

# Corporate Governance and Share Ownership Report 2015



[generali.com](http://generali.com)

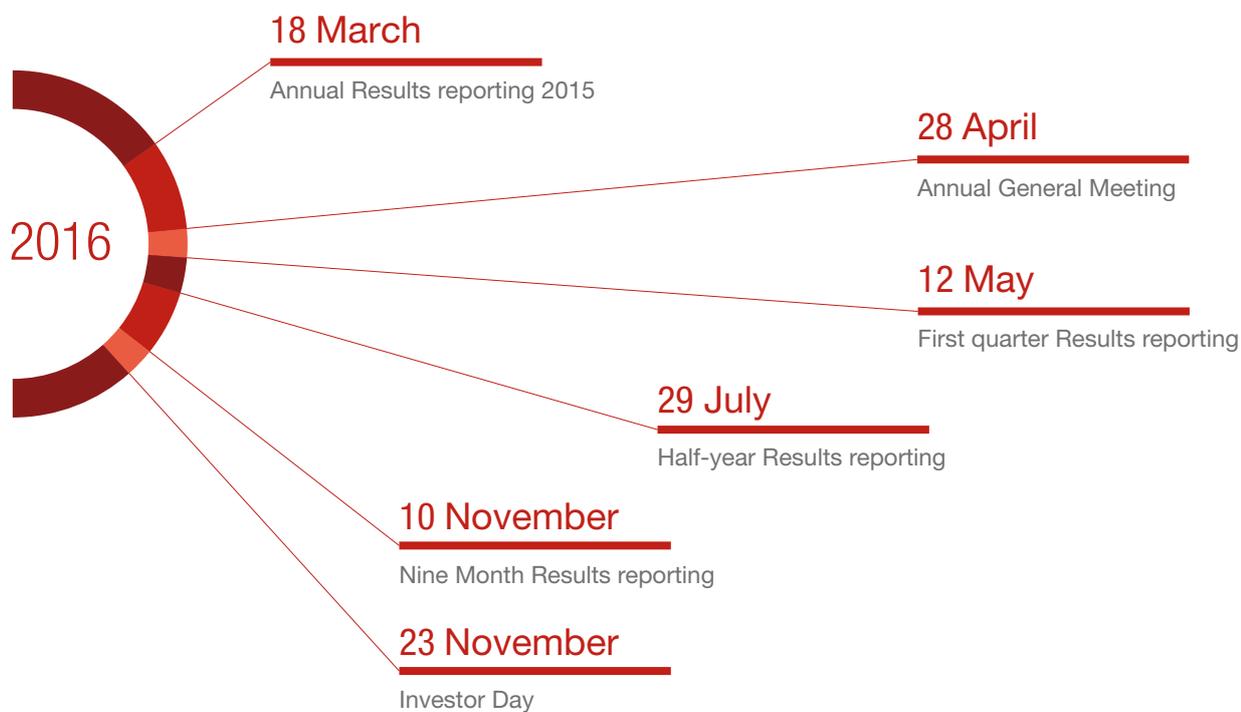
184<sup>th</sup> year





Corporate Governance  
and Share Ownership Report  
2015

## 2016 corporate event calendar



## Corporate Bodies as at 17 March 2016

Chairman

**Gabriele Galateri di Genola**

Deputy Chairman

**Francesco Gaetano Caltagirone**  
**Clemente Rebecchini**

Group CEO

Managing Director

**Philippe Donnet**

Members of the Board of Directors

**Ornella Barra**

**Flavio Cattaneo**

**Alberta Figari**

**Jean-René Fourtou**

**Lorenzo Pellicoli**

**Sabrina Pucci**

**Paola Sapienza**

Board of Statutory Auditors

**Carolyn Dittmeier (chairwoman)**

**Antonia Di Bella**

**Lorenzo Pozza**

**Francesco Di Carlo (substitute)**

**Silvia Olivotto (substitute)**

General Manager

**Alberto Minali**

Secretary of the Board of Directors

**Giuseppe Catalano**

Company established in Trieste  
in 1831 - Share Capital  
€ 1,556,873,283.00 fully paid-up.  
Registered office in Trieste, Piazza  
Duca degli Abruzzi, 2.

Tax code and Company Register  
no. 00079760328.

Company entered on the  
Register of Italian Insurance and  
Reinsurance Companies under  
no. 1.00003 - Parent Company of  
the Generali Group, entered on the  
Register of Insurance Groups under  
no. 026.

Certified email (Pec):  
assicurazionigenerali@pec.  
generaligroup.com

ISIN: IT0000062072

Reuters: GASL.MI

Bloomberg: G:IM



---

Our idea  
of insurance

Insurance has been a great invention of modern times. It was more of an intellectual rather than a commercial innovation, which has strongly contributed to the development and wellbeing of the global economy and society. The insurance business is strictly connected to the major issues of the contemporary world, which have an increasingly global and complex dimension.

Telling one year of business of one of the major insurance groups worldwide can provide a useful contribution to understand the status quo, interpret its underlying trends and get into its complexity. Once again this is done through a clear and user-friendly publication, rich in both numbers and images, showing the pictures of our employees and staff members worldwide. You can see them in their daily activities against the background of the macro-trends mostly influencing our business and our customers' needs: climate change, urbanisation, demographic evolution etc...

This is the key message: an organization like ours can confidently look at the future only thanks to its people and their ability to innovate.

The rest is also important, though to a lesser extent.

## Letter from the Chairman of the Appointments and Corporate Governance Committee

**Chairman**  
Gabriele Galateri di Genola



I am particularly proud this year to present our Corporate Governance and Share Ownership report, which has always demonstrated the Company's ongoing commitment to good governance. The work performed by the Board of Directors and the management to ensure the constant progress of our operating rules, which constitute the basis for every decision, is part of a permanent development process, accompanied by legislative guidance, comparison with the best international practices, and dialogue with all our stakeholders.

The results we have achieved continue to be widely appreciated by members of the Italian and international financial community.

In this constant improvement effort, an essential point of reference is constituted by the principles of the Listed Companies' Corporate Governance Code and the best international practices. The drafting of the 2015 Report was strongly based on observance of the "comply or explain" principle, aiming to illustrate clearly, chapter by chapter, the way in which Generali incorporates the recommendations of the Code, and focusing on the efficacy, responsibility and reliability of our corporate governance.

Generali not only aims to achieve continual improvement, but also seeks the best ways of communicating it, ranging from meetings with investors to researching the most effective methods of communication through our website which, once again in 2015, was ranked among the best Italian websites and the best European insurance industry websites. This Report is based on the same principle, and it has undergone a major restyling this year to make it more immediate, understandable and direct. Communicating governance effectively is as important as having good governance, because the trust of shareholders and investors is created and strengthened by their perceptions of our rules and our good government.

Although the current macroeconomic scenario holds out hope for a more widespread recovery, it still shows signs of the crisis that has affected the world economy, with the direct consequence that investors are seeking guarantees for their investment decisions. It is obvious that poor governance will not attract investors, whereas good corporate governance and the demonstration of risk sustainability in the medium/long term creates trust and strengthens reliability.

The growing interest of investors, including foreign institutional investors, in Generali demonstrates the efficacy of our commitment to impose clear rules on ourselves and communicate them appropriately.

The first few months of 2016 brought an unexpected change in our management: Group CEO Mario Greco announced on 26 January that he did not wish to accept another term of office as Managing Director on the expiry of his present appointment, and his contract with Generali was terminated by consent with effect from 9 February. The steps we have taken to deal with this urgent situation are in line with our succession policy, which provides for management powers to be assigned temporarily to the Chairman, pending the forthcoming General Meeting at which the new BoD will be appointed. After the issue of a press release to the market, the Appointments and Corporate Governance Committee began the activities required to delineate a concrete procedure designed to rapidly identify the best candidate for the position of Managing Director and obtain the approval of the financial statements, in order to have a complete Board of Directors and a governance able to guarantee full managerial efficiency by the time of the General Meeting. And so, upon the conclusion of this virtuous process, we have co-opted Philippe Donnet to the Board and appointed him to the position of Managing Director of the Company and Group CEO, and appointed Alberto Minali as the new General Manager.

The preparatory activity for the appointment of the new BoD is based on internal assessment (the annual Board Review) and external discussion (with all the main stakeholders), which is reflected in the Advice for Shareholders regarding the size and composition of the new BoD. This is an important, well-considered document which reflects the varied contributions we have received and made available to all those concerned on our website over two months before the General Meeting, to give them all the time they need to perform their evaluations prior to the formation of lists for the appointment of the new BoD.

We consider that this process demonstrates the correctness of our governance, which we invite you to find out more about by reading this year's Report.

We hope you will find it useful.

**Chairman**

Gabriele Galateri di Genola





# Table of contents

<b>Glossary and abbreviations</b>	12	
<b>Our governance at a glance</b>	16	
<b>Introduction</b>	22	
	27	<b>Vision, Mission and Values</b>
	27	<b>Code of Conduct</b>
	29	<b>Sustainability</b>
	29	<b>Compliance</b>
<b>Part I</b>	31	
Company Profile	32	<b>Governance Model</b>
	33	<b>The Company's Organisation</b>
	33	The Group's Organisational Model
	35	The Generali Internal Regulations System
	36	Focus on the Group Management Committee
	38	Main organisational changes in 2015
	39	Organisational Structure of GHO
	41	Sustainability development bodies
	41	Authorised representative
<b>Part II</b>	43	
Information about share ownership and relations with institutional investors and retail shareholders	44	<b>Share Ownership</b>
	44	Structure of share capital
	44	Relevant shareholdings
	45	Significant agreements to which the Company or its subsidiaries are parties, and which take effect, are amended or terminate in the event of a change of control of the Company.
	46	Management and coordination
	46	Agreements between the Company and its Directors which provide for compensation in the event of resignation or dismissal without good cause, or termination of employment following a takeover bid.
	47	Power to increase the share capital and authorisations to purchase the Company's own shares.
	49	<b>General Meeting</b>
	49	Operation of the General Meeting
	52	General Meeting majorities
	54	<b>Relations with institutional investors and other shareholders</b>
	55	<b>The new Website <a href="http://www.generali.com">www.generali.com</a></b>
<b>Part III</b>	57	
The corporate governance system	58	<b>Board of Directors</b>
	58	Composition - Directors holding office
	64	Appointment and replacement

	65	Requirements for the position of Director
	67	Non-executive and independent directors
	68	Role
	70	Operation
	73	Board Review and Advice for Shareholders
	75	Remuneration of Directors and key management personnel
	76	<b>Chairman</b>
	76	<b>Vice-Chairmen</b>
	77	<b>Group CEO</b>
	77	<b>Board Committees</b>
	79	Risk and Control Committee
	83	Related-Party Transactions Sub-Committee
	84	Remuneration Committee
	86	Appointments and Corporate Governance Committee
	88	Investment Committee
	90	<b>Board of Statutory Auditors</b>
	90	Composition
	92	Appointment and replacement
	93	Requirements for office
	94	Role
	95	<b>External Auditors</b>
	97	
	98	<b>Executive Summary – Generali’s new Internal Model</b>
	99	<b>Internal control and risk management system</b>
	99	<b>Roles</b>
	99	Board of Directors
	100	Risk and Control Committee
	100	Internal Control and Risk Management Director
	101	Control Functions
	102	Risk Management
	103	Compliance
	103	Actuarial Function
	104	Internal Audit
	105	Board of Statutory Auditors
	106	Manager in charge of preparation of the Company’s Financial Reports
	107	<b>Main characteristics of the risk management and internal control system as regards reliability of information provided to the corporate bodies and the market</b>
	112	<b>Internal dealing rules</b>
	113	<b>Related-Party Transaction Procedures</b>
	113	<b>Organisational and Management Model</b>
<b>Part IV</b>		
Internal control and risk management system		

**Part V**  
Tables and Annexes

117	
118	<b>Table 1</b> Information about share ownership
119	<b>Table 2</b> Structure of Board of Directors and Board Committees as at 31/12/2015
120	<b>Table 3</b> Structure of Board of Statutory Auditors as at 31/12/2015
121	<b>Annex 1</b> Responsibilities reserved to the Board of Directors through a board resolution
123	<b>Annex 2</b> Responsibilities assigned to the Managing Director through a board resolution
126	<b>Annex 3</b> Responsibilities assigned to the Risk and Control Committee through a board resolution
127	<b>Annex 4</b> Responsibilities assigned to the Remuneration Committee through a board resolution
128	<b>Annex 5</b> Responsibilities assigned to the Appointments and Corporate Governance Committee through a board resolution
129	<b>Annex 6</b> Checklist against CG Code

# Glossary and abbreviations

## 2011 General Meeting

The ordinary and extraordinary General Meeting of the Company's shareholders held on 30 April 2011.

## 2013 General Meeting

The ordinary and extraordinary General Meeting of the Company's shareholders held on 30 April 2013.

## 2014 General Meeting

The ordinary and extraordinary General Meeting of the Company's shareholders held on 30 April 2014.

## 2015 General Meeting

The ordinary and extraordinary General Meeting of the Company's shareholders held on 30 April 2015.

## 2016 General Meeting

The ordinary and extraordinary General Meeting of the Company's shareholders called for 26, 27 and 28 April 2016.

## ACGC

The Company's Appointments and Corporate Governance Committee, instituted in compliance with the recommendations of the CG Code (art. 5).

## Americas (region)

One of the 4 Regions which, together with the 3 Major Countries (Italy, Germany and France), constitutes the 7 geographical areas into which the Generali Group's current territorial organisational structure is divided and in which it operates. As at November 2015, it includes the following countries: Argentina, Brazil, Colombia, Ecuador, Guatemala, Panama and the USA.

## Articles of Association

The Company's Articles of Association.

## Asia (region)

One of the 4 Regions which, together with the 3 Major Countries (Italy, Germany and France), constitutes the 7 geographical areas into which the Generali Group's current territorial organisational structure is divided and in which it operates. As at November 2015, it includes the following countries: China, the Philippines, Japan, Hong Kong, India, Indonesia, Malaysia, Thailand and Vietnam.

## Board Committees

The RCC, the RPTSC, the InvCom, the ACGC and the RemCom, in the formulation in force as at the date of the Report, in compliance with the recommendations of the CG Code (art. 4).

## Board or BoD

The Company's Board of Directors.

## BSA

The Company's Board of Statutory Auditors.

## Business Units

The Group's structures designed to make the best use of local entrepreneurship and autonomies, ensuring widespread geographical coverage by the Group at international level and operating in close liaison with the GHO. As at 31/12/2015 they are represented by 7 geographical areas (3 Major Countries and 4 Regions) and the Global Business Lines division.

## CEE

Central and Eastern Europe. One of the 4 Regions which, together with the 3 Major Countries (Italy, Germany and France), constitutes the 7 geographical areas into which the Generali Group's current territorial organisational structure is divided and in which it operates. As at November 2015, it includes the following countries: Bulgaria, Czech Republic, Croatia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Hungary.

## CFBA or Consolidated Finance Act

Legislative Decree no. 58 of 24 February 1998 (the Consolidated Finance Broking Act), pursuant to ss. 8 and 21 of Statute no. 52 of 6 February 1996, in the formulation in force as at the date of the Report.

## CG Code

The Listed Companies' Corporate Governance Code approved in July 2015 by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria, and published on the website [www.borsaitaliana.it](http://www.borsaitaliana.it).

## Chairman

The person who holds the position of Chairman of the Company's Board of Directors.

## Civil Code/CC

The Italian Civil Code.

## Company (also called the Parent Company or Generali)

Assicurazioni Generali S.p.A..

## CONSOB

The Italian Securities and Exchange Commission.

**Decree 231**

Legislative Decree no. 231 of 8 June 2001 entitled "Provisions governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to s. 11 of Statute no. 300 of 29 September 2000".

**Directors**

The members of the Company's BoD.

**EIOPA**

The European Insurance and Occupational Pensions Authority; the organisation to which all insurance authorities in the European Union responsible for supervising the European insurance market belong.

**EMEA**

Europe, Middle East and Africa. One of the 4 Regions which, together with the 3 Major Countries (Italy, Germany and France), constitutes the 7 geographical areas into which the Generali Group's current territorial organisational structure is divided and in which it operates. As at November 2015, it includes the following countries: Austria, Belgium, United Arab Emirates, Greece, Guernsey, Ireland, the Netherlands, Portugal, Spain, Switzerland, Tunisia and Turkey.

**External Auditors**

Reconta Ernst & Young S.p.A., appointed by the 2011 General Meeting for the period 2012-2020, and responsible for certifying the Company's financial statements.

**Fit&Proper Policy**

The policy governing the professional expertise and respectability of

members of the Company's governing bodies, approved by the BoD as required by ISVAP Regulation no. 20/2008.

**General Manager(s)**

The Company's General Manager(s).

**General Meeting or AGM**

The general meeting of the Company's shareholders.

**GFRR**

The Group Financial Reporting Risk function, instituted in the GHO within the organisational area that reports to the Group CFO.

**GHO**

Group Head Office. Represents all the functions of the parent company, acting as the strategic policy, guidance and coordination structure for the Business Units. As at 31/12/2015 it consists of the following functions: Corporate Affairs, Group Audit, Group Communication & Public Affairs, Group Data Officer, Group Financial Officer, Group General Counsel, Group HR & Organization, Group Insurance and Reinsurance, Group Investment Officer, Group Marketing Officer, Group Operating Officer, Group Risk Officer, Group Strategy & Business Development.

**GLG**

The Global Leadership Group. Consists of about 200 strategic roles in the Group (positions in the countries, business lines and GHO which have a significant impact on the business results), and basically constitutes the managerial linchpin of the Company.

**GMC**

The Group Management Committee. Represents the main mechanism supporting the strategic decisions of the Group CEO, who chairs it. As at 31/12/2015, its members are the heads of the following functions of the parent company: Group CIO, Group COO, Group CRO and Group CFO, together with the country managers for Italy, Germany and France and the head of the Global Business Lines division.

**Group**

The parent company Assicurazioni Generali S.p.A. and the companies controlled directly or indirectly by it, as defined in the applicable legislation.

**Group CEO or GCEO**

The Chief Executive Officer. The person mainly responsible for the management of the Company and the Group.

**Group CFO**

The Company's Chief Financial Officer.

**Group CIO**

The Company's Chief Investments Officer.

**Group COO**

The Company's Chief Operations Officer.

**Group CRO**

The Company's Chief Risk Officer.

**ICRM Director**

The Director formally appointed by the Company's BoD to institute and maintain an effective ICRMS, in compliance with the recommendations of the CG Code (art. 7).

**ICRMS or System**

The Group's Internal Control and Risk Management System.

**InvCom**

The Company's Investment Committee

**Issuers' Regulation or IR**

The implementing regulation of the CFBA, in the formulation in force as at the date of the Report.

**ISVAP Regulation no. 20/2008**

ISVAP Regulation no. 20 of 26 March 2008 (Regulation governing internal controls, risk management, compliance and outsourcing of the business of insurance companies pursuant to ss. 87 and 191.1 of Legislative Decree no. 209 of 7 September 2005 - the Private Insurance Code).

**ISVAP Regulation no. 25/2008**

ISVAP Regulation no. 25 of 27 May 2008 (Regulation concerning the supervision of the inter-company transactions referred to in Part XV Chapter III of Legislative Decree no. 209 of 7 September 2005 - the Private Insurance Code).

**ISVAP Regulation no. 39/2011**

ISVAP Regulation no. 39 of 9 June 2011 (Insurance Companies' Remuneration Policy Regulation).

**IVASS**

The Insurance Supervision Institute, namely the Regulator that oversees the Italian insurance market in order to guarantee its stability and protect consumers.

**LID**

The Lead Independent Director. A figure contemplated by the 'CG Code. Generali has not appointed a LID, because the Company's current governance structure provides that the Chairman of the BoD is a non-executive director and does not control the Company.

**Market Abuse Policy**

The Group policy governing management and communication to the public of the Group's privileged information and share trading operations, approved by the Board.

**Model or OMM**

The organisational, management and control model.

**MPFR**

The Manager in charge of Preparation of the Company's Financial Reports pursuant to s. 154-*bis* of the CFBA.

**Parent Company**

Assicurazioni Generali S.p.A. acting in the capacity of holding company.

**RCC**

The Company's Risk and Control Committee, instituted in compliance with the recommendations of the CG Code (art. 7).

**Register**

The register of persons with access to privileged information, held by Assicurazioni Generali S.p.A. and instituted by the procedure adopted by the Board pursuant to s. 115-*bis* of the CFBA and the implementing regulation (as amended).

**RemCom**

The Company's Remuneration Committee, instituted in compliance with the recommendations of the CG Code (art. 6).

**Report**

This Corporate Governance and Share Ownership Report relating to the 2015 financial year, approved by the BoD on 17 March 2016.

**RPT Regulation**

The Related-Party Transaction Regulation adopted by CONSOB in resolution no. 17221 of 12 March 2010 and amended by resolution no. 17389 of 23 June 2010, in the formulation in force as at the date of the Report.

**RPTSC**

The Company's Related-Party Transactions Sub-Committee.

**S&G**

The Shareholders & Governance Unit, which is part of the Company's Corporate Affairs Function.

**SCC or Supervision and Control Committee**

The Company's Supervision and Control Committee, required by Decree 231.

### Secretary

The Secretary of the Company's BoD, Board Committees, RPTSC and SCC.

### Shareholders

The Company's shareholders.

### Solvency II

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

### Statutory Auditor(s)

The permanent or substitute member(s) of the Company's BSA.

### Subsidiary

The company/companies controlled directly or indirectly by Assicurazioni Generali S.p.A., as defined by the applicable legislation. Generali's governance is based on two definitions of a subsidiary with strategic importance (hereinafter called "Strategic Subsidiary"). One definition is based on evaluation of the adequacy of the organisational, administrative and accounting systems; in this context, the following companies are classed as Strategic Subsidiaries as at the date of the Report: AachenMünchener Lebensversicherung AG, AachenMünchener Versicherung AG, Alleanza Assicurazioni S.p.A., Central Krankenversicherung AG, Ceska Pojistovna a.s., Cosmos Lebensversicherungs AG, Generali

Business Solutions S.C.p.A., Generali China Life Insurance Co. Ltd, Generali CEE Holding B.V., Generali Italia S.p.A., Generali France S.A., Generali France Assurance S.A., Generali Deutschland Holding A.G., Generali Deutschland Informatik Services GmbH, Generali Deutschland Schadenmanagement GmbH, Generali Deutschland Services GmbH, Generali España Sociedad Anónima de Seguros y Reaseguros, Generali España Holding de entidades de Seguros S.A., Generali Holding Vienna AG, Generali IARD S.A., Generali Investments CEE a.s., Generali Investments Deutschland Kapital MBH, Generali Investments Europe S.p.A. S.G.R., Generali Lebensversicherung AG, Generali Real Estate S.p.A., Banca Generali S.p.A., Generali Personenversicherungen AG, Generali Schweiz Holding AG, Generali Versicherung AG, Generali Vie S.A., Generali VIS Informatik GmbH, Genertellife S.p.A., and Grupo Generali España Agrupación de Interés Económico.

The second definition is used for the appointment of the Group's top management. For those purposes, the following companies are classed as strategic: Generali Italia S.p.A., Generali France S.a., Generali Deutschland Holding A.G., Generali CEE Holding B.V., Generali España Holding de entidades de seguros S.A., Generali Investments Europe S.p.A. S.G.R., Generali Real Estate S.p.A., Banca Generali S.p.A., Generali Holding Vienna A.G., Generali China Life Insurance Co. Ltd and Generali Schweiz Holding A.G..

### Top Management

All the key management personnel, namely the first reporting lines of the Group CEO

### Vice-Chairman/Vice-Chairmen

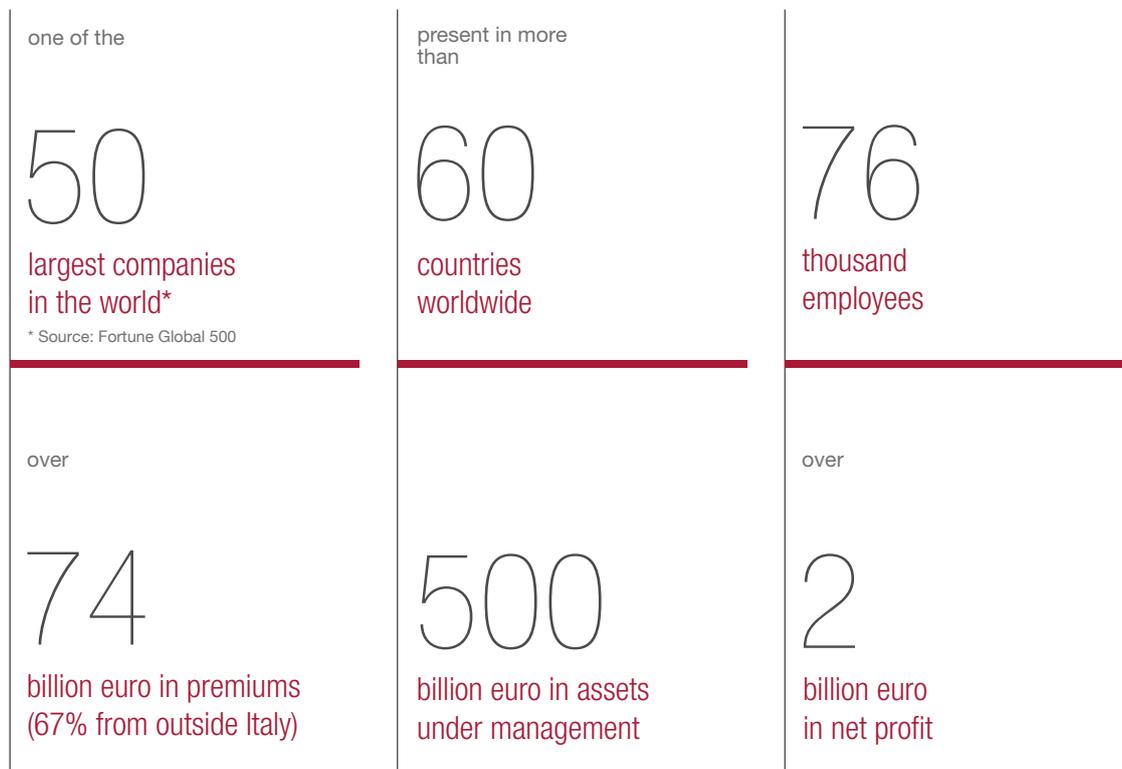
The Company's Vice-Chairman/Vice-Chairmen.

