

**Extraordinary and Ordinary Shareholders' Meeting
26/27 June 2020**

**Supplementary notes to the Report of the
Board of Directors
on the items on the agenda
of the Extraordinary and Ordinary part**

pursuant to Article 125-ter, paragraph 1, of Legislative Decree
No. 58 of 24 January 1998.

**Approved by the Board of Directors
on 4 June 2020**

Dear Shareholders,

This document updates and supplements the Explanatory Reports of the Board of Directors for the Extraordinary and Ordinary Shareholders' Meeting of 26/27 June 2020, produced pursuant to Article 125-ter, paragraph 1, of Legislative Decree 58 of 24 January 1998 and published on 25 May 2020 by Società Cattolica di Assicurazione Società Cooperativa ("Cattolica" or the "Company").

This supplementary document (the "Supplementary Document") has been published to take account of instructions received from the Supervisory Authority following the convocation of the Catholic Shareholders' Meeting for 26/27.6.2020, and also to provide an update to take account the events that occurred after the convocation of the meeting, as indicated in the press release issued by the Company on 1 June 2020.

Supplementary information on the specific agenda items affected by the situations in question is provided below, without prejudice to all other provisions of the explanatory reports as already published.

Verona, 8 June 2020

EXTRAORDINARY PART

With regard to the item in point 2 of the Extraordinary Part – “Proposal to grant the board of directors a mandate, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment in one or more tranches, on one or more occasions, by 26 June 2025, by a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no nominal value and having the same characteristics as those in circulation, also with a limitation of subscription rights and with a reservation in favour of financial entities and/or institutional investors, pursuant to and in compliance with the conditions established by law, with the widest power to establish, for each tranche, in accordance with the limits indicated above and the methods, terms and conditions of the operation, including the issue price and any share premium on the shares, to be determined in all cases, for the first tranche, on the basis of the value of the net assets, also taking account of the average listing price of the shares in the period between 1 May 2019 and 30 April 2020 and, for the second tranche, on the basis of the value of the net assets, also taking account of the share price trend over the preceding six months and the dividend entitlement. With the consequent amendment of Article 6 of the Articles of Association. Related and consequent resolutions” - the relevant Explanatory Report, supplemented to take account of the instructions of the Supervisory Authority in its note dated 27 May 2020, with a reformulation of the proposed resolution, is set out below:

Dear Shareholders,

You have been called to an extraordinary meeting also to discuss and pass resolution on the proposal to grant the Company's Board of Directors, pursuant to Article 2443 of the Italian Civil Code as provided in Article 6.2 of the Articles of Association, a mandate to increase the share capital against payment, in one or more tranches, on one or more occasions, by 26 June 2025, by a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no nominal value and having the same characteristics as those in circulation, also with a limitation of subscription rights and with a reservation in favour of financial entities and/or institutional investors, pursuant to and in compliance with the conditions established by law, with the widest power to establish, for each tranche, in accordance with the limits indicated above and the methods, terms and conditions of the operation, including the issue price and any share premium on the shares, to be determined in all cases, for the first tranche, on the basis of the value of the net assets, also taking account of the average listing price of the shares in the period between 1 May 2019 and 30 April 2020 and, for the second tranche, on the basis of the value of the net assets, also taking account of the share price trend over the preceding six months and the dividend entitlement.

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GROUNDS FOR THE PROPOSED MANDATE PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE AND THE RELATED PROPOSAL TO AMEND ARTICLE 6 OF THE ARTICLES OF ASSOCIATION

The granting to the Board of Directors of a mandate pursuant to Article 2443 of the Italian Civil Code, which allows a capital increase against payment, is designed to enable the Company to meet capitalisation requirements that may arise during the period covered by the mandate, due to the circumstances considered below.

In this evolving market, affected by a contingent situation that is without parallel in the recent past, opportunities for external growth, including through the development of partnerships already in place or other scenarios that may arise, cannot be allowed to pass.

Moreover, the current market situation, hard pressed by the recent crisis brought about by the Covid 19 epidemiological emergency, has been a contributing factor in making capital more volatile. This situation should also be interpreted in the light of the evolution of the spread, given the trend in the deficit/GDP ratio over the medium-to-long term. This could lead to momentary situations of further deterioration of the indicators.

The company therefore intends to ensure adequate capitalisation - which may be increased as soon as possible - to preserve the financial flexibility necessary to cope with this particular moment of crisis and, where appropriate, to pursue possible options for external acquisitions.

