

Ordinary Shareholders' Meeting
26 April 2022

Guidelines for the
qualitative composition
of the **Board of Directors**

Approved by the Board of Directors
on 14 March 2022

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1. Introduction and regulatory context

It should be recalled that following the resignation of a director, at its meeting of 23 February, the Board of Directors appointed a new director by co-optation, pursuant to Article 24.1 of the Articles of Association and 2386 of the Italian Civil Code. Subsequently, following the resignation of a Director who was also a member of the Management Control Committee, the Board of Directors replaced the outgoing director with the first eligible candidate not elected from the second section of the slate from which the outgoing Director was appointed (Shareholders' Meeting of 14 May 2021), pursuant to Article 24.2 of the Articles of Association.

As provided in Article 24.4 of the Articles of Association, the Shareholders' Meeting is required to replace both outgoing Directors.

Accordingly, in anticipation of the presentation of the list for the appointment of the two Directors, it was considered appropriate to update the **Qualitative Guidelines** for the composition of the Board of Directors, with particular regard to the professional characteristics of the members of that body.

It should also be noted that since the expiry and consequent renewal of the entire Board of Directors has not taken place, it was not deemed necessary to update the previous **Quantitative Guidelines**, as the quantitative composition of the Board is not subject to a shareholders' resolution.

The regulatory provisions governing the drafting of the Guidelines are as follows:

- Regulation No. 38 of the Insurance Companies Supervisory Authority (IVASS) of 3 July 2018, and the guidelines on the governance system issued by the European Insurance and Occupational Pensions Authority (EIOPA): these assign to the administrative body of an insurance undertaking, in the context of its strategic and organisational policy-making, the task of establishing guidelines for the number and characteristics of professionals whose presence on the administrative body is deemed appropriate, and of proposing any corrective actions designed to improve the effectiveness of the body itself. As established in Article 5, paragraph 2, letter z), this approach relies on an annual self-assessment process, which also verifies, *inter alia*, the adequacy of the number of independent members in relation to the company's business.
- the Corporate Governance Code for listed companies (the "Code"), to which the company adheres: the provisions of the Code (Article 4, Recommendation No. 23) refer to companies other than those with concentrated ownership, such as Cattolica, which does not have an absolute majority shareholder (Assicurazioni Generali) and refer to cases of renewal of the administrative body. In this context, the Code provides that the results of the self-assessment are to be taken into account when drafting the guidelines on qualitative and quantitative composition.

It should also be noted that with regard to the integrity requirements for corporate officers, and with particular reference to members of the Board of Directors, Cattolica has issued a company policy to which explicit reference is made in the relevant sections of this document, which forms an integral part of the Guidelines for shareholders on the qualitative composition of the Board of Directors.

This document has been drafted in the hope that Shareholders, when submitting lists for the appointment of two Directors, one of whom will be a member of the Management Control Committee, will take into account the characteristics of the Company and the complexity and specific nature of the business sector in which it operates when assessing candidates' personal and professional characteristics and experience.

2. Guidelines for shareholders on the qualitative composition of the Board of Directors

It should first be recalled that, upstream of the combined provisions of IVASS Regulation No. 38 (in particular, pursuant to Article 5, paragraph 2, letter n), having regard to Article 76 of the Private Insurance Code, Article 273 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (Delegated Acts), as well as the Guidelines on the system of governance issued by EIOPA (BoS-14/253) and the provisions of Decree of the Ministry of Economic Development No. 220 of 11 November 2011, specific requirements of professionalism, integrity and independence are established for members of the administrative body of insurance companies, as well as specific grounds for impediment and incompatibility.

In this context, the Board of Directors has outlined an approach for defining an optimal composition and qualitative mix to ensure that the Board of Directors is, as a whole, appropriate for the Company. This approach is structured along the following lines:

1. expertise and professional background;
2. time commitment and number of positions held;
3. diversity requirements;
4. integrity, independence and incompatibility.

The specifications for each of the above points are detailed below.

3.1 Expertise and professional background

The Board of Directors of Cattolica has established guidelines for qualitative composition that ensure complementarity in terms of professional experience and expertise, in order to ensure, *inter alia*, the presence of the skills necessary for internal Board committees to be adequately composed. In particular, the Board recommends that:

- the Board's collective experience must be instrumental in serving the Company's strategic priorities over the short, medium and long term;
- the Board must include individuals with a mix of knowledge, skills and experience in insurance and/or banking/finance and the risks underlying the Company's core business;
- the Board must include an adequate number of directors – at least 1/3 of its members – with experience as directors, statutory auditors or senior executives with strategic responsibility in insurance, banking or financial companies of a complexity at least equal to that Cattolica, for a total of at least six years during the twelve preceding their appointment to the Company. Specific experience of more than 6 years within the relevant time frame will be a distinct advantage.

