

Report of the
Board of Directors
on the **motions on the agenda of
the Extraordinary Session
of the Shareholders Meeting
on 27-28 April 2018**

Approved by the Board of Directors on 22
March 2018

Below is the report prepared by the Board of Directors, in accordance with Article 72 of the Issuer Regulations adopted by Consob Resolution 11971 dated 14 January 1999, with reference to the agenda for the Extraordinary Session of the Shareholders' Meeting on 27-28 April 2018, notably:

Extraordinary Session

- Approval of new Bylaws, also in connection with adopting the one-tier governance and control model. Resolutions related thereto and thereof.
- Approval of final and transitional rules.

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Introduction

The motion to amend the corporate Bylaws is developed and focussed along two main lines: the adoption of the one-tier system and the enhancement of the role, in the Company and its governance, of capital investors; notwithstanding the cooperative form, considered in an insurance company like Cattolica still to be useful and significant to the enterprise and for the Shareholders.

The one-tier governance system is the most widely used internationally and most recognisable by investors. This allows for centralised administration and control functions in a single administrative body, but with specific control functions attributed to the Management Audit Committee. It, also, has already undergone major, and likewise positive, testing in Italy, in the biggest publicly traded Bank. Adopting this system responds to precise Supervisory needs in that it allows both speed and concentration in governing functions, a rationalised organisation and close connection between management and control. In the case of Cattolica, however, this should lead to a significant reduction in the total number of representatives (four units), without any damage to governing ability, which will remain steadfast in the Board of Directors, which will have its traditional responsibilities, only with the addition of the control function.

Regarding the role of investors, by now also significant also in Cattolica and howsoever physiological in a listed company that is trying to have current opening to the markets and to ensure proper conduct of trading, a mechanism was introduced that could facilitate both exercising corporate rights by parties holding significant stakes in equity (in particular, exercising the rights linked to the Assembly), regardless of the known constraints as a cooperative company, and a real possibility for the same investors to be able to express themselves and have a voice with the Board of Directors. As better described in below in the illustration of the specific amendments, these are essentially intended to facilitate the presentation of the slates from the Shareholders holding stakes of equity, but at the same time to allow the Shareholders to the Board of Directors, appointed by the determinant vote of the same Shareholders, without thereby losing the typical per capita voting principle.

This way, the permanence of the cooperative form is intended to be combined with the need to make room in corporate governance for equity shareholders, primarily the institutional investors.

The set of new provisions in the bylaws gives rise to an innovative corporate system, the result of a combination of factors and different elements, but inspired by instances of innovation, rationalisation and adaptation to current market practices, however, without neglecting the enterprise's needs for stability.

The Board of Directors believes that the proposed amendments contemplate all the corporate interests in their variety and may constitute progress and evolution in the centuries-old history of the Company.

Within the context of the lines described above, various specific amendments to the articulated bylaws are included, partly linked to the logic of these stated lines, partly dictated by reasons of clarity and simplification, i.e., attributable to the need for updating and diffusing corporate governance practices. In any case, none of the draft amendments are deemed relevant to the Shareholders exercising their right of withdrawal.

The new text of the Bylaws is attached to this report *sub* Annex A; also attached *sub* Annex B is a full copy of the Bylaws in force, with the caution that no table of comparison was provided between the current text and the new proposed text that would make the overall revision of the articles more immediate for consulting.

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TITLE I - Company Name, registered office, purpose, duration (Articles 1-5)

The Title has been revised with some operations in the articulation and from a formal standpoint.

Specifically, this Title anticipates (paragraph 3.3) the provision relating to corporate management, divided between Life and Non-life, provided in the Bylaws, within the clause relating to the financial year.

Article 4 has made explicit, in the governance of “mutuality”, the indirect operations in support of Catholic Works also, but not exclusively, through the Cattolica Foundation.

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TITLE II - Share capital, shares (Articles 6-7)

The title has been revised in order to accommodate therein the regulation concerning share capital and shares: Article 6 thus anticipates the provisions of technical reserves under ISVAP Regulation No. 17/2008.

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TITLE III - Shareholders (Articles 8-19)

Title III brings together the overall regulation of the corporate relationship, with reference to the admission requirements, the steps, the events that may affect the

relationship.

