



Citylife - Project aiming at the renovation of the former fair area, Milan

## **CORPORATE GOVERNANCE AND SHARE OWNERSHIP REPORT**





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## Introduction

Since 1999, our company, Assicurazioni Generali (hereinafter called “the **Company**” or “**Generali**”) has adopted the principles expressed in the various versions of the Self-regulatory Code (1) (“the **Code**”). Compliance with those principles formed the subject of the editions of the Annual Report on the Corporate Governance System and Share Ownership (“the **Report**”) published for the financial years 2001 to 2009 (2). The full text of the Code is available in electronic format on the Borsa Italiana website and in the Corporate Governance section of the Generali website.

This Report takes account of the format indicated by Borsa Italiana and the suggestions made by Borsa Italiana S.p.A., Assonime and Emittenti Titoli S.p.A..

This edition of the Report includes a major update to the section devoted to the corporate governance structure established by the Board of Directors elected by the General Meeting on 24 April 2010.

For the first time, Generali’s Board of Directors was elected on the basis of lists: one submitted by shareholder Mediobanca, which received the largest number of votes, and one by some institutional investors under the aegis of Assogestioni which, being the minority list, was able to appoint three directors out of the total of 19, now reduced to 18 following the resignation of Leonardo Del Vecchio on 21 February 2011 (3).

There have been some changes in the Company’s corporate governance compared with the preceding three-year period.

The Chairman, Cesare Geronzi, who does not perform an operational role, was granted power to supervise the implementation of resolutions passed by the Board of Directors and the Executive Committee and of the Company’s strategies; to ensure that the Company’s management corresponds to the strategic guidelines and to examine in advance the reports and/or documentation relating to proposed resolutions of the Board of Directors and the Executive Committee; to supervise relations with national and supranational public institutional bodies, shareholders and representative associations, and the Company’s external relations; and to promote, establish and coordinate the Company’s communication strategies and supervise policies relating to the Group’s image in Italy and abroad. In relation to the said matters, the Chairman’s responsibilities include management of functions dealing with external relations, communication and the Group’s institutional relations.

The powers of Managing Director Giovanni Perissinotto were also increased; he was granted wide powers of ordinary and extraordinary administration (direction and operational management of the Company and the Group, in Italy and abroad, in accordance with the general planning and strategic policies established by the Board of Directors). In view of the said powers, he was also given the title of Group CEO.

Managing Director Sergio Balbinot, in coordination with the Group CEO, was given the operational management of insurance business abroad and reinsurance business in Italy and abroad, and responsibility for technical and actuarial activities in Italy and abroad.

The new Board of Directors granted wide decision-making powers to the Executive Committee, clearly segmenting responsibilities by subject-matter and value from those of the Board of Directors (and those of the new figure of Group CEO, as well as that of Managing Director). The Executive

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<sup>1</sup> ie. the Self-regulatory Code approved by the Corporate Governance Committee in October 1999, as amended in July 2002, and the Self-regulatory Code approved by the Corporate Governance Committee in March 2006 (both available on the website [www.borsaitaliana.it](http://www.borsaitaliana.it)).

<sup>2</sup> The reports are available in the “Governance/Corporate Governance Report” section of the company’s website at [www.generali.com](http://www.generali.com)

<sup>(3)</sup> On 24 April 2010 the General Meeting appointed outgoing Chairman Antoine Bernheim as Honorary Chairman in view of the period of almost forty years he had dedicated to serving the Company, initially as Director and subsequently as Chairman (from 24 June 1995 to 30 April 1999 and from 12 September 2002 to 24 April 2010). The honorary chairmanship does not carry any management or representation powers, and its holder is not a member of the Board of Directors.

Committee was granted wider and more specific managerial powers, which partly occupy an area previously reserved for the Board of Directors in the case of significant operations and related party transactions.

As well as confirming the role of the Internal Control Committee, the Remuneration Committee and the Corporate Governance Committee, the Board has instituted the Investment Committee, to which it has given a consultative, proactive, preparatory role regarding investment decisions.

In line with the new corporate governance structure established by the Board of Directors, a process of reorganisation of the structures of the Corporate Centre has been commenced, with a view to making the corporate governance even more efficient and effective not only within the Company, but also through the various organisational units that make up the Group. This structure includes the introduction of the position of Country Manager for Italy, Group Chief Investments Officer and Group Chief Risk Officer; these measures were implemented in late 2010 and early 2011.

At the meeting of the Board of Directors held on 16 December 2010, it was resolved to set up a Committee for the Evaluation of Related Party Transactions, consisting of five Independent Directors.

Also in 2010, arts. 16 and 17 (*right of attendance, voting and representation at the General Meeting*), 21 and 22 (*constitution of General Meeting and validity of its resolutions*), 31 (*procedures and time limits for submission of lists for election of the Board of Directors*) and 40 (*procedures and time limits for submission of lists for election of the Board of Statutory Auditors*) of the Company's Articles of Association were amended in view of the mandatory provisions introduced by Legislative Decree no. 27 of 27 January 2010.

This edition of the Report also takes account of the update to the Group's Ethical Code, the first edition of which was published in 2004. As usual, it also contains updated information about the Company's largest shareholders, attendance by the Directors and Statutory Auditors at meetings of the Company's governing bodies, and anything else which may have changed. Unless otherwise expressly stated, all data are updated to 31 December 2010.

## First Part - Company Introduction

### Objectives

Before defining the functioning of the Company's Corporate Governance and its ownership, we deem it appropriate to explain certain principles which constitute a regular element of the Company's daily actions aimed at achieving its corporate objects.

As illustrated in greater detail in other corporate documents regularly published by our Company, notably the Generali Group Sustainability Report (published annually by the end of May) and the European Social Charter <sup>(4)</sup>, the Company has for some time pursued the objective of setting corporate activities into a more general framework, one of the key elements of which is social solidarity. Generali has been traditionally characterised by social commitment, which is considered a real investment for all business sectors. Generali believes that economic competitiveness is inextricably linked to ethical aspects, environmental protection, awareness and promotion of social commitment.

In this context, we would also like to stress that the Group considers the environment as a basic asset. That is why the Group's business choices have been aimed at ensuring consistency between business initiatives and environmental needs, in compliance with the existing legislation and always with an eye to the development of scientific research and best experiences in this field.

The measures that demonstrate the Group's growing commitment to Social Solidarity have included, since 2007, the Sustainability Committee, a decision-making body with the task of defining sustainability strategies. The members of the Committee include representatives from all the countries in which the Group operates, who are directly involved in the processes of implementing the Company's Social Solidarity policies and drafting the Sustainability Report. The Company is also a signatory of Global Compact Italia, an international initiative promoted by the United Nations to uphold ten universal principles relating to human rights, working conditions, the environment and the campaign against corruption.

Moreover, the Generali Group's Ethical Code enshrines further principles to which the utmost importance is attached, such as professionalism, the promotion of human resources, health protection, free competition, transparency and correctness of information <sup>5</sup>.

A new version of the Ethical Code was approved by the Board of Directors at its meeting held on 12 May 2010, due to changes in the socio-economic context and the Group's strategies, which evolve accordingly.

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(4) The above-mentioned documents are available on Generali's website [www.generali.com](http://www.generali.com), in the "Sustainability" and "Career" sections respectively.

(5) In 2005, the Generali Group also adopted a Code of Ethics, designed to regulate relations with Suppliers. This document, which is a logical and natural extension of the document that broadly regulates the Group's ethics, from which it draws its fundamental principles, has the challenging task of determining the basic rules to follow in relations with Suppliers. The purpose of this initiative is to regulate an activity where the creation of a sound network of business relationships and the utmost behavioural transparency are crucial. In particular, the awareness of being the focus of various kinds of interests and expectations held by various categories of parties able to influence the business and success of the company (personnel shareholders and investors, customers and consumers in general, suppliers, institutions and communities) has led the Group to set as its objective the creation of value not just for shareholders, but for all its stakeholders.

## Share ownership information

### Structure of share capital

Generali's subscribed and paid-up capital amounts to Euro 1,556,873,283.00. This is divided into 1,556,873,283 registered shares, all of which are ordinary shares, each with a par value of Euro 1.00.

	No. of shares	% in respect to share capital	Listed / Unlisted	Rights and obligations (**)
Ordinary shares	1,556,873,283	100	FTSE MIB	Refer to note
Restricted voting shares <sup>(*)</sup>	-	-	-	-
Non-voting shares <sup>(*)</sup>	-	-	-	-

(\*) There are no restricted voting shares nor non-voting shares.

(\*\*) Each ordinary share holder has rights and obligations in terms of equity and administration. Equity claims include the right to the dividend, the right of option on shares issued on increase for capital payment or reconstitution, proportionately to the number of hitherto owned shares, the right of free allocation of new shares in case of free capital increase, proportionately to the number of hitherto owned shares as well as the right to settlement share after company liquidation. Administrative rights include, inter alia, the right to participate in corporate plenary meetings and vote, the right to withdraw from the company in specific circumstances and the right to information. Finally, as to obligations, each Shareholder is bound to execute subscriptions as necessary elements for the implementation of the objects of the company.

### Significant shareholdings

According to the Register of Shareholders, the notices received pursuant to s. 120 of Legislative Decree no. 58 of 24 February 1998, and other information available to the Company, the parties listed in the table overleaf own shareholdings amounting to over 2% of the Company's share capital either directly or indirectly, through intermediaries, trustees or subsidiaries.



Declarant	Direct Shareholder	% Share on ordinary share capital <sup>(*)</sup>
MEDIOBANCA Group	Mediobanca	12.239
	Mediobanca (Voting right under contractual relationship)	0.225
	Spafid	0.089
	Compass	0.912
	<b>Total</b>	<b>13.465</b>
BANCA D'ITALIA	Banca d'Italia	4.482
	Bonifica Terreni Ferraresi e Imprese Agricole S.p.A.	0.006
	<b>Total</b>	<b>4.488</b>
BLACKROCK Group	BlackRock Investment Management (UK) Ltd	0.009
		0.017
		0.007
		0.872
		0.022
		1.206
		0.003
		0.070
		0.021
		0.194
		0.009
		0.017
		0.353
		0.020
	<b>Total</b>	<b>2.820</b>
B&D HOLDING Group	DeA Partecipazioni S.p.A.	2.260
	B&D Finance S.A.	0.174
	<b>Total</b>	<b>2.434</b>
EFFETI	Effeti S.p.A.	2.267
	<b>Total</b>	<b>0.021</b>
CALTAGIRONE Group	CALTAGIRONE EDITORE	0.215
	FGC	0.014
	FINANZIARIA ITALIA 2005	0.170
	Finced	0.151
	Gamma S.r.l.	0.393
	Immobiliare Callagirone - Ical	0.014
	Mantegna 87	0.058
	Pantheon 2000	0.231
	Porto Torre	0.090
	Quarta Iberica	0.106
	So.co.ge.im	0.006
	Unione Generali Immobiliare	0.100
	Vianini Industria	0.116
	Viapar	0.141
	VM 2006	0.398
	Francesco Gaetano Callagirone	0.007
	<b>Totale</b>	<b>2.209</b>
Petr Kellner	Anthiarose Limited	1.990
	PPF Group N.V.	0.030
	<b>Total</b>	<b>2.020</b>

(\*) Ordinary share capital and voting capital are coincident.

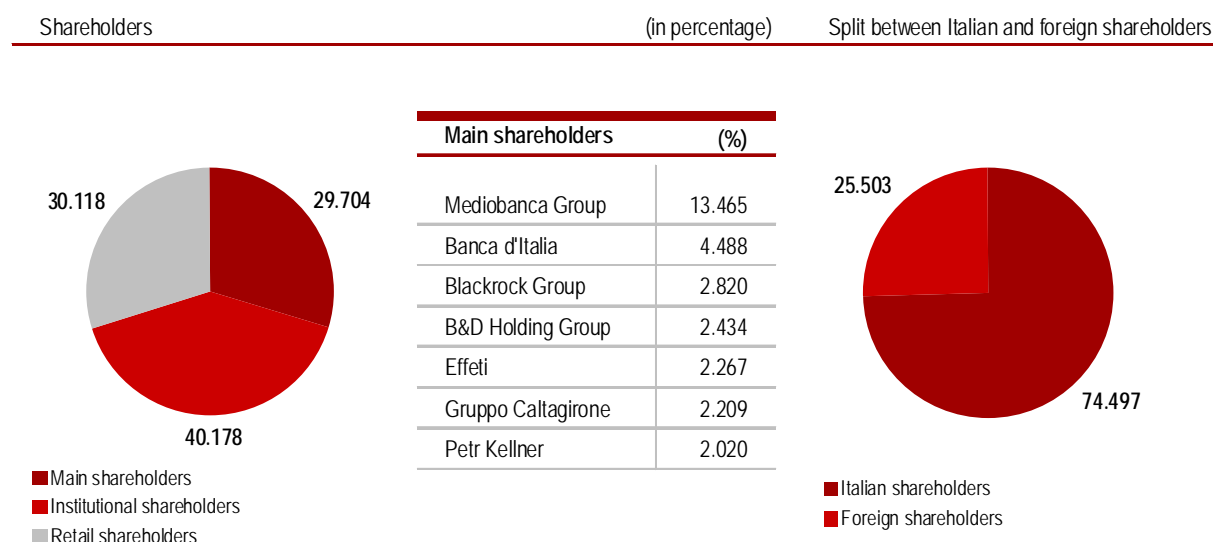
In relation to the terms of s. 123-bis.1.h of the CFBA, the Company and its subsidiaries, in the pursuance of its strategic policies, have entered into contractual agreements containing clauses based on the factor of change in the Company's control.

These clauses are not applicable at present, as no legal or natural person directly and/or indirectly, individual or jointly, currently holds enough shares to obtain a controlling interest in the Company. No other significant facts relating to control, required to be reported by s. 93 of the CFBA, relate to any other parties.

As required by current legislation, it is hereby declared that Generali is not subject to management and coordination by any company or organisation in Italy or abroad.

However, the Company itself performs management and coordination activities over all the companies belonging to the Group. Finally, the Annual Report on management performance which accompanies the consolidated financial statements contains detailed information about the relations between Generali and the said companies.

### Shareholder structure



Data updated to 15 March 2011

The registration procedures relating to shareholders who received dividends in 2009 are almost complete; according to the Register of Shareholders and other evidence, the number of shareholders is currently 293,000. Shares corresponding to 99.99% of the share capital are recorded in the central dematerialised securities system at Monte Titoli S.p.A. in Milan.

With regard to the additional information which s. 123-bis of the CFBA requires to be given in this report, it is hereby declared that there are no:

- restrictions on the transfer of the shares issued by the Company;
- securities which give special rights of control;
- restrictions on the voting rights carried by the shares issued by the Company;
- agreements between the Issuer and the Directors which involve compensation in the event of resignation, dismissal and/or revocation of office without just cause, or if the employment ceases following a takeover bid.

A system of stock options for employees exists, which provides that voting rights must always exercised directly by them <sup>(6)</sup>.

Finally, the information required by s. 123-bis.1.l of the CFBA is illustrated in the paragraph of the Report devoted to the Board of Directors.

### Shareholders' Agreements

An extract from a shareholders' agreement entered into on 5 February 2003 by 13 members of the Assets Management Association <sup>(7)</sup>, which represents a very small proportion of the Company's share capital, was published in *Il Corriere della Sera* on 15 February 2003. By 4 July 2005 the number of members had risen to 18.

\* \* \*

The following pages present Generali's Corporate Governance system, with special focus on the powers and responsibilities of its various bodies, their relations with one another, the ways in which their members are appointed, their terms of office, and rules for reappointment.

The main objective of this Report is to provide only significant information for stakeholders. However, as the Report is also aimed at foreign investors and analysts, we had to bear in mind that the basic operating rules governing Italian companies might not be completely familiar to them. Some readers may consequently find the amount of detail excessive, in which case we apologise for the inconvenience.

## Corporate Organisation

Corporate Governance represents the sum of the methods, models and planning, management and control systems that are required for the operation of the Company's Governing Bodies.

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(6) The General Meeting held on 29 April 2006 approved a stock grant plan aimed at all employees of Assicurazioni Generali SpA and some of its subsidiaries expressly indicated in the corresponding Regulations. The plan in question implements the terms of the Generali Group's Private Pension Scheme entered into on 3 March 2006, which (*inter alia*) provided that a free allocation of shares should be made pursuant to s. 2349 of the Civil Code in favour of employees of the company and some other Italian companies in the Group, by means of specific resolutions passed by the competent company bodies. In accordance with the terms of the said Trade Union Agreement, the Board of Directors, at the meeting held on 10 May 2006, on the basis of the delegated power granted by the said General Meeting, increased the company's share capital for the purpose of the said stock grant plan, and granted the Chairman of the Board of Directors and the Managing Directors the necessary powers to implement the said resolution. By resolution of 23 June 2006, the company's Managing Directors implemented the said resolution. A certain number of new ordinary shares with a par value of €1.00 each, having the same characteristics as those already in circulation, was allocated to employees of the company and the subsidiary companies expressly identified in the Regulation, as from 10 May 2006, in accordance with the terms and procedures governed by the said Regulation.

The General Meeting held on 28 April 2007 to mark the 175th anniversary of the foundation of the Company, in order to acknowledge the contribution made by the Group's employees to its results, approved a stock grant plan, to be finalised by 31 December 2007 by means of a bonus issue pursuant to s. 2349 of the Civil Code, to all employees who, on 31 December 2006, were employed by a company belonging to the Generali Group on a permanent contract 31 December 2006, and were still working for their respective companies on the date of allocation of the said stocks. In particular, the said Meeting increased the Company's share capital in support of the stock grant plan in question, and granted the Managing Director responsible for human resources the necessary powers to implement the said resolution, including through special attorneys. The Company's Managing Director implemented the said resolution by resolution deed of 13 December 2007. 2,168,559 new ordinary shares with a par value of €1 each, having the same characteristics as those already in circulation, were therefore allocated to employees of the company and the subsidiaries expressly identified in the Regulation as from 13 December 2007, on the terms and conditions set out in the Regulation.

(7) The agreement was set up as an association. None of the signatories holds more than 0.1% of shares. The exact percentages of the company's share capital owned by the signatories cannot be calculated, as they are infinitesimal fractions of it.

The agreement states the right to purchase or have the Association purchase or subscribe, on behalf of its members, including through substitutes, financial instruments or stocks within the Generali Group.

The agreement also sets a series of limits with regard to the transfer of financial instruments. Its object is the exercise of the right to vote on such instruments. It complies with the provisions laid down in paragraphs 1 and 5, letters b) and c), of article 122 of Legislative Decree no. 58 of 24 February 1998.

A correct system of Corporate Governance is based on a number of cornerstones, such as the central role played by the Board of Directors, the correct management of situations that present conflicts of interest, transparency in disclosing decisions regarding the management of the Company, and the effectiveness of the internal control system.

Being a joint-stock company governed by Italian law and compliant with the Self-regulatory Code of Conduct for listed companies “first published on 30 October 1999, Assicurazioni Generali is characterised by a Corporate Governance that is strongly committed to the Code and is mirrored by the activity of the following main governing bodies:

- General Meeting
- Board of Directors
- 
- Executive Committee
- Board of Statutory Auditors
- Chairman and Vice-Chairmen of the Board of Directors
- Managing Directors
- Internal Control Committee
- Remuneration Committee
- Corporate Governance Committee
- Investment Committee
- Committee for Evaluation of Related Party Transactions
- Supervision and Control Committee

The Company also includes a General Council. Further governing bodies of the Company include the company management and, according to the Company’s Articles of Association, company officers acting as authorised representatives.

The Board of Directors (“**Board**”) is vested with the broadest management powers for the furtherance of corporate objectives. It is appointed on a three-yearly basis by the General Meeting and appoints a **Chairman**, one or more **Vice-Chairmen**, holding statutory powers, and an Executive Committee. The Board may furthermore appoint one or more **Managing Directors**. The Managing Directors are supported by three committees: the Group Investment Committee, the Group Risk Committee and the Company Risk Committee. The Board determines the powers and remuneration of all these bodies.

The Executive Committee, the Remuneration Committee, the Internal Control Committee, the Corporate Governance Committee, the Investment Committee and the Committee for the Evaluation of Related Party Transactions are bodies established by and composed of members of the Board. However, the Executive Committee is entrusted with important management functions for the Company and the Group, whereas the other Committees are only charged with the task of giving advice and making proposals.

It is the task of the **Remuneration Committee** to express its opinion and make non-binding proposals to the Board of Directors on the determination of the remuneration payable to the Chairman of the Board of Directors, Vice-Chairmen, Managing Directors and General Managers.

Moreover, the Committee periodically assesses the criteria adopted for the remuneration of managers with strategic tasks, monitors the application of the said criteria on the basis of the information

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gathered, and makes general relevant recommendations to the Board of Directors. The majority of its members are Independent Directors, and it is also the body required to pronounce on Related Party Transactions involving Directors, Permanent Statutory Auditors and Senior Executives of the Company with a grade at least equal to Central Director when their remuneration is established.

The **Internal Control Committee** has the task of assisting the Board of Directors in performing the obligations connected with the internal control and risk management system under the Code. The Committee is also called upon to assess the adequacy of the internal control system and express its opinion on the “Internal Audit Plan” and the “Report on Internal Audit”.

The **Corporate Governance Committee**, instituted by Board resolution on 28 April 2007, is responsible for conducting an in-depth examination of the Company’s Corporate Governance rules and reporting thereon to the Board of Directors.

The members of the **Investment Committee**, instituted by Board resolution on 24 April 2010, comprise 4 directors and the General Manager and CFO. The Board of Directors has given it responsibility for conducting a periodic analysis of the Group’s investment policies, the main operational guidelines and the corresponding results, and prior analysis of some major investment and divestment operations.

The members of the **Committee for the Evaluation of Related Party Transactions**, instituted by Board resolution on 16 December 2010, comprise 5 independent directors. The Board of Directors has given it responsibility for stating its opinion of related party transactions submitted for its attention by the Board of Directors or bodies holding delegated powers, in accordance with the Related Party Transaction Procedures, provided that in the case of operations relating to the remuneration of Directors, Permanent Statutory Auditors and Senior Executives of the Company with a grade at least equal to Central Director, the Committee’s functions are to be performed by the Remuneration Committee.

The General Meeting (“**Meeting**”), when duly convened, is the corporate body that expresses the Company’s will through its resolutions. Resolutions adopted pursuant to the law and the Articles of Association are binding upon all shareholders, including absent and dissenting ones.

The **Board of Statutory Auditors’** tasks include ensuring that the Articles of Association are complied with and supervising management activities. The Board has no auditing functions; these are ascribed to a chartered **Auditing Firm**, an auditing body external to the Company. The Auditing Firm is responsible for verifying that the Company properly records its financial statements during the year and appropriately reports its operations in its accounting record. The Auditing Firm is also responsible for checking that the company and consolidated financial statements comply with the results recorded in the books and with the audits they carry out, and that the bookkeeping documents comply with the relevant regulations.

The governing bodies of the Company also include the **General Council**, an advisory body which concerns itself with the best attainment of the Company’s objects, with particular regard to the territorial expansion of the Company and to international insurance and financial problems.

The powers of the governing bodies and the way they function are governed by law, the Company’s Articles of Association and the resolutions passed by the competent bodies. In particular, the Articles of Association are available at Company offices or can be downloaded in Italian, English, French, German and Spanish from the “Governance” section of the Company’s website ([www.generali.com](http://www.generali.com)).

Finally, neither the Company nor any of its subsidiaries of strategic importance is subject to non-Italian legislation which would affect the Company's corporate governance structure.

### **Sustainability development bodies**

Some specific bodies and dedicated departments have been set up in the Group's Corporate Centre to ensure systematic consideration not only of the financial aspects, but also of the social and environmental aspects, connected with the Company's business.

Responsibility for sustainability at Group level is attributed to the General Manager of the Corporate Centre and Chief Financial Officer (CFO), who implements the strategies established by the Board of Directors of the parent company, establishing their fundamental guidelines. He also chairs the Sustainability Committee and the Corporate Social Responsibility (CSR) Committee for Italy, described below.

The **Sustainability Committee** is the decision-making body with responsibilities regarding sustainability at Group level. This Committee is responsible for establishing socio-environmental policies, setting the objectives and the results to be achieved and evaluating the opportunities, risks and areas of improvement connected with the Group's sustainability. It consists of the heads at Group level of the Company's departments most involved in implementing its socio-environmental policies, and representatives of all the countries in which the Group operates, who are directly involved in the processes of implementing the socio-environmental policies and drafting the Sustainability Report.

In order to improve the organisation and coordination of socio-environmental activities, operational governing bodies called CSR Committees are active at national level. Those Committees interface firstly with the Sustainability Committee, to coordinate initiatives and promote the transfer of local best practices to international level, and secondly with the local companies in the Group, to implement the decisions taken at Corporate Centre level.

The CSR Committees are chaired by a member of the local top management, and their members are the Corporate Social Responsibility Manager and the heads of the company departments most involved in implementing the Group's socio-environmental policies.

The **Environmental Management System (EMS) Committee** is the operational body responsible for achieving the Group's environmental objectives. Its members are the Group EMS representative and EMS representatives from the individual countries involved in the project, which is designed to implement a system of management of the most significant environmental aspects connected with the Group's business.

All sustainability activities, within the Group and on the market, are coordinated by the Group CSR unit, which reports directly to the General Manager and Chief Financial Officer.

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## Second Part - CORPORATE GOVERNANCE STRUCTURE

### Board of Directors

#### Role

The Board is vested with the broadest management powers for the furtherance of the company's objects. The Board is the corporate body designated specifically to ensure that resolutions passed by the General Meetings are correctly and promptly executed.

Among its powers are the statutory powers reserved exclusively to it are concerned with the approval of the Company's strategic, business and financial plans, as well as transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, and significant transactions involving related parties. According to the Company's Articles of Association, it also submits proposals for the allocation of profits.

These powers, which cannot be delegated, also include (pursuant to the Articles of Association):

- distributing interim dividends to shareholders during the current financial year;
- establishing or terminating Head Offices and business establishments outside Italy;
- passing resolutions on mergers, in the cases allowed by the law, on the establishment or termination of secondary head offices, and on the amendment of any provisions enshrined in the Company's Articles of Association which may become incompatible with new mandatory provisions of the law;
- establishing or terminating operations of individual Departments;
- appointing and removing from office one or more General Managers at the Central Head Office and a General Manager at the Head Office for Italy, as well as one or more deputy General Managers and Assistant General Managers at the Central Head office and at the Head Office for Italy, and establishing their authority and functions;
- determining the hierarchical organisation of the Company's managing personnel in Italy and abroad;
- resolving on other matters that cannot be delegated by law <sup>(8)</sup>.

With reference to accounting documents, pursuant to the law, the Board is also empowered to draw up:

- the draft annual statements, plus a report on Company management performance <sup>(9)</sup>;
- the Group consolidated financial statements <sup>(10)</sup>, also including a report on Company management performance;
- the half-year financial report dated 30 June of each year;
- the intermediate management performance reports dated 31 March and 30 September of each year.

In addition to the powers reserved for the Board of Directors by the applicable legislation and regulatory provisions and the Articles of Association, the following powers are always reserved solely for the Board of Directors:

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(8) These are the subjects regulated by articles 2420-ter (*Delegation of powers to managing directors*), 2423 (*Drawing up of financial statements*), 2443 (*Delegation of powers to managing directors*), 2446 (*Reduction of capital for losses*), 2447 (*Reduction of paid-up capital below the legal limit*), 2501-ter (*Merger project*) and 2506-bis (*Division project*) of the Italian Civil Code.

(9) The annual accounts, consisting of the Statement of Assets and Liabilities, the Profit and Loss Accounts and the Notes on the Accounts, are adopted by the Shareholders' Meeting (generally by the month of April of each year) after the latter has been presented with draft statements approved by the Board of Directors.

(10) The consolidated accounts are definitively approved by the Board of Directors; the Shareholders' Meeting takes them into consideration when called upon to discuss and approve the company's annual accounts.

- to examine and approve the budget, the strategic, industrial and financial plans of the Company and the Group, the corporate governance system of the Company and the structure of the Group;
- to evaluate the adequacy of the organisational, administrative and general accounting system of the Company and its subsidiaries with strategic importance prepared by the CEO, with special reference to the internal control and risk management system and the management of conflicts of interest;
- to establish the guidelines of the internal control system with the support of the Internal Control Committee, assessing their adequacy, efficacy and actual operation in relation to the characteristics of the Company and the Group at least once a year;
- to grant and revoke delegated powers to the Executive Committee and the executive directors, establishing their limits and methods of exercise; further to establish the intervals, not exceeding quarterly, at which the bodies holding delegated powers must report to the Board of Directors on the activities performed in the exercise of the powers delegated to them;
- to examine and approve in advance the operations of the Company and its subsidiaries, if the said operations have significant strategic, economic, capital or financial importance for the Company, paying particular attention to situations in which one or more Directors have an interest on their own account or on behalf of third parties, and to related party transactions in general. The following operations, including those entered into through subsidiaries, shall be deemed to have significant strategic, economic, capital or financial importance:
  - a) the issue of financial instruments with a value exceeding € 500 million;
  - b) the grant of loans and guarantees for amounts exceeding € 500 million;
  - c) operations relating to the performance of work and services, and collaboration agreements for the exercise and development of the Company's business, for amounts exceeding € 500 million;
  - d) costs, even if specified in the budget, of amounts exceeding € 200 million;
  - e) merger or demerger operations in relation to which the value of the total assets of the company taken over (merged) or the assets demerged is equal to or greater than 3% of Assicurazioni Generali's total assets, as shown in the latest consolidated financial statements;
  - f) investment and disinvestment operations (including those relating to real estate), sale and purchase of shareholdings, companies or company divisions, and assets of all kinds, if the price of the company (or business division or assets) bought (or sold) is equal to or greater than 2% of the average capitalisation of the Generali shares in the last six months;
- to establish, on the proposal of the Remuneration Committee, the general policy for the remuneration of executive directors, other directors holding particular offices, and key management personnel;
- after examining the proposals of the Remuneration Committee and consulting the Board of Statutory Auditors, to establish the fees of the Executive Directors and other directors who hold particular offices;
- to evaluate the general business trend, taking account, in particular, of the information received from the bodies holding delegated powers, and periodically comparing the results achieved with the planned results;
- at least once a year, to assess the size, composition and functioning of the Board and its Committees, possibly providing guidance on professionals whose presence on the Board is deemed advisable;
- to provide information, in the corporate governance report, about the methods of application of the Self-regulatory Code;
- after the appointment of a director who claims to be independent, and once a year thereafter, to evaluate (on the basis of the information supplied by the said director or otherwise available to the Company) the independence of its non-executive members, announcing the result of its evaluations (by means of a press release at the time of the appointment, and subsequently in the corporate governance report);
- to express its view on the maximum number of offices as director or statutory auditor held in other companies listed on regulated markets (whether in Italy or abroad), in finance, banking or insurance companies or companies of significant size, which are deemed compatible with the effective performance of the office of director of the Company.



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The heads of the Internal Audit, Independent Risk Control and Compliance departments report functionally to the Board of Directors, either directly or through the Internal Control Committee.