In view of these requirements, recourse to the mandate pursuant to Article 2443 of the Italian Civil Code is the preferred technical method to grant adequate flexibility to the Board of Directors in assessing the advisability of proceeding with a capital increase during the time frame covered by the mandate, and in determining the amount of the increase that is deemed appropriate in each particular case. To this end, and in accordance with widely used practice, we propose granting a mandate that provides that the Board of Directors may avail itself of the provisions of the second paragraph of Article 2439 of the Italian Civil Code, i.e. by establishing that in all cases, the share capital be increased by an amount equal to the subscriptions collected by the deadline indicated in the Board resolution.

Finally, in view of the fact that the company's shares are listed, it is proposed that the Board of Directors also be responsible for setting the issue price, the share premium deemed from time to time as most appropriate for the circumstances of each case, and the dividend entitlement.

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Supplement

The proposal to mandate the Board of Directors to implement a capital increase of up to a total of €500 million, including any share premium, is accompanied by the clarification that the Board of Directors will have the power to limit the right of pre-emption, also expressly establishing the general criteria for determining the issue price of the shares, by recourse to general provisions of law (Article 2441, paragraph 6, of the Italian Civil Code).

This clarification was necessitated by the need to take account of the tight timescales indicated by the Supervisory Authority for the execution of the capital increase in its note dated 27 May 2020, which was issued after the formal convocation of the Shareholders' Meeting with its relevant agenda. It should be recalled that the note in question recognised the need for capitalisation measures, which are expected to be pursued through the full use of the mandate proposed and indicated above, up to a maximum total of €500 million, to be implemented by early autumn.

The reworded proposal only partially modifies the proposal presented to Shareholders, providing for the possibility of limiting, and not excluding, the option right. This facilitates the rapid success of the capital increase as it provides for a reserve that is in all cases limited to financial entities and/or institutional investors, which may be interested in a prompt investment in the Company's capital that is - we repeat - in accordance with the requirements established by the Supervisory Authority.

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PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As a result of the approval of the mandate to the Board for a capital increase pursuant to Article 2443 of the Italian Civil Code, it is necessary to amend Article 6 [share capital] of the Articles of Association.

The right hand column of the following comparison table shows the proposed amendments to Article 6 of the Company's Articles of Association relating to the share capital. The left hand column shows the current text of Article 6 of the Articles of Association.

CURRENT TEXT	PROPOSED TEXT
Article 6	Article 6
[Share capital]	[Share capital]
6.1 The share capital is variable and unlimited and consists of shares with no nominal value.	6.1 The share capital is variable and unlimited and consists of shares with no nominal value.
6.2 The issue of new shares may be approved: a) extraordinarily, by an Extraordinary Shareholders' Meeting in	6.2 The issue of new shares may be approved: a) extraordinarily, by an Extraordinary Shareholders' Meeting in

