

# Remuneration report



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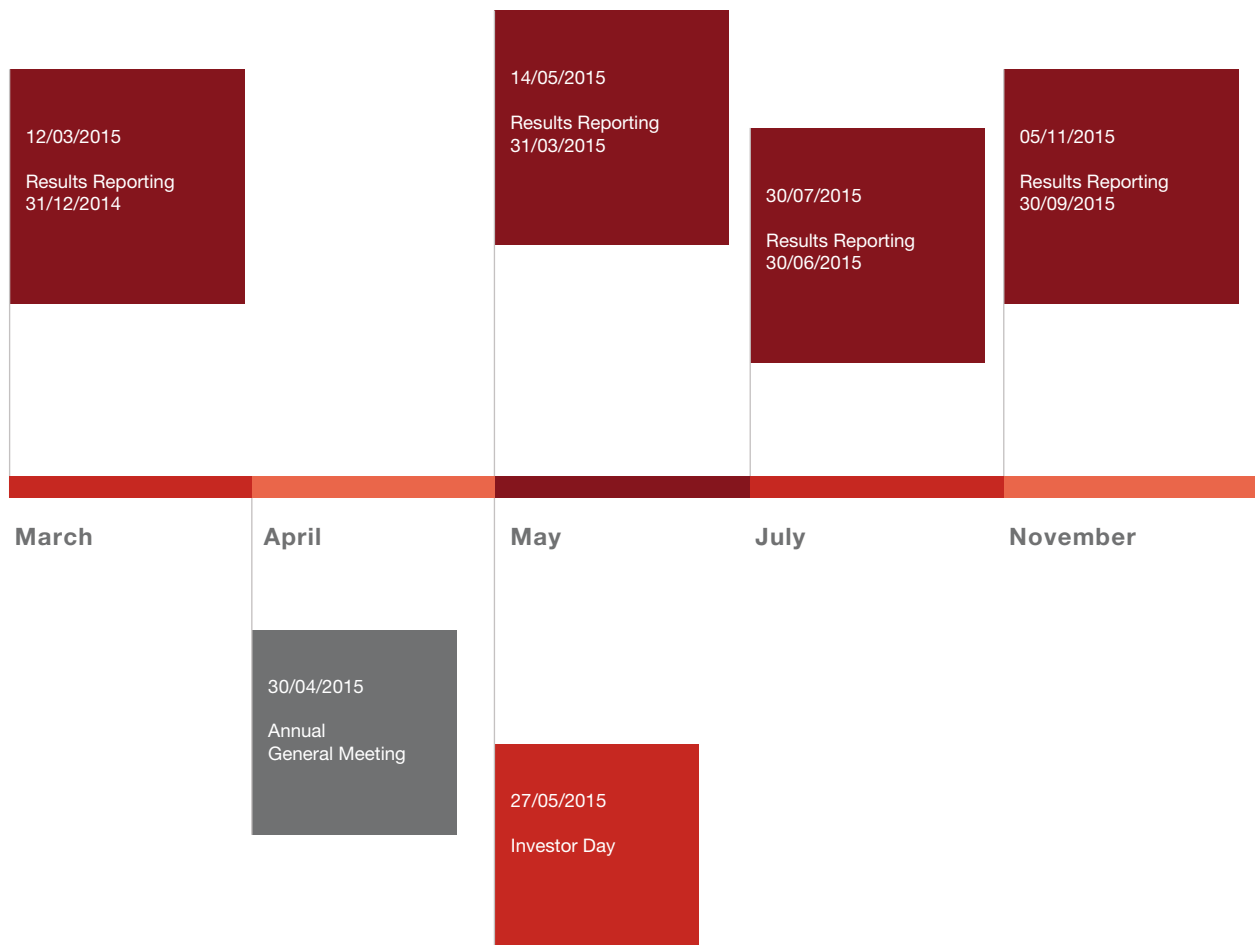
183rd year





# Remuneration report

# 2015 corporate event calendar



# Corporate Bodies

as at 11 March 2015



Chairman

**Gabriele Galateri di Genola**

Vice-Chairmans

**Francesco Gaetano Caltagirone**

**Clemente Rebecchini**

Group CEO

Managing Director  
and General Manager

**Mario Greco**

Directors

**Ornella Barra**

**Flavio Cattaneo**

**Alberta Figari**

**Jean-René Fourtou**

**Lorenzo Pelliccioli**

**Sabrina Pucci**

**Paola Sapienza**

Board of Auditors

**Carolyn Dittmeier** (Chairwoman)

**Antonia Di Bella**

**Lorenzo Pozza**

**Francesco Di Carlo** (substitute)

**Silvia Olivotto** (substitute)

Secretary of the Board of Directors

**Giuseppe Catalano**



# Letter from the Chair of the Remuneration Committee



*Dear Shareholders,*

The remuneration policy is a key element for Generali. It reflects our values, vision and business approach, and helps us attract and retain our most valuable asset, our people. Thanks to them, their passion and their excellence, we are able to take care of our customers by providing them with quality products and services, and to meet our goal of being a global insurance Group that creates value and sustainability in its financial results, maintaining its commitment to all stakeholders.

Under the turnaround plan launched in 2013, the Group has achieved remarkable results. Capital has been strengthened and profitability has been improved through operational and technical excellence programs. Furthermore, the Group is more focused on its core insurance business now with a simpler and international governance. One year ahead of schedule, Generali is close to reaching the targets set at the beginning of the plan.

Over the last few years, the Company, the Board of Directors and the Remuneration Committee have developed a remuneration approach in line with the Group's strategic goals, our stakeholders' expectations and the regulatory requirements. It was built around four main pillars:

- a meritocratic approach to incentives, linked to the Group's long-term performance and the return for shareholders;

- the risk-reward alignment in both the short and long-term incentives;
- consistency with market practices and the regulatory framework; and
- transparency and disclosure.

This approach – mostly unchanged relative to last year – has been enhanced to take into consideration business evolution and investors' recommendations.

For Generali, this is going to be a crucial year in its business history as the new strategy will be unveiled soon. Looking at the bigger picture, the whole insurance industry is undergoing some profound changes. For instance, from a regulatory point of view, Solvency II is less than a year away from its implementation, in January 2016.

Against this challenging scenario, Generali's people will be once again, and more than ever, our main source of competitive advantage. Valuing our people is a key element for the future development of Generali, and properly rewarding their efforts through a fair and transparent remuneration system will keep being at the top of our priorities going forward.

Ornella Barra  
Chair of the Assicurazioni Generali's  
Remuneration Committee





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# Executive Summary

## Remuneration policy

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

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

Our policy is based on the following principles that guide our remuneration programs and consequent actions:

1. **Equity and consistency** of remuneration in relation to the assigned responsibilities and capabilities demonstrated;
2. **Alignment with corporate strategy** and goals defined;
3. **Competitiveness** with respect to market trends and practices;
4. **Value merit and performance**, in terms of results, behaviors and values;
5. Clear **governance** and **compliance** with the regulatory framework.

## The policy in action: top 10 key topics

### 1. Continuity versus last year

The Group's remuneration policy relevant to 2015 complies with previous year, bringing forward basically the same structure and contents, developing, consolidating and integrating them, specifically with:

- the strengthening of the criteria and information of market comparison in order to inform any remuneration decision;
- the link between risk and reward with the confirmation of return on risk capital (RORC) targets and limits in the incentive systems;
- the alignment of the long-term incentive plan time frame with the expectations of the investors, in terms of performance cycles and holding period;
- the balancing of the compensation approach pertinent to Control functions (Internal Audit, Risk Management and Compliance) in line with specific regulatory requirements.

### 2. Target population

The recipients of the remuneration policy are the members of the corporate bodies (Board of Directors, including the Group CEO and General Manager, and the Board of Statutory Auditors), and the company "personnel" (identified on the basis of the criteria detailed under Art. 2, section 1, point f) of ISVAP Regulation No. 39/2011) i.e. the members of the Group Management Committee (GMC) and the other first reporting roles to the Group CEO with significant impact on the Group risk and strategic profile, and the heads of control functions (Internal Audit, Risk Management and Compliance) and their first reporting line managers, for which specific guidelines apply, in compliance with the applicable regulatory provisions.

In line with our strategy, that aims to increase Generali's global presence and consolidate its role at an international level, the principles of the Group's remuneration policy, consistent at global level, are spread through the organization, in compliance with local laws and specificities.

### 3. Equity, consistency and competitiveness

The remuneration must be consistent with each role in question, the responsibilities assigned and the skills and abilities demonstrated. This applies both for the Group executive roles as well as the other segments of population, and complies with the requirements of current national and company labour contracts.

The structure of the remuneration package is assessed in terms of internal equity and consistency in relation to the role and the alignment with the market.

To effectively make informed decisions, our remuneration policy provides constant monitoring of our peers' practices and remuneration trends of the market, both in terms of pay-mix, remuneration levels and systems and in terms of alignment with the regulatory framework.

### 4. Remuneration package and pay-mix

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

Analysis on the structure of the remuneration package are carried out in order to ensure the balance of components and to promote management commitment in contributing to the achievement of sustainable results.

The fixed salary remunerates the role held and responsibilities assigned, also considering the experience of the relevant incumbent and the skills required, as well as the quality of the contribution made in terms of achieving business results.

The variable remuneration is defined by means of short and long-term incentive plans in order to motivate the management to achieve business targets by creating a direct link between incentives and quantitative and qualitative targets set at Group, Region, Country, Business/Function and individual level.

Benefits include, in particular, supplementary pensions and health care for employees and their families, as well as a company car and other benefits, including those related to international mobility (such as housing costs, transfer and education for children), in line with market practices.

In terms of total target remuneration, the Group intention is to align the remuneration at a competitive level, between the median and the upper quartile of the reference market, with individual positioning connected to the assessment of performance, potential and the strategic impact of the resource, according to a segmented approach.

### 5. Variable remuneration

The variable remuneration is based upon a meritocratic approach and a multi-year framework, including a short and a long term component, connected with the achievement of Group, business and individual targets.

Targets are set, measurable and linked to the economic, financial and operating results adjusted by risks and assessed not only in relation to achieving quantitative targets, but also in relation to the conduct demonstrated in achieving these targets and whether this is consistent with Generali's values.

Our approach provides for a greater weighting of variable remuneration assigned to the long-term component, in order to strengthen the link with the creation of sustainable value for shareholders over the long term. This impact is proportionate to the level of direct influence on the Group results that each incumbent can potentially deliver.

Moreover, caps on the maximum variable remuneration are always set both at overall and individual level, linked to the actual achievement of performance conditions and targets set. In particular, the short term incentive system provides for an overall funding pool with maximum individual incentives set at 200% of the single baselines. The long term incentive plan provides for a maximum cap at 175% of fixed remuneration.

In order to comply with the requirement of aligning the regulations criteria to that of encouraging managers to a better execution of their assignments, regarding the heads of internal control functions and their first report managers (Internal Audit, Risk Management and Compliance) a specific variable compensation system is envisaged, based on qualitative objectives identified in relation to specific tasks and activities, granted in an upfront quota and a deferred one, excluding whatever form of incentive based on economic and shared based instruments.

## 6. Group Short Term Incentive

The Group Short Term Incentive (STI) is the annual bonus system, according to which a cash bonus can be obtained from 0% to 200% of the individual target baseline, depending on:

- the Group funding, linked to the results achieved in terms of Group operating result and net profit and subject to the verification of the achievement of a minimum level of Solvency I ratio and Return on Risk Capital (RORC);
- the achievement of the goals defined in the individual balanced scorecard in which 5 to 7 targets are set at Group, region, country, business/function and individual level - as appropriate - defined in terms of value creation, risk adjusted profitability, costs and process effectiveness, customer orientation and people management.

## 7. Group Long Term Incentive

The Group Long Term Incentive (LTI) is the multi-year plan based on Generali shares (subject to Shareholders' approval), with the following features:

- the plan is paid out over a total period of 6 years, it is linked to specific Group performance targets (Return on Equity and relative Total Shareholders Return) and is subject to the verification of the achievement of minimum levels of Return on Risk Capital (RORC);
- the plan is based on a 3-year performance period and additional sale-restriction periods on granted shares (i.e. minimum holding) up to two years.

## 8. Malus and claw-back

No incentive will be paid in the event of wilful misconduct or gross negligence or in case of significant worsening of the capital and financial situation of the Company. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be unsustainable or achieved as a result of wilful misconduct or gross negligence.

In particular, specific thresholds and malus clauses are envisaged for the variable compensation, both for short- and medium/long-term, defining limits below which a reduction/zeroing of any incentive is defined,

to be applied according to the evaluation of the Board of Directors.

In addition, with regard to the short term component, the final assessment of the degree to which the targets have been achieved also implies an individual assessment of conformity with respect to Compliance/ Internal Control/ Code of Conduct and Governance processes, to be carried out and used as a malus/claw-back clause as necessary.

## 9. Severance provisions in the event of termination

In case of removal/dismissal of a director/manager with strategic responsibilities, the Company must necessarily apply - in the current statutory scenario - the legal and/or contractual provisions.

