense ratio (Operating expenses / Net premiums)	29.1%	26.5%
Combined ratio (1 - (Technical balance / Net premiums))	93.4%	94.7%
Non-life ratios for direct business		
Claims ratio (Net charges relating to claims / Premiums for the period)	62.8%	68.9%
G&A ratio (Other administrative expenses / Premiums for the period)	6.8%	6.0%
Commission ratio (Acquisition costs / Premiums for the period)	21.3%	19.9%
Total Expense ratio (Operating expenses / Premiums for the period)	28.1%	25.9%
Combined ratio (1 - (Technical balance / Premiums for the period))	92.1%	95.8%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	2.1%	1.1%
Commission ratio (Acquisition costs / Premiums written)	3.2%	2.4%
Total Expense ratio (Operating expenses / Premiums written)	5.3%	3.5%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	3.8%	3.1%
Operating costs ⁽¹⁾ / Premiums written	5.5%	5.8%

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

⁽¹⁾ Other administrative expenses and acquisition expenses before consolidation adjustments and intercompany eliminations are included.

The rating

On October 30th, 2018, Standard & Poor's confirmed Cattolica's rating as BBB and changed the outlook from stable to negative, adjusting it, according to the agency's criteria, to that of the sovereign debt of the Italian Republic, which, on October 26th, 2018, was reviewed under the same terms.

Cattolica's stand-alone credit profile (SACP) was confirmed as BBB+, a notch higher than the sovereign rating, thanks to a "more than adequate" financial risk profile and a "strong" business risk profile which can gain advantage from the improvement in the Italian insurance industry and the up-dated assessment of the country risk.

Economic value generated and distributed

The economic value generated represents an information of absolute significance from the point of view of corporate economic sustainability. It is an indicator drawn by processing the profit and loss statement, which is reclassified with the objective of representing the amount of wealth that a company can create through its business.

In the case of an Insurance Group like Cattolica, this figure is determined by the difference between the production value (premiums collected, financial income and income on investments) and the costs of insurance benefits and the acquisition of products and services.

The calculation for the 2018 year was performed with a different criterion than that used in the 2017 Sustainability Report, by taking into consideration economic components only and excluding the capital components of the total profit and loss statement.

The calculation for the 2018 shows that the Cattolica Group achieved an economic value generated of € 1,183 million.

The economic value contribution that the Group generated to the benefit of the stakeholders is split as shown in the table below.

Economic value generated and distributed in 2018 and 2017 (figures in millions)

	2018		2017 ⁴⁴	
Generated economic value	1,183.1	%	879.1	%
Distributed economic value	1,009.4	100%	792.4	100%
Employees	204.7	20%	193.6	24%
Agents and intermediaries	621.8	62%	488.8	62%
Shareholders ⁴⁵	40.4	4%	26.3	3%
Funders	39.0	4%	12.5	2%
Public Administration	94.1	9%	64.4	8%
Community	9.5	1%	6.6	1%
Economic value withheld	173.8	-	86.7	-

The distribution described, basically in line with that of 2017, shows that:

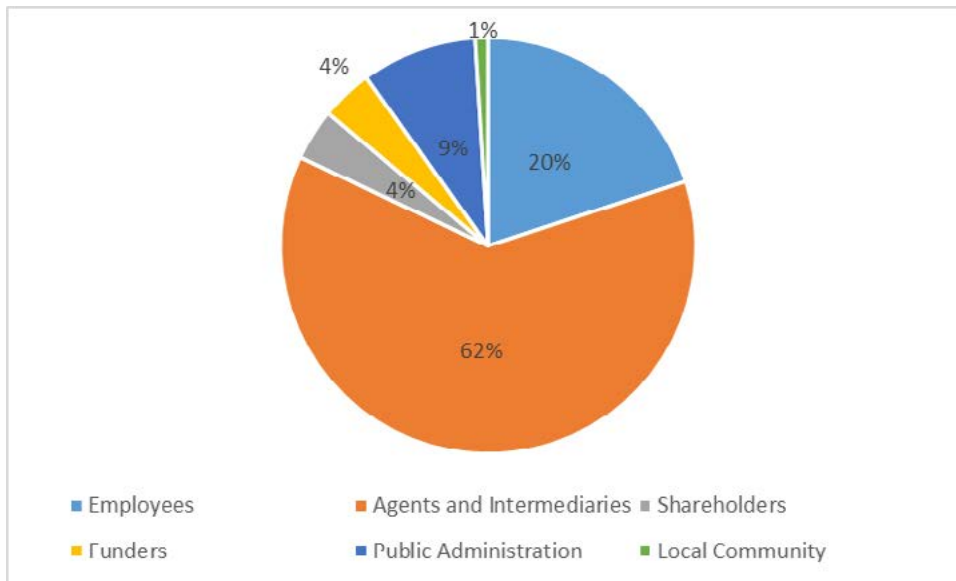
- most of the value (62%) is received by agents and intermediaries (€ 621.8 million) in line with last year, confirming the central role played by the agency network, within a business strategy that is oriented to a high-quality customised service;
- the quota assigned to employees and associates of € 204.7 million (20%), is basically in line with the performance of 2017;

⁴⁴ Following an improvement process of the reporting system, the 2017 figure was restated, including the exclusively economic components and excluding the capital components of the total profit and loss statement. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