Shareholders (Article 8)

Article 8 is a more precise articulation of the categories of persons eligible to become Shareholders of the company, including collective investment undertakings in any form (UCITS).

Causes for non-admission to Shareholder (Article 9)

Article 9, which identifies the causes of non-admission to Shareholder, has been revised and its perimeter narrowed to report situations of potential interest or competition as per sects. (a) and (c) directly for the aspiring Shareholder.

Application for admission (Article 10)

Article 10 remains unchanged.

Admission procedure (Article 11)

The admission procedure, in its possible stages, is summarised in Article 11.

Shareholder's domicile (Article 12)

Article 12, having regard to the existing regulatory framework, has deleted the reference to the court with jurisdiction.

Loss of membership, the Shareholder's death, the Shareholder's exclusion, withdrawal, reimbursement of shares (Articles 13-17)

Article 14 specifying the duties of the Board of Directors in the event of the Shareholder's death.

The other provisions relating to possible developments in the corporate relationship are not affected by the substantive operations.

Minimum share ownership (Article 18)

Article 18 regulates, without revisions to the Bylaws in force, the minimum shareholding threshold; this provision is placed here for its "proximity" to the subject of limitations on equity participation referred to in the new Article 19.

Limits on shareholding (Article 19)

Article 19 regulates the limits on equity shareholdings for Shareholders by status, likewise distinguishing, as in the present Bylaws, the individual position (without substantial revisions) and that of legal persons, collective entities and UCITS (for which the limit is raised to 5% of the share capital).

The possibility is made explicit that no greater shareholding than the aforesaid limits in the membership list and the corporate relationships may howsoever occur, likewise without prejudice to the principle of the per capita vote.

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TITLE IV - Corporate governance (Article 20)

The new Article 20 defines the structure of the company's governance, detailed in the subsequent Titles, identifying the bodies and functions which are entrusted with exercising corporate activities.

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TITLE V - Meeting (Articles 21-28)

Statutory regulations relating to the Meeting, in addition to being rationalised in the Articles, are also integrated for the purposes of the adjustment resulting from the adopting a one-tier system for administration and control.

The attribution to the Audit Committee should be recalled, in particular, of exercising the power to convene the Meeting, if necessary for the performance of their duties (paragraph 22.3) and the allocation to the Meeting of the power to appoint and revoke the Committee for management and control and to elect its Chairman (paragraph 23.2).

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TITLE VI - Administration (Articles 29-48)

Chapter I - Board of Directors (Articles 29-39)

Adopting the one-tier governance model causes the overall statutory revision of the guidelines for the Board of Directors, as described below.

Is the termination of the obligation of appointing the Executive Board is noted, in order to allow for greater collegiality within the Board of Directors and a sharper definition of the role of the CEO.

A more precise regulation is also provided for various functional and organisational profiles, in addition to an overall rationalisation in the enacting articles.

Composition (Article 29)

This clause sets out the option in the bylaws for adopting the one-tier model of

administration and control and indicates that the Board is composed of a total of 17 members, 3 of which compose the Management Control Committee.

The absence is noted of provisions concerning the territorial origin of the members of the Board of Directors, which instead are in the applicable Bylaws, in order to simplify the formulation of the slates and appointing the Directors.

Requirements for the members of the Board of Directors and the Management Control Committee (Articles 30 and 31)

The requirements for members of the Board of Directors are distinctly regulated depending on whether or not they belong to Management Control Committee.

Article 30 addresses, for all the Directors, the experience and integrity requirements provided by law. Also indicated are the additional statutory requirements, some of which were already established by the Bylaws and proposed again without changes, while others were strengthened or articulated differently.

With reference to the members of the Management Control Committee, Article 31 refers to the provisions applicable to the members of the control body of insurance enterprises issuing shares and listed on regulated markets.

Submitting slates of candidates (Article 32)

In addition to certain formal operations and the better wording of the clause, the most important changes concern: (i) the thresholds for submitting the slates by Shareholders that the new regulation will facilitate, within the margins of autonomy allowed by law (statutory thresholds that are identified, respectively, in the proportion of 1/40th of the share capital, similar to what is identified by the regulations for listed companies for exercising certain rights by shareholders, and the percentage of 1/80th of the number of shareholders regardless of the percentage of capital held); (ii) as a result of the option for the one-tier system of administration and control, splitting the slate into two sections, the second of which shows the candidates for the Office of Director and for the Office of member of the Management Control Committee.