After assessing the recommendations of the Remuneration Committee and consulting the Board of Statutory Auditors, the Board shall determine the remuneration of Directors with delegated powers and those holding particular offices.

The Board is empowered to increase the share capital on one or more occasions, by issuing:

until 29<sup>th</sup> April 2011, up to 200,000 new ordinary shares with a par value of € 1.00 each to be assigned severally to employees of the Company or of subsidiary companies in compliance with article 46 of the Company's Articles of Association.

Notwithstanding the above-mentioned limitations and pursuant to the Articles of Association, the Board delegates powers to the Managing Directors and to the Executive Committee, specifying the limits to such powers, the manner for exercising them and the frequency – which may not be less than once every three months – with which such bodies must report to the Board on the activities performed in the exercise of the powers delegated to them.

As required by the Articles of Association, on the occasion of meetings and on at least a quarterly basis, the Board of Directors and the Board of Statutory Auditors shall receive a report, also drafted by delegated bodies, on the development of management issues and on the activities carried out by the Company and its subsidiary companies, on its expected evolution, on the main economic, financial and investment transactions, and especially on those transactions for which the Directors hold a stake – personally or on behalf of third parties – or which are influenced by any person exercising management and coordination activities. The report to the Board of Statutory Auditors can also be made directly or at the meetings of the Executive Committee, if by so doing it is rendered more timely. The Board of Directors will periodically compare the actual results with the planned results.

A Director who, either directly or indirectly, holds an interest in a certain operation to be performed by the company, shall inform the other Directors and the Board of Statutory Auditors and provide details of the type, terms, origin and scope of the said interest; if the Director is a Managing Director, he/she shall refrain from carrying out the operation and delegate it to the Board.

On a yearly basis, the Board of Directors shall draw up a report on the adequacy of the organisational, administrative and accounting structure of the Company and of its subsidiaries having strategic relevance. Within such context, particular attention is devoted to the internal control system and the management of conflicts of interest.

In 2010, the Board of Directors, with the assistance of the Internal Control Committee, also evaluated the suitability of the organisational, administrative and accounting system of the Company and its subsidiaries with strategic importance, having first consulted the Internal Control Committee. In order to identify the subsidiaries with these characteristics, reference was made not only to quantitative criteria based on the parameters set out in article 151 of the Issuers' Regulation <sup>(11)</sup>, but also to other

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(11) That article establishes that Italian or foreign subsidiaries whose assets amount to under 2% of the consolidated assets and whose revenues are under 5% of the consolidated revenues do not have strategic significance, even if they are included in the consolidated accounts, provided that the sum of the assets and revenues of the said companies does not exceed 10% and 15% of the consolidated assets and revenues respectively. The same article states that the Italian or foreign subsidiaries which are liable to significantly influence the income, assets and financial situation of the group to which they belong in view of the type of business performed or the type of contracts, guarantees, commitments and risks entered into are classed as significant.

qualitative parameters such as companies which, though of small size, make an essential contribution to the Group in view of the activities they perform within it <sup>(12)</sup>.

Using those categories of criteria, the following companies were identified (this is the list submitted to the Board of Directors at the meeting held in March. The following list therefore incorporates the subsequent organisational changes):

Area	Quantitative criteria	Qualitative criteria
ITALY	Alleanza Toro S.p.A.	Generali Business Solutions S.C.p.A.
	Ina Assitalia S.p.A.	Generali Gestione Immobiliare S.p.A.
		Generali Investments S.p.A.
		Generali Investments Italy SGR
		Banca Generali S.p.A.
		Generali Properties S.p.A.
ABROAD		Genertellife S.p.A.
	Generali Deutschland Holding AG	Generali Deutschland Informatik Services GmbH
	AM Lebensversicherung AG	Generali Deutschland Schadenmanagement GmbH
	Central Krankenversicherung AG	Generali Deutschland Services GmbH
	Generali Lebensversicherung AG	Generali Beteiligungs-GmbH
	Generali Versicherung AG	Generali Invest. Deutschland Kapital MBH
	Generali France Assurance S.A.	AM Versicherung AG
	Generali Vie S.A.	Deutsche Bausparkasse Badenia
	BSI S.A.	Generali Holding Vienna AG
	Migdal Insurance Co. Ltd	Generali VIS Informatik GmbH
		Generali Investments France S.A.
		Generali IARD S.A.
		Generali China Life Insurance
		B Source S. A.
		Cosmos Lebensversicherungs AG
		Generali Schweiz Holding AG
		Grupo Generali Espana A.I.E
		Generali Espana - S.A. de Seguros y Reaseguros
		Generali Espana Holding de Entidades de Seguros S.A.
		Generali PPF Holding B.V.
	Generali Finance B.V.	
	PPF Asset Management a.s.	
	Participatie Maatschappij Graafschap Holland N.V.	
	Ceska Pojistovna a.s.	
	Flandria Participations Fin.	

Furthermore, the Board has recently introduced its own Operating Regulation, which complies not only with the provisions of the Code, but also with the relevant international best practices. “““

The Generali Board meets at regular intervals, at least once every three months, in compliance with legal requirements, according to a calendar which is approved on a yearly basis <sup>(13)</sup>. The Board adopts

(12) Such as the supply of essential services to the Group and the coordination and/or development of *core business* activities which cause it to play a leading part in the Group's future growth prospects.

(13) The calendar is usually approved during the last Board meeting of the year. Starting from 2003, the calendar including the most important corporate events is disseminated by the issuers of securities listed on the Italian Stock Exchange (which then publishes it) within 30 days of the end of the financial year. In the current year, one meeting was held on 2 February 2011. Further meetings are scheduled for: 16 March 2011 – Board of Directors Meeting (approval of

an organisation and a modus operandi enabling it to guarantee effective and efficient performance of its functions. The Board met on seven occasions during the 2008 financial year, and nine in 2009 and 2010. The average attendance of members at meetings was 80.71% in 2008, 74.44% in 2009 and 83% in 2010. In the last financial year the average duration of each meeting was approximately 3 hours 5 minutes.

Table 1 attached to this Report shows individual attendance information for each Director; in the case of absence, this was duly justified.

## Number of Directors, appointment and term of office

In conformity with its Articles of Association, the Company is managed by a Board consisting of not less than 11 and not more than 21 members appointed by the General Meeting after deciding upon the number of members.

With the introduction of list voting into the Company's governance from the time of appointment of the Board of Directors which will hold office for the three-year period 2010-2012, the majority list is entitled to appoint the entire Board of Directors except for three directors taken from the list which obtains the second-highest number of votes, as the number of Directors to be elected is over 15 <sup>(14)</sup>.

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2010 draft financial statements and approval of 2010 consolidated financial statements); 30 April 2011 – General Meeting (approval of 2010 financial statements); 12 May 2010 - Board of Directors Meeting - (approval of the quarterly report as at 31 March 2011); 30 June 2011, 3 August 2011 - Board of Directors Meeting (approval of half-yearly report as at 30 June 2011), 9 November 2011 - Board of Directors Meeting (approval of quarterly report as at 30 September 2011), and 16 December 2011.

(14) The Articles of Association state that the members of the Board of Directors shall meet the requirements of professionalism, honourableness and independence laid down by current legislation. At least one-third of the Directors shall meet the independence requirements laid down by law for Internal Auditors. If the number of members of the Board of Directors established by the Shareholders' Meeting is not a multiple of three, the number of Independent Directors called on to compose it shall be rounded down to the nearest whole number.

Specifically, the Board of Directors shall be appointed on the basis of lists, in accordance with the following procedure.

The lists shall contain a number of candidates not exceeding the number of members to be elected, listed in accordance with a sequential number. Each candidate may be nominated in only one list, failing which s/he shall be disqualified.

Lists may be submitted by the outgoing Board of Directors and by members who, either alone or jointly with others, represent at least the minimum percentage of the share capital laid down by current legislation. Each shareholder entitled to vote and the companies directly and indirectly controlled by them, and companies directly or indirectly subject to joint control, may only submit one list. No account shall be taken of support given to any of the lists in breach of the terms of this principle.

The Board of Directors' list, if submitted, shall be filed at the Company's premises not later than the thirtieth day before the date of the first convocation of the Shareholders' Meeting; lists submitted by shareholders shall be filed not later than the fifteenth day before the date of first convocation of the Shareholders' Meeting.

By the twenty-first day before the date of the first call of the General Meeting, shareholders who have submitted a list shall file a copy of the brokers' certificates certifying ownership of the percentage of share capital required by current legislation. If this is not done, the list shall be deemed not to have been submitted.

Each shareholder entitled to vote, the companies directly or indirectly controlled by it, and companies directly or indirectly subject to joint control, may only vote for one list. No account shall be taken of votes cast in breach of this provision.

Elections of Directors shall be conducted as follows:

- a) all the Directors to be elected, less those to be taken from the second list in accordance with the terms of paragraph b) below, shall be taken from the list that obtained the largest number of the votes cast by shareholders, in the sequential order with which the candidates are entered in the list;
- b) one, two or three Directors, depending on whether the number of members of the Board of Directors determined by the Shareholders' Meeting is 11, 12-15 or over 15, shall be taken, on the basis of the sequential number with which the candidates are indicated in the list, from the list which obtained the second-largest number of votes (without taking account of the votes cast by shareholders connected directly or indirectly with those who submitted or voted for the list that obtained the largest number of votes); if two lists obtain the same number of votes, the Meeting shall vote again;
- c) the Independent Directors shall be taken from the list that obtained the largest number of votes. If the number of Independent Directors taken from that list is less than the number specified in article 31.2, the elected candidate who has the highest sequential number and does not meet the necessary independence requirements shall be excluded. The excluded candidate shall be replaced by the next candidate who meets the said requirements, taken from the same list as the excluded candidate. If it is impossible to take the required number of Independent Directors from the list that obtained the largest number of votes, the missing directors shall be appointed by the Shareholders' Meeting on a majority vote;
- d) if an elected candidate cannot or does not wish to accept the appointment, s/he shall be replaced by the first of the unelected candidates on the list to which the said candidate belonged;
- e) for the purpose of application of the preceding terms and the allocation of Directors, no account shall be taken of lists that do not obtain a percentage of the votes amounting to at least half the amount required by the Articles of Association for submission of lists;
- f) if only one list is submitted, the Ordinary Shareholders' Meeting shall pass resolutions on first and second convocation by an absolute majority of the share capital represented at the Meeting.

Elected directors who meet the independence requirement (known as Independent Directors), namely the requirement defined in the current legislation applicable to Statutory Auditors, shall be at least one-third of the total members of the Board of Directors; the positions of independent director and minority director may obviously be held by the same person.

The parties authorised to submit lists are the outgoing Board of Directors and shareholders who, either alone or jointly with others, hold the minimum holding required by the applicable legislation (currently 0.5% of the share capital). Members who are significantly connected to one another may only submit and vote on the same list, failing which no account will be taken of their support for any list.

The deadline for submission of lists is 30 days before the date of the General Meeting in the case of candidates nominated by the outgoing Board of Directors, or 25 days before the date of the General Meeting in the case of candidates nominated by shareholders. The following documents shall be filed with the lists:

- the curriculum vitae of each candidate, containing detailed information about the candidate's personal and professional characteristics and the skills acquired by him/her in the insurance, financial and/or banking field;
- statements in which the candidates accept the nomination, undertake to accept the office if appointed, and further declare, under their own responsibility, that no grounds for incompatibility or disqualification exist, and that they meet the requirements of respectability, professionalism and, if applicable, independence, required by current legislation.

Please, note that this report does not take into consideration the proposal that the Board of Director will present to the Shareholders' Meeting, that has been called on 26<sup>th</sup>, 28<sup>th</sup> and 30<sup>th</sup> April. Pursuant to the draft amendments to the article 31 of the Articles of Association, in line with the corporate best practices, only Shareholders having a qualified shareholding of 0.5% of the share capital only (thus excluding the incumbent members of the Board of Directors) will be entitled to present candidate lists for the appointment of the members of the Board of Directors.

The members of the Board of Directors shall hold office for three financial years; their term of office shall expire on the date of the General Meeting that approves the accounts for the last financial year of their term of office, and they may be re-elected. In the event of appointments during the three-year period, the appointments of the newly-elected directors shall expire at the same times as the appointments of those already holding office.

If a director drawn from the minority list should cease to hold office,

- the Board of Directors shall replace that Director by appointing as Director the first of the unelected candidates in the list to which the outgoing director belonged, provided that the said candidate is still eligible and willing to accept the appointment;
- the General Meeting shall replace the outgoing Director by majority vote, selecting his/her replacement if possible from among the candidates on the same list who previously accepted the replacement.

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In all other cases in which a Director ceases to hold office during the three-year period, that Director shall be replaced in accordance with current legislative provisions. If an Independent Director ceases to hold office, his/her replacement, co-opted by the Board of Directors or appointed by the General Meeting, shall meet the independence requirements laid down by law for holding the office of Statutory Auditor.

The Board appoints a Secretary. The Secretary need not be a Board member.

### **Requisites for office**

The Directors of Generali, as directors of an Italian insurance company, must be selected in accordance with professional and competence criteria from among candidates who have a total of at least three years' experience in the exercise of qualifying professional activities <sup>(15)</sup>. Directors must also meet specific requirements of "honourableness" <sup>(16)</sup>. Lack of the professional, honour or independence requisites (the last type only being applicable to Independent Directors) results in forfeiture of office <sup>(17)</sup>.

Before accepting their appointment, all the Company's Directors shall assess the actual amount of time necessary to carry out properly the crucial tasks they would be entrusted with and the consequences stemming from such duties. Other positions held by a Director and/or an Statutory Auditor shall be taken into account. The said Directors' and/or Auditors' positions may be held within Companies listed on regulated markets, including foreign companies, finance companies, banks, insurance companies and large companies. Other professional activities carried out by the Director and/or Statutory Auditor shall also be taken into account.

With reference to the above-mentioned matter, the Board of Directors records the appointments as Directors and/or Statutory Auditors held by the Directors within the said Companies. The list of such positions is drawn up on a yearly basis on the basis of information received from each Director or other information in its possession, and is included in the Report on Corporate Governance and Share Ownership.

The Company has not authorised, as a general or preventive measure, any exemptions from the prohibition on competition laid down in s. 2390 of the Italian Civil Code.

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(15) Decree No. 186 of 24 April 1997 issued by the Ministry of Industry, Commerce and Trade establishes that at least one of the following qualifying professional activities must have been undertaken to fulfil the criterion of professionalism:

- a) Direction, management or control of insurance, credit or financial industry companies and bodies possessing a share capital of at least 500 million lire;
- b) Direction, management or control of public sector bodies or public and private companies of a size commensurate with the size of the insurance company at which the office is to be held;
- c) Professional experience in areas pertaining to the insurance, credit or financial industries, or university-level teaching in legal, economic or actuarial studies.

Candidates who have been directors, general managers, internal auditors or liquidators of insurance, credit or finance companies that have been subject to extraordinary administration, bankruptcy or compulsory administrative liquidation procedures during the three years prior to adoption of the provisions concerned are prohibited from taking the office of Director in insurance companies, or offices involving the exercise of equivalent functions. This prohibition is in place for the three-year period starting from the adoption of these provisions.

(16) The requisite of honourableness is deemed to apply provided that the prospective candidate does not belong to any of the following categories:

- Legal disqualification or temporary debarment from direction functions over legal persons and companies;
- Liability to preventive measures taken by the judicial authorities pursuant to Statute no. 575/31 May 1965 and to Statute no. 646/13 September 1982 and subsequent amendments and additions;
- Unappealable conviction, excepting the effects of discharge and conditional suspension of sentence, with:
  - a) Imprisonment for one of the crimes listed in the special regulations governing the insurance, credit and equity market industries, and in Law Decree no. 143/3 May 1991, converted to Statute no. 197/5 July 1991, and subsequent amendments and additions;
  - b) Imprisonment for one of the crimes described under Section XI, Book V of the Civil Code and in Royal Decree 267/16 March 1942;
  - c) Imprisonment for not less than one year for a crime against government, public trust, property, public order or the public economy or for a crime relating to tax issues;
  - d) Imprisonment for not less than two years for any crime committed without criminal intent.

(17) Pursuant to law, except in the event of lack of the requisites of independence, which constitutes grounds for forfeiture *ex nunc*, if Directors should cease to meet the statutory requirements of professionalism or honourableness, forfeiture must be declared by the Board of Directors within 30 days of being informed about the said unsuitability. Should forfeiture not be declared by the Board of Directors within the above-mentioned time, it shall be declared by order of ISVAP.

The chart hereunder lists the maximum number of offices, held by Directors and/or Statutory Auditors within other Companies, deemed consistent with effective performance of the Director's position held within Assicurazioni Generali. The maximum number of offices held as Director and/or Statutory Auditor does not include companies belonging to the Generali Group. Offices held in companies which belong to the same Group shall be deemed to be a single office, and the one requiring the greatest professional commitment shall prevail.

	Listed Companies			Financial, bank and insurance Companies			Large Companies		
	Executive Director	Non-exec. Director	Auditor	Executive Director	Non-exec. Director	Auditor	Executive Director	Non-exec. Director	Auditor
	Executive Directors	0	5	0	0	5	0	0	5
Non-executive Directors	2	5	2	2	5	2	2	5	2

## Directors in office

The Board of Directors currently in office was appointed on 24 April 2010, and will remain in office until the approval of the financial statements for the year ending on 31 December 2012.

In accordance with the list voting system adopted by the Company, after the number of its members had been established at 19, 16 members of the Board of Directors were drawn from the majority list submitted by shareholder Mediobanca S.p.A., namely: Cesare Geronzi, Vincent Bolloré, Alberto Nicola Nagel, Giovanni Perissinotto, Sergio Balbinot, Ana Patricia Botin, Francesco Gaetano Caltagirone, Diego Della Valle, Leonardo Del Vecchio, Petr Kellner, Angelo Miglietta, Alessandro Pedersoli, Lorenzo Pelliccioli, Reinfried Pohl, Paolo Scaroni and Francesco Saverio Vinci.

Three directors drawn from the minority list submitted by Assogestioni were then elected, namely Cesare Calari, Carlo Carraro and Paola Sapienza.

Leonardo Del Vecchio resigned his directorship on 21 February 2011. With the approval of the Board of Statutory Auditors, the Board of Directors decided, at its meeting held on 23 February 2011, to postpone to a subsequent meeting all resolutions relating to the replacement of outgoing director Leonardo Del Vecchio (including those relating to the positions held by him on the Executive Committee and the Remuneration Committee) or, alternatively, to refer all decisions on the subject to the General Meeting held in April.

In any event, as specified by the Articles of Association, when an Independent Director ceases to hold office, his/her replacement, co-opted by the Board of Directors or appointed by the General Meeting, must meet the statutory independence requirements for Statutory Auditors.

The Board is therefore currently made up of the following 18 members <sup>(18)</sup>:

## Board of Directors

Office <sup>(1)</sup>	First name, last name
<ul style="list-style-type: none"> <li>Chairman</li> <li>Executive Director</li> <li>Chairman of Executive Committee</li> <li>Chairman of the Corporate Governance Committee</li> </ul>	Cesare Geronzi
<ul style="list-style-type: none"> <li>Vice-chairman</li> <li>Executive Director</li> <li>Member of the Executive Committee</li> </ul>	Vincent Bolloré
<ul style="list-style-type: none"> <li>Vice-chairman</li> <li>Executive Director</li> <li>Member of the Executive Committee</li> <li>Member of the Investments Committee</li> </ul>	Francesco Gaetano Callagrone
<ul style="list-style-type: none"> <li>Executive Director</li> <li>Member of the Executive Committee</li> <li>Member of the Corporate Governance Committee</li> </ul>	Alberto Nicola Nagel
<ul style="list-style-type: none"> <li>Managing Director / Group Chief Executive Officer</li> <li>Chairman of the Corporate Investments Committee</li> <li>Executive Director</li> <li>Member of the Executive Committee</li> <li>General Manager</li> </ul>	Giovanni Perissinotto
<ul style="list-style-type: none"> <li>Managing Director</li> <li>Executive Director</li> <li>Member of the Executive Committee</li> <li>General Manager</li> </ul>	Segio Balbinot
<ul style="list-style-type: none"> <li>Independent Director</li> <li>Non-executive Director</li> <li>Member of the Corporate Governance Committee</li> </ul>	Ana Patricia Botin
<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Independent Director</li> <li>Minority Director</li> </ul>	Cesare Calari
<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Independent Director</li> <li>Member of the Internal Control Committee</li> <li>Minority Director</li> </ul>	Carlo Carraro
<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Independent Director</li> </ul>	Diego Della Valle
<ul style="list-style-type: none"> <li>Executive Director</li> <li>Independent Director</li> <li>Member of the Executive Committee</li> <li>Member of the Remuneration Committee</li> </ul>	Leonardo Del Vecchio (resigned on 21 February 2011)
<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Investments Committee</li> </ul>	Petr Kellner
<ul style="list-style-type: none"> <li>Executive Director</li> <li>Independent Director</li> <li>Member of the Internal Control Committee</li> </ul>	Angelo Miglietta
<ul style="list-style-type: none"> <li>Independent Director</li> <li>Non-executive Director</li> <li>Chairman of the Internal Control Committee</li> </ul>	Alessandro Pedersoli

(continues)

(continues)

Office <sup>(*)</sup>	First name, last name
<ul style="list-style-type: none"> <li>• Executive Director</li> <li>• Independent Director</li> <li>• Member of the Executive Committee</li> <li>• Member of the Remuneration Committee</li> </ul>	Lorenzo Pellicoli
<ul style="list-style-type: none"> <li>• Non-executive Director</li> </ul>	Reinfried Helmut Pohl
<ul style="list-style-type: none"> <li>• Minority Director</li> <li>• Non-executive Director</li> <li>• Independent Director</li> </ul>	Paola Sapienza
<ul style="list-style-type: none"> <li>• Non-executive Director</li> <li>• Independent Director</li> <li>• Member of the Corporate Governance Committee</li> <li>• Chairman of the Remuneration Committee</li> </ul>	Paolo Scaroni
<ul style="list-style-type: none"> <li>• Executive Director</li> </ul>	Francesco Saverio Vinci

(\*) As regards the definition of Executive or Non-executive Director and Independent Director we refer to notes 17 and 18.

As previously stated, the Code states the obligation for Directors to accept their appointment, taking account of the number of positions they hold on the Board of Directors or Board of Statutory Auditors of other companies listed on regulated markets, including foreign markets, finance companies, banks, insurance companies and large companies.

In compliance with the provisions set out in the Code, and article 144-*decies* of the Issuers' Regulation<sup>19</sup> a complete list of the positions held by the Company's Directors in such companies – along with a brief profile of each of them – is provided.

**Cesare GERONZI** was born in Marino (Rome) on 15 February 1935. He was hired by the Bank of Italy after a competitive examination in 1960, and continued to work there until 1980, when he moved to Banco di Napoli. He arranged the first bank merger in Italy, between the Cassa di Risparmio di Roma, Banco di Santo Spirito and Banco di Roma, whose subsequent merger with Mediocredito Centrale, Banco di Sicilia and Bipop-Carire gave rise to the Capitalia banking group. In 2007 he directed the takeover of Capitalia by the Unicredit Group, leaving the Group to take up the position of Chairman of Mediobanca, which he held until April 2010. He has been awarded numerous honours, including the title of High Official of the Order of Merit of the Republic of Italy, Commander of the Holy Order of S. Gregory the Great, Commander's Cross of the Maltese Order of Merit of the Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes and of Malta, and an honorary degree in Economics and Business Studies from Bari University. He is a member of the Board of Directors of RCS Quotidiani and a member of the governing bodies of various private law organisations and institutions, including Istituto della Enciclopedia Italiana Treccani, Assonime, Associazione "Guido Carli", Aspen Institute Italia, and Fondazione di Diritto Vaticano dell'Ospedale Bambino Gesù.

He has been Chairman of Assicurazioni Generali since April 2010.

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**Vincent BOLLORÉ** was born in Boulogne-Billancourt (France) on 1 April 1952. After obtaining his law degree, he worked in banking for ten years and then joined his father's company, where he was appointed Chairman and Managing Director. He is now Chairman and Managing Director of various companies in the Bolloré Group. He is also Chairman of the Board of Directors of Havas and a member of the Boards of Directors of Natixis, Mediobanca and various companies in the Socfinal Group. He has been Vice-Chairman of Assicurazioni Generali since April 2010.



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**Francesco Gaetano CALTAGIRONE** was born in Rome on 2 March 1943. After studying engineering he relaunched the family construction business, then extended its activities to the fields of cement and the media, giving rise to one of the largest Italian business groups, which now has five listed companies, major strategic holdings and a growing international presence. He has been a director of Generali since April 2007. He is Chairman of Caltagirone S.p.A., Caltagirone Editore S.p.A., Il Messaggero S.p.A., Il Gazzettino S.p.A. and Eurostazioni S.p.A., and Vice-Chairman of Banca Monte dei Paschi di Siena. He was awarded the title of Cavaliere del Lavoro in 2006.

**Alberto Nicola Nagel** was born in Milan on 7 June 1965. He graduated in Economics and Commerce from Bocconi University, and is currently on the Register of Auditors. He was hired by Mediobanca in 1991 and carved out his managerial career in that company, until he became General Manager. Since July 2007 he has been Managing Director of the Board of Management and since October 2008 Managing Director. Since July 2000 he has been a Director of Banca Esperia. He was a Statutory Auditor of Assicurazioni Generali from 1996 to 2004, when he resigned to take office as a Director. He is also a member of the Board of Directors and Executive Committee of ABI (the Italian Banking Association).

**Sergio BALBINOT** was born in Tarvisio (Udine) on 8 September 1958. He graduated in Economics and Commerce and entered the Generali Group in 1983. He carved out his career both in Italy and abroad in the companies of the Group, and then returned to Trieste, where he was appointed General Manager of Generali in 2000 and Managing Director in 2002. He is also Director of the Commerzbank AG and Generali Investments S.p.A. Supervisory Boards, Vice-Chairman and Director of several Austrian, Chinese, French, Israeli, Dutch, Spanish, US, and German companies (including Generali España Holding Entidades de Seguros S.A., Generali China Life Insurance Co. Ltd., Generali Holding Vienna AG, Generali France S.A., Generali China Life Insurance Co. Ltd., Graafschap Holland Participatie Maatschappij N.V., Generali Deutschland Holding AG, Generali España – S.A. de Seguros y Reaseguros, Future Generali India Insurance Co. Ltd and Future Generali India Life Insurance Co. Ltd., and is also Chairman of Generali PPF Holding B.V..

**Giovanni PERISSINOTTO** was born in Conselice (Ravenna) on 6 December 1953. He graduated in Economics and Commerce and entered the Generali Group in 1980. He carved out his career in the foreign companies of the Group, returning to Trieste in 1988. He was appointed General Manager in 1998 and Managing Director in 2001. At present he is Chairman of the Generali Investments S.p.A. Supervisory Board and holds many offices as Director of companies belonging to the Generali Group (including Banca Generali S.p.A., Generali Properties S.p.A. and ISIM S.p.A. – of which he is also the Chairman – BSI S.A., of which he is Vice-Chairman, Participatie Maatschappij Graafschap Holland N.V., Transocean Holding Corporation, Generali France S.A., and companies not belonging to the Groups such as Pirelli & C. S.p.A. and Fiat Industrial S.p.A.; he is also a member of the Board of Directors and Council of Assonime, a Member of the Executive Committee of ANIA, and a member of the Advisory Board of the SDA Bocconi School of Management. In 2007 he was awarded the title of *Cavaliere del Lavoro*.

**Ana Patricia BOTÍN** was born in Santander (Spain) on 4 October 1960. She studied at Harvard University and Bryn Mawr College where she graduated in Economics, and started her professional career at JP Morgan, first in Spain, then in the United States and subsequently in Latin America. After that, her managerial career continued inside the Banco Santander Group, dealing mainly with its activities in Latin America. She is currently CEO of Santander UK as well as a Member of the Board of Directors and Executive Committee of Banco Santander Central Hispano SA. She was appointed Director of the Company in 2004.

**Cesare CALARI** was born in Bologna on 10 May 1954. After obtaining his law degree at Bologna University he continued his studies in the USA, mainly at Johns Hopkins University, and partly at the Harvard Business School. He has held positions of increasing responsibility with the International Finance Corporation, and was subsequently appointed to a top management position with the World Bank in Washington. Having gained wide experience in the private equity, financial services, banking and insurance fields in developing countries, he is now Managing Director of Wolfensohn Fund Management LP, specialising in the management of private equity investments on emerging markets. He is also assistant lecturer in International Finance at Johns Hopkins University in Washington and a member of the Bretton Woods Committee, also based in Washington. He has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

**Carlo CARRARO** was born in Camposampiero (PD) on 17 May 1957. After graduating in Economics and Business Studies from the Ca' Foscari University in Venice, he obtained a doctorate from Princeton University, USA. During his academic career he has worked in both Italian and foreign universities, until taking up his present post as Rector of Ca' Foscari University, where he is also Full Professor of Econometrics. He is the author of numerous studies and publications on economic subjects. He has held various prestigious appointments, including that of Vice-Chairman of WG III and member of the Bureau of the Intergovernmental Panel on Climate Change (IPCC) in Geneva, whose work was awarded the Nobel prize in 2007. He is also a member of the governing bodies and scientific committees of various international and national organisations, including Harvard, CESifo in Munich and the Australian National University, which are active in the field of long-term economic trends and environmental sustainability. He holds administrative posts in various agencies, including the Cini Foundation and the Further Studies Foundation in Venice. He has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

**Diego DELLA VALLE** was born in S. Elpidio a Mare (Ascoli Piceno) on 30 December 1953. He entered the family business, focusing on marketing. Since October 2000 he has been Chairman and Managing Director of Tod's S.p.A. Today he is also a Director, among others, of Ferrari S.p.A., LVMH, RCS Mediagroup S.p.A., Marcolin S.p.A. and Compagnia Immobiliare Azionaria S.p.A. He was awarded an honorary degree in Economics and Commerce by Ancona University, and in 1996 was awarded the title of Cavaliere del Lavoro. He has been a director of Generali since 2004.

**Petr KELLNER** was born in Ceska Lipa (Czech Republic) on 20 May 1964. He graduated in Industrial Economics from Prague University in 1986. He is the major shareholder in Dutch holding company PPF Group N.V. which controls the PPF Group, founded by him in 1991. The PPF Group is one of the largest financial groups in the Czech Republic, has interests in insurance and consumer finance, and provides complex asset management services. He has been a Director of Generali since April 2007 and Director of Generali PPF Holding B.V. (joint venture between Generali and PPF) since January 2008. He was Chairman of the Board of Directors of PPF a.s. from 1998 until March 2007, and a member of the Supervisory Board of Česká pojišťovna a.s. from 2000 to 2006.