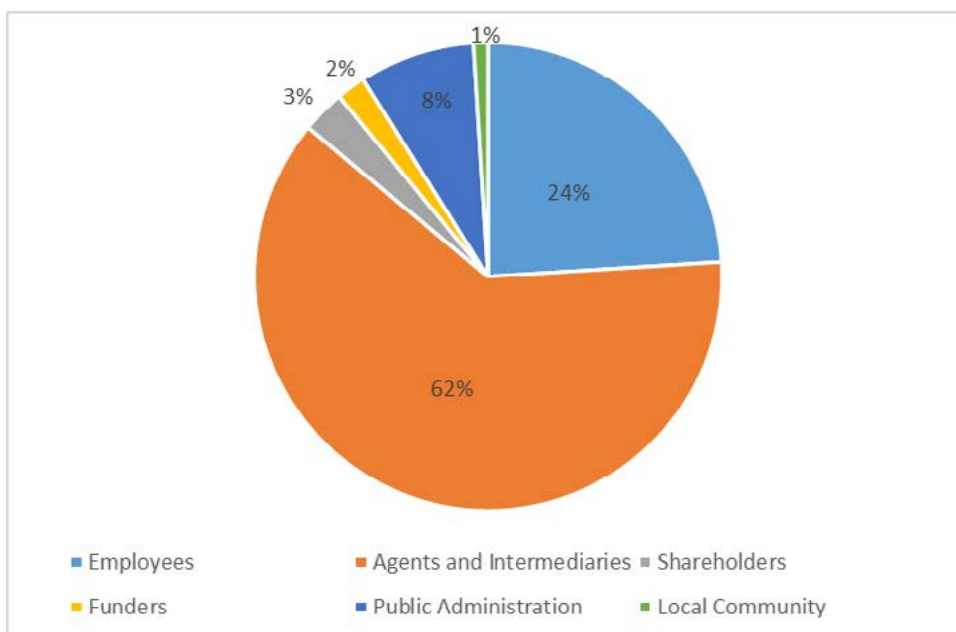
⁴⁵ The economic value distributed to shareholders corresponds to the Parent Company's dividend proposed by the Board of Directors, is subject to approval by the Members' Meeting on 13 April 2019. The 2017 figure has been restated excluding the distribution to dividend of reserves. For the data published previously please see the 2017 Sustainability Report, published in the Sustainability section of the site www.cattolica.it.

- the amount paid to the public administration, under the form of direct taxes, is € 94.1 million, or 9% of the distributed value;
- the share used to the benefit of the community is € 9.5 million. A portion of this amount was paid through Fondazione Cattolica, funded for € 2.8 million.
- The value retained by the organisation in 2018 comes to € 173.8 million.

Economic value distributed in 2018 (%)



Economic value distributed in 2017 (%)



The Cattolica fiscal duty: the “Total Tax Contribution” project

The Cattolica Group decided also in 2018 to make a full reporting regarding its total tax contribution. The product of that commitment is the Total Tax Contribution Project. This initiative was launched in 2017 and follows the trend of international law-makers to increase fiscal transparency of economic groups (e.g. the BEPS project implemented by OECD, non-financial reporting, etc.).

The purpose is to share with stakeholders, in a transparent and immediate way, the information on taxes and contributions paid⁴⁶ in Italy, in a way to strengthen the image of social responsibility commitment of the Group.

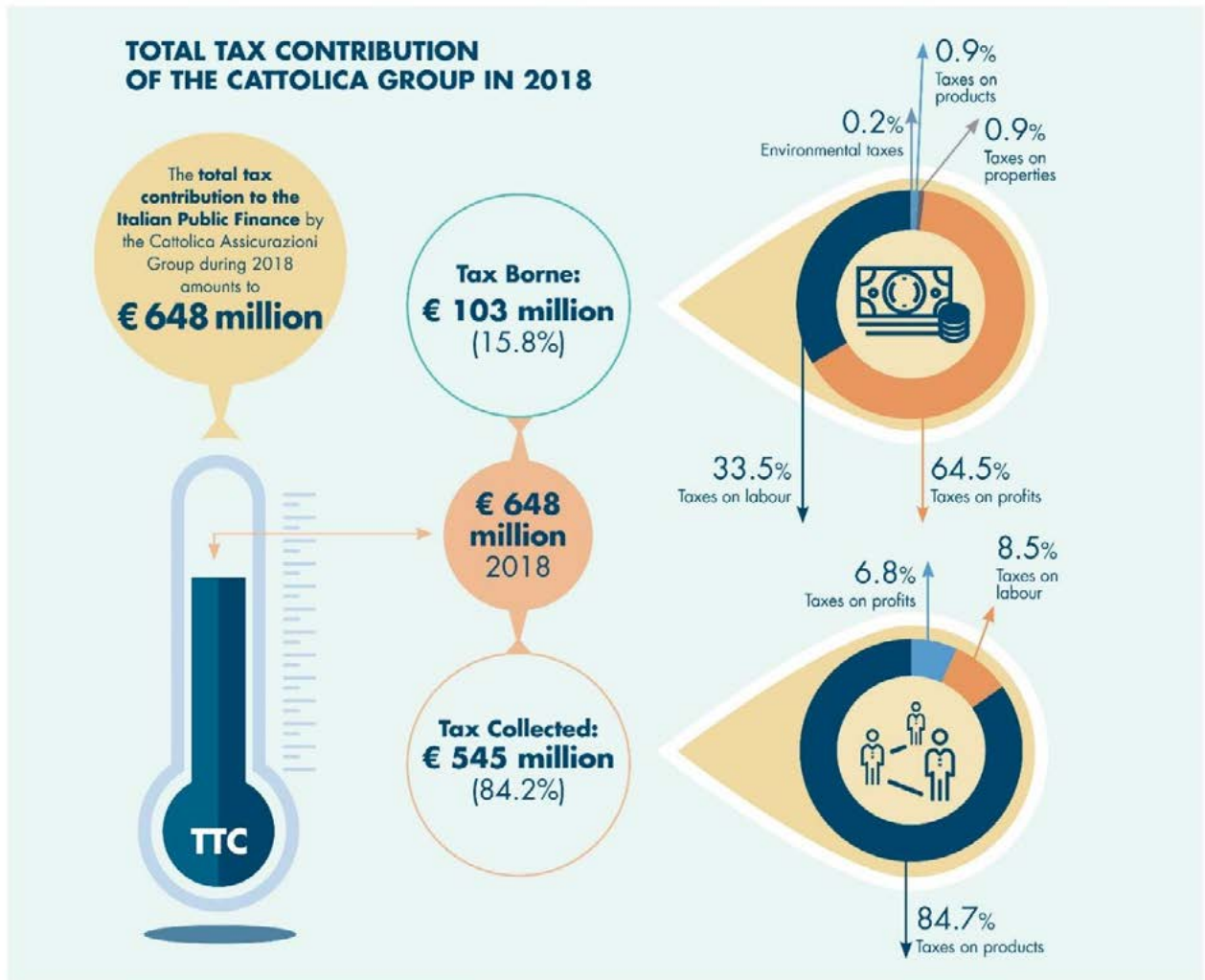
The Total Tax Contribution approach allows a suitable disclosure by the Group to the tax jurisdictions where it operates, by means of transparent and exhaustive communication.