### Website:

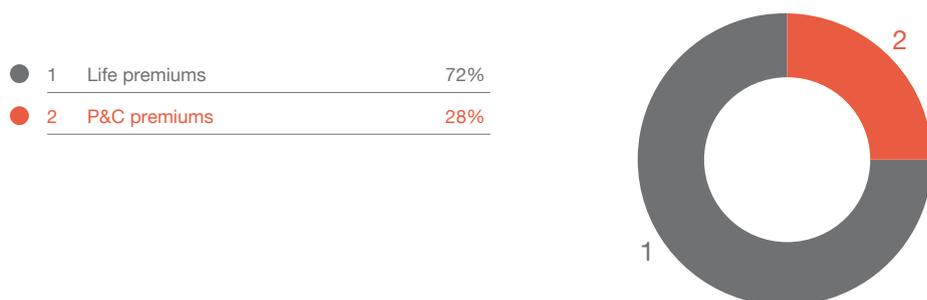
Assicurazioni Generali's institutional website [www.generali.com](http://www.generali.com).

## Our governance at a glance

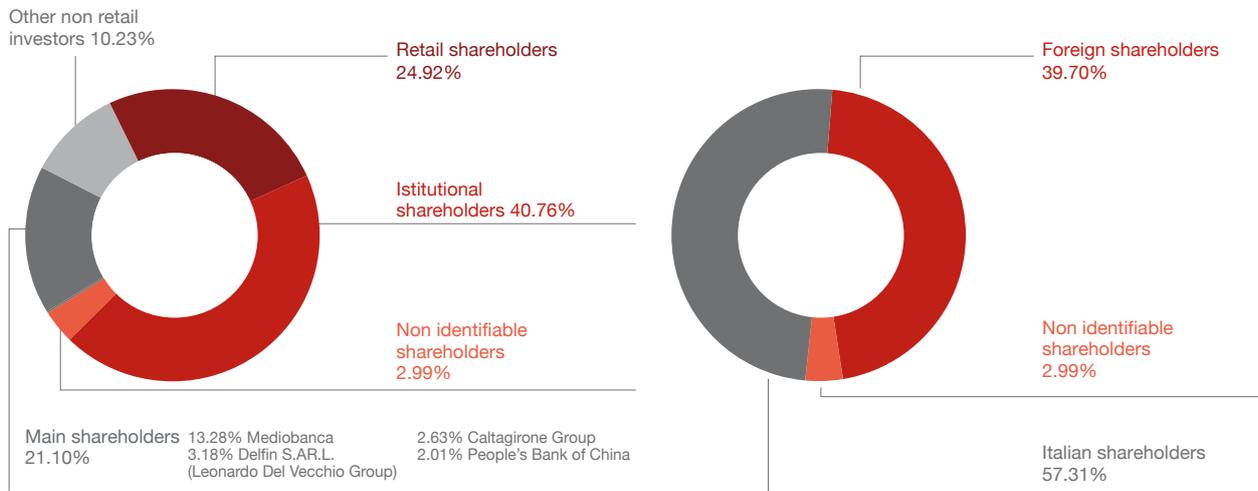
### Assicurazioni Generali – who we are



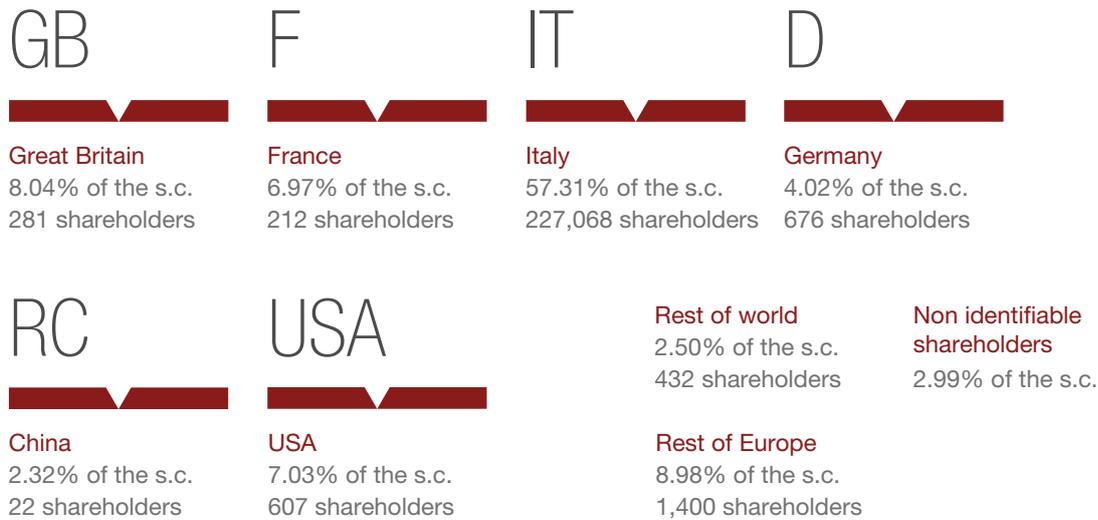
### Business mix



## Our share ownership

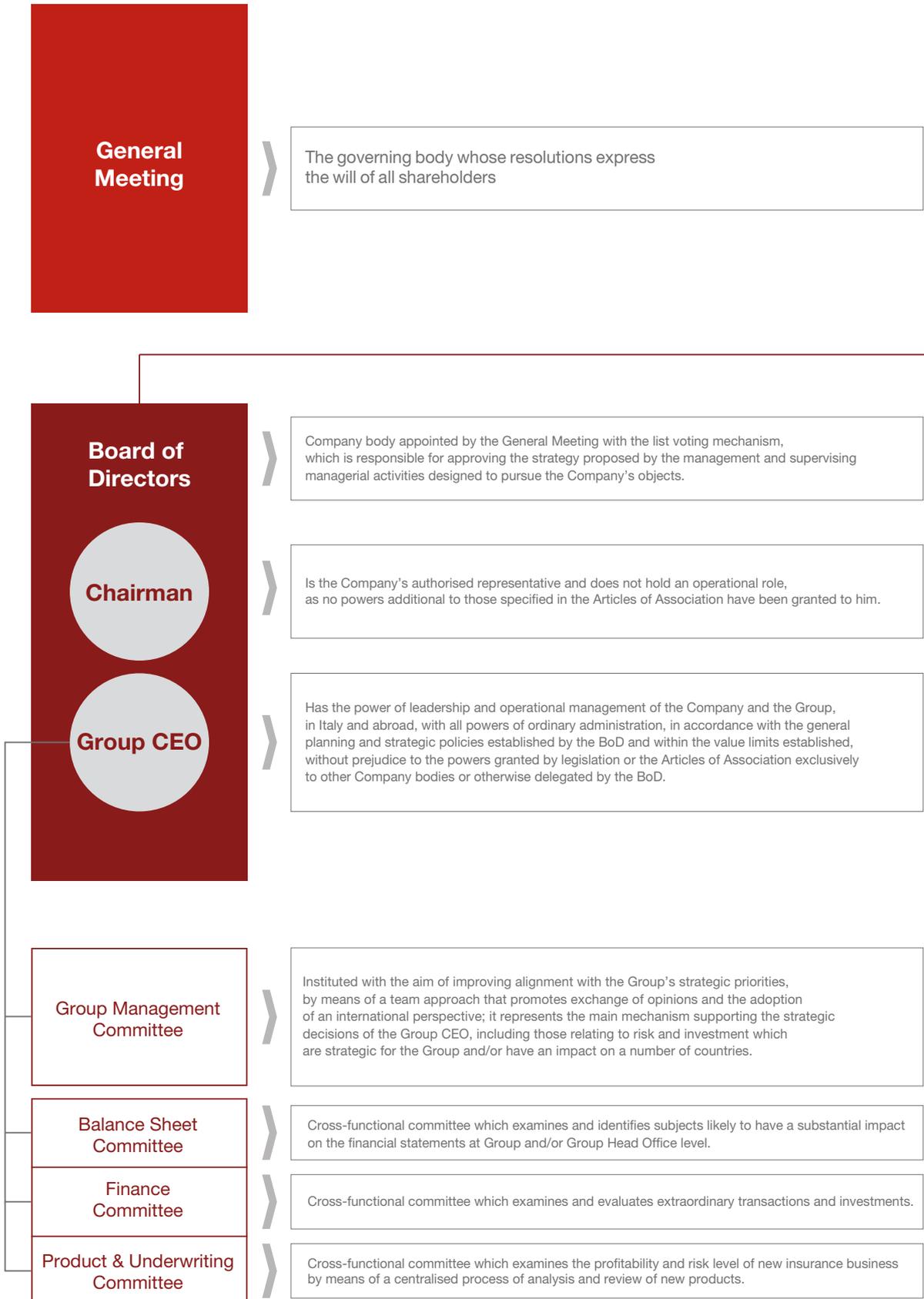


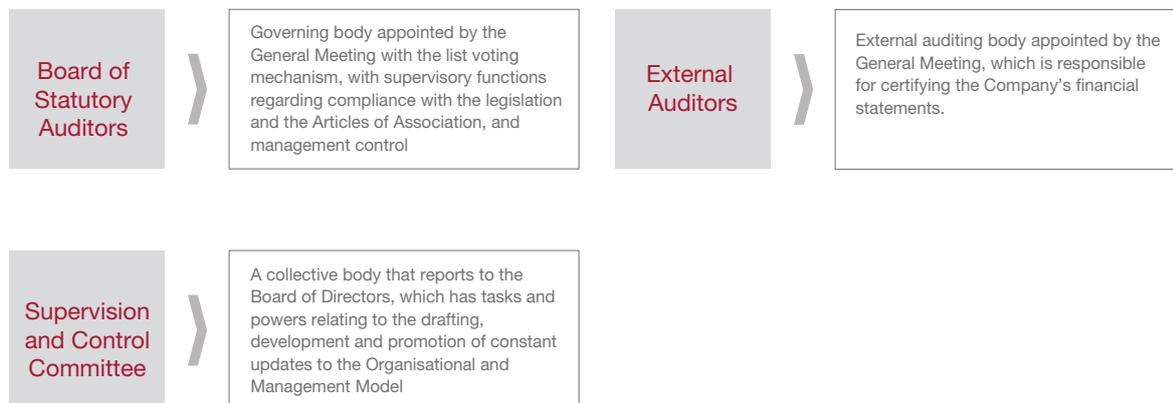
## Breakdown per area



Data updated to 2 March 2016, on the basis of the entries in the Members' Register mainly relating to registration of payment of the dividend as at 20 May 2015, together with reports received pursuant to s. 120 of the CFBA and other available information.

## Corporate bodies and managerial committees

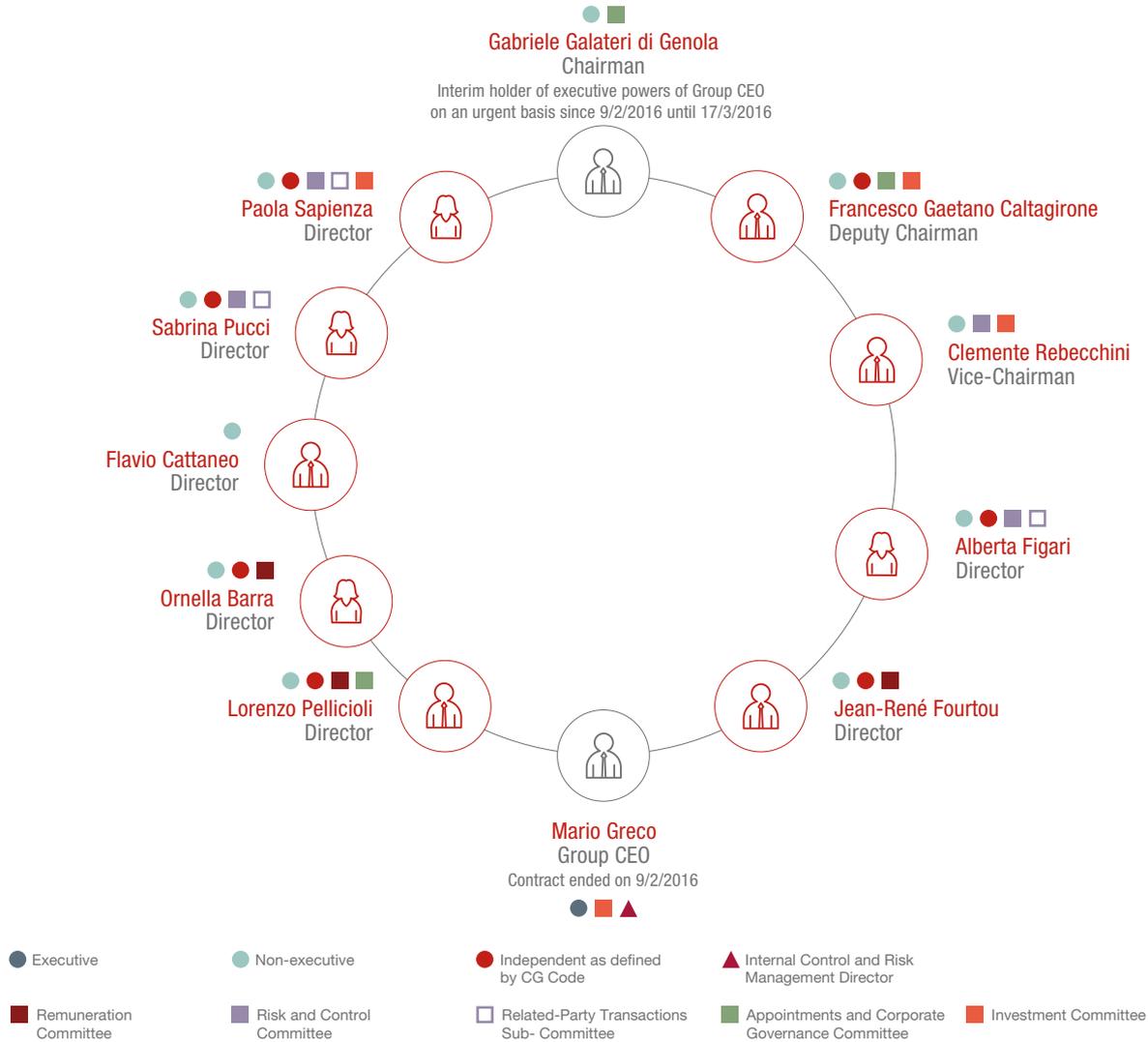




<p><b>Remuneration Committee</b></p> <p>Has the task of expressing opinions and formulating non-binding proposals to the BoD regarding the definition of remuneration policies and determination of the remuneration of those holding the positions of Chairman, Managing Director, General Manager and member of the Group Management Committee.</p>	<p><b>Risk and Control Committee</b></p> <p>Has the task of assisting the BoD with the tasks assigned to it by the CG Code and the insurance supervision legislation, and therefore determining the guidelines of the internal control and risk management system, periodic checking on its adequacy and effective operation, identification and management of the main Company risks.</p> <p>It also performs consultative, recommendatory and preparatory activities for the BoD on social and environmental sustainability matters involving the Company and the Group.</p> <p><b>Related-Party Transactions Sub-Committee</b></p> <p>Called on to express its opinion of the related-party transactions submitted for its attention by the BoD or Executive Bodies, in accordance with the Related-Party Transaction Procedures approved by the BoD.</p>	<p><b>Appointments and Corporate Governance Committee</b></p> <p>Performs a consultative, recommendatory and preparatory role in favour of the BoD relating to the size and composition of the Board and the corporate governance rules of the Company and the Group</p>	<p><b>Investment Committee</b></p> <p>Conducts a periodic analysis of the Group's investment policies, the main operational guidelines and the corresponding results, and prior analysis of some major investment and divestment operations.</p>

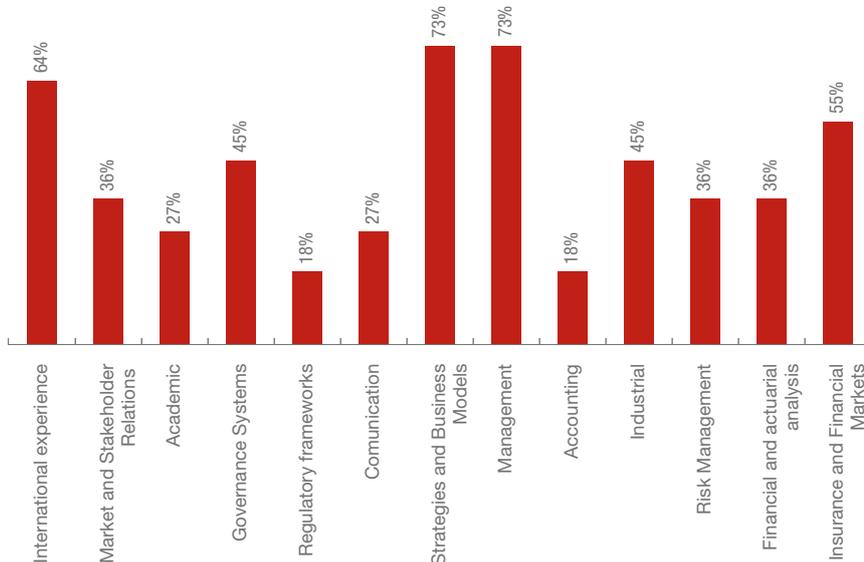
# Focus on the Board of Directors

The tables and charts below refer to the composition of the BOD as at 31/12/2015.



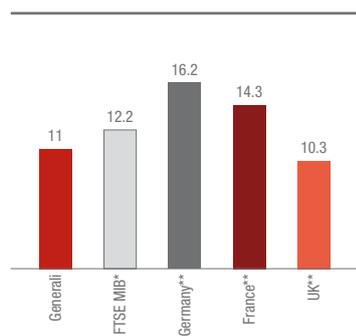
On March 17 2016 the Board of Directors co-opted Philippe Donnet and appointed him to the position of Managing Director of the Company and Group CEO, granting him all the powers and responsibility for management of the Company and the Group formerly borne by Mario Greco.

## Skills, expertise and background



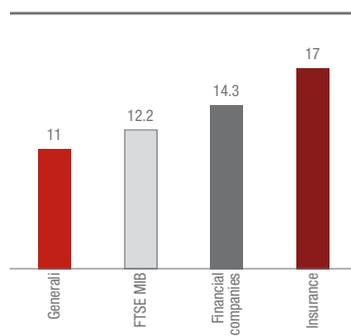
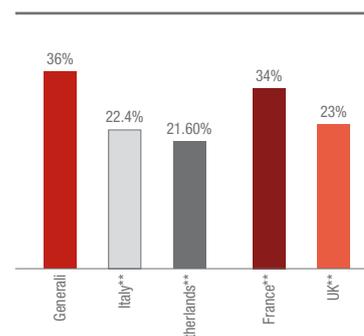
### Tenure (Non-executive directors)

Up to three years	50%
3-6 years	20%
7-9 years	20%
Over 9 years	10%

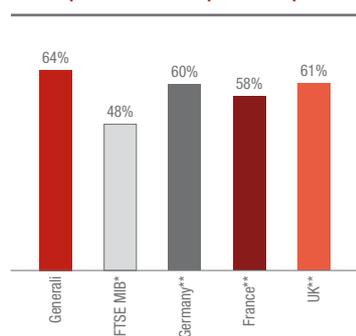
**Size - European Comparison**

\* Assonime «Corporate governance in Italy: self-regulation and remuneration»

\*\*Spencer Stuart «Italy Board Index 2015»

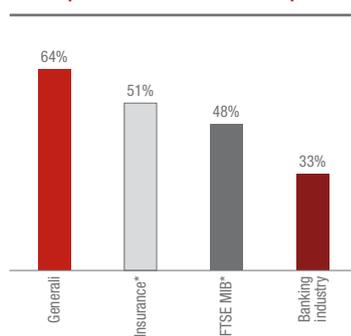
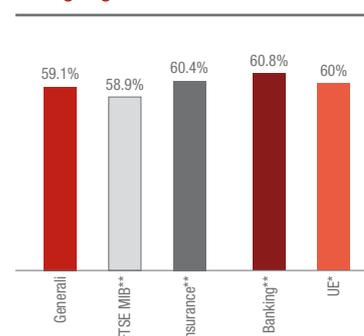
**Size - Domestic Comparison****Gender Diversity 2015**

\*\*Spencer Stuart «Italy Board Index 2015»

**% Independence - European Comparison**

\* Assonime «Corporate governance in Italy: self-regulation and remuneration»

\*\*Spencer Stuart «Italy Board Index 2015»

**% Independence - Domestic Comparison****Average Age 2015**

\* Hay Group «Non Executive Directors in Europe 2014»

\*\*Assonime «Corporate governance in Italy: self-regulation and remuneration»

**Remuneration**

Each member of the BoD is entitled to:

- a fee of EUR 100,000 gross per annum;
- a variable fee amounting to 0.01% of the consolidated profit, subject to a total maximum limit of EUR 300,000, to be divided equally between the Directors;
- an attendance fee for each meeting of the Board of Directors and Executive Committee amounting to EUR 4,000.00;
- reimbursement of costs incurred for attendance at meetings on the basis of documentary evidence.

Members of the Board Committees and the SCC receive the additional fee indicated below, pursuant to s. 2389 of the Civil Code.

Complete information about the remuneration of the Company's governing bodies, including the Chairman and Group CEO, is contained in the Remuneration Report.

Ruolo	Gross annual fee (euros)	Attendance fee per meeting (euros)
Members of Remuneration Committee	15,000	2,000
Chairman of Remuneration Committee	20,000	2,000
Members of Risk and Control Committee	30,000	2,000
Chairman of Risk and Control Committee	50,000	2,000
Members of Related-Party Transactions Sub-Committee	20,000	5,000
Chairman of Related-Party Transactions Sub-Committee	25,000	5,000
Members of Appointments and Corporate Governance Committee	15,000	2,000
Chairman of Appointments and Corporate Governance Committee	20,000	2,000
Members of Investment Committee	30,000	2,000
Chairman of Investment Committee*	no fee	2,000
Chairman of Supervision and Control Committee	30,000	0
Members of Supervision and Control Committee	20,000	0

\* The role of Chairman of the Investment Committee is held by the Group CEO. Attendance fees are already included in the remuneration established by the BoD for Directors.

Committee members who are Senior Executives of Generali are not entitled to the fee.

# Introduction

Generali's corporate governance system focuses on the objective of value creation in the medium/long term. In the pursuit of that objective, Generali is committed to the pursuit of excellence in its business organisation in order to safeguard the soundness, reliability, transparency and sustainability of its business in the medium/long term.

The Report illustrates the governance structure established by the Board of Directors holding office for the three-year period 2013-2015, while a new Board of Directors is due to be appointed in 2016. In this context, the Advice for Shareholders was published about a month before all the other reports

prepared for the 2016 General Meeting, to give shareholders plenty of time to conduct their evaluations of the size and composition of the new Board. In a nutshell, the opinion, which takes account of the indications provided by the 2015 Board Review, recommends that shareholders should confirm the current size of the BoD and the presence of a majority of independent members, and states that the current composition provides a mixture of skills, professionalism and diversity suited to the Company's business needs: The further indications are set out in more detail in the next chapter, entitled "*Board of Directors – Board Review and Advice for Shareholders*".

## Applicable legislation

The applicable legislation (Statute no. 120 of 12 July 2011) states that at least one-third (33.3%) of the directors and statutory

auditors elected shall be of the less represented gender.

Currently, as a result of decisions taken by the 2013 General Meeting, the BoD consists of 11 members, the minimum number specified by the Articles of Association<sup>1</sup>. On 31 December 2015 (the reference date of the Report), the BoD included one director classed as an executive director according to the CG Code, and 10 non-executive directors, 7 of whom are independent as defined by the CG Code. The BoD has 4 female members; the percentage of female directors is therefore 36.4%, well above the number required by the current legislation.

generation Committee, the Appointments and Corporate Governance Committee and the Investment Committee.

The BoD has instituted 4 Board Committees and 1 Sub-committee, appointing their members and chairmen: the Risk and Control Committee, which has a Related-Party Transactions Sub-Committee, the Remu-

The BSA holding office for the three-year period 2014-2016 was elected in 2014, after the publication of that year's Report. As required by the Articles of Association, the BSA, elected on the basis of lists, consists of 3 permanent and 2 substitute Statutory Auditors; its Chairman and one of the substitute Statutory Auditors were elected from the minority list. It has 3 female members (the Chair, a permanent member and a substitute member). In this case, the less represented gender is the male gender, and that gender's representation on the BSA complies with the gender balance legislation.

<sup>1</sup>

That number temporarily fell to 10 on 9 February 2016 as a result of the Group CEO's resignation. After February 9 2016 the functions of Group CEO have been temporarily exercised by the Chairman of the Board of Directors, implementing the succession plan policy. On March 17 2016 the Board appointed Philippe Donnet to the position of Group CEO.