In case of termination on mutual consent of a manager with strategic responsibilities, the relevant economic terms are set on the basis of the circumstances and grounds of the termination - with particular reference to the performance achieved, the risks undertaken and the effective Company operating results, so that, in particular, no amount may be paid in the event of gross negligence or wilful misconduct - and under any circumstance may not exceed, in addition to the notice (where applicable), 24 months recurring remuneration.

## 10. Governance and Compliance

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

In order to ensure full compliance with all applicable laws and regulations, an important role in the definition and implementation of the remuneration policy is carried out by the control functions. In this context, the Risk Management and Compliance functions draw, to the applicable extent, reports on the consistency of the remuneration policy with applicable law. In addition, the Internal Audit draws up a report in which the proper implementation of the policy adopted in the previous year is analyzed in detail. These reports are annexed at the end of this document.

# Section I - Remuneration Policy

## Introduction

The remuneration policy is a key element for Generali and reflects our values: the mission of our Group is to protect and improve people's lives through the provision of insurance services. We proactively pursue this goal, taking care of the future of our customers and of our people, dedicating ourselves to the insurance core business, managing and mitigating the risks of individuals and institutions with the commitment to create value for our stakeholders.

Through our remuneration policy we aim to attract, motivate and retain the people who - for their technical and managerial skills and their different profiles in terms of origins, gender and experience - are a key factor for the success of the Group, as reflected in our values.

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

- the meritocratic alignment of the remuneration systems with sustainable long-term business results, in constant compliance to corporate values that represent the main pillars of remuneration systems and of a prudent risk management;
- the alignment with the overall business strategy

## 1. The principles of the remuneration policy

Our policy is based on the following principles that guide our remuneration programmes and consequent actions:

- **Equity and consistency** of remuneration in relation to the assigned responsibilities and capabilities demonstrated;
- **Alignment with corporate strategy** and goals defined;
- **Competitiveness** with respect to market trends and practices;
- **Value merit and performance**, in terms of results, behaviors and values;
- Clear **governance** and **compliance** with the regulatory framework.

based, among others, on a significant international integration of the Group, so that the principles and policies are applied in a coherent manner to all Group's key executives, thus favoring the overall alignment to the Group's goals.

The remuneration policy of the Group pertaining to 2015, is carried out in a perspective of continuity with the previous year, proposing the same structure and contents, thus evolving, consolidating and integrating them in particular through:

- the strengthening of the criteria and information of market comparison in order to inform any remuneration decision;
- the link between risk and reward with the confirmation of return on risk capital (RORC) targets and limits in the incentive systems;
- the alignment of the long-term incentive plan time frame with the expectations of the investors, in terms of performance cycles and holding period;
- the balancing of the compensation approach pertinent to Control functions (internal audit, Risk Management and Compliance) in line with specific regulators requirements.

### Equity and consistency

The remuneration must be consistent with each role in question, the responsibilities assigned and the skills and abilities demonstrated. This applies both for the Group executive roles as well as the other segments of population, and complies with the requirements of current national and company labour contracts.

We are a global group, and consistency is therefore also important in relation to the approach that is adopted in different Countries/Regions/Business/Functions of our Group, so that these correctly fall in line with the

Group's objectives, whilst ensuring that they are always compliant and aligned with local rules and regulations.

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

### Alignment with corporate strategy

Remuneration systems are a basic tool to ensure managers are in line with corporate strategies. In this regard, our incentive systems have been structured so that roles are remunerated according to the achievement of sustainable Group results. Targets are set - on an annual and multi-year basis - so that future objectives take into account the effective results that have been achieved over time, in order to maintain a sustainable level of performance in terms of results and risks taken, in line with shareholders' requests and with regulatory requirements.

### Competitiveness

To effectively make informed decisions, our remuneration policy provides constant monitoring of our peers' practices and general remuneration trends of the market, both in terms of pay-mix, remuneration levels and systems and in terms of alignment with the regulatory framework.

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

At local level, and throughout the organization, the comparative analysis is carried out by taking into account specific groups of local peers, so as to ensure alignment with the reference market. Each local remuneration structure defined on the basis of the reference benchmark must nonetheless comply with the general principles of the Group remuneration policy.

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

### Value merit and performance

Merit is a key factor in our remuneration policy. The system we implement to recognize merit focuses on several elements:

- defining incentive systems that establish a direct link between remuneration and the results achieved;
- an assessment of results not only in relation to achieving quantitative targets, but also in relation to the conduct demonstrated in achieving these targets and whether this is consistent with Generali's values;
- an assessment of performance not only on an annual basis, but also half-yearly and in a multi-year framework;
- sharing the annual assessment of all key executives in the Company during a calibration meeting that involves the Group's top management, so as to promote equity, consistency and transparency of the meritocratic systems;
- managing feedback on trends in relation to performance, not only on an annual basis but half-yearly, to promote the alignment with expected targets and adoption of corrective measures.

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

All the objectives used in the incentive system are defined beforehand so that the annual performance indicators are consistent with those used in long-term plans.

## Clear governance and compliance with the regulatory framework

The processes and roles underlying the policy definition and implementation must be clear and established by the relevant bodies, which define approaches and guidelines that comply with business strategy, regulatory requirements and the Group's values.

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

## 2. Target population

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

- members of the Group Management Committee (GMC)<sup>1</sup>, leadership team made up of Group managers, which supports the Group CEO, where essential decisions for the Group are discussed, proposals to be submitted to the Board of Directors are verified, and through which the decisions and directions settled on are conveyed within the Group, through its members;
- the heads of internal control functions and their first

report managers, for whom specific and/or additional provisions are set out, in line with the regulatory requirements for these resources;

- the other first reporting roles to the Group CEO<sup>2</sup> having a significant impact on the Group's risk and strategic profile.

In line with our strategy, that aims to increase Generali's global presence and consolidate its role at an international level, the principles of the Group's remuneration policy, consistent at global level, are communicated throughout the organization, in compliance with local laws and specificities.

Specifically, the Group pays particular attention to the governance processes relating to the members of the Global Leadership Group (GLG)<sup>3</sup>, which represent the main ca. 200 Group roles with higher organizational weight and impact on the results and strategy implementation process.

<sup>1</sup> It should be remembered that the GMC was established initially based on a decision taken by the Executive Committee on 19 October 2012, and then by the Board of Directors on 08 November 2012. This structure was assigned the basic function of identifying the Group's strategic priorities, and ensuring operational consistency. The members of the GMC are the following: Group Chief Investment Officer; Group Chief Financial Officer; Group Chief Risk Officer; Group Chief Operating Officer; Country Manager Italy; Country Manager Germany; Country Manager France; Head of Global Business Lines. Of these, the Country Manager France is not an employee of Assicurazioni Generali S.p.A. and therefore the Group's remuneration policy and governance in his respect are subject to application in compliance with the respective governances and in line with local regulations.

<sup>2</sup> Direct reports of the Group CEO currently include: EMEA Regional Officer; CEE Regional Officer; LATAM Regional Officer; Asia Regional Officer; Group General Counsel; Head of Group Strategy & Business Development; Head of Group Communications & External Relations; Head of Group Marketing; Group Chief Insurance and Reinsurance Officer; Company Secretary & Head of Corporate Affairs; Head of Group HR & Organization. Of these the CEE Regional Officer, the LATAM Regional Officer and the ASIA Regional Officer are not employees of Assicurazioni Generali S.p.A. and therefore the Group's remuneration policy and governance in respect of them are subject to application in compliance with their respective governances and in line with local regulations.

<sup>3</sup> The Global Leadership Group (GLG) consists of about 200 Group roles with an higher organisational weight including the CEOs of subsidiaries, Branch managers, the strategic positions inside countries and business units and positions at Head Office with a global impact on the Group's results.



### 3. Remuneration policy for the Group CEO & General Manager and other managers with strategic responsibilities

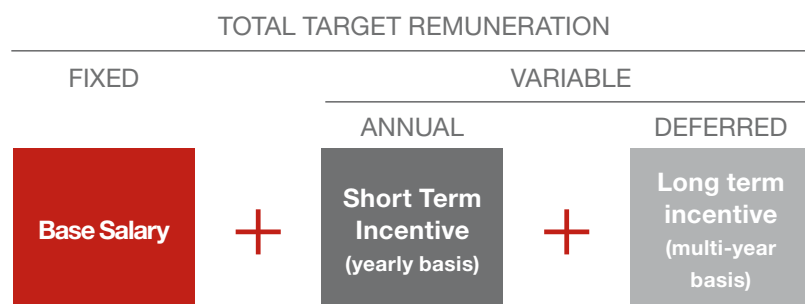
#### 3.1 Total remuneration package in terms of level, structure and pay-mix

The Group CEO and the other managers with strategic responsibilities (GMC and other first reporting roles to the Group CEO, as described previously) receive a total remuneration package comprising a fixed component, a variable component (short- and medium/long-term) and benefits.

The underlying principles of these packages are those explained at the beginning of the report and further described and expanded upon here. In particular:

- all components of the remuneration package are clearly defined and balanced, and aimed at achieving results that are sustainable in the long term;
- the remuneration package is structured in its entirety so as to ensure a balance between the need of adequately incentivising the achievement of better results in the interest of the Group and, at the same time, guaranteeing, through the adoption of a certain number of precautions and protections, a sound and prudent management, in the respect of the regulatory framework;
- expected performance is clearly defined by means of a structured and outlined performance management system;
- variable remuneration is defined by means of short and medium/long-term incentive plans connected with individual and Group risk-adjusted performance indicators;
- the incentive plan structures provide for entry thresholds connected with the company's financial position and risk management. More specifically, risk indicators and malus and claw-back clauses are included in all short and long-term variable incentive systems.

In terms of total target remuneration, the Group intention is to align the remuneration at a competitive level, between the median and the upper quartile of the reference market, with individual positioning connected to the assessment of performance, potential and the strategic impact of the resource, according to a segmented approach.



Benefits are also evaluated according to the findings revealed by the constant monitoring of the market, with the aim of ensuring alignment with key trends; studies are also carried out concerning professional families, business line and geographic area.

The remuneration package structure is analysed in order to ensure that the fixed remuneration is balanced with respect to the short- and long-term variable remuneration and benefits, in order to encourage managers to commit fully to achieving sustainable results, as detailed below. In particular the fixed remuneration is determined in an amount that does not incentivise the undertaking of unappropriated risks by the manager and allows the effective practicality, in the theoretical recourse of the related requirements, to specific ex post correctional mechanisms (malus and clawback) on variable compensation. Such mechanisms are envisaged in all the different levels of incentives to which the Group CEO and other managers with strategic responsibilities participate, allowing a reduction/zeroing of the incentives payments in case of a significant deterioration of the assets or of the financials results of Generali.

Specific guidelines on the balancing of the different components of remuneration are defined for each target groups and, with specific reference to the Group executives, the Remuneration Committee establishes the overall positioning policy at Group level in terms of the value of remuneration; it also defines guidelines for remuneration review and pay-mix wherever necessary, according to market trends and the results of internal analyses.

The Board of Directors approves the executive incentive plans structure and criteria once a year, ensuring an appropriate balance of variable remuneration opportunities in the pay-mix structure.

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

### Target pay-mix: average incidence of the fixed and variable components of the remuneration on the total target package and average incidence of the weighting of the annual and deferred variable components on the total target variable remuneration

	Total target remuneration		Total target variable remuneration	
	Fixed remuneration	Variable remuneration	Annual	Deferred
Group CEO	25%	75%	33%	67%
Other executives with strategic responsibilities*	36%	64%	43%	57%
Control functions	73%	27%	60%	40%

(\*) Other managers with strategic responsibilities: the members of the GMC and other first reporting roles to the Group CEO (as previously defined). The role of Group CRO is excluded from this cluster, while is included amongst the control functions.

### 3.2 Fixed remuneration

The fixed salary remunerates the role held and responsibilities assigned, also considering the experience of the relevant incumbent and the skills required, as well as the quality of the contribution made in terms of achieving business results.

The weight of the fixed remuneration must be such as to attract and retain our people, and at the same time must also sufficiently remunerate the role, even if the variable component should not be disbursed due to failure to achieve individual, Company or Group targets; this reduces the possibility of conduct that is not in line with the Company's risk appetite framework.

As for the other components of the remuneration, the fixed part is also measured annually in comparison with market trends.

### 3.3 Variable remuneration

The variable remuneration seeks to motivate management to achieve business targets by creating a direct link between incentives and quantitative and qualitative targets set at Group, Region, Country, Business/Function and individual level. Performance is assessed by taking a multi-perspective approach that, according to the time frame considered, evaluates the results achieved by the individuals, those achieved by the structures in which said individuals work and the Group results as a whole.

The percentages of variable remuneration differ for the different figures involved in the system, according to the organizational level, the possibility of having a direct influence on Group results and the impact of the individual role on the business. The time horizon for the variable remuneration also differs according to the role, with greater weighting assigned to the long-term component for the positions expected to play a key role in determining long-term sustainable performance.

The Group guidelines on variable remuneration ensure alignment with regulatory requirements and the recommendations made by the control functions. Individual contracts contain specific details on the maximum amount of the variable remuneration and the proportions of the short and long-term components.

The process to define the remuneration policy is managed within the Group Governance taking into consideration also the local peculiarities, with particular attention to the local practice in terms of contractual levels, pay-mix and eligibility on incentives plans with the a final purpose to maintain our reward packages competitive and to attract the best human resources.