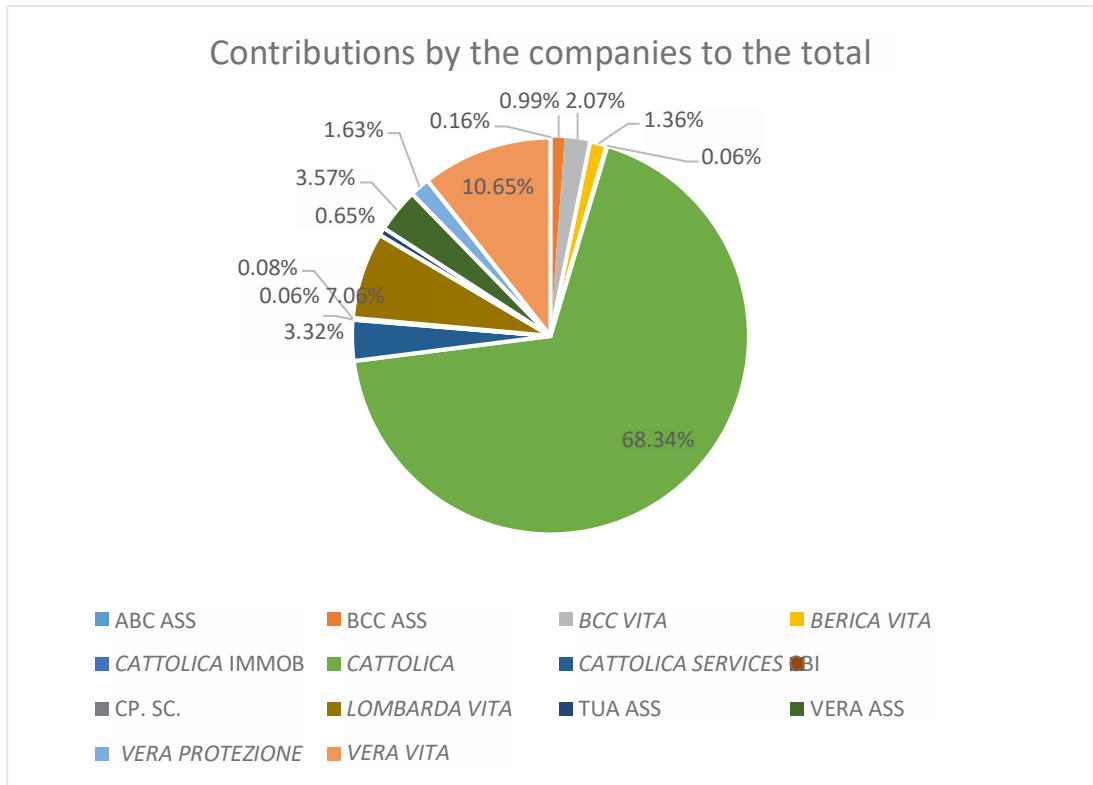
The model details the types of income subject of withdrawal that generated the payment of a tax. The following tables show the Total Tax Contribution of the Cattolica Assicurazioni Group in 2018.⁴⁷

⁴⁶ The Total Tax Contribution considers all the taxes paid during 2018 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.

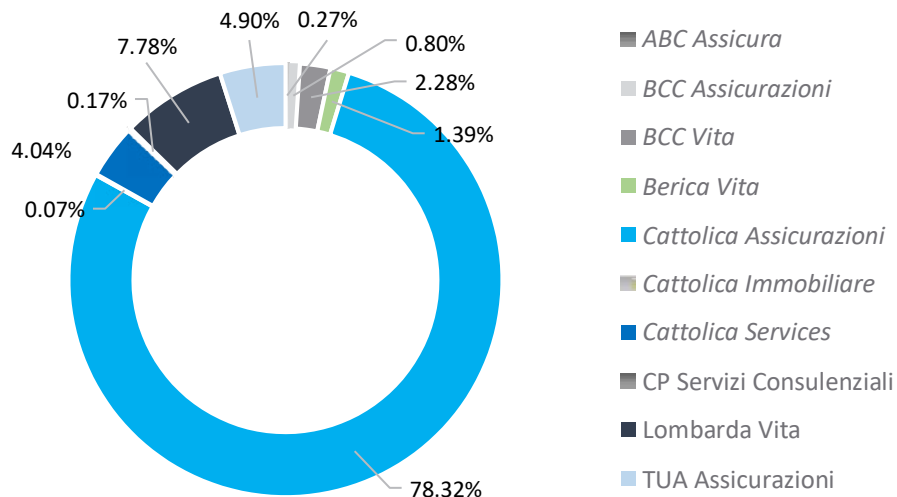
⁴⁷ The figures refer to the perimeter of the Cattolica Group at 31.12.2018, including the Vera Vita, Vera Assicurazioni and Vera Protezione companies for the quota pertaining to the Group (after closing). The data relative to Cattolica Agricola at the exception, which are not reported, since the input of that company to the Group’s tax contribution is negligible.

Total tax contribution of *Cattolica Group* in 2018





Contributions by the individual companies to the total in 2017

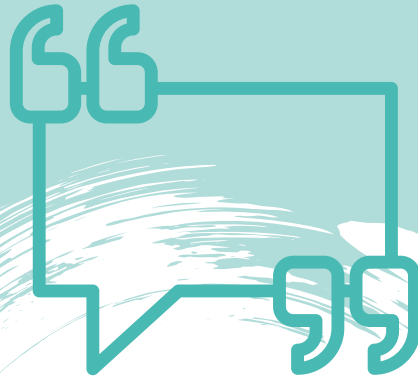


This method distinguishes between the taxes paid by the Companies of the Group to the Italian Public Administration, which represent a cost for the Company (Taxes Borne), and the payments made in their position as withholding agents (Taxes Collected).