By 2030, the new global middle class is expected to grow by 172% compared to 2010 levels, especially in emerging economies

The details of the composition, responsibilities and operation of the BoD, the Board Committees and the BSA are set out in the chapters devoted to them below.

One of the most important events of 2015 was the commencement of the pre-application process for the use of an internal model for calculation of the solvency capital requirement pursuant to the Solvency 2 legislation. The RCC and the BoD have devoted a great deal of time at a number of meetings to examining all the associated subjects in depth, and in July presented the application package, subsequently submitted to the Regulator, which approved it in March 2016.

In the ambit of the continuous alignment of the Group's governance with the best international practices, the Company continued in 2015 the activities commenced in 2012, designed to support the achievement of the strategic results, reinforce our global leadership, and promote the dissemination of and alignment with Group values. The current structure pursues the objective of simplifying the geographical structure and the business units to facilitate attainment of the growth and profitability targets, while preserving local entrepreneurship, and reinforcing Group Head Office (GHO) as the structure responsible for guidance, coordination and control and the central repository of skills available to support the Group. In that context, new initiatives were undertaken involving the GHO, as detailed in the chapter devoted to them. They include consolidation of the Control Functions with the appointment of the new Head of Group Audit as of 7 April 2015, and the institution of the Actuarial Function (reporting to the Group CFO) in January 2015.

The changes which have taken place in the Group's organisational structure during the three-year term of office of the current BoD, partly due to legislative and regulatory developments, especially as regards Solvency II, also involve reinforcing the role of GHO and the correlated power of guidance, coordination and control of the Group. In this context, new Group policies were developed, including the Group Actuarial Function Policy, and some policies issued in previous years were updated.

Managerial improvement initiatives commenced in 2015 include reorganisation of the activities relating to the Board secretariat and the corporate affairs of the parent company, in order to promote greater focus on that Function by creating a structure reporting directly to the BoD and to the Chairman on its behalf and, for the aspects for which he is responsible, to the Group CEO. The new Corporate Affairs structure includes the Shareholders & Governance (S&G) Unit, responsible for supporting top management and the corporate bodies in taking decisions relating to company and corporate governance matters. In 2015 S&G managed and implemented engagement activities aimed at institutional investors, proxy agencies and retail shareholders, in liaison with the Investor & Rating Agency Relations Function and the other functions concerned (Group Reward & Institutional HR Processes and Group Social Responsibility).



2015 also saw the launch of Generali's new online platform; the corporate Website, the renewed version of which went live in August, has a more basic, streamlined design and a layout that highlights the visual contents and the most interesting news items about Generali (for more information, see the dedicated chapter in *Part II – Information about share ownership and relations with institutional investors and retail shareholders*).

This year, Generali has decided to renew more than the image of its Website. This Report represents the result of a development process that focuses on using simpler, more direct language, while taking account of the technicality of the subjects covered, and also based, where possible, on visual communication (using images, graphs and tables) to convey information in a more effective, understandable way.

The chapters of the Report which have changed most are those relating to the Board and the Board Committees and the one devoted to the Internal Control and Risk Management System; the latter, in particular, has been structured to focus more strongly on each player in the System and to illustrate more clearly the skills and responsibilities of the Control Functions, clarifying the mechanism of interrelations between them, which leads to the preparation of reports for the Board of Directors. Finally, the chapter on the General Meeting has been moved from *Part III – Corporate Governance System* (where it appeared in the 2014 Report) to *Part II*, which this year is devoted not only to share ownership, but also to engage-

ment with shareholders and investors, to which broader coverage is given, and which reaches a peak at the General Meeting. In the same context, the focus on the Website has also been added to *Part II*, to highlight the relational aspects that the Company promotes online.

In conclusion, the corporate governance system and the initiatives undertaken in 2015, summarised in this brief introduction and illustrated in more detail later in the Report, represent further steps along the continuous path that Generali has undertaken to align its corporate governance model with the best international practice, taking account of the continual developments in the national and international legislation on the subject.

As usual, this Report includes updated information about the Company's major shareholders, the attendance of its Directors and Statutory Auditors at meetings of the corporate bodies, and all other information liable to change during the reference period it covers.

Unless otherwise expressly stated, all data are updated to 31 December 2015.

\*\*\*

Before illustrating the operation of the Company's corporate governance system and its share ownership, we will provide some information about the Company culture in terms of its Vision, Mission and Values.





Globally, 1 in 4 adults should get more exercise to stay healthy



## Vision, Mission and Values

Since the beginning of 2014, when Generali's new Vision, Mission and Values were announced, numerous initiatives designed to reinforce the Group's culture and the skills, conduct and participation of our human resources have been implemented, initiating a new era in the Company's history.

A crucial stage in that transformation process was the Investor Day held in London in May 2015, at which the Company presented our new Strategic Plan, devised with the aid of a task force of over 300 young talents belonging to the Group. This was an important example of participation and one of the crucial moments in Generali's life in 2015, where the skills and direct responsibility of our employees were used to support the design of the strategy best suited to our business, pursuing the aim of transforming Generali into a flexible, dynamic insurer with a simple, intelligent approach, which is the consumer's first choice.

The announcement of the strategy was followed by a detailed, widespread internal communication campaign which reached all employees in 2015 and, with the use of a number of tools, enabled them to thoroughly understand the mechanisms and messages of the new strategic plan.

To support the ongoing transformation process and remain faithful to its values, Generali considers it essential to promote strong involvement by the internal community by introducing merit rewards, investing in growth, developing talent and listening to employees at all levels. The first Global Engagement Survey was conducted for this reason in June 2015. The survey was aimed at all personnel (71,000 resources located in the 42 countries in which the Group operates), and achieved the outstanding participation rate of 85%. The inputs obtained from the survey indicated that it was appropriate to draw up specific action plans, whose implementation is in progress and will continue in 2016.

## Code of Conduct

Generali's Code of Conduct ("the Code") is the Group's guide to "doing the right thing"; it defines the ethical conduct expected of all those who work for or on behalf of Generali worldwide.

The set of values and ethical expectations defined in the Code is designed to aid the process of making consistent decisions and to ensure that principles such as frankness, openness and impartiality continue to hold sway in the workplace. Anyone dealing with an ethical matter can always rely on the Group's values and on our Code.

In this context, the Group's executives are asked to act as role models, and encourage their staff to ask whether certain types of behaviour or business propositions comply with the Company's values and the principles laid down in the Code.

The provision of some online and classroom-based training programmes, combined with a global communication programme, is designed to make all employees fully aware of the importance of the Code and their responsibility to report all breaches that come to their notice. All employees are encouraged to raise their concerns or request clarification on any subject covered by the Code.

The Company has made 2 channels available for this purpose, one at local level and the other at GHO level, for reporting breaches of the Code in all countries in which Generali operates. Confidentiality is guaranteed, and no form of reprisals will be tolerated.

Six short videos, each devoted to a specific topic in the Code, were published on the GHO portal in 2015. Other topics will be covered in 2016.

In the first week of November the entire Group, sponsored by the BoD, took part in Integrity Week, a global initiative designed to make business ethics and integrity our top priority. The events coordinated during In-

Always do the right thing  
even when nobody is watching



Integrity  
Week

2-6 November 2015

Integrity Week focused on online promotional campaigns, meetings and training sessions, and informal coffee breaks at which videos and teaching materials designed to promote the culture of integrity were made available. In the run-up to the Christmas holiday period, Integrity Week provided an opportunity to remind all personnel of the Group's policy governing gifts and entertainment.

## Whistleblowing

---

Assicurazioni Generali encourages **employees and third parties** working with the Group to report any problems associated with breaches of the Code. All the information is available on the 'Website, in the section entitled "*Our Responsibility – Responsible Business*".

The following reporting channels have been activated by the Group Compliance Department:

- by post: Group Compliance - Business Integrity – Piazza Cordusio 2, 20123 Milan.
- by Freephone telephone number or web-form in all countries in which Generali operates: [www.compliancehelpline.generali.com](http://www.compliancehelpline.generali.com)

The **Generali Group Compliance Helpline** platform is managed by a specialist external provider (GCS Compliance Services Europe Ltd., belonging to the Navex Global group), and can be used to report alleged breaches relating to accounting or financial practices or connected with the use of means of payment, cases of bribery and extortion, and requests for guidance as to whether certain types of conduct comply with the regulations.

Group employees can also send their reports to a dedicated e-mail address or deliver them in person to their line manager or the relevant officers of the Group Audit Function or the Corporate & Institutional HR Processes Function.

## Sustainability

Generali has for some time pursued the objective of integrating its business activities into a more general framework, the key elements of which include creating value for shareholders in the medium/long term and environmental commitment. Generali has always considered that this commitment is a real investment for all business sectors. The Company believes that economic competitiveness is inextricably linked to ethical aspects, awareness and promotion of social commitment and environmental protection. In particular, the awareness of being the focus of various kinds of interests and expectations held by the numerous categories of parties able to influence the business and success of the Group (e.g. personnel, shareholders and investors, customers and consumers in general, suppliers, institutions and communities) has led it to set as its objective the creation of value not just for shareholders, but for all the Company's stakeholders.

Its commitment is demonstrated by the fact that in late 2007 it ratified the Global Com-

pact, an international project promoted by the **United Nations** to uphold 10 universally agreed principles in the human rights, working conditions, environmental and anti-corruption areas. This includes support for reaching the Sustainable Development Goals, 17 objectives created and promoted, again by the United Nations, in September 2015, which call on governments and businesses to take global action on a number of sustainable development subjects: ensuring healthy lives and promoting wellbeing for all at all ages, taking action to combat climate change and its impacts, strengthening the means of implementation and revitalising the global partnership for sustainable development, to name but a few. The Group also ratified the Principles for Responsible Investment in 2011 and the Principles for Sustainable Insurance in 2014, these United Nations initiatives being designed to promote the implementation of principles requiring Generali, as an institutional investor and an insurance and reinsurance company, to incorporate social, environmental and governance parameters in the evaluation of its investments and business activities.



Per approfondimenti si veda:  
[www.generali.com/it/our-responsibilities.html](http://www.generali.com/it/our-responsibilities.html)

## Compliance

In 1999, the Company adopted the principles expressed by the successive versions of the CG Code. The Company's governance illustrated in the Report complies with the principles and criteria contained in its latest edition, approved in July 2015, and takes account of the contents of the 3rd Report on the application of the CG Code approved by the Corporate Governance Committee on 3 December 2015.

As usual, the Report has been drawn up in accordance with the Corporate Governance and Share Ownership Report format recommended by Borsa Italiana S.p.A. (5th edition, January 2015).

The information in the Report reflects the reference situation at the end of the 2015 financial year. However, any significant events that took place after the year end but before the approval date of the Report are illustrated in it.



“

By 2023, there will be over 40 million of electric bicycles sold each year compared to 32 million in 2014.

# Part I

## Company Profile

### 32 **Governance Model**

#### 33 **The Company's Organisation**

33 The Group's Organisational Model

35 The Generali Internal Regulations System

36 Focus on the Group Management Committee

38 Main organisational changes in 2015

39 Organisational Structure of GHO

41 Sustainability development bodies

41 Authorised representative



## Company Profile

The Company's corporate governance model is the traditional model according to Italian legislation, involving a **General Meeting**, namely the body whose resolutions express the will of the shareholders, a **Board of Directors**, responsible for strategic management in the

pursuit of the Company's objects, and a **Board of Statutory Auditors** with supervisory functions to ensure compliance with the legislation and the Articles of Association. The financial statements are certified by an outside body, namely the **External Auditors**.

### Governance Model

Corporate governance consists of the set of methodologies, models and systems of planning, management and control required for the operation of the Company's governing bodies.

According to the traditional model adopted by Generali, a correct system of corporate governance is based on some key elements, such as the central role of the BoD, correct management of conflicts of interest, transparency in communicating the Company's management decisions, and the efficacy and efficiency of the internal control and risk management system.

In the governance structure relating to the 2015 financial year, the main players in the system are as follows:

- General Meeting
- Board of Directors
- Chairman and Vice-Chairmen of the BoD
- Group CEO (Managing Director of the Company and the Group and General Manager of the Company)
- Risk and Control Committee
- Related-Party Transactions Sub-Committee
- Remuneration Committee
- Appointments and Corporate Governance Committee
- Investment Committee
- BSA
- Supervision and Control Committee
- External Auditors.

Further details about each item in the above list will be found in the corresponding sections (for the General Meeting: *Part II – Information about share ownership and relations with institutional investors and retail shareholders*; for the BSA, the SCC and the External Auditors: *Part IV - Internal control and risk management system*; and for the other items: *Part III – Corporate governance system*).

**Group Head Office** (GHO), the **Group Management Committee** (GMC) (full details of which will be found in the next chapter of *Part I* of this document) and all those who, according to the Articles of Association, act as authorised representatives, also form an integral part

of our corporate governance system.

The powers and operating procedures of the Company's governing bodies are governed by legislation, the Articles of Association, the Regulation of the Board of Directors and the Board Committees, and the resolutions passed by the competent bodies. In this chapter, they can be briefly summarised as follows.

Resolutions passed by the properly constituted **General Meeting** in compliance with the legislation and the Articles of Association are binding on all shareholders, including absent and dissenting shareholders.

The **Board of Directors** is vested with the broadest management powers for the furtherance of corporate objectives. It is appointed on a 3-yearly basis by the General Meeting and appoints a **Chairman** (unless appointed by the General Meeting), may appoint one or more **Vice-Chairmen**, holding statutory powers, and an Executive Committee. It may also appoint one or more **Managing Directors**. It establishes the powers and remuneration of all these corporate bodies.

The **Group CEO** is the person mainly responsible for the Company's management, acting in the dual capacity of Managing Director and General Manager in the 2015 financial year. In the capacity of Managing Director he has the power of leadership and operational management of the Company and the Group, in Italy and abroad, with all powers of ordinary administration, in accordance with the general planning and strategic policies established by the BoD and within the value limits established, without prejudice to the powers granted by legislation or the Articles of Association exclusively to other Company bodies or otherwise delegated by the BoD. Acting in his capacity as General Manager, he can submit strategic operations and projects to the BoD for it to pass the resolutions falling into its sphere of responsibility. The Group CEO is also the ICRM Director.

The **Board Committees** are bodies instituted by the Board and have purely consultative, recommendatory and preparatory functions.

The **Appointments and Corporate Governance Committee (ACGC)** performs a consultative, recommendatory and preparatory role in favour of the BoD when taking decisions falling within its responsibility relating to its size and composition and the maximum number of directorships or appointments as statutory auditor which can be held by Directors in other companies listed on Italian or foreign regulated markets, or in finance, banking or insurance companies or other large companies. It performs preparatory activities relating to the drafting of the succession plan for Executive Directors, members of the GMC and the GLG, and assists the BoD with decisions relating to the structure of the corporate governance rules of the Company and the Group. It also expresses an opinion on the institution of the GMC and on development and management policies relating to the GLG's resources. Finally, it expresses an opinion on the appointment of the chairmen, executive directors, general managers (or top management executives who hold equivalent positions) and statutory auditors of the subsidiaries with strategic importance, and non-executive directors, if recruited from outside the Company and the Group.

The **Risk and Control Committee (RCC)** assists the BoD in determining the guidelines for the internal control and risk management system, the periodic check on its adequacy and effective operation, and the identification and management of the main business risks. The RCC also performs consultative, recommendatory and preparatory functions for the BoD on the subjects of social and environmental sustainability. The **Related-Party Transactions Sub-Committee (RPTSC)**, instituted within the RCC, expresses opinions on related-party transactions in accordance with the procedure approved by the BoD.

The **Remuneration Committee (RemCom)** expresses opinions and formulates non-binding proposals to the BoD regarding the definition of remuneration policies and determination of the remuneration of those holding the positions of Chairman of the BoD, Managing Director, General Manager and member of the GMC, and the

chairmen, executive directors and general managers (or members of the top management who hold equivalent positions) of the Strategic Subsidiaries; the RemCom expresses its opinion on proposals regarding the remuneration of key management personnel, in compliance with the procedure approved by the BoD.

The BoD has given the **Investment Committee (InvCom)** responsibility for conducting a periodic analysis of the Group's investment policies, the main operational guidelines and the corresponding results, and prior analysis of some major investment and divestment operations.

The **BSA** is the body with supervisory functions regarding compliance with the legislation and the Articles of Association, observance of the principles of correct administration, the adequacy of the company's organizational structure and other aspects envisaged by the applicable legislation. However, it does not have power to certify the financial statements. That task is performed by the **External Auditors**, registered in a special register, who are responsible for ensuring that the Company's accounts are properly kept and transactions properly recorded in the books during the financial year. They are also responsible for ensuring that the annual and consolidated financial statements correspond to the entries in the books of account and the audit results, and that those accounting documents comply with the applicable legislation.

The Board has also appointed a **Supervision and Control Committee** which has tasks and powers relating to the preparation, development and promotion of constant updates to our Organisational and Management Model, introduced to prevent the commission of the offences specified in Legislative Decree no. 231/2001 governing the administrative liability of legal persons.

The **Articles of Association** are available at the registered office in the original Italian version, and also in the *Governance* section of the Website, in English, French, Spanish and German.

## The Company's Organisation

### The Group's organisational model

In 2012, Generali began the process of reorganising the organisational structure of its GHO to support the performance of the tasks of strategic guidance and coordination of the Group as efficiently and effectively as possible.

The new organisational model, which is now fully operational, meets the dual need of simplifying the Group's geographical structure and the Business Lines and consolidating GHO as the coordination and strategic guidance structure at global level. The adoption of the new structure was based on the following principles:

- making the best use of local entrepreneurship and autonomies;

- incorporating the best practices in terms of insurance, financial and investment techniques;
- activating Group synergies and focusing on operational efficiency at global level;
- pursuing functional excellence by creating Centres of Expertise in support of the entire organisation;
- adopting a more customer-oriented approach to the creation of new products, definition of services and activation of new distribution channels.

The application of these principles has led to a simpler governance system based on a matrix model, which improves the efficiency of the interaction between the Business Units and the GHO functions, which collaborate and share skills, experience, initiatives and best practices. In particular,

- the GHO Functions act as strategic policy, guidance and coordination structures for the Business Units, promoting the development of key competences at global level by creating Centres of Expertise designed to guarantee functional excellence at Group level;
- the objective of the Business Units is to make the best use of local entrepreneurship and autonomies, ensuring widespread geographical coverage by the Group at international level through:
  - seven Geographical Areas which guide the local strategy and establish an approach targeted by customer segments to the creation of products, activation of distribution channels and supply of services. The Geographical Areas comprise 3 Major Countries (Italy, Germany and France) and 4 Regions. The Regions are Central and Eastern Europe (CEE); Europe, Middle East and Africa (EMEA); Asia and the Americas (which, since April 2015, comprises both the former LatAm Region and Generali's business in North America);
  - the Global Business Lines Division, which is responsible for customer services at global level, coordinating a network of brokers, developing customised product lines and creating cross-selling opportunities for corporate customers. Four business lines operate within the Division: Global Corporate & Commercial, Generali Employee Benefits, Europ Assistance, and Generali Global Health.

The following coordination mechanisms between the Business Units and the GHO functions are required by the organisational model:

- formal integration mechanisms, represented by:
  - the Group Management Committee (GMC), namely the coordination body in which the Top Management shares the main strategic decisions;

- the Quarterly Business Reviews, whereby local businesses establish their objectives in line with the global strategy;
- the Functional Guidelines and Function Councils, through which functional coordination is implemented at global level;
- a subdivision of the Functions based on 2 reporting categories, depending on the intensity of the level of reporting and coordination between the GHO Functions and their counterparts in the Business Units. A distinction is therefore made between:
  - "Solid" Functions, characterised by a hierarchical reporting level, exercised more directly and systematically by GHO, in compliance with the local legislation, by guiding key decisions on functional and human resource subjects (e.g. hiring, termination of employment, and allocation of annual targets). The Solid Functions reinforce the main Company risk control mechanisms, ensuring better separation of powers between the control and business functions. The Solid Functions are those which report to the Group Chief Risk Officer, Group General Counsel (including Group Compliance) and Group Audit;
  - "Dotted" Functions, characterised by a functional reporting level, which perform the guidance and coordination activity by indicating functional guidelines and best practices to the Business Units and participating in some key decisions relating to human resources. The "Dotted" functions are those which report to Group Insurance and Reinsurance, the Group Chief Financial Officer, the Group Chief Investment Officer, the Group Chief Operating Officer, Group Strategy & Business Development, Group HR & Organization, the Group Chief Marketing Officer, Group Communications & Public Affairs and the Group Chief Data Officer;
- three main cross-functional committees that support the Group CEO in guiding the Group's strategic decisions:
  - the Balance Sheet Committee, which examines and identifies subjects likely to have a substantial impact on the financial statements at Group and/or GHO level;
  - the Finance Committee, which examines and evaluates extraordinary transactions and investments;
  - the Product & Underwriting Committee, which analyses the profitability and risk level of new insurance business by means of a centralised process of review of new products.

## The Generali Internal Regulations System

Generali considers that an effective, widespread regulatory system constitutes one of the mainstays of its business. This means not only formalising policies or guidelines, but also introducing a structured system that defines what is meant by internal regulations and governs the various stages of their issue process.

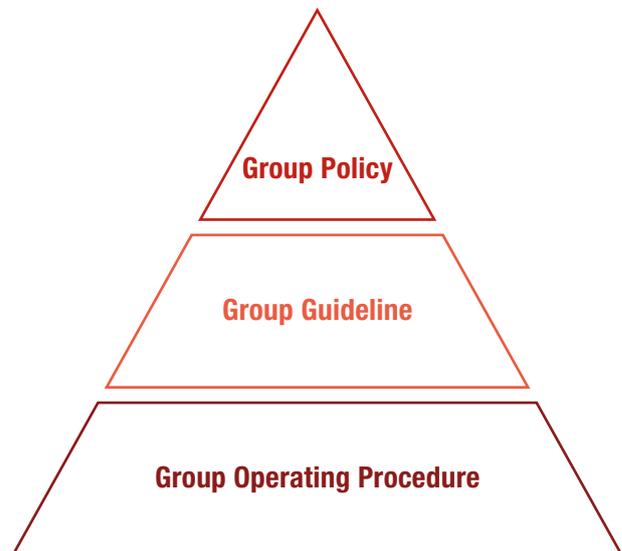
In order to make its internal regulations clear and usable for all personnel, the Company has set up the Generali Internal Regulation System (GIRS), a regulatory system applicable throughout the Group.

This system governs the hierarchy and characteristics of the internal regulations issued by the parent company in its management, guidance and coordination activities performed for the Group, identifying the roles and responsibilities of the parties involved in the life cycle of the internal regulations, comprising the various drafting, approval, publication, dissemination, implementation and monitoring stages.

### *The regulatory framework*

The GIRS is structured on 3 regulatory levels:

- **Group Policies:** approved by the Board, they contain high-level principles designed to achieve the Group's fundamental objectives or guarantee compliance with specific requirements laid down by external regulations, including those correlated with the ICRMS;
- **Group Guidelines:** approved by the Group CEO, they are designed to govern matters relating to one or more company functions or define in detail and implement high-level principles introduced by a Group Policy;
- **Group Operating Procedures:** approved by the relevant GHO Functions, they identify, in relation to global processes, roles, responsibilities, stages and information flows relating to the activities of a process or part of a process or performed in the ambit of one or more Company functions.



The GIRS is characterised by the following principles:

- **simplicity and clarity:** Generali's internal regulations aim to reach all their recipients in an immediate, understandable way. The language used is simple and designed to highlight clearly and directly the rules they contain;
- **accessibility:** the regulations are collected in a single centralised archive accessible by all the Group's employees and organised in such a way as to facilitate document searches;
- **integration:** the internal regulations are part of a single integrated corpus of rules covering the Group management, guidance and coordination role performed by the Parent Company;
- **adaptability:** the internal regulations take account of local regulatory requirements and the different organisational situations within the Group.

## Focus on the Group Management Committee

The aim of the Group Management Committee (GMC) is to improve the Group's alignment with its strategic priorities and increase the efficacy and sharing of the decision-making process regarding subjects of importance to the Group, by means of a team approach that promotes exchange of opinions and an international perspective.

The GMC is the main mechanism supporting the Group CEO's strategic decisions, such as:

- validation of the recommendations to be submitted to the Board of Directors;
- the main risk and investment decisions;
- evaluation of the Group's financial and operating results;

- guiding the Group's main strategic programmes and/or those having an impact on a number of countries.

The GMC, chaired by the Group CEO, consists of the heads of 4 GHO Functions, the Country Managers of the 3 main countries (Italy, Germany and France), and the Head of the Global Business Lines Division. As at 1 January 2016, the members of the GMC are:

- Alberto Minali, Group Chief Financial Officer;
- Sandro Panizza, Group Chief Risk Officer;
- Carsten Schildknecht, Group Chief Operations Officer;
- Nikhil Srinivasan, Group Chief Investments Officer;
- Philippe Donnet, Country Manager Italy;
- Giovanni Liverani, Country Manager Germany;
- Eric Lombard, Country Manager France;
- Paolo Vagnone, Group Head of Global Business Lines.

### Members of the Group Management Committee (GMC)

#### Mario Greco<sup>2</sup>

Group CEO  
Chairman of GMC

Has the power of leadership and operational management of the Company and the Group, in Italy and abroad, with all powers of ordinary administration, in accordance with the general planning and strategic policies established by the BoD and within the value limits established, without prejudice to the powers granted by legislation or the Articles of Association exclusively to other Company bodies or otherwise delegated by the BoD.

#### Alberto Minali

Group Chief  
Financial Officer

Has the task of monitoring the Group's financial performance, supervising capital management activities, tax obligations, planning and control, debt management, treasury, M&A, investor relations and supervision of shareholdings, including management and presentation of the Group's financial reports. He has also been appointed Manager in Charge of Preparation of the Company's Financial Reports, as regards both individual and consolidated financial statements. Appointed General Manager of the Company on March 17 2016.

