185th year

Remuneration Report

generali.com

GENERALI

Remuneration
Report

Company established in Trieste in 1831
Share capital € 1,559,883,538 fully paid-up
Registered office in Trieste, piazza Duca degli Abruzzi, 2
Tax code and Company Register no. 00079760328
Company entered on the Register of Italian insurance and reinsurance companies under no. 1.00003
Parent Company of the Generali Group, entered on the Register of insurance groups under no. 026
Certified email (Pec): assicurazionigenerali@pec.generaligroup.com

ISIN: IT0000062072
Reuters: GASI.MI
Bloomberg: G:IM

Contacts available at the end of this document

What's inside

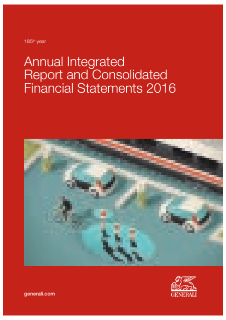
The integrated overview of our reports

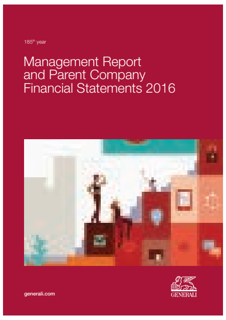
In recent years, the Generali Group reports were prepared from different perspectives: financial, sustainability, governance and remuneration.
In 2016, we embarked upon a new path inspired by the innovative concept of integrated thinking and reporting.
The functions responsible for the Group reports have established the Integrated Lab with the objective of further developing integrated reporting to describe the Group's value creation process from different perspectives, within a coherent framework in terms of content and graphics

The **Remuneration Report** provides specific information about the remuneration policy adopted by the Group and its implementation

The **Annual Integrated Report** provides a concise and integrated view of the Group's financial and non-financial performance

The **Annual Integrated Report and Consolidated Financial Statements** expands the content of the Annual Integrated Report, providing details of the Group's financial performance in compliance with national and international regulations





The **Management Report and Parent Company Financial Statements** provides a disclosure on the performance of Assicurazioni Generali in accordance with the provisions of regulations in force

The **Corporate Governance and Share Ownership Report** illustrates the functioning of the corporate governance system of Assicurazioni Generali and its ownership structure

The **Sustainability Report** tells the story of how the Group creates value responsibly over the long term for all of its stakeholders

Each report contains cross references to other sections in it or to other reports for details and a glossary with the definitions of the abbreviations and acronyms used.

Reference to a section of the report or other Group reports

www.generali.com/info/download-center/results for the Group's reports and policies in pdf format and in interactive format

Information on the Remuneration Report

The Group Remuneration Report is the document to be submitted to Shareholders' approval in the Annual General Meeting in accordance with **ISVAP regulation** on remuneration (regulation n. 39 of 9 june 2011) and Italian stock exchange authority - **CONSOB issuer regulation**, with the following contents:

a) an illustration of the general strategies, reasons and purposes that the undertaking intends to pursue through its remuneration policy;

b) the information about the decision-making process used to define the remuneration policy, including that on the subjects involved;

c) the criteria used to define the balance between fixed and variable component and the parameters, reasons and relevant deferment periods for the payment of the variable components, as well as the policy regarding the severance indemnity;

d) information about the changes made to the already approved policies.

Furthermore every year the Board of Directors shall furnish the meeting with adequate and quantitative information on the application of the remuneration policies.
In accordance with relevant regulation, the Group Remuneration Report is structured as follows:

- **Section I**, to be submitted to Annual General Meeting **for approval**, provides description of remuneration pillars and details of incentives structure & performance;

- **Section II**, to be submitted to Annual General Meeting **for information**, provides ex-post disclosure of 2016 incentives & compensation for key management personnel as defined last year;

- **Control Functions verifications** report by Audit, Compliance & Risk Management, for information.

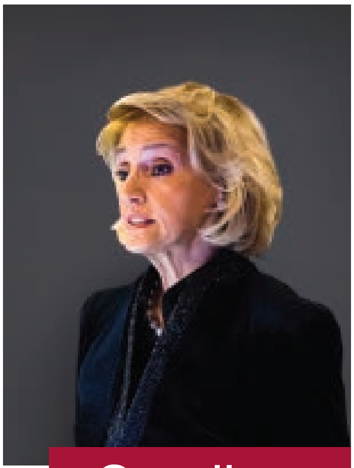
Follow Generali on

The Generali Group's reporting aims to best satisfy stakeholder information requirements. Comments, opinions, questions and requests for hard copies of the Report may be sent to **integratedreporting@generali.com**

www.generali.com
for further information about the Group

Letter from the Chair of the Appointments and Remuneration Committee

Dear Shareholders



Ornella
Barra

At Assicurazioni Generali we are driving the execution of our long-term Strategy - Simpler, Smarter. Faster - with a clear focus on cash and shareholder value-creation. In this context, remuneration represents the means to recognizing results within our organization in achieving our strategic objectives, while upholding our corporate values and behaviors. The Appointments and Remuneration Committee is cognizant of and focused on the broad appointments and remuneration policies that apply throughout the Generali Group, and considers them as a necessary complement to its original mandate, focused on Group's senior key executives. It is also involved on implementing a Group-wide succession plan for apical roles, ensuring, at the same time, a consistent and regular dialogue on performance for all employees, as part of a meritocratic and complete professional growth system.

Thanks to the commitment of the Committee and the support of our people, our customers and our partners, we continue to maintain positive results and consistency in how we guide and reward performance. Indeed, last year's business results have been directly reflected in our incentives, based on a solid compensation model that involves all our executives. In short, we have further enhanced our overall remuneration approach by:

- confirming our current overall incentives structure with a combination of STI (Short Term Incentive) and LTI (Long Term Incentive) plans, consistent with Group performance trends and shareholders return;
- linking risk and reward with the confirmation of Economic Solvency Ratio and Return on Risk Capital (RORC) as key indicators of our Group incentives systems in line with Solvency II regulation;
- aligning Key Performance Indicators (KPIs) and goals with the targets set for the Group strategy acceleration, which is focused on operating performance and long term value creation, together with an increase in the level of disclosure provided in the report in line with investors recommendations; and
- proposing a special stock plan for the Managing Director/Group CEO which aims to pursue the growth of the value of Generali shares, while at the same time aligning the economic interest of the Managing Director/Group CEO with that of the shareholders.

Our strategic ambitions are intrinsically embedded within the Group's performance and reward practices, which aims to facilitate the achievement of long term objectives and to evaluate and monitor the achievement of annual objectives, as a guarantee of the focus on strategy acceleration announced to the investor day of November 2016, encouraging, at the same time, a balanced distributed performance over the entire three-year cycle.

Also this year, a strong, fair and transparent remuneration policy will certainly help us to achieve our objectives, ensuring that our people and our shareholders continue to be rewarded and valued for their continuing contributions and investments.

Ornella Barra
Chair of the Assicurazioni Generali's Appointments
and Remuneration Committee

We, Generali

Group highlights*

Gross written premiums

-3.9%

€ 70,513 mln

Including € 3,324 mln premiums from investment contracts

Life segment premiums 71%

P&C segment premiums 29%

Operating result

+0.9%

€ 4,830 mln

Operating return on equity

-0.5 pps

13.5%

Net profit

+2.5%

€ 2.1 bln

Dividend per share proposed

+11.1%

€ 0.80

Total dividends proposed

+ 11.2%

€ 1,249 mln

Solvency II ratio

Regulatory	Economic
+6 pps	-8 pps
177%	194%

Total Assets Under Management (AUM)

+6.1%

€ 530 bln

Our people

73,727

men 50.6%

women 49.4%

Our clients

55 mln

Our exclusive distributors

151 thousands

* Changes in premiums, net cash inflows and Annual Premium Equivalent (APE) are on a like-for-like basis, i.e. at equivalent exchange rates and consolidated scope.

Glossary
available at the end of this document

LIFE

Increasing operating result thanks to the positive technical performance. The trend in premiums continued to embed the approach in the offering that is even more disciplined.

Gross written premiums	NBV	Operating result
-6.3%	+14.6%	+5.5%
€ 49,730 mln	€ 1,256 mln	€ 3,127 mln
Including € 3,324 mln premiums from investment contracts		

PROPERTY &CASUALTY

Positive trend in premiums driven by motor segment. Increasing operating result due to the improvement of the Group combined ratio thanks to the reduction in loss ratio.

Gross written premiums	COR	Operating result
+2.1%	-0.7 pps	+2.9%
€ 20,783 mln	92.5%	€ 2,044 mln

www.generali.com/our-responsibilities/performance/Ethical-indices--

Vision, Mission, Values

Our vision

Our mission

Our purpose is to actively protect and enhance people's lives

Actively
We play a proactive and leading role in improving people's lives through insurance.

Protect
We are dedicated to the heart of insurance - managing and mitigating risks of individuals and institutions.

Enhance
Generali is also committed to creating value.

People
We deeply care about our clients' and our people's future and lives.

Lives
Ultimately, we have an impact on the quality of people's lives: wealth, safety, advice and service are instrumental in improving people's chosen way of life for the long term.

Our mission is to be the first choice by delivering relevant and accessible insurance solutions

First choice
Logical and natural action that acknowledges the best offer in the market based on clear advantages and benefits.

Delivering
We ensure achievement striving for the highest performance.

Relevant
Anticipating or fulfilling a real life need or opportunity, tailored to local and personal needs and habits, perceived as valuable.

Accessible
Simple, first of all, and easy to find, to understand and to use; always available, at a competitive value for money.

Insurance solutions
We aim at offering and tailoring a bright combination of protection, advice and service.

Our values

Deliver on the promise
We tie a long-term contract of mutual trust with our people, clients and stakeholders; all of our work is about improving the lives of our clients. We commit with discipline and integrity to bringing this promise to life and making an impact within a long lasting relationship.

Value our people
We value our people, encourage diversity and invest in continuous learning and growth by creating a transparent, cohesive and accessible working environment. Developing our people will ensure our company's long term future.

Live the community
We are proud to belong to a global Group with strong, sustainable and long lasting relationships in every market in which we operate. Our markets are our homes.

Be open
We are curious, approachable and empowered people with open and diverse mindsets who want to look at things from a different perspective.

Our rules for running business with integrity

We run our business in compliance with the law, internal regulations and professional ethics.

The **Code of Conduct** defines the rules of conduct to be observed, for example, for the promotion of diversity and inclusion, the management of personal data and privacy, the prevention of conflicts of interest and corruption, bribery, money laundering, terrorist financing and international sanctions, and the proper management of relationships with customers and suppliers.

The **Responsible Investment Guideline** codifies responsible investment activities at Group level.

The **Group Policy for the Environment and Climate** contains the guiding principles of reference for our environmental management strategies and objectives.

The **Ethical Code for suppliers** highlights the general principles for the proper and profitable management of relations with contractual partners.

www.generali.com/info/download-center/policies
www.generali.com/our-responsibilities

Sustainability Report 2016, p. 24
for other information on the prevention of corruption topic

We also have a structured internal regulatory system named **Generali Internal Regulation System** (GIRS).

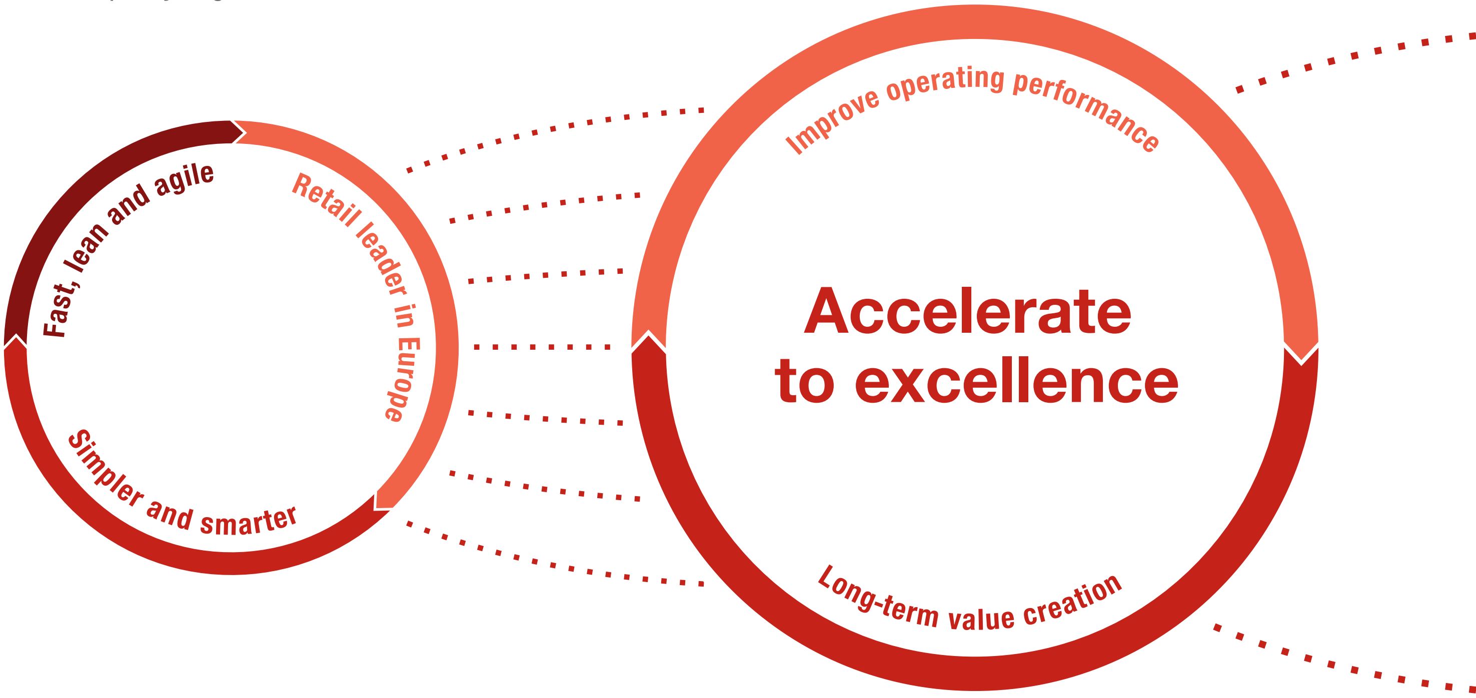
Corporate Governance and Share Ownership Report 2016, p.45

Our strategy

Accelerate to excellence

2015 | SIMPLER AND SMARTER **2016-2018**

In May 2015 we rolled out our strategy of becoming a simpler and smarter insurer for customers and distributors, to improve our capacity to generate cash and dividends.



The external context is increasingly challenging: on one hand, economic, financial and political uncertainty which results in greater volatility in interest rates, government and corporate bond spreads and the equity markets and, on the other hand, different customer behaviour, driven primarily by rapid technological evolution and more stringent regulations.

Our people always

SIMPLER, SMARTER. FASTER

> € 7 bln cumulative net operating cash (2015-2018)

> € 5 bln cumulative dividends (2015-2018)

> 13 % Operating ROE on average (2015-2018)

Improve operating performance

- Optimise international footprint — **At least € 1 bln** cash proceeds from disposals
- Rationalise the operating machine — **€ 200 mln** net reduction in nominal OpEx cost base in mature markets by 2018
- Enhance technical capabilities — **Best combined ratio** further improvement in outperformance vs peers; **Guarantees maximum 0%** on new retail business

Long-term value creation

- Rebalance the insurance portfolio — **~30 bp** reduction in average portfolio guarantee to 1.5% by 2018; **+6 pps** on the total capital-light reserves by 2018
- Customer and distribution innovation — **+2 pps** increase in retention in three years
- Strengthen the brand — **+3%** brand preference in mature markets

at the heart of the strategy


GENERALI

Remuneration

Report

Executive Summary

Remuneration policy

Our remuneration policy is designed to attract, motivate and retain the people who – due to their technical and managerial skills and their different profiles in terms of origin, gender and experience – are key to the success of the Group, as reflected in our corporate values.

The remuneration policy reflects and supports both our strategy and values: to be a global insurance Group with an approach that creates value and sustainable results, whilst valuing our people and maintaining our commitment to all stakeholders.

Continuity and strategic alignment

The Group's remuneration policy for 2017 is set in line with that of previous years: it essentially has the same structure and content, with the following enhancement:

- confirmation of the current overall incentives structure, with a combination of STI (Short-term Incentive) and LTI (Long-Term Incentive) plans, consistent with Group performance trends and shareholders return;
- link between risk and reward with the confirmation of Economic Solvency Ratio and Return on Risk Capital (RoRC) as key indicators in our Group incentives systems in line with Solvency II regulation;
- alignment of Key Performance Indicators (KPI) and goals with the targets set for the Group strategy acceleration, which is focused on operating performance and long term value creation, together with an increase in the level of disclosure provided in line with investors recommendations; and
- proposal of a special stock plan for the Managing Director/Group CEO which aims to pursue the growth of the value of Generali shares, while at the same time aligning the economic interest of the Managing Director/Group CEO with that of the shareholders.

The policy in action: top 10 key aspects

1. Our principles

The following principles lie at the heart of our remuneration policy and consequent actions:

1. **Equity and consistency** of remuneration in terms of the responsibilities assigned and capabilities demonstrated
2. **Alignment with corporate strategy** and goals
3. **Competitiveness** with respect to market trends and practices
4. **Merit- and performance-based reward**, in terms of results, behaviours and the Group's values
5. Clear **governance** and **compliance** with the regulatory framework

2. Target population

The remuneration policy applies to the members of the corporate bodies (Board of Directors, including the Managing Director/Group CEO and the Board of Statutory Auditors) and the personnel identified (based on the criteria detailed under Article 2, paragraph 1, point (f) of ISVAP Regulation No. 39/2011), which includes the members of the Group Management Committee (GMC), the other direct reports to the Managing Director/Group CEO with a significant impact on the Group's risk and strategic profile, the Regional Officers, the heads of the functions that directly report to the Company's Board of Directors and the others heads of control functions (Internal Audit, Risk Management, Compliance and Actuarial function) and their directly reporting line managers, for whom specific guidelines apply, in compliance with the applicable regulatory provisions.

In line with the Group strategy adopted, which aims to increase Generali's global presence and consolidate its international position, the principles of the Group's remuneration policy are consistent at global level and are applied locally in compliance with local laws and specificities.

3. Remuneration package and pay mix

The remuneration package consists of a fixed remuneration, a variable remuneration, and fringe benefits, structured in a balanced way.

The structure of each remuneration package is assessed to ensure all the components are fairly balanced and to encourage the individual's commitment to achieving sustainable results.

The fixed component remunerates the role held and responsibilities assigned. It also takes into account the experience of the individual in question, the skills required, and the contribution to achievement of business goals.

The variable component takes the form of short-term and long-term incentive plans that are designed to motivate the management to achieve business goals by creating a direct link between incentives and quantitative and qualitative goals set at Group, region, country, business/function and individual level.

Fringe benefits are a substantial component of the remuneration package – within a total remuneration approach – which complement monetary payments. The type and overall value of fringe benefits differ according to the category of beneficiaries.

In terms of total compensation target, the Group intends to offer competitive remuneration packages, between the median and the third quartile of the reference market, that are also closely linked to the individual's performance, potential and strategic impact, based on a segmented approach.

4. Variable remuneration

The variable remuneration is based upon a meritocratic approach and a multi-year framework, including a short- and long-term incentive connected to the achievement of Group, business unit and individual goals.