**Angelo MIGLIETTA** was born in Casale Monferrato (Alessandria) on 21 October 1961. After obtaining an honours degree in Business Administration from the Bocconi University, he completed his marketing and strategy studies at Stanford University. He is a chartered accountant and auditor, and Full Professor of Business Administration (Corporate Finance) at the Turin University Law Faculty. He is the Secretary-General of the Cassa di Risparmio di Torino Foundation, and has been appointed to the Boards of Directors and Statutory Auditors of several listed and unlisted companies. He is the author of numerous studies and publications on economics, management and finance. He has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

**Alessandro PEDERSOLI** was born in Naples on 24 April 1929. He graduated in Law and practises as a civil lawyer specialising in business and company law in Milan. He was appointed a Member of

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the Board of Directors of Generali in 2003. Currently, he is also a member of the Supervisory Board of UBI Banca S.c.p.A., and a Director of Effe 2005 Gruppo Feltrinelli S.p.A.

**Lorenzo PELLICOLI** was born in Alzano Lombardo (BG) on 29 July 1951. He began his career in the field of journalism and television, and in 1984 joined the Mondadori Espresso Group, where he was soon appointed to top management positions. He then moved to the Costa Crociere Group, where from 1990 to 1997 he was first Chairman and Managing Director of Costa Cruise Lines and Compagnie Française de Croisières, and then Worldwide General Manager of Costa Crociere S.p.A. After holding the position of Managing Director of SEAT Pagine Gialle S.p.A., he has been Managing Director of De Agostini S.p.A. since 2005: in that Group he is now also Chairman and member of the Executive Committee of Lottomatica S.p.A. and Chairman of the Board of Directors of DeA Capital S.p.A.. He is also Chairman of the Board of Directors of Zodiak Media and a member of the Board of Directors of B&D Holding di Marco Drago & C. S.A.P.A.. In the past he has also been a director of ENEL, INA and Toro Assicurazioni and a member of the Advisory Board of Lehman Brothers Merchant Banking. He has been a Director of Generali since April 2007.

**Reinfried Helmut POHL** was born in Marburg (Germany) on 2 November 1959. After completing his studies in humanities and economics, he embarked on a business career in 1984 in his father's company, Deutsche Vermögensberatung AG, of which he is general power of attorney holder. He is a director of several companies operating in the banking and insurance fields (including subsidiaries Deutsche Bausparkasse Badenia, Generali Holding Vienna AG and AM Lebensversicherung AG) and Advocard Rechtsschutzversicherung AG. He has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

**Paola SAPIENZA** was born in Catania on 19 March 1965. After graduating in Political Economics from the Bocconi University in Milan, she continued her studies at Harvard University, obtaining a master's degree and a doctorate in economics. After working in the Studies Department of the Bank of Italy, she pursued an academic career in the USA, culminating in her present post as Full Professor of Finance at the Kellogg School of Management at Northwestern University. Her specialist fields, in which she has written numerous publications, include corporate governance, business finance and banking economics. She has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

**Paolo SCARONI** was born in Vicenza on 28 November 1946. He graduated in Economics and Business from the Bocconi University in Milan, and obtained a Master's Degree in Business Administration from Columbia University in New York. He began his career with business consultants McKinsey, and then joined the Saint Gobain Group, where he held various managerial positions in Italy and abroad. He was Vice-Chairman and Managing Director of Techint until 1996, and the same year was appointed Managing Director of Pilkington, which position he held until 2002. He was Managing Director and General Manager of ENEL from 2002 to 2005, and is now Managing Director of ENI, Director of the Teatro alla Scala Foundation, and a member of the Board of Overseers of the Columbia Business School in New York. He is also a member of the Board of Directors of the London Stock Exchange, He has been a Director of Generali since April 2007. In 2003 he was awarded the title of *Cavaliere del Lavoro* and in November 2007 he was awarded the title of Officer of the Legion of Honour.

**Francesco SAVERIO VINCI** was born in Milan on 10 November 1962. After graduating in Business Administration from Bocconi University, Milan, he joined Mediobanca in 1987, holding positions of increasing responsibility until his current appointment as Director and member of the Executive Committee. He is also a member of the Boards of Directors of other companies, including Compagnie

Monegasque de Banque, Banca Esperia, Perseo S.p.A., Italmobiliare and Selmabipemme Leasing S.p.A., and Vice-Chairman of Mediobanca Securities USA.  
He has been a member of the Board of Directors of Assicurazioni Generali since April 2010.

The Secretary of the Board of Directors is Mr. Antonio Scala.

In compliance with the provisions of the Code, Directors act and decide independently, having full knowledge of the issues for which they are responsible, and pursue the objective of creating value for shareholders.

Directors accept their appointment when they deem that they can devote the necessary time to diligent performance of their duties.

Directors are required to know the duties and responsibilities associated with their function. The Chairman and the executive directors shall take steps to keep the Board informed of the main statutory and regulatory innovations concerning the company and the governing bodies and events on the international economic scene which may have significant repercussions on the Group's business. To this end, they shall avail themselves of the collaboration of other Directors and of the Secretary to the Board of Directors.

The Directors' knowledge of corporate and group dynamics and situations is promoted by invitations to attend meetings of the governing bodies of the Company and the Group. The management intends to further develop this practice, which has already been in use for some time. Workshops for members of the Board of Directors on specific subjects, such as the new Solvency II Directive and the related parties legislation, were organised in 2010, with the support of the Company's executives working in that field, to provide a more complete picture of the new legislative scenarios.

The Company has passed a Regulation on the functioning of its administrative bodies. The said provision regulates the Board of Directors' activities and states, within the framework of an internal legal document, the rights, duties, powers and liabilities of the Company's directors in relation to the actions taken by them within the governing bodies.

Furthermore, this framework regulates the administrative body's make-up, the Directors' appointment, their remuneration, the relevance of their interests within the process of creation of the Company's policies, transactions with related parties, the Independent Directors' role, handling of corporate information, and the creation and functioning of Board Committees and of the internal control system.

At least once a year, usually when the Corporate Governance and Share Ownership Report is approved, the members of the Board of Directors and Board of Statutory Auditors discuss the efficacy of the Regulations governing the operation of the Board of Directors, and the concrete implementation of the corporate governance rules laid down by the Code, passing any necessary resolutions.

Following the adoption of the current edition of the Code, the Board officially launched its self-assessment process. ''

In particular, on the proposal of the Corporate Governance Committee, the Board of Directors instructed the Internal Control Committee to perform the necessary preparation for a Board evaluation.

A questionnaire, divided into three survey areas (Sub-committees, Organisation and Operation of the Board, Size and Composition of the Board), was drawn up for this purpose in 2010, and sent to all Directors after approval by the Internal Control Committee.

The Committee drew up an executive summary of the results of the study, conducted by means of a questionnaire circulated to Directors, which was submitted to the Board of Directors.

A reasonable level of satisfaction with the self-assessment process thus effected emerged, especially as regards the size and composition of the Board and its efficient operation. The process in question has been reflected and substantiated in a specific report, which concluded with a favourable opinion of the size, composition and functioning of the Board and its Committees, and of the adequacy and efficacy of the Regulations governing the operation of the Board of Directors.

In 2011, the self-assessment process will be conducted by different procedures from those described above which were used in earlier years: the Board of Directors has resolved, on the proposal of the Internal Control Committee, to instruct a leading firm of consultants to assess the size, composition and functioning of the Board and its Committees. The results will be presented to the Board of Directors at a future Board meeting. The results of the assessment will be illustrated in the next update of the Corporate Governance and Share Ownership Report.

## Non-executive and independent directors

The Board is currently made up of eight directors who, according to the terms of the Code, are to be considered executive directors (three of whom are independent), and ten non-executive directors, seven of whom are independent as defined by the Self-Regulatory Code <sup>(18)</sup>.

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(21) The following are classed as executive directors according to Application Criterion 2.C.1:

- the managing directors of the issuer or a subsidiary with strategic importance, including their Chairmen if individual powers of management are granted to them or they play a specific role in the design of company strategies;
- directors who hold managerial positions in the issuer or in a subsidiary with strategic importance, or in the controlling company if the position also relates to the issuer;
- directors who are members of the issuer's Executive Committee if no Managing Director has been appointed or attendance at meetings of the Executive Committee, in view of the frequency of its meetings and the subject of its resolutions, in practice entails systematic involvement of its members in the issuer's day-to-day management.

The grant of emergency powers only to directors not holding managerial powers does not in itself make them executive directors, unless those powers are used very often in practice.

The Code recommends that an appropriate number of "non-executive" Directors should be "independent", so that they can better guarantee an autonomous judgement and free appraisal of the management's activities, especially in connection with the most delicate issues and situations potentially leading to conflict of interests, with a view to securing the best possible protection of all shareholders.

According to criterion 3.C.1. of the Code of Conduct, a director is not usually classed as independent in the following cases, to be considered merely as an example:

- a) if he/she controls the issuer, directly or indirectly, including through subsidiaries, trustees or a third party, or is able to exercise dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the issuer;
- b) if he/she is, or has been in the preceding three financial years, a leading representative of the issuer, of a subsidiary having strategic importance or of a company or entity controlling the issuer or able to exercise considerable influence over it, including jointly with others through a shareholders' agreement;
- c) if he/she has, or had in the preceding financial year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a leading representative, or in the capacity of partner in a professional firm or a consulting company) a significant commercial, financial or professional relationship:
  - with the issuer, one of its subsidiaries, or any of its leading representatives;
  - with a party who controls the issuer, jointly with others through a shareholders' agreement or, in case of a company or an entity, with any of the leading representatives;or is, or has been in the preceding three financial years, an employee of the above-mentioned parties;
- d) if he/she receives, or has received in the preceding three financial years, from the issuer or a subsidiary or holding company of the issuer, significant additional remuneration compared with the "fixed" remuneration as non-executive director of the issuer, including participation in incentive plans linked to the company's performance, such as stock option plans;
- e) if he/she was a director of the issuer for more than nine of the last twelve years;
- f) if he/she is vested with the office of executive director in another company in which an executive director of the issuer holds the office of director;
- g) if he/she is a shareholder or director of a legal entity belonging to the same network as the company appointed to audit the accounts of the issuer;
- h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

At the meeting held on 24 April 2010, on the occasion of the renewal of the Board of Directors, the Company made the latest assessment of the independence of the Members of the Board of Directors, also applying all the criteria laid down by the Code in this case.

The number of non-executive and independent directors is therefore sufficient to ensure that their judgement has a decisive influence on the Board's decision-making.

Non-executive directors bring their specific expertise to the Company's activities and to Board debates, providing their institutionally-required contribution to the drafting and passing of resolutions in line with the Company's interests.

The presence of non-executive directors is considered crucial for appointments to the Internal Control Committee, the Committee for Evaluation of Relative Party Transactions and the Remuneration Committee, whose members must consist of directors with no delegated operational powers.

A further concept of independent director <sup>(19)</sup> has been introduced into the legislation amended by the Savings Act. The absence of this requisite (as indicated above) entails forfeiture of the office. A check was made on the basis of this concept to establish that the independence requirement was met. Nearly all directors met the definitions of independence contained in both s. 147-ter of the CFBA and the Self-Regulatory Code. The only exceptions are Vincent Bolloré, who is classed as independent according to the CFBA definition but as non-independent according to the parameters of the Self-Regulatory Code, and Angelo Miglietta, who is in the opposite position, being classed as non-independent according to s. 147-ter of the CFBA but independent on the basis of the Self-Regulatory Code. Angelo Miglietta is a member of the Board of Directors of subsidiary Banca Generali.

The Code of Conduct states that the status of "*independent Director*", must be assessed by the Board on a regular basis, taking into account the information provided by the individuals concerned, and that the Board of Directors shall evaluate the existence of that requirement "*having regard more to the contents than to the form*".

The Board of Statutory Auditors must assess the correct application of the criteria adopted by the Board of Directors and of the control procedures used by the said Board to assess the Directors' independence.

On the occasion of the Board of Directors' renewal, which took place during the General Meeting held on 24 April 2010, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess its members' independence.

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(19) Pursuant to s. 147-ter.4 of the CFBA, at least one member of the Board of Directors, or two if the governing body has more than seven members, shall meet the independence requirements established for Internal Auditors by s. 148.3 of the CFBA and, if the Articles of Association so provide, the further requirements laid down in the Codes of Conduct drawn up by the management companies of regulated markets or by trade associations. S. 148.3 of the CFBA states that the following parties may not be elected as Internal Auditors and, if elected, shall be debarred from holding office:

- a) those in the conditions specified in s. 2382 of the Italian Civil Code;
- b) the spouse, relations and in-laws up to the fourth degree of kinship of the company's directors, and the directors, spouse, relations and in-laws up to the fourth degree of kinship of the companies controlled by it, its controlling companies and companies subject to joint control;
- c) those who are linked to the company or its subsidiaries or controlling companies or companies subject to joint control or to directors of the company and the parties specified in paragraph b) by a relationship of employment or self-employment or other monetary or professional relationship which undermines their independence.

An independent director who loses the independence requirements after appointment shall immediately notify the Board of Directors, and shall in any event be debarred from holding office.

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“A meeting of the Independent Directors was held on 22 February 2011. They discussed a number of topics relating to the operation of the Company’s governing bodies and its organisational and managerial aspects. A detailed report on the outcome of this meeting was provided to the Board of Directors at its next meeting, so that it could perform the necessary evaluations. The possibility of appointing a lead independent director was not discussed at that meeting.

The average attendance of Independent Directors at meetings of the Board was 81.82% in 2008, 79% in 2009 and 77% in 2010. For more details, see Table 1 containing individual attendance information for each Director.

### **Remuneration of Directors and executives with strategic responsibilities**

In view of the principles and application criteria laid down in art. 7 of the Self-Regulatory Code (in the new text approved by the Corporate Governance Committee in March 2010), as from this year, the general policy for the remuneration of Directors and key management personnel will be illustrated in a specific Report approved by the Board of Directors on the proposal of the Remuneration Committee, which will be presented to Shareholders at the General Meeting held on 30 April 2011. The Report will be published on the Company’s website ([www.generali.com](http://www.generali.com)), in the *Investor Relations – 2011 General Meeting* section.

Pending the definition of the legislative scenario associated with the implementation of Legislative Decree no. 259 of 30 December 2010, the said Remuneration Report is annexed as a Schedule to the Corporate Governance and Share Ownership Report, of which it constitutes an integral part.

In view of the factors described above, all the information relating to remuneration required to be set out in the Corporate Governance and Share Ownership Report, including the information specified by s. 123-bis of the CFBA, is contained in the said Schedule.

### **D&O insurance policy to cover the third-party liability of members of the Company’ s governing bodies**

In line with the best practice on the most progressive financial markets, and having regard to the characteristic features of the business of the Company and the Group, the General Meeting held on 24 April 2010 resolved:

- 1) that the Company should pay any compensation deriving from liability towards third parties for prejudicial acts performed by the Directors and Statutory Auditors in the exercise of their functions, excluding cases of fraud and wilful misconduct, up to the maximum cover limit of € 100 million;
- 2) to authorise the Board of Directors to take out an insurance policy to cover the third-party liability of the Company’s Directors and Statutory auditors (Directors’ and Officers’ Liability Insurance - D&O), broadly on the following terms:
  - a) duration: 12 months, renewable from year to year until revoked by the General Meeting;
  - b) maximum cover: € 100 million per claim, by way of annual aggregate, and per period of cover;
  - c) exclusion of insurance cover for cases of fraud or wilful misconduct
  - d) annual premium: approximately € 1.5 million.

The widest powers were granted to Managing Director Sergio Balbinot to implement the resolution passed by the General Meeting, including power to renew the said policy on the best market terms on

its expiry, provided that the annual premium should not exceed 30% of the last annual premium paid, after the usual revaluations and the necessary updating of the cover.

## Handling of confidential and inside information

Following the adoption of the regulation implementing the new legislation on market abuse, the Board of Directors meeting held on 28 February 2006 updated the contents of the regulation on the handling of confidential and inside information as well as a regulation on keeping the Register of Persons who have access to inside information, in line with the obligations laid down in the CFBA<sup>(20)</sup>.

The characteristic features of the Regulation on the handling of confidential and inside information, a summary of which can be found in the Governance section of the website [www.generali.com](http://www.generali.com), are:

- definition of the concepts of confidential<sup>(21)</sup> and inside<sup>(22)</sup> information;
- identification of personnel obliged to comply with these regulations;
- definition of procedures for handling confidential and inside information.

The corporate representatives, i.e. directors, Statutory Auditors and employees of the Company and its subsidiary companies as well as those on whom Generali, the Subsidiary Companies or even third parties have conferred professional, service or equivalent responsibilities that have led them to acquire inside information on the Company, shall maintain maximum discretion on the confidential information they acquire in the performance of their corporate or professional duties.

The said parties having access on a regular or occasional basis to inside information are entered in an appropriate register, set up and kept according to the legislation and regulations in force. In order to ensure proper keeping of the register and the information it contains, the Company has adopted internal procedures which, according to specific criteria, are aimed at ensuring efficient, effective management of the information and data contained in the register <sup>(23)</sup>.

The Regulation in question is aimed at safeguarding the effectiveness of the principle of equal treatment of inside information towards the market and ensuring that its disclosure outside the Company and/or subsidiary companies is handled promptly, completely and adequately, without causing information asymmetries among the public.

To this end, Generali has established its policies on circulating and monitoring inside information<sup>(24)</sup>.

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(20) In compliance with the provisions of the Consob Regulation, the register shall be operative as of 1 April 2006.

(21) Confidential information means accurate information directly or indirectly concerning the Company or the Subsidiary Companies, which is not in the public domain, and whose dissemination was not allowed by the appropriate administrative body or by the heads of company departments involved in its handling.

(22) Inside information means accurate information, which has not been made public, directly concerning the Company or the Subsidiary Companies, and which, if made public, might considerably affect the prices of the financial instruments issued by the Company.

Information is regarded as accurate if:

- It refers to a mix of circumstances which exist or which may reasonably and foreseeably come into existence or to an event which has occurred or which may reasonably and foreseeably occur;
- It is sufficiently specific to allow conclusions to be drawn on the possible impact of that mix of circumstances or of the said event on the prices of the financial instruments issued by the Company.

Information which, if made public, might considerably affect the prices of the financial instruments means information which a sensible investor would presumably use as one of the elements on which his/her investment decisions are based.

(23) In the case of gradually developing company operations (or of other situations, events or circumstances with similar pre-requisites), although the information on them does not yet meet the legal requirements for inside information but may do so in the future, the persons having access to it are promptly entered in the register, so that there is conclusive evidence that such registration was performed before the conditions for becoming inside information applied.

(24) In this area, it has also been established that:

- Inside information can only be accessed by corporate representatives who are obliged to access it in the pursuance of their management or work duties, or in the pursuance of their profession, function or office;



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When handling confidential information, corporate representatives are required to use any type of precaution that allows such information to be disclosed within the Company, the subsidiary companies and/or in the relationships between the latter, without prejudice to its own specific nature.

Institutional communications are dealt with by the Chairman, while operational communications are headed by the Managing Director and Group CEO. Relations with financial analysts and institutional investors are coordinated by the Company's Managing Director and Group CEO, through the General Manager and Chief Financial Officer, and conducted through the Investor Relations Department<sup>(25)</sup>.

### **Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, atypical or unusual transactions**

The Guidelines adopted by Generali's Board of Directors on 9 November 2006 were updated after the Board of Directors resolved on a new corporate governance structure on 24 April 2010. They continue to formalise some rules designed to ensure compliance by the Company with the principle of substantive and procedural correctness in the performance, by the Company and its subsidiaries, of transactions having a significant impact on the Company's profitability, assets and liabilities or financial position, including atypical or unusual transactions.

In this context, attention focused on establishing the terms and procedures for management of information flows to the Company's governing bodies (which are necessary to perform the activities falling within their jurisdiction) and to the public (to provide it with a prompt, complete picture of the Company's business trends).

' "Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position" include the management operations reserved for the Board of Directors in compliance with the law, the Company's Articles of Association or other resolutions passed by the Board, as well as the further transactions listed hereunder, even if they are carried out through subsidiary companies:

- 1) the issue of financial instruments amounting to a total sum higher than € 500 million;
- 2) the grant of loans and guarantees, also amounting to a total sum higher than € 500 million;
- 3) transactions regarding the provision of activities or services, cooperation agreements for the exercise and development of corporate activities, amounting to a total sum higher than Euro 500 million;
- 4) costs, even if included in the budget, amounting to over € 200 million;

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- during their normal working and/or professional activities or their functions or tasks, corporate representatives having inside information and, at any rate, persons acting in the name and on behalf of the Company and/or of subsidiary companies shall adopt appropriate behaviour to safeguard the confidentiality of the information handled by them, according to the procedures laid down by the Company;
  - in particular, corporate representatives must not disclose such inside information to other parties who are not, in turn, obliged to comply with the privacy obligation applicable to those who have access to inside information, according to the legislation, regulations, Articles of Association or contractual sources;
  - corporate representatives having access to inside information must be fully informed of the ethical and legal obligations binding upon them as well as the criminal, administrative, civil and disciplinary sanctions provided for in case of abuse or unauthorised disclosure of information.

(25) As far as the handling of inside information is concerned, management of the communication procedure relating to that information is the task of the corporate departments responsible for relations with the media, with the help of the investor relations department and the department managing relations with the representatives of corporate bodies and with the authorities responsible for public control of the correctness of the corporate information document, as well as the corporate departments responsible for handling the said information. The above-mentioned departments prepare the text of the press release which, subject to prior approval of the Director of the Company entrusted with financial affairs, is disclosed to the public, the Stock Exchange and CONSOB in compliance with the law in force.

If the text of the press release concerns matters which also fall within the jurisdiction of other Directors to whom management responsibilities are assigned by the Board of Directors, the press release is made public after its delivery to the said Directors.

In view of the Company's obligations resulting from the issue of financial instruments listed on Italian regulated markets, inside information on matters directly concerning the Subsidiary companies may only be disclosed to one or more persons outside those companies by agreement with the Company Director responsible for financial affairs.

- 5) mergers or demergers whereby the total assets of the incorporated (merged) company or the divided assets amount to or exceed 3% of the total assets recorded by Generali in its latest consolidated financial statement;
- 6) investment and disinvestment transactions, including those regarding real property, operations of purchase and sale of shareholdings, companies or Company branches, or assets of any kind, on the occasion of which the price of the Company (or company branch or assets) bought (or sold) amounts to or exceeds 2% of the average capitalisation recorded over the past six months by Generali shares.

Mergers and takeovers between listed companies, mergers between a listed company and an unlisted company, and takeovers of a listed Company by an unlisted company have also been included in the category of transactions having a significant impact on the Company's profitability, assets and liabilities or financial position.

””””

Transactions having a significant impact on the Company's profitability, assets and liabilities or financial position can bypass the examination of the Board of Directors if they present the following features, even though their subject and value correspond to one of the categories described above:

- they are carried out under market conditions, i.e. under the same conditions as applied to parties other than related parties;
- they are typical or usual, i.e. on the basis of their subject, nature, degree of risk and time of performance are among the ordinary operations of the Company;
- they are carried out by subsidiaries which, directly or indirectly, are entirely controlled by the Company.

In any event, the said transactions must be brought to the notice of the Board of Directors at the meeting immediately following their completion.

Atypical or unusual transactions” means operations which, in view of their subject and nature, are not included among the ordinary operations of the Company, and those presenting particular elements of criticality connected with their features and inherent risks, the nature of the other party, or the time when they are carried out.

This type of transaction normally falls under the sole jurisdiction of the Board of Directors, apart from those listed hereunder:

- transactions not exceeding a total of € 100 million;
- transactions that merely implement corporate initiatives already included among the resolutions previously passed by the Board;
- the purchase and/or sale of real estate rights involving the use of free assets amounting to under € 50 million.

With a view to allowing the Board of Directors and, under certain circumstances, the Internal Control Committee, to obtain all the information required to make their respective decisions and assessments, the Chairman of the Board of Directors undertakes to illustrate all transactions still awaiting approval

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Before the said press releases are published, the handling of inside information is aimed at drawing up a suitable press release to be promptly released, with a view to its disclosure outside the Company.

and/or examination to Board members and, under certain circumstances, to the members of the Internal Control Committee, through ad-hoc reports, which shall be available in advance to the said members and which will describe the following factors:

- a) the features, terms and conditions of the transaction;
- b) the strategic objectives of the transaction;
- c) the consistency of the objectives with corporate strategies;
- d) the methods, as well as the terms and conditions – including economic ones – of their implementation;
- e) the possible developments of the transactions; any connected risks shall be highlighted;
- f) the possible consequences and implications of the transaction for the activities of Generali Group.

Pursuant to article 150 of Legislative Decree 58, 24 February 1998 and article 35 of the Company's Articles of Association, the Board of Directors shall report promptly and at least every three months to the Board of Statutory Auditors on the activities carried out, in particular:

- on transactions having a significant impact on the Company's profitability, assets and liabilities or financial position;
- on transactions in which Directors have an interest, on their own account or on behalf of a third party.

The said disclosure to the Board of Statutory Auditors is made at the meetings of the Board of Directors or, when necessary, directly or at the meetings of the Executive Committee.

Those reports concern not only the executive activities and the developments of the transactions that have already been approved by the Board of Directors, but also the initiatives taken by the representative bodies – including through subsidiary companies – while exercising the powers assigned to them, together with the decisions taken and projects started.

## **Related Party Transaction Procedures**

At its meeting held on 11 November 2010, the Board of Directors adopted the new Related Party Transaction Procedures to ensure that these transactions are performed in accordance with the principles of transparency and substantive and procedural correctness.

The procedures in question were prepared in compliance with the terms of s. 2391-*bis* of the Civil Code and Consob Regulation no. 17221 of 12 March 2010, which implements the statutory provisions.

The Procedures make a distinction between operations of minor and major importance, imposing stricter rules for the latter in terms of the decision-making process as well as transparency towards the market. For both types of operation, the Procedures state that a committee of Independent Directors (the **Committee for Evaluation of Related Party Transactions**) shall assess whether the Company has an interest in performing the operation, and evaluate the benefits and substantive correctness of its terms. The opinion given by the Independent Directors is binding for all operations of major importance, and those of minor importance which exceed given value thresholds.

Certain types of operations are specified for which the decision-making process accompanied by the opinion of the Independent Directors need not be activated. These are operations deemed unlikely to prejudice the interests protected by the regulations, which are specifically indicated.

The Procedures apply not only to Related Party Transactions performed directly by Assicurazioni Generali, but also to those performed by its subsidiaries.

The full text of the Procedures can be viewed in the Governance section of the Company's website ([www.generali.com](http://www.generali.com)).

The new Company regulations also meet the requirements laid down in principle 9 of the Self-Regulatory Code.

### Internal dealing regulations

In addition to and by way of completion of the legislation governing this subject, Generali has approved a Regulation <sup>(26)</sup> on internal dealing, identifying:

1. the relevant subjects (or internal dealers) in the Company;
2. relevant transactions;
3. and the Data Processor.

The internal dealer category includes the following subjects:

- a) Directors of the Company issuing listed securities;
- b) members of the Company's Board of Statutory Auditors;
- c) its General Managers and Deputy General Managers;
- d) its Assistant General Managers.

Relevant transactions are those performed by the internal dealers or by persons closely related to them <sup>(27)</sup>, concerning the purchase, sale, subscription or exchange of relevant financial instruments, for an amount which may be added to that of other operations performed in the same reference period (i.e. the period of twelve months starting from the performance of one or more non-relevant transactions) and not previously communicated, which is equal to or greater than Euro 5,000.00.

Relevant financial instruments:

- Shares;
- Shares of listed subsidiary companies;
- Financial Instruments linked to Shares;
- Financial Instruments linked to the Shares of listed subsidiary companies.

The Regulation identifies the Data Processor responsible for keeping the Register of persons with access to inside information as the Head of the Group General Secretariat and Corporate Affairs Department, who is the head of the department which manages the receipt of communications by relevant Subjects and their prompt transmission to Consob and the market, with the cooperation of the Head of the Group Communication Department and the Investor Relations Department.

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(26) This Regulation took effect on 1 April 2006.

(27) They are as follows: spouse, unless legally separated, dependent children, including those of the spouse, and, if cohabiting for at least one year, parents, relatives and in-laws of the relevant Subjects, legal persons, partnerships and trusts in which a relevant Subject or one of the said persons closely related to him/her holds the management function, jointly or severally, legal persons directly or indirectly controlled by a relevant Subject or by one of the said persons closely related to him/her, partnerships whose economic interests basically coincide with those of a relevant Subject or one of the said persons closely related to him/her, and trusts set up for the benefit of a relevant Subject or one of the said persons closely related to him/her.

The following operations are not relevant for the purposes of this Regulation:

- transactions for an overall amount of under Euro 5,000.00 within the reference period;
- transactions between relevant Subjects or persons closely related to them;
- transactions conducted by the Company and its subsidiary companies.

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The relevant subjects shall notify the Data Processor of relevant transactions performed by them by the third Stock Exchange trading day after the day on which the operation was performed, by sending the appropriate form prepared by Consob, using suitable electronic methods.

The Data Processor, together with the Head of the Group Communication Department, announces relevant transactions by means of a press release to Consob and the market, through the NIS (Network Information System), and to two news agencies, by the end of the trading day after the date on which they were received. This announcement is also made available to the public on the Company's website, which also contains the full text of the Regulation.

Furthermore, the Regulation provides for a series of blocking periods, during which internal dealers are expressly forbidden to carry out the above operations; these periods are generally close to major corporate events.

## Chairman and Vice-Chairmen of the Board of Directors

### Chairman

The Board of Directors appoints a Chairman from among its members. The Chairman is selected from candidates who meet the specific professional requirements required of the other Board members <sup>(28)</sup>.

The Chairman acts as authorised representative of the Company, through joint signature with another authorised representative in the Company's name <sup>(29)</sup>.

In addition to the functions assigned to him by law, the Chairman chairs the General Meetings, in compliance with the provisions of the specific By-laws. Furthermore, the Chairman convenes and presides over the General Council, the Board of Directors and the Executive Committee; sets the agenda, directs, coordinates and moderates the proceedings and announces the results of their resolutions.

Moreover, with the cooperation of the Secretary of the Board of Directors and in accordance with the Regulation on the operation of the Company's administrative bodies, he ensures that adequate information about the items on the agenda of each meeting is given to all Directors with suitable notice. In particular, if the subjects under discussion relate to ordinary business, the corresponding documents, if available, are normally sent within four working days. If that is impossible for exceptional reasons, the Chairman ensures that Directors are informed as quickly and comprehensively

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(28) This entails performing management, direction or control activities in companies or bodies of the insurance, credit or finance sectors having a company share capital of not less than 500 million lire for a period of at least three years, or the performance, for at least the same period, of professional activities relating to the insurance, credit or finance sectors, or university teaching of legal, economic or actuarial subjects.

(29) The Chairman, Vice-Chairmen, Managing Directors, other members of the Board, General Managers and Deputy General Managers appointed to the Central Head Office act as authorised representatives of the Company for all the Company's business.

The General Manager and Deputy General Managers appointed to the Head Office for Italy act as authorised representatives of the Company for the business of the said Head Office.

Lastly, the other managers of the Company act as authorised representatives of the Company, within the province assigned to them.

The legal representation of the Company is expressed by appending the signature of two authorised representatives beneath the Company's name.