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 their consolidation and the comparison between several accounting years.

As the graph shows, the Total Tax Contribution of the Cattolica Assicurazioni Group in 2018 was € 648 million (2017: € 546), of which € 545 million (2017: € 487) of taxes collected (84.2% of the total and € 103 million (2017: € 59) of taxes borne (15.8% of the total).

The Parent Company Società Cattolica di Assicurazione - Società Cooperativa contributed 68.3% of the total of the Group, approx. € 443 million (2017: € 428).



A VISION IS NOT JUST A PICTURE
OF WHAT COULD BE;
IT IS AN APPEAL
TO OUR BETTER SELVES,
A CALL TO BECOME SOMETHING MORE.

Rosabeth Moss Kanter

our "BOTTOM LINE"

2018 - What we have done	172
2019 - What we want to do	172

OUR “BOTTOM LINE”

It seems appropriate to end the 2018 Non-Financial Statement by remembering the main guidelines of the path undertaken and the commitments that we want to remain faithful to during 2019:

2018 - What we have done

- Establishment of the Committee for Corporate Governance and Sustainability through the expansion of the duties of the pre-existing Committee for Corporate Government.
- Creation of an Inter-departmental to support the CSR unit, composed of one or several members of each of the corporate units involved, appointed directly by the Director/Manager of every unit.
- Definition and structuring of an organisational process for the preparation of the Consolidated Non-financial Statement of the Group, in compliance with the legislation, of the consolidated best practices and the expiries of the internal financial calendar;
- Definition of an environmental policy relative to the Ca' Tron agricultural estate, which includes an analysis of the main environmental risks generated or suffered connected to the activities of the estate and the identification of environmental areas of improvement, approved on 07 March 2019;
- Streamlining and expansion of the analysis and assessment activity of the sustainability risks, with a focus on the risk analysis according to the ESG criteria;
- Streamlining of the materiality analysis and start of the stakeholder engagement activity, with the definition of an updating process of the materiality matrix on an annual basis, which in 2018 involved 3 main categories of stakeholders in the Company, which were employees, members and agents;
- First adoption of the Sustainable Development Goals (SDGs) of the United Nations within the DNF, connecting the activities and initiatives performed during the year to the individual targets referable to the selected SDGs.

2019 - What we want to do

- Definition of a sustainability plan that favours determining clear, measurable short, medium and long-term qualitative and quantitative objectives;
- Definition of an environmental Group policy, through the analysis of the main environmental risk generated or suffered tied to the activities of the Group and the identification of the areas of improvement;
- Assignment to the Group of a *solicited rating* by a specialised rating company;
- Assessment of a carbon neutrality part by acceding to internationally recognised standards;
- Start of a design reflection, which views Ca' Tron agricultural estate as a resource to be enhanced under the profile of agricultural productive and from the agro-landscape point of view,

according to an approach that develops the connection to the territory, in an integrated and multifunctional perspective;

- Reinforcement of the stakeholder engagement activities for 2019 by including other categories (e.g. the customers);
- Adherence to the Principles of Responsible Investment of the United Nations (UN PRI);
- Definition of training activities for the employees on CSR issues to spread a culture of sustainability in the company;
- Training activity and induction of the directors to the CSR and ESG subjects as part of the “Training administrative bodies of the companies of the Group” cycle.

As the *Cattolica Group*, we want to reconfirm our commitment to implementing and incorporating the best practices and philosophy of the sustainability of a CSR activity, capable of increasingly involving all levels of the organisation, promoting the spread of the sustainability culture and an ever more responsible innovation, taking as constant point of reference, the corporate stakeholders and the territories in which we operate.

APPENDICES

CSR: Minimum Bibliography	176
Glossary	177
Acknowledgements	183

APPENDICES

CSR: Minimum Bibliography

Anyone interested in the subjects of Corporate Social Responsibility and wants to study them in depth can refer to the following reading:

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.

Glossary

We feel it is useful to insert a brief glossary which assembles and explains expressions, acronyms and concepts included in this report and other terms used in the CSR field.

AA 1000 (Accountability 1000): is a standard for improving the quality of the auditing, accounting and ethical and social reporting processes. The central point of AA1000 is the involvement of the stakeholders in stable and lasting relationships with the company.

Accountability: terms which expresses “being accountable”, being responsible for one’s decisions and actions and the traceability of that responsibility. The company decides to respond to the choices and actions undertaken, communicating them transparently to the stakeholders.

Bancassurance: cooperation agreement between the banks and insurance companies for the sale of insurance products through the commercial network of the banks.

Social Report: management and communication tool that describes the social dimensions of the relationships between the organisation and the stakeholders by integrating their requirements in the strategic choices. Recently it was replaced by the Sustainability Report.

Environment Report: management and communication tool that describes the relationships between the organisation and the environment by assessing the ecological impacts of the commercial activities. Recently it was replaced by the Sustainability Report.

Sustainability Report: it is the reporting instrument that combines the economic, social and environmental approaches structuring them organically from a perspective of guidance and planning of the company business, in order to improve its performance in the areas indicated. The Sustainability Report is based on the triple bottom line sustainability (ability to generate income, profit and work), social (aptitude for guaranteeing conditions of well-being and growth fairly distributed and respect the human rights of the workers) and environmental (ability to protect the natural resources and the possibility of the ecosystem to absorb and tolerate the impacts) sustainability.

Best Practice: an action or a project which, because of the methodology of reference, the innovation of the approach or because of the results achieved, can be considered as experience of reference.

Value Chain: refers to the entire life cycle of a product or a service of the company, including the supply of raw materials, the production, distribution, usage and recycling and re-use processes of the asset. An approach is all the more sustainable the more it is spread and present along the entire value chain, because it makes it possible to optimize the choices and effectively face the environmental, social and economic problems associated with the company business.

Cause-related Marketing (CRM): CRM is a partnership between a company and a non-profit entity to carry out a social project, at by pursuing at the same time the commercial objectives of the company and the social purposes of the organisation.

CDP (formerly Carbon Disclosure Project): it is a British organisation that provides consulting activities to businesses to measure the greenhouse gas emissions into the atmosphere and the proposed solutions and projects for reducing them.