The goals set are specifically defined, measurable and linked to the economic, financial and operating results, adjusted by risks. These goals are assessed not only on the basis of the achievement of quantitative goals, but also on the basis of the behaviour demonstrated in achieving the goals – particularly in terms of behaviour being consistent with Generali's values.

Our approach entails a significant weighting of the long term variable component, in order to strengthen the link with the creation of sustainable value for shareholders in the long term. The weighting is proportionate to the level of direct influence on the results that the person in question can deliver for the Group.

Moreover, maximum caps to variable remuneration are always set, both at a general and individual level, and linked to the actual achievement of performance conditions and goals set. More specifically, the funding pool for the short-term incentive plan is set at a maximum of

200% of the single baselines for individuals, whereas the cap under the long-term incentive plan is 175% of the individual's fixed component.

To comply with regulatory requirements and encourage the heads of the internal control functions (Internal Audit, Risk Management, Compliance and Actuarial function) and their direct reports to the best performance of their tasks, we have introduced a specific variable remuneration system which is based on the achievement of individual qualitative goals linked to the specific tasks and functions assigned, paid in an up-front and a deferred instalment, with the exclusion of any form of incentive based on economic and share-based instruments.

5. Group short-term incentive plan

The Group's short-term incentive plan (STI) is the annual bonus system whereby a cash bonus ranging from 0% to 200% of the individual target baseline can be achieved depending on:

- the Group's funding, linked to the Group's Operating Results and Net Profit Adjusted and subject to the verification of the achievement of a minimum level of the economic solvency ratio; and
- the achievement of the goals set out in the individual balanced scorecards, in which five to seven goals are set at Group, region, country, business/function and individual level – as appropriate – relating to value creation, risk adjusted profitability, efficiency, business transformation & strategy acceleration and people empowerment.

6. Group long-term incentive plan

The Group long-term incentive (LTI) is the multi-year plan based on Generali shares (subject to shareholders' approval), with the following features:

- the plan is paid out over a total period of six calendar years, is linked to specific Group performance goals (return on equity and relative total shareholder return) and is subject to the verification of the achievement of a minimum level of the economic solvency ratio; and
- the plan is based on a three-year performance period and additional lock-up periods on granted shares (i.e. minimum holding) of up to two years.

7. Fringe benefits

Fringe benefits include, in particular, supplementary healthcare and pension plans for employees and their families, company car and other benefits, some of which are linked to internal and international mobility (such as housing costs, transfers and education for children), in line with market practices.

8. Malus, clawback and hedging

No incentive is paid in the event of wilful misconduct or gross negligence, or a significant deterioration of the Generali's capital and financial situation. Any amount disbursed will be subject to clawback if the performance on which the incentive was awarded is later found to be unsustainable or was achieved as a result of wilful misconduct or gross negligence.

More specifically, thresholds and malus clauses are envisaged for the variable component, for both the short and long term, that set out limits below which a reduction/zeroing of any incentive is made, subject to the evaluation of the Board of Directors.

With regard to the short-term variable component, the final assessment of the extent to which the goals have been achieved also includes an individual assessment of conformity with respect to compliance/internal control/code of conduct and governance processes, to be carried out and used as a malus/clawback clause as necessary.

In line with the European regulatory framework (Solvency II), the Company requires the incentive policies' beneficiaries not to use any personal coverage or insurance strategies (known as "hedging") that could alter or undermine the risk alignment effects embedded in variable remuneration mechanisms.

9. Severance provisions in the event of termination

If a director/manager with strategic responsibilities is removed from office/dismissed, the Company must apply – under the current statutory framework – the legal and/or contractual provisions.

In case of termination on mutual consent of a manager with strategic responsibilities, the economic terms are set based on the circumstances and grounds of the termination, with particular reference to the individual's performance, the risks undertaken, and the effective Company's operating results. Consequently, no amount will be paid in the event of gross negligence or wilful misconduct. Under no circumstances may the mutual termination entail a payment that exceeds 24 months' recurring remuneration, in addition to the notice (as applicable).

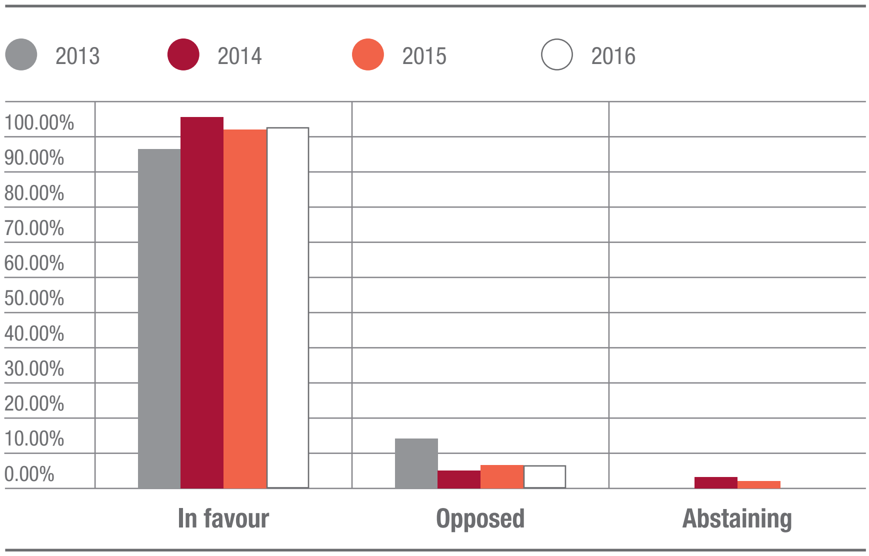
10. Governance and Compliance

The Group's remuneration policy is approved by the Shareholders' Meeting, as proposed by the Board of Directors upon the recommendation of the Appointments and Remuneration Committee, as required by the applicable regulatory rules and governance procedures.

To ensure full compliance with all applicable laws and regulations, the control functions have an important role in the preparation and implementation of the remuneration policy. Indeed, the Risk Management and Compliance functions prepare, to the extent applicable, reports on the consistency of the remuneration policy with applicable law, and the Internal Audit function prepares a report setting out its analysis of the implementation of the previous year's policy. These reports are attached as annexes of this document.

Summary of votes on 2016 Remuneration Report (Section I)

In line with regulation provisions, Section I of the 2016 Remuneration Report has been submitted for approval to the Annual Shareholders' Meeting on April 28th, 2016. Favourable votes represents the 93,76% of the overall share capital.



Remuneration - summary of the remuneration policy instruments

Short Term Incentive (STI) system

	No	Yes
Existence of a short-term incentive (STI) system		X
Existence of a bonus cap		X

Long Term Incentive (LTI) system

	No	Yes
Existence of a long-term incentive (LTI) system		X

LTI vehicle

Cash	
Financial Instruments	X

Short Term Incentive KPI for Executives	Weight
Economic & Financial risk adjusted performance (Operating Result, Net Profit, Dividends, RORC)	55%
Efficency & Business Transforamation	30%
People Empowerment	15%

Long Term Incentive KPI for Executives:	Weight
ROE	50%
rTSR	50%

Other components of the remuneration policy

	Yes/No
Does the company use a peer group?	Yes

Indemnification and non-compete agreement

	Yes/No
Severance pay	Yes
Non-compete agreements	Yes

Section I – Remuneration Policy

Introduction

The remuneration policy is a key element of the Group strategy and reflects the values of the Company and the Group, whose mission is to protect and improve people' lives through the provision of insurance services. We pursue this goal both by taking care of the future of our customers and of people who work for the Group, and by dedicating ourselves to the insurance core business, managing and mitigating the risks of individuals and businesses, whilst creating value for our stakeholders.

Through the remuneration policy, we aim to attract, motivate and retain the people who – due to their technical and managerial skills and their different profiles in terms of origin, gender and experience – are a key factor for the Group's success, in accordance with our values.

We believe in the founding values established in our remuneration policy, particularly those focused on:

- meritocratic alignment of the remuneration with sustainable long-term business results, in line with the corporate values that are the further pillars of remuneration and of prudent risk management systems; and
- alignment with the overall business strategy based, among other things, on an increasing international integration of the Group, so that the principles and policies are applied consistently to all the Group's key executives, thus enabling overall alignment with the Group's goals.

Consistently with these values, the Group's remuneration policy for 2017 is in line with that of previous years: it essentially has the same structure and content, with the following enhancements:

- confirmation of the current overall incentives structure, with a combination of STI (Short-term Incentive) and LTI (Long-Term Incentive) plans, consistent with Group performance trends and shareholders return;
- link between risk and reward with the confirmation of Economic Solvency Ratio and Return on Risk Capital (RoRC) as key indicators in our Group incentives systems in line with Solvency II regulation;
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- proposal of a special stock plan for the Managing Director/Group CEO which aims to pursue the growth of the value of Generali shares, while at the same time aligning the economic interest of the Managing Director/Group CEO with that of the shareholders.

1. The principles of the remuneration policy

The following principles are at the heart of our remuneration policy and consequent actions:

1. **Equity and consistency** of remuneration in terms of the responsibilities assigned and capabilities demonstrated
2. **Alignment with corporate strategy** and goals
3. **Competitiveness** with respect to market trends and practices
4. **Merit and performance-based reward**, in terms of results, behaviours and respect of the Group's values
5. Clear **governance** and **compliance** with the regulatory framework

Equity and consistency

The remuneration must be consistent with the role in question, the responsibilities assigned and the skills and abilities demonstrated. This applies to both senior executives and other categories of staff, in line with the requirements of current national and company-level collective agreements.

We are a global group, and consistency is therefore also important in relation to the unvaried approach that is adopted in different countries/regions/businesses/functions of our Group, so that all these fall in line with the Group's goals, whilst ensuring that they are always compliant and aligned with local rules and regulations.

Finally an assessment is made regarding the structuring of the remuneration package among the different components of remuneration, whether fixed and variable, cash and non-cash, short and medium-long term, in terms of internal equity and consistency in relation to the role in question (and aligned externally in relation to the market).

Alignment with corporate strategy

Remuneration policies are a basic tool to ensure that managers' conduct is aligned with corporate strategies. Our incentive policies are structured so that roles are remunerated according to the level of achievement of sustainable Group results. Goals are set – on an annual and multi-year basis and taking a forward-looking approach – so that future goals take into account the results that have been achieved over time, in order to maintain a consistent level of performance in terms of results and risks taken, in line with shareholders' requests and regulatory requirements.

Competitiveness

To make effective remuneration decisions, our remuneration policy entails the constant monitoring of our peers' and market practices and trends regarding remuneration, in terms of pay mix, remuneration levels, fringe benefits, and compliance with the regulatory framework.

At local level and at Group level, comparative analysis is carried out by taking into account specific groups of local peers, so as to ensure alignment with the reference market. The remuneration policy applied at local level based on the reference benchmark must nonetheless comply with the general principles of the Group's remuneration policy.

The peer comparison is essential both for assessing our performance in absolute and relative terms, and for assessing the competitiveness of remuneration packages for the remuneration policy's recipients, in terms of total remuneration and to attract the best talents in the market.

An independent external consultant (Mercer) provides corporate bodies structures and top management with relevant market information and analysis with specific reference to current practices among our peers at an international level in the insurance and financial sectors, set consistently with the panel of companies used for performance comparisons in incentive plans.

Value merit and performance

Merit is a key factor in our remuneration policy. Our policy focuses on several elements to acknowledge merit:

- establishing incentive policies that create a direct link between remuneration and the results achieved;
- assessing results not only in relation to achieving quantitative goals, but also in relation to whether the conduct demonstrated in achieving these goals is consistent with Generali's values;
- assessing performance not only annually, but also on different intermediate timeframes;
- sharing the annual assessment of all key executives in the Company in a calibration meeting that involves the Group's top management, so as to promote equity, consistency and transparency of the meritocratic systems; and
- managing feedback on performance trends, not only annually but also half-yearly, to promote the alignment with expected targets and, in case, the adoption of corrective measures.

Our remuneration incentives reward the achievement of both quantitative and qualitative performance goals through the payment of a variable component, as explained in more detail in paragraph 3 below. The approach of a balanced remuneration package for all managerial roles is considered a key driver for aligning the Group's goals. The weighting and structure of the variable components are balanced so as to incentivise the achievement of consistent results over time, while taking due consideration of the Group's risk framework to discourage conduct that would lead to excessive exposure.

All the goals used in the incentive plan are determined, selecting, as performance indicators of the annual plan, goals that are consistent with those used in long-term plans.

Clear governance and compliance with the regulatory framework

The tasks of the corporate bodies regarding to remuneration matters are specifically determined, as described below and in accordance with the applicable law, regulatory requirements and the Company's governance structure.

The processes and roles for determining and implementing the remuneration policy are also clearly determined by the relevant bodies, which determine approaches and guidelines that comply with business strategies, regulatory requirements and the Group's values.

We are convinced that implementing these principles, as shown below, will allow us to manage remuneration policies as a key element for attracting, developing and retaining our people, especially those with crucial skills and/or high potential, thus supporting a correct alignment of their performance with corporate results and forming the basis for solid and sustainable results over time.

2. Target population

The guidelines of the remuneration policy shown in this report refer to members of the corporate bodies (Board of Directors, including the Managing Director/Group CEO, and the Board of Statutory Auditors) and the "personnel" identified based on the criteria provided under Article 2, paragraph 1, point (f) of ISVAP Regulation No. 39/2011, i.e., "the general managers, managers with strategic tasks, the managers and senior staff of internal control functions and the other categories of personnel whose activities may have a significant impact on the Company's risk profile", and therefore, more specifically:

- the members of the Group Management Committee (GMC)[1], leadership team made up of Group managers, where essential decisions for the Group are discussed and proposals to be submitted to the Board of Directors are verified, and through which any decisions and directions are conveyed within the Group through its members;
- the heads of internal control functions and their direct reports, for whom specific and/or additional provisions are set out, in line with the regulatory requirements for these resources; and
- the other direct reports to the Managing Director/Group CEO[2] that have a significant impact on the Group's risk and strategic profile, the Regional Officers and the heads of the functions that directly report to the Company's Board of Directors.

In line with the implemented Group strategy to increase Generali's global presence and consolidate its international position, the principles of the Group's remuneration policy are consistent at global level, being understood the compliance with local laws and specificities.

Specifically, the Group pays particular attention to the governance processes relating to the members of the Global Leadership Group (GLG)[3], which represent the main approximately 200 Group roles with higher organisational weight and impact on the results and strategy implementation process, as well as, limited to the Group long-term incentive plan (LTI), the directors and key talents selectively identified (see paragraph 3.3.2).

1
Currently identified in the following roles: Group Chief Financial Officer, Group Chief Investment Officer; CEO Global Business Lines & International; Group Chief Risk Officer; Group Chief Insurance Officer; Italy Country Manager; Germany Country Manager; France Country Manager; CEE Regional Officer. Of these, the France Country Manager and the CEE Regional Officer are not employees of the Group in Italy and, therefore, the Group's remuneration policy and governance in this respect are subject to application in compliance with the respective governance and in line with local regulations.

2
Currently identified in the following roles: EMEA Regional Officer; Americas Regional Officer; Asia Regional Officer; Group General Counsel; Group Strategy & Business Accelerator Director; Group Communications & Public Affairs Director; Group Chief Marketing & Customer Officer; Group Chief Information & Digital Officer; Group Mergers & Acquisitions Director; Head of Corporate Affairs; Head of Group Audit; Group HR & Organization Director. Of these, the Americas Regional Officer and the Asia Regional Officer are not employees of the Group in Italy. Therefore, for those individuals, the Group's remuneration policy and governance in relation to them are subject to application in compliance with their respective governance and in line with local regulations.

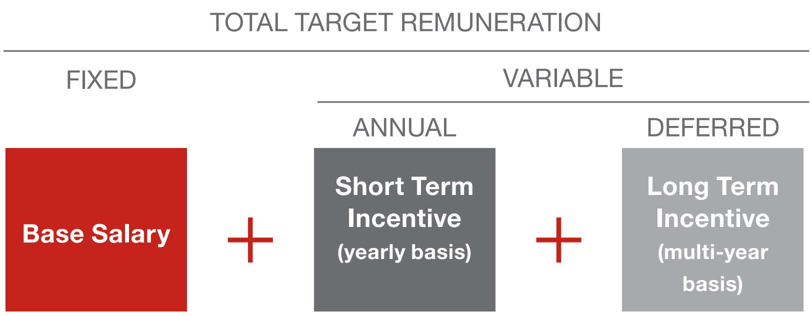
3
The Global Leadership Group (GLG) consists of approximately 200 Group roles with a higher organisational weight, including the CEOs of subsidiaries, branch managers, the strategic positions inside countries and business units and positions at Head Office with a global impact on the Group's results, for which specific Short Term Incentives (STI) and Long Term Incentive (LTI) policies apply, as described in the Section I, paragraphs 3.3.1 and 3.3.2 of this report.

3. Remuneration policy for the Managing Director/Group CEO and other managers with strategic responsibilities[4]

3.1 Total remuneration package in terms of level, structure and pay mix

The Managing Director/Group CEO and the other managers with strategic responsibilities (i.e. the GMC's members and other direct reports to the Managing Director/Group CEO who have a significant impact on the Company's risk and strategic profile, the Regional Officers and the heads of the functions that directly report to the Company's Board of Directors, as described above) receive a total remuneration package consisting of a fixed component, a variable component (short- and medium/long-term) and fringe benefits.

The underlying principles on the basis of which the remuneration package is structured are those explained at the beginning of the report and further described and expanded on below. More specifically:
- all components of the remuneration package are clearly determined to ensure a balance between fixed and variable remuneration, and encourage the achievement of results that are sustainable in the long term;
- the remuneration package is structured to ensure a balance between the need to adequately incentivise the achievement of the best results in the Group's interest and, at the same time, guarantee, through the adoption of several precautions and protections, a sound and prudent management in compliance with the regulatory framework;
- the performance expected is clearly determined through a structured and clear performance management system;
- the variable component is comprised of short-term and medium/long-term incentive plans based on individual and Group risk-adjusted performance indicators, which also incorporate the sustainability requirement in light of the risks undertaken;
- the incentive plans provide entry thresholds connected to the company's financial position and risk management. More specifically, the short-term and long-term incentive plans include risk indicators and malus and clawback clauses; and
- the remuneration package "target" is defined with the purpose to maintain a competitive level between the median and the third quartile of the reference market, on the basis of the individual positioning connected to the assessment of the resource's performance and potential and strategic impact according to a segmented approach.



[4] With the exclusion of the control function: for these roles, please see the specific remuneration policies and rules under paragraph 4 of this Section I. .

Fringe benefits are evaluated with reference to market practice to ensure alignment with key trends, and studies are carried out concerning professional sectors, business lines and geographic areas.

The remuneration package structure is analysed to ensure that the fixed remuneration is balanced with respect to the short- and long-term variable remuneration and fringe benefits, to encourage managers to commit fully to achieving sustainable results, as detailed below. More specifically, the fixed remuneration is determined as an amount that does not incentivise the undertaking of inappropriate risks by the manager and that allows the effective enforceability, in the theoretical event the relevant conditions are met, of specific ex-post correctional mechanisms (malus and claw-back) on the variable remuneration (see paragraph 3.3).