#### Sandro Panizza

Group Chief  
Risk Officer

Has the task of providing a system of integrated risk management at global level by establishing the risk strategy, including risk appetite, risk limits and mitigation, identifying, monitoring and reporting risks, and managing the capital risk model.

<sup>2</sup>

In office until February 9 2016. After this date, the Group CEO's functions will temporarily be exercised by the Chairman of the Board, implementing the policy contained in the succession

plan. On March 17 2016 the Board appointed Philippe Donnet as Group CEO.

---

**Carsten Schildknecht**Group Chief  
Operating Officer

Has the task of transforming and managing Generali's operational platform in order to pursue operational excellence, supporting excellence in the field of distribution, developing the skills needed to guide the transformation, and ensuring the implementation of all programmes and initiatives.

---

**Nikhil Srinivasan**Group Chief  
Investment Officer

Has the task of optimising the financial return on investments in accordance with the constraint represented by the Group's insurance liabilities and risk appetite profile, establishing the Group's investment strategies for all asset classes, supervising their implementation and correct performance, and coordinating the Group's investment management activities, both directly and indirectly through our asset management companies.

---

**Philippe Donnet**Country Manager  
Italy

Has the task of reinforcing our leadership on the Italian market and implementing more efficient operational platforms by initiating integration programmes, business development actions and innovation initiatives. On March 17 2016, Philippe Donnet was appointed Managing Director of the Company and Group CEO, while continuing to hold the position of Italy Country Manager.

---

**Giovanni Liverani**Country Manager  
Germany

Has the task of managing business on the German market which comprises about EUR 18 billion of premiums received and about 14,000 employees who pursue Generali's success by serving 13.5 million customers every day.

---

**Eric Lombard**Country Manager  
France

Has the task of transforming Generali France into a strongly customer-orientated organisation, offering suitable services for the four customer segments identified (individuals, affluent, professional & small businesses, and commercial) by reinforcing the teams and developing the necessary initiatives and the loyalty of all employees.

---

**Paolo Vagnone**Group Head  
of Global Business Lines

Has the task of optimising the synergies of the four businesses with global characteristics (Generali Employee Benefits, Global Corporate & Commercial, Europ Assistance and Generali Global Health), offering corporate clients a complete range of insurance solutions, promoting cross-selling initiatives and operational synergies and strengthening relations with the main market brokers.

## Main organisational changes in 2015

In 2015 a number of changes designed to consolidate the organisational and governance model were adopted at Group and local level, and new appointments were decided on in order to help achieve the strategic results, reinforce the global leadership and promote dissemination of and alignment with the Group's values.

In particular, the GHO's role of guidance and coordination was reinforced by the following decisions:

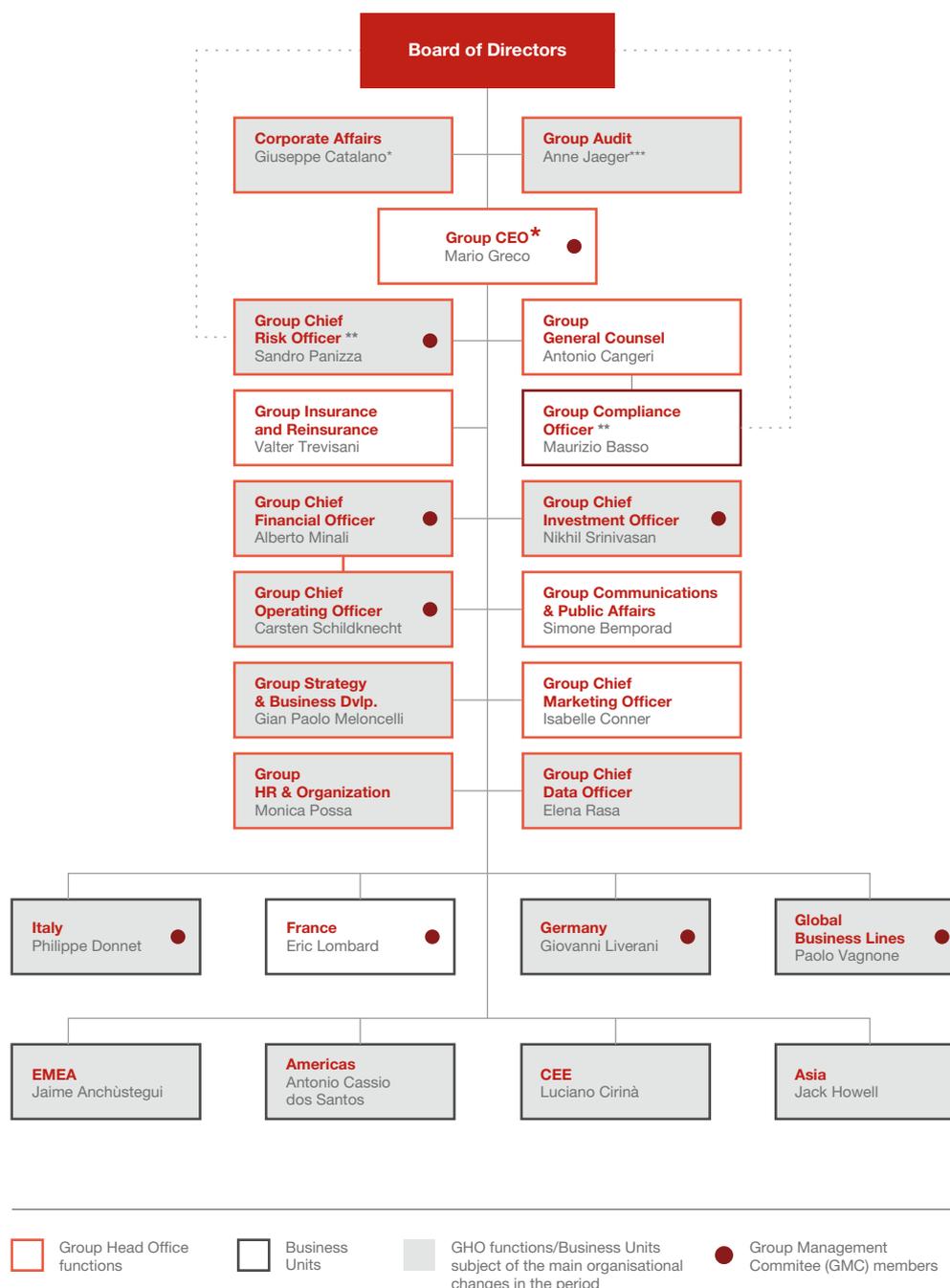
- the institution of 2 new Functions:
  - Corporate Affairs, accompanied by the appointment, as from 16 January 2015, of the Company Secretary and Head of Corporate Affairs, who reports directly to the Chairman and the Group CEO on the aspects for which they are responsible. The Function manages Company secretariat activities and matters relating to corporate law and the Company's governance;
  - Group Data Officer, with the appointment of the Officer concerned, who reports directly to the Group CEO. This Function, instituted in June 2015, is responsible for establishing and implementing the strategy and methodologies required to acquire, analyse and manage data, supporting the identification of new business initiatives and improving the existing life, non-life and health portfolios, in liaison with the relevant Group Functions;
- definition of the organisational structure of the Function headed by the Group Chief Marketing Officer;
- reorganisation of the Group Audit Function, with the appointment, as from 7 April 2015, of the new Head of Group Audit, who reports directly to the Board of Directors through its Chairman, together with a review of the Function's organisational structure;
- the institution of the Actuarial Function within the Group CFO's area in January 2015;
- the appointment of Gian Paolo Meloncelli as Group Strategy & Business Development Director in November 2015.

The main organisational changes in the Business Units related to:

- reinforcement of the Global Business Lines Division, with reorganisation of the Global Corporate & Commercial and Generali Employees Benefit business lines, including the appointment of the new Head of GEB, and the introduction of the new Generali Global Health line;
- reorganisation of Country Germany, with the appointment, as from 1 April 2015, of the new Germany Country Manager and CEO of Generali Deutschland Holding, and a review of the composition of the latter's Board of Management;
- the adoption of a more streamlined role by the Regional Office, and reinforcement of its leadership at local level with the appointment of the Asia Regional Officer, the EMEA Regional Officer and the Americas Regional Officer (as from 1 April 2015).

## Organisational Structure of GHO

The chart below illustrates the Organisational Structure of GHO, indicating the functions of GHO, the Business Units and the members of the Group Management Committee until March 16 2016.



\* The Head of Corporate Affairs also reports to the Group CEO for the relevant aspects.

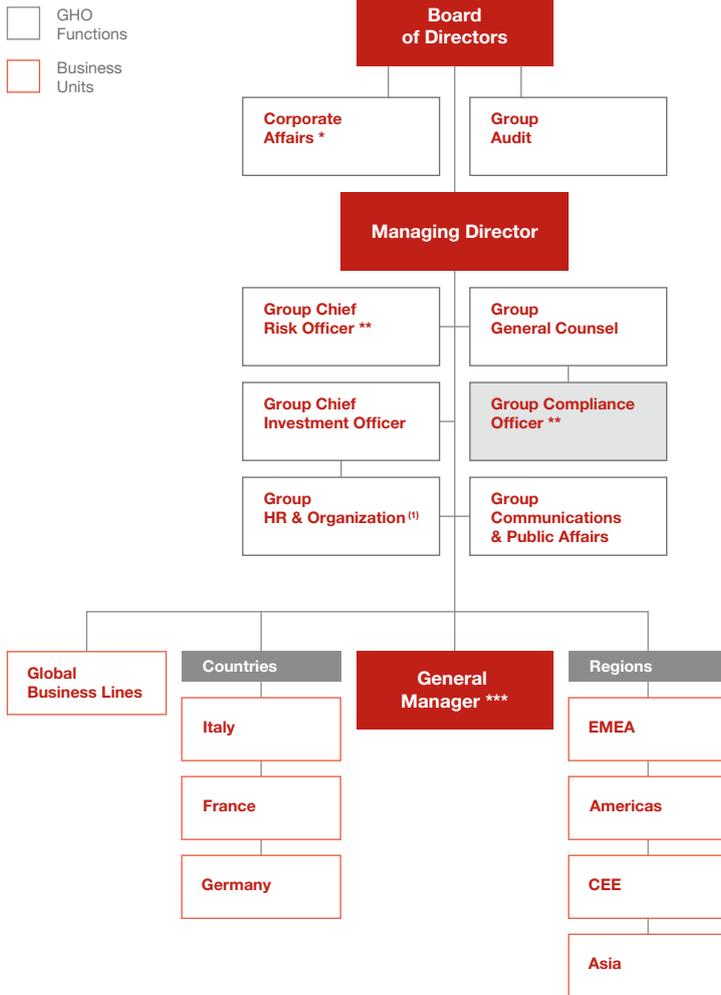
\*\* The Group Chief Risk Officer, the Group Compliance Officer and the Group Head of Actuarial Function (within Group CFO function) report functionally to the Board of Directors for the relevant aspects.

\*\*\* The Head of Group Audit reports hierarchically and functionally to the Board of Directors.

\* After February 9 2016, following the cessation of relations with Mario Greco, the functions of Group CEO have been temporarily exercised by the Chairman of the Board of Directors, implementing the succession plan policy. On March 17 2016 the Board appointed Philippe Donnet to the position of Group CEO.

The chart below illustrates the GHO's organisational structure, showing its functions, the Business Units and members of the Group Management Committee starting on March 17 2016.

**Group organisation chart**



**Focus on General Manager structure**



\* The Head of Corporate Affairs also reports to the Managing Director for the relevant aspects.

\*\* The Group Chief Risk Officer, the Group Compliance Officer and the Group Head of Actuarial Function (within Group CFO function) report functionally to the Board of Directors for the relevant aspects.

\*\*\* General Director with powers delegated by Board of Directors.

(1) HR Management activities within the General Manager structure are functionally reported to the General Manager itself, taking into account the Group HR policies.

## Sustainability development bodies

Social and environmental sustainability issues are addressed by the Board of Directors of the Parent Company with the support of the Risk and Control Committee. As well as the tasks assigned to it by the Self-Regulatory Code and insurance supervisory regulations, this committee also has consulting, recommendation and preparatory functions to assist the Board of Directors in relation to social and environmental sustainability issues involving the Company and the Group.

Responsibility for sustainability at Group level is attributed to the Group CEO, who is charged with implementing the strategies and policies established by the Board of Directors.

At the Group Head Office (GHO), specific bodies and dedicated functions have also been established to ensure we systematically take into account social and en-

vironmental aspects related to business activities, as well as economic ones:

- Group CSR Committee, an internal body made up of managers who, reporting to the Group CEO and the General Manager, discuss the issues of social and environmental responsibility and the action to be taken in their respective areas of expertise in order to meet the established goals, monitoring the results over time;
- Country CSR Committee, bodies active at national level that make it possible to improve the organisation and coordination of activities in the social and environmental sphere;
- Group Social Responsibility, which reports to Group Communications and Public Affairs Director and is responsible for:
  - defining and implementing the Group social responsibility model through dialogue with the GHO functions and the involvement of the sustainability teams in the countries in which the Group operates - the CSR Community was created to this end in 2016;
  - reporting on the results as they are achieved.

## Authorised representative

### The Articles of Association

The system of representation of the Company, governed by ss. 38 and 39 of the Articles of Association, is structured in such a way as to guarantee the best operational flexibility and, at the same time, adequate control over the Company's documents.

In particular, the Company's authorised representatives for all its business are the Chairman, the Vice-Chairmen, the Managing Director, the other members of the Board of Directors, the General Manager and, within the spheres of responsibility assigned to them, the other senior executives of the Company.

Representation takes the form of joint signature of documents under the Company's name by 2 of the said parties. The Chairman, the Vice-Chairmen (when standing in for the Chairman in the event of his absence or inability

to act), the Managing Director and the General Manager can sign jointly with one another, with another member of the BoD, or with one of the other senior executives of the Company. In such cases the latter can jointly represent the Company even in relation to business not falling within the area of responsibility assigned to them. The Articles of Association also state that senior executives can sign jointly with one another, provided that at least one of them acts within the sphere of responsibility assigned to them. The other members of the BoD cannot sign jointly with one another, or with one of the other senior executives of the Company.

The Articles of Association also state that the competent administrative body can further limit the powers of representation of the Company's senior executives on the basis of subject-matter or value, and assign the Company's representation to other employees and third parties, by issuing general or special powers of attorney for individual documents or categories of documents.

### System of delegated powers and powers of attorney

Our system of representation is consistent with the organisational responsibilities allocated, and constitutes an internal control and monitoring tool designed to prevent the commission of the offences specified in Decree 231 governing the administrative liability of legal persons.

The system of delegated powers and powers of attorney, consistently with the current GHO governance structure established by the BoD, involves defining the sphere of responsibility and powers of representation of the Functions that make up the Company's organisational structure, in compliance with the applicable legislation, regulations and Articles of Association.

The system is based on the following principles:

- separation of functions and segregation of duties;
- clarity and transparency in assigning functions and powers, in the ambit of a harmonised system;
- definition of limits on the exercise of delegated powers;
- possibility for the Group CEO to delegate to each of his direct reports the powers and responsibilities required to perform the tasks assigned to them, with power to sub-delegate part of the said powers and responsibilities to persons who are their direct subordinates (and so on in a cascade pattern);
- possibility for managers who hold a sub-delegatable power to exercise the right to sub-delegate, establishing the limits, within those granted to them, and the mechanisms for control and monitoring of their exercise. Parties to whom powers are subdelegated must in turn guarantee adequate reporting to the sub-delegating party;
- full alignment between structure and organisational role, delegated powers and powers of attorney.

In the current system of delegated powers, the area of responsibility for each role is established by deeds of delegation, which constitute internal documents attributing powers and responsibilities. The deeds of delegation establish the responsibilities common to all roles and the specific responsibilities of each role. Differentiated independent spending powers relating to the purchase of goods, services and consultancy services are granted on the basis of the role assigned.

The system also involves the grant, by means of specific powers of attorney, of power to represent the Company in dealings with third parties for the exercise of the powers and performance of the responsibilities delegated; the power of attorney only comprises powers granted on behalf of the Company and, in compliance with the principle of joint signature laid down in the Articles of Association and the terms of Decree 231, limits the power of representation to the powers and responsibilities specified in the deeds of delegation.

As the representatives of the 4 Control Functions report functionally directly to the BoD, their delegated powers and powers of attorney are organised in such a way as to guarantee and preserve the necessary level of independence.

## Part II

Information about share ownership and relations with institutional investors and retail shareholders

- 44 **Share Ownership**
- 44 Structure of share capital
- 44 Relevant shareholdings
- 45 Significant agreements to which the Company or its subsidiaries are parties, and which take effect, are amended or terminate in the event of a change of control of the Company.
- 46 Management and coordination
- 46 Agreements between the Company and its Directors which provide for compensation in the event of resignation or dismissal without good cause, or termination of employment following a takeover bid.
- 47 Power to increase the share capital and authorisations to purchase the Company's own shares.
- 49 **General Meeting**
- 49 Operation of the General Meeting
- 52 General Meeting majorities
- 54 **Relations with institutional investors and other shareholders**
- 55 **The new Website [www.generali.com](http://www.generali.com)**

# Information about share ownership and relations with institutional investors and retail shareholders

## Share ownership

### Structure of share capital

The Company's subscribed, paid-up share capital amounts to EUR 1,556,873,283.00, divided into 1,556,873,283 registered ordinary shares with a par value of EUR 1.00 each.

On 17 March 2016 the Board of Directors resolved, by way of implementation of a long-term incentive plan

(2013 LTI Plan), and exercising the delegated power granted by the General Meeting on 30 April 2013 pursuant to s. 2443 of the Civil Code, to increase the share capital by a maximum of 7 million shares, the said increase to take effect on registration of the resolution in the Companies Registry, after authorisation by the Regulator. The increase will be implemented by 30 April 2016, and the specific number of shares to be issued will be established by that date by the delegate of the Board of Directors.

	Number of shares	% of share capital	Listed / unlisted	Rights and obligations <sup>(*)</sup>
Ordinary shares	1,556,873,283	100,00	FTSE MIB	See footnote
Shares carrying limited voting rights <sup>(*)</sup>	-	-	-	-
Shares not carrying voting rights <sup>(*)</sup>	-	-	-	-

(\*) There are no shares carrying limited or no voting rights.

(\*\*) Each ordinary shareholder has a set of property and administrative rights and obligations. **Financial rights** include the right to the dividend, an option over paid shares issued on increase or reconstitution of share capital in proportion to the number of shares already owned, the right to free allocation of new shares in the event of a free issue in proportion to the number of shares already owned, and the right to a proportion of the liquidated assets in the event of winding-up of the Company. **Administrative rights** include the right to speak and vote at General Meetings, the right to withdraw from the Company under particular circumstances, and the right to information. Finally, as regards **obligations**, each shareholder is required to make the contributions necessary to attain the Company's objects.

### Relevant shareholdings

According to the Members' Register, supplemented by reports received pursuant to s. 120 of the CFBA and

other information available to the Company, the parties listed in Table 1 annexed to this Report hold over 2% of the Company's share capital, either directly or indirectly through intermediaries, trustees or subsidiaries.

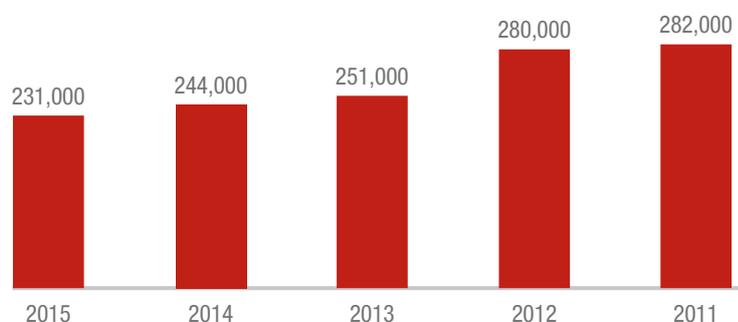
## Shareholders



The figures in the above chart are updated to 2 March 2016, on the basis of the entries in the Members' Register mainly relating to registration of payment of the dividend as at 20 May 2015, together with reports received pursuant to s. 120 of CFBA and other available information.

Main shareholders	(%)
MEDIOBANCA S.p.A	13.284
DELFIN S.a.r.l. (LEONARDO DEL VECCHIO Group)	3.176
CALTAGIRONE Group	2.633
PEOPLE'S BANK OF CHINA	2.009

## Number of shareholders



On closure of the procedures for registration in the Members' Register of shareholders who received the 2014 dividend, the number of shareholders amounted to about 231,000; shares corresponding to 99.99% of the share capital have been registered with the centralised management system at Monte Titoli S.p.A. in Milan on a dematerialised basis.

Generali declares, as required by s. 123-bis.1.e of the CFBA, that there is no system of employee shareholdings and, as required by s. 123-bis.1.g thereof, that it is not aware of any shareholders' agreements as defined in s. 122 of the CFBA which relate to its shares.

### Significant agreements to which the Company or its subsidiaries are parties, and which take effect, are amended or terminate in the event of a change of control of the Company

In compliance with s. 123-bis.1.h of the CFBA, the Company and its Subsidiaries, in the pursuit of their own strategic lines, have entered into some contractual

agreements containing clauses that refer to change of control of the Company. However, these clauses are not applicable at present, as no legal or natural person directly and/or indirectly, individually or jointly, currently holds a controlling interest in Generali.

Finally, neither the Company nor any of its Strategic Subsidiaries are subject to non-Italian statutory provisions that affect their corporate governance structure.

## Management and coordination

According to the applicable legislation, Generali is not subject to management and coordination by Italian or foreign organisations or companies.

However, the Company performs management and coordination activities towards all the companies belonging to the Group. Finally, it should be noted that the integrated annual report provides detailed information about relations between Generali and the said companies. More information about management and control

activities will be found in the chapter of the Report regarding the Company's Organisation.

As regards the further information required by s. 123-*bis* of the CFBA to be given in this Report, it is hereby declared that there are no:

- restrictions on the transfer of shares issued by the Company;
- securities which carry special controlling rights;
- restrictions on the voting rights carried by the shares issued by the Company.

## Agreements between the Company and its Directors which provide for compensation in the event of resignation or dismissal without good cause, or termination of employment following a takeover bid.

As required by s. 123-*bis*.1.i of the CFBA, the Company declares that Generali applies the following rules (severance provisions) to the sums payable to Directors who are not also senior executives in the event of cessation of office:

- in the event of natural expiry of the term of office, no sum shall be payable;
- in the event of early termination of a directorship without good cause, compensation may be paid to the director concerned if the statutory pre-requisites apply, provided that it shall not exceed the maximum fee payable for the remainder of the said director's term of office;
- no amount shall be payable in the event of resignation from office (save for good cause), revocation of the appointment for good cause, if the agreement ceases in the event of a takeover bid or debarment (on any ground, including loss of the requirements of professionalism, respectability and independence, or supervening disqualifying situations or incompatibility), and in any event for any other reason and/or cause not attributable to the Company;
- in the event of agreed cessation of the office before its expiry, the amount payable to the party concerned is established on the basis of the circumstances and reasons for cessation of the agreement (with special reference to the performance achieved, the risks taken and the actual operating results of the Company so that, in particular, no amount is payable in the event of fraudulent conduct or gross negligence).

The following terms apply to the sums payable to the Group CEO, also acting in the capacity of General Manager, and executives with strategic responsibilities, in the event of cessation of the agreement (severance provisions):

- in the event of dismissal of the General Manager or key management personnel, the mandatory statutory and contractual provisions apply unless future legislative changes are made;
- in the event of termination by consent, the amount payable to the director is established on the basis of the circumstances and reasons for the cessation of the agreement (with special reference to the performance achieved, the risks taken and the actual operating results of the Company so that, in particular, no amount is payable in the event of fraudulent conduct or gross negligence). The amount thus determined shall not in any event exceed 24 months' recurring salary in addition to the statutory notice period and that provided by the collective bargaining agreement (if applicable).

"Recurring salary" means the gross annual remuneration incremented by the average amount actually received by the director by way of variable short-term component of the remuneration paid in the last three-year period.

By accepting the said amount, the director waives, in general, all rights connected in any way, directly and/or indirectly, with his/her contract of employment with Generali or one of its Subsidiaries and the termination thereof, and all rights, claims and/or actions against the other companies belonging to the Group, which are directly or indirectly connected in any way with the contract of employment and with the final accepted cessation thereof.

The waiver shall extend to the right to damages pursuant to ss. 2043, 2059, 2087 and 2116 of the Civil Code, and to economic rights connected with the contract of employment and the cessation thereof.

The said provisions shall also apply to directors who hold the position of General Manager or executive with strategic responsibilities at the same time, in which case the amount received by them by way of fixed and variable short-term remuneration (again on the basis of the average for the last three-year period) for the exercise of the office shall be included for the purpose of calculating the amount that may be payable to the director.

In addition to the above provisions, non-competition or confidentiality agreements can be entered into with directors and key management personnel. The consideration for these agreements, which always have a limited duration, is established on the basis of the need for the

agreement to be legally valid, and commensurate with the prejudice that may derive to the Company and/or the Group if the director were to carry on business competing with that of the Company and/or Group or disclose information that could also harm the Company and/or Group, also having regard to the role and responsibilities previously held by the director.

As regards the effects of the cessation of the agreement on any rights assigned in the ambit of incentive plans based on financial instruments, see para. 3.3.2 relating to the Long-Term Incentive Plan (LTI).

Finally, no contracts of employment with parties holding the above-mentioned positions in the Company terminated in 2015, while on 9 February 2016 the contract of Group CEO Mario Greco terminated by consent, and the Group remuneration policies approved by the 2015 General Meeting were applied accordingly.