The Chairman, the Vice-Chairmen when replacing the Chairman who is absent or prevented from acting, the Managing Directors, the General Managers and the Deputy General Managers appointed to the Central Head Office may sign jointly among themselves or with another Member of the Board, or with the General Manager, or with the Deputy General Managers appointed to the Head Office for Italy, or with one of the other managers of the Company. In this case, the latter also act as authorised representatives of the Company for business not included in the province assigned to them. Managers may sign jointly among themselves, provided that at least one of them is acting within the province assigned to them. The other members of the Board may not sign jointly among themselves, nor with the General Manager and the Deputy General Managers appointed to the Head Office for Italy, nor with any of the other managers of the Company.

The competent governing body can further limit the subject and scope of the power to represent the Company assigned to the managers of the Company. The said body can also assign the power to represent the Company to other employees or third parties, by granting special or general powers of attorney for single actions or types of actions.

as possible of the contents of any proposals on the Agenda relating to particularly significant operations.

The Board of Directors has granted the following powers to Cesare Geronzi, in his capacity as Chairman of the Board of Directors, in addition to the powers to which he is entitled pursuant to s. 2381 of the Civil Code and the other applicable statutory and regulatory provisions, and in accordance with the terms of art. 32 of the Company's Articles of Association:

- a) to supervise the accurate implementation of the resolutions passed by the Board of Directors and the Executive Committee and the Company's strategies;
- b) to ensure that the management of the Company's business complies with its strategic guidelines;
- c) to examine in advance the report and/or documentation relating to each proposed resolution to be submitted to the Board of Directors and the Executive Committee;
- d) to supervise relations with national or supranational public institutional bodies, shareholders and representative associations, and the Company's external relations;
- e) to promote, establish and coordinate the Company's communication strategies and supervise policies relating to the image of the Group in Italy and abroad:

The responsibilities of the Chairman of the Board of Directors include the management of functions concerning external relations, Group communications and institutional relations, liaising with the Managing Directors who are responsible for communication as regards operational aspects in the areas for which each one is responsible.

## **Vice-Chairmen**

The Board of Directors elects one or more Vice-Chairmen from among its Members, who shall replace the Chairman in case of the latter being absent or prevented from performing his office. If there is more than one Vice-Chairman, the one who also holds the office of Managing Director shall act as Deputy Chairman; if none of them holds the office of Managing Director, the oldest one shall replace the Chairman.

Like the Chairman, the Vice-Chairman holds the office of Member of the Executive Committee by right, in accordance with the Articles of Association.

The Board of Directors which met after the General Meeting held on 24 April 2010 resolved to appoint as Vice-Chairmen Francesco Gaetano Caltagirone (who acts as Deputy Chairman pursuant to art. 33.2 of the Company's Articles of Association), Vincent Bolloré and Alberto Nicola Nagel.

## **Executive Committee**

The Board may appoint from among its members an Executive Committee to which it delegates certain powers in accordance with regulations and the Articles of Association, within the limits of the law. At all events, the said delegations of powers shall never deprive the Board of Directors of its fundamental faculties.

The Executive Committee consists of the Chairman of the Board of Directors, who shall preside over it, the Vice-Chairman or Vice-Chairmen, and not less than 4 or more than 7 Board members, who shall include the Managing Directors should any have been appointed. The Executive Committee, with delegated powers, is currently made up as follows:

### **Executive Committee**

Office	First name, last name
• Chairman	Cesare Geronzi
• Vice-chairman	Francesco Gaetano Callagirone
• Vice-chairman	Vincent Bolloré
• Vice-chairman	Alberto Nicola Nagel
• Managing Director and Group Chief Executive Officer	Giovanni Perissinotto
• Managing Director	Sergio Balbinot
• Independent Director	Angelo Miglietta
• Independent Director	Lorenzo Pellicoli

As stated, Leonardo Del Vecchio resigned his directorship on 21 February 2011. With the approval of the Board of Statutory Auditors, the Board of Directors decided, at its meeting held on 23 February 2011, to postpone to a subsequent meeting all resolutions relating to the replacement of outgoing director Leonardo Del Vecchio (including those relating to the position held by him on the Executive Committee) or, alternatively, to refer all decisions on the subject to the General Meeting held in April.

The Board of Directors, in its meeting of 16 March 2011, designated, effective that date, Prof. Miglietta as a member of the Executive Committee. He replaces Mr. Del Vecchio, who had resigned on 21 February 2011.

The Secretary of the Board of Directors, Mr. Antonio Scala, also acts as Secretary of the Executive Committee.

The members of the Executive Committee shall be selected from among candidates meeting the same professional and competency requirements as established for the office of Chairman.

The members of the Executive Committee shall also remain in office for three years. Their mandate will thus last until the date of the meeting held to approve the financial statements for the financial year ending on 31 December 2012.

Notwithstanding the powers assigned exclusively to the Board of Directors and those which the Board has reserved for itself, as listed above, the serving Executive Committee is delegated the power to:

- to examine in advance, on the proposal of the Managing Director and Group CEO, the plans, budgets and strategic operations to be submitted for examination and approval by the Board of Directors;
- to monitor the performance of the plans, budget and strategic operations approved by the Board of Directors;
- to examine and approve, on the proposal of the Managing Director and Group CEO, the general organisation of Assicurazioni Generali and the Group established by the Managing Director and Group CEO;
- to resolve, on the proposal of the Managing Director and Group CEO, on operations and deeds of disposal which exceed the limits of the powers granted to Executive Directors, without prejudice to the powers reserved for the Board of Directors;
- to appoint, on the proposal of the Managing Director and Group CEO, the Chairmen, Executive Directors and General Managers (or members of the top management who hold equivalent positions) of subsidiaries with strategic importance, also formulating proposals relating to the revocation of their office and to their remuneration;
- to approve the signature of shareholders' agreements of particular strategic importance relating to holdings in the capital of listed Italian and/or foreign companies;

- to ratify the decisions taken by the CEO, on the ground of necessity or urgency, insofar as they exceed the limits of the powers delegated to him;
- to pass, on the proposal of the Managing Director and Group CEO, when there is an urgent need to protect the interests of the Company or the Group, any other resolution which would otherwise be the province of the Board of Directors, excluding those referred to in ss. 2420-ter (*Delegation to directors*), 2423 (*Drafting of financial statements*), 2443 (*Delegation to directors*), 2446 (*Reduction of share capital due to losses*), 2447 (*Reduction of share capital below the statutory limit*), 2501-ter (*Merger Plan*) and 2506-bis (*Demerger Plan*) of the Civil Code, in compliance with the provisions governing major economic, financial and capital operations with related, parties, atypical or unusual operations;
- to grant general and special authorisations for the performance of its resolutions;

Significant transactions performed to implement the delegated power shall be reported by the Executive Committee to the Board of Directors at its first meeting after the exercise of the delegated powers, without prejudice to the validity of the actions performed in any event;

Members of the Executive Committee receive an attendance fee of € 4,000 per meeting, a fixed fee (€ 200,000 for the Chairman and a 50% increase on the gross annual salary for directorships held by the other members of the Committee) and reimbursement of expenses incurred to attend meetings.

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Average meeting attendance of Executive Committee members was 92.86% at the meetings held in 2009, and 100% at all meetings held in 2010. (See Table 2, containing attendance information for each member of the Executive Committee).

## Managing Directors

The Board may appoint from among its members one or more Managing Directors, defining their powers. Managing Directors must be selected from candidates complying with the same criteria of professionalism and competence as required for the office of Chairman <sup>(30)</sup>.

Starting from 2004, Managing Directors shall remain in office for three years. Their mandate will thus last until the date of the meeting held to approve the financial statements for the financial year ending on 31 December 2012.

The Managing Directors in office are also Members of the Executive Committee by right.

At its meeting on 24 April 2010, the Board of Directors resolved to appoint Managing Director Giovanni Perissinotto as **Group CEO**, having regard to the delegated powers granted to him, which make him the person principally responsible for the management of the Company and the Group.

Giovanni Perissinotto, in his capacity as Managing Director and Group CEO, is responsible for the guidance and operational management of the Company and the Group, in Italy and abroad, with all powers of ordinary and extraordinary administration, in accordance with the general planning and strategic policies established by the Board of Directors and within the value limits specified below, without prejudice to the powers granted by legislation or the Articles of Association exclusively to other governing bodies of the Company or otherwise delegated by the Board of Directors.

Giovanni Perissinotto therefore has the following powers: the operational management of insurance business and the activities relating thereto in Italy, and supervision of insurance business abroad and

<sup>(30)</sup>For the office of General Manager or offices involving the exercise of equivalent functions, specific professional competence is required in the fields of insurance, credit or finance, consisting of experience in positions of appropriate responsibility for a period of no less than five years.



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reinsurance business in Italy and abroad, and the activities relating thereto; responsibility for activities involving strategic planning, management control, enterprise risk management and asset liability management, mergers and acquisitions and management of relevant shareholdings, and activities performed by the Group in the banking, financial and real estate sectors; responsibility for administrative, tax, legal and corporate affairs; responsibility for human resources and the organisation of work, coordination of information technology activities, management and coordination of the companies in the Group, and management of communication regarding operational aspects in the area for which he is responsible.

By way of example but not of limitation, the following powers are granted to Managing Director and Group CEO Giovanni Perissinotto for the purpose of performing the tasks allocated to him, provided that the quantitative and other limitations on the powers granted shall be considered as internal limits between the delegating body and the party to whom the powers are delegated:

- 1) to propose to the Board of Directors and/or the Executive Committee the adoption of measures in the field for which he is responsible;
- 2) to formulate proposals relating to the strategic policies, multi-annual plans and annual budgets of Assicurazioni Generali and the Group, to be submitted for examination and approval by the Board of Directors;
- 3) to issue directives for the drafting of the Company's financial statements; to prepare proposals for submission to the Board of Directors on the draft annual financial statements and consolidated financial statements and on the budget estimates;
- 4) to establish, after consulting Managing Director Sergio Balbinot for the area for which he is responsible, the general organisational system of Assicurazioni Generali and the Group, and submit it to the Executive Committee for examination and approval;
- 5) to ensure that the resolutions passed by the General Meeting, the Board of Directors and the Executive Committee are implemented;
- 6) as regards insurance and reinsurance business:
  - a) to manage insurance business in Italy and supervise insurance management abroad and reinsurance management in Italy and abroad, and the activities relating thereto, and to take the appropriate decisions with respect thereto;
  - b) to supervise and guide the management of the Group's technical and actuarial activities;
  - c) to draft and approve the statements of the Company's Separate Internal Management Accounts and Internal Insurance funds and establish the proportion of participation in the yield of the Separate Internal Management Accounts, without prejudice to any more favourable contractual terms and/or clauses which provide for a minimum yield to be withheld by the Company;
- 7) as regards human resource management and organisation:
  - a) to establish the human resource development and management policies and the associated incentive system, liaising with the Managing Director in the area for which he is responsible; to manage relations with trade unions and employers' associations, with power to sign agreements with them on the Company's behalf; to attempt conciliation, make settlements and sign the minutes relating to settlements;
  - b) with the exception of the powers granted exclusively to the Board of Directors pursuant to art. 35.2 of the Company's Articles of Association, to hire, promote, establish the duties, delegated powers, tasks and economic position of personnel of all grades of the Company in Italy, with the exception of executives with a grade higher than Director. As regards the said personnel: to take the necessary measures, authorise the grant of financial subsidies and leave of absence, arrange transfers and secondments, and take all precautionary and disciplinary measures including dismissal and establishing severance pay;
  - c) to determine, in accordance with the terms of arts. 42 and 43 of the Company's Articles of Association, the scope of the power of representation and company signature of executives with a grade not exceeding that of Director, and to grant the said power continuously to the Company's officers and revoke it;

- d) to propose to the Executive Committee the appointment of the Chairmen, Managing Directors and General Managers (or members of the top management who hold equivalent positions) of the Company's subsidiaries with strategic importance, also formulating proposals relating to their remuneration; in the case of foreign subsidiaries operating in the insurance and/or reinsurance business, the nomination is made after consultation with Managing Director Sergio Balbinot; to nominate the members of the Boards of Directors and Board of Statutory Auditors of subsidiaries without strategic importance, after consulting Managing Director Sergio Balbinot in the case of those operating in the insurance industry abroad, and/or the reinsurance industry in Italy and abroad;
- e) to propose to the Executive Committee the signature of shareholders' agreements of particular strategic importance relating to holdings in the capital of listed Italian and/or foreign companies;
- f) to formulate proposals to the Remuneration Committee relating to the guidelines of the remuneration policy of the Company and the Group;
- g) to ensure the application of the corporate governance rules of the Company and the Group;
- 8) as regards relevant shareholdings, pursuant to s. 4 of Legislative Decree no. 173 of 26 May 1997:
  - a) to acquire and/or increase shareholdings (directly or indirectly and by subscription of rights issues) up to the value of € 100 million, if the Company's free assets are used; to authorise the waiver or assignment of stock options relating to rights issues in invested companies and the waiver of rights of pre-emption;
  - b) to approve rights issues by invested companies; to approve Company operations (such as mergers, demergers, contribution to capital of Company divisions, issue of bonds or subordinate loans, purchase of own shares, etc.) performed by controlled or invested companies with which shareholders' agreements relating to the matters in question have been entered into: all up to € 100 million, if the Company's free assets are used;
  - c) to approve operations involving the total or partial acquisition, increase or assignment of shareholdings (including subscription of rights issues and waiver of stock options on rights issues or rights of pre-emption) proposed by subsidiaries up to the value of € 100 million;
  - d) to approve amendments to the Articles of Association of invested companies;
  - e) to issue voting instructions for the General Meetings of controlled and invested companies;
- 9) as regards other operations:
  - a) to approve issues of financial instruments up to a total value of € 100 million;
  - b) to approve the grant of loans and guarantees for amounts of up to € 100 million;
  - c) to approve operations relating to the performance of work and services, and cooperation agreements for the exercise and development of the Company's business, for amounts of up to € 100 million if the Company's free assets are used;
  - d) to approve merger or demerger operations in relation to which the total assets of the company taken over (merged) or the assets demerged do not exceed € 100 million;
  - e) to approve the acquisition and assignment of companies or company divisions and assets of all kinds for amounts of up to € 100 million, if the Company's free assets are used;
- 10) as regards management of real estate:
  - a) to authorise the purchase and assignment of rights relating to real estate and grant of licences to use the same;
  - b) to grant servient easements on the Company's real estate, with no value limits;
  - c) to consent to the cancellation, reduction and restriction of mortgages and/or liens of any kind (with express power to identify the property to be cancelled for Land Registry and mortgage purposes) and deeds of subordination or subrogation; to consent to the cancellation of transcriptions and annotations, exonerating the Land Registrar and registrars of other offices from the responsibility to establish that the extinction has taken place or a corresponding reduction made in the debt claimed and/or that an authorising resolution has been passed by the appropriate body of the Company;
  - d) for the operations referred to in the earlier paragraphs, the use of the Company's free assets is allowed for amounts of up to € 50 million;
- 11) as regards expenditure: with reference to the Company, to authorise compulsory expenditure with no limit on the amount, and other costs up to € 50 million per item;



insurance companies abroad and reinsurance companies in Italy and abroad; responsibility for the technical and actuarial activities of the Group. The Managing Director is also responsible for research and development activities and management of communication regarding operational aspects in the area for which he is responsible.

The said duties shall be performed consistently with the general planning and strategic policies established by the Board of Directors, within the value limits specified below, without prejudice, in any event, to the sole powers granted by law or the Articles of Association to other bodies of the Company or otherwise delegated by the Board of Directors, and therefore, without prejudice to the power of the Managing Director and Group CEO to supervise insurance business abroad and reinsurance business in Italy and abroad, and activities relating thereto.

By way of example and not of limitation, the following powers relating to the performance of the delegated powers granted to Managing Director Sergio Balbinot are allocated to him, provided that the quantitative and other limitations on the powers granted shall be considered as internal limits between the delegating body and the party to whom powers are delegated:

- 1) within the ambit of his delegated powers.
  - a) to submit to the Managing Director and Group CEO proposals relating to the strategic policies, multi-annual plans and annual budgets of Assicurazioni Generali and the Group for submission to the Board of Directors;
  - b) to submit to the Managing Director and Group CEO proposals relating to the strategic policies of all the organisational units of the Group abroad, and to establish budgets and organise the details thereof;
  - c) to arrange, within the limits of the powers delegated to him, the performance of the resolutions passed by the General Meeting, the Board of Directors and the Executive Committee;
- 2) as regards insurance and reinsurance:
  - a) to manage the Company's insurance business abroad and reinsurance business in Italy and abroad, authorising the taking of insurance and reinsurance risks in the sectors in which the Company is authorised to operate, and the payment of the related compensation;
  - b) within the guidelines established by the Board of Directors and without prejudice to the powers of the Managing Director and Group CEO, to perform management and coordination activities for companies in the Group abroad, relating to their insurance and reinsurance activities;
  - c) to manage the research and development activities and technical and actuarial activities of the Group;
- 3) as regards human resource management and organisation:
  - a) to submit to the Managing Director and Group CEO proposals relating to the personnel policies of the Company and the Group, regarding activities that fall within the sphere of responsibility of the Managing Director;
  - b) with the exception of the powers granted exclusively to the Board of Directors pursuant to art. 35.2 of the Company's Articles of Association, after consulting the Managing Director and Group CEO to hire, promote, and establish the duties, delegated powers, tasks and economic position of personnel of the Company of all grades engaged in insurance business abroad and reinsurance business in Italy and abroad, with the exception of executives with a grade higher than Director. As regards the said personnel: to take the necessary measures, authorise the grant of financial subsidies and leave of absence, arrange transfers and secondments, and take all precautionary and disciplinary measures including dismissal and establishing severance pay;
- 4) as regards expenditure: with reference to the Company and in the context of the delegated powers granted, to authorise mandatory expenditure with no value limit and other costs up to the limit of € 50 million per item;
- 5) power of subdelegation: to subdelegate to employees or third parties who are not employees one or more of the powers specified in the preceding paragraphs, with the obligation to predetermine any limitations thereon;

For all relevant transactions implemented, the Managing Directors shall report to the Board of Directors at the first meeting held after the exercise of their delegated powers, provided that the measures undertaken shall be effective in any event.

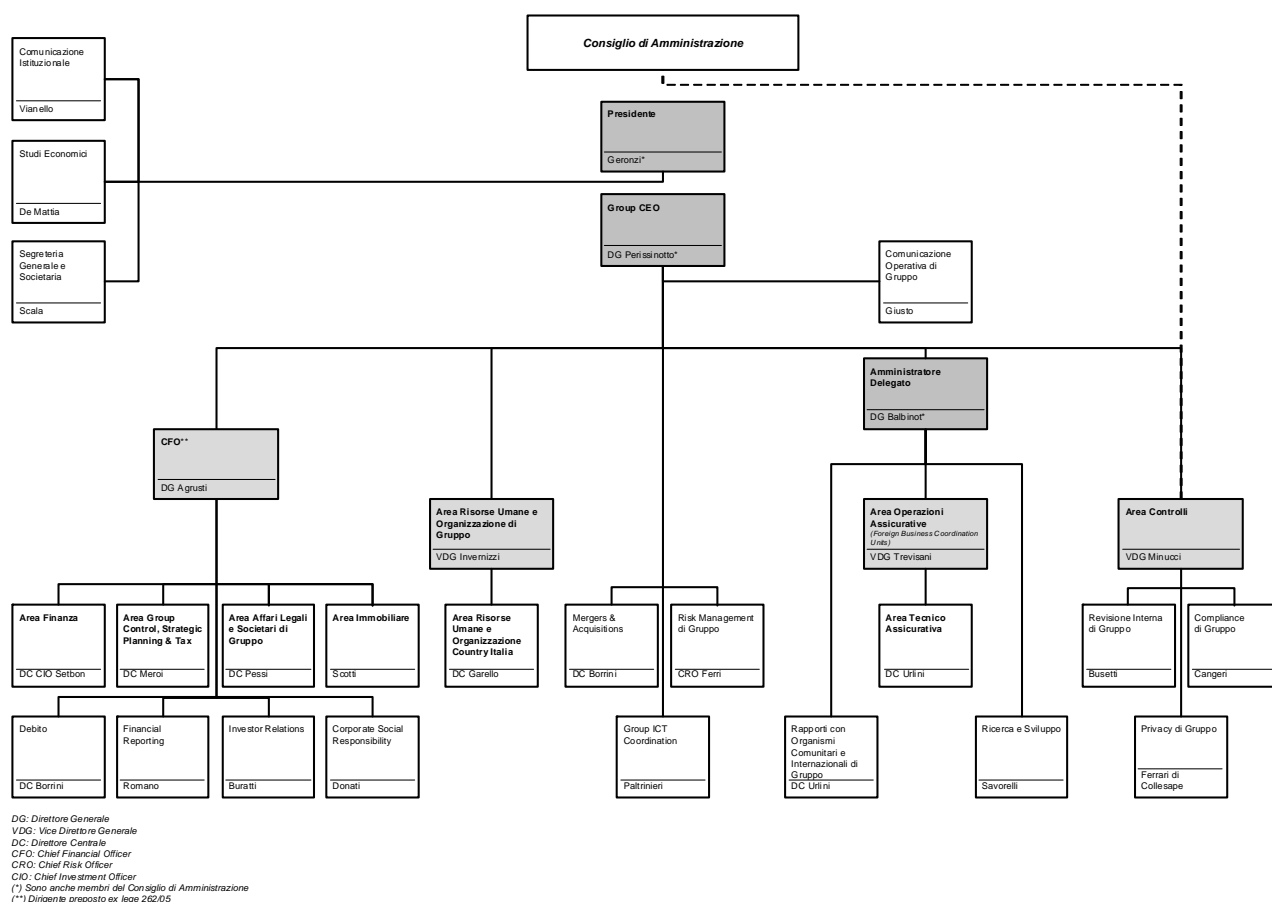
As required by CONSOB notice no. DEM/11012984 of 24 February 2011, containing a request for information pursuant to s. 114.5 of the CFBA sent to Italian Companies listed on the FTSE MIB index, we confirm that the Company does not have a succession plan for Executive Directors or mechanisms for their replacement prior to the normal expiry of their term of office.

## Corporate Centre

The Corporate Centre is the set of departments of the parent company responsible for governing the Group's strategic planning, policy and control processes, which support Managing Director and Group CEO Giovanni Perissinotto and Managing Director Sergio Balbinot in relation to their respective delegated powers.

In line with the new corporate governance structure established by the Board of Directors, a process of reorganisation of the Corporate Centre's structures has been commenced, with a view to making the corporate governance even more efficient and effective.

The Corporate Centre currently has the structure shown in the Table.



The Corporate Centre includes the position of Group Chief Financial Officer (Group CFO), held by General Manager Raffaele Agrusti, who reports to the Managing Director and Group CEO. The Group CFO supervises the corporate structures such as the Finance Area, supervised by the newly instituted figure of Group Chief Investment Officer (Group CIO), the Group Control, Strategic Planning & Tax

Area, the Group Legal and Corporate Affairs Area, and Generali Immobiliare. The Group CFO has also been appointed as Manager in Charge of Preparation of Assicurazioni Generali's Financial Reports, as regards both statutory and consolidated financial statements.

Direction and coordination activities relating to foreign business are performed through an organisational structure that reports directly to Managing Director Sergio Balbinot. In particular, that structure is headed by Deputy General Manager Valter Trevisani who, reporting directly to the Managing Director, supervises the Technical Insurance Area and foreign operations through specific structures called Business Coordination Units, which in turn are structured on a geographical basis. These structures interface with the Country Managers, who are top management figures in the individual countries in which the Group operates.

General Manager Paolo Vagnone was recently appointed Country Manager for Italy, the Group's most important territory, reporting to the Managing Director and Group CEO.

In the Corporate Centre, the Group Chief Risk Officer (CRO) guarantees the soundness of the risk management system, reporting in terms of seniority to the Managing Director and Group CEO and functionally to the Board of Directors, through the Internal Control Committee, in the fields for which he is responsible. The heads of the *Group Internal Audit Department* and *Group Compliance Department*, located in the Control Area, provide independent monitoring in the areas for which they are responsible, reporting functionally to the Board of Directors through the Internal Control Committee.

The Managing Director and Group CEO and the Managing Director are supported, in their respective fields, by some consultative committees, including the Group Risk Committee, the Company Risk Committee and the Group Investment Committee.

The *Group Risk Committee* has the basic task of supporting the top management by:

- drawing up proposals for the target risk profile of the Group, and the correlated levels of economic capital;
- monitoring the Group's risk profile on the basis of reporting performed by the Group Risk Management department;
- establishing any necessary corrective strategies.

The composition of the Committee is as follows:

### Group Risk Committee

Ruolo societario/aziendale ricoperto	Nome e cognome
• Amministratore Delegato/ Group Chief Executive Officer	Giovanni Perissinotto
• Amministratore Delegato	Sergio Balbinot
• Direttore Generale e Group <i>Chief Financial Officer</i>	Raffaele Agrusti
• Vicedirettore Generale Responsabile Area Operazioni Assicurative	Valter Trevisani
• Group Chief Risk Officer	Stefano Ferri
• Direttore Centrale e Chief Investment Officer	Philippe Setbon
• Direttore Centrale Responsabile M&A e Debito	Amerigo Borrini

The Company Risk Committee was instituted by the Group Risk Committee at the meeting held on 5 December 2008, and its activities focus on risks relating to the Company's core insurance business.

The composition of the Committee is as follows:

## Company Risk Committee

Ruolo societario/aziendale ricoperto	Nome e cognome
• Amministratore Delegato/ Group Chief Executive Officer	Giovanni Perissinotto
• Amministratore Delegato	Sergio Balbinot
• Direttore Generale e Group <i>Chief Financial Officer</i>	Raffaele Agrusti
• Vice Direttore Generale Responsabile Direzione per l'Italia	Andrea Mencattini
• Direttore Centrale Responsabile Area Tecnico Assicurativa	Franco Urlini
• Direttore Centrale Responsabile M&A e Debito	Amerigo Borrini
• Group Chief Risk Officer	Stefano Ferri
• Responsabile Contabilità Patrimoniale	Fabio Buttazzoni

The Group Investment Committee has the following main responsibilities:

- to validate financial scenarios proposed by the dedicated structures;
- to support the top management in the process of establishing the Group's investment policies (usable asset classes, and the absolute limits thereon);
- to monitor the effective implementation of the investment policies identified, and establish the corrective strategies.

Its composition is as follows:

## Group Investment Committee

Ruolo societario/aziendale ricoperto	Nome e cognome
• Amministratore Delegato/ Group Chief Executive Officer	Giovanni Perissinotto
• Direttore Generale e Group <i>Chief Financial Officer</i>	Raffaele Agrusti
• Direttore Centrale e Chief Investment Officer	Philippe Setbon
• Direttore Centrale Responsabile M&A e Debito	Amerigo Borrini
• Responsabile operativo di Generali Immobiliare	Giancarlo Scotti
• Group Chief Risk Officer	Stefano Ferri

The Group Risk Committee and the Group Investment Committee both met 7 times in 2008 and 2009, and 6 times in 2010. The Company Risk Committee met 6 times in 2009 and 2010. The Secretary of those Committees is Michele Amendolagine, Head of Group General Secretariat and Corporate Affairs.

Finally, in order to reinforce the integrated management of the Group's business, the *Group Management Committee* commenced operations at the beginning of 2011. That Committee has the following composition:

## Group Management Committee

Office	First name, last name
• Managing Director / Group Chief Executive Officer	Giovanni Perissinotto
• Managing Director	Sergio Balbinot
• General Manager and Group Chief Financial Officer	Raffaele Agrusti
• Deputy General Manager Head of Insurance Operations	Valter Trevisani
• Deputy General Manager Head of Human Resources	Attilio Invernizzi
• Assistant General Manager and Group Chief Investment Officer	Philippe Setbon
• Country Manager - Italy	Paolo Vagnone
• Country Manager - Germany	Dieter Meister
• Country Manager - France	Claude Tendil
• Country Manager - East Europe	Ladislav Bartonicek
• Country Manager - Asia	Sergio Di Caro

The Secretary of the Group Risk Committee and the Group Investment Committee, which both met 7 times in 2008 and 2009 and 6 times in 2010, and of the Company Risk Committee, which met 6 times in 2009 and 2010, is Michele Amendolagine, Head of the Group General Secretariat and Corporate Affairs Department.

### Legal representation

The legal representation system of the Company, regulated by articles 42 and 43 of the said Company's Articles of Association, is endowed with a structure which guarantees the best possible operational flexibility and, at the same time, adequate monitoring of corporate documents.

To this end, the said representation is effected by appending beneath the Company's name the joint signatures of the Chairman, the Vice-Chairman of the Board of Directors, the Managing Directors, the General Managers and the Deputy General Managers appointed to the Central Head Office. The said executives may also act jointly with another member of the Board of Directors, the General Manager or the Deputy General Managers at the Head Office for Italy, or with another of the Company's managers.

In the last case, the said managers also represent the Company for business not included in the sphere of jurisdiction assigned to them. If two of the above-mentioned managers act jointly as authorised representatives, at least one of them must be acting within his/her sphere of jurisdiction.

Under the resolution adopted by the Board of Directors, the Managing Directors, by deed filed with the Trieste Companies Registry, shall determine the scope of the power to represent the Company and sign on its behalf granted to executives holding an office not ranking higher than "Assistant General Manager", and define their sphere of jurisdiction.

Moreover, the jurisdiction of each executive of the Company shall coincide with the jurisdiction assigned to the Deputy General Manager or the Assistant General Manager who, directly or indirectly, supervises him/her; in the absence of such a person, it coincides with the jurisdiction assigned to the executive with the highest ranking position reporting to the General Manager or to the competent Director.



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Lastly, the competent governing body may also grant power to represent Generali to other employees or third parties, by granting special or general powers of attorney for single actions or types of actions. If power to represent the Company is continuously assigned to Company officers, the said officers shall represent it, solely within their sphere of jurisdiction, through joint signature with an executive holding the said jurisdiction.

## **Other sub-committees**

The Code, from its outset, has recommended that listed companies should set up a number of committees with responsibility for specific issues with a view to improving the Board's efficiency and effectiveness. These committees should be made up of members of the Board.

These committees have the task of giving advice and making proposals to the Board of Directors. They include the Internal Control Committee, the Committee for the remuneration of Managing Directors and other Directors who hold special positions, as well as assessment of the criteria adopted for the remuneration of executives with strategic responsibilities, and the Corporate Governance Committee, the Investment Committee and the Committee for evaluation of Related Party Transactions.

In compliance with the Code in force, the Board of Directors shall assess the advisability of establishing an appointments committee mainly made up of Independent Directors. For this reason, the Company has, so far, not deemed it necessary to establish an *ad hoc* Committee, since such a body would have a mere contingency function. In any event, the Operating Regulation of the Board of Directors states that the Board must evaluate the advisability of setting up such a consultative body.

## **Internal Control Committee**

Taking into account the relevant provisions of the Voluntary Self-Regulatory Code, since its first edition, the Board of Directors has resolved to establish an Internal Control Committee with advisory and recommendation functions, within the internal control field, consisting of members chosen from the Board.

The provisions of Article 37 of the Company's Articles of Association, which empower the Board to set up advisory committees composed of members of the Board and to establish their powers, serve as reference for the establishment of these committees.

The present Committee was appointed by the Board of Directors in April 2010, and will be in force until the General Meeting which approves the financial statements for the financial year ending on 31 December 2012.