Specific guidelines on the balancing of the different remuneration components are defined for each target group and, with specific reference to the Group executives, after obtaining the prior opinion of the Appointments and Remuneration Committee, the Board of Directors establishes the overall positioning policy at Group level in terms of the value of remuneration. It also defines guidelines for remuneration review and pay mix wherever necessary, according to market trends and the results of internal analyses.

The Board of Directors, after receiving the proposal of the Appointments and Remuneration Committee, approves the structure and criteria of the executive incentive plans once a year, therefore ensuring an appropriate balance of variable remuneration opportunities in the pay mix.

For control functions, the pay-mix policy is defined by the Risk and Control Committee in favour of the fixed component, with an approach taken towards the variable component that is consistent with the aim of ensuring their independence and the objectivity of their controls.

Target pay mix[5]: average impact of the fixed and variable remuneration on the total target remuneration package and average impact of the annual and deferred variable remuneration on the total target variable remuneration

	Total target remuneration		Total target variable remuneration	
	Fixed remuneration	Variable remuneration	Annual	Deferred
Managing Director/Group CEO	22%	78%	29%	71%
Other managers with strategic responsibilities[6]	37%	63%	40%	60%
Control functions	78%	22%	60%	40%

5
The pay-mix indicated in the table refers to the variable remuneration reachable if the target is achieved. It represents average data that is taken into account when determining individual remuneration packages.

6
Other managers with strategic responsibilities: the members of the GMC and other first reporting roles to the Managing Director/Group CEO that have a significant impact on the Group's risk and strategic profile, the Regional Officers and the heads of the functions that directly report to the Company's Board of Directors (as previously defined). The role of Group CRO and Head of Group Audit are not included in this cluster, while are included amongst the control functions.

3.2 Fixed remuneration

The fixed component is determined and adjusted over time in light of the role held and the responsibilities assigned, and also taking into account each manager's experience and skills, over the quality of the contribution made in terms of achieving business results.

The weight of the fixed remuneration must be sufficient to attract and retain people and, at the same time, sufficiently remunerate the role, in the event the variable component is not disbursed due to a failure to achieve individual, Company or Group goals. This reduces the possibility of conduct that is not in line with the Company's risk appetite framework.

As to the other remuneration components, the level of the fixed remuneration is also assessed annually in light of the market trends.

3.3 Variable remuneration

The variable remuneration seeks to motivate management to achieve business goals by creating a direct link between incentives and quantitative and qualitative goals set at Group, region, country, business/function and individual level. Performance is assessed by taking a multi-perspective approach that, according to the time frame under consideration, evaluates the results achieved by the individuals, by the business units in which the individuals work, and by the Group as a whole.

The variable remuneration percentage of the total remuneration varies depending on the organisational level, the possibility to have a direct influence on the Group results and the impact of the individual role on the business. The time horizon for the variable remuneration also differs depending on the role, with greater weighting being assigned to the long-term component for positions that are expected to play a key role in determining long-term sustainable performance.

The Group's guidelines on variable remuneration ensure alignment with regulatory requirements and the recommendations made by the control functions.

Individual labour contracts contain specific details on the maximum amount of the variable remuneration and the proportions of the short and long-term incentive plans.

The Group remuneration policy with respect to variable remuneration provides the adoption of both short-term incentive plan (see. section 3.3.1) and a long-term incentive plan (see. section 3.3.2). All the variable – whether short- or long-term – incentive plans include malus and clawback mechanisms. More specifically, the final assessment of results includes an individual assessment of conformity with compliance/internal control/code of conduct and governance processes, to be carried out and used as a malus/clawback clause where necessary. Moreover, no incentive is paid if Group's capital and financial situation worsens significantly. Any amount disbursed is subject to clawback if the performance considered is later found to be non-sustainable or ineffective as a result of wilful misconduct or gross negligence.

In line with the European regulatory framework (Solvency II), the Company requires the beneficiaries of the short-term and long-term incentive plans – through special clauses included in the agreements which regulate the incentive plans – not to use any personal coverage or insurance strategies (known as "hedging") that could alter or undermine the risk alignment effects embedded in variable remuneration mechanisms.

The process of defining and consistent implementation of the remuneration policy for the Group's companies is managed within the Group governance framework also by taking into consideration the local circumstances, with particular attention, in addition to local laws, to the local practice in terms of contractual levels, pay mix and eligibility for incentives plans with the objective of keeping our reward packages competitive with local markets and therefore attracting the best people.

3.3.1 Short-term incentive (STI)

In line with previous years, the short-term incentive remuneration consists of a Short-Term Incentive plan (STI), based on an annual performance's assessment period and that provides for the payment - subject to the achievement of predefined goals - of a cash incentive to the Managing Director/Group CEO, the members of the Group Management Committee (GMC) and other managers with strategic responsibilities (as defined in the paragraph 3.1 of the present Section I), and the other members of the Global Leadership Group (as defined in the paragraph 2 of the present Section I).

The short-term incentive plan aims to effectively link the incentive to the performance of both the individuals and the Group as a whole, by:

1. determining a **total budget** for the payment of bonuses (known as a "**funding pool**") for the members of the Group Management Committee (GMC), the other managers with strategic responsibilities and the other members of the Global Leadership Group (GLG), which ranges between a minimum and a maximum value in relation to the level of achievement of the Group results (the Group Net Profit Adjusted and the Group Operating Result). No variable remuneration will be disbursed if the minimum Group result is not achieved, regardless of individual results;

2. assessing the **individual performance** achieved by the participants of the Short-Term Incentive plan (STI) with respect to the economic-financial goals, risk and quality goals assigned in the individual balanced scorecards; and

3. reviewing the overall performance achieved by individuals during a **calibration meeting**, in which the results achieved by the individuals are measured in relation to other roles and to the context of their reference markets, in order to "re-calibrate" them to guarantee further consistency of remuneration within the Group.

The overall evaluation that emerges from the short-term incentive plan is a balanced one, connected with both Group and individual results and also reflects a fairness throughout the Group determined by the shared performance review during the calibration meeting.

Funding pool

The funding pool is the total amount made available at the start of each year for the payment of the short-term incentive plan for the members of the Group Management Committee (GMC) the other managers with strategic responsibilities and the other members of the Global Leadership Group (GLG) on the basis of the Group's performance. The maximum amount of the funding pool is 150% of the sum of the individual baselines, namely the amounts of the variable remuneration to be paid individually if target results are achieved. Variation of the funding pool depends on the extent to which the Group Operating Result and the Group Net Profit Adjusted[7] are achieved, as defined by the Board of Directors and specified in the table below. It is, in any case, subject to the verification of exceeding the entry threshold defined in the Economic Solvency Ratio, which is set at 130%[8] for 2017.

% vs. budget		Group Net Profit Adjusted[7]			
		< 85%	85%	100%	≥ 125%
Group Operating Result	< 85%	0%	0%	0%	0%
	85%	0%	60%	75%	90%
	100%	0%	100%	115%	130%
	≥ 120%	0%	120%	135%	150%

7
Group Net Profit stated in the financial statements, adjusted by excluding any extraordinary items not predictable (due to, by way of example only: amortisation/goodwill depreciation, significant legal/regulatory/legislative changes, and significant impacts resulting from changes to tax treatment, gains/losses from M&A) and approved by the Board of Directors on the recommendation of the Appointments and Remuneration Committee in accordance with these guidelines.

8
The threshold can be subject to review if exceptional changes occur to the macroeconomic conditions and the financial scenario worsens. In the event of extraordinary context discontinuity, the Board will re-assess the overall consistency and fairness of the incentive policies (known as "Market Adverse Change" clause).

According to the levels established for the Group Operating Result and the Group Net Profit Adjusted, the achievement of goals will be determined using a linear interpolation methodology within the ranges established in the table above.

In line with previous years, ad hoc funding is provided for the Managing Director/Group CEO, whereas the control functions are considered outside the overall funding pool, as they have a dedicated incentive plan as described below.

Individual performance

Each participant is assigned a balanced scorecard with five-seven goals based on the following three perspectives:

PERSPECTIVES		
Economic & Financial Risk Adjusted Performance	**50+%**	**Core business Key Performance Indicators (KPIs)** (i.e.: Operating Result, Net Profit, New Business Value, Combined Ratio, Cash Generation/Dividend) **Minimum 10% RORC (up to 15% for business roles)**
Efficiency & Business Transformation	**30 - 40%**	**Efficiency KPIs** & **Customer & Distributor KPIs & acceleration initiatives**
People Empowerment	**10 - 15%**	**Managerial assessment based on specific HR KPIs**

The different perspectives include pre-determined, measurable quantitative and qualitative goals that enable the monitoring of multiple aspects of business performance; these goals are also differentiated according to the different competences and scope of operations of the participants.

The most-used quantitative goals are the Operating Result, Net Profit, Combined Ratio, Cash Generation/Dividends, New Business Value and Return On Risk Capital (RORC). Depending on the specific positions, these goals are set according to Group, country, business/function or individual level.

More specifically, in line with last year, to strengthen the link between risk and remuneration, the Return on Risk Capital at Group, region or country level (with a weight of up to 15%), will be applied to all beneficiaries of the Short-Term Incentive plan (STI), including the Managing Director/Group CEO.

In line with the acceleration of the Group's strategy, focused on operating performance and long-term value creation, a quantitative goal in terms of efficiency of the operating model will be introduced for all individual performances, within an "Efficiency & Business Transformation" approach. At the same time, a focus remains on the "Customer & Distributor" goals, based on goal results linked to the managerial assessment of specific plans and performance indicators (e.g. Customer retention ratio, Customer replacement ratio, Net Promoter Score).

Furthermore, and again with a view to aligning the company's strategy with that of the Group and strengthening the leadership model, a focus remains on "People Empowerment" through the performance of a managerial assessment based on specific performance indicators (KPI), falling within HR's remit, with a minimum weight of 10% (e.g. Talent retention, Internal successors in leadership positions, People engagement survey plans implementation).

Based on the above framework, the following table includes an example balanced scorecard for the main business roles (i.e. Country CEOs):

	Balanced Scorecard Goals	Weight
ECONOMIC & FINANCIAL RISK ADJUSTED PERFORMANCE	Operating Result	*20%*
	Dividend	*20%*
	Return on Risk Capital (RORC)	*15%*
EFFICIENCY & BUSINESS TRANSFORMATION	Business transformation & Acceleration strategic initiatives/projects	*10%*
	Efficency KPI	*10%*
	Customer & Distributor KPIs	*10%*
PEOPLE EMPOWERMENT	People Empowerment	*15%*

The individual balanced scorecard, determined by the Board of Directors for the Managing Director/Group CEO, provides economic, financial and operational goals and a risk indicator (i.e. Net Profit Adjusted, Dividend, Group Operating Result and Group Return On Risk Capital), key plans linked to the Group Strategy and to People Management, in line with the expectations of the strategic plan of the reference year.

Performance's assessment and final assessment process

For each goal is defined the expected target and a range within which the goal is considered achieved. If the level of achievement of the goals is above or below the range, the goal is regarded as exceeded or not achieved, respectively.

The performance is preliminarily assessed using a scale of 1 to 5 (with 5 being the best possible score), based on the assessment of the goals included in the balanced scorecard and their conversion method.

The final performance assessments (known as "*ratings*") are based on a preliminary assessment (conducted taking into account the level of achievement of the goals included in the balanced scorecard), which is then "calibrated" based on the following assessment factors:

- assessment of the results in comparison with the other beneficiaries of the short-term incentive plan (STI) who have similar roles (known as "peers");
- market framework and conditions; and
- "stretch" level of the individual balanced scorecard.

Given the total funding pool and the performance distribution, the individual STI (short-term incentive) payout is a percentage of the individual baseline for each assessment rate.

The actual funding available to pay-out the Short-Term Incentives (STI) is determined the following year, after having first verified the extent to which the targets set by the Board of Directors have been achieved.

Considering the business results, the Managing Director/Group CEO submits a proposed final funding pool to the Appointments and Remuneration Committee, which provides a recommendation to the Board of Directors. The short-term incentive bonus awarded to the Managing Director/Group CEO and the heads of control functions is not included in calculating the final funding amount, as these are determined by the Board of Directors based on the proposal, respectively, of the Appointments and Remuneration Committee and the Risk and Control Committee.

In any case, the determination of the actual funding is subject to the verification of the entry threshold achievement; this takes the form of a specific level of Economic Solvency Ratio set at 130%[8] for 2017 (threshold set taking into account the “hard limit” level defined in the Group Risk Appetite Framework, which the Board of Directors approved in December 2016).

The funding pool is determined on the basis of the extent to which the Group’s goals (Net Profit Adjusted and Group Operating Result) are achieved. If the minimum of 85% of the budget set for the Group’s goals is not achieved, no funding is provided and, therefore, no bonus will be paid.

Following the proposal of the Managing Director/Group CEO, based on a prior opinion of the Appointments and Remuneration Committee, and provided that the Economic Solvency Ratio threshold is exceeded, the Board of Directors may authorise: (a) an *ad hoc* funding pool, even if the Group results are below 85% of the Group goals determined by the Board of Director for the reference year, or (b) an additional share of the funding pool – of up to 10% of the actual funding – to remunerate individuals who have performed exceptionally well. Indeed, based on the funding mechanism, there is a possibility that, depending on the level of achievement of the Group results, managers who reached or fully exceeded all the assigned goals will nonetheless receive a lower bonus than the target amount or no bonus at all, due to the zeroing or significant reduction of the available funding pool. The illustrated corrective mechanisms (which have not been used to date) have the purpose of correcting these extreme situations by allocating an additional amount to the funding pool. However, this mechanism can only be used as an outcome of the rigorous governance process mentioned above and if the thresholds have been reached, as a guarantee of the Group economic stability.

The amount of the individual bonuses depends on the funding pool and the individual performance level; in any case, it can only reach up to 200% of the individual baseline. This maximum amount is paid in limited cases when performance is well beyond expectations.

The Board of Directors verifies the results achieved by the Managing Director/Group CEO based on the proposal of the Appointments and Remuneration Committee, and determines the relevant bonus accordingly. For all other members of the GMC, the Board of Directors verifies the results achieved and then determines the bonuses based on the proposal of the Managing Director/Group CEO, after having sought, in any case, the opinion of the Appointments and Remuneration Committee. Finally, for all other managers with strategic responsibilities and the other members of the Global Leadership Group (GLG), the results achieved are assessed by the Managing Director/Group CEO taking into consideration the guidelines of the plan and the relevant process described above.

For the heads of the control functions, the goals on which the variable remuneration is determined are defined according to the specific activity of each of the functions and do not take financial performance into consideration.

Furthermore, these roles are not included in the overall funding pool.

The short-term incentive of the Managing Director/Group CEO is also not included in the total funding pool rules, as it is specifically set by the Board of Directors, based on the proposal of the Appointments and Remuneration Committee, by taking into account:

- a target amount of the Short-Term Incentive bonus (STI) corresponding to 100% of the fixed remuneration, if the goals set by the Board of Directors in the individual scorecard are achieved;
- a maximum amount of the Short-Term Incentive bonus (STI) corresponding to 200% of the fixed remuneration, if the goals set by the Board of Directors in the individual scorecard are exceeded; and
- the loss of any entitlement to receive the Short-Term Incentive bonus (STI), if the Board of Directors ascertains that the level of the Economic Solvency Ratio is not exceeded (which is set, as described above, at 130% for 2017[8]) and/or at least a weight of 40% of the overall goals included in the individual scorecard has not been achieved.

Finally, in the event of an extraordinary market discontinuity (for example, if material variations occur to the macroeconomic conditions or international monetary policies), the Board, within the governance process regarding remuneration, may reassess the overall consistency and fairness of the incentive plans (known as the "Market Adverse Change Clause").

3.3.2 Long-term incentive (LTI)

The long-term variable remuneration of Generali takes the form of multi-year plans, which are approved from time to time by the appropriate bodies and may be granted to directors, managers with strategic responsibilities and other Generali employees. These multi-year plans may be based on cash disbursements or financial instruments.

From 2010 to 2012, the Company adopted multi-year plans, which are currently still in place, based on two cycles of three years. A monetary bonus is disbursed once the first cycle reaches its conclusion, provided the relevant goals have been achieved. A percentage of this bonus (from 15% to 30% of the gross bonus accrued) must be re-invested in Generali shares at the same time the first cycle concludes. This is then followed by a second cycle, after which, assuming certain goals have been achieved, participants may be granted a certain number of free shares for each share purchased (further details are given in the information reports approved at the time by the Shareholders' Meeting and published on the Generali Group website).

In 2013, Generali started adopting plans based on a single three-year cycle, after which free shares can be granted, subject to specific holding/lock-up periods. More specifically, the LTIs for 2014, 2015 and 2016 are currently underway. The share allocation relating to the 2014 LTI plan, whose performance cycle ended at the end of 2016, will take place in April 2017 (see Section II of this remuneration report), whereas those relating to the 2015 and 2016 LTI plans will take place in 2018 and 2019 respectively.

Long-term incentive plan for 2017

In line with last year, a new long-term incentive plan based on Assicurazioni Generali shares – the 2017 Group LTI – is being submitted for the approval of the Shareholders' Meeting

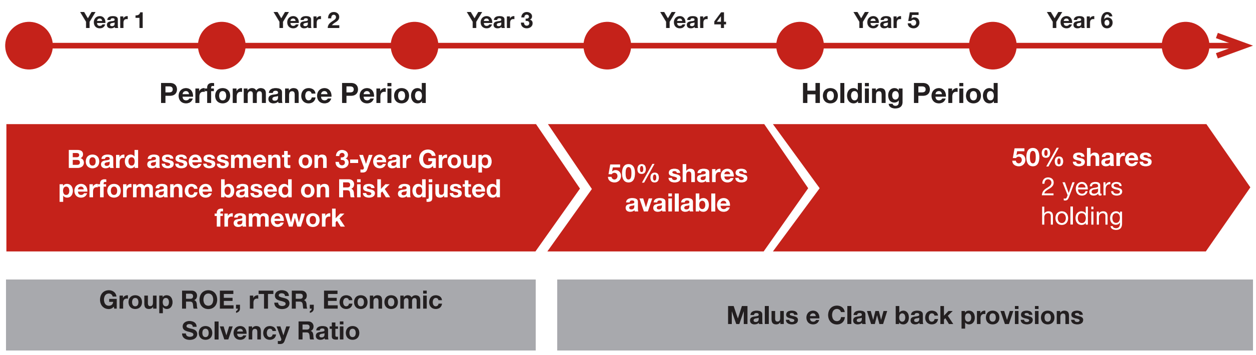
In line with market practices and investor expectations, shares are assigned and made available to the participants over a total time frame of six calendar years, subject to the achievement of the Group's performance indicators (Return on Equity[9] – ROE – and Relative Total Shareholder Return - rTSR) and of a minimum level of Economic Solvency Ratio, as a unique access threshold, as detailed below.

9
Return on Equity (ROE): operating profit net of financial expense and tax, divided by the average adjusted capital, as defined in the "Note on the methods used for alternative performance indicators" in the Group's management report.

The plan is based on the following main features:

- the incentive connected with the achievement of the goals is paid through the granting of Assicurazioni Generali S.p.A. ordinary shares;
- the right to receive the shares is linked to the verification of the achievement of an entry threshold which is defined annually by the Board of Directors and which represents a condition precedent; and
- incentive payments are subject to the Group's financial goals, which are defined at the beginning of the three-year performance period, in line with the Group's long-term strategic plans.