Code of Ethics: guiding document that defines the lines of conduct of those belong to the organisation towards the stakeholders and clarifies the basic principles that drive the company choices, explaining all the rights and duties and the areas of responsibility that the company undertakes to respect towards them.

Corporate Citizenship: the management of all the relations existing between a company and its context of action whether local, national or global. Assumes the commitment of the organisation to integrate into the overall strategic design the market and socially responsible requirements.

Corporate Giving (direct giving): concept that includes donations and gifts disbursed directly by the company in favour of organisations and initiatives of social and/or environmental utility. In this case the contribution of the company to the organisations and the related projects is basically monetary.

Corporate Governance: it is the form of governance of the company and includes all the relations between the executives, the directors, the shareholders and the other interested parties. The concept also includes the structure through which the objectives of an organisation are assigned and the tools to achieve those objectives and check performance. A modern concept of governance consists in a responsible management not only towards the owners (shareholders), but also towards those with an interest who influence or are influenced by the company activity (the stakeholders).

CSR: cfr. Corporate Social Responsibility

Corporate Social Responsibility: is defined as the responsibility of the company for the impacts that its business exercises on society. This entails the need to have structures and processes that integrate social and environmental dimension and attention to the ethical aspects within the strategies, the operations and business practices, in close cooperation with the stakeholders, in order: (i) to maximize the creation of shared value, and (ii) to identify, prevent and mitigate possible negative aspects of the company activity.

Delocalization: the shifting of the production to areas that are different from the original production location in order to achieve a competitive advantage.

Disability: limitation or loss (resulting in impairment) of the ability to perform an activity in the manner and to the extent considered normal.

Disclosure: information activity that the companies promote towards the market, voluntarily or by law, to increase the transparency and legitimisation towards the stakeholders.

DJSI (Dow Jones Sustainability Index): reporting and ranking system launched in 1999, which evaluates the sustainability performance of the largest 2,500 listed companies that are part of the Dow Jones Index.

EMAS: acronym for Eco-Management and Audit Scheme, it is a voluntary type environmental and business policy tool, aimed at promoting constant improvements in the environmental efficiency of industrial activities. It was presented in 1993 in the form of a Regulation (761/2001) of the European Communities. The EMAS scheme is coherent and integrated with ISO 14001. The environmental declaration anticipated by EMAS, which is verified by an accredited verifier, reports in a summarised form the commitments assumed by the company.

Business Ethics: it is a discipline contiguous to philosophical ethics, which studies the relationship between ethical values and economic institutions at various levels of aggregation: macro (market), meso (company) and micro (individual decisions). Business Ethics is a reference for translating into actions and decisions the values declared. In the broad sense, it can be meant as a component of the CSR: a business ethic meant as precondition for a globally rigorous approach, that involves all the resources of the company.

Ethical Finance: the term includes a series of activities and subjects (agencies, banks, funds..) which support a concept of finance different than the traditional one. The initiatives related to it provide the individual saver or investor the possibility of deciding to allocate their personal wealth based on well explained principles and moral values.

Training: it is the activity directed at the transfer and consolidation of knowledge and expertise in the workers (employees and associates). It can be conducted in different ways, which range from the typical classroom interaction, to team work, to distance processes and with different support mediums (books, specific texts, focused computer systems, etc.).

GHG (or greenhouse gas) protocol: international reporting tool used by governments and businesses to analyse and measure greenhouse gas emissions. The *Scope 1* and *Scope 2* parameters refer to the sources of direct emissions while *Scope 3* covers all the indirect emissions due to the activity of an organisation.

Global Compact: international initiative of the General Secretariat of the United Nations, which proposes uniting the agencies of the United Nations, international companies, trade unions and civil society in supporting the universally recognised social and environmental principles.

Global Reporting Initiative Standards: conceptual apparatus and practical tool for sustainability reporting, developed by the organisation with the same name which has quickly become one of the most commonly used frameworks globally for non-financial reporting.

Great Place To Work®: world leader dedicated to the study and analysis of the organisational climate to identify its critical points and suggest solutions suitable for improving this variable criticism for the success of the company.

GRI Standards cfr: Global Reporting Initiative Standards

Job Market (internal job market): organisational process that replicates within the corporate perimeter a mechanism of supply and demand of job positions, thanks to which the employees can choose a different career path than the current one. This mechanism favours the allocation of the resources and optimises personal management.

ISO 14001: standard created by the ISO (International Organization for Standardization). The ISO 14001 is a voluntary-type international standard, applicable to all types of companies, which defines how an effective system of environmental management has to be developed (SGA). The ISO 14001 certification, issued by an independent accredited body, demonstrates the actual commitment to minimizing the environmental impact of the processes, products and services and certifies the reliability of the environmental management system applied.

Materiality (principle of): criterion of importance of a subject or aspect of the company business - incorporated also by the GRI Standards - based on which an organisation must include in the Sustainability Report all the *topics* which have a significant direct or indirect impact on the ability to create, preserve and improve or, on the contrary, to erode and destroy the social and environmental economic value, both for the business and relative to the stakeholders and the company in the more general sense.

Materiality matrix: it is the methodological tool commonly used in international best practice in which graphic representation is given of the significant *topics* included in the DNF since they are significant both for the company and its stakeholders. As for sustainability reporting, the material - substantial - 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 both the organisation's point of view and that of the stakeholders.

Mission: indicates the “raison d’ être ” of the company, and identifies the basic objectives, the pre-eminent purposes that it attempts to pursue through its business.

Organisational Model Italian Legislative Decree 231/2001: it is an organisational and management model provided by the Decree with the same time of 2011, which extends the criminal liability of individuals, for crimes committed in the interest of the organisation, to that organisation on behalf of which the person acted. the adoption of the Model constitutes an exempting circumstance of the liability.

OHSAS 18001: The OHSAS 18001 certification (Occupational Health and Safety Assessment Series) defines the requirements of a Management System of the SSL (Health and Safety of the Workers). These requirements, once implemented by the company, are verified by a qualified Entity which issues the relative Certificate of Conformity.