In line with these considerations, and given the existing legislative and regulatory requirements, the Board recommends that each candidate for the role of Director should distinctively possess at least one of the following skills, and if possible should have specific experience in at least one of the other areas indicated below:

- **Insurance and/or banking/financial business**, acquired in one or more of the following ways:

- consolidated experience in executive roles of high seniority (such as, for example, company manager or head of an office reporting directly to the company manager), having gained significant experience in confronting business challenges;
 - one or more non-executive roles, such as the chairman of the board of directors/director and/or chairman/member of the board of statutory auditors of a significant insurance and/or banking/financial group;
 - experience gained in the professional, academic and/or institutional field, if relevant to the insurance sector.
- **Corporate Governance, Legal and Regulatory**, acquired in one or more of the following ways:
 - consolidated experience in executive roles of high seniority (such as, for example, company manager or head of an office reporting directly to the company manager) in a listed insurance and/or banking/financial institution, such as, for example, chairman of the board of directors, chairman/member of a relevant internal board committee, or chairman/member of the board of statutory auditors;
 - one or more operational leadership roles in an insurance and/or banking/financial group, in areas such as legal, corporate, audit and compliance;
 - experience gained in a professional, academic and/or institutional field broadly relating to company law/business economics, insurance and/or financial intermediaries.
- **Risk management and controls**, acquired in one or more of the following ways:
 - consolidated experience in operational leadership roles at an insurance and/or banking/financial institution, in areas such as risk management, audit and compliance;
 - one or more non-executive roles, such as chairman or member of the board's internal control and risk committee in an insurance and/or banking/financial institution, chairman/member of the board of statutory auditors in an insurance and/or banking/financial institution and/or listed company.
 - experience gained in a professional, academic and/or institutional field related to risk management and control systems in the insurance and/or banking/financial sector.
- **Strategic Planning**, acquired in one or more of the following ways:
 - consolidated experience in high seniority roles, mainly of an executive nature, of a complexity at least equal to Cattolica, regardless of the sector (i.e. general management, senior positions in finance, management of significant business areas in listed companies);
 - academic and/or professional experience (investment banking and/or strategic consultancy).
- **Administration, accounting, actuarial**, acquired in one or more of the following ways:

- consolidated experience in senior executive roles in an insurance and/or banking/financial institution, in areas such as finance, accounting, audit or actuarial;
- one or more non-executive roles, such as chairman or member of the board's internal control and risk committee in an insurance and/or banking/financial institution or chairman/member of the board of statutory auditors of a listed company/firm operating in the financial sector. Specific experience in an insurance environment will be a distinct advantage;
- experience gained in the professional and/or academic field relating to accounting, budgeting or actuarial applied to the insurance and/or banking/financial sector in the broad sense. Consolidated experience in a leading auditing firm would be a distinct advantage.

In addition to the above considerations, it is worth emphasising the importance attached to sustainability issues in the insurance business and Cattolica in particular. This can be seen in the role that ESG (Environmental, Social and Governance) issues play in the 2021-2023 Rolling Plan. In this regard, in order to ensure that the Board can effectively fulfil its duties of guidance and control, and that the relevant Committee possesses adequate expertise, a track record of involvement in **sustainability** issues is a distinctive advantage to be considered when assessing candidates for the Board of Directors.

Moreover, given the business and operational transformation challenges facing insurers, particular importance will be attached to the **technology** and **digital** skills of candidates for the Board. These skills may have been acquired in areas where the core business is the development of innovative technological and/or digital solutions.

With regard to the composition of the Management Control Committee, Article 21 of Cattolica's Articles of Association requires that at least 1 member of the Committee be listed on the Register of Statutory Auditors. However, this requirement has already been met.

3.2 Time commitment and number of positions held

Appointment as member of the Board of Directors requires a prior assessment of a candidate's capacity to devote the time necessary to ensure that their duties are effectively fulfilled, also taking into account the number of administrative positions held as members of the board of directors or statutory auditors of other companies. Of particular relevance in this regard are the requirements established in Cattolica's Articles of Association, in particular Article 20.5:

"Without prejudice to other legal and supervisory authority provisions regarding incompatibility, requirements and prohibitions on holding office, Directors may not be elected if they are members of the board of directors of more than five listed companies or their subsidiaries."

With respect to membership of the Management Control Committee, Article 21.1 provides that:

"Members of the Management Control Committee must meet the requirements of integrity and professionalism and comply with the limits on the accumulation of positions provided for by applicable law for members of the control bodies of insurance companies issuing shares listed on regulated markets. They must also meet the independence requirements established for statutory auditors in Article 148, paragraph 3 of the TUF or other supervisory provisions."

In the context of these requirements, it should be noted that the time commitment required of Directors does not end with attendance at meetings of the Board of Directors and the relevant Committees: it includes the prior study of the documentation provided in support of Committee and Board meetings, as well as availability for informal strategy meetings and/or training sessions.