The plan is structured as follows:



More specifically, the maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares amounts to 175% of the gross fixed remuneration of the plan's participants for Group Management Committee (GMC) and Global Leadership Group (GLG) members; whereas it amounts to 87.5% for the other beneficiaries known as directors and Group Talents, defined as specified below (for the Managing Director/Group CEO, this percentage is 250%)[10]. Therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the share value calculated as the average price of the share in the three months before the Board of Directors' meeting called to resolve on the draft statutory financial statements of the Holding Company and the consolidated financial statements for the previous year of the year the plan starts.

In each year of the plan and at the end of the three-year period, the Board of Directors assesses the level of achievement of the entry gate[11], established in terms of the Economic Solvency Ratio (corresponding to 130%[8] or any other percentage established from time to time by the Board of Directors). This assessment consists in a malus clause based on which the Board of Directors may reduce or reset to zero the number of shares to be annually set aside or definitely granted if the value of the Economic Solvency Ratio is lower than the established threshold.

Once the level of Economic Solvency Ratio has been reached, an annual and a three-year verification is carried out of the achievement of the Group's financial goals, represented by the ROE and the relative TSR, compared with the companies that are part of the

10
Without prejudice to the possibility for the Board of Directors to define, on completion of the due governance processes concerning remuneration, different measures of the incentive for single beneficiaries or categories of beneficiaries, also in compliance with the local/sector applicable regulations.

11
With regard to the entry into force of Solvency II, the LTI 2015's entry gate (i.e., the Return on Risk Capital - RORC) has been updated to 8.6% for 2016 and 2017, in accordance with Solvency II's method and in line with the Remuneration Report and the Information Documents relating to LTI 2014 and 2015.

STOXX Euro Insurance index (peer group), currently composed of:

1 ALLIANZ
2 AXA
3 MUENCHENER RUECK
4 SAMPO
5 NN GROUP
6 AEGON
7 AGEAS
8 HANNOVER RUECK
9 SCOR
10 MAPFRE
11 POSTE ITALIANE
12 CNP ASSURANCES
13 DELTA LLOYD
14 UNIPOLSAI

The performance level, indicated as a percentage with respect of the level of achievement of ROE and rTSR, is determined with reference to two independent baskets. The final results in each basket are calculated using a linear interpolation approach. The maximum performance level is always 175% overall (87.5% + 87.5%) for Group Management Committee (GMC) and Global Leadership Group (GLG) members, whereas it is 87.5% overall for other beneficiaries known as directors and key talents (for the Managing Director/Group CEO, this percentage is 250% overall).

50% prospective shares		+	50% prospective shares	
% LTI vesting	**ROE**		**% LTI vesting**	**rTSR**
0%	**≤ 11%**	+	**0%**	Last ranking
37.5%	**11.5%**		**37.5%**	Median ranking
87.5%	**≥ 13%**		**87.5%**	First ranking

Note: reference values. Final calculation based on linear interpolation, in line with the last year's method. TSR ranking requires a positive result for any payment.

These goals are determined and set at the start of the three-year cycle of the plan, in compliance with the Group's long-term goals and strategies, and are subject to a preliminary measurement at the end of each year of the cycle. In light of the result of this preliminary measurement, a tranche of the maximum number of shares that could be granted at the end of the three years is allocated (but not granted to the beneficiaries). More specifically, the first tranche refers to 30% of the maximum number of grantable shares, the second tranche refers to another 30% and the third tranche refers to the remaining 40%.

At the end of the three years period, a final assessment of the actual achievement of the established goals is carried out both annually and at the end of the three-year period.

This assessment mechanism allows to combine, on the one hand, the need to foster the achievement of the long-term goals (by setting goals that are consistent with the three-year strategic plans, the three-year overall assessment period and the subsequent holding periods) and, on the other hand, the need to assess and monitor the annual achievement of the goals, to strengthen the focus on the strategic acceleration announced at the Investor Day in November 2016 and to simultaneously incentivise a balanced distributed performance throughout the entire three-year cycle.

Each tranche is only granted at the end of the performance period (i.e. at the end of the three-year period), in light of the assessments mentioned above (with reference to the entry gates and goals and on the condition that the relationship is still in force with the Company or another company of the Group at the end of the three-year period, without prejudice to specific rules of the plan or any other decision of the Board of Directors or a member appointed for the purpose. More specifically, with regard to the Managing Director/Group CEO, if his relationship terminates on the Company's initiative (or due to non-renewal) without just cause, the Managing Director/Group CEO will maintain the right to the share-based incentive provided for under the plan (subject to the achievement of the relevant performance goals and all the other terms and conditions provided by the related rules[12]).

With regard to the holding period, which applies after the three-year performance period, 50% of the allocated shares is immediately available on the granting date (to allow the participants to pay the tax charges connected with the granting), the remaining 50% is subject to a lock-up period of two years, without prejudice to the obligation of directors participating in the plan to maintain a suitable number of shares assigned until the end of the directorship in course at the expiry of the lock-up. These restrictions also apply after the termination of the relationship with the participants, without prejudice to the power of the Board of Directors or one of its members delegated to redefine the terms and conditions of all restrictions specified above, potentially also taking into account the overall remuneration of the beneficiary or also with reference to shares assigned within different incentive plans.

Furthermore, the Plan provides for – in continuity with what has been done in 2015 and in 2016 – a dividend equivalent mechanism on the basis of the dividends distributed during the three-year performance period. More specifically, should the Shareholders' Meeting resolve on the distribution of dividends to the shareholders during the three-year reference period, at the expiry of this period an additional number of shares determined in relation to the overall dividends distributed during the period will be assigned to the beneficiaries. The additional number of shares determined will be assigned simultaneously and in relation to the other shares assigned to each beneficiary, subject to the same restrictions (holding period) mentioned above and determined by taking into account the shares' value at the awarding of the plan, to be calculated as the average price of the share in the three months before the Board of Directors' meeting called to resolve on the draft statutory financial statements of the Holding Company and the consolidated financial statements for year previous to the one in which the plan starts.

In order to implement the plan, the free shares granted to the plan's participants, in accordance with the above conditions, will fully or partly result in a specific free increase of the share capital achieved through the use of profits and/or profit reserves in accordance with the first paragraph of Article 2349 of the Italian Civil Code and/or own shares as may have been purchased by the Company based on a shareholders' meeting authorisation, in accordance with Articles 2357 and 2357-ter of the Italian Civil Code. A maximum of 12,500,000 shares can be granted, which account for 0.80% of the current share capital.

The long-term incentive plan beneficiaries currently comprise the Group Management Committee and Global Leadership Group members (as described above) as well as other directors and talents of the Group selectively identified according to their role, performance and potential, and taking into account specific attraction and retention needs. In line with market practice and with the process started in 2014, in order to foster managerial engagement and the empowerment of key talents for the execution of the new Group Strategy, the 2017 Long Term Incentive plan confirms the participation of the beneficiaries in line with the previous year; the beneficiaries amount to a total of approximately 600 managers. These beneficiaries are selectively identified on the basis of common criteria defined at Group level and validated through the Talent Review process. In order to ensure the highest level of consistency, fairness and homogeneity in the selection of the beneficiaries, as the first requirement, both the achievement of high and consistent performance results and a high potential of growth are verified. These two elements, in conjunction with consolidated management capabilities, can enable identified people to achieve challenging career goals and hold leadership roles within our Group. Other relevant criteria to identify the beneficiaries include the demonstration of solid technical skills, the full respect and support for the Group's Values, and the ambition to grow and hold in the short term strategic roles at international level.

For all individuals below Global Leadership Group level, the long-term incentive performance indicators will be based on the same parameters with a maximum pay-out amounting to 87.5% of the fixed component.

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This provision will be applied with reference to the 2017 LTI plan and, in accordance with individual agreements with the Managing Director/Group CEO, with reference to the 2016 LTI plan.

Upon occurrence of factors that may influence key elements of the plan (including but not limited to, extraordinary operations involving Assicurazioni Generali and/or the Generali Group, capital transactions, legislative changes or alterations to the Group's scope, or compliance with specific sector or foreign country regulations applicable for single Group companies), the Board of Directors may amend and supplement the plan structure as considered necessary or appropriate, in order to ensure – within the limits permitted by applicable legislation – its substantive and economic content remains unchanged. This also includes the possibility to grant single beneficiaries of the Plan, instead of the – full or partial – allocation of shares, an amount in cash calculated based on the value of the shares in the month before the allocation, without prejudice to the other relevant applicable terms and conditions of the plan.

Moreover, in the event of an extraordinary market discontinuity (for example, if material variations in the macroeconomic conditions or in the international monetary policies occur), the Board, within the governance process regarding remuneration, may reassess the overall consistency and fairness of the incentive plans (known as Market Adverse Change Clause).

Special stock plan for the Managing Director/ Group CEO

In July 2016 the Board of Directors resolved to submit to the approval of the Shareholders' Meeting (in accordance with Article 114-bis of the Financial Consolidation Act) a special share-based plan that is different from and additional to the ordinary Group Long-Term Incentive plans (see point 3.3.2 of this Section I) and that is expressly dedicated to the Managing Director/Group CEO (the "Plan").

Under the Plan, in July 2019 the Managing Director/Group CEO may be granted 200,000 Assicurazioni Generali shares free of charge, subject to the following conditions:

- the maintenance of the ownership by the Managing Director/Group CEO of 200,000 Assicurazioni Generali shares (already held by the Managing Director/Group CEO and bought personally by him) until the current term of office terminates;
- the achievement of a specific maximum three-year goal of Total Shareholders Return (TSR) corresponding to + 72.8%, calculated on the three-year period between 5 July 2016 and 5 July 2019;
- the maintenance of predefined entry gate, determined in terms of the Economic Solvency Ratio (corresponding to 130%[8] or another percentage that is set by the Board of Directors from time to time); and
- the maintenance of the role of Managing Director/Group CEO until the current term of office terminates (the termination of the relationship, for any reason, before this term entails the forfeiture of any right).

The Plan also provides that the Managing Director/Group CEO must maintain – for two years – 50% of any shares freely granted to him, as well as other typical sustainability clauses (e.g. malus, clawback and hedging prohibition) to preserve the Company's stability and the non-excessive exposure to risk, as provided for ordinary Long-Term Incentive plans (LTI).

Moreover, the Plan provides for the granting of additional shares, in application of a dividend equivalent mechanism, similar to the mechanism provided in the ordinary Long-Term Incentive plans (LTI).

The aim of the Plan is to strengthen the participation of the Group CEO in the long term shareholders objectives through a significant personal investment – already made by the Group CEO – and by setting a single and highly challenging long term value creation target.

If the Shareholders' Meeting does not approve the Plan, the Company will assess, upon occurrence of the relevant requirements, the possibility to define in favour of the Managing Director/Group CEO (in line with the Company's remuneration policies) alternative payments, that fall under the Board of Director's competence (i.e., not share based), in relation to any value increase already achieved and/or reasonably expected.

3.4 Fringe benefits

Fringe benefits are a substantial component of the remuneration package – within a total remuneration approach – which complement monetary payments. The type and overall value of fringe benefits differ according to the category of beneficiaries.

More specifically, with reference to the Managing Director/Group CEO and other recipients of the policy within Assicurazioni Generali, the supplementary pensions and healthcare are governed by individual contracts, applicable collective bargaining agreements and company-level regulations for managers of the Generali Group. The company level regulation also provides for other guarantees, such as the Long-Term Care guarantee in the event of permanent disability, and the guarantees in the event of death or total permanent disability caused by injury or disease, whether occupational or otherwise.

The fringe benefits package also includes the personal and business use of a company car with a fuel card (alternatively a car allowance can be provided), dedicated assistance in case of emergency, and agreements with airport operators (e.g., corporate frequent flyer cards). Moreover favourable contractual conditions are also granted, in compliance with all applicable regulations, with regard to, for example, the execution of insurance, banking or other Generali Group products, along with facilitated access to loans, mortgages for buying houses or vehicles, and other fringe benefits or reimbursements related to company events or specific company initiatives.

Other fringe benefits can be assigned for a defined period of time in line with market practices in cases of internal or international mobility such as housing, child education and other allowances linked to relocation, for a defined period of time.

3.5 Extraordinary remuneration

As an extraordinary measure within the remuneration policy context, and in order to attract or retain key figures, specific remunerations may be granted at the time of hiring or during employment.

These remuneration elements, which are only provided for selected high profile managers, may consist, by way of example, in: (a) entry bonuses linked to the loss of incentives within the previous employment relationship and linked, where possible, to the manager's commitment to stay in the company for a certain period; (b) a guaranteed variable remuneration only for the first year of employment; and (c) special payments to ensure employment stability over time.

The Company can also determine the payment of exceptional bonuses, connected to operations and/or extraordinary results (such as, disinvestments, merger & acquisitions, reorganisation or efficiency processes) with a particular impact on company value and volumes and/or profitability, that may not be addressed with the ordinary variable remuneration systems thereby justifying an additional exceptional premium. The criteria used to identify possible extraordinary operations or results that could possibly be worth a reward is linked to the level of materiality of the operation which, given the dimensions of the Generali Group, can occur only in the event of operations of remarkable and unusual economic or organisational magnitude. The criteria used to determine the amount of the possible bonus would, on the one hand, be linked to the value of the operation and, on the other hand, would take into account the overall remuneration already granted to the beneficiary within the standard remuneration packages.

Any of these extraordinary payments will be determined within the framework of the governance processes for remuneration, as applicable to the different categories of beneficiaries, and will be appropriately disclosed, as required by current regulations, in Section II of the first remuneration report published after the extraordinary payment.

3.6 Additional remuneration

The Managing Director/Group CEO and other recipients of the remuneration policy within Assicurazioni Generali cannot receive remuneration and/or attendance fees for other offices they have been assigned by the Holding Company in subsidiaries, entities and associations, except where a specific exception has been made, duly justified, formalised and authorised by the competent bodies.

Lastly, please refer to the sections below for information on the D&O insurance policy and on severance provisions in the event of termination of appointment.

4. Remuneration policy for heads of control functions and their direct reports

The remuneration package for the heads of control functions[13] and their first reporting line managers consists of a fixed and variable component and fringe benefits. The fixed component is established according to the level of the responsibilities and duties assigned, it is suited to guarantee the independence and autonomy required for these roles: the fixed remuneration on average amounts to 78% of the total remuneration. The variable component is linked to the participation in a specific deferred monetary incentive plan whose goals have a multi-year timeframe that relates exclusively to the effectiveness and quality of controls. It amounts on average to 22% of the total remuneration.

More specifically, starting already from 2014, Generali introduced significant changes in the remuneration policy applicable to these managerial groups, reducing the overall remuneration, reviewing the balance between fixed and variable components in favour of the fixed component (see table paragraph 3.1) and excluding any form of variable compensation linked to financial indicators and share-based instruments (including what is known as the funding mechanism). In place of the two plans applied to the the other business managers (cash STI and shares LTI), one only variable plan has been introduced, within which managers may accrue a monetary amount (upon reaching the defined goals linked to specific activities of each of the control functions, with reference to goals based on the effectiveness and quality of controls, excluding shared-based performance indicators, which may instead give rise to conflicts of interest, as required by Article 20 of ISVAP Regulation No. 39/2011), disbursed in an upfront instalment and in a deferred instalment, the latter being subject to the continuity of service and to the verification of the results achieved, with regard to both their effectiveness and their long-lasting sustainability.

FIXED		VARIABLE		
		ANNUAL		DEFERRED
Base Salary	+	**Incentive System** (year 1 payout: **60%**)	+	**Incentive System** (year 2 deferrel payout: **40%**)

To this end, the Board of Directors, based on the proposal of the Risk and Control Committee, determines the variable remuneration of the heads of the control functions and of their direct reports. The assessment of whether the goals set for control functions managers have been achieved (and at a later stage with regard to the effectiveness and long-lasting performance) is made by the Board of Directors upon a prior opinion being given by the Risk and Control Committee and having consulted the Board of Statutory Auditors. Only if the Board of Directors considers the results achieved and the quality of the controls to be satisfactory, the heads of the control functions can actually access the incentive programmes. Condition precedents and malus and clawback clauses also apply, similar to those previously described.

Finally, the managers in question are not entitled to receive remuneration or attendance fees for any other offices held at the request of the Parent Company in subsidiaries, entities or associations, unless a specific exception has been made by the Board of Directors, which must naturally be duly justified and formalised.

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Currently identified as the following functions: Internal Audit, Risk Management, Compliance and Actuarial function.

5. Remuneration policy for non-executive directors

The current remuneration policy for all non-executive directors (whether independent or not) establishes that remuneration must consist of a fixed component and of an attendance fee issued for each Board of Directors meeting attended, in addition to the reimbursement of expenses incurred by their attendance.

Directors who are also members of board committees are paid an additional emolument to the one already received for their role as members of the Board of Directors (with the exception of those who are also executives of the Generali Group). This additional remuneration is set according to the duties assigned to the relevant committees and the effort and time required of them, in terms of the number of meetings and preparation required. This remuneration is established by the Board of Directors in accordance with Article 2389, paragraph 3, of the Italian Civil Code.

Moreover, in line with the best international market practices, no variable remuneration is envisaged for non-executive directors.

The remuneration policy for the Chair includes the payment of remuneration for his role as member of the Board of Directors, as specified above, in addition to an annual fixed remuneration that is determined on the basis of comparative analyses with similar roles at both a national and international level. Just like all non-executive directors, the Chair's variable remuneration does not involve his participating in short- and medium/long-term incentive plans.

The policy for this role also entails the assignment of certain non-monetary fringe benefits, such as insurance coverage against professional injury and disease, healthcare, and the business and personal use of a company car with a driver.

Please refer to the sections below for information on the D&O insurance policy and on severance provisions in the event of termination of appointment.

6. Remuneration policy for members of the supervisory body

The policy for these roles entails the payment of a fixed gross annual remuneration for the entire term of the appointment, increased by 50% for the Chair of the Board of Statutory Auditors. There are no variable components to the remuneration.

Members of the body will also have the right to a refund for all expenses incurred in performing their office and will benefit from the D&O insurance policy as explained below.

7. Remuneration policy for insurance brokers and suppliers of outsourced services

The remuneration policy for insurance brokers is defined by the companies for which they work; it is based on the same principles as the Group's remuneration policy, taking an approach that aims to ensure that remuneration is in line with the overall strategy for these figures as well, using goals and incentive plans that seek to compensate the contribution made towards achieving the Group's goals.

The compliance with the principles set by Article 4 of ISVAP Regulation No. 39/2011 in the event of outsourcing of essential or important activities, is granted by the Group Outsourcing Policy adopted by the Board of Directors of the Company on 5 November 2014 and 17 March 2016.

8. D&O (Directors' and Officers') Liability Insurance

The current terms of the insurance policy for the coverage of the civil liability of the Company's directors and auditors (Directors' and Officers' Liability Insurance –

D&O), and that of the executive in charge of drafting the Company's accounting documents, are as follows:

- Validity: from 1 May 2016 to 30 April 2017.
- Term: 12 months, renewable annually, until revocation of authorisation by the Shareholders' Meeting.
- Maximum: € 300 million per claim, aggregated per year and per period of cover, of which € 100 million is reserved for the Company's directors and auditors of Assicurazioni Generali S.p.A. and for the executive in charge of drafting the Company's accounting documents, € 10 million is reserved for Banca Generali S.p.A.'s directors and auditors, and the remaining amount is reserved for members of corporate bodies and other managers of all the insurance companies of Generali Group.
- Cases of wilful misconduct are excluded from insurance cover.