PRI (sometimes UN PRI): cfr. Principles for responsible investment

Principles for responsible investment: the “Principles for Responsible investment” were drafted and disseminated by the United Nations in order to promote and develop sustainable and responsible investment between institutional investors. Participation in the PRI implies respect and the application of certain key principles, in primis incorporating the ESG (environmental, social and governance) parameters in the financial analysis and in the decision-making processes during the investment phase. Obligations of transparency and reporting on the use of these criteria are also anticipated.

Integrated Reporting (financial and non-financial): conceptual tool - and relative document process - based on an integrated vision and a “holistic” perspective of the corporate events, according to which phenomena and elements of a financial and non-financial

nature contribute to the creation of value together, to take into account the methods in which an organisation combines the resources to respond to the expectations of the stakeholders from a long-term perspective.

Shareholder: category of those owning an interest represented by the shareholders. In the classic theory of the business, it actually represents the only significant contact for the company and the management that leads it.

Smart Working: implementation method of the subordinated employment relationship established by agreement between the parties, that allows the worker to provide their work without a precise time schedule and/or work place, with advantages for both parties in terms of organisational flexibility and efficiency.

Sustainability: it is defined as “the ability of an organisation to continuity the activity in the long-term, having taken in due consideration the impacts caused the natural, social and human capital”. We speak therefore typically of economic sustainability, social sustainability and environmental sustainability (cfr. Also, the item Triple Bottom Line).

SRI (Socially Responsible Investing): these are the investments that take into account both the economic performance and the social, environmental and ethical criteria.

Stakeholder: originally the term indicated the person who has a stake, who has wagered something, therefore in general the bearer of a defined request. It is the person, group of persons or institution that has an interest in the services or in the success of an organisation (in this case the company). Examples of stakeholders are: customers, shareholders, members, employees, suppliers, competitors, banks, trade unions, communities, local and central public administration. They are subjects that influence and are influenced by the company business and who expect a return. Some groups of stakeholders - called primary - are considered indispensable to the survival of the business.

Stakeholder Engagement: policy of involvement of the stakeholders, thanks to which the business listens and takes responsibility for the requests and needs they express.

Standard Ethics: independent sustainability rating agency, based in London, that in 2001 introduced and “institutional” approach to the rating on Corporate Social Responsibility. It issues the Standard Ethics Rating, a sustainability and governance assessment based on the compliance with the voluntary principles and indications of the United Nations, the Organisation for Economic Co-operation and Development (OECD) and the European Union.

Start-up: emerging type of new business equipped with a temporary and often embryonic organisation, in search of capital and/or organisation and strategic solutions which lead to an undefined theoretical growth.

Sustainable Development: theory that integrates economic development with social and environmental development respecting the requirements of the present without compromising the possibilities of future generations.

tCO₂ equivalent: it is the conventional measurement of the emissions produced by a subject and released into the atmosphere. The ton of CO₂ equivalent is a unit of measurement that permits the weighing together of various greenhouse gases with different altering effects on the climate. For example, a ton of methane has an altering potential 21 times greater than CO₂, is calculated as 21

tons of CO₂ equivalent.

Triple Bottom Line: the “bottom line” is the final line of the financial statement, which in classic economic tradition shows the profits earned. For a CSR and sustainability perspective there are three lines: the performance of the business is measured according to the positive contributions or the negative effects relative to the economic prosperity, the impact on the quality of the environment and the contribution to the growth and development of the company. This expression is often accompanied by “triple P”, in which the letter P stands for people, planet, profit,

Added value (also gross product): represents the wealth created overall by the business and distributed to the stakeholders (human resources, financial partners, Government and local entities, members/shareholders, communities) or reinvested into the company (amortizations and profit not distributed).

Corporate welfare: overall term, which in the broad sense expresses all the initiatives of a contractual or unilateral nature by the employer aimed at increasing the well-being of the worker and their family through a different distribution of the remuneration, which can consist both in benefits of a monetary nature and in the provision of services, or a mix of the two solutions.

Work-life Balance: concept that indicates the ability - and sometimes emphasizes the need - to balance work (understood as time and energy dedicated to it to satisfy the professional ambition, also in response to organisational constraints and pressures) and private life (family, leisure, entertainment and personal growth).

Acknowledgements

The Communication and Institutional Relations Department and the CSR and Observatories Unit wish to thank again this year all the colleagues who contributed to the realisation of the Sustainability Report, both with their specialised contribution, and with the several bases for reflection, advice and suggestions, which emerged during the preparatory meetings and exchanges.

Special thanks to Gino Benincà - Chairman of *Cattolica Agricola* - for the valuable contributions provided to the drafting of the section relative to the Ca' Tron agricultural estate.

Anyone wanting to provide ideas, express comments or make suggestions can write to: csr@Cattolicaassicurazioni.it.

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 2018 (from 1 January to 31 December).

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

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.

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 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 at 31 December 2018. The scope of social and environmental figures and information is defined by the Consolidated Companies using the integral method within the Consolidated Financial Statement of⁴⁸ *Cattolica Group*. In particular, the environmental data include the Group’s Management Offices in Verona, Rome, Milan and Venice, the *Cattolica Center* in Verona and the Ca’ Tron agricultural estate. The figures relating to minor units (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: Future Tests” data and information on the Cattolica Foundation are included. 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.

With reference to the extraordinary operations that occurred during the reporting period in question, we report the acquisitions of the following Companies: *CattRe*, *Vera Assicurazioni*, *Vera Vita*, *Vera Financial DAC*, *Vera Protezione*, *Estinvest*, *Satec*, *Metetec* and *Qubo Insurance Solutions*. In addition, the *Fondo Innovazione Salute* and the *Fondo Andromaca* became part of the scope of consolidation.

⁴⁸ For the list of the Companies consolidated on a line-by-line basis please see Table 17 “Consolidation Area” in Part A of the Explanatory Note of the Consolidated Financial Statements as at 31 December 2018 of Cattolica Assicurazioni Group, published in the section “Investor Relations” of the website www.cattolica.it.

The *Agenzia Generale Agrifides* company is no longer part of the Group. Their relative figures and information are included in the Group environmental and social data starting from the acquisition date. Any exceptions are appropriately reported in the text.