3.3 Diversity requirements

The Board of Directors of Cattolica believes that diversity is a distinctive factor and value to be promoted when defining the optimal qualitative composition of the Company's administrative body. In this context, in addition to the various areas of competence and professionalism outlined in section 3.1 of this document, the Articles of Association of Cattolica establishes requirements relating not only to gender, but also to the experience and age of its members. In particular, among the various articles of Cattolica's Articles of Association, it is specified that:

- at least 2/5 of the members of the Board should be of the gender other than the most represented gender. In this respect it is important that the Board appoints members of both genders who, given their specific seniority, expertise and experience, can play particular roles within the Board's new structure;
- at least 1/3 members of the Board must have experience of directors, statutory auditors or senior executives with strategic responsibilities in significant insurance, banking or financial companies for a total of at least six years in the twelve years preceding their appointment to the Company;
- at least 1/3 of the members of the Board must not have attained the age of 60 at the time of their appointment.

3.4 Integrity, independence and incompatibility

Insurance legislation lays down, *inter alia*, specific requirements of integrity and independence which must be possessed by members of the administrative body and which are functional to the sound and prudent management of insurance companies and groups. In this regard, reference is made to the specific provisions of Cattolica's company policy in this regard which, on the matter of integrity, states as follows:

"Integrity:

The requirement of integrity, pursuant to Ministerial Decree 220/2011 cited in paragraph 1.1, is not met if the person concerned is in any of the following situations:

- a) *a state of legal or temporary disqualification from management positions in legal entities and companies, and in any case all the situations provided for in Article 2382 of the Italian Civil Code;*
- b) *subjection to preventive measures ordered by the judicial authorities pursuant to Law No. 1423 of 27 December 1956, Law No. 575 of 31 May 1965 or Law No. 646 of 13 September 1982, as subsequently amended, except in the event of rehabilitation;*
- c) *conviction by a final judgment, except in the event of rehabilitation:*
 1. *to imprisonment for one of the offences provided for in the special legislation governing the insurance, financial, credit, securities and securities markets sector and by Legislative Decree 231 of 21 November 2007, as amended;*
 2. *to imprisonment for one of the offences provided for in Title XI of Book V of the Italian Civil Code and in Royal Decree No. 267 of 16 March 1942;*

3. to imprisonment for a period of not less than one year for an offence against the public administration, against public trust, against property, against public order, against the public economy or for a tax offence;
 4. to imprisonment for not less than two years for any offence committed with criminal intent.
- d) The positions of Director, member of the Management Control Committee and General Manager cannot be held by persons on whom one of the penalties indicated in letter c) above has been applied at the request of the parties, except where the offence is extinguished. Moreover, if the terms of imprisonment indicated in letter c), numbers 1) and 2) above have been applied at the request of the parties, they shall not be deemed to be relevant if less than one year¹.

An assessment of integrity, pursuant to Article 273, paragraph 4 of the Delegated Acts, includes an assessment of the honesty and financial soundness of the persons concerned, to be made on the basis of objective evidence as to the character and the personal and business conduct of the assessed person, including criminal, financial and supervisory evidence relevant to the assessment. In this respect, according to the Guidelines on the governance system issued by EIOPA, and on the basis of the interpretative guidelines that have emerged, the assessment will take into account potentially significant situations concerning:

- judicial decisions and ongoing legal proceedings;
- ongoing investigations;
- enforcement actions;
- the imposition of administrative fines for non-compliance with orders on matters of insurance, banking, financial intermediation, markets, investment services or financial services;

taking into account whether "the period of limitation of a criminal offence or any other relevant offence under national law has expired".

Such situations are assessed on a case-by-case basis, taking into account the possible reputational impact, with specific reference to the subjective position examined and the position held by the person subject to assessment."

In addition to the integrity requirements, there are the 'interlocking' requirements, for which the provisions of Article 36 of Law No. 214 of 22 December 2011 apply.

With regard to independence, in line with regulatory and supervisory requirements, the Articles of Association of Cattolica establish specific requirements in Article 20.2, which states:

"At least 10 Directors must also meet the independence requirements established for statutory auditors under Article 148, paragraph 3 of Legislative Decree No. 58 of 24 February 1998 as amended ("TUF"), without prejudice to the additional independence requirements for Directors for the purposes of application of the Supervisory regulations or the governance rules if implemented by the Company.

Notwithstanding the above, a Director cannot be considered independent if he/she held the position of Director of the Company for a period exceeding 9 (nine) years continuously before the appointment, or if he/she was an executive director or

¹ With reference to the cases governed in whole or in part by foreign legislation, verification of fulfilment of the conditions established in paragraphs 1 and 2 shall be on the basis of an assessment of substantive equivalence conducted by IVASS.

employee of the Company or of a subsidiary company in the three years prior to the appointment, or is a relative or related by marriage, up to the fourth degree, to one of the said persons. The independence requirement must be declared by the person concerned at the time the Slates are submitted and then verified after their appointment by the Board of Directors."

Verona, 14 March 2022

The Board of Directors