#### 3.3.1 Short-Term Incentive (STI)

In line with last year, the Short-Term Incentive (STI) is the annual cash incentive system for the Group CEO and the other managers with strategic responsibilities, as well as the members of the Global Leadership Group (as previously defined).

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

1. defining a total budget for the payment of the bonuses of the above-defined population, connected with the Group's results, so called **funding pool**. This is assigned a maximum limit and a minimum value, below which, regardless of the results achieved by individuals, no bonuses will be disbursed;
2. assessing the **individual performance** achieved by the participants in the remuneration system with respect to the economic-financial goals, risk and quality targets assigned in the individual balanced scorecards;
3. reviewing the overall performance achieved by individuals during a **calibration meeting**, in which the results obtained by the individuals are measured in relation to other roles and to the context of their reference markets, in order to "re-calibrate" them at the aim of guaranteeing further consistency of remuneration within the Group.

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

## Funding pool

The funding pool is the total amount made available at the start of each year, for the payment of the Short Term Incentive system on the basis of the Group's performance. For the Global Leadership Group (GLG), the maximum amount of the funding pool equals 150% of the sum of the individual baselines, namely the amounts of variable remuneration to be paid individually if target results are achieved. Variation of the funding pool depends on the degree to which the Group operating re-

sults and the Group net profit\* are achieved, as defined by the Board of Directors and specified in the matrix below; it is in any case subject to the verification of exceeding the entry threshold defined in the Solvency I ratio set at 160%<sup>4</sup> for 2015 and Group RORC fixed at 9,5%<sup>5</sup>, introduced as a supplementary threshold in line with regulatory requirements inherent to the risk-adjusted measurements.

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

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

According to the levels established for the Group operating result and the Group net profit\*, achievement of targets will be defined using a linear interpolation methodology within the ranges established in the matrix.

For the GMC, a specific funding is provided ad-hoc, always set on the basis of the Group operating result and net profit\*. It equals 100% of the sum of the individual baselines in case of results achieved at target and it provides for a maximum at 200% of the sum of the baselines in case of over-performance, always subject to the verification of exceeding the entry threshold defined in the Solvency I Ratio at 160%<sup>4</sup> for 2015 and Group RORC fixed at 9,5%<sup>5</sup>, introduced as a supplementary threshold in line with the regulatory requirements inherent to the risk-adjusted measurements.

For the Group CEO a funding ad-hoc is provided as for his contract, while the control functions are considered outside the overall funding pool, having a dedicated incentive system as described further.

## Individual performance

Each participant is assigned a balanced scorecard, structured with 5 to 7 goals according to the following 3 perspectives:

### 1. Economic and Financial Risk-Adjusted Performance

- Strategic progress
- Business delivery & financial performance

### 2. Effectiveness

- Process effectiveness
- Cost, risk & control

### 3. Stakeholder Engagement

- Customer engagement
- People management
- Community involvement

The different perspectives include pre-determined, measurable quantitative and qualitative targets that

<sup>4</sup> Threshold can be subject to review in case of exceptional changes in macroeconomic conditions and worsening of financial scenario. In case of extraordinary context discontinuity, the Board will re-assess the overall consistency and fairness of the incentive systems.

<sup>5</sup> In the first half of 2015 the RORC will be restated due to a change in the calculation methodology.

enable the monitoring of multiple aspects of business performance; these targets are also differentiated according to the different competences and scope of operations of the participants.

The most-used quantitative targets are the Operating Profit, Net Profit, Cash Generation/Dividends, New Business Value, Net Combined Ratio, Gross Written Premiums, General Expenses, total IT costs, total Administrative costs and Net Current Return on Investments. Depending on the specific positions, these targets are laid out according to Group, country, business/function or individual level.

Furthermore, as from this year, in order to strengthen the leadership model, and in coherence with the regulatory recommendations, in each individual performance, as far as the prospective “Stakeholders Engagement” is concerned, a qualitative goal “Effective leadership as a role model in driving Generali as first choice for customers and employees around the globe” mandatory for all executives has been introduced, with a minimum weight between 10% and 20% and based on objective results, linked to people management, demonstrated behaviours and impact on the organization.

Moreover in line with last year, in order to strengthen the link between remuneration and risk, the Return on Risk Capital<sup>6</sup> goal at a Group, regional or country level, will be used for all roles eligible of an STI system – including the Group CEO – with a weight up to 20%.

An expected target is defined for each goal, together with a range of achievement; if the level recorded falls above or below that range, it will be considered as having been exceeded or not achieved, respectively. The overall performance is assessed on a scale of 1 to 5, with 5 being the best possible score.

The individual balanced scorecard also defines the maximum pay-out, which can never exceed 200% of the individual baseline.

### Assessment process

The actual funding is determined in the following year, after first having verified the degree to which the targets set by the Board of Directors have been achieved. Considering the business results, the Group CEO submits a proposed final funding pool to the Remuneration Com-

mittee, which provides a recommendation to the Board of Directors. The share of short-term variable remuneration for the Group CEO and the heads of control functions is not included in the final funding calculation, as these are determined directly by the Board of Directors on the proposal of the Remuneration Committee and the Control and Risk Committee, respectively.

In any case, the determination of the effective funding is subject to the verification of the entry threshold achievement; this takes the form of a specific Solvency I ratio level to be achieved by the Group defined annually by the Board of Directors (for 2015, this will be 160%<sup>4</sup>) and of a specific RORC at Group level, defined at 9,5%<sup>5</sup>.

In relation to the degree to which the Group’s targets (operating profit and net profit\*) are achieved, the actual funding pool (for GMC and GLG) is determined. Below the minimum of 85% of budget set for the Group’s targets, no funding takes place and therefore no bonus will be paid<sup>6</sup>.

At the request of the Group CEO and based on a prior opinion of the Remuneration Committee, the Board of Directors may authorise an additional share - of up to 10% of the actual funding - with the aim of remunerating individuals whose performance has been particularly significant. Indeed, on the basis of the above mentioned mechanism, a theoretical possibility may occur whereby, against the unsuccessful achievement of the Group’s results, those managers who have reached or have fully exceeded all the assigned objectives, shall receive nonetheless a lower bonus than the target amount or, even more, shall receive no bonus at all, due to the zeroing or the significant reduction of the available bonus pool. In such extreme situation, the illustrated tool (as now today never used) has the function to intervene – only at the end of the rigorous collective governance process mentioned before and only where the thresholds have been reached, as a guarantee of the assets stability of the Company – so as to allocate an additional amount to the bonus pool thus correcting such similar situations.

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

<sup>6</sup> This is without prejudice to the possibility of the Board of Directors of determining specific funding on the recommendation of the Group CEO and the Remuneration Committee, as long as the Solvency I ratio level and RORC has been respected.

The Board of Directors verifies the results obtained by the Group CEO, based on the proposal by the Remuneration Committee, and accordingly determines the relevant bonus; for all other members of the GMC, the Board of Directors verifies the results achieved and thereafter determines the bonuses based on the proposal of the Group CEO, after having, in any case, sought the opinion of the Remuneration Committee; finally, for the other managers with strategic responsibilities, the results achieved are assessed by the Group CEO considering the guidelines of the system and the relevant process as described before.

The final assessment of results achievement implies also an individual assessment of conformity with respect to Compliance/Internal Control/Code of Conduct and Governance processes, to be carried out and used as a malus/claw-back clause as necessary.

More specifically, no incentive will be paid in the event of wilful misconduct, gross negligence or significant worsening of the capital and financial situation of the Company. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of wilful misconduct or gross negligence.

For the heads of the control functions, the goals on which the short-term component of the variable remuneration is determined, are defined according to the specific activity of each of the functions and do not take into consideration financial performance, furthermore these roles are not included in the overall funding pool.

The short-term incentive of the Group CEO is not included in the total funding pool rules, as it is specifically defined by the Board of Directors on the proposal of the Remuneration Committee, considering:

- a target amount of 100% of the fixed remuneration, based on the target/budget achievement of the goals in the scorecard set by the Board of Directors in relation to the Group economic, financial and operating results, including a risk indicator, (i.e. Group net profit\*, Group Operating result, Group return on risk capital) and to key Group strategic projects, in line with the expectations of the strategic plan for the relevant year;
- a maximum amount of 200% of the fixed remuneration, linked to the over-performance of the targets set by the Board of Directors in the individual scorecard;

- no incentive shall be paid if the Board of Directors will verify that, 2015 Solvency I ratio, set at 160%<sup>4</sup>, and/or 2015 Group RORC, set at 9,5%<sup>5</sup> and at least 40% of the targets set in the individual scorecard have not been achieved.

Finally, in case of an extraordinary context discontinuity (for example if material variations in the macroeconomic conditions and in the international monetary politics should happen) the Board, within the governance process regarding remuneration, shall re-assess the overall consistency and fairness of the incentive systems (so called Material Adverse Change Clause).

### 3.3.2 Long-Term Incentive (LTI)

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

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

As from 2013, Generali has instead adopted plans based on a single three-year cycle, after which free shares can be granted, subject to specific holding/lock-up periods. At the moment, in particular, LTI 2013 and 2014 are underway, in the context of which free shares can be granted (subject to lock-up) in 2016 and 2017.

In line with last year, a new long-term incentive plan based on Assicurazioni Generali shares - the 2015 Group LTI - is being submitted for the approval of the Shareholders' Meeting.

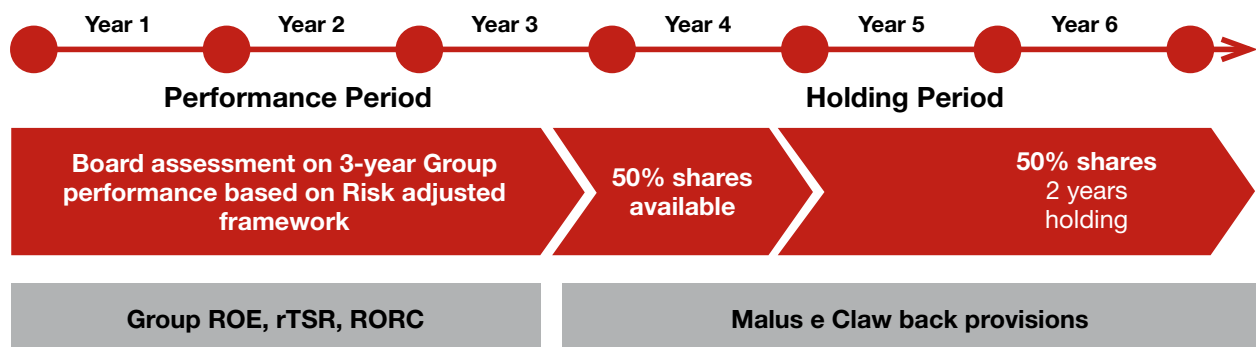
In line with market practices and investor expectations, shares are assigned and made available to the participants over a total time frame of 6 years, subject to the

achievement of the Group's performance conditions (Return on Equity<sup>7</sup> and Relative Total Shareholders' Return) and the verification of a minimum return on risk capital (RORC) at a Group level, as detailed below.

The Plan is based on the following essential aspects:

- the incentive connected with the achievement of the targets is paid through the grant of Assicurazioni Generali S.p.A. ordinary shares;
- the right to receive the shares is linked to the verification of the achievement of an entry threshold, defined annually by the Board of Directors and which represents a condition precedent;
- the targets to which payment of the incentive is subject are Group financial ones and are defined at the beginning of the three-year performance period.

The plan is structured as follows:



The maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares equals 175% of the gross fixed remuneration of the plan participants (for the Group CEO, this percentage is equal to 250%, in line with his individual contract); therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the latter calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Holding Company and the consolidated financial statements for the previous year.

The maximum number of shares that can potentially be assigned to participants at the end of the three years is divided up into three tranches; the first tranche is for 30% of the maximum number of shares to be possibly assigned, the second is for a further 30% and the remaining 40% represent the third tranche.

Once the level of RORC has been reached, a yearly and a three year verification of the achievement of the Group's financial targets, represented by the ROE and the relative TSR, compared with the companies which are part of the STOXX Euro Insurance index (peer group), currently composed by:

1. AEGON
2. AGEAS
3. ALLIANZ
4. AXA
5. CNP ASSURANCES
6. DELTA LLOYD
7. HANNOVER RUECK
8. UNIPOL SAI
9. NN GROUP
10. MUNICH RE
11. MAPFRE
12. SAMPO
13. SCOR
14. VIENNA INSURANCE

<sup>7</sup> Return on Equity (ROE): operating profit net of financial expense and tax, divided by the average adjusted capital, as defined in the "Note on the methods used for alternative performance indicators" in the Group's Management report.



The performance level, expressed as a percentage, and always based on the level of achievement of ROE and rTSR, is determined by a new calculation methodology, based on 2 independent baskets. The final results

in each basket shall be calculated using a linear interpolation approach. The maximum performance level is always 175%.

50% prospective shares		+	50% prospective shares	
% LTI vesting	ROE		% LTI vesting	rTSR
0%	≤ 11%		0%	Low ranking
25%	11% < x < 12%		25%	Low-Mid ranking
75%	12%		75%	Median ranking
125%	12% < x < 13%		125%	Mid-High ranking
175%	≥ 13%		175%	Top ranking

Reference figures. Final calculation based on linear interpolation. TSR ranking requires a positive result for any payment.