In order to allow comparability of the data over time, a comparison with the data for 2017 has been included, where possible. The restatement of the comparative figures published previously are clearly indicated as such. 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 2018 and was approved by the Board of Directors of Società *Cattolica* di Assicurazione - Società Cooperativa on 07 March 2019.

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 verification was carried out following the procedures explained in the "Independent Auditors' Report", included in this document.

The Group Parent Company, the Italian insurance subsidiaries and the principal instrumental companies of the Group not subject to industry regulations, adopted an Organisation, Management and Control Model, in compliance with Italian Legislative Decree no. 231⁴⁹ of 08 June 2001 and the relevant Code of Conduct which commits all the companies of the Group and defines the principles and rules of conduct that the employees and colleagues must follow when performing the jobs. The compliance with the Code is an essential condition for the dissemination of the principles of the Social Doctrine of the Church, at the base of *Cattolica's* principles.

With specific reference to the risks connected to the ESG factors relative to the investments of the Group and the insurance portfolios, from a perspective of systematic improvement of the process connected to responsible investments, the Group has undertaken a process to redefine the founding criteria of the exclusions, and has also adopted a portfolio monitoring procedure capable of specifically and systematically including the ESG subjects in the analysis and in the investment decisions. During 2018 the Group investment policy was updated to include exclusion criteria for all the companies characterised by serious violations of human rights. Furthermore, the Group introduced an ex post control system that includes a company performance analysis of the companies in the portfolio and of the exposure to the *carbon intensive* sectors.

The centrality of customers continues to be 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 attention to the community is always proven also through the Fondazione Cattolica, established in order to spark a tangible

⁴⁹ Please note that relative to the newly acquired Vera Vita, Vera Financial, Vera Assicurazioni and Vera Protezione, the Supervisory Body has been established and the organisational model pursuant to Italian Legislative Decree 231/2001 in line with that of the companies of the Group.

synergy between business and civil society in which the attention on profitability and the challenges of the market actually, include a raising of awareness and social sensitivity.

The Group renews again this year the commitment to sustainability, by pursuing the continuous improvement process started last year 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 deal with the main issues linked to the direct environmental impacts of the Group and in 2018 defined an Environmental Policy relative to the Ca' Tron agricultural estate, which includes an analysis of the main environmental risks generated or suffered, the identification of the significant topics tied to the activities of the estate and the identification of the areas of improvement relative to the environment. This Policy was approved by the Board of Directors of Società *Cattolica* di Assicurazione - Società Cooperativa on 07 March 2019.

With a view to continuous improvement, the *Cattolica Group* 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 or suffered resulting from the Group's activities, with special reference to the risks connected to the investments;
- implementing a structured process for collecting data and information on Ca' Tron agricultural estate's environmental impact, especially in terms of water usage, which is currently estimated;

Employees-related aspects

The Group continued the program of initiatives again this year tied to the enhancement of its human capital, in cooperation with the Company Great Place To Work®. With reference to Health and Safety risks, they are assessed and managed as part of the Organisational Model pursuant to Italian Legislative Decree 231/2001.

The Group also commits to:

- adopting a policy on the diversity of corporate governance bodies;
- expanding the analysis of the principal risks relative to health and safety 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.

Human Rights

The *Cattolica Group* to date has not considered as significant the risk of human rights violation within the Company or by direct suppliers. However, the Group evaluated the need to be able to focus attention on mitigation actions to counteract the risks for human rights in the management of the investments. During 2018, therefore, the investment policies for all the companies of the Group, were updated including an ESG analysis of the investments.

The implementation of the projects described previously will be reasonably completed by June 2019. We wish to report that, considering the changes in effect in terms of corporate governance, the Group reserves the right to extend the deadline of the commitment to adopt a policy regarding the diversity of the corporate governance bodies, in order to define the new policy of the renewed governance structure.

The Group intends also to develop and publish, during 2019, a Sustainability Policy from which to draw guidelines, rules and detailed procedures in order to activate a wide range of innovations in the social, economic and environmental field. Furthermore, the Group anticipates that the formalization of a Sustainability Plan with the identification of commitments, objectives and targets relative to sustainability.

GRI Standard Table

GRI Universal Standards

Indicator	Page	Information
GRI 102: GENERAL DISCLOSURES (2016)		
Organisation profile		
102-1	Page 54	Name of the Organisation
102-2	Pages 29-35	Activities, brands, products, and services
102-3	Page 54	Location of headquarters
102-4	Page 29	Location of operations
102-5	Pages 52-55	Ownership and legal form
102-6	Page 29	Markets served
102-7	Pages 29; 31-35; 79-88	Scale of the organisation
102-8	Page 124-125	Information on employees and other workers
102-9	Pages 78-79; 83-84	Supply chain
102-10	Page 186-187	Significant changes to the organisation and its supply chain
102-11	Pages 61-64	Precautionary Principle or approach
102-12	Pages 25-28; 63-64; 88; 135	External initiatives
102-13	Pages 16; 107	Membership of associations

Strategy		
102-14	Pages 10-13	Statement from senior decision-maker
102-15	Pages 61-64	Key impacts, risks, and opportunities
Ethics and integrity		
102-16	Pages 20-22; 64; 153	Values, principles, standards and norms of behaviour
Governance		
102-18	Pages 53-54	Governance Structure
Stakeholder engagement		
102-40	Page 36	List of the stakeholders groups
102-41	100% of employees is covered by collective bargaining agreements	Collective bargaining agreements
102-42	Pages 36-37	Identifying and selecting stakeholders
102-43	Pages 37-39	Approach to stakeholder engagement
102-44	Pages 39-41	Key topics and concerns raised
Reporting practices		
102-45	Page 32	Entities included in the consolidated financial statements
102-46	Pages 40-41; 186	Defining report content and topic Boundaries
102-47	Page 40	List of material topics
102-48	Pages 143-146; 164; 187	Restatements of information
102-49	Pages 41-42	Changes in reporting