Starting from 1 May 2015, D&O coverage has been extended to all insurance and non-insurance companies included in the consolidated financial report of the Group (subsidiaries) and to all their mangers. The Group entered into a single policy which takes into account the legal and economic specificities of each territory. The goal announced last year (to ensure standardised coverage conditions for all Group managers and reduce the overall costs, thus allowing a central management of the policy and all related claims, in line with the experience of leading international insurance group competitors) was therefore reached.

9. Severance provisions in the event of termination

The following severance provisions apply in the event of termination (severance provisions) of directors who are not simultaneously under an employment contract:

- in the event of the natural expiry of the office, no amount will be due;
- in the event of the early termination of the office without cause, the party concerned may, in compliance with the law and where all legal requirements are met, be assigned an indemnity of up to the maximum remuneration due for the remainder of the term of office;
- in the event of resignation (excluding any cases of just cause), termination for cause, termination following a takeover bid or forfeiture (for any reason, including the loss of the requirements of professionalism, honour or independence, or for situations of impediment or incompatibility) and, in any case, for any other event and/or cause beyond the Company's control, no amount will be due; and
- in the event of the early termination of the office on mutual consent, the amount to be paid to the individual concerned will be defined on a case-by-case basis, based on the relevant circumstances and grounds for termination (with specific reference to performance achieved, risks undertaken and the effective Company operating results, so that, more specifically, no amount can be paid in the event of gross negligence or wilful misconduct).

Severance provisions in the event of termination of the Managing Director/Group CEO and of other managers with strategic responsibilities, will be as follows:

- in the event of dismissal, the Company must apply – without prejudice to any changes that may be made to the legislative framework in the future – the mandatory provisions of applicable law and contractual agreements; and
- in the event of termination by mutual consent, the amount that may be paid to the individual concerned will be defined on a case-by-case basis, based on the relevant circumstances and grounds for the termination (with specific reference to performance achieved, risks undertaken and effective Company operating results, so that no amount can be paid in the event of gross negligence or wilful misconduct). The amount determined cannot exceed under any circumstance, in addition to the legal and contractual notice[14] (where applicable), an amount corresponding to 24 months' "recurring remuneration".

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Or in addition to other treatment with a similar nature or function potentially provided under local applicable laws.

"Recurring remuneration" means the gross annual remuneration increased by the average of the amount currently received by the individual by way of the short-term variable component in the last three years.

By accepting this amount, the individual waives all and any rights in any way directly and/or indirectly connected to the employment relationship with Assicurazioni Generali S.p.A., or with any of its subsidiaries, and termination of the relationship, and all rights, claims and/or action with regard to other companies of the Group, in any way directly or indirectly connected with the employment and with its definitive, accepted termination.

This waiver also includes the rights to compensation for damages under Articles 2043, 2059, 2087 and 2116 of the Italian Civil Code, and economic rights connected with the employment and its termination.

The above provisions also apply to executives directors who also work for the Company under an employment contract. In this case – in order to calculate the amount that may be paid to the individual – fixed and short-term variable components paid for the office as director (again on the basis of the average recorded for the last three years) will also be taken into account.

Both with directors and managers with strategic responsibilities, specific agreements can be entered into in order to predetermine (within the limits mentioned above) the severance payments due in the event of future termination, as well as non-compete or confidentiality agreements for a period subsequent to the employment termination (which may be entered into at the time of hiring, whilst employed or on termination of the relationship). The consideration of non-compete or confidentiality agreements, which have a limited term, is determined by taking into account the term and territorial extension of the obligation, the possible damage that the Company and/or Group could suffer if the director/manager were to start working for competitors of the Company and/or Group or disclose information that could potentially harm the Company and/or Group, and the role and responsibilities previously held by the director/manager.

As to the effects of the termination on any rights that may have been assigned under the scope of share-based incentive plans, please see paragraph 3.3.2 on long-term incentives (LTI).

10. Governance and compliance

Different bodies and/or functions are responsible for the definition, approval, implementation and subsequent verification of the remuneration policies with tasks that require the involvement and active contribution of different parties according to the policy recipients.

The main parties involved are:
- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Appointments and Remuneration Committee and Risk and Control Committee;
- Managing Director/Group CEO; and
- the Group HR & Organization function and the control functions.

In general, in addition to what is specified below in detail for each body, proposals relating to the definition of policies for corporate bodies and "personnel" (as defined in paragraph 2 above, "target population", in accordance with Article 2, paragraph 1, letter (f) of ISVAP Regulation no. 39/2011) are made with the support of the Group HR & Organization function, involving Internal Audit, Compliance and Group Risk Management, as relevant. The Group HR & Organization function also avails itself of the assistance of other Group structures and functions, such as Corporate Affairs, Group Legal Affairs and Group Strategic Planning & Control, collecting and coordinating the various contributions.

Proposals are then submitted to the Managing Director/Group CEO, who validates their content and formulation and, having first requested any supplements or amendments considered necessary, then submits them to the Board of Directors. The Board of Directors, then, approves the proposal, upon the opinion of the Appointments and Remuneration Committee or the Risk and Control Committee (with regard to the control functions), which issues its opinion before in turn submitting the proposals to the Board of Directors.

Conversely, as far as the remuneration policy for the Managing Director/Group CEO is concerned, the proposal is made by the Appointments and Remuneration Committee with the assistance of the HR & Organization function and submitted to the Board of Directors for all relevant assessments.

Once the Board has made its decisions, the policy is submitted for the approval of the Shareholders' Meeting.

Below is an overview of the roles of the various parties involved in the definition, approval, implementation and subsequent verification of the remuneration policies.

10.1 Shareholders' Meeting

In accordance with the Company's Articles of Association, the Shareholders' Meeting:

- approves the remuneration policies for members of corporate bodies and "personnel", in addition to financial- and instrument-based remuneration plans (Article 19.1, letter d)); and
- determines the gross annual compensation due to the members of the Boards of Directors and Statutory Auditors (Article 19.1, letters (f) and (e)).

10.2 Board of Directors

The Board of Directors defines and regularly revises the remuneration policies for members of corporate bodies and "personnel" (as defined in paragraph 2 above ("target population") in accordance with Article 2, paragraph 1, letter (f) of ISVAP Regulation No. 39/2011) and checks that they are correctly applied.

In relation to this, the Board resolves on the remuneration policies and subsequent revisions thereof to obtain approval by the Ordinary Shareholders' Meeting, guaranteeing that they are kept constantly up-to-date, consistent with the principles of sound and prudent management and in line with the stakeholders' interests. To this end, it makes regular use of benchmarks prepared by both the appointed company functions and external consulting firms, specifically concerning the verification of remuneration with respect to the markets considered. The Board may also use external consultants, including for any amendment or preparation of the remuneration policy.

The Board is also responsible for ensuring the correct implementation of the remuneration policies approved by the Shareholders' Meeting.

The Board achieves this directly when determining the related remuneration for certain categories of recipients of the policy. In that respect, the Board of Directors, in compliance with the remuneration policies defined, and after having first consulted the Appointments and Remuneration Committee, the Risk and Control Committee and the Board of Statutory Auditors, as necessary:

- puts forward a proposal to the Shareholders' Meeting, following a proposal from the Appointments and Remuneration Committee, regarding the Board members' remuneration and, following the Appointments and Remuneration Committee's opinion, a proposal to the Shareholders' Meeting regarding the auditor's remuneration;
- determines the remuneration of the executive directors and other directors holding offices based on the proposal of the Appointments and Remuneration Committee, and having consulted the Board of Statutory Auditors;
- determines the remuneration package of the Group Management Committee members based on the proposal of the Managing Director/Group CEO, and having consulted the Appointments and Remuneration Committee;
- determines the remuneration of the Head of Internal Audit, based on the proposal of the Chair of the Risk and Control Committee, and having first sought the binding advice of the Risk and Control Committee and consulted the Board of Statutory Auditors;
- determines the remuneration of the managers of the Actuarial function and of the Risk Management and Compliance functions, based on the proposal of the Managing Director/Group CEO, and having first sought the opinion of the Risk and Control Committee;
- resolves, based on the proposal of the Managing Director/Group CEO and having consulted the Appointments and Remuneration Committee, on the appointment, revocation and remuneration of the chair, executive directors and general managers (or managers with equivalent roles) of subsidiaries of strategic importance (as defined from time to time by the Board of Directors), their non-executive directors (if they are individuals from outside the Company and the Group) and members of their boards of auditors (or, in any case, of similar corporate bodies with control functions); and
- examines and approves the guidelines of the incentive plan for managers belonging to the Global Leadership Group (as described above) on the proposal of the Managing Director/Group CEO and following the Appointments and Remuneration Committee's opinion.

With regard to the other first reporting roles to the Managing Director/Group CEO, who are not members of the Group Management Committee, remuneration is determined by the Managing Director/Group CEO in line with the policies defined by the Board of Directors for these roles.

Remuneration of the direct reports of the Head of Internal Audit, the Head of Compliance, the Head of the Actuarial function and the Chief Risk Officer is proposed by the function manager and reviewed by the Group HR & Organization function, which then informs the Risk and Control Committee so that it may evaluate whether balance and consistency in remuneration is assured within the function. Suitable reports are prepared by the Group HR & Organization function and submitted to the Board of Directors to verify that the remuneration policies defined for these professionals have been correctly implemented.

The Board of Directors prepares an annual report for the Shareholders' Meeting, complete with quantitative information, on the application of the remuneration policy. It is specified that in preparing the Group's remuneration policy, rather than using remuneration policies of other companies as a reference, Assicurazioni Generali instead sought the advice of the consulting firm Mercer.

10.3 Appointments and Remuneration Committee

The Appointments and Remuneration Committee has consulting, advisory and preparatory functions with respect to the Board of Directors on remuneration issues. The Appointments and Remuneration Committee also provides its opinion on transactions with related parties, when these refer to the remuneration of managers with strategic responsibilities. This is done in compliance with the procedures regarding transactions with related parties approved by the Board of Directors.

More specifically, the tasks of the Appointments and Remuneration Committee include:

- formulating non-binding opinions and proposals for the Board in terms of remuneration for directors;
- formulating opinions and proposals referring to the remuneration policies for members of corporate bodies and staff, including financial instrument-based remuneration plans and checking that these are correctly applied;
- providing the Board proposals and/or opinions regarding the remuneration of executive directors and directors holding other specific tasks or appointments in accordance with the Articles of Association, as well as defining performance goals related to the variable component of the remuneration and checking that performance goals are effectively achieved. The opinions and proposals relating to executive directors are based on a discretionary assessment made by taking into consideration, among other things, the following parameters:
  - i) the significance of the responsibilities within the corporate organisational structure;
  - ii) the impact on corporate results;
  - iii) the financial results achieved; and
  - iv) the achievement of specific goals set beforehand by the Board;
- providing non-binding opinions and proposals for the Board regarding remuneration for whoever holds an internal role within the Company and the Group that is significant in terms of membership of the Group Management Committee, based on a prior proposal by the Managing Director/Group CEO, and on a discretionary assessment according to the following criteria:
  - i) the level of responsibility and risks associated with the tasks carried out;
  - ii) the results achieved in relation to the assigned goals; and
  - iii) the performance in relation to extraordinary commitments;
- making periodical assessments on the criteria adopted for the remuneration of directors and managers with strategic responsibilities, based on the information provided by the Managing Director/Group CEO, and issuing general recommendations on this matter to the Board;
- checking the proportionality of the executive directors' remunerations, in comparison with one another, and in relation to the Company's personnel;
- providing an opinion on the Managing Director/Group CEO's proposal relating to the incentive plan for managers belonging to the Global Leadership Group (as described above);
- providing an opinion on the Managing Director/Group CEO's proposals relating to the remuneration of the chair, executive directors and general managers (or managers with equivalent roles) of subsidiaries of strategic importance, and of non-executive directors (if they are individuals from outside the Company and the Group);

- verifying the consistency between the remuneration policies, incentive policies and the Risk Appetite Framework; and
- monitoring that the decisions made by the Board based on the proposals that were submitted are in fact applied.

The Appointments and Remuneration Committee also has a role entailing consultation, proposal and preliminary assessment activity in favour of the Board, with the support of the Governance and Sustainability Committee (in matters that fall under its competence), concerning the size and the composition of the Committee itself, and the replacement of independent executives. The Committee conducts investigations on the preparation of the succession plan for the executive directors and provides an opinion on this of the members of the Group Management Committee (GMC) and the Global Leadership Group (GLG).

The Committee Chair or another Committee member may report to the annual Shareholders' Meeting on how the Committee performs its tasks.

When carrying out its functions, this Committee is entitled to access corporate information and functions relevant for carrying out its tasks. The statutory auditors are invited to attend the Appointments and Remuneration Committee meetings that discuss remuneration matters.

The Committee duly carries out the advisory and consulting functions it is responsible for, drawing up the relevant minutes and reports required for carrying out Company activities.

The Committee presently in office has been appointed by the Board of Directors during the meeting of 28 April 2016 and will remain in office until the Shareholders' Meeting called for the approval of the Financial Statements as at 31 December 2018 and is currently composed as follows:

Office	Name and surname
Chair Non-executive and independent director	Ornella Barra
Committee member Non-executive and independent director	Diva Moriani
Committee member Non-executive director	Lorenzo Pellicioli
Committee member Non-executive director	Francesco Gaetano Caltagirone*
Committee member Non-executive and independent director	Sabrina Pucci*

* Committee's member solely regarding appointment matters.

The Board of Directors has verified that the Committee is made up of non-executive directors, who are mainly independent. All the members of the Committee have sufficient knowledge regarding remuneration policies.

Should one or more members of the Appointments and Remuneration Committee declare that a correlation exists regarding a transaction under their review, the Committee is integrated, only for the purpose of reviewing said transaction, by other independent members of the Board of Directors, chosen starting from the oldest in terms of age. In the absence of at least two independent directors of the Appointments and Remuneration Committee, the opinion or proposal must be given by an independent expert appointed by the Board.

Since its establishment, Mr Giuseppe Catalano has been acting as the Committee's Secretary.

When it is deemed appropriate by the Chair, he/she may invite members from top management, the Group HR & Organization Director and managers and employees of the Company to take part in the meetings, if they have responsibilities regarding the matters that are submitted for the Committee's approval.

The notice of call is sent to the Board of Statutory Auditors so as to allow this body to participate in the meeting.

In 2016, non-members took part in the meetings of this Committee, on invitation from the Committee itself; some attended the entire meeting and others attended only with reference to single items on the agenda. The Committee also made use of external consultants.

The members of the Appointments and Remuneration Committee receive a fixed gross remuneration (€ 30,000 for the Chair, € 20,000 for other members and € 15,000 for the members involved solely in appointment matters), an attendance fee of € 2,000 per meeting, and the reimbursement of expenses incurred to participate in the meetings.

Following its appointment on 28 April 2016, in 2016 the Appointments and Remuneration Committee held six meetings regarding remuneration matters, with an average participation of 94.44%, and five meetings regarding appointment matters, with an average participation of 92%. The average length of the Committee meetings, taking into account both matters, was 1 hour and 29 minutes. Minutes were always prepared for each meeting by the Chair and the Secretary and approved by the Committee in the following meeting.

Three meetings have been held so far in 2017.

The Committee meeting held on 13 February 2017 set its budget for 2017 expenses at € 100,000, which was then approved by the Board of Directors at the following meeting

10.4 Managing Director/Group CEO

Under the human resources management and organisation mandates he has been granted by the Board of Directors, the Managing Director/Group CEO makes proposals regarding the Company and Group's remuneration policies.

In addition, he puts forward proposals regarding the remuneration policies for managers with strategic responsibilities, chairmen, executive directors and general managers (or managers with equivalent roles) of subsidiaries of strategic importance (as defined from time to time by the Board of Directors), their non-executive directors (if they are individuals from outside the Company and the Group) and members of their boards of statutory auditors (or, in any case, of similar corporate bodies with control functions). The Managing Director/Group CEO is specifically responsible for putting forward proposals regarding the remuneration of members of the Group Management Committee, without prejudice to the opinion of the Risk and Control Committee regarding the Group Chief Risk Officer and the Head of Group Audit.

The Managing Director/Group CEO is also responsible for setting the staff's remuneration at every level of the Company and the Group, except for those that fall under the Board of Directors' responsibility.

10.5 Board of Statutory Auditors and Risk and Control Committee

In accordance with Article 36.1 of the Articles of Association, the Board of Statutory Auditors is responsible for ruling on the remuneration of directors holding specific offices.

Furthermore, the Board also rules on the remuneration for the Head of the Internal Audit function.

With regard to the Risk and Control Committee, this body provides its opinion on the calculation of the remuneration of the head of the Internal Audit function, which is binding, and of the other managers in charge of control functions, in which case these opinions are submitted to the Board of Directors for approval. In the context of the policies set for the managers in charge of the control functions, the proposal for the head of the Internal Audit function is prepared by the Chair of the Risk and Control Committee.

10.6 Control functions

The following internal control functions are involved and cooperate in various capacities in determining and/or subsequently checking the correct implementation of the remuneration policies:

- The **Compliance** function: this function checks that the remuneration policies are consistent with the goals of compliance with applicable regulations regarding remuneration, including the provisions of the Articles of Association, the governance code for listed companies and the code of conduct, with a view to preventing the risk of incurring judicial sanctions and fines, asset losses and damage to the Company's reputation. The function reports to the relevant bodies regarding the outcomes of the checks carried out and also proposes possible corrective measures.

- The **Internal Audit** function: this function checks that the remuneration policies are being correctly applied in accordance with the directions set by the Board of Directors with a view to ensuring efficiency and safeguarding the Company's assets. The function once again reports to the Board of Directors and the bodies responsible for adopting possible corrective measures based on the outcomes of the audits conducted.
- The **Risk Management** function: this function checks on the consistency of the criteria and relevant indicators used to asses performance. With regard to the risk management strategies set by the Board of Directors, it reports to the relevant functions responsible for adopting the relevant corrective measures.

Group Strategic Planning and other functions reporting to the Group CFO are involved in the remuneration policy process to identify and assess the quantitative parameters regarding the strategic goals to which the variable component must be linked.

10.7 Group HR & Organization function

The Group HR & Organization function provides technical support (including in the form of reports) and prepares the preliminary support material for defining policies. The specific functions involved are:

- Group Reward, for implementing the remuneration policies, for analysing the remuneration levels and drawing comparisons with selected markets, and for monitoring remuneration dynamics;
- Organization & Change Management, for mapping and job grading; and
- Talent Management, to support the performance management, calibration processes and succession planning.

10.8 Guidelines on remuneration compliant with national and international regulatory requirements

In all countries where the Group operates, the Group's remuneration policy is implemented in full compliance with the laws and regulations applicable to the country or the business sector in which the beneficiary operates.

In order to ensure consistency in remuneration at Group level, the implementation of the remuneration policy and short- and long-term incentive plans in the Group's companies are guaranteed through appropriate guidelines, in accordance with the provisions included in Article 5 of ISVAP Regulation No. 39/2011. The purpose of these guidelines is to adequately calibrate the Group's policies to the specific local contexts, whilst applying the proportionality principle and ensuring that all companies of the Group, including those with registered offices abroad, also comply with the remuneration policy and the requirements set by the local regulatory framework.