The said Committee is made up as follows:

## Internal Control Committee

Office	First name, last name
<ul style="list-style-type: none"><li>Chairman</li><li>Non-executive and independent Director</li></ul>	Alessandro Pedersoli
<ul style="list-style-type: none"><li>Member of the Committee</li><li>Non-executive and independent Director</li></ul>	Cesare Calari
<ul style="list-style-type: none"><li>Member of the Committee</li><li>Non-executive and independent Director</li></ul>	Carlo Carraro

The Board of Directors, in its meeting of 16 March 2011, designated, effective that date, Prof. Calari as a member of the Internal Control Committee. He replaces Prof. Miglietta, who on the same date was appointed a member of the Executive Committee to replace Mr. Del Vecchio, who had resigned on 21 February 2011.

Mr. Antonio Scala acts as Secretary of the Internal Control Committee.

In compliance with the best practice incorporated in the Code, the Board of Directors, during its meeting held on 24 April 2010, verified the existence of the independence requirement for all members of the Internal Control Committee, and repeated that verification on the occasion of the annual check performed to establish whether the members of the Board of Directors meet the independence requirements. According to the provisions of article 8.4 of the Code, the Committee members must be non-executive and for the most part independent.

In view of application Criteria no. 1.C.1, 8. C.3 and 9.C.1. of the Code and the terms of ISVAP Regulation no. 20 of 26 March 2008, the Committee holds the following powers and responsibilities:

- to assist the Board of Directors in determining the internal control system and risk management guidelines, assessing its adequacy and actual functioning on a regular basis, identifying and managing the main corporate risks;
- to ensure that the assessments and decisions made by the Board of Directors pertaining to the internal control and risk management system, approval of the annual accounts and the half-year reports as well as the relations between the Company and the External Auditors are supported by an adequate preliminary stage. In this context, it is required::
- to assist the Board of Directors in performing the tasks it is assigned by the Code on the internal control and risk management system;
- to express its opinion on the proposed “Audit Plan” and the “Summary Report on Internal Audit Activities”, drawn up by the Head of the Internal Control sector, before they are submitted to the Board of Directors for approval;
  - to express its opinion of the draft “*Compliance Plan*” and the “*Report on the adequacy and efficacy of the measures taken by the Company to manage the non-conformity risk*”, prepared by the Compliance Manager, with a view to their presentation to the Board of Directors;
    - to obtain information about the adequacy of the expenditure budget and the quantitative and qualitative profiles assigned to the control departments;
- to assess, together with the managers responsible for drawing up the Company’s corporate accounting documents and the external auditors, the correct use of the accounting standards adopted and their uniformity with a view to preparation of the consolidated accounts;

- “to examine the substantiated proposal by the Board of Statutory Auditors regarding the appointment of the external auditors and formulates its comments thereon, reporting to the Board of Directors;
- to evaluate the results illustrated in the External Auditors’ Report and their letter of suggestions, if any;
- ‘ to report to the Board of Directors on its activity and the adequacy of the internal control and risk management system when the draft annual and semi-annual accounts are approved; comments on matters relating to delegated powers;
- to express its opinion of the draft “*Annual Report on the Internal Control and Risk Management System*” to be submitted for evaluation by the Board of Directors;
- to express opinions concerning the identification of the main corporate risks and the planning, implementation and management of the internal controls and risk management system, upon request by the Board of Directors;
- to assist the Board of Directors in assessing its skills in maintaining the Company’s risk management system in terms of adequacy of the organisational and process structures relating to the identification and management of the Group’s main risks, including quantitative analysis performed, at least once a year, by means of stress tests;
- to express opinions concerning the approval and execution mechanisms of the operations carried out by the Company or by its subsidiaries with related parties, as well as opinions concerning specific operations with related parties, as envisaged by the relevant resolution of the Board of Directors;
- to direct, with the support of the Internal Audit function, the process through which the Board of Directors assesses the adequacy of the organisational, administrative and accounting systems of the Company in line with the terms of the Self-Regulatory Code for listed companies, and those of its subsidiaries with strategic relevance;
- to perform any duties allocated to it in future by the Board of Directors;
- to implement all the actions related to and stemming from the resolution which set out its responsibilities, as well as all the activities that may be necessary, or at least useful and appropriate, to implement the said resolution.

The Internal Control Committee reports on its activities to the Board at least when the Board is convened to approve the annual and half-year accounts, and expresses its own opinion on matters for which it is responsible.

During 2010, the Committee carried out, among others, the following activities, with the support of the Head of Internal Controls:

- ’analysis of report on the 2010 Compliance Plan and the corresponding expenditure budget
- analysis of the update report on the activities performed by the Independent Risk Control department;
- analysis of report on the auditing activities performed in the 2009 financial year;
- analysis of report on the 2010 Activity Plan and expenditure budget;
- drafting of a self-assessment questionnaire for the Board of Directors and sub-committees;
- analysis of report on the presentation of proposed modifications of aspects of the Company’s corporate governance, in view of the comments formulated by ISVAP after the inspections conducted in 2008;
- analysis of the report on the progress of the activities for which the Manager in Charge of Preparation of the Company’s Financial Reports is responsible;

- preliminary examination of the results of the self-assessment process conducted by the Board of Directors and sub-committees;
- evaluation of the draft report on the organisational, administrative and accounting systems of the Company and its subsidiaries with strategic importance
- presentation of the report on the activities performed by the Internal Control Committee in the year ending on 31 December 2009.
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- analysis of proposals regarding the remuneration of the executive responsible for the Internal Audit department;
- presentation of the activities associated with the “Solvency II” project ;
- examination of the draft annual report on the internal control and risk management system, as required by ISVAP Regulation no. 20 of 26 March 2008;
- analysis of periodic report on *Independent Risk Control* (ISVAP Regulation no. 20 of 26 March 2008);
- analysis of quarterly report on operations in Derivative Financial Instruments;
- proposals for submission to the Board of Directors regarding the remuneration of the Senior Executives responsible for the Control Area;
- analysis of report on the process of selection and appointment of the External Auditors
- presentation of the report by the head of the Group Compliance Department relating to the ISVAP notice of 4 November 2010;
- analysis of Report on auditing activities performed by the Group Internal Audit Department on the subsidiaries;
- analysis of the periodic report on the implementation by the Generali Group of the Organisation and Management Model required by Legislative Decree no. 231 of 8 June 2011;
- analysis of information note on the Half-yearly Report as at 30 June 2010 and the limited review thereof currently being performed by the External Auditors;
- update by the Manager in Charge of Preparation of the Company’s Financial Reports regarding his activities;

The Chairman of the Committee ensures that adequate information on the items on the agenda is provided to all committee members well in advance of each meeting, adopting the procedures required to maintain the confidentiality of the data and information supplied, in accordance with the terms of the Regulation on the operation of the Company’s administrative bodies.

Committee meetings are attended by Committee members and by the Director responsible for control issues, the Chairman of the Board of Statutory Auditors or any other Statutory Auditor designated by the Chairman of the Board of Statutory Auditors. It is now standard practice to invite all Members of the Board of Statutory Auditors to take part in the Committee’s meetings. In relation to the subjects on the agenda in the last financial year, the presence at those meetings of non-members, especially the Company’s and/or the Group’s executives, and representatives of the External Auditors at regular intervals, was requested; some of them attended the whole meeting, and others were only present during the discussion of certain items on the agenda.

In performing its role, the said body may access the corporate information and functions necessary to carry out the tasks allocated to it, through the Secretary to the Board of Directors.

During the 2010 financial year, the Committee did not call on the assistance of advisors external to the Company.

At Committee meetings, the Head of Internal Control reports on the operation of his/her Department to the Committee and the Board of Statutory Auditors present at its meetings. He has direct access to all information useful for the performance of his duties.

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The operation of the Internal Control Committee is guaranteed by specific regulations.

Members of the Internal Control Committee receive an attendance fee of € 2,000 per meeting, a fixed fee (€ 50,000 for the Chairman and € 30,000 for the other members of the Committee) and reimbursement of expenses incurred to attend meetings.

The above-mentioned governing body has duly performed the recommendation and advisory activities for which it was established; it has kept minutes and produced the reports required by the performance of the Company's business.

Internal Control Committee meetings are usually held at least four times a year, and in time to take decisions on the issues on which the Committee must report to the Board of Directors.

Specifically, the Committee met on eight occasions in 2010, seven in 2009, and eight in 2008. All those meetings were attended by all members (see Table 1, containing attendance information for each member of the Internal Control Committee).

In the 2010 financial year, the financial resources provided to the Committee for activities falling within its remit amounted to a total of € 300,000.00.

On the occasion of the meeting held on 22 February 2011, the Committee passed its 2011 budget, confirmed at € 300,000, then approved by the Board of Directors at the meeting held on 23 February 2011.

## **Remuneration Committee**

Generali had for a long time had a committee, consisting of members of the Board, in charge of determining the remuneration of Board members holding special positions. Members were elected when the concrete need emerged to establish the remuneration of these Directors.

Approaching this issue in the spirit of the Code, on 20 February 2001 the Board took note of the indisputable existence of the limitation laid down by Article 2389 of the Italian Civil Code, which attributes solely to the Board, upon indications provided by the Board of Statutory Auditors, the power to determine the remuneration of Directors appointed to particular positions as specified in the Articles of Association. In this case, too, the Board took the provisions of Article 37 of the Company's Articles of Association as a point of reference, as it empowers the Board of Directors to set up advisory committees, composed of members of the Board, and to establish their powers.

The Board later deemed it desirable to formally appoint its own body with delegated powers, known as the Remuneration Committee, which assists the Board of Directors on remuneration matters'. The Committee also expresses its opinion of related party transactions regarding the remuneration of key management personnel, in accordance with the terms of art. 6.11 of the Related Party Transaction Procedures approved by the Board of Directors.

The Committee currently holding office was appointed by the Board of Directors on 24 April 2010, and will hold office until the General Meeting which approves the financial statements for the financial year ending on 31 December 2012. The said Committee is made up as follows:



## Remuneration Committee

Office	First name, last name
<ul style="list-style-type: none"><li>Chairman</li><li>Non-executive and independent Director</li></ul>	Paolo Scaroni
<ul style="list-style-type: none"><li>Member of the Committee</li><li>Executive and independent Director</li></ul>	Lorenzo Pelliccioli
<ul style="list-style-type: none"><li>Member of the Committee</li><li>Non executive Director</li></ul>	Francesco Saverio Vinci

The Board of Directors, in its meeting of 16 March 2011, designated, effective that date, Mr Savaerio Vinci as a member of the Remuneration Committee. He replaces Mr. Del Vecchio, who had resigned on 21 Febauary 2011.

Mr. Antonio Scala acts as Secretary to the Remuneration Committee.

Contrary to the suggestion made in the Self-regulatory Code, the Remuneration Committee is not composed of a majority of non-executive directors. Lorenzo Pelliccioli is an executive director (as was outgoing director Leonardo Del Vecchio), in view of the delegated powers granted to the Executive Committee by resolution of 24 April 2010.

The main contents of the Self-regulatory Code, which provide that only non-executive directors can sit on the Remuneration Committee, is a basic rule of an adequate system of corporate governance, and is designed to ensure that none of the Directors can influence the determination of their own remuneration or the procedures for its determination.

In the case of Assicurazioni Generali, the remuneration of directors not holding individual delegated powers is established by the General Meeting, on the proposal of the Board of Directors. The Remuneration Committee consequently does not have a decisive influence on the process of determination of the remuneration of Directors other than the Chairman, the Managing Director and Group CEO, and the Managing Director.

Moreover, the Board of Directors, considering it appropriate to appoint Lorenzo Pelliccioli and Leonardo Del Vecchio, took account of the significant experience obtained by them in the field of remuneration policies, and the contribution they could consequently offer.

The task of this Committee is to formulate opinions and submit non-binding proposals to the Board on the remuneration of the Chairman of the Board of Directors and Managing Director.

Proposals for determining remuneration are made on the basis of individual discretionary evaluations, taking into account, among other factors, a series of parameters such as the degree of responsibility held by the Director within the corporate organisational structure, his/her influence on Company results, the profit made by the Company and the attainment of specific targets set by the Board.

Consistently with this approach, a resolution was passed regarding the determination of remuneration of members of the Board who hold special offices or have taken on responsibilities in compliance with the Articles of Association, and of General Managers. With regard to the latter, the Remuneration Committee formulates opinions and non-binding proposals to the Board of Directors, on the proposal of the Managing Directors.

Moreover, in the case of related party transactions relating to the remuneration of Directors, Permanent Statutory Auditors and Senior Executives of the Company with a grade at least equal to Central Director, the Remuneration Committee performs the functions attributed to the Committee for Evaluation of Related Party Transactions.

This Committee has no jurisdiction with regard to other fees to which Directors are entitled. In particular, it does not deal with the global remuneration payable to individual members of the Board or the Executive Committee, which 'is established by the General Meeting (<sup>31</sup>).

The Board has approved an ad-hoc set of provisions to regulate the functioning of the Remuneration Committee, whose duties are as follows:

- to express opinions and make non-binding proposals to the Board of Directors on the determination of the remuneration payable to the Chairman of the Board of Directors and the Managing Directors; opinions and proposals are expressed on the basis of a discretionary assessment taking into account the following criteria:
  - relevance of the responsibilities within the corporate organisational structure;
  - impact on the corporate results;
  - economic results achieved;
  - achievement of specific objectives previously set by the Board of Directors;
- to monitor the implementation of the decisions taken by the Board of Directors on the basis of the proposals put forward;
- to express an opinion to the Board of Directors concerning the determination of the remuneration payable to those members of the Board of Directors holding a particular office or having a function in accordance with the Articles of Association;
- to express opinions and make non-binding proposals on the determination of the remuneration payable to the General Managers, on the proposal of the Managing Directors, on the basis of a discretionary assessment adopting the following criteria:
  - the level of responsibility and the risks relating to the functions held;
  - the results achieved with reference to the objectives set out;
  - extra tasks carried out;
- to assess, at regular intervals, the criteria adopted for the remuneration of managers with strategic responsibilities, monitor the application of the said criteria on the basis of the information gathered by the Managing Directors, and make relevant recommendations to the Board of Directors;
- to express opinions and make non-binding proposals concerning the stock option plans and the allocation of shares;
- to report on the activities carried out, disseminate information and formulate tailored proposals and opinions to the Board of Directors in a timely manner, thus ensuring the efficient organisation of Board meetings convened to discuss remuneration;
- to perform any other tasks which the Board of Directors may later allocate to the Committee by specific resolution.

The main activities performed by the Committee in 2010 were:

- presentation of the guidelines of the new long-term incentive plan for Executive Directors and executives of the Group;

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(31) Further details about remuneration can be found in the relevant section of the Notes to the Accounts contained in the Company's annual financial statements.



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- drafting of proposals for the remuneration of the Chairman, Managing Directors and General Manager;
  - definition of proposals relating to the items on the agenda of the General Meeting;
  - analysis of the expenditure budget for the current financial year;
  - analysis of the proposals submitted to the Board of Directors regarding the remuneration of the Chairman, the Executive Directors and the General Manager for the 2010 financial year;
  - analysis of the proposals submitted to the Board of Directors for implementation of the long-term incentive plan as regards the Executive Directors and the General Manager;
  - analysis of the update report on the implementation of the long-term incentive plan as regards executives of the companies in the Group;
  - analysis of the proposals submitted to the Board of Directors regarding the remuneration of the Chairman, the Executive Directors and the General Manager for the 2010 financial year;
  - analysis of the proposals submitted to the Board of Directors for the implementation of the long-term incentive plan as regards the Executive Directors and the General Manager, and report thereon regarding the executives of Generali and the companies in the Group;
  - analysis of the proposals submitted to the Board of Directors regarding the remuneration of the Executive Directors and the General Manager for the 2010 financial year;
  - analysis of the proposals submitted to the Board of Directors regarding the remuneration of the Executive Directors and the General Manager for the 2011 financial year.

In performing its role, the said body may access the corporate information and functions necessary to carry out the tasks allocated to it, through the Secretary to the Board of Directors.

In the past financial year, meetings of the Committee were attended by non-members, on the Committee's invitation. Some attended the whole meeting, while others were only present during the discussion of certain items on the agenda. The Committee also called on assistance from external consultants.

Members of the Remuneration Committee receive an attendance fee of € 2,000 per meeting, a fixed fee (€ 20,000 for the Chairman and € 15,000 for the other members of the Committee) and reimbursement of expenses incurred to attend meetings.

The above-mentioned governing body has duly performed the recommendation and advisory activities for which it was established; it has kept minutes and produced the reports required by the performance of the Company's business.

The Remuneration Committee met twice in 2008, four times in 2009 and eight times in 2010. All those meetings were attended by all members. (See Table 2, containing attendance information for each member of the Internal Control Committee.)

At the Committee meeting held on 2 February 2011, the Committee established its spending budget for the 2011 financial year at € 150,000. This budget was approved by the Board of Directors at its meeting on 2 February 2011.

### **Corporate Governance Committee**

The Board of Directors has set up a consultative committee to establish whether, and to what extent, the corporate governance rules introduced by the Company to date are in line with the best practice, having regard to the fact that there have been a number of major changes in the legislative picture and

best practices, and the industrial and financial objectives specified in the Strategic Plan have been updated.

Six members of the Board of Directors were co-opted to the Committee. The presence of the Independent Directors makes a decisive contribution to its composition.

Members of the Corporate Governance Committee receive an attendance fee of € 2,000 per meeting, a fixed fee (€ 50,000 for the Chairman and € 30,000 for the other members of the Committee) and reimbursement of expenses incurred to attend meetings.

### Corporate Governance Committee

Office	First name, last name
<ul style="list-style-type: none"> <li>• Chairman</li> </ul>	Cerare Geronzi
<ul style="list-style-type: none"> <li>• Executive Director</li> </ul>	
<ul style="list-style-type: none"> <li>• Member of the Committee</li> <li>• Non-executive and independent Director</li> </ul>	Ana Patricia Botin
<ul style="list-style-type: none"> <li>• Member of the Committee</li> <li>• Executive Director</li> </ul>	Nicola Alberto Nagel
<ul style="list-style-type: none"> <li>• Member of the Committee</li> <li>• Non-executive and independent Director</li> </ul>	Alessandro Pedersoli
<ul style="list-style-type: none"> <li>• Member of the Committee</li> <li>• Independent Director</li> </ul>	Lorenzo Pellicoli
<ul style="list-style-type: none"> <li>• Member of the Committee</li> <li>• Non-executive and independent Director</li> </ul>	Paolo Scaroni

The Committee met once in 2010.

Antonio Scala is the Secretary of the Committee.

### Investment Committee

The Board of Directors instituted the Investment Committee on 24 April 2010.

The Committee is required to conduct a periodic analysis of the Group's investment policies, the main operational guidelines and the corresponding results, identifying any proposals for detailed analysis or measures to be submitted for the attention of the Group Investment Committee, in accordance with the Group's risk appetite and risk tolerance; this periodic analysis also relates to the Group's asset allocation (including the main concentrations), strategic shareholdings and investment and divestment operations of particular significance performed during the preceding period.

The Committee also analyses in advance some major investment and divestment operations relating to specific assets which, due to their liquidity and riskiness, require complex evaluations of merit and advisability. Finally, it formulates analyses and proposals regarding plans to buy back the Company's own shares and issue bonds.

The Committee consists of four Directors and the General Manager and CFO. The Group's Real Estate Operations Manager and the Chairman of the Board of Management of subsidiary Generali Investments S.p.A. can be invited to attend meetings.

## Investment Committee

Office	First name, last name
<ul style="list-style-type: none"><li>• Managing Director / Group Chief Executive Officer</li><li>• Executive Director</li><li>• General Manager</li></ul>	Giovanni Perissinotto
<ul style="list-style-type: none"><li>• Executive Director</li><li>• Vice-chairman</li></ul>	Francesco Gaetano Caltagirone
<ul style="list-style-type: none"><li>• Member of the Committee</li></ul>	Petr Kellner
<ul style="list-style-type: none"><li>• Member of the Committee</li></ul>	Francesco Saverio Vinci
<ul style="list-style-type: none"><li>• General Manager and Group Chief Financial Officer</li></ul>	Raffaele Agrusti

Antonio Scala is the Committee Secretary.

Members of the Remuneration Committee receive an attendance fee of € 2,000 per meeting, a fixed fee (€ 30,000 for all members of the Committee except the Chairman) and reimbursement of expenses incurred to attend meetings.

The Committee met five times in 2010, with 100% attendance at the first four meetings.

## Committee for the Evaluation of Related Party Transactions

The Company's Board of Directors resolved to institute the Committee for the Evaluation of Related Party Transactions at the meeting held on 16 December 2010. The Committee consists of five members appointed by the Board of Directors from among its non-executive members who meet the independence requirements laid down by the Listed Companies' Self-Regulatory Code. Its current members are Alessandro Pedersoli (Chairman), Cesare Calari, Carlo Carraro, Paola Sapienza and Paolo Scaroni.

The Board of Directors, in its meeting of 16 March 2011, designated, effective that date, Prof. Calari as a member of the Committee for the Evaluation of Related Parties Transactions. He replaces Prof. Miglietta, who on the same date was appointed a member of the Executive Committee to replace Mr. Del Vecchio, who had resigned on 21 February 2011.

## Committee for the Evaluation of Related Party Transactions

Office	First name, last name
<ul style="list-style-type: none"><li>• Chairman</li></ul>	Alessandro Pedersoli
<ul style="list-style-type: none"><li>• Non-executive and independent Director</li></ul>	Cesare Calari
<ul style="list-style-type: none"><li>• Non-executive and independent Director</li></ul>	Carlo Carraro
<ul style="list-style-type: none"><li>• Non-executive and independent Director</li></ul>	Paola Sapienza
<ul style="list-style-type: none"><li>• Non-executive and independent Director</li></ul>	Paolo Scaroni

This Committee, which has not yet met, has the task of expressing its opinion of the related party transactions submitted for its attention by the Board of Directors or the bodies holding delegated powers, in accordance with the Related Party Transaction Procedures approved by the Board of Directors by resolution of 11 November 2010, in compliance with the terms of the Regulation governing the operation of the said Committee, which was also approved by the Board of Directors by resolution of 11 November 2010.

For the issue of its opinion, the Committee for Evaluation of Related Party Transactions can call on the assistance of one or more independent experts, preferably experts commissioned specifically for that purpose by the Board of Directors or the body holding delegated powers.

The Committee has no power to express its opinion of transactions relating to the remuneration of Directors, Permanent Statutory Auditors or Senior Executives of the Company with a grade at least equal to Central Director, which are the responsibility of the Remuneration Committee.

The Members of the Committee receive an attendance fee of € 5,000 per meeting, a fixed fee (€ 25,000 for the Chairman and € 20,000 for the other members of the Committee) and reimbursement of expenses incurred to attend meetings.

Antonio Scala is the Secretary of the Committee

## Internal Control and Risk Management System

ISVAP Regulation no. 20 of 26 March 2008 contains the main regulatory provisions for insurance companies relating to internal controls and risk management<sup>32</sup>.

On the basis of that source, the Company's Board of Directors has established the principles and basic characteristics of its Internal Control and Risk Management System, approving a document entitled *The Internal Control and Risk Management System*, which describes in detail its purposes, principles, structure, roles, responsibilities and main provisions, and arranging for it to be adopted by its subsidiaries, while having regard to the specific legislative provisions in force in each country in which the Group operates.

The publication on 17 December 2009 of Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance, commonly known as the Solvency II Directive, has changed the overall reference scenario, so that it is advisable to perform a complete update to comply with the new provisions by the date on which the Directive comes into force.

The Group has consequently begun to review the organisational structure of its Internal Control and Risk Management System, which is designed to stimulate continual value creation, promoting its values and business culture by means of an integrated, synergic logic between risk management and controls.

This organisational model requires:

- bodies responsible for risk and control policies and monitoring, which include the Company's governing bodies within their respective fields of responsibility;
- operational structures responsible for risk management and control, which include all the Company's organisational units.

In particular, the Internal Control and Risk Management System attributes to the Board of Directors, in the ambit of its tasks and responsibilities, the ultimate responsibility for establishing risk management and internal control strategies and policies and guaranteeing their suitability and maintenance over time, in terms of completeness, functionality and efficacy, in accordance with the Company's size and operational specificity and with the nature and intensity of its corporate risks, including with reference to outsourced company functions. The top management (ie. the Managing

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<sup>32</sup> Regulation 20 supplemented and updated the terms of the earlier ISVAP Circular no. 577/D of 30 December 2005.

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Directors and General Managers and all key management personnel)<sup>33</sup> is responsible at different levels for the implementation, maintenance and monitoring of the Internal Control and Risk Management System, in compliance with the directives issued by the Board of Directors.

In the ambit of the first organisational level of risk management and controls, the parties responsible for the operational areas (Risk Owners) have direct responsibility for undertaking, managing and controlling risks and implementing the necessary control activities. For this purpose, they provide the top management, partly through the *Risk Committee*, with the information required to establish the management and control policies, methods and tools for the risks for which they are responsible at both Group and Company level, coordinate their implementation, and guarantee their adequacy over time. They also ensure compliance with the objectives and policies by the operating units for which they are responsible, and identify and perform corrective measures within the limits of their independent responsibility; outside those limits they produce specific recommendations and suggestions for the top management.

The control activities are therefore deemed to be an integral part of each company process, falling primarily under the responsibility of the Manager of each organisational unit. According to a principle of “self-assessment” of processes, in terms of the risks and controls associated with them, each organisational unit is directly responsible for achieving (and therefore aware of having to achieve) the objectives of efficacy, efficiency and quality of the risk management and control mechanisms relating to their activities.

To guarantee that continuous control of risks will be effective, by implementing suitable control systems, there are also specific company structures which have no operational tasks and are consequently not responsible for decision-making regarding individual risks.

In particular, the activities performed by the operational areas and the line control structures (such as management control, inspectorates, etc.) are complemented by a second organisational level of the risk management and control system represented by the Risk Management, Compliance and Internal Audit departments, which are independent of the operational structures and of functional reporting to the Board of Directors through the *Internal Control Committee*. The Solvency II Directive also attributes a key role in the overall governance to those departments, also specified by the current regulations, and to the actuarial department.

In this scenario, the Risk Management Unit in particular has been reviewed in order to adapt to the new legislative context. This Unit, which is represented in organisational terms by the *Group Risk Management Department*, the head of which has the title of *Group Chief Risk Officer (Group CRO)*, acts as guarantor of the strength of the risk management system.

The Unit supports the Board of Directors and the top management in establishing risk management strategies and risk monitoring and measurement tools and, through a suitable reporting system, supplies the data required to evaluate the strength of the risk management system as a whole. For this purpose it constantly monitors the development of the risk profile of the Company and the Group and compliance with the management policies.

The Unit also supports the Manager in Charge of Preparation of the Company’s Financial Reports as regards the activities for which he is responsible, as specified by s. 154-bis of the CFBA.

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<sup>33</sup> Namely, in this context, the Company’s executives with a grade at least equal to Central Director;

Also in the context of the second organisational level of the risk management and control system, the Compliance Unit represents an additional control, being responsible for evaluating whether the organisation and internal procedures of the insurance company are suitable to prevent the risk of incurring legal or administrative sanctions, pecuniary loss or damage to reputation, as a result of infringement of legislation, regulations or orders issued by the Regulators or the provisions of self-regulatory codes.

This Unit is represented organisationally by the *Group Compliance Department*, instituted by resolution of the Board of Directors pursuant to ISVAP Regulation no. 20 of 26 March 2008.

To allow supervision of the management of the compliance risk at Group level, the Board of Directors, in compliance with the said Italian legislation, and taking account of developments in the European legislation, recently approved the *Group Compliance Policy*. The latter establishes the principles and guidelines for the performance of the compliance activities that each company in the Group is obliged to perform, subject to the necessary adaptations due to specific local legislation and the size and nature of the company.

The *Group Money-laundering Prevention Unit*, which is responsible for providing unified monitoring of the Group with regard to management of the risk of money-laundering and financing of terrorism, was instituted as part of the *Group Compliance Department* at the end of 2010. The institution of the Unit preceded the money-laundering consultation document issued by ISVAP on 15 February 2011.

The Manager of the *Group Compliance Department* reports to the Board of Directors at least once a year, directly or through the Internal Control Committee, drawing up a report on the measures taken by the Company to manage the risk of non-compliance with legislation, and the annual activity plan.

At the second organisational level of controls, the Internal Audit Unit, organisationally represented by the *Group Internal Audit Department*, is responsible for providing an independent evaluation of the efficacy of the internal control system, and consequently of the effective operation of the controls designed to guarantee the correct performance of processes in consideration of the risk propensity levels, operating as a third line of defence.

The internal audit activities take the form of direct audits at operational facilities, established in the ambit of an Audit Plan, where the number of activities planned has grown over the years, and analysis and evaluation of information about the controls introduced to mitigate risks.

The Board of Directors also resolves on the appointment and dismissal of the *Group Internal Audit Manager*, who also has the role of Internal Control Manager, also determining his annual remuneration, on the proposal of the Group CEO and Managing Director responsible for the human resources area, with the approval of the Internal Control Committee, as required by the Code.

The head of the *Group Internal Audit Department* arranges regular functional connections with all the internal audit department heads of the subsidiaries, which comply with precise methodological and procedural instructions to guarantee a standardised approach and rapid detection of any critical factors which may arise locally.

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As already mentioned, in order to maintain direct supervision over Internal Control and Risk Management, the Company's Board of Directors has ordered that all control departments should report functionally to it through the Internal Control Committee.

***Main characteristics of the risk management and internal control system in relation to the financial reporting process***

The risk management and internal control system in relation to the financial reporting process adopted by Assicurazioni Generali ("the System") is part of the more general internal control and risk management system.

That System deals with internal control and risk management issues relating to the financial reporting process in an integrated way, with the aim of identifying, evaluating and controlling risks relating to the financial reporting process (the financial reporting risk)<sup>34</sup> to which the Company and the Group are exposed.

The System is therefore designed to guarantee the accuracy, reliability and promptness of financial reporting. In the pursuance of this aim, the Company has established a "financial reporting risk model" consisting of a set of principles and rules which are designed to guarantee a suitable administrative and accounting system, partly by introducing operational procedures and instructions.

The figure of Manager in Charge of Preparation of the Company's Financial Reports falls into this context; Statute no. 262 of 28 December 2005 ("Statute 262") gives this Manager a crucial role as regards the reliability of accounting documents and the preparation of suitable administrative and accounting procedures for listed companies whose member state of origin is Italy.

Definition of the methodological and organisational aspects involved in the adoption of the financial reporting risk model by the Company and the Group is delegated to Assicurazioni Generali's Manager in Charge of Preparation of Financial Reports in the ambit of the powers and resources allocated to him, consistently with the provisions of s. 154-bis.4 of the CFBA.

The "financial reporting risk model" adopted is based on a process established by the Company in accordance with the following reference frameworks, generally recognised and accepted at international level:

- (i) CoSO<sup>35</sup> Internal Control – Integrated Framework, issued in 1992, which establishes guidelines for the evaluation and development of an internal control system<sup>36</sup>;
- (ii) COBIT (Control Objective for IT and Related Technology)<sup>37</sup> which provides specific guidelines for the information systems area, supplemented by the ITIL<sup>38</sup> (a framework already adopted by the Group) and ISO/IEC<sup>39</sup> 27001.