## Power to increase the share capital and authorisations to purchase the Company's own shares

### Increases of share capital and purchase of own shares 2013-2015

Decision-making body	Company name	Applicable legislation	Period	Maximum amount in EUR	Par value of share	Maximum purchase price	Maximum number of ordinary shares
2013 General Meeting	2013 LTI Plan	ss. 2443 and 2349.1 of the Civil Code	5 years	7,000,000.00	€ 1.00		7,000,000
2014 General Meeting	2014 LTI Plan	ss. 2443 and 2349.1 of the Civil Code	5 years	7,000,000.00	€ 1.00		7,000,000
2015 General Meeting	2015 LTI Plan	ss. 2443 and 2349.1 of the Civil Code.	5 years	8,000,000.00	€ 1.00		8,000,000
		2357 and 2357-ter of the Civil Code.	18 months			Min. EUR 1.00 Max +5% of the stock market price on the day before the transaction	

Article 8 of the Articles of Association allows, in accordance with the statutory requirements, the allocation of profits and/or retained profits to employees of the Company or its Subsidiaries, by issuing shares pursuant to s. 2349.1 of the Civil Code.

In this context the **2013 Extraordinary General Meeting** resolved to allocate to the BoD, for 5 years, power to increase the share capital free of charge, in one or more tranches, pursuant to ss. 2443 and 2349.1 of the Civil Code. The maximum amount of the increase is 7 million ordinary shares cum dividend with a par value of EUR 1.00 each, to be allocated free of charge to beneficiaries of the Long-Term Incentive Plan (LTI) approved by the said 2013 General Meeting.

In this respect it should be noted that, as stated in the preceding chapter entitled “*Structure of share capital*”, on 17 March 2016 the Board of Directors resolved to increase the share capital by a maximum of 7 million shares, by way of implementation of the delegated power pursuant to s. 2443 of the Civil Code, which will be implemented by 30 April 2016, subject to obtaining authorisation from IVASS.

Subsequently, the **2014 Extraordinary General Meeting** resolved to allocate to the BoD, for 5 years, power to increase the share capital free of charge, in one or more tranches, pursuant to ss. 2443 and 2349.1 of the Civil Code. The maximum amount of the increase is 7 million ordinary shares cum dividend with a par value of EUR 1.00 each, to be allocated free of charge to beneficiaries of the 2014 LTI Plan, also approved by the 2014 General Meeting.

The **2015 Ordinary General Meeting** resolved, pursuant to sections 2357 and 2357-ter of the Civil Code, to authorise the purchase of a maximum of 8 million ordinary shares issued by the Company, with a par value of EUR 1.00 each. Share transactions, including those relating to shares acquired on the basis of earlier plans, must take place under the following conditions:

- the authorisation is limited to purchases made to implement the Plans, net of the shares to be issued for the same purposes in the exercise of the delegated powers granted to the BoD pursuant to s. 2443 of the Civil Code to make capital increases for the purpose of the said Plans;
- the minimum purchase price of the ordinary shares shall be not less than their par value, namely EUR 1.00; the maximum purchase price shall not exceed 5% of the reference price recorded by the shares on the last stock market trading day before the date of each operation;
- authorisation for the purchase is issued for the period of 18 months from the date of the General Meeting’s resolution (30 April 2015), while authorisation for disposal is granted without any time limits to allow the implementation of the Plans;
- purchases shall be made within the limits of the distributable profits and available reserves shown in the last duly approved financial statements;
- the own-share purchase operations shall be performed, pursuant to s. 144-bis.1.b) and c) of the CONSOB Issuers’ Regulation, according to the operating procedures established in the market organisation and management regulations, so as to ensure parity of treatment between shareholders. Purchases shall therefore be performed, if necessary on more than one occasion for each alternative method, solely:
  - on regulated markets organised and managed by Borsa Italiana S.p.A., according to operational procedures established by the latter which do not allow direct matching of purchase and sale offers;
  - by purchase and sale of derivative instruments traded on the corresponding regulated market organised and managed by Borsa Italiana S.p.A., the regulations of which involve procedures conforming to the terms of the said s. 144-bis.1c) of the CONSOB Issuers’ Regulation;
- the own shares can be allocated without any time limits to the beneficiaries of the Plans, free of charge, provided that the applicable legislative and regulatory provisions are complied with.

## General Meeting

The resolutions passed by the General Meeting on the subjects falling within its powers express the will of the shareholders; resolutions passed in compliance with the legislation and the Articles of Association are binding on all shareholders, including absent and dissenting share-

holders.

The next General Meeting will presumably be held on Thursday 28 April 2016, in Trieste; all the related information will be found in the notice of call, published on our Website.

## Operation of the General Meeting

The General Meeting is called by notice published on the Website at least 30 days before the date set for the first or only call of the General Meeting, specifying the date, time and place of the meeting, the list of subjects to be discussed, and the further information specified in the applicable legislation. An extract from the notice is also published in some national newspapers, and it is sent directly to the shareholders who attended the most recent General Meetings. In the case of the General Meeting called to elect the members of the Board of Directors and the Board of Statutory Auditors, the notice of call is published at least 40 days before the date of the General Meeting, whereas for the General Meetings specified in ss. 2446 (*Reduction of capital due to losses*), 2447 (*Reduction of share capital below statutory limit*) and 2487 (*Appointment and revocation of liquidators; liquidation criteria*) of the Civil Code, the deadline is postponed to 21 days before the date of the General Meeting.

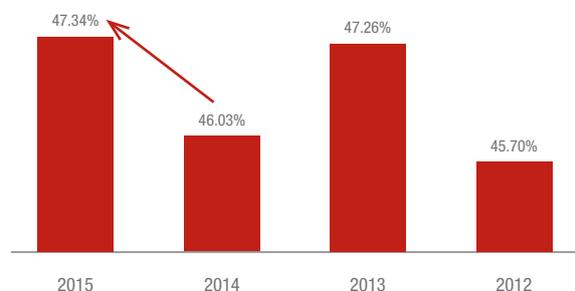
The General Meeting cannot pass resolutions on subjects not listed in the agenda.

Shareholders who, either individually or jointly, represent at least 2.5% of the share capital may, within 10 days of the publication of the notice of call of the General Meeting, request additions to the list of items to be discussed, indicating in the application the additional subjects proposed, or submitting motions on subjects already on the agenda.

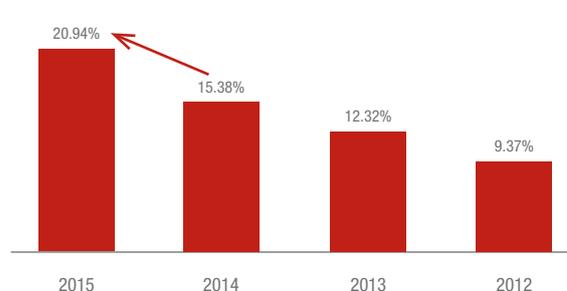
The General Meeting convened to approve the financial statements is called within 120 days of the end of the financial year; if the statutory conditions are met, the said period can be extended to 180 days. The General Meeting is usually held in Trieste, but can be held anywhere in Italy.

The Annual General Meeting is one of the main opportunities for discussion between shareholders and the Company's top management. During the proceedings, the report on the business trend presented by the top management is traditionally followed by a debate between shareholders and management in question and answer form.

**Percentage of share capital represented at the General Meeting in the last four years**



**Percentage of share capital represented by institutional investors present at the General Meeting in the last four years**



The Company's governance does not involve any departures from the terms of the applicable legislation as regards the percentages established for the exercise of actions.

Shareholders holding voting rights can attend the General Meeting, provided that they prove their entitlement in the statutory forms. Entitlement to attend the General Meeting and exercise voting rights is certified by a notice sent to the Company by the intermediaries in accordance with their books of account, on the basis of evidence relating to the end of the accounting day on the 7th market trading day before the date set for the first or only call of the General Meeting. Debit and credit entries in the accounts made after that date shall not be taken into account for the purpose of entitlement to vote at the General Meeting. The notice issued by the intermediary that keeps the accounts relating to the shares must be received by the Company by the end of the third market trading day prior to the date set for the first or only call of the Meeting, or within such different period as may be indicated in the notice convening the Meeting in compliance with the statutory provisions, and in any event before the start of the proceedings on each call of the Meeting.

Shareholders may appoint proxies to represent them at the General Meeting; by law, only one proxy can be appointed for each General Meeting, save for the power to indicate substitutes, but a different proxy can be appointed for each of the accounts to which the intermediary's notice relates.

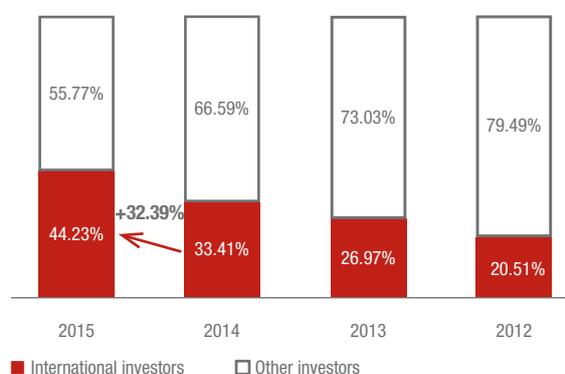
For each General Meeting the Company designates a party which shareholders can appoint as proxy with voting instructions on some or all of the items on the agenda; the identity of the said party designated by the Company, and the procedures and time limits for shareholders to appoint a proxy, are indicated in the notice of

call of the General Meeting. The proxy can be appointed in writing or in electronic form, in compliance with the current legislation and according to the procedures specified in the applicable regulations. The appointment of the proxy can be notified to the Company in a specific section of the Website or by certified e-mail, by the procedures indicated in the notice of call.

The operating procedures of the General Meeting and those relating to speeches by shareholders are governed by a specific Regulation, available at our registered office and in the section of our Website which, together with the Regulation, contains the Articles of Association and information about the Company's governing bodies.

Generali has had a General Meeting Regulation since 1972, and that document was the prototype by which many listed and unlisted Italian companies were inspired when drafting their own regulations.

**Ratio of institutional investors to share capital represented at the General Meeting in the last four years**



The Chairman presides over the discussion, and invites those who have requested in writing to speak on a specific item on the agenda to take the floor; the request can be made at any time after the Chairman has read out the agenda, until the discussion on the subject in question is closed. The Chairman can also authorise attendees to submit requests by raising their hand. Board members and Statutory Auditors can also ask to speak during the discussion.

To enable the most exhaustive possible replies to be given to questions asked by authorised parties, they may deliver written notes on the subjects on which they intend to request permission to speak, even before the constitution of the General Meeting.

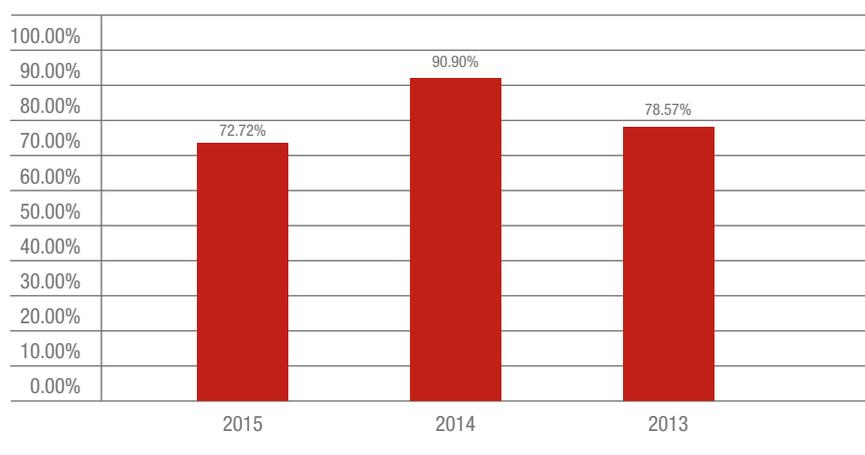
All those authorised to speak at the General Meeting

are entitled to speak for a maximum of 15 minutes on each of the items under discussion, provided that their speeches are relevant to the items on the agenda. The Chairman may impose a different time limit for speeches at any time, having regard to the importance of the subject under discussion, the number of people asking to speak and the number of items on the agenda.

The Chairman and, on his invitation, those assisting him, usually answers questions when all speeches on the item in question have been made. Those who have already spoken during the discussion shall be entitled to reply once only, for a maximum of 5 minutes.

Average attendance by Directors at the General Meetings held in the three-year period 2013-2015 was around 81%.

**General Meeting: average attendance by Directors at meetings**



## General Meeting majorities

Without prejudice to special cases specified by the legislation, the General Meeting is constituted and passes resolutions by the majorities listed in the table below

<b>Ordinary General Meeting</b>	<b>first call</b>	<b>second call</b>	<b>third (and subsequent) calls</b>	<b>single call</b>
<b>Quorum</b>	Presence of shareholders representing at least half the share capital	Whatever the percentage of capital represented by the shareholders present	Not applicable	Whatever the percentage of capital represented by the shareholders present
<b>Voting majority</b>	Absolute majority of capital represented	Absolute majority of capital represented	Not applicable	Absolute majority of capital represented

<b>Extraordinary General Meeting</b>	<b>first call</b>	<b>second call</b>	<b>third (and subsequent) calls</b>	<b>single call</b>
<b>Quorum</b>	Presence of shareholders representing over half the share capital	Presence of shareholders representing over one-third of the share capital	Presence of shareholders representing over one-fifth of the share capital	Presence of shareholders representing over one-fifth of the share capital
<b>Voting majority</b>	Vote in favour by at least two-thirds of the capital represented	Vote in favour by at least two-thirds of the capital represented	Vote in favour by at least two-thirds of the capital represented	Vote in favour by at least two-thirds of the capital represented

The Company has never established different majorities from the statutory majorities for passing resolutions. The majorities required for the Ordinary General Meeting are needed to pass resolutions regarding:

- the annual financial statements;
- distribution of the net profit;
- appointment of the BoD, the BSA and its Chairman;
- remuneration policies for members of the BoD, the BSA and the Company's key personnel in accordance with the applicable legislation in the sector, including remuneration plans based on financial instruments;
- the fees of the BoD and the BSA;
- the appointment of external auditors during the finan-

cial year to audit the annual financial statements and consolidated financial statements, and determination of their fees;

- any other matters required by law or submitted to the General Meeting by the BoD in the statutory cases.

The majorities established for the Extraordinary General Meeting are required to pass resolutions on matters involving amendments to the Articles of Association, the appointment and powers of the liquidators in the event of winding-up of the Company, and in the other statutory cases.

## Relations with institutional investors and other shareholders

The GHO structure responsible for relations with institutional investors is Investor & Rating Agency Relations (IR). The Corporate Affairs Function, through the Shareholders & Governance (S&G) Unit instituted in July 2015, works with IR on investor engagement activities relating to corporate governance subjects, with responsibility for establishing structured guidelines for continuous management of relations with external stakeholders (shareholders, investors and proxy advisors) and internal stakeholders (the Company's governing bodies and other Company functions involved).

After publication of the 2014 Report, intensive relational activities were performed with institutional investors and proxy agencies, in liaison with IR and with the active involvement of the Group HR & Organization (Group Reward & Inst. HR Processes) Function and the Group Communication & Public Affairs (Group Social Respon-

sibility) Function. These activities focused on subjects relevant to the financial community relating to the 3 pillars of our corporate governance which, in addition to corporate governance strictly so called, include remuneration and Corporate Social Responsibility. They are designed to convey our corporate governance decisions and receive feedback, which provides useful input for the continuous internal evaluation and review process. The contacts initiated were also designed to calibrate the financial community's perception of our organisational structure, prior to the appointment of the new BoD.

S&G's tasks include continuous management of relations with the large number of retail shareholders, currently representing about 25% of our capital, which are intensified in the run-up to General Meetings. The table below provides an overview of the initiatives implemented in the ambit of the engagement activities.

The contact details of the Company functions referred to in this Report are available on the Website in the *Investors, Governance, Our Responsibilities* and *Media* sections.

### Engagement with institutional investors and proxy agencies 2015

	2015
Outreach with <b>Proxy Agencies</b>	February, March and September
<b>Governance &amp; Remuneration Roadshow:</b> engagement prior to 2015 General Meeting	March
Meetings on subjects relating to <b>enhanced-voting shares</b>	May, September and October

### Engagement with retail shareholders, 2015 General Meeting

#### Investors' info

Newsletter sent twice a year, one before the 2015 General Meeting (in early April) and the second after the Investor Day held on 27 May.

#### General Meeting brochure

Sent to shareholders in early April. It contains the notice of call, and documents and information useful for attendance at the General Meeting.

#### Chairman's announcement

All shareholders who attended the last 2 General Meetings (in person and on their own account) receive a letter from the Chairman, also containing his Christmas greetings.

#### Shareholders & Governance Unit

The Company's office that supports General Meeting activities, reserved for retail and institutional shareholders.

**+39 040 671621**

Phone number reserved for shareholders.

#### Provision of hard-copy documentation on request

The S&G unit sends individual shareholders the Company documents requested by them (e.g. financial statements and minutes of General Meetings).

**Azionisti@generali.com - Shareholder@generali.com**

E-mail addresses dedicated to the process of engagement with retail shareholders.

## The new Website [www.generali.com](http://www.generali.com)

The corporate Website is the tool with which all information relating to Generali is disseminated rapidly and internationally, including information to be announced to the market in compliance with current legislation. The website, available in English and Italian language versions, is regularly updated to ensure that all stakeholders receive correct, clear, exhaustive information.

The new Website went live in August 2015, at the conclusion of an innovative project developed in liaison with the main GHO functions. The Website, designed in accordance with a responsive approach (ie. optimised so that it can be viewed effectively not only on personal computers but also on tablets and smartphones using the iOS and Android operating systems), now provides more modern, simpler, clearer graphics, and navigation that complies with established international practices. Its editorial plan aims to develop subjects of general interest (such as insurance, finance, sustainability and innovation) thoroughly and creatively, with a more direct and attractive visual approach. Extensive use is made of video, photographic and infographic materials to meet the expectations of a public increasingly used to the latest sources of digital information.

Particular care has been taken with the presentation not only of the Company and the Group, but also of the basic concepts of insurance, commitment to responsible business, the Company culture, and personnel development. Specific sections are devoted to corporate governance, investor relations and media relations.

In accordance with the requirement for transparent information, a great deal of space has been devoted to presentation of the share structure and the financial and accounting data; other documents published punctually include the last approved financial statements, and the financial statements for several preceding years will be found in an easily accessible archive. A great deal of coverage is devoted to the financial results (quarterly, half-yearly and annual), which are described with a wide variety of documentary evidence and video materials.

The Investors section contains information relating to the composition of the share ownership (in the *Share Information and Analysts* subsection), together with all data and contact details reserved for Retail Investors.

The minutes of the General Meeting and the speeches by the Chairman, the Group CEO and the Group CFO are published in the *General Meeting* sub-section of the *Governance* section, together with the notice of call and the reports on the items on the agenda. The same documents, covering the last 10 financial years, are available in the *Governance* section of the website's General Archive. All the Company's most important documents, including the Articles of Association (available in English, Italian, French, Spanish and German), the General Meeting Regulation and the Report, can also be consulted and downloaded in the *Governance* section. At the same time, information can be obtained about internal dealing (with details of transactions performed by our internal dealers), related-party transactions, the Company's authorised representative, and the Organisational and Management Model. The rating agencies' opinions of the Generali shares, which are circulated rapidly by means of press releases, are also published on the Website (in the *Media* section).

To allow faster and easier access to information about the Company and establish direct contact, the telephone numbers and e-mail addresses of the contact persons of the Group Media & Web Communications, Investor & Rating Agency Relations, Corporate Affairs and Group Social Responsibility functions are available to users in the respective first-level sections.

The Website also includes a sub-section entitled *Events Calendar*, which lists the dates of meetings of the corporate bodies, such as the General Meeting and BoD meetings called to approve the draft annual financial statements, the consolidated financial statements, the half-yearly report and the quarterly reports.

For users who prefer only to have the latest information and those who use mobile devices with iOS and Android systems, our corporate app presents the information in which they are mainly interested in real time, in an optimised manner.

In the last available ranking (2015/2016) drawn up by Compend, which has evaluated the online institutional communications of the top 500 European companies for many years, *generali.com* ranked among the top 5 corporate sites in Italy, and for the 6th consecutive year among the best insurance company websites in the special European ranking. These results justify the decision to focus on quality of information, in terms of content and transparency, which the Company diligently pursues.



“

The number of electric cars on the road could reach over 20 million by 2020, helping to reduce air pollution

## Part III

### The corporate governance system

58	<b>Board of Directors</b>
58	Composition - Directors holding office
64	Appointment and replacement
65	Requirements for the position of Director
67	Non-executive and independent directors
68	Role
70	Operation
73	Board Review and Advice for Shareholders
75	Remuneration of Directors and key management personnel
76	<b>Chairman</b>
76	<b>Vice-Chairmen</b>
77	<b>Group CEO</b>
77	<b>Board Committees</b>
79	Risk and Control Committee
83	Related-Party Transactions Sub-Committee
84	Remuneration Committee
86	Appointments and Corporate Governance Committee
88	Investment Committee
90	<b>Board of Statutory Auditors</b>
90	Composition
92	Appointment and replacement
93	Requirements for office
94	Role
95	<b>External Auditors</b>

# The corporate governance system

## Board of Directors

Appointment: 30 April 2013  
Expiry date: 28 April 2016

Members: 11  
Executive directors: 1  
Independent directors: 7

Committees: 5

Risk and Control Committee, Remuneration Committee, Related-Party Transactions Sub-Committee, Investment Committee, Appointments and Corporate Governance Committee.

### Composition - Directors holding office

The 11-member Board of Directors currently in office was appointed by the General Meeting on 30 April 2013, and will remain in office until the approval of the financial statements for the year ending on 31 December 2015. The following 10 Directors were drawn from the majority list, submitted by shareholder Mediobanca S.p.A.: Gabriele Galateri di Genola, Vincent Bolloré, Francesco Gaetano Caltagirone, Mario Greco, Ornella Barra, Alberta Figari, Lorenzo Pelliccioli, Sabrina Pucci, Clemente Rebecchini and Paolo Scaroni. Paola Sapienza was elected from the minority list, submitted by some institutional investors under the aegis of Assogestioni. The proposals submitted by the BoD to the General Meeting did not include a proposal to authorise departures from the prohibition on competition laid down in s. 2390 of the Civil Code.

Some changes have taken place in the composition of the BoD compared with its initial composition. Following Vincent Bolloré's resignation (on 1 October 2013), Jean-René Fourtou was co-opted to the BoD on 6 December 2013, and his directorship was confirmed by the General Meeting on 30 April 2014. Clemente Rebecchini was appointed Vice-Chairman on 6 November 2013.

On 2 October 2014 Paolo Scaroni resigned his directorship, and consequently his role as Chairman of the Remuneration Committee. On 5 December 2014, the BoD resolved, on the proposal of the Appointments and Corporate Governance Committee and with the favourable opinion of the BSA, to replace him, and co-opted Flavio Cattaneo, whose appointment was confirmed by the General Meeting on 30 April 2015. Also on 5 December 2014, again on the proposal of the Appointments and Corporate Governance Committee, the BoD appointed Jean-René Fourtou as a new member of the Remuneration Committee, the chairmanship of which was assigned to Ornella Barra.

Following the cessation of relations with Mario Greco on February 9 2016, on March 17 2016 the Board co-opted Philippe Donnet and appointed him to the position of Managing Director of the Company and Group CEO.

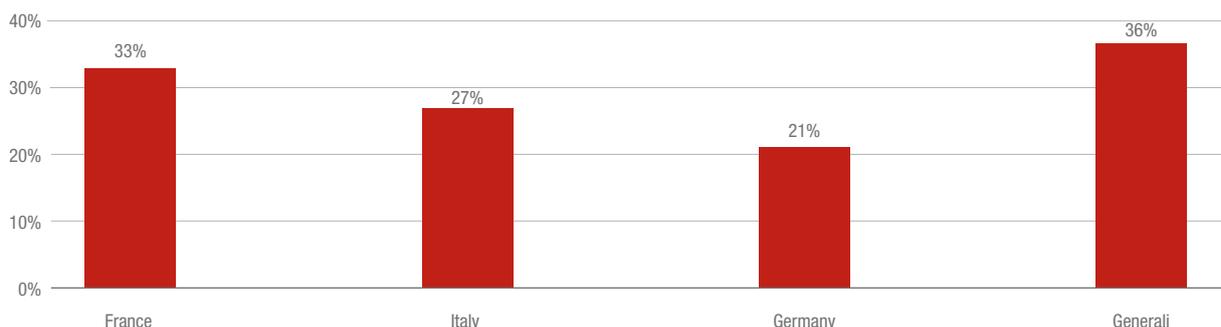
As regards gender diversity on the BoD, female members constitute 36.4% of the Board, as illustrated in the graph below. This is a higher percentage than the average European indexes.

### Applicable legislation

S. 144-*decies* of the CONSOB Issuers' Regulation states that the information about the composition of

the administrative and control bodies referred to in s. 144-*novies* must be included in the Report.

## Female representation on the BoDs of listed companies



Source: Standard Ethics

**Gabriele Galateri di Genola\***

Chairman - non-executive

\* Following the cessation of relations with Mario Greco on February 9 2016, until appointment of the new Group CEO, Philippe Donnet, exercised the functions of Group CEO implementing the company's succession policy.