The preparation of remuneration packages and policies takes due consideration of all the regulatory provisions of the country and business sectors that are relevant to the individual's role. In addition to the local regulatory requirements, in compliance with the applicable laws, certain transnational regulations also apply to specific business sectors.

More specifically, banking regulations, and those relating to asset management companies (e.g., CRD IV, AIFMD, UCITS), impact on the preparation of the remuneration packages of the managers working in these companies.

The process for setting global rules that apply to incentive plans begins with a detailed analysis of the potential implications from a tax and legal perspective, with a specific focus on labour law and regulations. Plans that require a cash payment are adapted where necessary to comply with deferral requirements, tax implications and provisions of national and individual contracts. Similarly, share incentive plans that require the approval of Shareholders' Meetings have specific appendices in which the provisions that could potentially conflict with local or sector legislation are introduced/modified/amended. The appendices are prepared on the basis of the mandates that the Shareholders' Meeting gives to the Board of Directors and/or the Managing Director/Group CEO. Therefore, it may be necessary to introduce, for managers of certain countries or business sectors, amendments with respect to the principles and mechanisms described in this report (with reference, by way of example only, to entry thresholds, type of performance goals, lock-up and minimum holding periods, deferral, ex-post correction mechanisms, etc.).

The process for the Group companies to define and approve a remuneration policy that complies with the principles set out in this Section I of the Group policy is in line with applicable local provisions (including corporate law) and entails the involvement, as the case may be, of the companies' shareholders' meetings and/or administrative bodies.

With regard to the chair, the executive directors and the general managers (or managers with equivalent roles) of subsidiaries of strategic importance (as defined from time to time by the Board), the individual remuneration is submitted for the Board of Directors' approval, as proposed by the Appointments and Remuneration Committee, before the appointment and governance local approval process is carried out.

Section II – Report on the implementation of the remuneration policy

Introduction

This section consists of:

- a first part, which provides a description of the remuneration of the remuneration policy's recipients; and
- a second part, which sets out the remuneration mentioned above in a tabular format, as well as the shareholdings held by the individuals in question regarding the relevant financial period.

In this context and in compliance with applicable regulations, disclosure is made regarding the following recipients of the remuneration policy:

- the Chair and other members of the Board of Directors;
- the Chair and other members of the Board of Statutory Auditors;
- the Managing Director/Group CEO and the General Manager;
- the managers with strategic responsibilities[15]; and
- the Heads of control functions and their first reporting line managers included in last year's remuneration report.

The year 2016 was, in line with 2015, a year of further reinforcement of Generali's remuneration policy, as well as significant achievements in terms of alignment with business and organisation strategy and with the greater international integration of the Group.

Significant business results were also achieved in 2016, in line with the upward trend in growth already observed during the preceding financial period and in line with the expectations of the strategic plan.

These results were reflected in the pay-out of our incentive plans, characterised by a direct link between incentives and performance (at Group/Countries and businesses level).

All entry thresholds to the incentive plans set for 2016 were reached and the remuneration results are detailed in the tables provided in this section.

More specifically, the performance period of the 2014 Group long-term incentive share plan ended in 2016; the Board of Directors, after having verified the level of achievement of the three-year goals originally set, approved the allocation – following a specific capital increase authorised at that time by the Board for the plan – of an overall number of 1,924,724 shares (compared to a maximum of 7,000,000 shares to be potentially allocated (see details in the second part of this Section, Table 3A)). The allocated shares will be subject to lock-up provided under the Plan.

The second performance cycle of the 2011 long-term incentive plan[16] also ended in 2016. Following the failure to achieve the minimum level of the three-year goals originally set, no share allocation will take place in execution of this plan.

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Identified in the former Remuneration Policy's Section I, the following roles: Group Chief Investment Officer; Group Chief Financial Officer; Group Chief Risk Officer; Group Chief Operating Officer; Italy Country Manager; Germany Country Manager; France Country Manager; Group Head of Global Business Lines; EMEA Regional Officer; CEE Regional Officer; Americas Regional Officer; Asia Regional Officer; Group General Counsel; Group Strategy & Business Development Director; Group Communications & Public Affairs Director; Group Chief Marketing Officer; Group Head of Insurance and Reinsurance; Group Chief Data Officer, Company Secretary & Head of Corporate Affairs; Group HR & Organization Director. After the organisation structure was amended during the year, the identification criteria of this perimeter were updated to include the following roles: Group Chief Financial Officer; Group Chief Investment Officer; CEO Global Business Lines & International; Group Chief Risk Officer; Group Chief Insurance Officer; Italy Country Manager; Germany Country Manager; France Country Manager; CEE Regional Officer; EMEA Regional Officer; Americas Regional Officer; Asia Regional Officer; Group General Counsel; Group Strategy & Business Accelerator Director; Group Communications & Public Affairs Director; Group Chief Marketing & Customer Officer; Group Chief Information & Digital Officer; Head of Corporate Affairs; Head of Group Audit; Group HR & Organization Director.

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In this regard, please be reminded that the plan provided: (i) a first three-year cycle, after which a monetary bonus was paid, part of which was invested by the beneficiaries in the purchase of Generali shares; and (ii) a second three-year cycle, after which free allocation of shares based on the number of shares bought by the beneficiaries at the end of the first cycle could take place.

Part I

1. Remuneration of non-executive directors

The Shareholders' Meeting of 28 April 2016 confirmed that, for the three-year period 2016 - 2018, each Board member is entitled to:

- the gross annual fixed remuneration of € 100,000, with a 50% increase for members of the Executive Committee (if established);
- an attendance fee of € 4,000 for each meeting of the Board of Directors and Executive Committee (if established); and
- the reimbursement of out-of-pocket expenses incurred to attend the meetings

It should be further noted that there are no agreements in place with the non-executive directors regarding severance provisions in the event their appointment is terminated.

The members of the Board Committees and Supervisory Body are entitled to the following remuneration in accordance with Article 2389 of the Italian Civil Code.

Role	Annual gross remuneration (EUR)	Attendance fee for each meeting (EUR)
Members of the Risk and Control Committee	30,000	2,000
Chair of the Risk and Control Committee	50,000	2,000
Members of the Corporate Governance, social and environmental Sustainability Committee	15,000	2,000
Chair of the Corporate Governance, social and environmental Sustainability Committee	20,000	2,000
Members of the Investment Committee *	30,000	2,000
Chair of the Investment Committee **	No remuneration	No remuneration
Members of the Appointments and Remuneration Committee ***	20,000/15,000	2,000
Chair of the Appointments and Remuneration Committee	30,000	2,000
Members of the Related-Party transactions Committee	20,000	2,000
Chair of the Related-Party transactions Committee	25,000	2,000
Members of the Supervisory Body ****	20,000	--
Chair of the Supervisory Body	30,000	--

* Members of the Investment Committee are Generali employees and are not entitled to this remuneration.

** The office of Chair of the Investment Committee is held by the Managing Director/Group CEO and no remuneration is envisaged.

*** The remuneration differs depending on whether the individuals are involved in remuneration matters (€ 20,000) or appointment matters (€ 15,000).

**** Any member who has an employment relationship with Generali is required to pay back this remuneration to Generali.

With regard to the remuneration for the Chair of the Board of Directors, appointed as of 28 April 2016, the Board resolved, in line with the previous mandate, to pay the Chair, in addition to the remuneration due to the other non-executive directors, a gross annual emolument/gross annual remuneration for the powers conferred of € 850,000. This remuneration is in line with the emoluments/remuneration received by both Italian and foreign individuals that hold similar roles in companies comparable to Assicurazioni Generali in terms of size and characteristics.

The following fringe benefits were also resolved on:

- insurance cover in the event of death or permanent disability as a result of accident or illness;
- supplementary insurance cover for health expenses, with features similar to those provided for Group managers; and
- the use of a Company car with a driver.

The Chair also received remuneration and attendance fees for the offices of Chair of the Corporate Governance Committee and Social and Environmental Sustainability.

No specific agreements are in place with the Chair regarding severance provisions in the event of termination, on which, therefore, in accordance with the law, the relevant policy in place for the relevant year applies.

Finally, following the termination of the relationship with the former Group CEO, Mario Greco and in accordance with the Company's succession plan, from 9 February 2016 to 17 March 2016 the Chair held the office of interim Managing Director/Group CEO, without receiving any additional remuneration than that listed above.

Details of the relevant emoluments are set out in Table 1 below, whereas Table 4 contains the shareholdings of the individuals in question.

2. Remuneration for members of the Board of Statutory Auditors

The Shareholders' Meeting of 30 April 2014 approved the remuneration to be paid to the Board of Statutory Auditors, setting a gross annual remuneration of € 100,000 for the effective Auditors for each of the 2014, 2015 and 2016 financial years, with a 50% supplement for the Chair of the Board of Statutory Auditors.

Details of the relevant remuneration relating to 2016 are set out in Table 1 below, whereas Table 4 contains the shareholdings of the individuals in question.

3. Remuneration of the Managing Director/Group CEO, of the General Manager and other managers with strategic responsibilities

The remuneration packages of the Managing Director/Group CEO and the General Manager in office as of 17 March 2016, as resolved on by the corporate body and in line with the Group Remuneration Policies, have included, in the reference year (2016), the following items.

Managing Director/Group CEO:

- an annual gross remuneration as Group CEO of € 1,000,000 (increased to € 1,100,000 as of 28 April 2016) and an annual gross remuneration as Managing Director of € 300,000, inclusive of the remuneration and attendance fees provided for members of the Board of Directors and of the board committees
- a short-term variable component: payment of a bonus connected to the annual goals (as described above), which is, at target level, equal to € 1,400,000 and can reach up to 200% of the fixed component in the event of over performance;
- a long-term variable component: subject to the achievement of the assigned goals (as described above), the Group CEO may be granted an incentive that is 200% of the current fixed component at target level, and can reach up to 250% in the event of over performance;
- a supplementary pension: as per the national collective bargaining agreement and supplementary individual agreement, with a contribution borne by the Company amounting to 16.5% of the fixed remuneration and an annual gross supplement by the Company of € 107,452.22;
- a non-competition agreement: this agreement will be in force for six months after termination, in exchange for the payment of an amount corresponding to the fixed remuneration that would have been received in that period and a penalty clause corresponding to twice the amount of the remuneration; and
- other fringe benefits and severance provisions: in line with the guidelines and the limits set in the Group policy[17].

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Specifically, severance (due in the same cases of termination provided for the previous Group CEO, as outlined in the remuneration reports of the past years) equal to the notice plus 24 months of annual recurring remuneration (calculated also on the remuneration as director, based on the criteria outlined in Section I paragraph 9). As per the consequences of termination on incentive plans, see Section I paragraph 3.3.2.

Furthermore, the Managing Director/Group CEO will be eligible under the special plan described at par. 3.3.2 of the First Section of this Report, which is subject (as regards the relevant methods of payment) to the approval by the Shareholders' Meeting (and having agreed that, if the Shareholders' Meeting does not approve the Plan, the Company will assess, upon occurrence of the relevant requirements, the possibility to define in favour of the Managing Director/Group CEO, in line with the Company's remuneration policies, alternative payments, that fall under the Board of Director's competence - i.e. not share based - in relation to any value increase already achieved and/or reasonably expected).

With specific reference to the variable components, in the reference year 2016, the Managing Director/Group CEO in office accrued the following remuneration:

- short-term variable component: based on the results achieved, the short-term variable component amounted to € 1,696,861 gross. This amount was calculated based on the achievement of the goals set in the individual scorecard by the Board of Directors in relation to the Group's economic, financial and Operating Results (i.e., Group Net Profit Adjusted, Group Operating Result, Group return on risk capital) and to key Group strategic projects and people management, assessed positively with respect to the expectations of the strategic plan for the relevant year; and
- long-term variable component: on completion of the 2014 LTI performance period and on the basis of the level of achievement of related goals (as described before), the allocation to Group CEO of n. 45,324 shares, subject to the plan's lock-up period, was resolved on.

Moreover, as already known and disclosed in the last Remuneration Report, effective on 9 February 2016, the Group CEO previously in office, Mario Greco, terminated his employment relationship with the Group. In line with the Group's remuneration policy, no severance was paid and the rights provided under the long-term incentive plans, whose performance cycle has not been completed, have expired.

General Manager:

- an annual gross remuneration as manager of € 1,000,000;
- a short-term variable component with the payment of a bonus connected to annual goals, which is € 1,000,000 at target level and can reach up to 200% of this amount in the event of over performance;
- a long-term variable component: subject to the achievement of the assigned goals, a maximum amount corresponding to 200% of the fixed component may be granted in the event of over performance;
- supplementary pension: as per the national collective bargaining agreement and supplementary individual agreements, with a contribution borne by the Company of 13% of the fixed component;
- non-compete agreement: provision of a non-competition agreement for six months following the termination of the employment with the payment of an amount corresponding to the fixed component for the reference period and a penalty corresponding to two times this amount; and
- other fringe benefits and severance provisions: in line with the guidelines and the limits set in the Group policy.

As already disclosed, on 31 January 2017 the General Manager previously in office, Alberto Minali, terminated his relationship with the Group. In line with the Group's remuneration policy, Alberto Minali received the following remunerations:

- severance pay of € 2,119,833.33 gross (corresponding to 14 months' remuneration), plus payment for his notice period, amounting to € 2,158,119.60 gross;
- the Short-Term Incentive bonus for 2016 (quantified at € 1,000,000 gross) and the Long-Term Incentive for 2014–2016 quantified at n. 40,792 shares, as accrued under the terms and conditions (including with regard to clawback clauses) provided in the regulations; and
- remuneration for the non-compete agreement (€ 500,000 gross to be paid in two equal quarterly instalments throughout the duration of the covenant), which was included in his employment contract of 18 March 2016 and refers to the main competitors for six months and also to other finance/insurance companies for four months after his office terminated.

The manager also forfeited his rights under the long-term incentive plans, whose performance cycle had not been completed on the date his employment terminated.

Remuneration of other managers with strategic responsibilities

In 2016, considering the managerial turnover, the category of managers with strategic responsibilities[18] comprised (either throughout the whole year or a part thereof) a total of 24 people.

Remuneration packages were set for 2 managers with strategic responsibilities appointed during the year. Salary adjustments were also provided for 6 managers with strategic responsibilities that were already in service at the beginning of the financial period in question. In the definition of remuneration package, for 3 managers has been introduced the possibility to activate a non-competition agreement. Fringe benefits were also given regarding relocation and accommodation needs, child education and a company car with fuel card.

In addition to the normal fixed component (see details in Table 1 below), the managers with strategic responsibilities, as the case may be: (i) accrued the STI subject to and based on the extent of achievement of the goals set for 2016 and, with reference to two individuals, accrued the deferred instalments for the 2015 STI, which was deferred subject to and based on the assessment of the continuity and sustainability of the 2015 performance (see details in Table 3B below); (ii) accrued other cash-based bonuses pertaining to the financial year (see details in Table 3B below); (iii) accrued shares on the basis of the LTI Plan 2014 (see details in Table 3A below); and (iv) may accrue a certain number of free shares during the next financial years, based on the different LTI plans currently in force and subject to achievement of the goals and the terms and conditions set out in the plans (see details in Table 3A below).

The economic arrangements in the event of termination of employment for managers with strategic responsibilities in force are defined in line with the relevant policy for the reference year, whereby an amount comprising the notice indemnity, in accordance with regulatory and contractual provisions, plus a maximum amount corresponding to 24 months' recurring remuneration (gross annual salary plus the average of the amounts received as short-term remuneration in the last three years) can be granted.

The termination of the employment relationships with five managers with strategic responsibilities was agreed in 2016. The terminations occurred with mutual consent and, in accordance with the applicable contractual provisions and in line with the remuneration policy in force, entailed the loss of rights relating to the incentive plans in place whose performance cycle had yet to be completed at the termination date. The Company paid a total of: (i) € 6,010,000 as severance payments to three individuals; and (ii) € 2,800,000 as remuneration for non-competition agreements (having a duration between 11 and 12 months) which is paid in instalments throughout the duration of the covenant for two individuals. Moreover, the Company applied the clawback mechanism on the entry bonus previously paid to one individual, as this bonus was subject to specific conditions of continued employment.

Furthermore, the Court of Trieste issued a decision on 8 November 2016 whereby it quantified the Short-term Incentive due to Mr Raffaele Agrusti (whose relationship with Generali terminated in 2013) at € 750,000[19].

The details regarding the remuneration received by the Managing Director/Group CEO, the General Manager and other managers with strategic responsibilities for the 2016 period are recorded in Table 1, whereas Tables 3A and 3B refer to the incentive plans, and Table 4 provides details on the shareholdings of the individuals in question.

As to detailed information relating to the long-term variable component, please refer to the reports drafted in accordance with Article 114-bis of the Consolidated Law on Finance [*T.U.F. Testo Unico Finanza*], which can be found on the Company's website under the section "Governance\Remuneration Report".

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Although the Group Chief Risk Officer and Head of Group Audit fall under the category of managers with strategic responsibilities in terms of quantity, they are also reported in terms of remuneration in the control functions section below.

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See the 2014 Remuneration Report, page 34 and the 2015 Remuneration Report, page 39.

4. Remuneration of heads and first reporting managers of control functions

In 2016, considering the managerial turnover, the category of managers of the control functions comprised (either throughout the whole year or a part thereof) a total of 23 people.

As specified in the 2015 remuneration report, starting from 2014, for managers belonging to these functions an ad hoc remuneration package is provided in line with specific regulatory requirements. Starting from 2015, this package has also been extended to heads and first reporting managers of the Actuarial function.

In the reference financial year, the heads of control functions and their first reporting line managers were paid a total gross amount of € 4,087,810 in terms of the fixed component. It is important to note that the remuneration packages for 5 managers of control functions were adjusted based on the outcomes of a benchmark analysis carried out by an external consultancy firm and, in light of the specific regulatory requirements, focused on achieving a correct balance between fixed and variable components (as described above), subject to the approval of the Risk and Control Committee.

The total of the short-term variable component and other bonuses was € 2,946,064 gross, of which € 1,504,039 gross was paid up-front, and € 720,666 gross, pertaining to the 2015 financial year, was paid after one year's deferral. The remaining part has not yet been paid and is subject to a one-year deferral. For 2 managers an amount equal to € 238,140 gross will be paid as liquidation of the LTI 2014 plan, originally assigned in shares, following the restructuring of their remuneration package, as indicated in the previous remuneration reports.

In terms of fringe benefits, based on tax criteria, these amounted to a total of € 309,609 gross.