Within the Group, the financial reporting risk model extends to companies identified as relevant for those purposes ("Relevant Companies"). In particular, the Relevant Companies adopt a "financial reporting risk model" consistent with the Company's, in order to create a standardised system within the Group, incorporating the amendments indicated from time to time by Assicurazioni Generali's Manager in Charge of Preparation of Financial Reports.

A "cascade" system of certificates (known as "Confirmation Letters") has been instituted, whereby the CEOs and CFOs of all the consolidated subsidiaries guarantee the true and correct representation of

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<sup>34</sup> "Financial reporting risk" means the risk of an error which involves an untrue, incorrect representation of the financial, economic and capital situation in the annual, half-yearly abbreviated and consolidated financial statements, and of all other financial information.

<sup>35</sup> Committee of Sponsoring Organisation of the Treadway Commission.

<sup>36</sup> In the ambit of the CoSO Framework, the model refers to the component of the internal control system relating to the processes of obtaining, processing and publishing flows of economic and financial information (financial reporting).

<sup>37</sup> COBIT is connected by the IT Governance Institute to the CoSO Framework.

<sup>38</sup> Information Technology Infrastructure Library.

<sup>39</sup> International Organisation for Standardisation/ Information Electrotechnical Commission.

the financial data communicated to the Company, and the adoption of a suitable internal control system governing the financial reporting risk.

The different stages into which the financial reporting risk model is divided were established by the Company in accordance with its chosen reference framework (CoSO Framework). The financial reporting risk model is divided into the following stages:

- (i) identification and assessment of financial reporting risks
- (ii) identification and assessment of controls governing the risks identified

The Company identifies the relevant companies and significant information (consolidated accounts and company processes), considering both quantitative and qualitative factors.

Relevant Companies are identified as those which, when the ratios between assets, income and profits of the individual companies and the corresponding consolidated totals are applied, exceed given thresholds consistent with the best market practice<sup>40</sup>.

In relation to the consolidated accounts, relevance is determined on the basis of the same criteria as generally used in auditing practice.

As regards processes, those which have a potential accounting impact on the consolidated accounts in question are considered relevant, and consequently analysed. In any event, all processes relating to activities performed at the close of a given period are included in the set of processes to be analysed. An analysis priority is allocated to each process on the basis of quantitative factors.

Finally, the scope of the analysis is integrated, taking account of qualitative factors relating to risk profiles deriving from factors internal and external to the companies

The scope of the analysis is reviewed at least annually, depending on the changing conditions of the Group's organisation.

Each risk undergoes an assessment process to establish its level of significance, by means of a parameter called "inherent risk" (or "gross risk"), the level of which is independent of the mitigating effect of the control that can be associated with it.

The assessment of the gross risk is determined by the combination of (i) the probability that an event potentially generating an administrative/accounting error will occur in a given interval of time, and (ii) the impact that the said event may have on the accounting/financial data and consequently on the true and correct representation of the financial, economic and assets situation.

The probability is determined on the basis of the frequency of control activity and the corresponding performance methods, while the measurement of the impact takes account of the analysis priority of the process.

The result of the risk assessment process can have one of three conventional configurations: "high", "average" or "low".

Moreover, the risk assessment activities include the definition of control objectives in accordance with the best market practice. In particular, each control objective is associated with a specific relevant financial assertion (existence and occurrence, completeness, evaluation and measurement, presentation and report, rights and obligations).

The first-level controls of the "financial reporting risk model" include the following types:

- (i) controls at company level;

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<sup>40</sup> In particular, in 2009, the Relevant companies represented over 80% of the total consolidated assets.



- (ii) controls at process level;
- (iii) controls on information technology.

The configuration of the controls is structured to allow suitable identification and evaluation, and is based on four main characteristics:

- (a) the time profile of the control: controls can be preventive or subsequent;
- (b) the performance method: manual, automatic or semi-automatic
- (c) nature (ie. structural characteristics): authorisation, reconciliation, management review, etc.;
- (d) frequency (ie. the time elapsing between one control and the next): weekly, monthly, quarterly, etc..

The analysis of the controls is broken down into stages involving checking on the suitability of the design and its actual application, according to specific methods for each type of control. If deficiencies in governing the financial reporting risk are found during checks on suitability and actual application, appropriate corrective measures/actions are identified.

The performance of corrective measures/actions is constantly monitored by the Manager in Charge of Preparation of the Company's Financial Reports.

The controls at company level are designed to check on the existence of an organised, formalised corporate context which reduces the risks of improper behaviour, due to factors such as suitable governance systems, behavioural standards based on ethics and integrity, effective organisational structures, clear allocation of delegated powers and responsibilities, suitable risk management policies, personnel disciplinary systems, effective codes of conduct and fraud prevention systems.

The adequacy check focuses mainly on verifying the existence and dissemination of suitable tools (such as policies, codes, regulations, service orders, etc.) designed to identify rules of conduct for company personnel; the subsequent stage of checking on actual application involves ensuring that the said rules are actually applied. Process-level controls operate at a more specific level than company-level controls, and are designed to mitigate the financial reporting risk by means of control activities, including those performed in the company's operational processes.

The stage of checking on the adequacy of the controls is performed by surveying the company's processes, identifying the key controls governing the financial reporting risk, and evaluating the suitability of those controls to mitigate the said risk.

The efficacy checking stage involves establishing the actual correct performance of the controls and the adequacy of the related documentation.

Information Technology Controls focus on processes closely connected with the management and processing of information relating to the systems used to draft the financial statements.

Controls relating to software purchase and maintenance activities, management of safety and security, development and maintenance of applications, completeness and accuracy of the data in the systems, IT risk analysis and government of information systems, are analysed in particular.

In relation to the software used to draft the financial statements, regarding both business processes and account closing processes, analysis of the controls comprises an evaluation of their adequacy in relation to the main best practices and reference frameworks adopted, and a check on the continual operation of the controls using standardised methodologies. The analyses also include a check on the

efficacy of the main automatic controls performed by the software in the ambit of the relevant processes.

Consistently with the internal control and risk management system adopted by the Company, the “financial reporting risk model” involves the company’s governing bodies and operational and control structures in an integrated management, in accordance with different levels of responsibility, which are designed to guarantee the adequacy of the model at all times.

Within the Group, the activities involved in coordinating the financial reporting risk model are performed by the CEOs of each company through a delegate, usually the CFO, who reports to a permanent operating committee responsible for the activities involved in management of the financial reporting risk; the operating committee also has the task of guaranteeing an appropriate, complete report to the Office of the Manager in Charge of Preparation of the Company’s Financial Reports on the activities performed and any critical factors found.

The Manager in Charge of Preparation of the Company’s Financial Reports periodically reports to the Board of Directors, either directly or through the Internal Control Committee, on the activities performed in the exercise of his/her functions.

### **The organisational and management model**

The Company’s Board of Directors, and the Boards of its Italian subsidiaries with strategic importance, have adopted an organisational and management model (“the **Model**”) aimed at preventing the criminal offences described in the current legislation <sup>(41)</sup> on the subject of administrative liability of companies for criminal offences perpetrated by their personnel in the Company’s interests, which can be found in the Governance section of the website [www.generali.com](http://www.generali.com).

In particular, a Model was formally adopted which, as well as complying with all formal requirements, fulfils all the main purposes that led to its adoption, namely the need to provide the Company with exemption from liability in accordance with the aforementioned decree.

The approach taken is of a substantial nature, since the Model is made up of a set of principles, rules, provisions and organisational schemes relating to the management and control of corporate activities, and consists of an illustrative document containing general rules designed to prevent the commission of offences, except in the case of fraudulent avoidance.

The identification of processes involving the risk of offences and of existing operational structures led to the issue of the “231/01 provisions”, namely a series of general or special provisions based on the draft guidelines issued by ANIA (the Italian Association of Insurance Companies) and the Operational Suggestions whereby ANIA specified the procedure to be followed for the adoption of Models and some possible offence detection/prevention methods.

Generali assigned the functions of the Supervisory Body to a corporate body reporting to the Board of Directors.

The fundamental approach is to appoint as members of the said body, as well as the Chairman who is a member of the Board of Directors, persons who, within the corporate organisational structure, hold key functions in relation to the reference framework of the subject in question. Particular preference is also given to those holding an office which, for technical and/or organisational reasons, guarantees the

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(41) The legislation governing the subject is contained in Legislative Decree no. 231 of 8 June 2001, as amended.

best possible contribution to performance of the functions and attainment of the objectives of the Supervisory Body.

### Members of the Supervisory Body

Corporate function		First name, last name
• Chairman	Chairman of the Internal Control Committee	Alessandro Pedersoli
• Member of the Committee	Head of the Group Internal Audit	Alessandro Busetti
• Member of the Committee	Head of Group Legal and Corporate Affairs	Oliviero Edoardo Pessi

The Head of the Unit responsible for the General Secretariat and Corporate Affairs Department, Michele Amendolagine, acts as Secretary of the Supervisory Body.

This solution is considered suitable in that:

- it ensures the autonomy and independence required for the Supervisory Body;
- it allows a direct connection with the top management, the Board of Statutory Auditors and, both directly and through the Internal Control Committee, the Board of Directors.

In performing its duties, the Supervisory Body can cooperate with the internal audit unit, using its skills and professional know-how for supervision and control activities. This choice enables the Supervisory Body to guarantee a high level of professionalism and continuous action.

The Supervisory Body can also cooperate with other units of the Company or the Group on various specific tasks, such as:

- the legal affairs unit;
- the corporate affairs unit;
- the human resources unit (with regard to training and disciplinary measures, for example);
- the administration unit (with regard to control over financial flows, for example).

The members of the Supervisory Body must have performed, for a reasonable period of time, professional activities in fields relating to insurance, credit or finance and meet the honourableness criteria set out in the current legislation applicable to the directors of insurance companies<sup>(42)</sup>.

The members of the Supervisory Body can be dismissed at any time by the Board of Directors of Generali for fair and/or justified reasons. In this case, the Board promptly replaces the dismissed member, choosing a new one from among the directors qualifying for the office.

If all the members of the Supervisory Body are dismissed, the Body automatically loses its effectiveness. In such event, the Board of Directors promptly forms a new one with the same criteria.

The Supervisory Body is assigned the following tasks and powers:

- monitoring the functioning of and compliance with the Model;

(42) The Board of Directors verifies that the requirements for membership of the Supervisory Body are met by the persons to be appointed, before the said persons take office within the company (thus becoming members of the Supervisory Body), and thereafter on a suitably regular basis.

Failure to comply with the requirements throughout the mandate results in withdrawal of the office. In this case, the Board of Directors must promptly appoint another member, in full compliance with the principle on which the choice is based, as previously indicated, after verifying that the professionalism and honourableness criteria are fulfilled. The same procedure is followed when assessing any incompatibility and/or lack of professionalism and honourableness before the appointment of a person to an office within the company, involving membership of the Supervisory Body.

- verifying that the Model is actually suitable to prevent the performance of the criminal offences described in the applicable legislation;
- analysing the persistence over time of the soundness and functionality of the Model;
- in cooperation with the units involved, devising, developing and promoting any activities required to ensure constant updating of the Model and the system of supervising its implementation, suggesting to the Board of Directors any due amendments and adjustments;
- maintaining regular contact with the External Auditors;
- maintaining relations with and ensuring a flow of information to the Board of Directors, the Internal Control Committee and the Board of Statutory Auditors;
- asking for and obtaining information and documents of any type from any level or sector within Generali;
- carrying out checks and inspections with a view to ascertaining any breaches of the Model;
- devising a supervision programme within the framework of the various activity sectors, in accordance with the principles contained in the Model;
- guaranteeing that the supervision programme is implemented, partly by scheduling activities;
- guaranteeing that reports are drafted on the effects of the measures taken;
- guaranteeing that the identification, mapping and classification system of risk areas is constantly updated, for the supervision purposes falling within the jurisdiction of the Body;
- notwithstanding the terms of the relevant Communication Plan contained in the document illustrating the Model, defining and promoting initiatives aimed at spreading knowledge and understanding of the Model, training personnel and raising their awareness of the need for compliance with the principles outlined in the Model;
- dispelling any doubts on the interpretation and implementation of the provisions enshrined in the Model;
- establishing an effective internal communication system to allow the transmission and collection of relevant news for the purpose of the applicable legislation, while ensuring the protection and privacy of informants;
- issuing quotes for the performance of its activities, and submitting them to the Board of Directors for approval; any extraordinary expenses not included in the quote shall also be submitted to the Board for approval before being incurred;
- activating disciplinary measures if necessary;
- monitoring compliance with the terms of Legislative Decree 231/07 within its sphere of jurisdiction;
- notifying the appropriate supervisory authorities, without delay, of all actions or facts that come to its knowledge in the exercise of its duties which may constitute a breach of the terms of s. 7.2 of Legislative Decree 231/07;
- notifying the owner of the business, its legally authorised representative or agent, without delay, of breaches of the terms of s. 41 of Legislative Decree 231/07 which come to its knowledge;
- notifying the Economy and Finance Ministry, within thirty days, of breaches of the terms of ss. 49.1, 49.5, 49.6, 49.7, 49.12, 49.13, 49.14 and s. 50 of Legislative Decree 231/07 which come to its knowledge;
- informing the appropriate supervisory authority, within thirty days, of breaches of the terms of s. 36 of Legislative Decree 231/07 which come to its knowledge.

The Board of Directors is called upon to update the Model and adapt it to any changes in the organisational structure, operational processes and the results of checks.

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The Supervisory Body retains, in any event, the tasks and powers connected with devising, developing and promoting constant updating of the Model. To that end, it may present recommendations and proposals as to the organisation and the control system to relevant units or, in particularly significant cases, directly to the Board of Directors. The Supervisory Body promptly implements amendments made to the Model and approved by the Board of Directors, and provides for the dissemination of its contents within the Company and outside it, when necessary.

In order to guarantee that the introduction of amendments to the Model is as prompt and streamlined as necessary, partly with a view to minimising misalignment between operational processes and the provisions enshrined in the Model and their dissemination, the Board of Directors has entrusted the Supervisory Body with the task of implementing changes to the Model on a regular basis.

In the report which must be produced by the Supervisory Body on a yearly basis, the latter may notify the Board of Directors of any amendments it plans to introduce into the Model, so that the Board can pass a relevant resolution within its field of sole jurisdiction.

In 2010, the main activities performed by the Supervision and Control Committee were:

- analysis of the periodic report on the implementation and supervision activities performed by the Company regarding the Organisation and Management Model pursuant to Legislative Decree no. 231 of 8 June 2001;
- analysis of the report on legal innovations introduced by Legislative Decree no. 231 of 8 June 2001;
- analysis of the activities performed during the 2009 financial year;
- presentation of the 2010 activity plan and expenditure budget;
- analysis of the report by the Board of Statutory Auditors on the audit activities performed which are relevant for the purpose of the corporate liability legislation.

During the last financial year the Supervision and Control Committee used outside consultants for supervisory activities strictly so called, and for continuous assessment of the Model.

The Supervision and Control Committee has not so far discovered any conduct relevant for the purpose of Legislative Decree no. 231/01, and has already audited all the most significant company areas with supervisory activities conducted by the Internal Audit Department and interviews with the managers of the departments performing the processes analysed. In particular, the supervisory activities have led to continual improvements in the level of prevention of the offences in question, by formulating suggestions to the various Process Owners, who have always formally undertaken to make specific commitments in this respect.

At the meeting of the Supervisory Body held on 22 February 2011, an expenditure budget of €250,000 was confirmed for the 2011 financial year, which can be increased subject to notification of the Chairman of the Board of Directors. That amount was approved by the Board of Directors at its meeting on 23 February 2011.

## General Meeting

Legislative Decree no. 27 of 27 January 2010, which implements Shareholders' Rights Directive 2007/36/EEC, introduced some major innovations regarding the operation of General Meetings which are designed to strengthen the rights of shareholders and facilitate their participation in the corporate life of listed companies.

At the meetings held on 23 September 2010 and 23 February 2011, Generali's Board of Directors amended the Articles of Association to incorporate the main innovations introduced by the said Legislative Decree, which imposed a legal obligation on listed companies to update their Articles of Association.

The General Meeting is called by publishing a notice on the Company's website at least 30 days prior to the date of the first convocation of the meeting. The said notice shall indicate the date, hour and place of the meeting and the items on the agenda, and the additional information required by the applicable legislation. The notice shall also be published in national newspapers. The said notice is publicised by publication in national newspapers, and by direct notice sent to the shareholders who attended recent meetings. In the case of the General Meeting called to elect the members of the Board of Directors and Board of Statutory Auditors, the deadline for publication of the notice of call has been brought forward to the 40th day before the date of the General Meeting, whereas for the General Meetings specified in ss. 2446 (*Reduction of share capital due to losses*), 2447 (*Reduction of share capital below statutory limit*) and 2487 (*Appointment and revocation of liquidators; criteria for conduct of liquidation*) of the Civil Code, the deadline is postponed to the 21st day before the date of the General Meeting.

The General Meeting is not entitled to make decisions upon items that are not on the agenda.

Shareholders jointly or severally representing at least one-fortieth of the share capital may apply, within ten days of the publication of the notice of call of the Meeting, for additional subjects proposed by them to be added to the agenda.

The Ordinary General Meeting for the approval of the Financial Statements is called within 120 days of the end of the financial year; if the statutory conditions are fulfilled, the said period can be extended to 180 days. The meeting is conducted at the Company's registered offices in Trieste, although it may alternatively be held at other locations in Italy.

Annual General Meetings are one of the major opportunities for dialogue between shareholders and Company management. During the meeting, a presentation concerning management performance is traditionally followed by a question-and-answer session between shareholders and the management.

The General Meeting may be attended by shareholders who are entitled to vote, provided that they prove their entitlement in the statutory 'Entitlement to attend the General Meeting and exercise voting rights is certified by a notice issued to the Company by the intermediary in accordance with its books of account, on the basis of evidence relating to the end of the accounting day on the seventh market trading day before the date set for the first call of the General Meeting.

Debit and credit entries made after that date shall not be taken into account for the purpose of entitlement to vote at the General Meeting.

The notice issued by the intermediary that keeps the accounts relating to the shares must be received by the Company by the end of the third market trading day prior to the date set for the first call of the Meeting, or within such different period as may be indicated in the notice convening the Meeting in compliance with the law, and in any event before the start of the proceedings at each call of the Meeting.

As regards Attendance at General Meetings by parties acting as proxies for other shareholders, according to the legislation, only one proxy can be appointed for each General Meeting, save for the power to indicate substitutes, and a different representative can be appointed for each of the accounts to which the intermediary's notice relates.

For each General Meeting the Company designates a party which shareholders can appoint as proxy with voting instructions on some or all of the items on the agenda; the identity of the said party designated by the Company, and the procedures and time limits for shareholders to appoint a proxy, are indicated in the notice of call of the General Meeting. The proxy can be appointed in writing or in electronic form, in compliance with the current legislation and according to the procedures specified in the applicable regulations. The appointment of the proxy can be notified to the Company in a specific section of the Company's website or by certified e-mail, by the procedures indicated in the notice of call.

Members of the Board of Directors attend these meetings regularly <sup>(43)</sup>.

Assicurazioni Generali has had a General Meeting Regulation since 1972. That document, which was the prototype by which many listed and unlisted Italian companies were inspired when drafting their own, has not undergone any significant changes in the last 30 years.

## Majorities

With the exception of particular cases provided for by law, the Ordinary and Extraordinary General Meetings are validly constituted and pass resolutions with the majorities illustrated in the following table:

ORDINARY SESSION	First call	Second call	Third call
Constitutive quorum	Presence of as many shareholders as to represent at least a half of the share capital	Regardless of the share capital represented by the shareholders attending the meeting	Does not apply
Deliberative quorum	Absolute majority of the represented capital	Absolute majority of the represented capital	Does not apply
EXTRAORDINARY MEETING	First call	Second call	Third call
Constitutive quorum	Presence of as many shareholders as to represent at least a half of the share capital	Presence of as many shareholders as to represent more than one third of the share capital	Presence of as many shareholders as to represent at least one fifth of the share capital
Deliberative quorum	Favourable vote cast by at least two thirds of the represented capital	Favourable vote cast by at least two thirds of the represented capital	Favourable vote cast by at least two thirds of the represented capital

Under no circumstances does the Company require majorities other than those established by law for passing resolutions. The majorities laid down for the Ordinary General Meetings are required to grant it power to:

- a) pass resolutions on Financial Statements;
- b) pass resolutions concerning the allocation of profits;
- c) appoint members of the General Council;

(43) The mathematical mean of attendance of Directors at the past three Shareholders' Meetings was 67%.

- d) appoint members of the Board of Directors, Permanent and Substitute Auditors and the Chairman of the Board of Statutory Auditors;
- e) establish the Statutory Auditors' fees;
- f) determine the fee payable to members of the Board of Directors; variable remuneration systems tied to the profits and/or other indicators of the business trend of the Company and/or the Group may be used for this purpose;
- g) appoint External Auditors to audit the accounts during the financial year, the financial statements and the consolidated financial statements; establish their fees;
- h) pass any other resolution required by law or submitted to the General Meeting by the Board of Directors.

The majorities established for extraordinary sessions of the General Meetings are required to resolve on amendments to the Company's Articles of Association, the appointment and powers of liquidators in the event of the Company's winding-up, and in other cases provided for by law.

Meeting procedures and those relating to the right of individual shareholders to speak at the meeting<sup>(44)</sup> are governed by ad hoc By-laws, which are available at the Company's offices and on its website ([www.generali.com](http://www.generali.com)), as are the Company's Articles of Association and information on its governing bodies.

## **Relations with Institutional Investors and other Shareholders**

The Investor Relations Department, which is part of the Central Head Office in Trieste, is responsible for relations with institutional investors. To facilitate relations with this Department, the "Investor Relations" section of the website [www.generali.com](http://www.generali.com) includes its telephone numbers and e-mail addresses under "Contacts".

As far as day-to-day relations with shareholders are concerned (intensifying as General Meetings draw near), the Company has set up its own "Share Office", the activity of which falls within the "Group General Secretariat and Corporate Affairs Department", which is also part of the Central Head Office in Trieste.

Assicurazioni Generali complies with the Code of Conduct and the best practices laid down in the Guide to Disclosure of Information to the Market, published by the ref. Forum on corporate disclosure.

The Company encourages and promotes the widest possible attendance of shareholders at General Meetings. Except under exceptional circumstances, calls of meetings take account of the possibility that they may be held on a Saturday.

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(44) The Chairman governs the discussion and gives the floor to those requesting it. A request to speak shall be made in writing and indicate the item on the agenda to which it relates; requests may be made after the Chairman has read out the agenda, and until the closure of the discussion on the item to which it refers. The Chairman may authorise the submission of requests to speak by raising the hand. Members of the Board of Directors and Internal Auditors may ask to speak in the discussion. To enable the Chairman and, on his invitation, those assisting him, to respond more exhaustively to the speeches by the authorised parties, they may submit written notes illustrating the subjects on which they wish to speak to the Board of Directors before the constitution of the Meeting. Each person authorised to speak at the General Meeting may speak for no more than 15 minutes on any item on the agenda, making statements and formulating proposals. The speeches shall be clear, concise, and strictly relevant to the subject discussed. The Chairman may establish a longer or shorter length of speeches at any time, according to the importance of the subject under discussion, the number of persons asking to speak and the other items on the agenda still to be discussed, but said length shall not be less than half the maximum length specified. The Chairman and, on his invitation, those assisting him, shall reply to the speakers after each speech, or after all speeches. Those who speak during the discussion may reply once, for not more than five minutes. The Chairman will ask speakers who fail to comply with the terms of this Regulation to conclude their speech quickly, after which he will withdraw the floor from them.



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## Board of Statutory Auditors

The Board of Statutory Auditors consists of three permanent and two substitute Auditors, who may be re-elected. Once elected, Statutory Auditors forfeit their office if situations of incompatibility arise as specified by law or they exceed the limits on simultaneous offices established by the applicable legislation.

All the permanent and substitute statutory auditors must meet the requirements laid down by law.

As regards the requisite of independence of the members of the Board of Statutory Auditors, without prejudice to the statutory provisions the Code states that the Statutory Auditors shall be chosen among people who can be classed as independent, partly on the basis of the criteria applicable to Directors. Furthermore, the Board of Statutory Auditors shall assess compliance with the said criteria after the appointment and subsequently on an annual basis, including the result of such assessment in the corporate governance report. The current Board of Statutory Auditors, appointed by the General Meeting on 26 April 2008 for the 2008, 2009 and 2010 financial years, ie. until the next General Meeting held to approve the financial statements for the 2007 financial year, duly established that its members met the independence requirements according to Application Criterion 10.C.2 of the Code.'

Amongst the provisions of the Code pertaining to the Board of Statutory Auditors, attention should be paid to the fact that an Statutory Auditor who holds an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, must promptly and exhaustively inform the other Statutory Auditors and the Chairman of the Board about the nature, terms, origin and extent of his/her interest.

The Board of Statutory Auditors is now required to monitor the independence of the External Auditors, verifying their compliance with the provisions of the applicable legislation and regulations, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the External Auditors and organisations belonging to its network. This activity was duly performed by the Board of Statutory Auditors in the last financial year.

Moreover, in compliance with the Code, the Statutory Auditors may exercise the aforementioned power to verify the proper application of the criteria and assessment procedures adopted by the Board of Directors to evaluate the independence of its own members.

Among all the various provisions, particular attention should be paid to the one laid down in article 149 of the CFBA which includes, among the other supervisory duties attributed to the Board of Statutory Auditors, supervision of the methods of implementing the corporate governance rules laid down in codes of conduct drawn up by the management companies of regulated markets or by trade associations, which the company, in public disclosures, declares that it complies with.

According to current legislation, the Board of Directors and shareholders who, either alone or jointly with others, represent at least the minimum percentage of the share capital specified in the applicable legislation, shall be entitled to submit a list for the appointment of the Board of Statutory Auditors.

The Board of Directors' list, if submitted, shall be filed at the Company's registered office by the thirtieth day before the date of the first convocation of the General Meeting; in the case of lists

submitted by shareholders, the list shall be filed by the twenty-fifth day before the date of the first convocation of the General Meeting.

Please, note that this report does not take into consideration the proposal that the Board of Director will present to the Shareholders' Meeting, that has been called on 26th, 28th and 30th April. Pursuant to the draft amendments to the article 40 of the Articles of Association, in line with the corporate best practices, only Shareholders having a qualified shareholding of 0.5% of the share capital only (thus excluding the incumbent members of the Board of Directors) will be entitled to present candidate lists for the appointment of the members of the Board of Statutory Auditors.

The lists shall be accompanied by information about the shareholders who submit them, with details of the total percentage of the share capital held by them. The following documents shall be filed together with the lists:

- the curriculum vitae of each candidate, containing detailed information about the candidate's personal and professional characteristics and the skills acquired by him/her in the insurance, financial and/or banking field;
- statements in which the candidates accept the nomination, undertake to accept the office if appointed, and further declare, under their own responsibility, that no grounds for incompatibility or disqualification exist, and that they meet the requirements of honourableness, professionalism and, if applicable, independence, required by current legislation;
- a copy of the certificates issued by intermediaries certifying the ownership of the percentage of share capital required for submission of lists.

If the said requirements are not met, the list shall be deemed not to have been submitted.

If only one list has been submitted by the said deadline, or only lists submitted by shareholders connected with one another, lists may be submitted until the third day after the said date. In such case, the thresholds for submission of lists of candidates shall be halved.

The parties entitled to vote, companies directly or indirectly controlled by them, companies directly or indirectly subject to joint control, and shareholders connected by one of the relationships specified in s. 109.1 of the CFBA, relating to the company, may jointly submit and shall only vote for one list; in the event of breach of this provision, no account shall be taken of support given to any of the lists.

The first two candidates in the list that obtained the largest number of votes (the "**Majority List**") and the first candidate in the list which, without taking account of the support given in any way, even indirectly, by shareholders connected with those who submitted or voted for the Majority List, obtained the second-largest number of votes (the "**Minority List**"), shall be elected Permanent Statutory Auditors.

The first candidate on the Majority List which obtained the largest number of votes and the first candidate on the Minority List shall be elected Substitute Statutory Auditors.

If the first two lists obtain the same number of votes, a new vote shall be held. In the event of a tie between two or more lists other than the one which obtained the largest number of votes, the youngest candidates shall be elected Statutory Auditors until all posts have been filled.

If only one list is submitted, all the Statutory Auditors to be elected shall be taken from that list.

The Permanent Statutory Auditor taken from the Minority List shall be appointed Chairman. If all the Statutory Auditors are taken from one list, the first candidate on that list shall be appointed Chairman. In the event of the death, resignation or debarment of a Permanent Statutory Auditor taken from the Majority List or the only list, s/he shall be replaced by the substitute belonging to the same list or, if none, by the youngest substitute. The General Meeting shall appoint the members required to complete the Board of Statutory Auditors, passing resolutions by the statutory majority.

The Board of Statutory Auditors is currently made up as follows:

#### Board of Statutory Auditors

Office	First name, last name
• Chairman	Eugenio Colucci
• Permanent auditor	Giuseppe Alessio-Vernì
• Permanent auditor	Gaetano Terrin
• Substitute auditor	Maurizio Dattilo
• Substitute auditor	Michele Paolillo

The following is a short presentation of its members:

**Eugenio Colucci** was born in Lucera (Foggia) on 9 January 1946. He graduated in Economics and Business Studies, and is enrolled in the Auditors' Register. He began his career in 1969 with auditing firm Arthur Andersen, where he rose to become a partner. He now provides financial and accountancy consultancy services for private clients. He has been a member of the Executive Committee and subsequently advisor to the Italian Accountancy Association. He is a director and Chairman of the Internal Control Committee of EXOR S.p.A., a permanent statutory auditor of Autogrill S.p.A., and a member of the Audit Committee of Ferrero International S.A..

**Giuseppe Alessio-Vernì**, born in Trieste on 5 October 1964, has worked there as a chartered accountant since 1992. A Certified Auditor since 1995, he is registered as an Expert and Technical Consultant to the Courts of Trieste. He is Chairman of the Board of Statutory Auditors of Banca Generali S.p.A., Europ Assistance Italia S.p.A. and Genertellife S.p.A., among others, and Permanent Statutory Auditor of a number of companies belonging to the Generali Group, not only engaged in insurance but also in banking and financial brokerage. He is also a statutory auditor of Premuda S.p.A. and Danieli & C. S.p.A. He has been a Substitute Statutory Auditor of Assicurazioni Generali S.p.A. for three years, since 2005.

**Gaetano Terrin**, born in Padua on 16 July 1960, has been a certified auditor since 1992. In addition to practising as a chartered accountant, he is also an Statutory Auditor of a number of companies operating in the insurance, financial and industrial sectors, including a number of Generali subsidiaries. Engaged as Substitute Statutory Auditor of the Company in 1999, in 2001 he was appointed Permanent Statutory Auditor. Moreover, he holds the office of Permanent Statutory Auditor of Danieli & C. Officine Meccaniche S.p.A..