The legitimacy of the Board was confirmed for presetting a slate of candidates, which was made however only optional.

Voting and appointment (Article 33)

The regulations governing voting and appointing the Board of Directors was changed as a result of adopting the one-tier system of the administration and control and the need to promote a role for institutional investors. In particular,

the Minority Director is taken from the second section of the Minority Slate and joins as part of the Management Control Committee, where they are given the office of Chairman.

Another revision concerns the mechanism for rewarding any Capital Slate referred to in paragraph 33.7: 1 or 2 Directors are taken from the slate, other than the Majority slate, which is first by capital threshold and reached a threshold of votes of at least 10%, or 15% of the share capital, whatever the number of Shareholders who have voted is. The Directors taken from the Capital Slate are elected in place of a corresponding number of candidates on the slate from which a number of Directors equal to or greater than 12 should be taken.

Finally, in paragraph 33.9, a residual prediction is explained to become, with voting for candidates in the Meeting session by the related majority, upon completion of the Board of Directors in case the application of statutory mechanisms leaves vacancies (notably incomplete slates or candidates who do not meet the prescribed requirements).

Replacement (Article 34)

The clause, in addition to referencing Article 2386 Civil Code, introduces a specific regulation concerning the replacement of members of the Board of Directors who are also members of the Management Control Committee.

Meetings, resolutions, responsibilities, information streams (Articles 35-38)

Besides the various direct operations with a better formulation of statutory articles, the procedures for the functioning at the Board of Directors are better clarified in terms of meetings, resolutions and information streams, as well as their responsibilities, also in regard to the allocations for the purposes of promotion.

Remuneration (Article 39)

There are no substantial revisions in the regulations on remuneration for members of the Board of Directors, subject to the necessary adjustment operations following the establishment, within the Board, of the Management Control Committee.

Chapter II - the Chair, Vice Chairs, CEO, Secretary (Articles 40-42)

There are no substantial revisions from the current Bylaws.

It must however be noted: (i) the absence of provisions concerning the territorial origin of the Chair, Vice Chairs and CEO; (ii) the improved articulation

of the Chairman of the Board of Directors' functions (Article 41); (iii) the introduction of a clause specifically referring to the position of CEO, which sums up the regulations of that function within the framework of *governance* (Article 42).

Chapter III - Management Control Committee (Articles 43-45)

The statutory provisions relating to the Management Control Committee are included under Title VI concerning the administration of the Company, involving the body constituted within the Board of Directors.

Article 43, in particular, expands and howsoever specifies the tasks of the Management Control Committee relating to the legal rules and regulations, having to consider the insurance undertaking's status in issuing shares listed on the regulated market. Also outlined are forms of coordination with the Company's functions responsible for accounting and control, as well as with the control bodies of the subsidiaries.

Chapter IV - Board committees (Article 46)

A specific clause is introduced relating to Board committees, which takes into account the current provisions for regulatory Supervision and self-regulation.

The duties of the Board committees, however of an investigation and/or recommendation nature, and their operation are remitted to the regulation of the Board of Directors.

Chapter V- Representation (Articles 47-48)

There are no substantial revisions in the regulations on Company representation.

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TITLE VII- General management, Manager, statutory financial reporting, (Articles 49-51)

There are no substantial revisions in concerning general management, Manager statutory financial reporting, audit.

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TITLE VIII- Arbitration Board (Articles 52-53)

There are no substantial revisions in the regulations on the Arbitration Board, except for adapting to the thresholds for the submission of slates for the purposes of the related

appointment, which are aligned with the regulations of the Board of Directors.

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TITLE IX - Balance Sheet (Articles 54-55)

Article 55 updates the regulations about uses of the profit for corporate purposes, which is remitted to the decisions of the Meeting anyway with a maximum percentage threshold (6%) for disbursements issued for the Foundation Cattolica Assicurazioni.