Part II

Table 1 - Remuneration paid to members of the management and control bodies, General Managers and other managers with strategic responsibilities

Person Name and surname Office held	Period for which office was held	Office expiry	Emoluments (in Euro) Emoluments for the office held Fixed emoluments	Variable emoluments	Attendance fees	Bonus and other incentives	Non monetary benefits	Other remuneration	Total	Fair value equity	Severance indemnity for end of office or termination of employment
(I) Emoluments in the company that prepares the financial statement											
Gabriele GALATERI DI GENOLA		**Total**	**970,000.00**	--	**84,000.00**	--	**9,118.80**	--	**1,063,118.80**	--	--
Chairman	1.1-31.12.2016	Approved f.s. 2018	850,000.00		64,000.00		9,118.80		**923,118.80**		
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00						**100,000.00**		
Chairman of the Corporate Governance, Social and Sustainability Committee (previously Appointments and Corporate Governance Committee)	1.1-31.12.2016	Approved f.s. 2018	20,000.00		20,000.00				**40,000.00**		
Francesco Gaetano CALTAGIRONE		**Total**	**145,000.00**	--	**94,000.00**	--	--	--	**239,000.00**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		56,000.00				**156,000.00**		
Member of the Investments Committee	1.1-31.12.2016	Approved f.s. 2018	30,000.00		20,000.00				**50,000.00**		
Member of the Appointments and Corporate Governance Committee	1.1-28.4.2016	Approved f.s. 2018	4,877.05		10,000.00				**14,877.05**		
Member of the Appointments and Remuneration Committee	28.4-31.12.2016	Approved f.s. 2018	10,122.95		8,000.00				**18,122.95**		
Mario GRECO		**Total**	**140,833.34**	--	--	--	**31,814.41**	--	**172,647.75**	--	--
Group CEO	1.1-9.2.2016	Approved f.s. 2015	119,166.67				31,814.41		**150,981.08**		
Member of the Board of Directors	1.1-9.2.2016	Approved f.s. 2015							--		
Chairman of the Investments Committee	1.1-9.2.2016	Approved f.s. 2015							--		
General Manager	1.1-9.2.2016		21,666.67						**21,666.67**		
Philippe DONNET		**Total**	**1,131,071.43**	--	--	**1,696,861.00**	**130,239.01**	--	**2,958,171.44**	**1,441,894.00**	
Group CEO(1)	17.3-31.12.2016	Approved f.s. 2018	1,104,421.43			1,696,861.00	130,018.74		**2,931,301.17**	1,441,894.00 (*)	
Member of the Board of Directors	17.3-31.12.2016	Approved f.s. 2018							--		
Chairman of the Investments Committee	17.3-31.12.2016	Approved f.s. 2018							--		
Managing Director Generali Italia(2)	17.3-11.5.2016		26,650.00				220.27		**26,870.27**		
Lorenzo PELLICIOLI		**Total**	**123,306.01**	--	**76,000.00**	--	--	--	**199,306.01**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		48,000.00				**148,000.00**		
Member of the Appointments and Remuneration Committee (previously Remuneration Committee)	1.1-31.12.2016	Approved f.s. 2018	18,347.00		18,000.00				**36,347.00**		
Member of the Corporate Governance, Social and Sustainability Committee (previously Appointments and Corporate Governance Committee)	1.1-28.4.2016	Approved f.s. 2018	4,959.01		10,000.00				**14,959.01**		
Clemente REBECCHINI		**Total**	**160,000.00**	--	**104,000.00**	--	--	--	**264,000.00**(3)	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		60,000.00				**160,000.00**		
Member of the Investments Committee	1.1-31.12.2016	Approved f.s. 2018	30,000.00		20,000.00				**50,000.00**		
Member of the Risk and Control Committee	1.1-31.12.2016	Approved f.s. 2018	30,000.00		24,000.00				**54,000.00**		

			Emoluments (in Euro)								
			Emoluments for the office held								
Person Name and surname / Office held	Period for which office was held	Office expiry	Fixed emoluments	Variable emoluments	Attendance fees	Bonus and other incentives	Non monetary benefits	Other remuneration	Total	Fair value equity	Severance indemnity for end of office or termination of employment
Paola SAPIENZA		**Total**	**159,918.03**	--	**108,000.00**	--	--	--	**267,918.03**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		64,000.00				**164,000.00**		
Member of the Investments Committee	1.1-31.12.2016	Approved f.s. 2018	30,000.00		20,000.00				**50,000.00**		
Member of the Risk and Control Committee	1.1-28.04.2016	Approved f.s. 2018	9,918.03		10,000.00				**19,918.03**		
Member of the Related party transactions Committee (previously sub-Committee for the evaluation of related party transactions)	1.1-31.12.2016	Approved f.s. 2018	20,000.00		14,000.00				**34,000.00**		
Alberta FIGARI		**Total**	**175,519.13**	--	**98,000.00**	--	--	--	**273,519.13**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		56,000.00				**156,000.00**		
Chair of the Risk and Control Committee	1.1-31.12.2016	Approved f.s. 2018	50,000.00		24,000.00				**74,000.00**		
Member of the Corporate Governance, Social and Sustainability Committee (previously Appointments and Corporate Governance Committee)	28.4-31.12.2016	Approved f.s. 2018	10,122.95		8,000.00				**18,122.95**		
Chair of the sub-Committee for the evaluation of related party transactions	1.1-28.4.2016	Approved f.s. 2018	8,265.03		10,000.00				**18,265.03**		
Member of the Surveillance Body	1.1-11.5.2016	Approved f.s. 2018	7,131.15		--				**7,131.15**		
Sabrina PUCCI		**Total**	**146,653.01**	--	**108,000.00**	--	--	--	**254,653.01**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		64,000.00				**164,000.00**		
Member of the Risk and Control Committee	1.1-31.12.2016	Approved f.s. 2018	30,000.00		24,000.00				**54,000.00**		
Member of the sub-Committee for the evaluation of related party transactions	1.1-28.4.2016	Approved f.s. 2018	6,612.03		10,000.00				**16,612.03**		
Member of the Appointments and Remuneration Committee (previously Remuneration Committee)	28.4-31.12.2016	Approved f.s. 2018	10,040.98		10,000.00				**20,040.98**		
Ornella BARRA		**Total**	**126,693.99**	--	**80,000.00**	--	--	--	**206,693.99**	--	--
Member of the Board of Directors	1.1-31.12.2016	Approved f.s. 2018	100,000.00		60,000.00				**160,000.00**		
Chair of the Appointments and Remuneration Committee (previously Remuneration Committee)	1.1-31.12.2016	Approved f.s. 2018	26,693.99		20,000.00				**46,693.99**		
Jean René FOURTOU		**Total**	**38,019.13**	--	**22,000.00**	--	--	--	**60,019.13**	--	--
Member of the Board of Directors	1.1-28.4.2016	Approved f.s. 2015	33,060.11		16,000.00				**49,060.11**		
Member of the Remuneration Committee	1.1-28.4.2016	Approved f.s. 2015	4,959.02		6,000.00				**10,959.02**		
Flavio CATTANEO		**Total**	**33,060.11**	--	**8,000.00**	--	--	--	**41,060.11**	--	--
Member of the Board of Directors	1.1-28.4.2016	Approved f.s. 2015	33,060.11		8,000.00				**41,060.11**		
Romolo BARDIN		**Total**	**101,229.51**	--	**54,000.00**	--	--	--	**155,229.51**	--	--
Member of the Board of Directors	28.4-31.12.2016	Approved f.s. 2018	67,486.34		36,000.00				**103,486.34**		
Member of the Risk and Control Committee	28.4-31.12.2016	Approved f.s. 2018	20,245.90		14,000.00				**34,245.90**		
Member of the Related party transactions Committee	28.4-31.12.2016	Approved f.s. 2018	13,497.27		4,000.00				**17,497.27**		
Diva MORIANI		**Total**	**94,480.88**	--	**56,000.00**	--	--	--	**150,480.88**	--	--
Member of the Board of Directors	28.4-31.12.2016	Approved f.s. 2018	67,486.34		40,000.00				**107,486.34**		
Member of the Related party transactions Committee	28.4-31.12.2016	Approved f.s. 2018	13,497.27		4,000.00				**17,497.27**		
Member of the Appointments and Remuneration Committee	28.4-31.12.2016	Approved f.s. 2018	13,497.27		12,000.00				**25,497.27**		

Person Name and surname / Office held	Period for which office was held	Office expiry	Emoluments (in Euro) – Emoluments for the office held: Fixed emoluments	Variable emoluments	Attendance fees	Bonus and other incentives	Non monetary benefits	Other remuneration	Total	Fair value equity	Severance indemnity for end of office or termination of employment
Paolo DI BENEDETTO		**Total**	**94,480.87**	--	**52,000.00**	--	--	--	**146,480.87**	--	--
Member of the Board of Directors	28.4-31.12.2016	Approved f.s. 2018	67,486.34		40,000.00				**107,486.34**		
Chair of the Related party transactions Committee	28.4-31.12.2016	Approved f.s. 2018	16,871.58		4,000.00				**20,871.58**		
Member of the Corporate Governance, Social and Sustainability Committee (previously Appointments and Corporate Governance Committee)	28.4-31.12.2016	Approved f.s. 2018	10,122.95		8,000.00				**18,122.95**		
Roberto PEROTTI		**Total**	**101,229.51**	--	**58,000.00**	--	--	--	**159,229.51**	--	--
Member of the Board of Directors	28.4-31.12.2016	Approved f.s. 2018	67,486.34		40,000.00				**107,486.34**		
Member of the Risk and Control Committee	28.4-31.12.2016	Approved f.s. 2018	20,245.90		14,000.00				**34,245.90**		
Member of the Related party transactions Committee	28.4-31.12.2016	Approved f.s. 2018	13,497.27		4,000.00				**17,497.27**		
Carolyn DITTMEIER		**Total**	**150,000.00**	--	--	--	--	--	**150,000.00**	--	--
Chairman of the Statutory Auditors	1.1-31.12.2016	Approved f.s. 2016	150,000.00						**150,000.00**		
Lorenzo POZZA		**Total**	**100,000.00**	--	--	--	--	--	**100,000.00**	--	--
Statutory Auditor	1.1-31.12.2016	Approved f.s. 2016	100,000.00						**100,000.00**		
Antonia DI BELLA		**Total**	**100,000.00**	--	--	--	--	--	**100,000.00**	--	--
Statutory Auditor	1.1-31.12.2016	Approved f.s. 2016	100,000.00						**100,000.00**		
Alberto MINALI		**Total**	**821,428.57**	--	--	**1,000,000.00**	**101,781.26**	--	**1,923,209.83**	**254,597.00**	**4,777,952.93**
General Manager	17.3-31.12.2016		821,428.57			1,000,000.00	101,781.26		**1,923,209.83**	254,597.00**	4,777,952.93
Other managers with strategic responsibilities(4)		**Total**	**10,128,229.02**	--	--	**8,603,384.00**	**1,177,318.32**	--	**19,908,931.34**	**6,025,190.00***	**8,810,000.00**
TOTAL			**15,041,152.53**	--	**1,002,000.00**	**11,300,245.00**	**1,450,271.80**	--	**28,793,669.33**	**7,721,681.00**	**13,587,952.93**

(1) With reference to the detail of Managing Director and Group CEO components please refer to Part I of Section II referred to remuneration of the Managing Director / Group CEO
(2) Emoluments from subsidiaries and associates
(3) The emolument is paid directly to Mediobanca
(4) During 2016 the other managers with strategic responsibilities were 24. Data include emoluments from subsidiaries and associates

(*) Sum of the fair value of the shares to be granted on April 2017 and to be potentially granted in the future (within the long-term incentive plans in place, subject to the achievement of the objectives and the terms and conditions of the respective plans) for the relevant portion accrued in the 2016 balance sheet based on international accounting standards.
(**) Fair value of the shares to be granted on April 2017 (at the end of performance period 2014 – 2016), subject to the achievement of the objectives and the terms and conditions of the Long-Term Incentive Plan 2014, for the relevant portion accrued in the 2016 balance sheet based on international accounting standards.

Table 2 - Stock options granted to members of the Board of Directors, General Managers and other managers with strategic responsibilities

			Options held at the start of the financial year							Options assigned during the financial year		Options exercised during the financial year		Options expired during the financial year	Options held at the end of the financial year	Options related to the financial year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = 2+5-11-14	(16)
Name and Surname	Office	Pian	Number of options	Exercise price	Possible exercise period	Number of options	Exercise price	Possible exercise period	Fair value at assignment date	Assignment date	Market price of the shares at the assignment of options	Number of options	Exercise price	Market price of the shares at the assignment date	Number of options	Number of options	Fair value
(I) Emoluments in the company that prepares the financial statement																	
(II) Emoluments from subsidiaries and associates																	
(III) Total																	

This table has not been completed because there are no outstanding stock option plans.

Table 3A - Incentive plans based on financial instruments other than stock options for members of the Board of Directors, General Managers and other managers with strategic responsibilities

			Financial instruments assigned during previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and able to be assigned		Financial instruments relevant to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Assignment date	Market price upon assignment	Number and type of financial instruments	Number and type of financial instruments	Value on maturity date	Fair value
(I) Emoluments in the company that prepares the financial statement													
Philippe DONNET Group CEO/Managing Director and Country Manager Italy*		LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)								42,301 Shares not granted	45,324 Shares to be granted	644,054	282,888
		LTI 2015-2017 (resolution of the Shareholders' meeting 30.04.2015)(2)	74,275 Shares potentially granted	2015-2017									377,148
		LTI 2016-2018 (resolution of the Shareholders' meeting 28.04.2016)(3)			212,776 Shares potentially granted	2,341,302	2016-2018	28.04.2016	13.56				781,858
Alberto MINALI General Manager and CFO		LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)								38,071 Shares not granted	40,792 Shares to be granted	579,654	254,597
Other managers with strategic responsibilities*		LTI 2011 (resolution of the Shareholders' meeting 30.04.2011)(4)								28,952 Shares not granted			19,963
		LTI 2012 (resolution of the Shareholders' meeting 30.04.2011)(5)	23,456 Shares potentially granted	2012-2017									12,554
		LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)								251,063 Shares not granted	268,994 Shares to be granted	3,822,405	1,678,935
		LTI 2015-2017 (resolution of the Shareholders' meeting 30.04.2015)(2)	402,941 Shares potentially granted	2015-2017									2,046,024
		LTI 2016-2018 (resolution of the Shareholders' meeting 28.04.2016)(3)			689,716 Shares potentially granted	6,790,750	2016-2018	28.04.2016	13.56				2,267,714
(III) Total						**9,132,052**						**5,046,113**	**7,721,681**

* including emoluments from subsidiaries

(1) Number of shares to be granted on April 2017 as per Assicurazioni Generali Board of Directors' resolution after the conclusion of performance period and based on the achievement of the objectives set for the three-year period 2014-2016. The amount on maturity date has been determined considering the official price of the share on March 15, 2017, date on which the Assicurazioni Generali Board of Directors was held, verified the achievement of three-years objectives and approved the resolution on free capital increase.

(2) Maximum number of shares to be potentially granted at the end of vesting period (2015 – 2017) subject to the achievement of the objectives and the terms and conditions of the plan, considering that, with regard to 2015 and 2016, the number of shares is calculated based on the level of performance achieved in the two years. Moreover as stated in LTI plan's rules and as described in last year Remuneration Report, beneficiaries could receive an additional number of shares based on the overall amount of the dividends distributed in the three-year reference period (so-called dividend equivalent).

(3) Maximum number of shares to be potentially granted at the end of vesting period (2016 – 2018) subject to the achievement of the objectives and the terms and conditions of the plan, considering that, with regard to 2016, the number of shares is calculated based on the level of performance achieved in the year. Moreover as stated in LTI plan's rules and as described in last year Remuneration Report, beneficiaries could receive an additional number of shares based on the overall amount of the dividends distributed in the three-year reference period (so-called dividend equivalent).

(4) At the end of plan second performance cycle (2014 - 2016), considering that three years objectives have not been met, no shares will be granted as part of execution of the plan.

(5) Maximum number of shares to be potentially granted in 2018 at the end of co-investment period (2015 – 2017) subject to the achievement of the objectives set for the period 2015 - 2017 and the terms and conditions of the plan.

Tabella 3B - Monetary incentive plans for members of the Board of Directors, General Managers and other managers with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
			Bonus of the year			Bonus of the previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
Name and surname	Office	Plan	Payable/Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still deferred	
(I) Emoluments in the company that prepares the financial statement (€)									
Philippe DONNET	Group CEO/Managing Director and Country Manager Italy*	STI 2016	1,696,861						
Alberto MINALI	General Manager and CFO	STI 2016	1,000,000						
Other managers with strategic responsibilities*		STI 2016	6,457,884	330,000	2017 (1 year))				
		STI 2015[1]					330,000		
		Other bonuses							1,815,500
(III) Total			**9,154,745**	**330,000**			**330,000**		**1,815,500**

* including emoluments from subsidiaries and associates
(1) The amount represented refers to deferred part as foreseen by incentive system for control functions.

Table 4 - Shareholdings of members of the management and control bodies, General Managers and other managers with strategic responsibilities

Name and Surname Office	Investee Company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the year-end
Gabriele GALATERI DI GENOLA *Chairman of the Board*	Generali	11,500	12,380		23,880
Francesco Gaetano CALTAGIRONE *Deputy Chairman of the Board*	Generali	34,750,000(1)	22,212,400(2)	2,462,400(2)	54,500,000(3)
Philippe DONNET *Managing Director and Group CEO from the 17th March 2016*	Generali	0	200,000		200,000
Mario GRECO *Managing Director and Group CEO until the 9th February 2016*	Generali	380,868(4)			380,868(4)
Paolo DI BENEDETTO *Board member from the 28th April 2016*	Generali	0	10,000		10,000
Jean-René FOURTOU *Board member until the 28th April 2016*	Generali	17,794			17,794
Albero MINALI *General Manager from the 17th March 2016*	Generali	207,270	221,291		428,561
Other managers with strategic responsibilities	Generali	161,946	449,619	193,205	418,360

(1) Of which 34,635,000 were held through an intermediate legal person.
(2) Through an intermediate legal person.
(3) Of which 54,385,000 were held through an intermediate legal person.
(4) Shares granted by the Shareholders' Meeting of 30 April 2013 as an entry bonus.

Section III - Control functions verifications

Verifications of the Compliance and Risk Management functions

1. Introduction

ISVAP Regulation No. 39/2011 provides that the implementation of the remuneration policies adopted by the insurance undertakings is subject, at least on an annual basis, to the review by the internal control functions within the scope of their respective responsibility. More specifically, under Article 23 of the ISVAP Regulation mentioned above, the Compliance function is responsible for verifying that these policies comply with the provisions of the ISVAP Regulation, the Company's Articles of Association, and any codes of ethics or other standards of conduct applicable to the company, to prevent and control legal and reputational risks.

In this regard, after the approval of the remuneration policy at the Shareholders' Meeting of 28 April 2016, the Compliance and the Risk Management functions have put in place, within the scope of their respective responsibility, the actions needed to ensure the compliance of corporate conducts with the relevant regulatory framework, by performing compliance assessments of the actions/documents implementing the remuneration policy (also taking into consideration the Group's Code of Conduct and its implementing rules).

2. Verification of the remuneration policy

With specific regard to the remuneration policy, the Compliance and the Risk Management functions, as part of their respective responsibilities, completed an ex-ante assessment, to be submitted to the Board of Directors and the Shareholders during the General Meeting called for 27 April 2017.

There is a substantial continuity between the new policy and the one approved in 2016.