**Maurizio Dattilo**, born in Milan on 19 March 1963, is a chartered accountant and auditor. He practises as a chartered accountant as a partner in the Milan firm "Dattilo Commercialisti Associati". He is a Permanent Statutory Auditor of a number of industrial companies.

**Michele Paolillo**, born in Milan on 16 May 1953, is a Business Economics graduate, has been a qualified auditor since 1995, and has been registered in the Accountants' Register since 1998. He

currently provides legal consultancy services to private clients. He specialises in tax law, and is an statutory auditor of companies operating in the financial and manufacturing sectors, including TLX S.p.A. and Citicorp Financial S.p.A..

The Board of Statutory Auditors has duly undertaken its auditing duties as laid down by law; it has kept minutes and produced the reports required by the performance of the Company's business.

In 2005 the Board of Statutory Auditors convened eleven times, with an average attendance of 99%, twelve in 2006, with an attendance of 100%, and fourteen in 2007, with an average attendance of 99% of the members. Twenty-one meetings were held in 2008, sixteen in 2009 and 22 in 2010, all with 100% attendance. (See Table 2, containing attendance information for each member of the Board of Statutory Auditors.)

The average attendance of Statutory Auditors at meetings of the Board of Directors was 100% in 2008, 96% in 2009 and 100% in 2010. The average attendance of Statutory Auditors at Executive Committee meetings was 100% in 2008, 2009 and 2010.

The last ten meetings of the Board of Statutory Auditors also saw full attendance.

## **External auditors**

The firm of external auditors, which must be registered in a roll kept by CONSOB, is called upon to verify, during the year, that corporate accounts are properly kept and that the financial position and results of the Company's operations are reported correctly. The External Auditors shall promptly inform the Board of Statutory Auditors and CONSOB of any facts which it may deem erroneous. The firm also verifies that the Financial Statements and the Consolidated Statements match the figures in the accounting records and the results of checks, and that those bookkeeping documents comply with the regulations to which they are subject.

The External Auditors are appointed by the General Meeting, on the substantiated proposal of the Board of Statutory Auditors. The General Meeting also decides on the fees of the External Auditors. The legislation has extended their term of office to nine years, and their appointment can be renewed when an interval of at least three years has elapsed since the termination of the last appointment.

If their appointment is renewed, the person in charge of the audits must be replaced after seven years, and cannot hold the same office again, even on behalf of another auditing firm, or with reference to the financial statements of subsidiaries, related companies, companies controlling the issuer or jointly controlled companies, unless an interval of at least three years has elapsed since the termination of the last appointment.

The above-mentioned mandate can be terminated before the due date upon the substantiated proposal of the Board of Statutory Auditors, on reasonable grounds. All resolutions passed by the General Meeting and concerning appointments and terminations are transmitted to CONSOB.

At the end of each financial year, the External Auditors examine the Financial Statements and draft a formal Report. The document is attached to the Financial Statements and deposited at the registered

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office of the Company for the fifteen days preceding the Meeting called to approve the Financial Statements, and until the statements are finally approved.

The firm of External Auditors currently appointed is PricewaterhouseCoopers S.p.A., which was appointed, after the Board of Statutory Auditors had been consulted, by the General Meeting held on 29 April 2006 for the financial years 2006/2011.

The aforesaid auditing firm, during the 2009 financial year, dedicated 18,734 actual working hours and billed the Company for a total of € 1,108,915.00, broken down as follows:

- € 414,753.00 for the financial statements;
- € 315,698.00 for the consolidated financial statements;
- € 96,692.00 for the half-year report;
- € 92,862.00 for the consolidated half-yearly report;
- € 63,329.00 for the assessment of the regularity and correctness of the company's bookkeeping;
- € 125,581.00 for the Reports on the performance of separate management accounts, internal funds and open-ended pension funds.

The fact that the audit of the financial statements took longer and cost more than stated in the proposal, except as regards separate management accounts and internal funds, is due to the complexity of the matters dealt with during the audit, mainly relating to analyses conducted in support of the value of the financial statements and the hedging methods used by the company.

The audit fees for the 2009 financial year for the Company's foreign subsidiaries amounted to a total of € 318,898.00 at year-end exchange rates, € 258,620.00 of which was for audit services rendered by auditing firms belonging to the PricewaterhouseCoopers network.

## **General Council**

The General Council is an advisory body that concerns itself with the best attainment of the Company's objects, with particular regard to the territorial expansion of the Company and to international insurance and financial problems regarding the Company and the Group.

In addition to the members elected by the General Meeting, whose number, according to the Company's Articles of Association, shall be not less than 15 and not more than 35, Board members and General Managers of the Company are included in the General Council as members by right. The Council's term of office is three years. It is chaired by the Chairman of the Board of Directors.

The General Council is currently made up of 41 members, 21 of whom were appointed by the General Meeting held on 24 April 2009 for the 2009, 2010 and 2011 financial years. The members are:

## General Council

Office	First name, last name
• Chairman	Cesare Geronzi
• Vice-chairman	Vincent Bolloré
• Managing Director	Francesco Gaetano Callagirono
• Managing Director	Alberto Nicola Nagel
• Managing Director	Giovanni Perissinotto
• Managing Director	Sergio Balbinot
• General Councillor	Giorgio Davide Adler
• General Manager (CFO)	Raffaele Agrusti
• General Councillor	José Ramon Alvarez Rendueles
• General Councillor	José María Amusatogui de la Cierva
• General Councillor	Francesco Maria Attaguile
• General Councillor	Claude Bébéar
• General Councillor	Kenneth J. Bialkin
• Non-executive Director	Ana Patricia Botin
• General Councillor	Gerardo Brogginì
• Non-executive and independent Director	Cesare Calari
• Non-executive and independent Director	Carlo Carraro
• General Councillor	Giacomo Costa
• General Councillor	Maurizio de Tilla
• Non-executive and independent Director	Diego Della Valle
• General Councillor	Enrico Filippi
• General Councillor	Carlos Fitz-James Stuart y Martínez de Irujo
• General Councillor	Georges Hervet
• General Councillor	Dietrich Karner
• General Councillor	Khoon Chen Kuok
• Non-executive Director	Petr Kellner
• Non-executive and independent Director	Angelo Miglietta
• General Councillor	Stefano Micossi
• General Councillor	Benedetto Orsini
• Non-executive and independent Director	Alessandro Pedersoli
• Non-executive and independent Director	Lorenzo Pelliccioli
• Non-executive Director	Reinfried Helmut Pohl
• Non-executive and independent Director	Paola Sapienza
• Non-executive and independent Director	Paolo Scaroni
• General Councillor	Arturo Romanin Jacur
• General Councillor	Guido Schmidt-Chiari
• General Councillor	Alejandro Valenzuela del Rio
• General Manager (Country Manager)	Paolo Vagnone
• Non-executive Director	Francesco Saverio Vinci
• General Councillor	Theo Waigel
• General Councillor	Wilhelm Winterstein

## Website

Legislative Decree no. 27 of 27 January 2010, which implements Shareholders' Rights Directive 2007/36/EEC, introduced some major innovations regarding the role played by the website of a listed company, which has become the most suitable method of ensuring the dissemination of information, including regulated information.

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The Company has kept its website (www.generali.com) regularly updated, in order to make clear, exhaustive information available to all users.

The website features a presentation of the Group and its history, its objectives, the markets where it operates, press releases describing major events in which the Group has played a part, and opportunities to work with the Company.

With an eye on information transparency, great importance is attached to the presentation of the share structure, financial and accounting data on the website. The data are carefully and promptly updated, so that among the documents users will find the latest approved financial statements and an easily accessible archive containing the accounts for several previous financial years.

In order to provide rapid, easy access to Company information, the telephone numbers and e-mail addresses of the Group Communications, Investor Relations, and Group General Secretariat and Corporate Affairs departments are provided in the Press and Communications, Investor Relations and Governance sections.

In the Investor Relations section, the “General Meeting” subsection contains the notice convening the next General Meeting and the Reports on the Agenda, the minutes of meetings, and the speeches by the Chairman and Managing Directors for the last five financial years.

The Governance section makes all major documents available for consultation and downloading, such as the Articles of Association, the By-Laws of the General Meetings, the Ethical Code and this Report on Corporate Governance. At the same time, information is provided on internal dealing regulations, with details of the operations performed by internal dealers, related party transactions, and information about the legal representation system and the organisational and management model. A brief but comprehensive summary of the said documents is also available.

The site also features a subsection called “*Event Calendar*”, providing information on the dates of the meetings of the governing bodies, such as the General Meeting and the Board of Directors’ Meetings convened to approve the draft annual accounts, the consolidated financial statements, the half-year report and the quarterly reports, as well as events that are strictly financial in nature, such as press conferences and encounters with financial analysts.

The website also displays the ratings given to Generali’s securities by rating firms. They are updated promptly, even before the said information is transmitted to Borsa Italiana.

All the material that can be consulted without a password is available in both Italian and English. The Articles of Association can also be downloaded in French, German and Spanish versions.

The company King Worldwide Digital (previously called Hallvarsson & Halvarsson), which has rated Italian and European websites for several years, published the results for 2009 last year. Assicurazioni Generali obtained a score of 6.5 out of 7 for its Corporate Governance section (meeting 93% of the assessment criteria), and gained third place in the Italian rankings, thus further improving on the already good position obtained during the preceding year.

These results confirmed the decisions on contents and transparency that the Company has implemented in recent years.

Rome, 16 March 2011

BOARD OF DIRECTORS

## Third part – Annexed tables

**Table 1: Share ownership information**

### Share capital structure

	No. of shares	% in respect to share capital	Listed / Unlisted	Rights and obligations (**)
Ordinary shares	1,556,873,283	100	FTSE MIB	Refer to note
Restricted voting shares (*)	-	-	-	-
Non-voting shares (*)	-	-	-	-

(\*) There are no restricted voting shares nor non-voting shares.

(\*\*) Each ordinary share holder has rights and obligations in terms of equity and administration. Equity claims include the right to the dividend, the right of option on shares issued on increase for capital payment or reconstitution, proportionately to the number of hitherto owned shares, the right of free allocation of new shares in case of free capital increase, proportionately to the number of hitherto owned shares as well as the right to settlement share after company liquidation. Administrative rights include, inter alia, the right to participate in corporate plenary meetings and vote, the right to withdraw from the company in specific circumstances and the right to information. Finally, as to obligations, each Shareholder is bound to execute subscriptions as necessary elements for the implementation of the objects of the company.



## Significant shareholdings

Declarant	Direct Shareholder	% Share on ordinary share capital <sup>(*)</sup>
MEDIOBANCA Group	Mediobanca	12.239
	Mediobanca (Voting right under contractual relationship)	0.225
	Spafid	0.089
	Compass	0.912
	<b>Total</b>	<b>13.465</b>
BANCA D'ITALIA	Banca d'Italia	4.482
	Bonifica Terreni Ferraresi e Imprese Agricole S.p.A.	0.006
	<b>Total</b>	<b>4.488</b>
BLACKROCK Group	BlackRock Investment Management (UK) Ltd	0.009
		0.017
		0.007
		0.872
		0.022
		1.206
		0.003
		0.070
		0.021
		0.194
		0.009
		0.017
		0.353
		0.020
	<b>Total</b>	<b>2.820</b>
B&D HOLDING Group	DeA Partecipazioni S.p.A.	2.260
	B&D Finance S.A.	0.174
	<b>Total</b>	<b>2.434</b>
EFFETI	Effeti S.p.A.	2.267
	<b>Total</b>	<b>0.021</b>
CALTAGIRONE Group	CALTAGIRONE EDITORE	0.215
	FGC	0.014
	FINANZIARIA ITALIA 2005	0.170
	Finced	0.151
	Gamma S.r.l.	0.393
	Immobiliare Caltagirone - Ical	0.014
	Mantegna 87	0.058
	Pantheon 2000	0.231
	Porto Torre	0.090
	Quarta Iberica	0.106
	So.co.ge.im	0.006
	Unione Generali Immobiliare	0.100
	Vianini Industria	0.116
	Viapar	0.141
	VM 2006	0.398
	Francesco Gaetano Caltagirone	0.007
	<b>Totale</b>	<b>2.209</b>
Petr Kellner	Anthiarose Limited	1.990
	PPF Group N.V.	0.030
	<b>Total</b>	<b>2.020</b>

(\*) Ordinary share capital and voting capital are coincident.

**Table 2: Structure of the Board of Directors and Committees**

Board of Directors							Internal Control Committee	Remuneration Committee		Executive Committee		
Office	Members	executive	non-executive	independent	(***)	No. of other offices (*)	(**)	(***)	(**)	(***)	(**)	(***)
Chairman	Cesare Geronzi	X			100%	1					X	100%
Vice-chairman	Francesco Gaetano Callagione	X		X	100%	6					X	100%
Vice-chairman	Vincent Bolloré	X	X		100%	5					X	100%
Vice-chairman	Alberto Nicola Nagel	X			86%	2					X	100%
Managing Director	Giovanni Perissinotto	X			100%	1						
Managing Director	Sergio Balbinot	X			100%	3						
Director	Ana Patricia Botin		X	X	29%	2						
Director	Cesare Calari		X	X	100%	1						
Director	Carlo Carraro		X	X	86%		X	100%				
Director	Diego Della Valle		X	X	57%	6						
Director	Leonardo Del Vecchio (resigned on 21.02.11)	X		X	86%	6			X	100%	X	100%
Director	Petr Kellner		X		86%							
Director	Angelo Miglietta	X		X	100%	1	X	100%				
Director	Alessandro Pedersoli		X	X	86%	2	X	100%				
Director	Lorenzo Pelliccioli	X		X	86%	6			X	100%	X	100%
Director	Reinfried Helmut Pohl		X		57%	1						
Director	Paola Sapienza		X	X	100%							
Director	Paolo Scaroni		X	X	100%	2			X	100%		
Director	Francesco Saverio Vinci		X		100%	4						
Number of meetings held in the reference financial year		Board:7		Internal Control Committee:3		Remuneration Committee:5		Executive Committee: 6				

Reference period 24 April 2010 - 31 December 2010

(\*) This column indicates the number of director or internal auditor offices carried out by the subject in concern in other companies listed on domestic or foreign regulated markets, finance, bank or insurance corporations, or other major companies. The foregoing report expressly indicates such offices. Chart also indicates missions carried out within companies belonging to the group, although not considering them for the discipline of mission aggregation restrictions.

(\*\*) "X" in this column indicates that the member of the Board belongs to the Committee.


(\*\*\*) This column shows the percentage of meetings of the Board and of the Committees attended by Directors.

**Table 3: Board of Statutory Auditors**

Office	Members	Percentage of meetings of the Board of Statutory Auditors attended	Number of other offices <sup>(*)</sup>
Chairman	Eugenio Cotucci	100%	2
Permanent Auditor	Giuseppe Alessio-Verni	100%	3
Permanent Auditor	Gaetano Terrin	100%	1
Substitute Auditor	Maurizio Dattilo	-	-
Substitute Auditor	Michele Paolillo	-	-
Number of further meetings attended during the financial year:		10 (1 in Shareholders' Meeting - 9 in the Board of Directors)	
Indicate the quorum required for the submission of lists by minorities for the election of one or more permanent Auditors (pursuant to Art. 148 TUF):		5/1000 of the share capital	

(\*) This column shows the number of Director or Auditor offices held by the person in other firms listed on Italian regulated markets. The report on corporate go contains a complete list of offices





## Fourth part – Report on the remuneration policy for the Management of the Company and the Group

### Introduction

This report has been drafted due to the current economic and financial climate, which is characterised by a community of stakeholders particularly concerned with remuneration policies, especially with regard to risk management and eventual results. It gives an overview in terms of profitability which is profoundly different with respect to a number of years ago. It was deemed necessary by Generali to perform a detailed analysis of the current remuneration policy with the aim of ascertaining – in light of the changes stated above – that it is in line with the current framework both in terms of regulatory effectiveness and sustainability. This has resulted in the drawing up of this document, in which the subject is dealt with in an organic and thorough manner, referring to the principles and criteria applied in Article 7 of the Code of Corporate Governance (the new version was approved in March 2010 by the Corporate Governance Committee), to which the company adheres.

It states that, pending the definition of the regulatory framework linked to the implementation of Legislative Decree no. 259 of 30 December 2010, this report on the remuneration policy for the management of the company and the Group is an attachment to the report on Corporate Governance and Ownership Structure relating to 2010, and is an integral and substantial part of it.

We believe that the report, which will be examined and approved by the Shareholders' Meeting as well as being in line with the development of the regulatory framework, will facilitate the understanding of the usual remuneration policy adopted by the Group. It will therefore efficiently support the creation of sustainable values in the medium-long-term, guaranteeing correct remuneration with regard to performance, through continual adherence to the Groups' strategies, implementation and constant monitoring.



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# Remuneration policy

## Definition of remuneration policy

### The basics

In determining the payment strategy it is imperative to align with:

- our mission, in particular with regard to the will to generate consistent and excellent results for our stakeholders in the short and medium term;
- our values, and more specifically the responsibility, reliability and commitment to the community, which must be adhered to as much by top management as our employees in achieving the objectives assigned to them;
- our governance, a company/organisation model and set of rules that guide the operations towards:
  - a precise and constant adherence to the rules,
  - compliance with the ways in which relations are managed between the governing bodies and different corporate structures,
  - observance and adequacy of the processes of risk management and control;
- our sustainability policy, where main priorities include the pursuit of sustainable growth over time and valuing people who work within the Group, recognising individual contributions as the success of the organisation and including appropriate remuneration.

The remuneration policy as defined in turn supports the mission, values, governance and sustainability, thus giving rise to a continuous interaction that allows, on the one hand, a steady increase in remuneration practices previously adopted and, on the other hand, the consolidation of the elements considered above, whilst meeting the needs of our stakeholders in a more satisfactory manner.

### The principles

The aim of our remuneration policy is to ensure adequate remuneration with regard to sustainable performance.

With this goal in mind our actions are governed by the following cardinal rules:

- Internal equity: remuneration should be consistent with the role and responsibilities assigned as well as the skills and abilities demonstrated. This is true for the top positions as well as for other bands, with the latter coordinating with the provisions of national contracts and corporate regulations.
- Competitiveness: remuneration must be balanced in relation to that on the reference markets; it is for this reason the monitoring was conceived and regular analyses into remuneration are performed for both professional figures and business type and geographic area. For top positions the Remuneration Committee makes use of an external consultant to identify the direct competitors that make up the panel of peers as a reference for making remuneration benchmarks; for the remainder of the employees, comparisons are made through participation in remuneration surveys, both within the industry and in general.

- Consistency: meaning the ability to agree across the Group remunerations that are likened professionally, taking into account the type of business, geographic area and other factors which could influence the rate of remuneration. At the same time this is consistent with encouraging the growth of resources, through both national and international mobility.
- Meritocracy: meaning a system used to reward consistent results and the behaviour used to achieve them. This should be directed towards constant compliance with procedures in place, a detailed risk assessment and proper resetting of the related actions on the basis of a longer span of time, so as to facilitate the achievement of results in the short, mid and long-term.

The application of these principles should also strengthen the motivation and loyalty of key employees, particularly those considered strategic or having potential, and, with a view to being the Best Employer, Generali uses the process to establish itself, both in Italy and internationally, as a group capable of attracting the best talent.

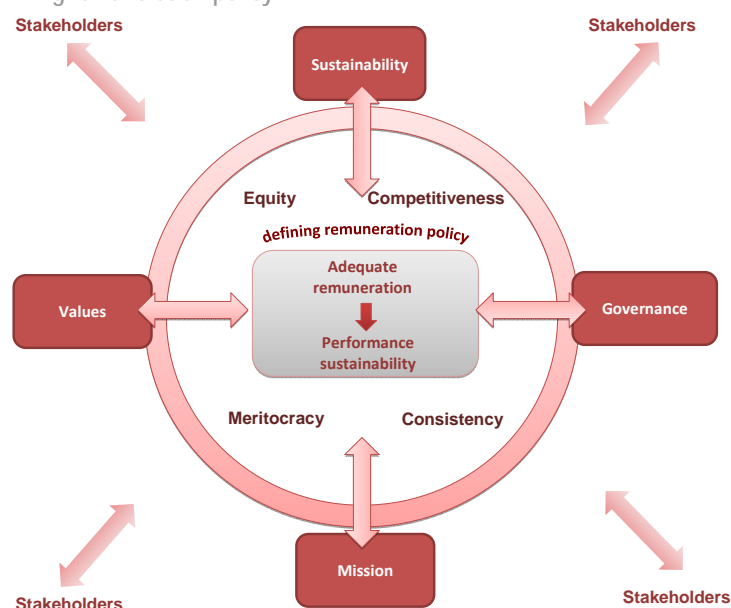
## The measures

On the basis of these principles, to establish the policies and remuneration levels we deem essential, the following measures should be put in place:

- Defining a balanced remuneration package. Specifically:
  - Defining a comprehensive remuneration package proportional in its fixed components, variable components and benefits, and guaranteeing a correct balance with regard to the variable remuneration for short-term and medium-long-term contracts, in order to avoid the adoption of behaviour that favours short-term results over medium-long-term goals;
  - Defining a comprehensive remuneration package that is fair and competitive, anticipating the adoption of alternative solutions or additional money to pay the same as the benefits, with a view to optimising the efficiency of interventions in economic terms.
- Guaranteeing a linear connection between remuneration and performance, whilst adopting a flexible and differentiated approach. More specifically, adopting reward procedures that fulfil the requirements/elements listed below:
  - Using measures that incorporate – in determining objectives, target values and parameters in the following report on results and incentives – determination, clarity, uniqueness of interpretation, transparency and that are easy to quantify;
  - Setting limits on bonuses, both maximums, in terms of the amount to be paid, and minimums, in terms of percentage of achievement of the objectives assigned, below which the incentives are not provided;
  - Deferral of a proportion of variable remuneration, whose magnitude and duration must be consistent with the characteristics of our activities and our risk management practices, through the adoption of long-term incentive schemes;
  - Differentiation of the incentives, on the basis of a meritocratic approach that takes into account the band of the industry in which the recipients operate, and other distinguishing factors that may be relevant from time to time;
  - Flexibility, in rewarding individuals yet always considering the overall performance of the framework/company/group and the economic and financial context at that time.

- Aligning performance with stakeholder interest; adopting a multi-annual and multi-dimensional approach. In particular:
  - defining a priori objectives directly related to the creation of shareholder value in the short and medium-long- term;
  - defining short-term annual remuneration objectives, which are consistent with those fixed for medium-long-term;
  - valuing performance, considering annual performance in itself and its impact within a longer time framework and measuring annual performance both in terms of absolute values, in relation to the objectives assigned and – where it is appropriate – in relative terms relating this value to the results of the competitors present on the market;
  - valuing performance on the basis of other factors such as risk management and the cost of company capital;
  - foreseeing, where possible, non-financial or economic objectives in order to guarantee an effective reward system aligned with company results; therefore fixing, where possible, objectives comprising the adoption of sustainable behaviour in favour of the company and in terms of customer satisfaction, an augmentation in internal resources, an improvement in the procedures, and more generally, of our strategies of sustainability, with the aim of constantly improving the quality of our performance.
- Guaranteeing compliance with processes and conformity with regulatory procedures, through:
  - Quick access to data confirming the results for the bodies entrusted with the controls;
  - Independence for the roles involved in the preparation of the incentive schemes and those that perform the necessary checks and eventual controls;
  - Formulation of the plans so as to ensure their effectiveness over time, both for the regulatory aspect and in terms of satisfaction for possible future applications.

Our approach in determining remuneration policy



## Composition of remuneration package

On the basis of what has been stated above, the remuneration package is structured as follows:

### Fixed pay

Remuneration for a role, and in particular for the responsibilities assigned to the role taking into account – especially for the top positions – experience, quality of the contribution made to the business results and excellence carried out in the assigned functions.

The weighting of the fixed pay must affect the total remuneration, on the one hand, in order to attract and retain resources – both strategic and talented resources – and to reward the role suitably even in the case of failure to meet the incentives and insufficient results, in order to discourage the adoption of behaviour that is not proportional to the degree of risk undertaken by the company in achieving its desired results in both the short and medium-long-term; on the other hand, it should be in accordance with the variable pay guidelines, especially concerning excellence in results.

### Variable pay

Remunerations for the results achieved in the short and medium-long-term.

As cited above, performance is valued with a multi-temporal and multi-dimensional approach, that takes into account – depending on the employees and time frame concerned – results achieved by individuals, results obtained by the framework and structures in operation, and regarding the top positions, results of the company/group as a whole and those of its competitors that constitute the panel of peer reference.

The direct correlation between results and payment of incentives in implementing meritocratic procedures should therefore differentiate the contribution made by each individual and, at the same time, motivate all employees.


Variable pay involves the use, depending on the employees and type of business considered, of various incentive schemes and distinct measures regarding a given time frame for the payment of the incentive and the means of delivery used.

Regarding the Managing Directors and the General Managers of the Group in particular, the measures already in place are the Balanced Scorecard, for remuneration in the short term, and the Long Term Incentive Plan, for remuneration in the long-term.

#### *Balanced Scorecard (BSC)*

Adoption of this instrument is intended to translate the strategies of the Business Plan into a set of operational objectives able to have a decisive impact on the total performance of the Group.

Targets are assigned annually, aligned with the strategic Business Plan, quantitatively and otherwise, which are associated both with “weights”, which define the importance with respect to all the objectives; and the minimum values, the target and maximums of performance expressed through appropriate parameters. Also defined for each goal is the position of the budget compared to the levels of performance expected, the minimum thresholds for access to the payment of bonuses and the



maximum in the case of overperformance, and the cost of the bonus - expressed as a percentage - on a fixed compensation, differentiated according to the role of the *BSC* recipients.

The level of performance achieved is then verified in relation to each objective, which is then weighted by its relative weight; the sum of the performance levels achieved is thus the weighted performance total.

Concerning in particular the Managing Directors and the other Management personnel, both the contents of the scorecards in terms of objectives, weights, levels of performance, maximum and minimum of the potential bonus on fixed compensation and the calculation method, the subsequent results and the corresponding amounts to be paid are reviewed and endorsed by the Remuneration Committee, which in turn shall submit them for assessment and approval of the Board of Directors.

The *BSCs* of upper management are then sent to the other managers of the Parent Company and the top management of the other Group companies in Italy and abroad, so as to involve all the companies that are owned by Generali in achieving their strategic objectives.

### *Long Term Incentive Plan (LTIP)*

The system's total remuneration for the members of the Company's upper management - as well as the managers of the same, is articulated, beyond fixed salary and variable pay, in a Long Term Incentive Plan as well. The use of this instrument is in line with the best and most widespread practices at an international level and it has become appropriate not only given the results, thanks to the valuable contribution made by the Plan identified as the key assets of the Generali Group, but also so as to continue the process of motivation and loyalty to them, aligning their economic interest to that of all the Shareholders.

The Shareholders' Meeting held on 24 April 2010 approved an incentive plan intended for persons holding positions within the Group that are considered strategic and characterised by elements of particular innovation with respect to the instruments adopted in the past and consistent with the changed frame of reference in which the Group is located and operates.

However, to address the need for an intervention to improve the balance of variable compensation in its two components and the need to ensure full compatibility in legal terms and to provide for and regulate cases not covered by the relevant Regulations, the Board of Directors subsequently decided to terminate the Plan in question and submit a new one for examination and approval by the Shareholders Meeting in April 2011, with the characteristics above.

The objective of the Incentive Plan is, first, to strengthen the link between management remuneration and performance defined by the three-year Business Plan (so-called absolute performance) and, second, to maintain and strengthen the link between remuneration and growth in value compared to a peer group (so-called relative performance).

The Plan is based on the following elements:

- the Plan is rolling, i.e., each year triggers a new cycle lasting six years connected to the strategic plans. This does not prejudice, in any case, the power of the Board of Directors to terminate the renewal cycles of the Plan;
- for the first cycle, there is a direct link with the objectives of the strategic plan and, later, with those of the subsequent strategic plans;
- the concept of joint investments, namely the investment of a part of the net cash component received by the recipients in shares of the Parent Company to the extent of 25% or 50% thereof.

Each cycle of this Plan has an overall reference time frame of six years.

For the first cycle, the duration is divided as follows:

- the first three years 2010/2012: at the end of that period, if it is to the extent that certain absolute performance objectives are achieved, the provision of a monetary incentive (bonus) is involved, with an investment of 25% or 50% of the net thereof in shares of Assicurazioni Generali;
- the second three years 2013/2015: at the end of that period, for each share purchased (by investing 25% or 50% of the net incentive paid), the person has the potential right to receive from the Parent Company a number of shares, free of charge, depending on their position on the Generali list drawn up by the peer group according to their respective Total Shareholders' Return (relative performance).

In particular, the cash incentive component (bonus) is determined as a percentage of the Gross Annual Salary (RAL) - with the exception of the variable part - where the recipient is entitled up to 31 December of the last year in the first three years of each cycle of the Plan by virtue of the band they belong to.

There are four membership bands identified and the recipients are distributed therein by virtue of the hierarchical role played and the weight of their position.

The financing of the cash component of the Plan is, as a rule, the sole responsibility and liability of the Company to which each recipient of the Plan belongs.

As stated, on the date the bonus is granted, recipients of Bands 1 and 2 are required to purchase, as a lump sum, shares of the Parent Company to the extent of 25% or 50% of the bonus, net after taxes.

The recipients of Bands 3 and 4 are entitled to purchase shares in the Parent Company, always in a lump sum and to the extent of 25% or 50% of the bonus, net after taxes.

The shares are encumbered by unavailability from the date of their delivery.

At the end of the second three-year period of each cycle of the Plan, those who bought Generali shares acquire the potential right to an allotment of free Generali shares, depending on the position of Assicurazioni Generali in the ranking formed by a peer group drawn up according to the respective Total Shareholders' Returns. This is provided that, at the end of the last year of the second three-year period, they still carry out the related role.

The free shares shall be immediately free from the day of their assignment, without the encumbrance of any constraint.

## Benefit Package

This is a valuable component of the compensation package whether in terms of satisfaction for the recipients - with a view to total compensation - or as an additional element and/or an alternative to the monetary payment, which demonstrates the advantages of setting effective remuneration policies, but likewise attends to the optimisation of economic impacts. This applies in particular and even more so by the fact that all categories of employees are involved in the allocation of non-monetary benefits.

The benefits differ depending on the recipient categories both by total value and type and are implemented mainly in the supplementary pension and health care plans for employees and their families. More favourable contract terms are also provided for subscription to insurance products and banking products. Finally, incentives are granted in access to loans/mortgages for the purchase,

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renovation and construction of a dwelling or for purchasing a car. Specifically for managers, the benefit package agreed includes a mixed use company car.

## **Members assigned/involved in the definition of remuneration policies**

The determination of remuneration policies falls under the scope of various bodies and/or functions and requires the involvement and/or support of various parties depending on the band of recipients to whom they are addressed.

As for the Chairman and the Managing Directors, given that the compensation policy for these persons is defined by the Board of Directors, the latter has established internally - on the basis of Article 37.1 of the Articles of Association - an advisory body called the Remuneration Committee with the intent of providing support in this work.