During each year of the plan and at the end of the three years, the Board of Directors evaluates the degree to which the Group's return on risk capital (RORC) has been achieved as compared with the limit set as 9.5%<sup>5</sup> (or alternative percentage as may be chosen from time to time by the Board of Directors). On the basis of this evaluation, the number of shares to be accrued annually or definitively granted may be reduced or even zeroed by the Board of Directors if the RORC should fall below the threshold established.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of the Company. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of wilful misconduct or gross negligence.

Individual tranches of shares are only granted at the end of the performance period and, therefore, at the end of the three years, after verifying the degree to which the targets have been achieved in the third year (i.e. assessment by the Board of Directors on the actual achievement of the targets set, considered both on an annual and overall 3-year basis), and as long as there continues to be an employment/director relationship in place with the Company or with other companies of the Group as at the grant date. Consequently, save

for extraordinary situations as specifically envisaged by the plan rules, and unless otherwise decided by the delegated bodies, any case of termination of the employment/director relationship automatically entails forfeiture of the right to be granted shares.

In line with investors requests, the holding period, which applies after the three-year performance period, has moved from an holding period subdivided in three tranches – 50% at grant date, 25% after one year and the remaining 25% after two years – to a subdivision in two tranches. At the grant date 50% of the shares are immediately available (to allow the participants to pay the tax charges connected with the grant), the remaining 50% is subordinated to a lock-up period of two years, this is without prejudice to the obligation of directors participating in the plan to maintain a suitable number of shares assigned until the term of the office in course at the expiry of the lock-up. These restrictions apply also after termination of the relationship with the participants (without prejudice to provisions outlined in Section II with reference to the Group CEO and without prejudice to the power of the Board of Directors or a specifically-delegated member thereof, to redefine the terms and conditions of all unavailability restrictions specified above, potentially also evaluating total remuneration of the beneficiary or with reference to shares assigned within different incentive plans).



Furthermore, a dividends equivalent mechanism has been introduced on the basis of the dividends distributed during the three-year performance period. Should the shareholders' meeting resolve upon the distribution of dividends in favour of the shareholders during the three-year reference period, at the expiry of such three-year reference period, an additional number of shares determined in relation to the overall dividends distributed during the three-year reference period will be assigned in favour of the beneficiaries. The additional number of shares thus determined shall be assigned simultaneously and in relation with the other shares assigned in favour of each beneficiary, subject to the same restrictions (holding period) mentioned above and determined considering the Shares' value at the awarding of the plan, to be calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Holding Company and the consolidated financial statements for the previous year.

In order to implement the plan, the free shares granted to the plan participants, in accordance with the above conditions, will all or partly result in a specific free increase of the share capital obtained through the use of profits and/or profit reserves in accordance with the first paragraph of Art. 2349 of the Italian Civil Code and/or own shares as may have been purchased by the Company in implementation of the related shareholders' meeting authorisation in accordance with Articles 2357 and 2357-ter of the Italian Civil Code. The maximum number of shares that can be granted is 8,000,000, accounting for 0.51% of the current share capital.

As for last year, participation in the LTI is linked to membership of the Group Management Committee and the Global Leadership Group (as described before). In line with market practices, the proposal for 2015 LTI plan is to gradually increase the population of participants to also include approximately 150 individuals at a lower-organizational level, identified selectively according to the role, performance and potential, and considering specific attraction and retention needs. For these individuals, the LTI performance indicators will be based on the same parameters with a maximum pay-out equal to 87.5%.

The 2015 LTI plan is also intended for the Group CEO, who may be granted with a maximum number of shares equal to 250% of his fixed remuneration, subject to the performance indicators, entry thresholds and plan limits.

In the event of extraordinary situations that may influence key elements of the plan (merely by way of example: extraordinary operations involving Assicurazioni Generali and/or the Generali Group, legislative changes or alterations to the group scope), the Board of Directors may amend and supplement the plan structure as considered necessary or appropriate, in order to keep – within the limits permitted by applicable legislation – its substantive and economic content unchanged.

Finally, in case of an extraordinary context discontinuity (for example if material variations in the macroeconomic conditions and in the international monetary politics should happen) the Board, within the governance process regarding remuneration, shall re-assess the overall consistency and fairness of the incentive systems (so called Material Adverse Change Clause).

### 3.4 Benefits

Benefits are a substantial component of the remuneration package – within a total remuneration approach – which complement monetary payments.

The type and overall value of benefits differ according to category of beneficiaries.

More specifically, as far as the Group CEO and other recipients of the policy within Assicurazioni Generali, are concerned, supplementary pensions and healthcare are governed by applicable collective bargaining and the supplementary regulations for managers of the Generali Group. The supplementary contract also provides for other guarantees, such as the Long-Term Care in the event of permanent disability, and the ones in the event of death or total permanent disability caused by injury or disease, whether occupational or otherwise.

The benefits package also includes personal and business use of a company car with fuel card and agreements with airport operators (e.g. corporate frequent flyer cards). Finally, favourable contractual conditions are also granted with regards to the stipulation of insurance instruments and banking products, along with facilitated access to loans/mortgages for buying houses or vehicles, besides expenses reimbursements and other benefits, in the occasion of events or specific business company initiatives.

In the event of international mobility, transfer to another country or hiring of resources from other offices/countries, in line with market practices, supplementa-

ry benefits are granted relating to housing, support for children's education and all aspects connected with the relocation, for a set period of time.

### 3.5 Extraordinary remuneration

As an extraordinary measure with the objective to attract high calibre managers from the market, specific one-off agreements may be reached during the hiring process.

Those extraordinary agreements, which are only applied on an exceptional basis in very particular and documented situations, may, for example, consist of: (a) entry bonuses connected with the loss of incentives from a previous employer and, wherever possible, linked to a commitment to maintain the employment relationship for a certain period; (b) variable components guaranteed only for the first year of employment. Those extraordinary agreements are exceptional and extraordinary in nature and, when applied, are carried out following strict governance processes and are disclosed, in accordance with the provisions of current legislation, in section II of the remuneration report.

The Board of Directors may also resolve, on the proposal of the Remuneration Committee, to pay exceptional premiums in connection with extraordinary operations and/or results (such as, for example, dismissal or merger & acquisitions), that are sufficiently significant as to have a substantial impact on the value and volumes of the Company's business and/or its profitability, thereby justifying the additional exceptional premium.

The parameter used to identify possible extraordinary operations or results which could be eventually worth such reward is linked to the impact of the considered operation which, in consideration of the dimensions of the Generali Group, can occur in connection with operations of remarkable and unusual economic magnitude. The criteria used to determine the amount of the possible premium would be, on one hand linked to the value of the operation and, on the other hand will take into account, the overall remuneration already recognized in favour of the beneficiary within the standard remuneration systems.

In this event, a suitable disclosure shall be given in relation to the amount, justification, and criteria applied to determine any extraordinary premiums in the first remuneration report available.

### 3.6 Additional remuneration

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

Lastly, reference is made to the sections below for information on the D&O insurance policy and concerning severance provisions in the event of termination of appointment.

## 4. Remuneration policy for heads and first reporting managers of control functions

the remuneration package for the heads of control functions<sup>8</sup> and their first reporting line managers consists of a fixed and variable component and additional benefits. The fixed component is established according to the level of the responsibilities and duties assigned and is suited to guarantee the independence and autonomy required for such roles. The variable component is linked to the participation to a specific deferred monetary incentive system that has a multi-year time goals which relate exclusively to the effectiveness and quality of controls.

Particularly, as from 2014, Generali has introduced significant changes in the remuneration scheme applicable to such managerial groups, reducing the overall remuneration, reviewing the balance between fixed and variable remuneration in favour of the first (see table paragraph 3.1) and excluding any form of financial indicators and shared based instruments (including the so called funding mechanism).

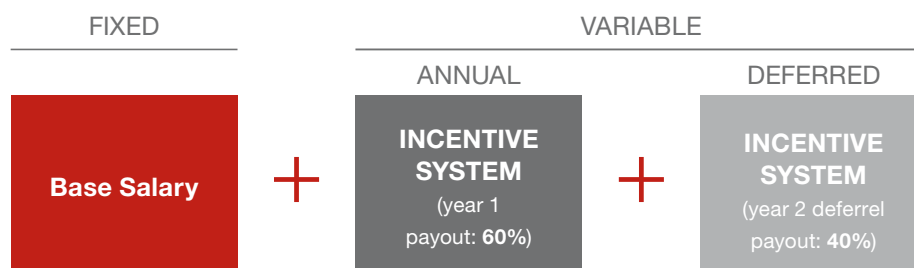
In place of the two envisaged plans defined for the majority of the managers (cash STI and shares LTI) one unique variable plan has been introduced, within which managers may accrue – upon reaching the defined goals linked to specific activities of each of the functions, with reference to targets based on the effectiveness and quality of controls, excluding shared based performance indicators, which may instead give rise to con-

flicts of interest, as established by Art. 20 of ISVAP Regulation no. 39/2011 – a monetary amount, disbursed in an upfront instalment and in a deferred instalment, the latter subject to the continuity in service and to the verification of the results achieved, both with regards to their effectiveness and their duration.

To this end, the assessment of whether the targets set for control functions managers have been achieved (and at a later stage with regards to the effectiveness and long-lasting performance) is made by the Board of Directors upon prior opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors. Only if the Board of Directors considers the results achieved and the quality of the controls to be satisfactory can the heads of the control functions actually access the incentive programmes.

Condition precedents and malus and claw-back clauses also apply, similar to those previously described.

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



<sup>8</sup> Currently identified in the following functions: Internal Audit, Risk Management and Compliance. During the year in view of the entry into force of the Solvency II regulation, the Board of Director reserves the right to extend the specific remuneration approach defined for the control functions even to others similar functions envisaged under the new regulatory framework.

## 5. Remuneration policy for non-executive directors

The current remuneration policy for non-executive directors, independent directors, the Chairman and Deputy Chairmen of the Board of Directors establishes that remuneration shall consist of a fixed component and a variable component equal to a total of 0.01% of the consolidated profit; a maximum limit is established, however, at € 300,000, to be split equally between the Directors on the Board. In addition to this emolument, an attendance fee will be issued for each meeting of the Board of Directors, in addition to reimbursement of proven, listed expenses incurred by their attendance.

The annual variable component, as described above, is so limited that it clearly does not constitute a significant portion of the total remuneration. Moreover, no financial-instrument-based incentive plans are provided.

Directors who are also members of board committees are paid an additional emolument with respect to that already received for their role as members of the Board of Directors (with the exception of those who are also managers of the Generali Group). Said additional remuneration is set according to the duties assigned

to the relevant committees and the effort and time required of them, in terms of the number of meetings and preparation required.

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

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

Reference is made to the sections below for information on the D&O insurance policy and concerning severance provisions in the event of termination of appointment.

## 6. Remuneration policy for members of the supervisory body

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

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

## 7. Remuneration policy for the appointed actuary, insurance brokers and suppliers of outsourced services

there is no provision for the assignment of any variable component to the appointed actuary, for his work carried out in this role, as the role is held by an external professional.

The remuneration policy for insurance brokers is defined by the companies for which they work; it is based on the same principles as the Group Remuneration Policy, taking an approach that aims to ensure that for these figures too, remuneration is in line with the overall

strategy, using targets and incentive systems that seek to compensate the contribution made towards achievement of the Group's goals.

The Company has applied guidelines on outsourcing matters approved - in accordance with art. 31 of ISVAP regulation dated 26 March 2008, no. 20 - by the Board of Directors at 30 October 2008, coherently with the principles set by art. 4 of ISVAP regulations no. 39/2011.

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

the current terms of the insurance policy for the coverage of the civil liability of the Company's Directors and Auditors (Directors' and Officers' Liability Insurance - D&O), and that of the Executive in Charge of the Drafting of the Company's Accounting Documents, are as follows:

- Validity: from 1 May 2014 to 30 April 2015;
- Term: 12 months, renewable yearly, until revocation of authorization by the Shareholders' Meeting;
- Maximum: € 100 million per claim, aggregated per year and per period of cover;
- Cases of wilful misconduct and gross negligence are excluded from insurance cover.

On 1 May 2013, additional coverage was also provided for the GMC members, on the same terms as descri-

bed above, apart from the maximum pay-out, which is € 25 million, aggregated per claim and per year. In 2014 such coverage has also been extended to the first reporting roles to the Group CEO.

The Group is currently defining a single, global policy that will cover all consolidated companies, considering the specific legal and economic requirements of the various different territories. This Group policy, in line with similar experience of competitor insurance groups, will be applied from May 1<sup>st</sup> 2015 and has the benefit of ensuring standardised cover conditions for all Group managers, allowing a central management of the policy and control of all related claims, thereby reducing the overall cost.