**Nationality:** Italian**Position held since** 8 April 2011**Professional background:**  
Manager**Board Committees:** Chairman of the Appointments  
and Corporate Governance Committee**Career**

He was born in Rome on 11 January 1947. He holds a degree in law and an MBA from Columbia University. His professional career began in 1971 at the headquarters of Banco di Roma, with the role of head of the Financial Analysis Office and, later on, of head of the International Loans Office. In 1974 he joined the Saint Gobain Group, first in Italy as financial director, then in Paris, where he stayed until 1976. In 1977 he joined FIAT S.p.A., where he took on increasingly high-ranking positions: from head of the North, Central, and South American Operations of the International Finance Office to head of the International Finance Office and, finally, finance director. In 1986 he was appointed managing director of Ifil S.p.A. and, in 1993, he also held the position of managing director and general manager of IFI, roles which he would retain until 2002. In June 2002 he was appointed managing director of FIAT S.p.A. Between April 2003 and June 2007

he was chairman of the Board of Directors of Mediobanca S.p.A. and between 3 December 2007 and 12 April 2011 he was chairman of Telecom Italia S.p.A.. Furthermore, between 26 April 2003 and 24 April 2010 he was director and deputy chairman of Assicurazioni Generali S.p.A..

**Relevant positions for our policy on the plurality of offices**

He is a non-executive member of the Board of Directors of Moncler S.p.A. and Edenred S.A..

**Other positions:** member of the Board of Directors of Fondazione Giorgio Cini Onlus and of Lavazza S.p.A.. He is Chair of Istituto Italiano di Tecnologia (Italian Institute of Technology), Chairman of the Corporate Governance Committee of Borsa Italiana, a member of the Board of Overseers of the Columbia Business School and of the European Advisory Board of Temasek.

**Mario Greco**

Managing Director, General Manager (Group CEO),

Manager in charge of the internal control and risk management system

**Nationality:** Italian**Position held since** 1 August 2012**Professional background:**  
Manager**Board Committees:** Chairman of the Investment  
Committee**Career**

He was born in Naples on 16 June 1959, he graduated in Economics at the University of Rome in 1983 and received a master in International Economics and Monetary Theory at Rochester University, N.Y. (USA) in 1986.

He started his professional career in 1986 at McKinsey & Company, where he remained until 1994. In 1995, at RAS, he first served as head of the Claims Division, then - a year later - as General Manager and in 1998 he became Managing Director. In 2000 he was appointed CEO of Ras, a position he kept until 2005. In 2004 he was appointed as a member of the Vorstand of Allianz AG. In 2004 he was named "Insurance CEO of the Year". In 2005 he took on the role of CEO of the EurizonVita company, part of the Sanpaolo IMI Group and,

subsequently, that of CEO of Eurizon Financial Group. In 2007 he moved to Zürich Financial Services as Deputy CEO of Global Life to become CEO of Global Life and member of the Executive Committee the following year. In 2010 he was appointed CEO of General Insurance of Zurich Insurance Group, a position he held until 31 July 2012.

**Relevant positions for our policy on the plurality of offices**

There are no relevant positions for our policy on the plurality of offices.

**Other positions:** Chairman of the Board of Directors of Generali Italia S.p.A. since 6 November 2014.

**Francesco Gaetano Caltagirone**

Deputy Vice-Chairman - non-executive director - Independent\*

**Nationality:** Italian**Professional background:**

Entrepreneur

**Position held since** 28 April 2007,

Vice-Chairman since 30 April 2010

**Board Committees:** Investment Committee and  
Appointments and Corporate Governance Committee**Career**

He was born in Rome on 2 March 1943. After studying engineering, he revamped his family's construction firm, extending its business to the cement and media sectors, setting up one of the largest Italian business groups, which includes five publicly listed companies, significant strategic holdings and has a growing international presence. He was appointed "Cavaliere del Lavoro" in 2006.

**Relevant positions for our policy on the plurality of offices**

"Chairman of Caltagirone S.p.A., Caltagirone Editore S.p.A. and member of the Board of Directors of Cimentas (Caltagirone Editore S.p.A. and Cimentas belong to the Caltagirone Group).

**Other positions:** Chairman of Il Messaggero S.p.A., Il Gazzettino S.p.A. and Eurostazioni S.p.A.; member of the Board of Directors of Aalborg Portland."

**Clemente Rebecchini**

Vice-Chairman - non-executive director

**Nationality:** Italian**Professional background:**

Manager

**Position held since** 11 May 2012,

Vice-Chairman since 6 November 2013

**Board Committees:** Control and Risk Committee,  
Investment**Career**

He was born in Rome on 8 March 1964 and, after graduating in Economics and Business, he became a certified public tax accountant in 1988. In 1989 he joined Mediobanca.

**Relevant positions for our policy on the plurality of offices**

"Member of the boards of Atlantia S.p.A. and of Italmobiliare S.p.A..

**Other positions:** Head of the Shareholdings and Special Affairs Division of Mediobanca. Member of the Board of Istituto Europeo di Oncologia S.r.l."

**Ornella Barra**

Non-executive director - Independent\*

**Nationality:** Monegasque**Professional background:**

Entrepreneur

**Position held since** 30 April 2013**Board Committees:** Chair of the Remuneration  
Committee**Career**

She was born in Chiavari (near Genoa) on the 20 december 1953 and after graduating in Pharmacy at the University of Genoa she started her career in the pharmaceutical sector, initially as a pharmacist. In 1984 she founded a pharmaceutical distribution company named Di Pharma, which was subsequently bought by Alleanza Salute Italia, of which she later became Managing Director and Chair. She was a member of the board of Alliance Santé and executive director of Alliance Unichem Plc. Following the merger between the latter and Boots Plc., she held important positions in Alliance Boots.

**Relevant positions for our policy on the plurality of offices**

Executive Vice-Chair of Walgreens Boots Alliance, Inc. and member of the board of AmerisourceBergen Co..

**Other positions:** Chair and Chief Executive of Global Wholesale and International Retail. She is also among the founders of the European Pharmacists Forum (EPF), honorary professor at the University of Nottingham School of Pharmacy, Deputy Chair of the Italian Pharmaceutical Distributors' Association (ADF) e Chair of the International Federation of Pharmaceutical Wholesalers (IFPW) based in New York. She is a member of the board of Efficient Consumer Response Europe.

**Flavio Cattaneo**

Non-executive director

**Nationality:** Italian**Position held since** 5 December 2014**Professional background:**

Manager

**Career**

He was born in Rho on 27 June 1963 and graduated in architecture at the Politecnico in Milan and specialized in Real Estate Finance (at SDA Bocconi). Between 2005 and 2014 he was Managing Director of Terna. Between 2007 and 2011 he was Chairman of Terna Partecipações. Between 2003 and 2005 he was the General Manager of RAI, the Italian State TV. Between 1999 and 2003 he was Chairman and Managing Director of Fiera Milano (whose listing he oversaw in 2001). Between 1998 and 2001 he was Deputy Chairman of AEM (currently A2A) and managed its gas distribution operations as director of Triveneta Gas S.p.A. and of Seneca Gas S.p.A.. From 1989 to 1998 he was

the managing director of a number of construction companies and director of various real estate companies. His activities connected with the business sector include his membership of Confindustria's Giunta – the executive committee of the Italian Industry Confederation – and his role as deputy chairman of the industrialists' association of Rome. In 2011 he was conferred the honour of "Cavaliere del Lavoro".

**Relevant positions for our policy on the plurality of offices**

Independent director of Telecom Italia S.p.A..

**Other positions:** Managing Director of NTV S.p.A. and Chair of Domus Italia S.p.A.**Alberta Figari**

Non-executive director - Independent\*

**Nationality:** Italian**Position held since** 30 April 2013**Professional background:**

Lawyer

**Board Committees:** Chair of the Risk and Control Committee and of the Reletad-Party Transactions Sub-committee**Career**

She was born in Milan on 30 January 1964 and graduated in Law at the University of Milan in 1988. She received a Master of Laws at King's College in London and she joined the Bar Association of Milan in 1992.

**Relevant positions for our policy on the plurality of offices**

There are no relevant positions for our policy on the plurality of offices.

**Other positions:** She is a partner of the Clifford Chance law firm, where she gained significant experience in the sectors of company, banking/insurance, and financial law. She is a member of the Surveillance Body of Nice S.p.A. and of Landi Renzo S.p.A..**Jean-René Fourtou**

Non-executive director - Independent\*

**Nationality:** French**Position held since** 6 December 2013**Professional background:**

Manager

**Board Committees:** Remuneration Committee**Career**

He was born in Libourne (Gironde - France) on 20 June 1939. After graduating at the École Polytechnique in 1960, he began his career in the Bossard Group, where he was Chairman & CEO from 1977 to 1986. In 1986 he became Chairman and CEO of the Rhône-Poulenc Group. Between 1999 and 2002 he held the position of Deputy Chairman and CEO of Aventis (a company formed by the merger between Hoechst and Rhône Poulenc) and from 2002 on he was Chairman and CEO of Vivendi Universal. From 2005 to 2014 he was Chairman of the Supervisory Board of Vivendi and Co-chairman of the France – Morocco Group for Economic Development. In the past he was also a director of Nestlé, Canal+ Group, Schneider, Maroc Télécom, EADS, Pernod-Ricard, La Poste, Société Générale, Rhodia, CapGemini and Deputy Chairman of AxA. Jean-René Fourtou received numerous

honours, including Commander of the Order of the Legion of Honour (2008), Commander of the National Order of Merit, the International Leadership Award (United States Council for International Business (2004)), Commander of the Order of Ouissam Alaouite (Morocco, January 2005) and of the Order of Ouissam Al Moukafaa (Morocco, July 2005).

**Relevant positions for our policy on the plurality of offices**

Director of Sanofi-Aventis and of Addoha (Morocco).

**Other positions:** Honorary Chairman of Vivendi SA and of the Bordeaux University Foundation, of the French Movement for Quality and of the International Chamber of Commerce.

**Lorenzo Pellicoli**

Non-executive director - Independent\*

**Nationality:** Italian**Position held since** 28 April 2007**Professional background:**  
Manager**Board Committees:** Appointments and Corporate  
Governance Committee and Remuneration Committee**Career**

He was born in Alzano Lombardo (near Bergamo) on 29 July 1951. After starting his career in the fields of journalism and television, in 1984 he joined the Mondadori Espresso Group, where he soon held top positions. After moving to the Costa Crociere Group, between 1990 and 1997 he was first Chairman and Managing Director of Costa Cruise Lines and of Compagnie Française de Croisières, then Worldwide General Manager of Costa Crociere S.p.A.. He was Managing Director of SEAT Pagine Gialle S.p.A., director of ENEL, INA, Toro Assicurazioni and a member of the Advisory Board of Lehman Brothers Merchant Banking.

**Relevant positions for our policy on the plurality of offices**

Managing Director of De Agostini S.p.A. since 2005, Deputy Chairman of IGT PLC and Chairman of the Board of Directors of DeA Capital S.p.A. ( IGT PLC and DeA Capital S.p.A. belong to the De Agostini Group).

**Other positions:** Member of the Board of Directors of De Agostini Editore, Deputy Chairman of Editions Atlas. He also holds the position of Chairman of the Board of Directors of Zodiak Media as well as the role of member of the Council of general partners of B&D Holding di Marco Drago e C. S.A.P.A.. He is a member of the advisory boards of Investitori Associati IV, Wisequity II, Macchine Italia and of Palamon Capital Partners. Since 2006 he has also been a member of the Global Clinton Initiative.

**Sabrina Pucci**

Non-executive director - Independent\*

**Nationality:** Italian**Position held since** 30 April 2013**Professional background:**  
Professor**Board Committees:** Risk and Control Committee and  
Related-party Transactions Sub-committee**Career**

She was born in Rome on 30 August 1967 and, after graduating in Economics and Business at La Sapienza University in Rome and many years of experience at regulator authority, she started her academic career. Her main research fields include international accounting principles, risks, insurances, banks, financial instruments, non-tangible assets, and pension funds. She wrote numerous scientific publications concerning her research fields.

**Relevant positions for our policy on the plurality of offices**

There are no relevant positions for our policy on the plurality of offices.

**Other positions:** she has been Full Professor of Business Administration at the Economics Faculty of Roma Tre University since 2005. She is a member of the Insurance Accounting Working Group at the EFRAG.

**Paola Sapienza**

Non-executive director - Independent\*

**Nationality:** Italian**Position held since** 30 April 2010 -**Professional background:**  
Professorshe was elected in the minority list  
**Board Committees:** Risk and Control Committee, Related-party  
Transactions Sub-committee and Investment**Career**

She was born in Catania on 19 March 1965. After graduating in political economics at Bocconi University, in Milan, she later specialized at Harvard University, receiving first a master, then a Ph.D. in economics. After a stint at the research department of the Bank of Italy, she launched her academic career in the United States. Her specialization areas and the subjects of numerous publications written by her include, in particular, corporate governance, corporate finance and banking economics.

**Relevant positions for our policy on the plurality of offices**

There are no relevant positions for our policy on the plurality of offices.

**Other positions:** Today she holds the Finance Merrill Lynch Professor chair at the Kellogg School of Management of Northwestern University. She has been a Research Associate at the National Bureau of Economic Research and director of the American Finance Association since 2011.

\* Independence according to the CG Code

**Giuseppe Catalano**

Secretary of the Board of Directors

**Nationality:** Italian**Professional background:**

Manager

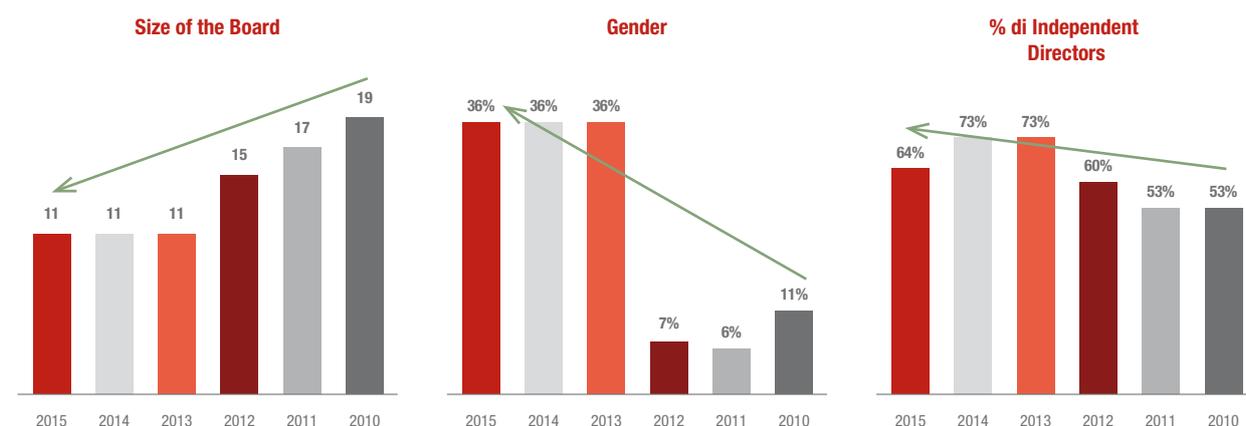
**Position held since** 15 January 2015**Career**

He was born in Bari on 21 April 1967. From 2005 to January 2015 he was Legal and Corporate Affairs Executive Director of Indesit Company S.p.A., with responsibilities of co-ordination of all the legal and corporate advisory activities of the Group. Between 2000 and 2005 he was head of the Legal and Corporate Division of Natuzzi S.p.A., a company listed on the NYSE, and, previously, he was in-house counsel at various banks in Italy and Luxembourg. He practiced law and received a post-graduate diploma from SSSUP S. Anna, Pisa. He taught financial markets law as a sessional professor and he was

the public prosecutor's consultant in a criminal proceeding concerning the analysis of organisational and control models, pursuant to Legislative Decree 231/2001, of the companies under investigation. He has written numerous scientific contributions in various areas of civil and commercial law.

**Positions currently held**

He is a member of the Consultative Working Group of ESMA's Secondary Markets Standing Committee.



As at the end of the 2015 financial year, the mean age of members of the BoD was about 59, and the median age about 56. On the basis of its membership over the last 12 years, the BoD has a balanced distribution. The average seniority is 5.03 years; 36% of members have above-average seniority, 18% between the average and 3 years, and 45% under 3 years.

The present BoD's members reflect the presence, either directly or through representatives, of some of the most important shareholders, business owners operating in a variety of business sectors, executives of major Italian

and foreign companies, university lecturers on economic and financial subjects, and members of the professions. In particular, 64% of members have experience as directors of issuers with high stock-market capitalisation and a managerial profile, 55% have experience in the insurance field and in industry, 36% have skills in the financial & accounting field, while 27% have skills in the academic and business fields and 9% in the legal profession. The level of professional experience found in the current composition of the BoD therefore appears to be appropriate in relation to the business carried on by the Company and the Group.

## Appointment and replacement

The Articles of Association state that the BoD shall consist of not less than 11 and not more than 21 members, appointed by the General Meeting after establishing their number.

With the introduction of the list voting system into our corporate governance, the majority list is entitled to appoint the entire BoD, apart from one, two or three Directors (drawn from the list that obtained the second-highest number of votes), depending on whether the number of Board members to be appointed, pre-determined by the General Meeting, is 11, between 12 and 15 members, or more than 15 respectively. Members of the BoD must meet the statutory requirements of professionalism, respectability and independence, and at least a third of directors must also meet the statutory independence requirements for Statutory Auditors<sup>3</sup>. If the number of members of the BoD established by the General Meeting is not a multiple of 3, the number of Independent Directors called on to serve on the BoD is rounded down to the nearest unit.

Lists may be submitted by shareholders who, either alone or jointly with others, represent at least 0.5% of Generali's share capital. All those entitled to vote, companies directly or indirectly controlled by them, and companies directly or indirectly subject to joint control, may submit only one list. The Articles of Association do not entitle the BoD to submit lists.

The composition of the BoD must comply with the gender balance required by current legislation. The Articles of Association also specify age limits for the positions of Director (77 years), Chairman (70 years) and Managing Director (65 years).

Elections to the BoD are conducted as provided by art. 28 of the Articles of Association. All the Directors to be elected are drawn from the list that obtained the highest number of votes cast by shareholders on the basis of the sequential number with which the candidates are listed in the list, with the exception of those to be drawn from the second list. If the number of Directors

of the less represented gender drawn from that list is less than the statutory number, the elected candidate who has the highest sequential number and belongs to the more represented gender is excluded; the excluded candidate is replaced by the next candidate belonging to the less represented gender, drawn from the same list as the excluded candidate. If it is impossible to draw the necessary number of Directors of the less represented gender from the list that obtained the highest number of votes, the missing directors are appointed by the General Meeting by majority vote.

Lists must be filed at the Company's registered office not later than the 25th day before the date of the first or only convocation of the General Meeting. The following shall be submitted together with the lists:

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

Members of the BoD hold office for three financial years; their appointment expires on the date of the General Meeting that approves the financial statements for the last financial year of their term of office, and they may be re-elected. If directors are appointed during the three-year period, the appointments of the newly-elected members expire at the same time as those of the directors already holding office.

If a director drawn from the minority list ceases to hold office, that director is replaced by the BoD by appointing the first of the unelected candidates in the list to which the replaced director belonged, provided that the said candidate is still eligible and willing to accept the office; if a director drawn from the majority list ceases to hold office, the General Meeting replaces that director, if possible, by appointing the replacement from among the

<sup>3</sup>

The positions of director meeting these particular independence requirements and minority director may be held by the same person.

candidates on the same list who have already accepted the replacement.

In all other cases in which a Director ceases to hold office during the three-year period, s/he is replaced in accordance with the current statutory provisions. If an Independent Director ceases to hold office, his/her replacement, co-opted by the BoD on the proposal of the Appointments and Corporate Governance Committee or appointed by the General Meeting, must meet the statutory independence requirements for appointment as Statutory Auditor.

The BoD appoints a Secretary, who need not be a Director. According to an established practice, the Secretary holding office is not a Director of the Company.

Generali has a policy for the Group CEO's Succession Plan, approved by the Board of Directors on the proposal of the ACGC, which has the annual task of examining proposals for amendments to the Plan and submitting them to the BoD for examination. The process of identifying the Group CEO's successor involves 2 separate

procedures: the final procedure and the procedure used in urgent situations. In both procedures the BoD is supported by the ACGC which, in turn, is assisted by the Group HR and Organisation Function. The aspects relating to compensation payable in the event of early termination of the term of office of the Group CEO and the other connected aspects are set out in the Remuneration Report..

The BoD, after consulting the ACGC, has also approved a succession planning policy for the key figures in the Group. The target population involved was divided into 3 definition levels. It primarily relates to members of the Group Management Committee (GMC) and the Global Leadership Group (GLG), consisting of some 200 key executives of the Group who, as a whole, constitute the top management of Generali (these are positions in the countries, the business lines and the GHO which have a significant impact on the business results). The succession planning process also involves the possible successors of the members of the GLG, identified as about 200 people.

## Requirements for the position of Director

Directors must be chosen according to criteria of professionalism and competence from persons who have acquired a total of at least three years' experience in the exercise of qualifying professional activities.

They must also meet specific requirements of respectability and independence, namely those laid down in the CFBA and the CG Code. Loss of the requirements of professionalism, respectability or independence laid down in the Articles of Association entails debarment

from office. As already stated, persons aged 77 or more at the time of appointment cannot be elected as directors.

To ensure compliance with the terms of the Solvency II Directive and s. 5.2.I of ISVAP Regulation no. 20/2008, Generali has approved a Fit&Proper Policy which sets out the minimum mandatory requirements of professionalism and respectability for those who hold certain key offices or roles ("Key Personnel"<sup>4</sup>), the minimum contents, and the time allowed to evaluate whether those requirements are met.

4

Key Personnel: members of the Board of Directors; members of the Board of Statutory Auditors; the Group CEO and his first reporting lines ("Key management personnel"); the Heads of the Control Functions (ie. the Compliance, Internal Audit, Risk Management and Group Actuarial Functions); and personnel who exercise control over some outsourced activities (management of insurance portfolio, management of financial and real estate assets)

### Applicable legislation

The Economic Development Ministry's Decree no. 220 of 11 November 2011 sets out the requirements of professionalism, respectability and independence for Directors, Statutory Auditors and General Managers of insurance and reinsurance Companies whose registered office is situated in Italy that candidates must possess, failing which they are ineligible. During their term of office, lack of those requirements and the presence of disqualifying situations entails debarment from the appointment, which the Board of Directors must declare within 30 days of the date of the appointment or becoming aware of the supervening lack of the said requirements. If the Board of Directors fails to take action with regard to the requirements of professionalism, respectability and independence, the debarment is ordered by IVASS pursuant to art. 76.2 of

the Private Insurance Code.

In particular, s. 147-ter of the CFBA states that at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, shall meet the independence requirements established for Statutory Auditors by s. 148.3 thereof. The Articles of Association state that this requirement must be met by at least one-third of the members of the BoD: if their number is not a multiple of three, the number of Independent Directors will be rounded down to the nearest unit. Once again, loss of the requirement entails debarment from office.

Finally, the independence requirements laid down by art. 3 of the CG Code must be met by at least 1/3rd of the directors: however, as they are not required by the Articles of Association, their loss does not entail debarment from office.

The competence of the Directors is evaluated by the BoD from both the individual and the collective standpoint. Our Fit&Proper Policy establishes that members of the Board of Directors and BSA must collectively possess suitable experience and knowledge, at least relating to:

- the markets on which the company in question operates
- strategy and business model
- governance system
- actuarial and financial analysis (for insurance companies)
- legislative context and regulatory requirements.

As regards timing, the evaluation of professionalism must be conducted:

- when a new member is appointed
- at least once a year
- in the event of changes to the composition of the body

The policy states that Key Personnel must also be respectable (ie. reliable, financially sound and with a good reputation) in order to perform their responsibilities. It also states that unless otherwise specified by law, past infringements do not automatically entail loss of the respectability requirement. The evaluations regarding the respectability requirements for Key Personnel must be conducted together with those relating to the requirements of professionalism.

Acceptance of office implies that the Director has already established that s/he will be able to devote the necessary time to diligent performance of his/her tasks, taking account of the number of directorships or appointments as statutory auditor held in other companies (listed on Italian or foreign regulated markets, or in finance, banking or insurance companies or other large companies), and of the other professional activities performed by the person concerned.

Large companies are defined as those with net equity exceeding EUR 10 billion.

A maximum of 2 offices for executive directors and 5 for non-executive directors is usually deemed to be compatible with the effective performance of a directorship of the Company. Offices held in companies in the same Group will be considered as a single office.

As every year, the independence, professionalism and respectability requirements have been checked, also according to the terms of the Fit&Proper Policy, and no situations involving loss of the requirements, incompatibility (also pursuant to s. 36 of Statute no. 214/2011), or exceeding the allowed number of offices, were found.

### Applicable legislation

Statute no. 214/2011, s. 36: in order to protect competition and the independence of members of the top management of companies operating on the credit and financial markets:

- persons holding offices in management, supervision and control bodies and top management executives of companies or groups of companies operating on the credit, insurance and financial markets are prohibited from accepting or exercising similar functions in competing companies or groups of companies;
- for the purpose of the prohibition contained in sub-section 1, “competing” shall mean companies or groups of companies between which there is no controlling relationship as defined in s. 7 of Statute

- no. 287 of 10 October 1990, and which operate on the same geographical and product markets;
- holders of incompatible offices as defined in the said Decree may, within ninety days of the date of appointment, choose which office, to which they were appointed by the competent company body, they will continue to perform. If no such option is exercised by that date, the holder shall be debarred from both offices, and the debarment shall be declared by the competent governing bodies of the organisations concerned within thirty days after the said period expires or breach of the prohibition comes to their knowledge. If no action is taken, the debarment shall be declared by the Regulator of the appropriate industry.