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Chapter X- Transitional and final provisions (Articles 56-60)

Articles 56-58 were not subjected to amendments.

The transitional rules laid down in Article 59 are adapted to the new bylaws with the elimination of provisions no longer current.

Article 60 provides that the changes introduced by the Meeting on 27-28 April 2018 will be effective starting the date of its approval, once the legal requirements for authorisation and advertising are completed.

The exceptions are the corporate governance provisions (Article 20), Meeting (Articles 21-28), Administration (Articles 29-48) and General Management, Manager, statutory financial reporting, (Articles 49-51) and, with reference to the Board of Directors, the transitional rule in terms of gender balance (paragraph 59.3), which will take effect from the date set for the Shareholders' Meeting called for the next first renewal of the Board of Directors.

For the purposes of the preliminary formalities provided by law and the Bylaws functional for the renewal of the Board of Directors, the provisions of the new Bylaws regarding the composition, presentation of slates, voting and election of the Board of Directors (Articles 29-33) are effective starting on the date of convening the aforementioned Shareholders' Meeting called for the first renewal of the Board of Directors.

As a transitional measure, the provisions referred to in paragraph 60.3, which state, with certain adaptations (in particular, the elimination of provisions on territorial origin on the Board), the statutory regulations in effect concerning Meetings, Directors, Statutory Auditors, General Manager, Manager assigned and statutory audit.

It should also be noted that the provisions concerning consulting are not subject to recall, a function that is eliminated in the structure of the new Bylaws.

The Board of Statutory Auditors that stems from the renewal by the Meeting on 27-28 April 2018, will expire on the date of the first renewal of the Board of directors with the adoption of the one-tier system of administration and supervision (section 60.5).

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The organic nature and complexity of the new text of the bylaws, and taking into account the overall changes proposed, forming however a single subject of a single agenda item, allow that the vote should can be proposed and take place at one time.

The proposed changes can be entered in the Companies Register only after approval by IVASS, pursuant to Article 196 of Leg. Decree 209/2005 and related regulations of implementation.

DRAFT RESOLUTION

“The extraordinary shareholders’ meeting, considering the report of the Board of Directors made available to the public in accordance with current legislation,

resolved

1) to approve, as a whole, the new text of the corporate Bylaws, composed of 60 (sixty) articles, and annexed to the report of the Board of Directors, noting in particular that, with respect to the text currently in force, Article 10 has remained unchanged;

2) to establish that the amendments to the bylaws, subject to legal obligations, will be effective according to the temporary regulations established in Article 60 of the new text of the corporate Bylaws of the company annexed to the report of the Board of Directors, and thus, specifically:

(i) the amendments to the bylaws introduced will be effective starting the date of its approval, once the legal requirements for authorisation and advertising are completed, with the exception of the provisions on Corporate Governance (Article 20), Meeting (Articles 21-28), Administration (Articles 29-48) and General Management, Manager, statutory financial reporting, (Articles 49-51) and, with reference to the Board of Directors, the transitional rule in terms of gender balance (paragraph 59.3), which will take effect from the date set for the Shareholders’ Meeting called for the next first renewal of the Board of

Directors.

For the purposes of the preliminary formalities provided by law and the Bylaws functional for the renewal of the Board of Directors, the provisions of the new Bylaws regarding the composition, presentation of slates, voting and election of the Board of Directors (Articles 29-33) are effective starting on the date of convening the aforementioned Shareholders' Meeting called for the first renewal of the Board of Directors;

transitionally, the provisions referred to in Article 60.3 shall apply;

3) to confer to the Chairman and the Chief Executive Officer, jointly and severally, the power to complete whatever is necessary to implement the resolutions decided by the Meeting and introduce the formal amendments to the new text of the Bylaws as approved and coordinate any requirements, also from by the Supervisory Authorities, for the purposes of registration in the Companies register, as well as to perform any other Act that is necessary or appropriate for the implementation and effectiveness of the resolutions assumed;

4) as a result of the resolutions concerning section (1), in any case and howsoever to approve the final and transitional provisions referred to in Article 60.3, with reference to Articles 33 and 36, of the text of the Bylaws annexed to the report of the Board of Directors, which amends the current text of the same Bylaws and thus the non-implementation of the current wording in effect. “

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