## 9. Severance provisions in the event of termination

The following severance provisions apply to the termination of office of directors who are not managers under an employment contract:

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

Severance provisions in the event of termination of the Group CEO, also in his capacity as General Manager, and of managers with strategic responsibilities, shall be as follows:

- in the event of dismissal of the General Manager or of a manager with strategic responsibilities, the Company must necessarily apply - without prejudice to any changes that may be made to the legislative framework in the future - the mandatory provisions of applicable law and contractual agreements.
- in the event of termination by mutual consent, the amount to be paid to the individual concerned will be defined on a case-by-case basis, based on the relevant circumstances and grounds for the termination (with specific reference to performance achieved, risks undertaken and effective Company operating results, so that, in particular, no amount can be paid in the event of gross negligence or wilful miscon-

duct). The amount thus determined cannot exceed, under any circumstance, in addition to the legal and contractual notice (where applicable) an amount equal to 24 months "recurring remuneration".

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

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

This waiver also extends to include compensation rights pursuant to Articles 2043, 2059, 2087 and 2116 of the Italian Civil Code and economic rights connected with the employment and its termination.

The above provisions also apply to directors additionally acting as General Manager or managers with strategic responsibilities; in this case - in order to calculate the amount that may be paid to the individual - also fixed and short-term variable consideration paid for the office as director (again on the basis of the average recorded for the last three years) must be considered.

In addition to the above-mentioned provisions, non-competition or confidentiality agreements may also be stipulated with Directors and managers with strategic responsibilities. Payment for any such agreements, which shall in any case have a limited term, is determined according to the relevant legal validity requirements and measured against the damages the Company and/or Group could suffer, should the party concerned work for competitors of the Company and/or Group or disclose information which could potentially harm the Company and/or Group; the role and responsibilities previously held by the party concerned will also be considered.

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

## 10. Governance and compliance

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

The main parties involved are:

- Shareholders' meeting;
- Board of Directors;
- Board of Statutory Auditors;
- Remuneration Committee and Control and Risk Committee;
- Group CEO;
- the Group HR & Organization function and the control functions.

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

Proposals are then submitted to the Group CEO, who validates their content and formulation and, having first requested any supplements or amendments considered necessary, thereafter submits them to the Remuneration Committee, which issues its opinion before in turn submitting them to the Board of Directors.

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

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

Below is a presentation of the roles of the various par-

ties involved in the definition, approval, implementation and subsequent verification of the remuneration policies.

### 10.1 Shareholders' Meeting

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

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

### 10.2 Board of Directors

The Board of Directors defines and regularly revises the remuneration policies for members of corporate bodies and "personnel" (as defined in paragraph 2 above, "target population", in accordance with Art. 2, paragraph 1, letter f) of ISVAP Regulation no. 39/2011), including financial-instrument-based remuneration plans, checking their correct application.

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

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

For certain categories of recipients of the policy, this is achieved by the Board directly when determining the related remuneration; to that respect the Board of Di-



rectors, in compliance with the remuneration policies defined, after having first consulted with the Remuneration Committee, the Control and Risk Committee and the Board of Statutory Auditors, as necessary:

- determines the remuneration of the Executive Directors and other directors holding particular offices based on the proposal of the Remuneration Committee, and having consulted with the Board of Statutory Auditors;
- determines the compensation package of the GMC members based on the proposal of the Group CEO, and having consulted with the Remuneration Committee;
- determines the remuneration of the Head of Internal Audit, based on the proposal of the Chairman of the Control and Risk Committee, and having first sought the binding advice of the Control and Risk Committee and consulted with the Board of Statutory Auditors;
- determines the remuneration of the Managers in charge of the Risk Management and Compliance departments, based on the proposal of the Group CEO, and having first sought the opinion of the Control and Risk Committee;
- designates the chairmen, the executive directors and the general managers (or members of senior management holding equivalent roles) of subsidiaries of strategic importance (as defined from time to time by the Board), also formulating proposals relating to their revocation and remuneration, and the non-executive directors, if selected from outside the Group based on the proposal of the Group CEO, and having first sought the opinion of the Corporate Governance and Appointments Committee;
- examines and approves the guidelines of the incentive system for managers belonging to the so called Global Leadership Group (as described before) on the proposal of the Group CEO,.

As concerns the other first reporting roles to the Group CEO, who are not members of the GMC, remuneration is determined by the Group CEO in line with the policies defined by the Board of Directors for such roles.

Compensation of the direct reports of the Internal Audit Manager is proposed by the function manager and reviewed by the Group HR & Organization function, which then informs the Control and Risk Committee, in order that this latter may evaluate whether or not balance and coherence of compensation is thus assured within the function. Suitable reports are prepared by the Group HR & Organization function and submitted to

the Board of Directors in order to verify that the remuneration policies defined for such professionals have been correctly implemented.

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

### 10.3 Remuneration Committee

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

More specifically, the tasks of the Remuneration Committee include:

- formulating non-binding opinions and proposals for the Board in terms of economic compensation for Directors;
- formulating opinions and proposals referring to the remuneration policies for members of corporate bodies and staff, including financial instrument-based remuneration plans and checking that these are correctly applied;
- providing the Board with proposals and/or opinions regarding the compensation in favour of Executive Directors and Directors holding other specific tasks or appointments according to the Articles of Association, as well as the definition of performance objectives related to the variable component of the remuneration and checking that performance objectives are effectively achieved: the opinions and proposals relating to Executive Directors are based on a discretionary assessment, made by taking into consideration, *inter alia*, the following parameters:
  - i) the significance of the responsibilities within the corporate organizational structure;
  - ii) the impact on corporate results;
  - iii) the financial results achieved;
  - iv) reaching specific objectives set beforehand by the Board;



- providing non-binding opinions and proposals for the Board regarding compensation for the General Manager and whoever covers an internal role within the Group that is significant in terms of membership of the Group Management Committee, based on a prior proposal by the Group CEO, and on a discretionary assessment according to the following criteria:
  - i) the level of responsibility and risks associated with the tasks carried out;
  - ii) the results achieved in relation to the assigned objectives;
  - iii) the performance in relation to extraordinary commitments;
- making periodical assessments on the criteria adopted for the remuneration of Directors and managers with strategic responsibilities, based on the information provided by the Group CEO and issuing general recommendations on this matter for the Board;
- checking on the proportionality of the Executive Directors' remunerations, if necessary among themselves, and in relation to the Company's personnel;
- providing an opinion on the Group CEO's proposal relating to the incentive system for managers belonging to the so-called Global Leadership Group (as described before).
- monitoring that the decisions taken by the Board

based on the proposals that were presented, are in fact applied.

The Chair of the Committee or another member of the Committee reports to the Shareholders' Meeting on how the Committee operates in relation to its functions.

In carrying out its functions, this body is entitled to access the corporate information and functions which are relevant for carrying out its tasks. The Chairman of the Statutory Auditors' Board regularly attends its meetings.

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

The Committee presently in office has been appointed by the Board of Directors during the 30 April 2013 meeting and, following the resignation of its Chairman, Paolo Scaroni on 2 October 2014, on 5 December 2014 has been integrated with the appointment of Jean-René Fourtou. The Committee shall remain in office until the Shareholders' Meeting called for the approval of the Financial Statements as of 31 December 2015, currently it is composed as follows:

Office	Forenames and surname
Chair Non-executive and independent Director	Ornella Barra
Member of the Committee Non-executive and independent Director	Jean-René Fourtou
Member of the Committee Non-executive and independent Director	Lorenzo Pellicoli

The Board of Directors has verified that the Committee is entirely made up of independent non-executive Directors. It is clarified also that all the members of the Committee have sufficient knowledge regarding remuneration policies.

Should one or more members of the Remuneration Committee declare that a correlation exists regarding a transaction under their review, the Committee is complemented, only for the purpose of reviewing said transaction, by other independent members of the Board of Directors, chosen starting from the oldest in terms

of age. In the absence of at least two independent Directors of the Remuneration Committee, the opinion or proposal shall be given by an independent expert appointed by the Board.

Since 15 January 2015, Mr. Giuseppe Catalano acts as the Committee's Secretary (previously the role was covered by Mr. Antonio Cangeri).

When it is deemed appropriate by the Chair, he/she may invite members from Top Management, the Head of the Group HR & Organization function and mana-

gers and employees of the Company to take part in the meetings, in case they have responsibilities regarding the matters that are submitted for the Committee's approval.

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

During last year, non-members have taken part in the meetings of this Committee, based on an invitation from the Committee itself, some attending for the entire meeting and others with limited reference to single items on the agenda. The Committee has also made use of external consultants.

The members of the Remuneration Committee receive a fixed emolument (€ 20,000 for the Chairman and € 15,000 for the other members of the Committee), an attendance fee of € 2,000 per session, and the reimbursement of expenses incurred to participate in the meetings.

The Remuneration Committee, during 2014, has held ten meetings, lasting on average one hour per meeting, and minutes were prepared for each meeting. All the members were always in attendance.

Two meetings have been held so far in 2015.

The Committee meeting held on 18 February 2015 set its budget for 2015 expenses at € 100,000, which was then approved by the Board of Directors at the meeting held on the same date.

#### 10.4 Group CEO

Based on the mandates he has been granted with by the Board of Directors on human resources management and organization, the Group CEO makes proposals regarding the Company and Group's remuneration policies.

In addition, he formulates proposals regarding the remuneration policies for managers with strategic responsibilities that need Board decision; the Group CEO is specifically responsible for the proposals regarding the remuneration of members of the Group Management Committee, save the responsibilities of the Control and Risk Committee regarding the Group Chief Risk Officer.

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

#### 10.5 Statutory Auditors' Board and Control and Risks Committee

Pursuant to Art. 36.1 of the Articles of Association, the Statutory Auditors' Board is responsible for providing an opinion on the remuneration of Directors holding specific offices.

Furthermore, the Board also provides an opinion on the remuneration for the Head of the Internal Audit function.

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

#### 10.6 Control functions

The internal control functions that are involved and cooperate in various capacities in the setting and/or the subsequent checking of the correct implementation of the remuneration policies are:

- the **Compliance** function, which checks that the remuneration policies are consistent with the objectives of compliance with applicable regulations regarding remuneration, including the provisions of the Articles of Association, the Governance Code for listed companies and Code of Conduct, with a view to preventing the risk of incurring judicial sanctions and fines, asset losses and damage to the Company's reputation. The function reports to the relevant bodies regarding the outcomes of the checks carried out, and also proposes possible corrective measures;
- the **Internal Audit** function, which checks that the remuneration policies are being correctly applied, based on the directions set by the Board of Directors

with a view to ensuring efficiency and safeguarding the Company's assets. Once again, the function reports to the Board of Directors and the bodies responsible for adopting possible corrective measures based on the outcomes of the audits conducted;

- the **Risk Management** function, which checks on the consistency of the criteria and relevant indicators used to assess performance; with regard to the risk management strategies set by the Board of Directors, it reports to the relevant functions responsible for adopting the relevant corrective measures.

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

### 10.7 Group HR & Organization function

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

- Group Reward, for the implementation of the remuneration systems, for analyzing the remuneration levels and drawing comparisons with selected markets as well as monitoring remuneration dynamics;
- Organization & Change Management, for mapping and job grading;
- Talent Management, to support the performance management and calibration processes.

### 10.8 Guidelines on remuneration compliant with national and international regulatory requirements

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

In order to ensure consistency in remuneration at Group level, the implementation of the remuneration policy and short and long term incentive systems in the Group's companies are guaranteed through appropriate guidelines, according to the provisions included in the art. 5 of ISVAP' Regulation n 39/2011.

The purpose of these guidelines is to adequately calibrate the Group's policies to the specific local contexts, applying the principle of proportionality and ensuring that companies with their registered offices abroad also comply with the provisions of the remuneration policy, within the requirements set by the local regulatory framework.

The preparation of remuneration packages and systems takes due consideration of all the regulatory requirements of the country and business sectors in which the individual role has an impact: in addition to the local regulatory requirements complying with the applicable laws, certain transnational regulations also apply to specific business sectors.

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

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

The process for defining the remuneration policy is managed within the Group's Governance, taking into account the local characteristics and specific aspects, with a special focus on local practices in terms of levels, pay-mix and eligibility for incentive plans, with the ultimate objective of keeping our packages competitive and attracting the best talents.

For the roles that operate in the Group's foreign com-

panies, the process extends to approval by the Board of Directors and relevant local bodies, based on the specific aspects of the relevant company law.

With regard to the chairmen, the executive directors and the general managers (or members of senior ma-

nagement holding equivalent roles) of subsidiaries of strategic importance (as defined from time to time by the Board), the individual remuneration is submitted for the Board of Directors' approval, as proposed by the Remuneration Committee, before the appointment and governance local approval process is carried out.

## Section II – Report on the implementation of the remuneration policy

### Introduction

This section consists of:

- a first part, which provides a synthetic description of the compensation of the recipients of the remuneration policy for the 2014 financial period;
- a second part, which contains the above stated compensation in a tabular format, as well as the shareholdings held by the individuals in question with reference to the relevant financial period.

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

- the Chairman and other members of the Board of Directors;
- the Chair and other members of the Board of Statutory Auditors;
- the Group CEO and General Manager;
- the managers with strategic responsibilities; the members of the GMC and the first reporting roles to the Group CEO<sup>9</sup> included in last year's Remuneration Report.
- the Heads of Control functions and their first reporting line managers included in last year's Remuneration Report.

The year 2014 has been, in line with 2013, a year of further reinforcement of Generali remuneration policy, as

well as significant achievements in terms of alignment with business and organization strategy and with the greater international integration of the Group.

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

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

All entry thresholds to the incentive plans set for 2014 were reached, and the remuneration results are detailed in the tables provided in this section.