### Non-executive and independent directors

As at 31 December 2015, 7 of the 10 non-executive directors met the independence requirements laid down in the CG Code, according to which the Chairman and the Group CEO are “leading representatives”, and therefore not independent.

The number of non-executive and independent directors is sufficient to guarantee that their opinion has decisive importance when decisions are taken by the Board of Directors. Their professional background enables the BoD and the Board Committees to embark on challenging, in-depth discussions of the subjects submitted to them; the Board Committees mainly consist of non-executive and independent directors, and their support for the decisions of the Board of Directors has increased considerably in the last few years, as illustrated in the chapter devoted to them.

The independence requirement was checked at the Board meeting held on 17 February 2016, and a further check will be performed in May, when the General Meeting has appointed the new Board of Directors. All Directors meet the independence requirements laid down by the insurance supervision legislation (Economic Development Ministry’s Decree no. 220 of 11 November 2011). It was also confirmed that all Directors who met the independence requirement laid down by the CFBA at the time of their appointment still met that requirement. The only directors who do not meet the requirement laid down by the CG Code are Gabriele Galateri, Clemente Rebecchini and Flavio Cattaneo. When conducting this

last assessment, the BoD did not use any valuation parameters other than those specified in the CG Code, or any predefined quantitative or qualitative criteria, to evaluate the significance of the positions assessed. Nevertheless, the ACGC, and subsequently the BoD, have considered the possible existence of “significant professional and business relations”, in particular between Directors who are professionals or executives and the organisations to which they belong, included the relationships between Alberta Figari and the legal firm she is part of, and established their absence. Conversely, in the case of Flavio Cattaneo, the BoD considers that his position as Managing Director of NTV, an investee company of Generali, entails loss of the independence required by the CG Code.

The BSA has established that the criteria and procedures adopted by the BoD to evaluate the independence of its members are correctly applied.

The Company, accepting also some recommendations provided by BSA in this regard, is on the way to strengthen the systems supporting the assessment mentioned above in order to improve continuously such processes.

The figure of Lead Independent Director (LID) recommended by the CG Code is unnecessary, because according to our governance structure, the Chairman of the BoD is not an executive director and does not control the Company. Moreover, the Independent Directors have not so far submitted a proposal to appoint an LID to the BoD. The institution of the said figure emerged as a point to be considered during the 2015 Board Review, but it was decided to leave it up to the new BoD to take a decision on the matter.

The Independent Directors met twice in 2015.

The average attendance of the Independent Directors at Board meetings was 100% in 2013, 96% in 2014 and 92% in 2015. For more detailed information, see **Table**

**2** annexed to the Report, containing information about each Director's attendance.

## Role

The BoD is vested with the broadest management powers for the furtherance of the corporate objectives. It is also the body responsible for ensuring that the resolutions passed by the General Meeting are implemented promptly and correctly.

Its responsibilities primarily include those specified in the Articles of Association as being the sole responsibility of the BoD, such as proposals for distribution of the annual profit, approval of strategic, industrial and financial plans, transactions of major economic, financial or capital importance, and significant related-party transactions.

In the course of its actions the BoD has instituted an approach based on sustainability of business management; this objective is pursued by means of strategic planning focusing on a 3-year time scale, subject to periodic supervision, which leverages the skills and work of the GHO structures. This context also includes the redefinition, in 2015, of the internal risk management model, illustrated in *Part IV* below dedicated to the *Internal Control and Risk Management System*.

Its non-delegatable responsibilities also include, again pursuant to the Articles of Association:

- distributing interim dividends to shareholders during the year;

- formulating proposals for distribution of the profits;
- opening or closing head offices and stable organisations abroad;
- resolutions relating to mergers, in the cases allowed by law, opening or closing of secondary premises, and amendments to the terms of the Articles of Association and General Meeting Regulation if they become incompatible with new mandatory legislative provisions;
- resolving on the commencement or termination of operations in individual business sectors;
- appointing one or more General Managers, establishing their powers and duties, and revoking their appointment;
- taking decisions on the criteria for management and coordination of the companies belonging to the insurance group and the implementation of instructions issued by IVASS;
- resolving on the other subjects which by law cannot be delegated by it.

As regards accounting documents, the statutory responsibilities of the BoD include drawing up:

- the annual financial report;
- the half-yearly financial report as at 30 June of each year;
- intermediate management statements as at 31 March and 30 September of each year.

### Applicable legislation

S. 2381 of the Civil Code establishes the subjects for which the BoD has sole responsibility, namely those indicated in ss. 2420-*ter* (Delegation to directors), 2423 (Drafting of financial statements), 2443 (Delegation to

directors), 2446 (Reduction of capital due to losses), 2447 (Reduction of share capital below statutory limit), 2501-*ter* (Merger plan) and 2506-*bis* (Demerger plan) thereof.

The further responsibilities reserved for the BoD by Board resolution are listed in full in **Annex 1** to the Report.

Pursuant to s. 150 of the CFBA and art. 32 of the Articles of Association, the BoD reports promptly, and at least quarterly, to the BSA on the activities performed, and in particular on operations having a major economic, financial and capital impact and operations in which Directors have an interest, on their own account or on behalf of third parties.

The report is submitted periodically by the Group CFO at Board meetings by illustrating specific reports drawn up in accordance with a pre-defined process. The BoD and the BSA are also informed about the general business trend, its likely developments and operations with a major economic, financial and capital impact. The information in question relates not only to executive activities and developments of operations already resolved

on by the BoD, but also to initiatives undertaken by the Executive Bodies, including through the Subsidiaries, in the exercise of the powers delegated to them, including decisions taken and projects commenced.

In 2015 the BoD, with the prior opinion of the RCC, conducted the usual assessment of the adequacy of the organisational, administrative and accounting systems of the Company and its Strategic Subsidiaries. It also designed the process for 2016, which will take account of the development of the structure and introduce the requirement for a declaration to be issued by the CEO of each Strategic Subsidiary after self-assessment. When evaluating the Subsidiaries, other qualitative criteria are also taken into consideration, such as those relating to companies which, although the size of their capital is not significant, make an essential contribution to the Group in view of the activities they perform. The current subsidiaries with strategic importance are as listed in the table below.

Area	Country/Group	Strategic subsidiary
Italy	IT	1.Generali Italia S.p.A. 2.Alleanza Assicurazioni S.p.A. 3.Genertellife S.p.A. 4.Banca Generali S.p.A. 5.Generali Business Solutions S.C.p.A.
France	FR	1.Generali France Assurance S.A. 2.Generali Vie S.A. 3.Generali France S.A. 4.Generali IARD S.A.
Germany	D	1.Generali Deutschland Holding AG 2.AachenMünchener Lebensversicherung AG 3.Central Krankenversicherung AG 4.Generali Lebensversicherung AG 5.Cosmos Lebensversicherungs AG 6. AachenMünchener Versicherung AG 7.Generali Deutschland Informatik Service GmbH 8.Generali Deutschland Schadenmanagement GmbH 9.Generali Deutschland Services GmbH
CEE	CZ	1.Generali CEE Holding B.V. 2.Ceska Pojistovna a.s. 3.Generali Investments CEE a.s.
EMEA	A	1.Generali Holding Vienna AG 2.Generali VIS Informatik GmbH 3.Generali Versicherung AG
	E	1.Generali España, Sociedad Anónima de Seguros y Reaseguros 2.Grupo Generali España Agrupación de Interés Económico 3.Generali España Holding de Entidades de Seguros S.A.
	CH	1.Generali Personenversicherungen AG 2.Generali (Schweiz) Holding AG
Asia	RC	1.Generali China Life Insurance Co. Ltd
International Operations	Generali Investments	1.Generali Investments Europe S.p.A SGR 2.Generali Investments Deutschland Kapital MBH
	Generali Real Estate	1.Generali Real Estate S.p.A.

## Applicable legislation

Art. 151 of the Issuers' Regulations states that Italian and foreign subsidiaries, even if included in the consolidated financial statement, owning less than 2% of the assets in the consolidated financial statement and with revenues under 5% of the revenues in the consolidated financial statement are not considered of significance, provided that the sum of these companies' assets and liabilities does not exceed 10% or 15% of consolidated assets

and liabilities, respectively. The same article establishes that Italian and foreign subsidiaries are considered significant if, in view of the type of business conducted or the type of contracts, guarantees, commitments and risks concluded and undertaken, they are considered to have a significant influence over the economic situation, assets and financial circumstances of the Group to which they belong.

## Operation

The BoD meets regularly, at least quarterly, in accordance with the statutory time limits and an annually approved schedule, and is organised and operates in such a way as to guarantee the efficient, effective performance of its functions.

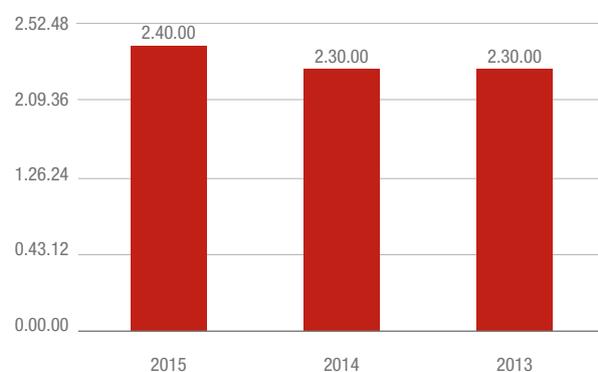
Two Board regulations have been introduced to govern and schedule the Board's activities:

- the *Regulation of the BoD and the Board Committees*, which incorporates the system of Company regulations governing the activities of the said bodies and formally specifies (*inter alia*) the rights, duties, powers and responsibilities of the Company's Directors acting in the capacity of members of its collective governing bodies;
- the *Internal Regulation governing the preparation of the agenda of meetings of the BoD and the Board Committees*, which governs the process designed to ensure adequate reporting to Directors regarding the items on the agenda.

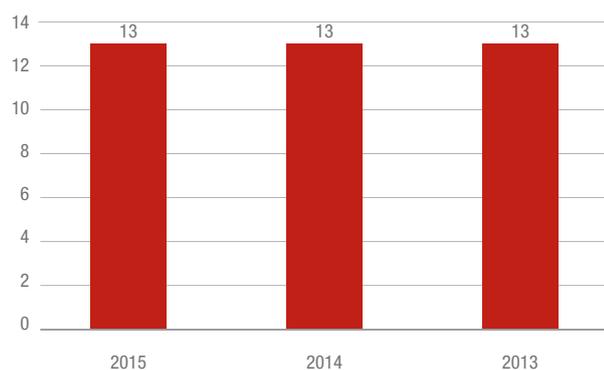
The documentation relating to meetings must be made available to Directors not less than 4 working days before each meeting. This was impossible on some occa-

sions in 2015, but only for a small number of documents, not relating to significant motions on the agenda, but merely to information reports; in any event, the documentation was always made available before the meeting and illustrated and analysed during the meeting. To assist Directors in focusing effectively on the subjects under discussion, an Executive Summary is provided for each item for which the documentation exceeds about ten pages.

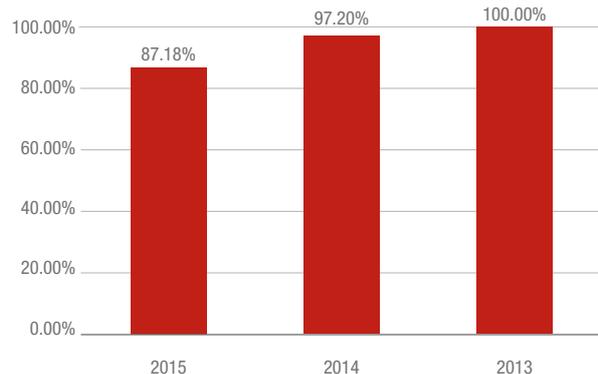
**BoD: average duration of meetings**



**BoD: number of meetings**



**BoD: average attendance at meetings**



At each meeting of the BoD the Chairman, as required by s. 2391 of the Italian Civil Code, always asks Directors who have an interest in any of the items on the agenda, either on their own account or on behalf of others, to declare it; if such an interest is declared, the Directors must specify, for the item in question, the nature, terms, origin and extent of the situation relevant for the purpose of the legislation in question. When such situations have occasionally arisen, Directors have duly provided information about them.

The number of annual meetings of the BoD held in the

last three-year period (2013-2015) was always 13. 12 meetings are currently planned for 2016.

The average attendance of Directors at Board meetings was 87.18% in 2015 (100% in 2013 and 97.2% in 2014). In the last financial year the average duration of each meeting was about 2 hours 46 minutes (about 2½ hours in 2014 and 2013). Minutes of each meeting were drawn up, and approved at the next meeting.

**Table 2** annexed to the Report shows Directors' individual attendance; in the event of absences, the directors in question always sent apologies for absence.

### BoD's 2015 DIARY – Main goals

MONTH	STRATEGY AND FINANCE	INTERNAL CONTROLS AND RISK MANAGEMENT	GOVERNANCE
February	<ul style="list-style-type: none"> <li>Update of performance review and succession planning processes</li> </ul>		<ul style="list-style-type: none"> <li>2014 Board Review Report</li> <li>Subjects relating to remuneration of top management and control functions</li> </ul>
March	<ul style="list-style-type: none"> <li>Approval of Consolidated Financial Statements and Draft Annual Financial Statements of Parent Company</li> </ul>		<ul style="list-style-type: none"> <li>Assessment of Directors' requirements of professionalism, respectability and independence</li> <li>Subjects relating to remuneration of key management personnel</li> <li>2014 remuneration report and remuneration policy</li> <li>2014 Corporate Governance and Share Ownership Report</li> <li>Call of General Meeting and approval of the Reports submitted to it</li> </ul>
April	<ul style="list-style-type: none"> <li>Examination of business trend</li> <li>Strategy Day</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation of adequacy and efficacy of the Internal Control and Risk Management System</li> </ul>	<ul style="list-style-type: none"> <li>2014 Sustainability Report</li> <li>Update to Sustainability Commitment Charter</li> </ul>
May	<ul style="list-style-type: none"> <li>Examination of Strategic Plan Guidelines</li> <li>Quarterly report as at 31 March 2015</li> </ul>	<ul style="list-style-type: none"> <li>Report on the Internal Control and Risk Management System, as required by art. 28.2 of ISVAP Regulation no. 20 of 26 March 2008</li> <li>Parent Company's Report drawn up pursuant to art. 28-bis of ISVAP Regulation no. 20 of 26 March 2008</li> </ul>	
June	<ul style="list-style-type: none"> <li>Examination of business trend</li> </ul>	<ul style="list-style-type: none"> <li>Progress of Solvency II project</li> <li>Solvency II Induction</li> </ul>	<ul style="list-style-type: none"> <li>Examination of subjects relating to long-term remuneration</li> </ul>
July	<ul style="list-style-type: none"> <li>Report on strategic planning guidelines</li> <li>Examination of business trend</li> <li>Half-yearly reports as at 30 June 2015</li> </ul>	<ul style="list-style-type: none"> <li>Approval of 2014 ORSA Report</li> <li>Approval of Internal Capital Calculation Model (Solvency II)</li> </ul>	
September	<ul style="list-style-type: none"> <li>Examination of business trend</li> </ul>		
October	<ul style="list-style-type: none"> <li>Examination of business trend</li> <li>Report on results of the engagement survey and the "people" initiatives associated with implementation of the Strategic Plan</li> <li>Strategy Day</li> </ul>		

MONTH	STRATEGY AND FINANCE	INTERNAL CONTROLS AND RISK MANAGEMENT	GOVERNANCE
November	<ul style="list-style-type: none"> <li>Quarterly Report as at 30 September 2015</li> </ul>		<ul style="list-style-type: none"> <li>2015 Board Review Report</li> </ul>
December	<ul style="list-style-type: none"> <li>Examination of 2015 forecast, 2016 budget and 2016-2018 rolling plan</li> </ul>		

## 2016 APPOINTMENTS FOR APPROVAL OF ANNUAL AND INTERIM FINANCIAL STATEMENTS

DATE	EVENT	FOCUS
17 March 2016	Board of Directors	Approval of consolidated financial statements and draft annual financial statements as at 31 December 2015
28 April 2016	General Meeting	Approval of 2015 annual financial statements
11 May 2016	Board of Directors	Approval of interim management statement as at 31 March 2016
28 July 2016	Board of Directors	Approval of half-yearly financial report as at 30 June 2016
9 November 2016	Board of Directors	Approval of interim management statement as at 30 September 2016

As recommended by the CG Code, our governance provides that members of the BoD must be independent and possess full knowledge of the facts when acting and passing resolutions on the subjects for which they are responsible, and pursue the objective of creating value for shareholders. In this context, the aim of increasing Directors' knowledge of the situation and dynamics of the Company and the Group is promoted by arranging for executives of the Company and the Group to attend meetings of the governing bodies regularly, to provide suitable information about the items on the agenda. Specifically, in 2015 the Group CFO attended all meetings of the BoD, and its meetings were also attended, in relation to the subjects for which they are responsible, by the heads of the 4 control functions, Group HR & Organisation, and Group Communication & Public Affairs.

The Chairman and the Group CEO, with the support of the Secretary, ensured that the BoD was informed about the main legislative and regulatory innovations relating to the Company and its governing bodies. Thus in 2015 the BoD conducted its own assessment of the possible introduction into our governance of shares

with enhanced voting rights; in-depth studies were also conducted on the development of the legislation governing drafting of the interim management statement. As regards enhanced-voting shares, the main shareholders were extensively consulted and, after an in-depth analysis by the ACGC and the BoD, the conclusion was reached that the time is not ripe to submit proposals to the General Meeting.

The BoD is also kept systematically updated about events on the international economic scene which are liable to have significant repercussions on our business.

Two study days on strategic subjects were held for Directors and Statutory Auditors in 2015. The meetings were held at operational offices of the Group abroad, to familiarise the Directors and Statutory Auditors with the main local areas in which the Group operates. They were attended by the executives most closely involved in the emerging strategic subjects, who drew up detailed reports about them which gave rise to a wide-ranging discussion between the management, Directors and Statutory Auditors.

Three study days on strategic subjects correlated with Solvency II were also held in 2015. On 2 occasions the meetings were organised with the assistance and participation of ANIA. Finally, to further the study of those subjects, a representative from one of our external consultants was invited to attend a Risk and Control Committee meeting and a subsequent Board of Directors meeting.

It was announced at 2 BoD meetings that members could attend training courses (induction sessions organised by Assonime and Assogestioni) reserved for non-

executive directors of listed companies, to promote the largest possible attendance.

To update the Directors and Statutory Auditors on Generali's share trend, they are sent monthly reports drawn up by the Investor & Rating Agency Relations structure which compare it with the performance of the Group's main European peers, together with analyses (usually quarterly) supplied by the Insurance Research Group on the general trend of the main listed insurance groups and the three-year market forecasts.

## Board Review and Advice for Shareholders

During the 2015 Board Review process, the BoD, after consulting the Appointments and Corporate Governance Committee, in accordance with a well-established practice, decided to instruct a leading firm of consultants, Egon Zehnder International, to provide support for evaluating the size, composition and operation of the BoD and the Board Committees. Egon Zehnder International received no other commissions from the Company or its Subsidiaries in 2015.

The process, which involved all Directors and the Chairman of the BSA, was conducted in September and October 2015 by means of a questionnaire, followed by meetings and/or individual interviews, organised in accordance with procedures designed to ensure confidentiality. The interviews were supplemented by analysis of previous assessments and the corresponding Company documentation. The Regulation of the BoD and its Committees, and the documents sent to Directors in relation to the study and training days organised, were also examined in this context.

The results of the Board Review were announced by the BoD, after examination by the ACGC, at the meet-

ing held on 4 November 2015; evaluations were subsequently expressed regarding strengths (listed in the table below) and areas requiring attention (illustrated in the brief description below), which summarise the results of the overall self-assessment process and the information to be included in the Advice for Shareholders that the BoD is required to prepare, especially for the benefit of shareholders who intend to submit lists for the appointment of the new Board of Directors to the 2016 General Meeting.

The 2015 Board Review took account of the fact that the BoD's term of office was about to expire, and therefore of the forthcoming Advice for Shareholders. In that context, Generali has undertaken a structured process of internal analysis and discussion with Shareholders and the financial community, with the aim of publishing its Advice for Shareholders at least 60 days before the General Meeting, to promote and stimulate evaluations by Shareholders. The Advice, approved by the BoD at the meeting held on 17 February 2016, after obtaining a favourable opinion from the ACGC, has been available in the *Governance/General Meeting* section of our Website since 18 February 2016.

**Board Review – STRENGTHS**

AREA	FOCUS	FAVOURABLE EVALUATION BY A LARGE MAJORITY OF RESPONDENTS
Composition of the Board of Directors	Adequate number	√
	Appropriate ratio between executive and non-executive directors and independent and non-independent directors	√
	A good mix of skills and diversity	√
	Substantive (as opposed to merely formal) independence of Directors	√
Operation and training of Directors	Adequate number of meetings, satisfaction with Directors' attendance	√
	A good internal atmosphere which promotes an open, direct, effective debate	√
	An effective, efficient decision-making process	√
	Punctual, high-quality information is received prior to each meeting; good management of price-sensitive information	√
	The BoD guarantees the implementation of a sound Risk Management System, and ensures its adequacy and efficiency	√
	Effective, detailed minutes	√
	Acknowledged usefulness and efficacy of the meetings of the Independent Directors, and favourable opinion of the institution of meetings for non-executive directors only	√
	Satisfaction with the 2015 training programme	√
	Good level of knowledge of the organisation and the members of the Group Management Committee	√
	Appreciation of the meetings held at the Group's premises abroad	√
	Satisfactory processes for the performance evaluation of the Group CEO and the members of the GMC	√
Role of Chairman	Recognised leadership, a role that promotes discussion and the convergence of individual opinions	√
	A balanced relationship between the Chairman and the Group CEO	√
Strategy and knowledge of the Group	A clear Company strategy and decisions by the BoD that reflect a balance between the short and medium/long term	√
	Strong focus on strategic discussion in the BoD, efficacy of Strategy Day	√
Board Committees and the BSA	The structure of the Committees is adequate, and support for the Board of Directors' decisions by means of opinions and presentations is appreciated	√
	Satisfaction with the activities of the BSA, and appreciation of the Chairman's authoritativeness and expertise on the subject of control and risks	√

One of the areas requiring attention that emerged was the need, felt by a majority of members, for more time to be devoted at BoD meetings to discussion of social and environmental sustainability (CSR) matters. This request was followed up by the BoD by activating specific plans, with the support of the new head of the CSR Function. Attention also focused on the succession process for key management personnel, the continuous process

of review of the Related-Party Transaction Procedures, and crisis management processes, with a view to their continual development to meet the Company's needs. Specifically as regards the Board Committees, one aspect requiring improvement was identified as the operation and mission of the Investment Committee and the possibility of dividing the activities of the RCC between risk and audit matters.

### Remuneration of Directors and key management personnel

Pursuant to s. 123-ter of the CFBA, ISVAP Regulation no. 39/2011, and the principles and application criteria laid down in art. 6 of the CG Code, the general policy for the remuneration of directors and key management

personnel is illustrated in a specific report approved by the BoD after consulting the Remuneration Committee, which will be submitted for examination and approval to the 2016 General Meeting.

The report will be available on the Website under the heading *Governance*, in the *Remuneration* and *General Meeting* sections.

## Chairman

The BoD elects the Chairman from among its members if the General Meeting has not done so. The Chairman is selected from candidates who meet specific professional requirements among those required of the other

Directors. A person aged 70 or over at the time of appointment cannot be elected.

The Chairman is an authorised representative of the Company, and acts in that capacity by signing together with another authorised representative under the Company's name<sup>5</sup>.

### Applicable legislation

The Ministry of Economic Development's Decree no. 220 of 2011 states that in order to be eligible for appointment, the Chairman, Managing Director and Executive Committee members of an insurance company must have performed at least one of the following activities for at least five years:

- administration, management and control of companies and organisations in the insurance, financial or credit sector;
- administration, management and control of public and private companies of a similar size to the insurance or reinsurance companies in

which the office will be held;

- professional activities in subjects associated with the insurance, credit or financial sector or university lectureships in economic, legal or actuarial subjects relevant to the insurance industry.

Candidates for the position of General Manager (or an equivalent position) are required to possess specific professional skills acquired in the insurance, credit or financial fields or through experience of working in executive positions of adequate responsibility for a period of not less than 5 years.

In addition to his statutory powers, the Chairman chairs the General Meeting in accordance with the rules set out in the General Meeting Regulation. He also calls and chairs meetings of the BoD and the Executive Committee, if appointed, sets their agendas, ensures that their members are enabled to prepare for each meeting, directs, coordinates and moderates their proceedings, and announces the results of the various votes. With

support from the Secretary, he draws up the minutes of each meeting of the BoD, which are usually made available to members within the next 15 working days.

Chairman Gabriele Galateri di Genola does not hold an operational position, as no powers other than the statutory powers and those granted by the Articles of Association have been delegated to him<sup>6</sup>.

## Vice-Chairmen

The BoD elects from among its members one or more Vice-Chairmen, who replace the Chairman in all respects in the event of his absence or inability to act. If there is more than one Vice-Chairman, the one who is also Managing Director acts as Deputy Chairman; if none of the Vice-Chairmen holds the position of Managing Director, the oldest Vice-Chairman stands in for the Chairman.

The Company has 2 Vice-Chairmen: Francesco Gaetano Caltagirone (who acts as Deputy Chairman pursuant to art. 30.2 of the Articles of Association) and Clemente Rebecchini.

According to the Articles of Association the Vice-Chairman, like the Chairman, is automatically a member of the Executive Committee, if appointed.

<sup>5</sup>

For further details, see the paragraph devoted to the Authorised Representative.