102-50	Page 186	Reporting period
102-51	2017 Sustainability Report of the <i>Cattolica Group</i> was published in April 2018	Date of most recent report
102-52	Page 187	Reporting cycle
102-53	Page 183	Contact point for questions regarding the report
102-54	Page 186	Claims of reporting in accordance with the GRI Standards
102-55	Pages 190-198	GRI content index
102-56	Pages 201-203	External assurance

GRI Topic-Specific Standards

Indicator	Page /Link	Omission	Information
GRI 200: ECONOMIC SERIES (2016)			
Economic performance			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 22-23; 107; 164-165		The management approach and its components
103-3	Pages 22-23; 107; 164-166		Evaluation of the management approach
GRI-201: Economic performance (2016)			
201-1	Pages 164-166		Direct economic value generated and distributed
Anti-corruption			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 28-29; 59-61; 187		The management approach and its components

103-3	Pages 28-29; 59-61; 187		Evaluation of the management approach
GRI-205: Anti-corruption (2016)			
205-2	Page 61		Communication and training about anti-corruption policies and procedures
Anti-competitive behaviour			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 28-29		The management approach and its components
103-3	Pages 28-29		Evaluation of the management approach
GRI-206: Anti-competitive behaviour (2016)			
206-1	In 2018 no legal action was taken against the Group with reference to anti-competition practices and/or violations of monopoly practices and anti-trust regulations.		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
GRI 300: ENVIRONMENTAL SERIES (2016)			
Energy			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 23; 62-63; 72; 140-143		The management approach and its components
103-3	Pages 23; 62-63; 72; 140-145; 156		Evaluation of the management approach
GRI-302: Energy (2016)			
302-1	Pages 140-145; 156		Energy consumption within the organization
302-3	Pages 145		Energy intensity
Emissions			

GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 21; 62-63; 74-75; 145-146; 186		The management approach and its components
103-3	Pages 21; 62-63; 74-75; 145-147; 186		Evaluation of the management approach
GRI-305: Emissions (2016)			
305-1	Pages 145-147		Direct (Scope 1) GHG emissions
305-2	Pages 145-147		Energy indirect (Scope 2) GHG emissions
305-3	Pages 145-147 The Scope 3 emissions include those generated by the use of the private cars of the employees and the chauffeured cars used for work purposes, as well as the emissions caused by work travel by other means (rail and air).		Other indirect (Scope 3) GHG emissions
GRI 400: SOCIAL SERIES (2016)			
Employment			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 118-122		The management approach and its components
103-3	Pages 118-122; 126		Evaluation of the management approach
GRI-401: Employment (2016)			
401-1	Page 126		New employee hires and employee turnover
Employment and industrial relations			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary

103-2	Pages 133-134		The management approach and its components
103-3	Pages 133-134		Evaluation of the management approach
GRI-402: Labour and Industrial Relations (2016)			
402-1	Page 134		Minimum notice periods regarding operational changes
Health and safety in the workplace			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 63; 134-135		The management approach and its components
103-3	Pages 63; 134-136		Evaluation of the management approach
GRI-403: Occupational Health and Safety (2016)			
403-2	Page 136		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
Training and education			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 121; 127-131		The management approach and its components
103-3	Pages 121; 127-132		Evaluation of the management approach
GRI-404: Training and education (2016)			
404-1	Page 131		Average hours of training per year per employee
Diversity and equal opportunity			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 56-57; 124-126; 132		The management approach and its components
103-3	Pages 56-57; 124-126; 132		Evaluation of the management approach
GRI-405: Diversity and equal opportunity (2016)			

405-1	Pages 56-57; 124-126		Diversity of governance bodies and employees
Marketing and labelling			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 90-91		The management approach and its components
103-3	Pages 90-91		Evaluation of the management approach
GRI-417: Marketing and labelling (2016)			
417-2	In 2018, no cases of non-compliance with regulations and/or voluntary codes were filed, with reference to information and communication practices of products and services.		Incidents of non-compliance concerning product and service information and labelling
417-3	In 2018, no cases of non-compliance with regulations and/or voluntary codes were filed, with reference to marketing communication practices, promotion and advertising.		Incidents of non-compliance concerning marketing communications
Consumer privacy			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 90-92		The management approach and its components
103-3	Pages 90-93		Evaluation of the management approach
GRI-418: Consumer privacy (2016)			
418-1	Page 93		Substantiated complaints concerning breaches of customer privacy and losses of customer data
Risk management			
GRI-103: Topic management (2016)			

103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 61-64; 186-189		The management approach and its components
103-3	Pages 61-64; 186-189		Evaluation of the management approach
Corporate Governance			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 23-25; 31; 53-59		The management approach and its components
103-3	Pages 23-25; 31; 53-59		Evaluation of the management approach
Innovation and multi-channel systems			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 88; 93-96; 100-101		The management approach and its components
103-3	Pages 88; 93-96; 100-101		Evaluation of the management approach
Principles of responsible investment			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 64; 70-75		The management approach and its components
103-3	Pages 64; 70-75		Evaluation of the management approach
Products and services supporting sustainable and responsible behaviours			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 78-82		The management approach and its components
103-3	Pages 78-82		Evaluation of the management approach
Customer Satisfaction			

GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 78-79; 90-92		The management approach and its components
103-3	Pages 78-79; 90-92		Evaluation of the management approach
Excellence in accident management			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 84-91		The management approach and its components
103-3	Pages 84-91		Evaluation of the management approach
Management of agents and intermediaries			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 61; 83-88		The management approach and its components
103-3	Pages 61; 83-88		Evaluation of the management approach
Indirect social impact			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 107; 110		The management approach and its components
103-3	Pages 107; 110		Evaluation of the management approach
Climate change and natural disasters			
GRI-103: Topic management (2016)			
103-1	Pages 39-42		Explanation of the material topic and its Boundary
103-2	Pages 28; 62; 100; 148		The management approach and its components
103-3	Pages 28; 62; 100; 148		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. 20267/2018**

**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 "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, 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, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 7th, 2019 (hereinafter "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 art. 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) of this report.

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 Cattolica Immobiliare S.p.A., Cattolica Services S.c.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, 2018 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the *GRI Standards*.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
March 21, 2019

This report has been translated into the English language solely for the convenience of international readers.