The most relevant and new amendments - a part from those arising from the managerial turnover throughout the course of the reference year - regard the following main aspects:

- the confirmation, in accordance with Solvency II, of the provision of a specific minimum level of Economic Solvency Ratio for 2017 (set in line with 2016 at 130%), which is the threshold that the funding pool for the Short-Term Incentive (STI) Plan must comply with. This threshold was set taking into account the "hard limit" level set in the Group Risk Appetite Framework, which was approved by the Board of Directors in December 2016. It is also the annual and three-year entry gate of the Long-Term Incentive plan (LTI). The connection between remuneration and risk was also maintained, as were the Return on Risk Capital (RoRC) goals in the incentive plans;
- the clarification that the minimum and maximum values within which the funding pool is included are calculated based on the level of achievement of the Group results;
- the introduction, with reference to the STI plan, of new objectives and key performance indicators (KPIs) in the balanced scorecards of the relevant personnel, in line with the goals set to speed up the Group's strategy, which is focused on operating performance and long-term value creation. More specifically, the indicators "Core business KPI" were maintained in the individual performance assessment known as "Economic and Financial Risk Adjusted Performance", with the addition of a minimum RoRC of 10% (which can be increased to 15% for business roles); the perspective "Effectiveness" was replaced with the perspective "Efficiency & Business Transformation", which now includes the "Efficiency" KPI and the "Customer & Distributor" KPI and acceleration initiatives. Finally, the third perspective was named "People Empowerment", which includes managerial assessment based on specific HR KPIs;
- the clarification of the LTI implementation method: the annual and three-year assessments of the goals assigned to the beneficiaries serve to boost the achievement of the long-term goals and, at the same time, induce a balanced distributed performance during the entire cycle of the plan;
- the entitlement of the Managing Director/Group CEO's to the 2017 LTI - and, under individual agreements, also the 2016 LTI - (provided all the terms and conditions of the remuneration policy and the rules of the plan are complied with) also in case the relationship with the Company terminates on the Company's initiative and without just cause;
- the provision of a specific share plan for the Managing Director/Group CEO (in addition to the LTI plans) whereby the Managing Director/Group CEO may be granted maximum 200,000 Assicurazioni Generali shares in July 2019, subject to the occurrence of several conditions, as detailed in the remuneration policy, and with the application of the sustainability clauses and a possible increase in the number of

shares to be granted (as typically provided in ordinary LTI plans); and
- the maximum coverage of the directors' and officers' liability insurance (D&O) was increased from € 250 million to € 300 million per claim, aggregated per year and per cover period. The maximum coverage for the Company's directors and auditors and for the executive in charge of drafting the Company's accounting documents remains unchanged and amounts to € 100 million per claim, aggregated per year and per cover period. A maximum coverage of € 10 million was also introduced specifically for Banca Generali's directors and auditors.

In this context, the Risk Management function has verified the consistency of the identified criteria and of the relevant indicators used to evaluate performance regarding the risk management strategies approved by the Board of Directors, with specific reference to Risk Appetite Framework and Recovery Plan, and considers them appropriate.

Conclusions

As a result of the above evaluations:
- the Risk Management function, with specific reference to the criteria and parameters adopted for determining the variable component, deems that the new remuneration policy is consistent with the Group's risk management strategies; and
- the Compliance function deems that the remuneration system described in the remuneration policy complies with the Solvency II framework and the IVASS provisions - including the letters to the market ("*Lettere al Mercato*"), the Company's Articles of Association, the Corporate Governance Code for Listed Companies and the Group's Code of Conduct.

Both functions will in any case ensure that the implementation of the new remuneration policy will comply with the provisions of the policy and with ISVAP Regulation No. 39, the Company's Articles of Association, the Corporate Governance Code for Listed Companies and the Group's Code of Conduct and related implementing rules.

Ex post verifications of the Internal Audit function

This report was prepared in accordance with Article 23 of ISVAP Regulation No. 39/2011 which provides that the internal audit function verifies the correct application of the remuneration policies based on the guidelines established by the Board of Directors for the sake of efficiency and the safeguarding of company assets. This audit supplements those carried out by other control functions (compliance and risk management).

The audit covered both the verification of the correct quantification and payment of the fixed and variable components attributed to the recipients based on remuneration policies for 2015 that have been paid in 2016, and the verification of the correct implementation of the 2016 remuneration policy. Both types of checks are subsequent and consequent to the various resolutions taken by the Shareholders' Meeting on 28 April 2016 on remuneration and on the approval of the financial statements as at 31 December 2015. This approval is indeed the fundamental prerequisite for the delivery of the 2015 variable part of the remuneration to the recipients of the policies.

The results of these checks, based in some cases on the analysis of a significant sample of transactions when the target personnel was particularly extensive, did not reveal any notable exceptions.

ATTACHMENT
Information note in accordance with Article 84-bis, paragraph 5, of the CONSOB Issuers' Regulation

Financial instrument-based remuneration plans – granting of shares/rights under the 2016 long-term incentive plan and previous plans

With reference to the 2014 Long Term Incentive Plan approved by the Shareholders' meeting on April 30th 2014, the Board of Directors of Assicurazioni Generali S.p.A, on 15 March 2017, upon proposal of the Appointments and Remuneration Comittee, and having verified the achievement of the performance conditions provided for in the plan, assigned to No. 204 beneficiaries an overall number of Generali' shares equal to No. 1,924,724, subject to the conditions set forth in the plan.

With reference to the 2016 Long Term Incentive Plan, approved by the Shareholders' Meeting on 28th April 2016, the Board of Directors of Assicurazioni Generali S.p.A, on 6th July 2016, upon proposal of the Appointments and Remuneration Comittee, resolved to give execution to the plan. No. 360 beneficiaries have thus been identified, and as such have been granted, effective as of 2016, the right to receive an overall number of Generali shares up to No. 8,251,000, which may be allotted at the end of a three year vesting period, subject to the occurrence of the conditions set forth in the plan.

Moreover as stated in LTI plan's rules and as described in last year Remuneration Report, beneficiaries could receive an additional number of shares based on the overall amount of the dividends distributed in the three-year reference period (so-called dividend equivalent).

For more details on the 2014 Long Term Incentive Plan and on the other Long Term Incentive Plans, please refer to the respective information documents available on the issuer's website www.generali.com.

Table 1, Section 1 – Instruments relating to plans that are currently valid and were approved on the basis of previous shareholders' meeting resolutions

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Name and surname or category	Office	Date of meeting resolution	Type of financial instrument	Number of financial instruments	Date assigned	Instrument purchase price (if applicable)	Market price at the time of assignment	Vesting period
Philippe DONNET	Group CEO/Managing Director and Country Manager Italy*	LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)	Assicurazioni Generali ordinary Shares	45,324 Shares to be granted	30.04.2014		16.90	2014-2016
		LTI 2015-2017 (resolution of the Shareholders' meeting 30.04.2015)(2)	Assicurazioni Generali ordinary Shares	74,275 Shares potentially granted	30.04.2015		17.38	2015-2017
Alberto MINALI	General Manager and CFO	LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)	Assicurazioni Generali ordinary Shares	40,792 Shares to be granted	30.04.2014		16.90	2014-2016
Other managers with strategic responsibilities*		LTI 2011 (resolution of the Shareholders' meeting 30.04.2011)(3)	Assicurazioni Generali ordinary Shares	28,952 Shares not granted	30.04.2011		16.15	2011-2016
		LTI 2012 (resolution of the Shareholders' meeting 30.04.2011)(4)	Assicurazioni Generali ordinary Shares	23,456 Shares potentially granted	30.04.2012		10.42	2012-2017
		LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)	Assicurazioni Generali ordinary Shares	268,994 Shares to be granted	30.04.2014		16.90	2014-2016
		LTI 2015-2017 (resolution of the Shareholders' meeting 30.04.2015)(2)	Assicurazioni Generali ordinary Shares	402,941 Shares potentially granted	30.04.2015		17.38	2015-2017
Other managers*		LTI 2011 (resolution of the Shareholders' meeting 30.04.2011)(3)	Assicurazioni Generali ordinary Shares	179,440 Shares not granted	30.04.2011		16.15	2011-2016
		LTI 2012 (resolution of the Shareholders' meeting 30.04.2011)(4)	Assicurazioni Generali ordinary Shares	272,870 Shares potentially granted	30.04.2012		10.42	2012-2017
		LTI 2014-2016 (resolution of the Shareholders' meeting 30.04.2014)(1)	Assicurazioni Generali ordinary Shares	1,569,614 Shares to be granted	30.04.2014		16.90	2014-2016
		LTI 2015-2017 (resolution of the Shareholders' meeting 30.04.2015)(2)	Assicurazioni Generali ordinary Shares	3,292,434 Shares potentially granted	30.04.2015		17.38	2015-2017

* including emoluments from subsidiaries

(1) Number of shares to be granted on April 2017 as per Assicurazioni Generali Board of Directors' resolution after the conclusion of performance period and based on the achievement of the objectives set for the three-year period 2014-2016.

(2) Maximum number of shares to be potentially granted at the end of vesting period (2015 – 2017) subject to the achievement of the objectives and the terms and conditions of the plan, considering that, with regard to 2015 and 2016, the number of shares is calculated based on the level of performance achieved in the two years. Moreover as stated in LTI plan's rules and as described in last year Remuneration Report, beneficiaries could receive an additional number of shares based on the overall amount of the dividends distributed in the three-year reference period (so-called dividend equivalent).

(3) At the end of plan second performance cycle (2014 - 2016), considering that three years objectives have not been met, no shares will be granted as part of execution of the plan.

(4) Maximum number of shares to be potentially granted in 2018 at the end of co-investment period (2015 – 2017) subject to the achievement of the objectives set for the period 2015 - 2017 and the terms and conditions of the plan.

Table 1, Section 2 – New assignment instruments on the basis of the decision of:

☐ the Board of Directors to propose to the shareholders' meeting
☑ the competent body for the implementation of the shareholders' meeting resolution

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Name and surname or category	Office	Date of meeting resolution	Type of financial instrument	Number of financial instruments	Date assigned	Instrument purchase price (if applicable)	Market price at the time of assignment	Vesting period
Philippe DONNET	Group CEO/Managing Director and Country Manager Italy*	LTI 2016-2018 (resolution of the Shareholders' Meeting 28.04.2016)(1)	Assicurazioni Generali ordinary Shares	212,776 shares potentially granted	28.04.2016		13.56	2016 - 2018
Other managers with strategic responsibilities*		LTI 2016-2018 (resolution of the Shareholders' Meeting 28.04.2016)(1)	Assicurazioni Generali ordinary Shares	689,716 shares potentially granted	28.04.2016		13.56	2016 - 2018
Other managers*		LTI 2016-2018 (resolution of the Shareholders' Meeting 28.04.2016)(1)	Assicurazioni Generali ordinary Shares	5,487,183 shares potentially granted	28.04.2016		13.56	2016 - 2018

* including emoluments from subsidiaries

(1) Maximum number of shares to be potentially granted at the end of vesting period (2016 – 2018) subject to the achievement of the objectives and the terms and conditions of the plan, considering that, with regard to 2016, the number of shares is calculated based on the level of performance achieved in the year. Moreover as stated in LTI plan's rules and as described in last year Remuneration Report, beneficiaries could receive an additional number of shares based on the overall amount of the dividends distributed in the three-year reference period (so-called dividend equivalent).

Glossary

Appointment and Corporate Governance Committee (ACGC)
The Appointment and Corporate Governance Committee of the Company, set up in line with the recommendations of the CG Code (article 5) whose competences have been assigned partly to the Appointment and Remuneration Committee and partly to the Corporate Governance, social and environmental Sustainability Committee starting from 28th April 2016.

Appointment and Remuneration Committee (ARC)
The Appointment and Remuneration Committee of the Company, set up in line with the CG Code (articles 5 and 6).

Articles of Associations
The Articles of Associations of the Company.

Auditor
Either statutory or alternate auditor/s of the Board of Statutory Auditors of the Company.

Board Committees
Until 28th April 2016, Board Committees were: RCC, RPTSC , IC, ACGC and RemCom. From 28th April 2016, Board Committees are: RCC, RPTC, ARC, GSC and IC. On 25th January 2017, the Investment Committee changed its name into "Investment and Strategic Operations Committee".

Board of Directors or BoD
The Board of Directors of the Company.

Board of Statutory Auditors
The Board of Statutory Auditors of the Company.

Chairman
Chairman of the Board of Directors of the Company.

Company (or Parent Company or Generali)
Assicurazioni Generali S.p.A.

CONSOB
"Commissione Nazionale per le Società e la Borsa", "Italian Companies and Stock Exchange Commission".

Consolidated Law on Finance [T.U.F. Testo Unico Finanza]
The Legislative Decree no. 58 of 24th February 1998, the Consolidated Law on Finance pursuant to articles 8 and 21 of Law no. 52 of 6th February 1996, as amended at the date of this Report.

Control Functions
The Internal Audit, Compliance, Risk Management and Actuarial functions.

Corporate Governance Code
The corporate governance code of listed-companies, adopted in July 2015 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria and published in the Web site www.borsaitaliana.it. The Company has implemented it with a resolution of the Board of Directors.

Corporate Governance, social and environmental Sustainability Committee (GSC)
The Corporate Governance, social and environmental Sustainability Committee of the Company.

Director/s
Members of the Board of Directors of the Company.

Economic Solvency Ratio
Ratio of the Eligible Own Funds to the Risk Adjusted Capital (RAC). RAC is defined as the amount of capital required to meet policyholders' liabilities in the event of extreme risks (stress scenarios in a one year horizon) according to a given confidence level. This confidence level is set at 99.5%, which is the one set by the Solvency II regulation for the Solvency II Capital Requirement. Therefore, an Economic Solvency Ratio of 100% corresponds to a default probability of exactly 0.5% in one year, while a higher ESR implies a lower default probability.

Global Leadership Group (GLG)
The team of Top Managers of the Company and the Group, with an higher organisational weight and with an high impact on strategy implementation process, including the CEOs of subsidiaries, Branch managers, the strategic positions inside countries and business lines and positions at head office with a global impact on the Group's results.

Group
The Company and the subsidiaries incorporated under Italian and foreign laws subject to control of the Company, pursuant to article 93 of the Consolidated Law on Finance.

Group Management Committee (GMC)
The team of Top Managers of the Company and the Group, supporting the Managing Director/Group CEO, where essential decisions for the Group are discussed, proposals to be submitted to the Board of Directors are verified, main risks, investments and financial as well as industrial results are evaluated.

Independent Director (or Directors)
Director/s complying with the independence criteria, as verified by the Board of Directors, pursuant to the CG Code.

Investments Committee
The Investment Committee of the Company.

Italian Civil Code / c.c.
The Italian Civil Code.

ISVAP Regulation no. 39/2011
ISVAP Regulation no. 39 of 9th June 2011 (Regulation on Remuneration policies in insurance undertakings)

IVASS
The Italian Institute for the Supervision of Insurance. This Authority supervises the Italian insurance market to ensure stability and adequate protection of insured persons.

Manager in charge of accounting reporting
The Manager in charge of accounting reporting of the Company, pursuant to s. 154-bis of the Consolidated Law on Finance.

Managing Director/Group CEO
The person mainly in charge of the management of the Company and the Group.

Net Profit Adjusted
Group Net Profit stated in the financial statements, adjusted by excluding any extraordinary items not predictable (due to, for example but not exhaustive: amortization / goodwill depreciation, significant legal / regulatory / legislative changes, significant impacts resulting from changes to tax treatment, gains / losses from M&A) and approved by the Board of Directors on the recommendation of Appointment and Remuneration Committee in accordance with these guidelines.

Operating Result
The Operating result represents earnings before taxes, gross of interest expense on liabilities linked to financing activities, specific net income from investments and non-recurring income and expenses.

Parent Company
Assicurazioni Generali S.p.A.as holding Company.

Related-Party Transactions Committee (RPTC)
The Related-Party Transactions Committee (RPTC) of the Company.

Relative Total Shareholder Return (rTSR)
The total return on the shareholder investment calculated as a variation in the shares' market price, including distributions or dividends reinvested in the shares, as compared to the peer group represented by the STOXX Euro Insurance index.

Remuneration Committee (RemCom)
The Remuneration Committee of the Company, set up in line with the recommendations of the CG Code (article 6) whose competences have been assigned to the Appointment and Remuneration Committee starting from 28th April 2016.

Report
This "Remuneration Report" adopted by the Board of Directors on 15th March 2017, prepared in accordance with article 123-ter of Consolidated Law on Finance [T.U.F. Testo Unico Finanza], and with article 6 of ISVAP Regulation No. 39/2011.

Return on Equity (RoE)
Operating profit net of financial expense and tax, divided by the average adjusted capital, as defined in the "Note on the methods used for alternative performance indicators" in the Group's Management report.

Return on Risk Capital (RoRC)
The Return on Risk Capital (RoRC) is a risk adjusted performance indicator which captures the profitability of the business analysed in relation to the risk generated by the business itself. The RoRC is the ratio between the Operating result net of nominal tax rate and the average Risk Capital.

Risk and Control Committee (RCC)
The Risk and Control Committee of the Company, set up in line with the CG Code (article 7).

Shareholders
The shareholders of the Company.

Shareholders Meeting
The meeting of the shareholders of the Company.

Solvency II
The set of legislative and regulatory provisions introduced following the issue of Directive 2009/138/EC of the European Parliament and the Council of 25th November 2009, on the taking-up and pursuit of the business of insurance and reinsurance, published in the Official Journal of the European Union on 17th December 2009.

Subsidiary
The subsidiaries of Assicurazioni Generali S.p.A., also indirect subsidiaries, pursuant to the regulation from time to time in force.

Surveillance Body
The Surveillance Body of the Company, pursuant to Legislative Decree no. 231.

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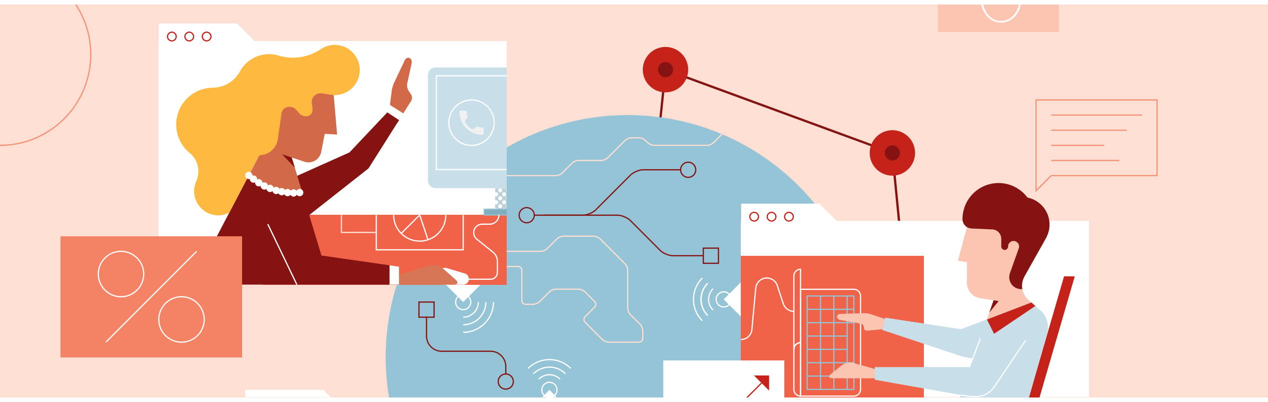

Since 2015, our new corporate website generali.com has had a more agile and modern layout, a significant focus on the visual approach, a broader range of content on topics of international interest and a specific focus on the most interesting news about the Group.

The website was designed to be viewed on any device and developed based on the Group's web guidelines, which also meet the international standards defined by the Web Accessibility Initiative (WAI).

Editing
Group Reward

Coordination
Group Communications
& Public Affairs

The document is
available on
www.generali.com

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