The Board of Directors also verified, in execution of the long-term plan approved and assigned in 2012, the degree to which the three-year targets have been achieved. A cash payment was made in this regard with the mandatory obligation to co-invest a portion between 15% to 30% of the gross bonus amount in Assicurazioni Generali shares that must be held until the end of the plan in 2017.

<sup>9</sup> Group Chief Insurance Officer; Group Chief Investment Officer; Group Chief Financial Officer; Group Chief Risk Officer; Group Chief Operating Officer; Country Manager Italy; Country Manager Germany; Country Manager France; Head of Global Business Lines; EMEA Regional Officer; CEE Regional Officer; LATAM Regional Officer; Asia Regional Officer; Group General Counsel; Head of Group Strategy & Business Development; Head of Group Communications & External Relations; Head of Group Marketing; Head of Group HR & Organization.

## Part I

### 1. Remuneration of non-executive directors

The Shareholders' Meeting reconfirmed the emoluments of the previous three-year period for the entire three-year period of office of the Board of Directors, appointed by the Shareholders' Meeting of 30 April 2013. Therefore, up until the effective approval of the Company's Financial Statements as of 31 December 2015, each Board member is entitled to:

- compensation of €100,000 gross annually;
- variable compensation equal to 0.01% of the consolidated profit, up to a maximum total limit of €300,000 to be divided equally among the Board members;
- an attendance fee for each meeting of the Board of Directors and Executive Committee of €4,000;

- the reimbursement of the out-of-pocket expenses incurred to participate in the sessions.

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

Regarding **directors that are also members of Board committees**, the relevant emoluments and attendance fees, as determined by the Board of Directors of the 9<sup>th</sup> of May 2013, based on a benchmark prepared by an external the consulting firm are showed hereunder.

The yearly emoluments and attendance fees for the members of Board committees are listed below:

Role	Gross Yearly emolument (euro)	Attendance fee per session (euro)
Members of the Remuneration Committee	15,000	2,000
Chairman of the Remuneration Committee	20,000	2,000
Members of the Risk and Control Committee	30,000	2,000
Chairman of the Risk and Control Committee	50,000	2,000
Members of the sub-Committee for the evaluation of related party transactions	20,000	5,000
Chairman of the sub-Committee for the evaluation of related party transactions	25,000	5,000
Members of the Appointments and <i>Corporate Governance</i> Committee	15,000	2,000
Chairman of the Appointments and <i>Corporate Governance</i> Committee	20,000	2,000
Members of the Investments Committee	30,000	2,000
Chairman of the Investments Committee*	no emolument	2,000
Chairman of the Supervisory Board	30,000	0
Members of the Supervisory Board	20,000	0

\* Office held by the Group CEO. The attendance fee per session are already included in the emoluments defined by BoD for the role of Director.

With regard to the remuneration for the **Chairman** of the Board of Directors, the Board resolved, starting from 30 April 2013, to pay the Chairman, in addition to the compensation due to the other non-executive directors, an emolument in relation to the powers conferred of €850,000.00 gross annually; such compensation is in line with the emoluments received by both Italian and foreign individuals covering similar roles in compa-

nies comparable to Assicurazioni Generali, in terms of their size and characteristics.

The following additional benefits were resolved upon:

- insurance cover relating to the event of death or permanent disability for accidents or illness;
- supplementary insurance cover for health expens-

es, with features similar to those provided for Group managers;

- the use of a Company car with driver.

The Chairman also received emoluments and attendance fees related to the offices as Chairman of the Appointments and Corporate Governance Committee and of the Committee for Social and Environmental Sustainability (the latest as of 30 April 2013).

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

Details of the relevant emoluments are found in Table 1 below, while Table 4 contains the shareholdings of the individuals in question.

## 2. Remuneration for members of the board of statutory auditors

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

for the Chairman of the Board of Statutory Auditors.

Details of the relevant emoluments relating to 2014 are found in Table 1 below, while Table 4 contains the shareholdings of the individuals in question.

## 3. Remuneration of the Group CEO and General Manager and other managers with strategic responsibilities

### Group CEO & General Manager

The current remuneration package for the Group CEO, set by the Board of Directors, is structured as follows:

1. an annual gross compensation as Group CEO of € 1,100,000, including the emoluments and attendance fees provided for members of the Board of Directors and Executive Committee, and as a member of internal Board Committees, and a gross annual salary as General Manager of € 200,000;
2. a short-term component of the variable remuneration: payment of a bonus linked to the annual goals (as described before) which is 100% of the fixed remuneration at target level, and can reach up to 200% in the event of over-performance;
3. a long-term component of the variable remuneration: subject to the achievement of the assigned targets (as described before), the Group CEO may be granted an incentive which is 200% of the fixed remuneration at target level, and can reach up to 250% in the event of over-performance;
4. a supplementary pension: as per the national collective and supplementary individual agreements, a contribution equal to 16.5% of the fixed remuneration and annual gross supplement by the Company of € 107,452.22;
5. other benefits as per applicable remuneration policy;
6. the economic terms of the Group CEO's termination are governed by an agreement set at the time of the relevant appointment. Specifically, in the event of dismissal without cause, or resignation with cause (including the cases of reduction, revocation or failure to renew the appointment and/or powers without cause, or assignment to third individuals of mandates or powers substantially equivalent to those of the Group CEO or such to have a significant impact on his position and top management role), the severance due to the Group CEO includes:
  - indemnity in lieu of notice (conventionally set at 12 months)
  - 24 months remuneration (intended as the sum of the fixed remuneration and average of the

short-term variable remuneration over the last three-year period, taking into account both the remuneration as manager and the emoluments for the appointment as director);

- release from lock-up of incentives in the form of financial instruments.

In 2014, the overall remuneration for the Group CEO was as follows:

- fixed remuneration: € 1,300,000 gross;
- short-term variable remuneration: based on the results achieved, the short-term variable remuneration amounts to € 1,950,122 gross. This amount was calculated based on the achievement of the targets in the individual scorecard set by the Board of Directors in relation to the Group economic, financial and operating results (i.e. Group net profit\*, Group Operating result, Group return on risk capital) and to key Group strategic projects, assessed positively compared to the expectations of the strategic plan for the relevant year.
- long-term variable remuneration: no amount was paid out in this regard as the first cycles of the LTI plans approved in 2013 and 2014, in which the CEO participates, shall only be effective from 2016 (the maximum number of shares which could be granted to the Group CEO at the end of the performance period - subject to the achievement of all the targets and at the terms and conditions set out in said LTI plan - is shown in Table 3A below.).

### Remuneration of managers with strategic responsibilities

During 2014, the managerial turnover either during the whole year or a portion thereof, resulted in a total of 19 people in the category of managers with strategic responsibilities<sup>10</sup> for the relevant financial period.

Remuneration packages were set for two managers with strategic responsibilities appointed during the year. Salary adjustments were also envisaged for six managers with strategic responsibilities that were already appointed during the financial period in question. Benefits were also given regarding relocation and accommodation needs, children's education and company car with fuel card.

In addition to the normal fixed remuneration (see details in Table 1 below), the managers with strategic re-

sponsibilities, as the case may be: (i) accrued the STI subject to and based on the degree of achievement of the targets set for 2014 (see details in table 3B below), (ii) accrued amounts in cash on the basis of the LTI Plan 2012 (see details in Table 3B below), (iii) might be granted during the next financial years, based on the different LTI plans currently in course, and subject to achievement of the targets and the terms and conditions set out in such plans, a certain number of free shares (see details in Table 3A below).

As regard to severance provisions for the managers with strategic responsibilities in service, agreements consistent with the policy applicable in the relevant year are in place, therefore providing for a maximum amount, in addition to the legal and collective bargaining notice, of 24 months "recurring remuneration".

During the financial period only one manager with strategic responsibilities has been involved in a termination of employment. The termination, resulting from a voluntary resignation, did not determined the need of any reward related to the early termination of the employment, while, in line with the rules of the applicable plans, determined the loss of all entitlements linked to incentive systems in place.

The details regarding the remuneration received by the Group CEO, General Managers and other managers with strategic responsibilities for the 2014 period are recorded in Table 1; Tables 3.A and 3.B refer to the incentive plans, while Table 4 provides details on the shareholdings of the individuals in question.

As regards detailed information relating to the long-term variable component, reference is made to the reports drafted pursuant to Art. 114 bis of the Consolidated Law on Finance [T.U.F. Testo Unico Finanza], which may be found on the Company's Internet site under the section "Governance\Remuneration Report".

Finally, we hereby inform that the Court of Trieste recently rejected, through its decision in the first instance issued on 5 March 2015 (the grounds of which have yet to be published), the company's claims challenging the settlement agreement entered into with Mr Raffaele Agrusti in July 2013. The company will therefore have to fulfil its obligations under this agreement throughout 2015 (for details on the content of the agreement, please see Section II, Part I of the 2014 Remuneration Report).

<sup>10</sup> The Group Chief Risk Officer, although counted in the category of managers with strategic responsibilities as for numbers (as he is a GMC member), is reported in terms of remuneration within the control functions section.



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

During 2014, either during the whole year or a portion thereof, resulted in a total of 12 people<sup>11</sup> within control functions for the relevant financial period.

For the financial period in question, the heads of control functions and their first reporting line managers were paid a total of € 2,470,417 gross in terms of fixed remuneration component; it should be noted that the remuneration packages for 10 managers of control functions were adjusted based on the outcomes of a benchmark analysis carried out by an external consultancy firm and in light of the specific regulatory requirements, focused to review the balance between fixed and variable components (as described above), submitted to the approval of the Risk and Control Committee.

In line with the progressive alignment of its own policies within the determined policy framework, during 2014, the Group has introduced significant variations to the remuneration scheme for such managerial categories, reducing the overall total remuneration, reviewing the balance between fixed and variable components, to the benefit of the first, and excluding any form of incentive based on economic and financial goals (including also the so called funding mechanism). In detail, this has taken place through the endorsement of

individual agreements, which envisaged: (i) an increase of the fixed remuneration; (ii) the interruption of the LTI share plans in which such managers had been included, with the payment, in view of that, of a predefined monetary amount, subjected to malus and claw-back clauses to be paid only in case of continuity of the employee relationship; (iii) the introduction of one variable remuneration plan, whereby the managers can accrue - once the qualitative objectives have been achieved - a monetary amount, disbursed in an upfront instalment and in deferred instalment, the latter subject to the continuity in service and to the verification of the results achieved, both with regards to their effectiveness and their duration.

The total of the short-term variable component was € 1,090,063 gross of which € 700,788 gross paid upfront and the remaining part deferred. Two managers were also paid € 264,209 gross in lieu of the incentive systems previously in place, linked with different roles that managers covered in the past in other Group's companies. In terms of benefits, based on tax criteria, these amounted to € 24,292 gross; four of the managers received benefits linked to logistical/accommodation needs for a total amount of € 152,943 gross.

<sup>11</sup> This is referred to employees with existing work relationships with Assicurazioni Generali, even if partially or totally seconded to other subsidiaries. For those that were seconded for a portion of the relevant financial period from other controlled companies, the details of their remuneration will be provided in the disclosure reports of the relevant Shareholders' Meetings.