<p>accordance with the provisions of Articles 2438 <i>et seq.</i> of the Italian Civil Code, with proxy rights pursuant to Articles 2420-ter and 2443 of the Italian Civil Code, without prejudice, in any event, to the provisions of Article 2524, paragraph 4 of the Italian Civil Code; and b) ordinarily by the Board of Directors by the issue of new shares.</p> <p>6.3 While the Company's shares are listed on a regulated market, the Board of Directors shall not issue new shares in accordance with letter b) of paragraph 6.2 of these Articles of Association.</p> <p>6.4 Pursuant to current legislation: a) €359,482,169.52 of the share capital is allocated to Non-Life classes and €163,399,608.48 is allocated to Life classes; b) €559,508,914.49 of the premium reserve is allocated to Life classes and €193,433,225.98 is allocated to Non-Life classes; c) €37,231,482.77 of the revaluation reserve is allocated to Non-Life classes and €25,267,311.57 is allocated to Life classes; d) €231,264,730.43 of the legal reserve is allocated to Non-Life classes and €51,272,102.70 to Life classes; e) €176,227,155.14 of the other reserves are allocated to Non-Life classes and €3,311,314.36 to Life classes; f) the merger surplus and demerger reserve of €700,502.17 is entirely allocated to Non-Life classes; g) the demerger deficit of €141,753,328.00 is entirely allocated to Non-Life classes; h) €33,439,126.88 of the negative reserve for portfolio treasury shares is allocated to the Non-Life classes and €13,506,158.64 to Life classes; the formation of this reserve was concomitant with the purchase of treasury shares, to be applied to the share premium reserve.</p> <p>6.5 By resolution adopted by the competent management bodies in accordance with applicable law and these Articles of Association, all other reserves are set aside separately for each year in accordance with the specific methods by which they have been created and/or modified and in</p>	<p>accordance with the provisions of Articles 2438 <i>et seq.</i> of the Italian Civil Code, with proxy rights pursuant to Articles 2420-ter and 2443 of the Italian Civil Code, without prejudice, in any event, to the provisions of Article 2524, paragraph 4 of the Italian Civil Code; and b) ordinarily by the Board of Directors by the issue of new shares.</p> <p>6.3 While the Company's shares are listed on a regulated market, the Board of Directors shall not issue new shares in accordance with letter b) of paragraph 6.2 of these Articles of Association.</p> <p>6.4 Pursuant to current legislation: a) €359,482,169.52 of the share capital is allocated to Non-Life classes and €163,399,608.48 is allocated to Life classes; b) €559,508,914.49 of the premium reserve is allocated to Life classes and €193,433,225.98 is allocated to Non-Life classes; c) €37,231,482.77 of the revaluation reserve is allocated to Non-Life classes and €25,267,311.57 is allocated to Life classes; d) €231,264,730.43 of the legal reserve is allocated to Non-Life classes and €51,272,102.70 to Life classes; e) €176,227,155.14 of the other reserves are allocated to Non-Life classes and €3,311,314.36 to Life classes; f) the merger surplus and demerger reserve of €700,502.17 is entirely allocated to Non-Life classes; g) the demerger deficit of €141,753,328.00 is entirely allocated to Non-Life classes; h) €33,439,126.88 of the negative reserve for portfolio treasury shares is allocated to the Non-Life classes and €13,506,158.64 to Life classes; the formation of this reserve was concomitant with the purchase of treasury shares, to be applied to the share premium reserve.</p> <p>6.5 By resolution adopted by the competent management bodies in accordance with applicable law and these Articles of Association, all other reserves are set aside separately for each year in accordance with the specific methods by which they have been created and/or modified and in</p>
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<p>accordance with the criteria set out in the said regulations.</p> <p>6.6 In the event of a capital increase, the allocation to Non-Life or Life business of the increase in the amount of share capital, any share premium and adjustment interest is decided by the Extraordinary Shareholders' Meeting or, in the event of delegation under Articles 2420-ter and 2443 of the Italian Civil Code or in the case described in paragraph 6.2, letter b), of these Articles of Association, by the Board of Directors.</p>	<p>accordance with the criteria set out in the said regulations.</p> <p>6.6 In the event of a capital increase, the allocation to Non-Life or Life business of the increase in the amount of share capital, any share premium and adjustment interest is decided by the Extraordinary Shareholders' Meeting or, in the event of delegation under Articles 2420-ter and 2443 of the Italian Civil Code or in the case described in paragraph 6.2, letter b), of these Articles of Association, by the Board of Directors.</p> <p>6.7 By resolution of 26/27 June 2020, the Extraordinary Shareholders' Meeting granted the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, a mandate to increase the share capital against payment, in one or more tranches, on one or more occasions, by 26 June 2025, by a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no nominal value and having the same characteristics as those in circulation, also with a limitation of subscription rights and with a reservation in favour of financial entities and/or institutional investors, pursuant to and in compliance with the conditions established by law, with the widest power to establish, for each tranche, in accordance with the limits indicated above and the methods, terms and conditions of the operation, including the issue price and any share premium on the shares, to be determined in all cases, for the first tranche, on the basis of the value of the net assets, also taking account of the average listing price of the shares in the period between 1 May 2019 and 30 April 2020 and, for the second tranche, on the basis of the value of the net assets, also taking account of the share price trend over the preceding six months and the dividend entitlement.</p>
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PROPOSED RESOLUTIONS

In view of the situation described above, the Extraordinary Shareholders' Meeting is called to deliberate the following draft resolutions:

- to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, a mandate to increase the share capital against payment, in one or more tranches, on one or more occasions, by 26 June 2025, by a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no nominal value and having the same characteristics as those in circulation, also with a limitation of subscription rights and with a reservation in favour of financial entities and/or institutional investors, pursuant to and in compliance with the conditions established by law, with the widest power to establish, for each tranche, in accordance with the limits indicated above and the methods, terms and conditions of the operation, including the issue price and any share premium on the shares, to be determined in all cases, for the first tranche, on the basis of the value of the net assets, also taking account of the average listing price of the shares in the period between 1 May 2019 and 30 April 2020 and, for the second tranche, on the basis of the value of the net assets, also taking account of the share price trend over the preceding six months and the dividend entitlement;
- to grant the said mandate by providing that the Board of Directors may avail itself of the provisions of the second paragraph of Article 2439, paragraph 2, of the Italian Civil Code, i.e. by establishing that in all cases, the capital can be increased by an amount equal to the subscriptions collected by the deadline indicated in the Board resolution;
- consequently, to approve the amendment of Article 6 of the Articles of Association of the Company concerning its share capital, by inserting, at the end of the said Article, an additional paragraph 6.7 with the following content:

“By resolution of 26/27 June 2020, the Extraordinary Shareholders’ Meeting granted the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, a mandate to increase the share capital against payment, in one or more tranches, on one or more occasions, by 26 June 2025, by a maximum total amount of €500 million, including any share premium, by issuing ordinary shares with no nominal value and having the same characteristics as those in circulation, also with a limitation of subscription rights and with a reservation in favour of financial entities and/or institutional investors, pursuant to and in compliance with the conditions established by law, with the widest power to establish, for each tranche, in accordance with the limits indicated above and the methods, terms and conditions of the operation, including the issue price and any share premium on the shares, to be determined in all cases, for the first tranche, on the basis of the value of the net assets, also taking account of the average listing price of the shares in the period between 1 May 2019 and 30 April 2020 and, for the second tranche, on the basis of the value of the net assets, also taking account of the share price trend over the preceding six months and the dividend entitlement”

- to grant a broad mandate, with equal and separate powers, to the Chairman and Deputy Chairmen to take every action necessary to implement the resolutions passed by the Shareholders' Meeting and to make any formal amendments to the Articles of Association required the purposes of registration with the Companies Register, and to perform any other action that may be necessary or advisable for the optimal implementation of the resolutions passed;

- to grant the Board of Directors the power to amend Article 6 of the Articles of Association, following the insertion of the mandate pursuant to Article 2443 of the Italian Civil Code, in order to amend this Article in relation to the partial or total exercise of the mandate, or the expiry of the said mandate.

ORDINARY PART

With regard to the item in point 3 of the Ordinary Part – “*Decisions on remuneration policies and Report on Remuneration pursuant to Article 123-ter of the Consolidated Law on Finance and IVASS Regulation No. 38/2018*” – the Board of Directors notes that the Supervisory Authority, in a note dated 27 May 2020, reminded the Company of the need to suspend payment of the variable component of remuneration due, for any reason, to company representatives, as recommended by the said Authority on 30 March 2020. It will be recalled that the suspension of the payment of the variable component of the remuneration of company representatives had already been resolved, with effect until the date of the Shareholders' Meeting, by the Board of Directors at its meeting of 7 April 2020, also in compliance with the said recommendation of the Authority.

With regard to the item in point 5 of the Ordinary Part – “*Proposal for removal, for just cause, of Director Alberto Minali*” – the Board of Directors announces as follows.

On 29 May 2020, the Director Mr Alberto Minali resigned with immediate effect, as announced in a press release issued by the company on 1 June 2020.

The resignation of the Director renders the proposal for his revocation at the ordinary shareholders' meeting to be held on 26/27 June next obsolete, as will be declared during the discussion of the issue at the shareholders' meeting, since the said Director ceased to hold office and the proposed resolution has become impossible.

In view of the relevant regulatory and statutory requirements for the appointment and replacement of directors (Articles 147-ter of the Consolidated Law on Finance and Articles 32-34.4 of the Articles of Association), which must take place on the basis of lists and candidacies submitted by the Board of Directors and by the Shareholders, the timing of Mr Alberto Minali's resignation, –which was received by the Company by certified electronic mail on the evening of 29 May 2020, for the attention of the Chairman of the Board of Directors and of the Chairman of the Supervisory Committee,– meant that the item could not be included in the agenda for the Shareholders' Meeting that had already been convened. Nominations by the Board of Directors and the Shareholders should have been submitted by the deadline of 1 June 2020 and therefore, given the director's resignation on the evening of Friday 29 May, which the Board of Directors learned of at its meeting of 31 May, there was insufficient time to add the matter to the agenda for the Shareholders' Meeting in a manner that would enable the Shareholders to make the relevant considered assessments and to fulfil the requirements for the exercise of the right to submit nominations.

The Board of Directors also pointed out that, following the resignation of Mr Minali and in view of the amendments to the Articles of Association that are proposed to the Extraordinary Shareholders' Meeting to be held on 26/27 June next concerning, *inter alia*, the subjective matter of the candidate for Managing Director (according to which any new Managing Director must not necessarily be a Shareholder), the Board of Directors has not presently proceeded to co-opt a replacement Director. This is so that a candidate can be identified according to the new statutory framework as resulting from the shareholders' resolution. In fact, the proposed amendments to Articles 29.2 and 30.1 of the Articles of Association provide that the Managing Director may be a non-shareholder and Article 42 of the Articles also redefines the duties corresponding to the position.