The task of this Committee is to express opinions and make proposals to the Board that are not binding concerning the determination of remuneration payable to the above persons; similarly, they make resolutions with regard to the determination of the remuneration of the General Directors, following proposals from the Managing Directors.

With regard to management personnel with strategic responsibilities, the Committee in question has the task of periodically assessing the criteria used for their remuneration, ensuring their application on the basis of information provided by the Managing Directors and making general recommendations thereupon to the Board of Directors. The Committee also expresses its opinion concerning transactions with related parties that involve the remuneration of management personnel with strategic responsibilities, in accordance with the provisions of Article 11.6 of the Procedures concerning Related Parties, approved by the Board of Directors.

As regards the other bands of employees, managers or otherwise, the determination of the remuneration policy is delegated to the Group CEO, who is supported in his decisions by other departments (Human Resources, Management Control of the Group by the quantitative parameters to be correlated to the variable remuneration) or other individuals (CFO for the expenses budget). In any case, the options for these population bands take into account what has already been defined for the top management with regard to instruments, targets and other parameters, with a view to aligning the entire organisation in achieving business results.

Special attention is paid to the remuneration of the Supervisor of the internal control system. To ensure necessary autonomy and independence, the determination of remuneration is the responsibility of the Board of Directors upon the proposal of the Group CEO, having the favourable opinion of the Committee for Internal Control. Furthermore, for all the roles of control, the definition of incentives is based on qualitative aspects relating to the exercise of their duties, with the exception of targets linked to the business performance.

The functions that are consulted in the determination of remuneration policies are those of control, in particular:

- the Compliance function, which has the task of carrying out continuous monitoring of the compliance of processes with the current legislation to prevent the risk of incurring judicial or administrative sanctions, financial losses and damage to reputation;
- the Internal Audit function, which has the task of making an independent assessment of the actual functioning of the controls. To this end, the function is likewise required to evaluate more complex aspects, such as consistency of business decisions with respect to the objectives assigned



by the Board of Directors. In this context, they critically analyse and review the adequacy and consistency of decision-making, concerning not only the objectives of efficiency, but also the effect in terms of efficiency of the choices made;

- the Risk Management function, which verifies the consistency of risk measurement models with the operations carried out by the company.



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## Remuneration policy implementation

### Remuneration of the members of the Board of Directors

Article 19 of the Company Articles of Association attributes the power to determine the remuneration of the Members of the Board of Directors to the shareholders.

The shareholders' meeting thereby approved, with regard to the whole three-year term of office of the Board of Directors appointed by the Shareholders Meeting on 24 April 2010 – and therefore effective until the date of approval of the company budget ending on 31 December 2012 – that each member of the Board of Directors who, in addition to the reimbursement of costs encountered for participation in the meetings for expenses, will receive a fee of €100,000.00 gross per year, with an increase of 50% for those who are members of the Executive Committee; a variable fee equalling 0.01% of the consolidated profit, subject to a maximum total of €300,000.00, to be divided equally among the members of the Board of Directors; an attendance fee for each meeting of the Board of Directors and the Executive Committee of €4,000.00.

In connection with the foregoing, the responsible administrative bodies of the Company in 2010 carried out an analysis of the state of the art in the field, further deepening their understanding in terms of benchmarking with respect to a panel of peers. The study carried out has confirmed the continuing adequacy of the remuneration package already in place, with regard to the characteristics and the standing of the Generali Group, as well as the commitment required.

It is also specified that the remuneration of the directors is not related significantly to the Group's results, as the mechanism for calculating the variable component as defined above is such that it affects fixed compensation to a lesser extent and more so the complete package.

Finally, directors without executive powers do not qualify for incentive plans based on financial instruments.

Therefore, for the entire three-year term in office of the Board of Directors appointed by the Shareholders on 24 April 2010, the structure of the remuneration package already provided previously for members of the Board of Directors of the Company is confirmed.

For the business year 2010, the remuneration of the members of the Board of Directors is shown in Table 1.

With regard to the directors who are also members of advisory committees, the Board of Directors, at the beginning of 2010, delegated the task of assessing the state of the art - through comparisons with similar positions in other national and international companies comparable in size and the type of business as the Generali Group - and to put forward any proposals to the Remuneration Committee, since before 2009 the members of the Board of Directors received only attendance fees for participation in the committees concerned.

Based on the findings of the study and the proposals submitted by the Remuneration Committee, the Board of Directors, at its meeting on 12 May 2010, argued for the payment of fees to directors who hold these positions (with the exception of those who are also executives of Generali), also taking into account the commitment required from them. The fees thus determined are shown in Table 2.

The Board of Directors also resolved the remuneration for the newly appointed Committee of Independent Directors to evaluate transactions with related parties, taking into account the number of meetings of the body in question, which is influenced decisively by the occurrence of events subject

to legislation concerning related parties. For this reason it was decided to ascribe particular importance to attendance fees rather than fixed remuneration. The breakdown of fees, which will be paid starting in 2011, is shown in Table 2.

## Remuneration of the Chairman, Managing Directors and management personnel with strategic responsibilities

Article 39 of the Articles of Association provides that the remuneration of the Directors with special duties is established under Article 2389 of the Italian Civil Code, by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors; in this sense, the supervisory body has expressed a positive opinion, having verified the consistency of the proposals with the general policy on remuneration.

In particular, with regard to the remuneration of the Chairman appointed at the Shareholders' Meeting on 24 April 2010, the Board of Directors on 12 May 2010 determined the fixed annual remuneration for the duration of the term of office on the basis of a comparative analysis with similar national and international figures. As regards the variable remuneration, the Chairman, as well all non-executive directors, does not participate in incentive plans in the short and medium-long term. Also resolved in his favour, if he is not confirmed in the role of Chairman at the end of his first term in office, he will be paid compensation equal to two years of the annual gross remuneration. The details of fees for the financial year 2010 are shown in Table 1.

With regard to the Managing Directors and General Manager/CFO, the Board of Directors, based on proposals submitted by the aforementioned Committee, in 2010 reconfirmed the amounts for this year of the fixed compensation component, set new objectives, parameters and performance target figures for *remuneration* for the short-term and submitted a Long-Term Incentive Plan for approval at the Shareholders' Meeting on 24 April 2010. The details of fees for the financial year 2010 are shown in Table 1.

The Board, however, delegated to the Remuneration Committee the task of reviewing the remuneration packages in place and then to formulate guidelines for 2011 and subsequent years and in particular proposals to rebalance the relationship between fixed and variable components, increasing the incidence of the latter in the value of total remuneration and balancing appropriately the same variable remuneration in its two components in the short and long-term to further promote the creation of shareholder value.

Amendments and/or innovations to the compensation packages within this framework have been introduced starting 2011 and for subsequent years for top management, restated as follows.

*Fixed remuneration:* assuming that this component is adequate to properly compensate top management even in the absence of incentives, the related amounts were reconfirmed except those relating to the Managing Director, in accordance with the different responsibilities assigned to the executive positions in 2010. It was also resolved to repay the Parent Company for remuneration received by directors in subsidiaries and affiliates, unless otherwise authorised by the Board of Directors and without prejudice to the right to receive the fees provided for all Directors of the Company.

Short-term variable remuneration: the instrument has been thoroughly revised in all its aspects.

In particular:

- in view of the powers and responsibilities attributed to the Managing Directors and General Managers, differentiated *BSCs* have been assigned for objectives and bonus percentages on the total compensation package;
- new targets were introduced in the income statement, for equity and risk, performance or related to acts of reorganisation, in order to monitor various aspects of the performance of the company. More specifically, the *RORAC*, because it summarises the attention to the operating profits and the capital required according to the principles of Solvency, the New Business Value which summarises the business development and profitability of the new business Life, the Net Capital Gain, i.e., the absolute value of realised capital gains on investments;
- when considered appropriate, some parameters are adjusted to the effects of financial scenarios;
- the access thresholds have been changed for the provision of incentives, while overperformance cases were reviewed in terms of the maximum amount to be paid, with the aim of bringing consistency to the remuneration levels in the presence of excellent results.

Variable remuneration in the medium to long-term

- *Stock Option Plans*

Prior to the adoption in 2010 of the *Long-Term Incentive Plan* (LTIP), Assicurazioni Generali made use of different Stock Option plans, aimed, on the one hand, at the Chairman and the Managing Directors and, on the other hand, at the managers of the Group.

All the Stock Option Plans shared the same characteristics as shown below:

- the existence of a so-called vesting period, after which the option rights in question could be exercised;
- each option entitles the holder to subscribe or purchase a share, through payment of the strike price;
- the strike price is fixed at an amount equal to the average reference price of the stock price of Generali listed on the Automated Stock Market [MTA] managed by Borsa Italian SpA, as observed in the period from the date of granting of these rights to the same day of previous calendar month;
- the options can only be considered as definitively granted if the Board of Directors determines whether the conditions attached to the exercise of the rights in question exist from the same administrative body at the time of granting.

The plans being implemented as of 31.12.2010 were:

2001 – 2003 Stock Option Plan limited solely and exclusively to the 2003 *tranche* of stock options granted to the French recipients for whom a year more of vesting is required compared to all other countries (i.e., four years instead of three);

2005 Stock Option Plan for the Chairman and Managing Directors of the Company;

2005 – 2007 Stock Option Plan for the executive and non-executive directors of Assicurazioni Generali and the companies of the Generali Group;

2006 – 2008 Stock Option Plan for the Chairman and Managing Directors of the Company;

2008 Stock Option Plan for the executive and non-executive directors of the Assicurazioni Generali and the companies of the Generali Group;

2008 Stock Option Plan for the Chairman and Managing Directors of the Company.

The need to abandon these Plans and take recourse in a new incentivised instrument for the long-term originated from the change in economic and financial conditions that cancelled out the benefits of adopting plans based solely on financial instruments.

In view of the above, rather than taking actions to change the length of vesting or the year or the strike price, it was decided to use as payment in the medium to long-term a new, more suitable instrument for the current market scenario, called the Long Term Incentive Plan.

- *Long Term Incentive Plan*

In 2010, the Shareholders Meeting therefore resolved to adopt a Long Term Incentive Plan in light of the above issues. However, the Board of Directors - to meet the new demands and needs that arose during that year - decided to stop the renewal cycles of this plan and to submit for examination and approval of the Shareholders on April 2011 a new Long Term Incentive Plan (LTIP), in particular to:

- consistently balance the annual components of variable and long term remuneration;
- make the Plan consistent with the rules of certain foreign countries involved, as well as those of certain Italian companies of the Group, in terms of the special features of the activities carried out;
- make provision for and regulate certain cases not covered by the Regulations currently in force.


The new Plan, like the previous one, is based on the following elements:

- it is addressed to the Directors with executive powers, and the employees of the Parent Company and its subsidiaries in Italy and abroad;
- its recipients are distributed in bands based on the role involved and the weight of the position;
- it is a rolling plan linked to the objectives of the Business Plan;
- each year starts a new cycle of the Plan lasting six years divided into two three-year terms;
- the underlying objectives of the Plan are for three years;
- the incentive consists of a cash component, delivered at the end of the first three years, and a component in shares of Assicurazioni Generali;
- it is funded, for the cash component by the Companies where the recipients carry out their business.

In order to achieve the purposes outlined above, the new Plan introduced some changes with respect to the previous Plan which relate mainly to the following subjects:

- definition of targets in more general terms to allow the delegated bodies, from time to time, during the term of the Plan, to determine the parameters and relevant indicators to measure the performance of management; it should be noted, however, that Operating Income will be used if available and significant.
- the access threshold linked to the achievement of 50% of the minimum level of the targets;
- the new system of calculating the achievement of targets, with the aim of providing a greater incentive for recipients for excellent performance.

The structure of the remuneration package of the Managing Directors and the General Manager/CFO related to the year 2010 and the following is shown in Graphs 1 and 2 and Table 3.



It is further specified that, with regard to the Managing Directors, there are no allowances for early retirement or upon non-renewal.

With regard to management personnel with strategic responsibilities, who are currently identified as directors of Assicurazioni Generali having a grade not lower than that of Managing Director, the Remuneration Committee sets the guidelines, assigning - if possible - the remuneration policy adopted for the positions.

In view of this, for the year 2010 - in light of the analysis made by the Remuneration Committee - the remuneration packages in place were reconfirmed. As regards the variable remuneration in the short term, the responsible functions have proceeded to outline the objectives of senior positions by applying the same method of *BSC*, while remuneration in the long term - as provided for the upper management - has provided for their participation in the Incentive Plan which entered into force in 2010.

The fees received by management personnel with strategic responsibilities for financial year 2010 are shown in aggregate form in Table 1.

For the year 2011 the Remuneration Committee was assigned the task of verifying the position of remuneration levels for the management personnel in question as compared to those of upper management and - on the basis of the findings - to formulate guidelines and proposals for the establishment of the remuneration packages in question.

## Remuneration for Statutory Auditors

With regard to the remuneration payable to Statutory Auditors, under Article 19 of the Articles of Association, this determination is the responsibility of the Shareholders.

The General Shareholders' Meeting on 26 April 2008 approved €100,000 as the gross annual fee for the Auditors for each of the business years 2008, 2009 and 2010, increased by fifty percent for the Chairman of the Board of Statutory Auditors.

The Statutory Auditors are also due, pursuant to Article 40.4 of the Articles of Association, reimbursement for expenses incurred in the performance of their duties.

Given that the Statutory Board of Auditors' term in office coincided with the business year 2010, the Board of Directors delegated to the competent administrative bodies the task of examining the adequacy of the existing fees, the position in relation to those of the supervisory bodies of the major competitors similar in size and complexity to Generali and thus to formulate proposals for the establishment of the three-year remuneration to be submitted for approval at the Shareholders Meeting in 2011.


**Table 1 – fees of the Board of Directors, Statutory Auditors, General Manager and management personnel with strategic responsibilities for the financial year 2010**

Person Name and surname Office held	Period covered by the mandate	End of mandate	Emoluments for the office held				Emoluments in Euro			
			Fixed emoluments	Variable emoluments	Attendance fee	Total emoluments	Non-monetary benefits	Bonuses and incentives	Other emoluments	
<b>Cesare GERONZI</b>			<b>Total</b>	<b>2,258,937</b>	<b>8,957</b>	<b>54,000</b>	<b>2,321,894</b>	<b>38,128</b>		
Chairman	24.4-31.12.2010	Approved f.s. 2012		2,121,402			2,121,402	38,128		
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			
Member of the Executive Committee	24.4-31.12.2010	Approved f.s. 2012		34,384		24,000	58,384			
Chairman of the Corporate Governance Committee	24.4-31.12.2010	Approved f.s. 2012		34,384		2,000	36,384			
<b>Vincent BOLLORÉ'</b>			<b>Total</b>	<b>103,151</b>	<b>8,957</b>	<b>52,000</b>	<b>164,108</b>			
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			
Member of the Executive Committee	24.4-31.12.2010	Approved f.s. 2012		34,384		24,000	58,384			
<b>Francesco Gaetano CALTAGIRONE</b>			<b>Total</b>	<b>170,630</b>	<b>8,957</b>	<b>74,000</b>	<b>253,587</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	36,000	144,957			
Member of the Executive Committee	1.1-31.12.2010	Approved f.s. 2012		50,000		28,000	78,000			
Member of the Investment Committee	24.4-31.12.2010	Approved f.s. 2012		20,630		10,000	30,630			
<b>Alberto Nicola NAGEL</b>			<b>Total</b>	<b>170,630</b>	<b>8,957</b>	<b>58,000</b>	<b>237,587<sup>2)</sup></b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	28,000	136,957			
Member of the Executive Committee	1.1-31.12.2010	Approved f.s. 2012		50,000		28,000	78,000			
Member of the Corporate Governance Committee	24.4-31.12.2010	Approved f.s. 2012		20,630		2,000	22,630			
<b>Giovanni PERISSINOTTO</b>			<b>Total</b>	<b>1,750,000</b>	<b>8,957</b>	<b>74,000</b>	<b>1,832,957</b>		<b>1,578,080</b>	
Managing Dir. and Group CEO	1.1-31.12.2010	Approved f.s. 2012		800,000			800,000			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	36,000	144,957			
Member of the Executive Committee	1.1-31.12.2010	Approved f.s. 2012		50,000		28,000	78,000			
Chairman of the Investment Committee	24.4-31.12.2010	Approved f.s. 2012				10,000	10,000			
General Manager	1.1-31.12.2010			800,000			800,000			
<b>Sergio BALBINOT</b>			<b>Total</b>	<b>1,750,000</b>	<b>8,957</b>	<b>64,000</b>	<b>1,822,957</b>		<b>1,578,080</b>	<b>156.813<sup>3)</sup></b>
Managing Director	1.1-31.12.2010	Approved f.s. 2012		800,000			800,000			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	36,000	144,957			
Member of the Executive Committee	1.1-31.12.2010	Approved f.s. 2012		50,000		28,000	78,000			
General Manager	1.1-31.12.2010			800,000			800,000			
<b>Anna Patricia BOTIN</b>			<b>Total</b>	<b>120,630</b>	<b>8,957</b>	<b>16,000</b>	<b>145,587</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	16,000	124,957			
Member of the Corporate Governance Committee	1.1-31.12.2010	Approved f.s. 2012		20,630			20,630			

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Person Name and surname Office held	Period covered by the mandate	End of mandate	Emoluments for the office held				Emoluments in Euro			
			Fixed emoluments	Variable emoluments	Attendance fee	Total emoluments	Non-monetary benefits	Bonuses and incentives	Other emoluments	
<b>Cesare CALARI</b>			<b>Total</b>	<b>68,767</b>	<b>8,957</b>	<b>28,000</b>	<b>105,724</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			
<b>Carlo CARRARO</b>			<b>Total</b>	<b>89,397</b>	<b>8,957</b>	<b>32,000</b>	<b>130,354</b>			
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	24,000	101,724			
Member of the Internal Control Commi	24.4-31.12.2010	Approved f.s. 2012		20,630		8,000	28,630			
<b>Diego DELLA VALLE</b>			<b>Total</b>	<b>100,000</b>	<b>8,957</b>	<b>24,000</b>	<b>132,957</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	24,000	132,957			
<b>Leonardo DEL VECCHIO</b>			<b>Total</b>	<b>144,699</b>	<b>8,957</b>	<b>72,000</b>	<b>225,656</b>			
Member of the Board of Directors	1.1-31.12.2010	21.02.2011		100,000	8,957	32,000	140,957			
Member of the Executive Committee	24.4-31.12.2010	21.02.2011		34,384		24,000	58,384			
Member of the Remuneration Committ	24.4-31.12.2010	21.02.2011		10,315		16,000	26,315			
<b>Petr KELLNER</b>			<b>Total</b>	<b>120,630</b>	<b>8,957</b>	<b>36,000</b>	<b>165,587</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	28,000	136,957			
Member of the Investment Committee	24.4-31.12.2010	Approved f.s. 2012		20,630		8,000	28,630			
<b>Angelo MIGLIETTA</b>			<b>Total</b>	<b>89,397</b>	<b>8,957</b>	<b>36,000</b>	<b>134,354</b>			
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			
Member of the Internal Control Commi	24.4-31.12.2010	Approved f.s. 2012		20,630		8,000	28,630			
<b>Alessandro PEDERSOLI</b>			<b>Total</b>	<b>155,014</b>	<b>8,957</b>	<b>50,000</b>	<b>213,971</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	32,000	140,957			
Chairman of the Internal Control Comm	1.1-31.12.2010	Approved f.s. 2012		34,384		16,000	50,384			
Member of the Corporate Governance	24.4-31.12.2010	Approved f.s. 2012		20,630		2,000	22,630			
<b>Lorenzo PELLICIOLI</b>			<b>Total</b>	<b>180,945</b>	<b>8,957</b>	<b>72,000</b>	<b>261,902</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	32,000	140,957			
Member of the Executive Committee	1.1-31.12.2010	Approved f.s. 2012		50,000		28,000	78,000			
Member of the Remuneration Committ	24.4-31.12.2010	Approved f.s. 2012		10,315		10,000	20,315			
Member of the Corporate Governance	24.4-31.12.2010	Approved f.s. 2012		20,630		2,000	22,630			
<b>Reinfried Helmut POHL</b>			<b>Total</b>	<b>68,767</b>	<b>8,957</b>	<b>16,000</b>	<b>93,724</b>			<b>20,000 4)</b>
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	16,000	93,724			
<b>Paola SAPIENZA</b>			<b>Total</b>	<b>68,767</b>	<b>8,957</b>	<b>28,000</b>	<b>105,724</b>			
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			

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Person Name and surname Office held	Period covered by the mandate	End of mandate	Emoluments for the office held				Emoluments in Euro			
			Fixed emoluments	Variable emoluments	Attendance fee	Total emoluments	Non-monetary benefits	Bonuses and incentives	Other emoluments	
<b>Paolo SCARONI</b>			<b>Total</b>	<b>134,383</b>	<b>8,957</b>	<b>50,000</b>	<b>193,340</b>			
Member of the Board of Directors	1.1-31.12.2010	Approved f.s. 2012		100,000	8,957	32,000	140,957			
Chairman of the Remuneration Commi	1.1-31.12.2010	Approved f.s. 2012		13,753		16,000	29,753			
Member of the Corporate Governance	24.4-31.12.2010	Approved f.s. 2012		20,630		2,000	22,630			
<b>Francesco Saverio VINCI</b>			<b>Total</b>	<b>89,397</b>	<b>8,957</b>	<b>38,000</b>	<b>136,354</b> <sup>2)</sup>			
Member of the Board of Directors	24.4-31.12.2010	Approved f.s. 2012		68,767	8,957	28,000	105,724			
Member of the Investment Committee	24.4-31.12.2010	Approved f.s. 2012		20,630		10,000	30,630			
<b>Antoine BERNHEIM</b>			<b>Total</b>	<b>733,605</b>		<b>12,000</b>	<b>745,605</b>			<b>189.654</b> <sup>5)</sup>
Chairman	1.1-24.04.2010	Approved f.s. 2009		687,167			687,167			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		8,000	38,959			
Member of the Executive Committee	1.1-24.04.2010	Approved f.s. 2009		15,479		4,000	19,479			
<b>Gabriele GALATERI DI GENOLA</b>			<b>Total</b>	<b>46,438</b>		<b>14,000</b>	<b>60,438</b>			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		8,000	38,959			
Member of the Executive Committee	1.1-24.04.2010	Approved f.s. 2009		15,479		4,000	19,479			
Member of the Remuneration Committ	1.1-24.04.2010	Approved f.s. 2009				2,000	2,000			
<b>Luigi Arturo BIANCHI</b>			<b>Total</b>	<b>30,959</b>		<b>10,000</b>	<b>40,959</b>			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		8,000	38,959			
Chairman of the Internal Control Comm	1.1-24.04.2010	Approved f.s. 2009				2,000	2,000			
<b>Loic HENNEKINNE</b>			<b>Total</b>	<b>30,959</b>		<b>12,000</b>	<b>42,959</b>			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		8,000	38,959			
Chairman of the Internal Control Comm	1.1-24.04.2010	Approved f.s. 2009				4,000	4,000			
<b>Klaus-Peter MÜLLER</b>			<b>Total</b>	<b>30,959</b>			<b>30,959</b>			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959			30,959			
<b>Reinfried POHL</b>			<b>Total</b>	<b>30,959</b>			<b>30,959</b>			<b>138.201</b> <sup>6)</sup>
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959			30,959			
<b>Kai-Uwe RICKE</b>			<b>Total</b>	<b>30,959</b>		<b>4,000</b>	<b>34,959</b>			
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		4,000	34,959			
<b>Claude TENDIL</b>			<b>Total</b>	<b>30,959</b>		<b>8,000</b>	<b>38,959</b>		<b>204,684</b>	<b>1.747.148</b> <sup>7)</sup>
Member of the Board of Directors	1.1-24.04.2010	Approved f.s. 2009		30,959		8,000	38,959			

(continues)



(continues)

Person Name and surname Office held	Period covered by the mandate	End of mandate	Emoluments for the office held			Emoluments in Euro				
			Fixed emoluments	Variable emoluments	Attendance fee	Total emoluments	Non-monetary benefits	Bonuses and incentives	Other emoluments	
<b>Eugenio COLUCCI</b>			<b>Total</b>	<b>150,000</b>			<b>150,000</b>			
Chairman of the Statutory Auditors	1.1-31.12.2010	Approved f.s. 2010		150,000			150,000			
<b>Giuseppe Alessio VERNI'</b>			<b>Total</b>	<b>100,000</b>			<b>100,000</b>			<b>111.300 8)</b>
Statutory Auditor	1.1-31.12.2010	Approved f.s. 2010		100,000			100,000			
<b>Gaetano TERRIN</b>			<b>Total</b>	<b>100,000</b>			<b>100,000</b>			<b>6.000 9)</b>
Statutory Auditor	1.1-31.12.2010	Approved f.s. 2010		100,000			100,000			
<b>Raffaele AGRUSTI</b>			<b>Total</b>	<b>1,000,000</b>			<b>1,000,000</b>		<b>704,500</b>	
General Manager	1.1-31.12.2010			1,000,000			1,000,000			
<b>Managers with strategic responsibilities</b>			<b>Total</b>	<b>3,380,000</b>			<b>3,380,000</b>	<b>35,826</b>	<b>1,795,000</b>	<b>20.000</b>

- (1) The variable emoluments will be paid after the Financial Statements' approval by the Shareholders' Meeting
- (2) The emolument was paid directly to Mediobanca
- (3) The emoluments indicated include those due for the offices held in 2010 in the following companies:  
Generali Deutschland Holding, Aachener u. Muenchener Lebensversicherung AG, Aachener u. Muenchener Versicherung AG, Generali France, Generali Espana Holding Entidades de Seguros, Generali Espana S.A. de Seguros Y Reaseguros, Generali Schweiz Holding AG, Migdal Insurance & Financial Holdings and Europ Assistance Holding. The payments for Generali Holding Vienna will be established by the Company's general shareholders' meeting in the current year. The sums paid to Generali Deutschland Holding only regard the attendance fees; the portion inherent to profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- (4) Emoluments for the offices held in 2010 in Aachener u. Muenchener Versicherung AG. The payments for Generali Holding Vienna will be established by the Company's general shareholders' meeting in the current year.
- (5) The emoluments indicated include those due for the offices held in 2010 in the following companies:  
Alleanza Toro, Generali Deutschland Holding, Generali Espana Holding, Generali France and BSI. The sum paid by Generali Deutschland Holding only regard the attendance fees; the portion inherent to profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- (6) Emoluments for the offices held in 2010 in the following companies:  
Generali Deutschland Holding, Aachener u. Muenchener Versicherung AG Aachener u. Muenchener Lebensversicherung AG. The sum paid by Generali Deutschland Holding only regard the attendance fees; the portion inherent to profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- (7) The emoluments indicated include those due for the offices held in 2010 in the following companies:  
Generali France, Europ Assistance Holding, Europ Assistance Italy and Generali Investments.  
The sum paid by Generali France also include the bonus assigned to M. Tendil as Chairman and General Director of the French company.
- (8) Emolument for the office of Chairman of the Board of Statutory Auditors of Banca Generali, Europ Assistance Italy, Generali Horizon, Genertellife, Genfid, and Effective Auditor of Europ Assistance Service, Genertel and Ums Immobiliare Genova.
- (9) Emolument for the office of Effective Auditor of Generali Immobiliare Italia.



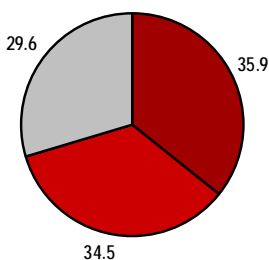
## Tables 2 – fees for the members of Advisory Committees

Role	Gross yearly compensation (euro)	Token payment per session (euro)
Chairman of the Executive Committee	200,000	4,000
Members of the Remuneration Committee	15,000	2,000
Chairman of the Remuneration Committee	20,000	2,000
Members of the Internal Control Committee	30,000	2,000
Chairman of the Internal Control Committee	50,000	2,000
Members of the Corporate Governance Committee	30,000	2,000
Chairman of the Corporate Governance Committee	50,000	2,000
Members of the Investments Committee	30,000	2,000
Chairman of the Investments Committee	-	2,000
Members of the Committee for the evaluation of transactions with related parties	20,000	5,000
Chairman of the Committee for the evaluation of transactions with related parties	25,000	5,000

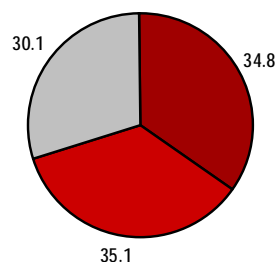
N.B: Members of the Committees who are general managers are not entitled to compensation.

## Graph 1 – payment percentages on 2010 payment totals (pay-mix) Managing Directors and General Manager

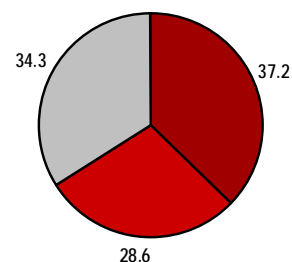
Man. Dir./CEO



Man. Dir.



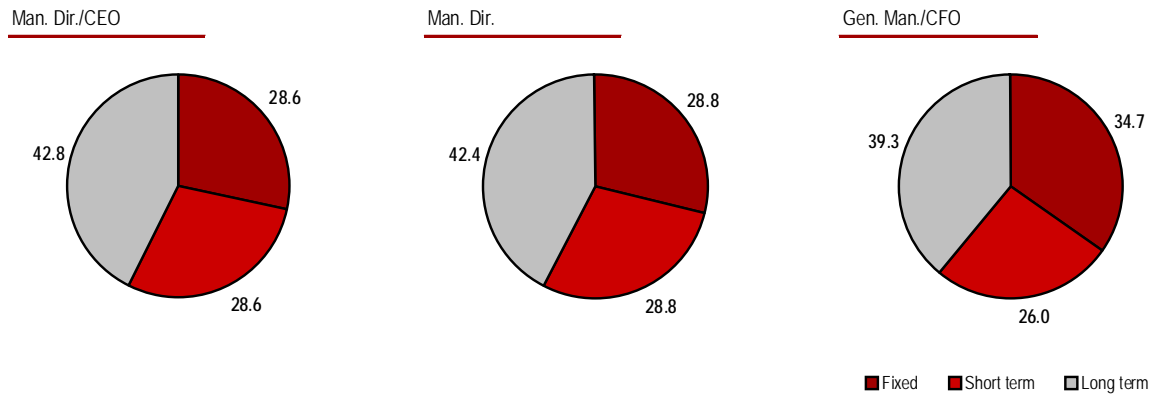
Gen. Man./CFO



■ Fixed ■ Short term ■ Long term

The percentages are based on the attainment of the performance target level of both short and mid-long term remuneration.

## Graph 2 – payment percentages on 2011 payment totals (pay-mix) Managing Directors and General Manager



The percentages are based on the attainment of the performance target level of both short and mid-long term remuneration.

## Table 3 – short, medium and long-term percentages on the total of variable pay for the year 2011

Position	Remuneration incidence (%)	
	short term	medium-long term
Chairman / CEO	40.00	60.00
Chairman	40.00	60.00
General Manager / CFO	38.50	61.50

The percentages are based on the attainment of the performance target level of both short and mid-long term remuneration.