## Part II

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

Person Name and surname	Period for which office was held	Office expiry	Emoluments (in Euro)									
			Emoluments for the office held						Total	Non monetary benefits	Fair value equity	Severance indemnity for end of office or termination of employment
			Fixed emoluments	Variable emoluments <sup>(1)</sup>	Attendance fees	Bonuses and other incentives	Other remuneration					
<i>(1) Emoluments in the company that prepares the financial statement</i>												
<b>Gabriele GALATERI DI GENOLA</b>		<b>Total</b>	<b>970,000.0</b>	<b>15,992.3</b>	<b>70,000.0</b>	<b>--</b>	<b>--</b>	<b>1,055,992.3</b>	<b>9,414.8</b>	<b>--</b>	<b>--</b>	
Chairman	1.1-31.12.2014	Approved f.s. 2015	850,000.0	15,992.3	52,000.0			917,992.3	9,414.8			
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015	100,000.0					100,000.0				
Chairman of the Appointments and Corporate Governance Committee	1.1-31.12.2014	Approved f.s. 2015	20,000.0		18,000.0			38,000.0				
<b>Francesco Gaetano CALTAGIRONE</b>		<b>Total</b>	<b>145,000.0</b>	<b>15,992.3</b>	<b>86,000.0</b>	<b>--</b>	<b>--</b>	<b>246,992.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	52,000.0			167,992.3				
Member of the Investments Committee	1.1-31.12.2014	Approved f.s. 2015	30,000.0		18,000.0			48,000.0				
Member of the Appointments and Corporate Governance Committee	1.1-31.12.2014	Approved f.s. 2015	15,000.0		16,000.0			31,000.0				
<b>Mario GRECO</b>		<b>Total</b>	<b>1,300,000.0</b>	<b>--</b>	<b>--</b>	<b>1,950,122.0</b>	<b>--</b>	<b>3,250,122.0</b>	<b>112,297.0</b>	<b>776,247.0</b>	<b>--</b>	
Group CEO	1.1-31.12.2014	Approved f.s. 2015	1,100,000.0			1,650,103.2		2,750,103.2	112,297.0	776,247.0 *		
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015						--				
Chairman of the Investments Committee	1.1-31.12.2014	Approved f.s. 2015						--				
General Manager	1.1-31.12.2014		200,000.0			300,018.8		500,018.8				
<b>Lorenzo PELLICCIOLI</b>		<b>Total</b>	<b>130,000.0</b>	<b>15,992.3</b>	<b>84,000.0</b>	<b>--</b>	<b>--</b>	<b>229,992.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	48,000.0			163,992.3				
Member of the Remuneration Committee	1.1-31.12.2014	Approved f.s. 2015	15,000.0		20,000.0			35,000.0				
Member of the Appointments and Corporate Governance Committee	1.1-31.12.2014	Approved f.s. 2015	15,000.0		16,000.0			31,000.0				
<b>Clemente REBECCHINI</b>		<b>Total</b>	<b>160,000.0</b>	<b>15,992.3</b>	<b>90,000.0</b>	<b>--</b>	<b>--</b>	<b>265,992.3<sup>(2)</sup></b>	<b>--</b>	<b>--</b>	<b>--</b>	
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	48,000.0			163,992.3				
Member of the Investments Committee	1.1-31.12.2013	Approved f.s. 2015	30,000.0		18,000.0			48,000.0				
Member of the Risk and Control Committee	1.1-31.12.2013	Approved f.s. 2015	30,000.0		24,000.0			54,000.0				
<b>Paola SAPIENZA</b>		<b>Total</b>	<b>180,000.0</b>	<b>15,992.3</b>	<b>120,000.0</b>	<b>--</b>	<b>--</b>	<b>315,992.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	
Member of the Board of Directors	1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	52,000.0			167,992.3				
Member of the Investments Committee	1.1-31.12.2014	Approved f.s. 2015	30,000.0		18,000.0			48,000.0				
Member of the Risk and Control Committee	1.1-31.12.2014	Approved f.s. 2015	30,000.0		20,000.0			50,000.0				
Member of the sub-Committee for the evaluation of related party transactions	1.1-31.12.2014	Approved f.s. 2015	20,000.0		30,000.0			50,000.0				
<b>Paolo SCARONI</b>		<b>Total</b>	<b>49,561.7</b>	<b>5,871.2</b>	<b>28,000.0</b>	<b>--</b>	<b>--</b>	<b>83,432.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	
Member of the Board of Directors	1.1-1.10.2014 <sup>(3)</sup>	Approved f.s. 2015	36,712.3	5,871.2	8,000.0			50,583.5				
Chairman of the Remuneration Committee	1.1-1.10.2014 <sup>(3)</sup>	Approved f.s. 2015	7,342.5		14,000.0			21,342.5				
Member of the Appointments and Corporate Governance Committee	1.1-1.10.2014 <sup>(3)</sup>	Approved f.s. 2015	5,506.9		6,000.0			11,506.9				

Person Name and surname	Office held	Period for which office was held	Office expiry	Emoluments (in Euro)							Non monetary benefits	Fair value equity	Severance indemnity for end of office or termination of employment
				Emoluments for the office held									
				Fixed emoluments	Variable emoluments <sup>(1)</sup>	Attendance fees	Bonuses and other incentives	Other remuneration	Total				
<b>Alberta FIGARI</b>	<b>Total</b>			<b>175,000.0</b>	<b>15,992.3</b>	<b>104,000.0</b>	--	<b>20,000.0<sup>(4)</sup></b>	<b>314,992.3</b>	--	--	--	
Member of the Board of Directors		1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	52,000.0			167,992.3				
Chair of the Risk and Control Committee		1.1-31.12.2014	Approved f.s. 2015	50,000.0		22,000.0			72,000.0				
Chair of the sub-Committee for the evaluation of related party transactions		1.1-31.12.2014	Approved f.s. 2015	25,000.0		30,000.0			55,000.0				
<b>Sabrina PUCCI</b>	<b>Total</b>			<b>150,000.0</b>	<b>15,992.3</b>	<b>104,000.0</b>	--	--	<b>269,992.3</b>	--	--	--	
Member of the Board of Directors		1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	52,000.0			167,992.3				
Member of the Risk and Control Committee		1.1-31.12.2014	Approved f.s. 2015	30,000.0		22,000.0			52,000.0				
Member of the sub-Committee for the evaluation of related party transactions		1.1-31.12.2014	Approved f.s. 2015	20,000.0		30,000.0			50,000.0				
<b>Ornella BARRA</b>	<b>Total</b>			<b>115,369.9</b>	<b>15,992.3</b>	<b>64,000.0</b>	--	--	<b>195,362.2</b>	--	--	--	
Member of the Board of Directors		1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	44,000.0			159,992.3				
Chair of the Remuneration Committee		5.12-31.12.2014	Approved f.s. 2015	1,479.5					1,479.5				
Member of the Remuneration Committee		1.1-4.12.2014	Approved f.s. 2015	13,890.4		20,000.0			33,890.4				
<b>Jean René FOURTOU</b>	<b>Total</b>			<b>101,109.6</b>	<b>15,992.3</b>	<b>44,000.0</b>	--	--	<b>161,101.9</b>	--	--	--	
Member of the Board of Directors		1.1-31.12.2014	Approved f.s. 2015	100,000.0	15,992.3	44,000.0			159,992.3				
Member of the Remuneration Committee		5.12-31.12.2014	Approved f.s. 2015	1,109.6					1,109.6				
<b>Flavio CATTANEO</b>	<b>Total</b>			<b>7,397.3</b>	<b>1,183.0</b>	<b>4,000.0</b>	--	--	<b>12,580.3</b>	--	--	--	
Member of the Board of Directors		5.12-31.12.2014	Approved f.s. 2015	7,397.3	1,183.0	4,000.0			12,580.3				
<b>Eugenio COLUCCI</b>	<b>Total</b>			<b>49,315.1</b>	--	--	--	--	<b>49,315.1</b>	--	--	--	
Chairman of the Statutory Auditors		1.1-30.4.2014	Approved f.s. 2013	49,315.1					49,315.1				
<b>Carolyn DITTMER</b>	<b>Total</b>			<b>100,684.9</b>	--	--	--	--	<b>100,684.9</b>	--	--	--	
Chairman of the Statutory Auditors		1.5-31.12.2014	Approved f.s. 2016	100,684.9					100,684.9				
<b>Gaetano TERRIN</b>	<b>Total</b>			<b>32,876.7</b>	--	--	--	<b>119,228.1<sup>(5)</sup></b>	<b>152,104.9</b>	--	--	--	
Statutory Auditor		1.1-30.4.2014	Approved f.s. 2013	32,876.7				119,228.1	152,104.9				
<b>Giuseppe Alessio VERNI<sup>1</sup></b>	<b>Total</b>			<b>32,876.7</b>	--	--	--	<b>209,526.8<sup>(6)</sup></b>	<b>242,403.5</b>	--	--	--	
Statutory Auditor		1.1-30.4.2014	Approved f.s. 2013	32,876.7				209,526.8	242,403.5				
<b>Lorenzo POZZA</b>	<b>Total</b>			<b>67,123.3</b>	--	--	--	--	<b>67,123.3</b>	--	--	--	
Statutory Auditor		1.5-31.12.2014	Approved f.s. 2016	67,123.3					67,123.3				
<b>Antonia DI BELLA</b>	<b>Total</b>			<b>67,123.3</b>	--	--	--	--	<b>67,123.3</b>	--	--	--	
Statutory Auditor		1.5-31.12.2014	Approved f.s. 2016	67,123.3					67,123.3				
<b>Other managers with strategic responsibilities<sup>(7)</sup></b>	<b>Total</b>			<b>11,331,192.0</b>	--	--	<b>12,641,649.0</b>	<b>203,962.2</b>	<b>24,176,803.2</b>	<b>397,253.7</b>	<b>3,216,055.0**</b>	--	
<b>(III) Total</b>				<b>15,164,630.4</b>	<b>150,985.1</b>	<b>798,000.0</b>	<b>14,591,771.0</b>	<b>552,717.2</b>	<b>31,258,103.7</b>	<b>518,965.4</b>	<b>3,992,302.0</b>	--	

\* Fair value of the shares to be potentially granted starting from 2016 (at the end of performance period 2013 – 2015 subject to the achievement of the objectives and the terms and conditions of the Long-Term Incentive Plan 2013-2015 and LTI 2014-2016) for the relevant portion accrued in the 2014 balance sheet based on international accounting standards.

\*\* Sum of the fair value of the shares to be potentially granted in the future (within the long-term incentive plans in place, subject to the achievement of the objectives and the terms and conditions of the respective plans) for the relevant portion accrued in the 2014 balance sheet based on international accounting standards.

(1) The variable emoluments will be paid after the Financial Statements' approval by the Shareholders' Meeting.

(2) The emolument is paid directly to Mediobanca.

(3) Emoluments for the office or Director has been paid to Mr. Paolo Scaroni until the 14th of May 2014, when the Board of Directors formally take note of his decision of autosuspend, consequently declaring him formally suspended.

(4) Emolument for the office of member of the Supervisory Board.

(5) Emoluments for the office of Statutory Auditor of Alleanza Toro, Generali Immobiliare Italia SGR, Generali Italia, DAS-Difesa Automobilistica Sinistri.

(6) Emoluments for the office of Chairman of the Board of Statutory Auditors of Alleanza Assicurazioni, Banca Generali, Europ Assistance Italy, Generali Horizon, Genertellife, Genfid and Statutory Auditor of Europ Assistance Service, Genertel and UMS Immobiliare Genova.

(7) During 2014 the other managers with strategic responsibilities were 19. Data include emoluments from subsidiaries and associates. Are also included benefits related to expatriates treatments according to Expatriates guidelines.

**Table 2 - Stock options granted to members of the board of directors, general managers and other managers with strategic responsibilities**

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

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

**Table 3A - Incentive plans based on financial instruments other than stock options for members of the board of directors, general managers and other managers with strategic responsibilities**

A	B	Financial instruments assigned during previous years and not vested during the year			Financial instruments assigned during the year				Financial instruments vested during the year and not assigned	Financial instruments vested during the year and able to be assigned	Financial instruments relevant to the year		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Assignment date	Market price upon assignment	Number and type of financial instruments	Number and type of financial instruments	Value on maturity date	Fair value
(I) Emoluments in the company that prepares the financial statement													
Mario GRECO Group CEO and General Manager		LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(1)</sup>	192,052 Shares potentially granted	2013 - 2015									450,035
		LTI 2014-2016 (resolution of the Shareholders' Meeting 30.04.2014) <sup>(2)</sup>			178,726 Shares potentially granted	1,467,953	2014 - 2016	30.04.2014	16.90				
Other managers with strategic responsibility*		LTI 2010 (resolution of the Shareholders' Meeting 24.04.2010) <sup>(3)</sup>	4,448 Shares potentially granted	2010 - 2015									3,039
		LTI 2011 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(3)</sup>			32,654 Shares potentially granted	127,587	2011 - 2016	30.04.2011	16.15				22,515
		LTI 2012 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(3)</sup>											
		LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(2)</sup>	654,896 Shares potentially granted	2013 - 2015									
	LTI 2014-2016 (resolution of the Shareholders' Meeting 30.04.2014) <sup>(2)</sup>				903,672 Shares potentially granted	7,387,460	2014 - 2016	30.04.2014	16.90				1,641,658
<b>(III) Totale</b>			<b>851,396</b>		<b>1,115,052</b>	<b>8,983,000</b>							<b>3,992,302</b>

\* including emoluments from subsidiaries and associates.

- (1) Maximum number of shares to be potentially granted at the end of vesting period (2013 – 2015) subject to the achievement of the objectives and the terms and conditions of the plan, considering, with regard to 2013 and 2014, the number of shares is calculated based on the level of performance achieved in this two years.
- (2) Maximum number of shares to be potentially granted at the end of vesting period (2014 – 2016) subject to the achievement of the objectives and the terms and conditions of the plan, considering, with regard to 2014, the number of shares is calculated based on the level of performance achieved in the year.
- (3) The table has not been completed with data related to the 2012 LTI plan, as the plan will produce, in 2015, effects only in cash; please refer to table 3B.
- (4) Maximum number of shares to be potentially granted at the end of co-investment period (2013 – 2015) subject to the achievement of the objectives and the terms and conditions of the the plan.
- (5) Maximum number of shares to be potentially granted at the end of co-investment period (2014 – 2016) subject to the achievement of the objectives and the terms and conditions of the the plan.

Further information related to the Plan referred to in notes 1 and 5 are available in a specific document on the company web site, in the following section: "Governance", "Remuneration Report", "Information document allotment shares to Group CEO and senior executives".

**Table 3B - Monetary incentive plans for members of the board of directors, general managers and other managers with strategic responsibilities**

A	B	(1)	(2)			(3)		(4)	
			Bonus of the year			Bonus of the previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)		
			Name and surname	Office	Plan	Payable/Paid	Deferred		Deferment period
(I) Emoluments in the company that prepares the financial statement									
Mario Greco	Group CEO and General Manager	STI 2014	1,950,122						
		STI 2014	10,107,164	175,000	2015				
Other managers with strategic responsibilities*		LTI 2012 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(1)</sup>	2,359,485						
		LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(2)</sup>						295,994	
	<b>(III) Total</b>		<b>14,416,771</b>	<b>175,000</b>				<b>295,994</b>	

\* including emoluments from subsidiaries and associates.

- (1) The amount represented must be reinvested by the Managers, within a range from 15% to 30%, in Assicurazioni Generali shares, with the opportunity to accrue, at the end of the co-investment period (2014-2016), up to nr. 2 free shares for each share purchased, subject to the achievement of the objectives and the terms and conditions of the plan.
- (2) The amount represented is related to the cash payment of the plan previously assigned in shares, which will be performed in 2016, in coherence with the changes in the remuneration scheme applied for the control functions, as described in previous sections.

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

Name and Surname Office	Investee Company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the year-end
Gabriele GALATERI DI GENOLA <i>Chairman</i>	Generali	11,500			11,500
Francesco Gaetano CALTAGIRONE <i>Vice-Chairman</i>	Generali	34,750,000 <sup>(1)</sup>			34,750,000 <sup>(1)</sup>
Mario GRECO <i>Group CEO and General Manager</i>	Generali	380,868 <sup>(2)</sup>			380,868 <sup>(2)</sup>
Jean-René FOURTOU <i>Member of the Board of Directors</i>	Generali	0	17,794		17,794
Paolo SCARONI <i>Member of the Board of Directors until 01.10.2014</i>	Generali	9,828			9,828
Antonia DI BELLA <i>Statutory Auditor from 30.04.2014</i>	Generali	104			104
Eugenio COLUCCI <i>Chairman of the Board of Auditors until 30.04.2014</i>	Generali	1,979			1,979
Gaetano TERRIN <i>Statutory Auditor until 30.04.2014</i>	Generali	2,255 <sup>(3)</sup>			2,255 <sup>(3)</sup>
Other managers with strategic responsibilities	Generali	387,279	29,569	7,557	409,291

(1) of which 34,635,000 held through a subsidiary or affiliate company.

(2) shares granted by the Shareholders Meeting on the 30th April 2013 as entry bonus.

(3) inherited shares.

# Control Functions verifications

## Ex ante verifications of the compliance and risk management functions

### 1. Introduction

Regulation No. 39, adopted by IVASS on 9 June 2011 ('ISVAP Regulation No. 39') provides that the implementation of the remuneration policies adopted by the insurance undertaking is subject, at least on an annual basis, to review by the internal control functions, in accordance with the scope of their authority. The Compliance function, in particular, pursuant to Article 23 of ISVAP Regulation, is responsible for checking that these policies comply with the provisions of ISVAP Regulation No. 39, the Company By-laws as well as any codes of ethics or other standards of conduct applicable to the company in order to prevent and control legal and reputational risks.

In this framework, after the approval of the remuneration policy at the Shareholders' Meeting of 30 April 2014, the Compliance and Risk Management functions have put in place, each within the scope of their authority, the actions necessary to ensure compliance of corporate conduct with the mentioned regulatory context, supporting the Group HR through ex ante assessments concerning the compliance of the actions/documents implementing the policy approved at the Shareholders' Meeting (having also regard to the Code of Conduct and its implementing provisions).

### 2. Verification of the remuneration policy

With particular reference to the remuneration policy proposed for 2015, the Compliance and Risk Management functions have examined, for the aspects of their competence, the new version that will be submitted to the Board of Directors and to the Shareholders in the General Meeting.

There is substantial continuity between the new policy and the one approved in 2014. The changes concern mainly:

- the link between the remuneration and the risk as-

essment has been further strengthened with the introduction of a minimum level of Return on Risk Capital (RORC) to which the Group STI funding is subject, in addition to the Solvency I ratio of 160%. We highlight that the RORC, at Group, Region or Country level, is included in the balanced scorecards of the Group CEO and the other participants of the *Short Term Incentive* (STI), and that the RORC is also included in the Long Term Incentive Plan (LTI) as a minimum threshold, both at the end of each year of the LTI and at the end of the third year;

- the STI new targets have been included within the balanced scorecards of the personnel included in the "target population" (in particular, the target called "*Effective leadership as role model in driving Generali as first choice for customers and employees around the globe*");
- furthermore the STI includes the conditions under which the Board of Directors of the Company may authorise an additional funding tranche – up to the 10% of the actual funding upon request of the Group CEO and with the prior opinion of the Remuneration Committee – with the aim to remunerate single employees that have over-performed. Furthermore, in order to comply with the relevant regulation, the limits and conditions under which the Board of Directors may grant, upon proposal of the Remuneration Committee, exceptional bonus (to reward extraordinary transactions or results) have been better defined;
- within the LTI a new methodology to calculate the level of performance has been introduced, which is based on two independent baskets of RoE and relative TSR. In addition, the lock-up period concerning the shares assigned at the end of the three-year vesting period has been changed in order to align the LTI with the requests of the professional investors.
- In particular, according to the 2014 LTI, the participants could dispose of the shares assigned at the end of the vesting period in three tranches (50%



immediately, 25% after one year and the remaining 25% after two years), whereas the 2015 LTI now provides that the participants may freely dispose of the shares in two tranches, i.e. 50% immediately and 50% after two years. We highlight that this system facilitates the further alignment of the interests of the LTI participants with the medium-long term interests of the Group;

- within the LTI a new “*dividend equivalents*” mechanism has also been introduced in order to provide the participants with an additional number of shares corresponding to the dividends that have been paid to the shareholders during the three-year vesting period. These additional shares are also subject to the lock-up periods described above, in compliance with the applicable regulations;
- within both the STI and the LTI has been included a “*Material Adverse Change*” clause, so that the Company’s Board of Directors may take into consideration situations of significant market discontinuity (e.g. in case of material changes in macro-economic conditions and international monetary policies). In this framework any resolutions shall be, in any case, adopted in compliance with the relevant governance rules;
- the remuneration system of the heads and first reporting managers of the control functions (exclusively based on monetary bonuses) has been upgraded in order to further align it with the regulatory requirements. In this regard a significant part of the variable components assigned at the end of the performance period shall be deferred. We highlight that qualitative targets are only assigned to control functions, which are linked to the specific tasks and activities carried out by them. Any incentive bonus based on economic targets (including the funding mechanism) or financial instruments is excluded.

In this context, the Risk Management function has verified the consistency of the identified criteria and related indicators used to evaluate the performance with respect to the strategies for risk management established by the Board of Directors and considers them appropriate.

The Compliance Function has verified the compliance of the policy with the external and internal regulatory framework, including the letter addressed to the market by IVASS on April 9, 2013 and on December 2, 2014.

## Conclusions

As a result of the above evaluations:

- the Risk Management function, with particular reference to the criteria and parameters adopted for determining the variable remuneration, deems that the new remuneration system is consistent with the Group risk management strategies;
- the Compliance function deems that the remuneration system described in the remuneration policy complies with the IVASS provisions, the Company’s Articles of Association, the Corporate Governance Code for Listed Companies and the Group Code of Conduct.

Both functions will in any case ensure that the implementing acts of the new remuneration policy comply with the provisions of the same policy as well as with ISVAP Regulation no. 39, the Company By-laws, the Corporate Governance Code for Listed Companies and the Code of Conduct and related implementing provisions.

## Ex post verifications of the Internal Audit function

This report has been prepared pursuant to art. 23 of ISVAP Regulation 39/2011 which provides that the internal audit function verifies the correct application of the remuneration policies based on the guidelines established by the Board of Directors for the sake of efficiency and safeguarding of company assets. This audit integrates those ones carried out by other control functions (Compliance and Risk Management).

The audit has covered both the verification of the correct settlement and payment of the variable component attributed to the recipients based on remuneration policies for 2013, and the verification of the correct

implementation of the 2014 remuneration policy. Both types of checks are subsequent and consequent to the various resolutions taken by the Shareholders' Meeting on April 30, 2014 on remuneration and on the approval of the financial statements as of 31 December 2013. Such approval is indeed the fundamental prerequisite for the delivery of the 2013 variable part of the remuneration to the recipients of the policies.

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

## ATTACHMENT

### Information note pursuant to article 84-*bis*, paragraph 5, of the Issuers' regulations CONSOB

#### Financial instrument-based compensation plans - granting of shares/rights under the long term incentive 2014 and previous plans

##### Table no. 1, Scheme 7, of Annex 3A of Consob Regulation no. 11971/1999

With reference to the Long Term Incentive Plan 2014 approved by the Shareholders' Meeting on April 30<sup>th</sup> 2014, the Board of Directors of Assicurazioni Generali S.p.A, on July 4<sup>th</sup>, 2014, upon proposal of the Remuneration Committee, resolved to give execution to the plan. No. 279 beneficiaries have thus been identified, and as such have been granted, effective as of 2014, the right to receive an overall number of Generali' shares up to 6,460,858, which may be allotted at the end of a three-year vesting period, subject to the occurrence of the conditions set forth in the plan.

With reference to the Long Term Incentive Plan 2011 approved by the Shareholders' Meeting on April 30<sup>th</sup>, 2011, throughout 2014 the competent bodies have

determined the amount of the monetary bonus accrued by no. 123 beneficiaries upon completion of the first three-year phase of the plan. A percentage of such amount, pursuant to the same plan, has been invested by the beneficiaries in the purchase of Generali' shares, thus starting the second three-years phase of the plan, upon completion of which the beneficiaries may be allotted an overall number of Generali' shares up to 244,478, subject to the occurrence of the conditions set forth in the same plan.

For more details on the plans, please refer to the respective information documents available on the issuer's website [www.generali.com](http://www.generali.com)

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

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Name and surname or category	Office	Date of meeting resolution	Type of financial instrument	Number of financial instruments	Date assigned	Instrument purchase price (if applicable)	Market price at the time of assignment	Vesting period
Mario GRECO	Group CEO and General Manager	LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	192,052 Shares potentially granted	30.04.2013		14.01	2013 - 2015
		LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	654,896 Shares potentially granted	30.04.2013		14.01	2013 - 2015
Other managers with strategic responsibilities*		LTI 2012 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(2)</sup>	Assicurazioni Generali ordinary Shares					
		LTI 2010 (resolution of the Shareholders' Meeting 24.04.2010) <sup>(3)</sup>	Assicurazioni Generali ordinary Shares	4,448 Shares potentially granted	24.04.2010		16.72	2010 - 2015
		LTI 2013-2015 (resolution of the Shareholders' Meeting 30.04.2013) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	2,880,290 Shares potentially granted	30.04.2013		14.01	2013 - 2015
Other managers		LTI 2012 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(2)</sup>	Assicurazioni Generali ordinary Shares					
		LTI 2010 (resolution of the Shareholders' Meeting 24.04.2010) <sup>(3)</sup>	Assicurazioni Generali ordinary Shares	74,060 Shares potentially granted	24.04.2010		16.72	2010 - 2015

\* including emoluments from subsidiaries and associates.

(1) Maximum number of shares to be potentially granted at the end of vesting period (2013 – 2015) subject to the achievement of the objectives and the terms and conditions of the plan, considering, with regard to 2013 and 2014, the number of shares is calculated based on the level of performance achieved in this two years.

(2) The table has not been completed with data related to the 2012 LTI plan, as the plan will produce, in 2015, effects only in cash; please refer to table 3B.

(3) Maximum number of shares to be potentially granted at the end of co-investment period (2013 – 2015) subject to the achievement of the objectives and the terms and conditions of the the plan.

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

of the board of directors to propose to the shareholders' meeting

of the competent body for the implementation of the shareholders' meeting resolution

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Name and surname or category	Office	Date of meeting resolution	Type of financial instrument	Number of financial instruments **	Date assigned	Instrument purchase price (if applicable)	Market price at the time of assignment	Vesting period
Mario GRECO	Group CEO and General Manager	LTI 2014 - 2016 (resolution of the Shareholders' Meeting 30.04.2014) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	178,726 Shares potentially granted	30.04.2014		16.90	2014 - 2016
Other managers with strategic responsibilities*		LTI 2014 - 2016 (resolution of the Shareholders' Meeting 30.04.2014) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	903,672 Shares potentially granted	30.04.2014		16.90	2014 - 2016
		LTI 2011 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(2)</sup>	Assicurazioni Generali ordinary Shares	32,654 Shares potentially granted	30.04.2011		16.15	2011 - 2016
Other managers		LTI 2014 - 2016 (resolution of the Shareholders' Meeting 30.04.2014) <sup>(1)</sup>	Assicurazioni Generali ordinary Shares	3,911,872 Shares potentially granted	30.04.2014		16.90	2014 - 2016
		LTI 2011 (resolution of the Shareholders' Meeting 30.04.2011) <sup>(2)</sup>	Assicurazioni Generali ordinary Shares	180,026 Shares potentially granted	30.04.2011		16.15	2011 - 2016

\* including emoluments from subsidiaries and associates.

\*\* the number of financial instruments shown takes into consideration the variations occurred, according with the plans rules.

(1) Maximum number of shares to be potentially granted at the end of vesting period (2014 – 2016) subject to the achievement of the objectives and the terms and conditions of the plan, considering, with regard to 2014, the number of shares is calculated based on the level of performance achieved in the year.

(2) Maximum number of shares to be potentially granted at the end of co-investment period (2014 – 2016) subject to the achievement of the objectives and the terms and conditions of the the plan.

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