<sup>6</sup>

Following the cessation of relations with Mario Greco on February 9 2016, until appointment of the new Group CEO, Philippe Donnet, exercised the functions of Group CEO implementing the company's succession policy.

## Group CEO

According to the Articles of Association the Board of Directors can appoint one or more Managing Directors from among its members, and establish their powers. The Managing Director must not be aged 65 or over at the time of appointment.

Throughout the 2015 financial year the position of Group CEO was held by Mario Greco, the BoD having confirmed his appointment as Managing Director and General Manager on 30 April 2013.

In his capacity as Managing Director, he exercised the power of leadership and operational management of the Company and the Group in Italy and abroad, with all powers of ordinary administration, in accordance with the general planning and strategic policies established by the BoD and within the value limits specified below, without prejudice to the powers granted by legislation or the Articles of Association exclusively to other governing bodies of the Company or otherwise delegated by the Board of Directors. The formal powers of the Managing Director are set out in **Annex 2** to the Report.

In the capacity of General Manager, he performed tasks involving responsibility for the strategies of the Company and the Group.

In view of the roles and delegated powers granted to him, which made him the person principally responsible for the management of the Company and the Group, Mario Greco was appointed Group Chief Executive Officer.

The Group has introduced a specific policy, approved by the BoD, to monitor the exercise of the delegated powers held by the Group CEO. It involves a flow of information from all the structures of the Company and the Group which report to the Group CEO and Group CFO; the latter, with the aid of one of his Functions, receives and examines it, thus supporting the Group CEO in his

quarterly reports to the BoD and BSA. This policy and the related operational procedures were regularly applied in 2015.

A report on the Group's general business trend, broken down by geographical area and business unit, its forecast development and operations of major economic, financial and capital impact, is also submitted, on average at monthly intervals.

As from 9 February 2016, following the termination by consent of Mario Greco's contract with Generali, the powers of the Group CEO were temporarily transferred to the Chairman in accordance with the corresponding succession plan policy, pending completion of the procedures for identification and appointment of the new Managing Director.

After Mario Greco left the Company, information was provided to the market in a press release about the financial terms of the early termination of his contract of employment, stating that they were in line with the remuneration policy approved by the General Meeting. On March 17 2016 the Board of Directors co-opted Philippe Donnet and appointed him to the positions of Managing Director of the Company and Group CEO, granting him all powers and responsibilities for management of the Company and the Group formerly assigned to Mario Greco.

On the same date, the Board of Directors appointed Alberto Minali to the post of General Manager, awarding him powers, to be exercised in the context of the policies defined by the Board and the Group CEO, in the areas of Strategy & Business Development, Insurance & Reinsurance, Finance, Operations, Marketing and Data: management of human resources within its organisational perimeter is functionally answerable to the General Manager under the Group's HR policies. The General Manager attends all Board meetings.

## Board Committees

Generali has instituted 4 Board Committees and 1 Sub-Committee, which perform consultative, recommendatory and preparatory functions for the BoD.

The Risk and Control Committee (RCC), Remuneration Committee (RemCom) and Appointments and Corporate Governance Committee (ACGC) were appointed in

accordance with the recommendations of the CG Code. The distribution of powers and responsibilities between the various committees complies with the indications contained in the said Code.

The BoD has also instituted the Investment Committee (InvCom) and, as a sub-committee of the RCC, in compliance with the terms of Consob Regulation no. 17221 of 12 March 2010, the Related-Party Transactions Sub-Committee (RPTSC)

The basis for the institution of Board Committees has been identified as art. 34 of the Articles of Association, which empowers the BoD to set up consultative committees, which may be sub-committees of the BoD, and to establish their powers.

The operation of the Committees is guaranteed by the “Regulation of the Board of Directors and the Board Committees”.

The members of each Committee are appointed by the Board of Directors and, unless otherwise decided by the BoD, selected from among its members. The Board Committees’ term of office expires at the same time as that of the BoD. If one or more members should be lacking for any reason, the BoD replaces them, if it thinks fit, with its members who meet the requirements for holding the office in question.

The Chairmen of the Board Committees, appointed by the BoD from among its members, call meetings of their committees, drawing up the agendas, preparing the proceedings, coordinating and moderating the discussion. At the first possible BoD meeting they submit a report on the activities performed by the Board Committees and the proposals, opinions and recommendations formulated. In the event of their absence or inability to act, the Chairmen of the Board Committees are replaced in all their powers by the oldest Committee member.

For the organisation of their proceedings, the Board Committees call on the support of a secretary, appoint-

ed by the BoD or by the Committees themselves, who need not be a Committee member, and on the support of the Corporate Affairs Function.

The Board Committees meet, on the invitation of their Chairman or the person standing in for him/her, at the place specified in the notice of call sent to all members at least 4 working days before the date of the meeting. In case of emergency the said period can be reduced to 2 days. Documentation relating to meetings is made available to Directors at the same time as the notice of call. This was impossible on some occasions in 2015; however, the documentation was always made available before the meeting, and illustrated and analysed during the meeting.

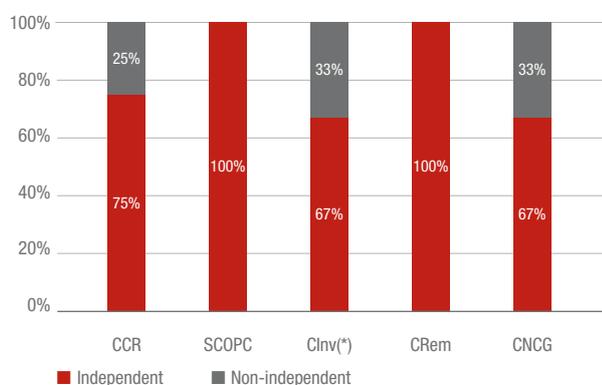
The Board Committees normally meet on the basis of a calendar approved by the end of each financial year, and updated whenever the Chairman of each one thinks fit; their meetings are usually held before Board of Directors meetings, in time to allow discussion of the subjects for which they are responsible, the results of which are then submitted for examination and evaluation by the BoD.

Board Committee meetings can be attended by non-members, including other Directors and executives of the Company and the Group, at the request of the Committee Chairman, in relation to individual items on the agenda. Minutes of each meeting are drawn up, and signed by the Committee Chairman and Secretary.

The Board Committees, in the performance of their duties, are entitled to access the information and Company functions deemed necessary for the performance of their duties, and to call on external consultants, on the terms established by the BoD. In this context, attendance at meetings by the Company’s executives with expertise in the items on the agenda was requested several times in 2015, and they provided members of the Board Committees with analyses and documentation useful for taking the related decisions.

The committees recommended by the CG Code have an annual expenditure budget granted by the BoD (which has reserved the right to approve the budget at least annually, including for the committees whose institution is not expressly recommended by the CG Code). Board Committee members are entitled to reimbursement of expenses incurred for attending meetings, and the fee established by the BoD, if any.

**Composition of Committees**



(\*) The Investment Committee consists of five Directors and two Senior Executives of the Group

## Risk and Control Committee

### RCC

Office held	Forenames and surname
Chairman Non-executive independent director	Alberta Figari
Committee Member Non-executive independent director	Sabrina Pucci
Committee Member Non-executive director	Clemente Rebecchini
Committee Member Non-executive independent director	Paola Sapienza

The Risk and Control Committee has consultative, recommendatory and preparatory functions on the subjects of internal controls and risk management.

The RCC currently in office was appointed in April 2013 by the BoD, which elected as its Chairman independent director Alberta Figari, until the General Meeting that approves the annual financial statements as at 31 December 2015.

Giuseppe Catalano has acted as Secretary since 15 January 2015.

The BoD has established that 3 of the 4 members meet the independence requirement. The decision to appoint non-independent director Clemente Rebecchini as a member was taken in view of his extensive experience on financial matters and risk management. In any event, the majority of members of the RCC possess specific skills and experience in accounting and financial matters.

The RCC assists the BoD in determining the guidelines for the internal control and risk management system, the periodic check on its adequacy and effective operation, and the identification and management of the main business risks, including those deriving from prejudicial facts which come to the notice of the BoD.

The RCC is also required to perform consultative, recommendatory and preparatory activities for the BoD on social and environmental sustainability matters involving the Company and the Group.

The responsibilities reserved for the RCC by resolution of the BoD are listed in full in **Annex 3** to the Report.

The Related-party Transactions Sub-Committee of the RCC, which will be further described below, expresses its opinion of the related-party transactions submitted for its examination by the BoD or the Executive Bodies, in accordance with procedures approved by the BoD.

## 2015 RCC DIARY – Main opinions and evaluations

MONTH	SOLVENCY II	INTERNAL CONTROLS, RISK MANAGEMENT and SUSTAINABILITY	FINANCIAL AND ACCOUNTING DOCUMENTS AND INVESTMENTS
January	<ul style="list-style-type: none"> <li>Examination of accounting documents in accordance with the draft internal model</li> </ul>		<ul style="list-style-type: none"> <li>Report on methodology of integrated financial statements as at 31 December 2014</li> </ul>
February		<ul style="list-style-type: none"> <li>2014 activities of the Control Functions</li> <li>2015 Activity Plan for the Control Functions</li> <li>Remuneration of heads of Control Functions</li> <li>Trend of risk-adjusted capital at the end of 2014</li> <li>Committee's 2015 Budget</li> <li>Periodic report on trend of insurance complaints</li> </ul>	<ul style="list-style-type: none"> <li>Impairment test procedures pursuant to joint Bank of Italy / CONSOB / ISVAP document no. 4 of 3 March 2010</li> </ul>
March	<ul style="list-style-type: none"> <li>Examination of policies relevant to Solvency II</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report of Control Function</li> <li>Activity Plan of Control Function, and the corresponding budget</li> <li>Report on check on compliance with joint Bank of Italy and CONSOB Regulation of 29 October 2007</li> <li>Report, pursuant to CONSOB resolution no. 17297 of 28 April 2010, on complaints relating to the distribution of financial insurance products</li> <li>Examination of audit topics relating to Country Italy</li> <li>Report by heads of Control Functions on implementation of remuneration policies, pursuant to s. 23 of ISVAP Regulation no. 39 of 9 June 2011</li> <li>Report on 2014 targets and proposed 2015 targets for head of Control Function</li> <li>Evaluation of adequacy and efficacy of the Internal Control and Risk Management System</li> <li>Sustainability Report 2014 and report on Sustainability Commitment Charter</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation of correct use of accounting standards in the statutory financial statements and harmonised use between the various companies belonging to the Group, for the purpose of the consolidated financial statements</li> <li>Update on activities of the Manager in charge of preparation of the Company's financial reports. Plan and expenditure budget</li> <li>Periodic reporting on investments</li> <li>Examination of the reports of the External Auditors and the actuary instructed by them on the 2014 financial statements</li> </ul>
May	<ul style="list-style-type: none"> <li>Examination of accounting documents in accordance with the draft internal model</li> <li>Update on activities relating to the Solvency II project</li> </ul>	<ul style="list-style-type: none"> <li>Report on the Internal Control and Risk Management System, drawn up as required by art. 28.2 of ISVAP Regulation no. 20 of 26 March 2008</li> <li>Parent Company's Report drawn up pursuant to art. 28-bis of ISVAP Regulation no. 20 of 26 March 2008</li> <li>Periodic report on insurance complaints</li> <li>Topics relating to remuneration of heads of Control Functions</li> </ul>	
June	<ul style="list-style-type: none"> <li>Report on progress of Solvency II project</li> </ul>	<ul style="list-style-type: none"> <li>Topics relating to remuneration of heads of Control Functions</li> <li>Update on audit topics</li> <li>Evaluation of insurance complaints management policy</li> </ul>	

MONTH	SOLVENCY II	INTERNAL CONTROLS, RISK MANAGEMENT and SUSTAINABILITY	FINANCIAL AND ACCOUNTING DOCUMENTS AND INVESTMENTS
July	<ul style="list-style-type: none"> <li>▪ Examination of Group Partial Internal Model (Solvency II legislation)</li> <li>▪ Update on policies relevant to the Solvency II legislation and other related topics</li> <li>▪ Examination of documentation to be submitted to IVASS in relation to the request for approval of the Internal Model</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2014 ORSA Report</li> <li>▪ Evaluation of adequacy and efficacy of the Internal Control and Risk Management System</li> <li>▪ Commencement of process for evaluating the adequacy of the organisational, administrative and accounting structure of the Company and its Strategic Subsidiaries</li> <li>▪ Periodic report on insurance complaints</li> <li>▪ Update on sustainability commitments and market benchmarks</li> <li>▪ Periodic report on risk exposure</li> </ul>	<ul style="list-style-type: none"> <li>▪ MPFR's update on his activities</li> <li>▪ Examination of periodic reporting on investments</li> </ul>
September	<ul style="list-style-type: none"> <li>▪ Update on Internal Model Application Package</li> </ul>	<ul style="list-style-type: none"> <li>▪ Update on audit topics</li> </ul>	
November	<ul style="list-style-type: none"> <li>▪ Update report on the Group Partial Internal Model</li> </ul>	<ul style="list-style-type: none"> <li>▪ Presentation by head of the CSR Function</li> <li>▪ Periodic report on risk management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Examination of reporting on investments</li> <li>▪ Update on MPFR's budget</li> <li>▪ Update of investment policy pursuant to ISVAP Regulation no. 36 of 31 January 2011</li> </ul>
December	<ul style="list-style-type: none"> <li>▪ Report on Solvency II topics</li> <li>▪ Report on checks relating to the regulatory solvency ratio 2015</li> <li>▪ Opinion on Risk Appetite Framework</li> <li>▪ Review of Liquidity Risk Management Plan, Recovery Plan and Systemic Risk Management Plan</li> <li>▪ Update of policies relevant to the Solvency II legislation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Update of activity plan for Control Functions</li> <li>▪ Opinion on Group policy</li> </ul>	

In 2015, on the invitation of the RCC Chairman, its meetings were attended by the heads of the Control Functions, the MPFR and some senior executives and officers of the Company with expertise in the subjects submitted for examination by the RCC on each occasion. Representatives of the External Auditors also attended meetings at regular intervals, their attendance being limited to specific items on the agenda.

The notice of call is also sent to the BSA to enable all its members to attend the meetings. In 2015 the percentage attendance by BSA members was 91.67%.

The RCC did not call on the assistance of external consultants in 2015.

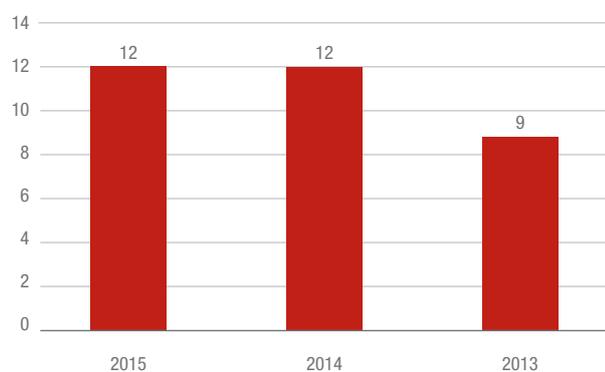
At the 2015 meetings, the heads of the Internal Audit, Risk Management, Compliance and Actuarial Functions reported on the work performed by their structures to the RCC and the members of the BSA. The heads of the Control Functions had direct access to all the information required to perform their duties.

In 2015 the RCC issued various opinions and recommendations on specific aspects relating to identification of the main company risks; it monitored the independence, adequacy, efficacy and efficiency of the Internal Audit Function, and asked it to audit some specific operational areas during the year, informing the Chairman of the BSA at the same time.

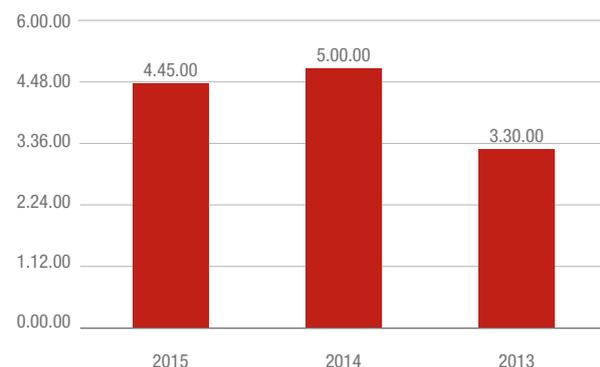
RCC members receive a fixed fee (EUR 50,000 for the Chairman and EUR 30,000 for the other members), and an attendance fee of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

The RCC usually meets at least 4 times a year, and in any event in time to resolve on matters as to which interaction with the BoD is involved.

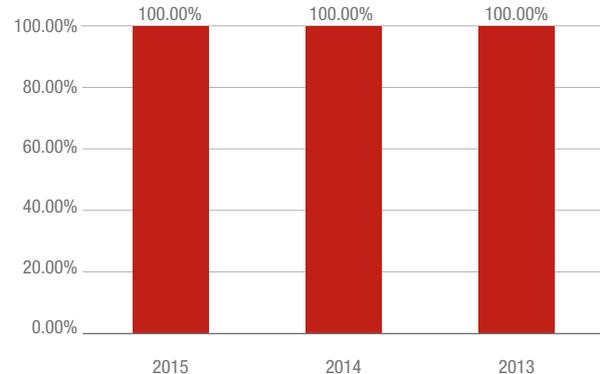
**RCC: number of meetings**



**RCC: average duration of meetings**



**RCC: average attendance at meetings**



In more detail, the RCC met 12 times in 2015, and its meetings had an average duration of 4 hours 47 minutes; 12 meetings were held in 2014, with an average duration of 5 hours, and 9 in 2013, with an average duration of 3½ hours. 100% of its members attended in each year. Minutes of the meetings were always prepared by the Chairman and the Secretary and, as required by the relevant Regulation, were made available to its members within 15 working days after the meeting and approved at the next meeting.

**Table 2** annexed to this Report contains the attendance figures for each member of the RCC. 11 meetings are currently scheduled for 2016.

In the 2015 financial year, the financial resources provided to the Committee for activities falling within its powers amounted to EUR 250,000, in line with its expenditure budget. At the meeting held on 16 February 2016 the RCC resolved on its own expenditure budget for the 2016 financial year in the amount of EUR 250,000, approved by the BoD at its next meeting, held on 17 February 2016.

## Related-party Transactions Sub-Committee

### RPTSC

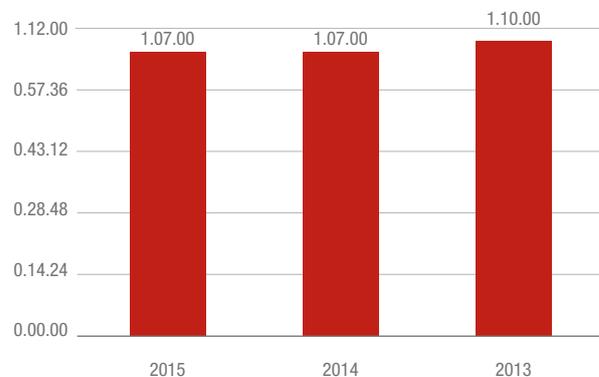
Office held	Forenames and surname
Chairman Non-executive independent director	Alberta Figari
Member of sub-committee Non-executive independent director	Sabrina Pucci
Member of sub-committee Non-executive independent director	Paola Sapienza

The Related-party Transactions Sub-Committee (RPTSC), a sub-committee of the RCC, consists of the Chairman of the RCC, who chairs it, and the other 2 Independent Directors belonging to the RCC. The BoD has assigned to it the task of expressing opinions on related-party transactions submitted for its attention in accordance with the procedures approved by the BoD for those transactions. The opinion relates to the Company's interest in performing the transaction, and the benefits and substantial fairness of its terms. The RPTSC is also entitled to express its opinion of amendments to the said special procedures.

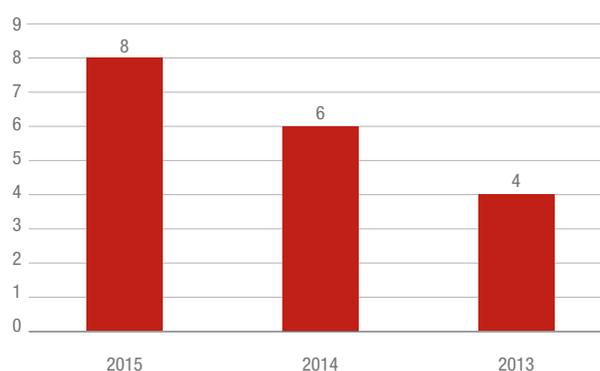
When issuing its opinions, the RPTSC can call on the assistance of one or more independent experts. According to our governance, the issue of opinions on transactions relating to the fees of Directors, Permanent Statutory Auditors and members of the GMC, in view of the subject concerned, is the task of the Remuneration Committee, all of whose members are Independent Directors.

The number of meetings does not follow an annual calendar, but varies according to the number of transactions that need to be submitted for examination by the RPTSC. The RPTSC met 8 times in 2015, providing its support to the BoD with opinions on various related-party transactions. Minutes of the meetings were always prepared by the Chairman and the Secretary and, as required by the relevant Regulation, were made available

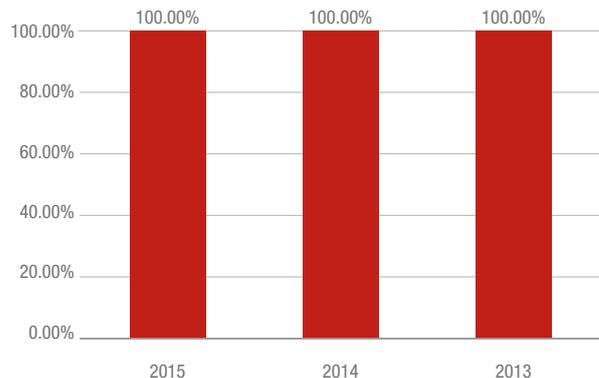
**RPTSC: average duration of meetings**



**RPTSC: number of meetings**



**RPTSC: average attendance at meetings**



to its members within 15 working days after the meeting and approved at the next meeting. The average duration of the meetings held in 2015 was just over an hour, and all its members were always present. 6 meetings were held in 2014, with an average duration of about 1 hour and 100% attendance, while 4 meetings were held in 2013, with an average duration of 1 hour 10 minutes and 100% attendance.

The notice of call is also sent to the BSA to enable all its members to attend the meetings. In 2015 the percentage attendance by BSA members was 79.17%.

In view of the way in which the RPTSC operates, the remuneration package consists of a lower fixed component than that paid to members of the RCC, but a higher attendance fee. RPTSC members receive a fixed fee of EUR 25,000 for the Chairman and EUR 20,000 for the other members, and an attendance fee of EUR 5,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

Giuseppe Catalano has acted as Secretary since 15 January 2015

## Remuneration Committee

### RemCom

Office held	Forenames and surname
Chairman Non-executive independent director	Ornella Barra
Committee Member Non-executive independent director	Jean-René Fourtou
Committee Member Non-executive independent director	Lorenzo Pellicoli

The Remuneration Committee (RemCom) assists the BoD with consultative, recommendatory and preparatory functions relating to remuneration, with special reference to the fees of Directors and some key management personnel. It also expresses its opinion on related-party transactions regarding the remuneration of key management personnel, in compliance with the Related-Party Transaction Procedures approved by the BoD.

If one or more members of the RemCom should declare that they are a related party with regard to a transaction submitted for its examination, the RemCom shall be supplemented, solely for the examination of that transaction, by the other Independent Directors belonging to the BoD, starting with the oldest. If at least 2 Independent Directors are not available to form the RemCom, the opinion or proposal shall be provided by an independent expert appointed by the Board of Directors.

It is the practice for the Chairman or another member of the RemCom to report to the Annual General Meeting on remuneration matters.

The responsibilities reserved for the RemCom by resolution of the BoD are listed in full in **Annex 4** to the Report.

The current Committee was appointed by the BoD on 30 April 2013, and will remain in office until the General Meeting called to approve the financial statements for the financial year ending on 31 December 2015. Following the resignation of its Chairman Paolo Scaroni on 2 October 2014, Jean-René Fourtou joined the RemCom on 5 December 2014, while Ornella Barra, already a member of the RemCom, was elected to chair it.

The BoD has established that the RemCom consists entirely of non-executive independent directors. All members of the Committee possess adequate knowledge of subjects relating to remuneration policies.

Giuseppe Catalano has acted as Secretary since 15 January 2015.

## 2015 RemCom DIARY– Main opinions and evaluations

MONTH	REMUNERATION AND INCENTIVE SYSTEMS FOR GROUP CEO AND GMC	REMUNERATION POLICIES AND COMMITTEE'S BUDGET	GROUP SUBSIDIARIES
January	<ul style="list-style-type: none"> <li>▪ Structure and operating mechanisms of the Group's 2015 short-term (STI) and long-term (LTI) incentive systems</li> <li>▪ Examination of performance targets (STI) of key management personnel for the 2015 financial year</li> </ul>	<ul style="list-style-type: none"> <li>▪ Committee's 2015 expenditure budget</li> </ul>	
March	<ul style="list-style-type: none"> <li>▪ Evaluation of funding level of incentive plans</li> <li>▪ Evaluations relating to implementation of the current STI and LTI plans for key management personnel</li> <li>▪ Examination of remuneration of key management personnel</li> <li>▪ Definition of key targets of new STI plan for key management personnel</li> <li>▪ Opinion on the proportionality of remuneration between the top management and the Company's personnel, as required by ISVAP Regulation no. 39 of 9 June 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Definition of remuneration policies and annual report on remuneration policies pursuant to ISVAP Regulation no. 39 of 9 June 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opinion on remuneration of top management of Subsidiaries with strategic importance</li> </ul>
June	<ul style="list-style-type: none"> <li>▪ Resolution to approve the LTI 2015 Regulation, and consequent allocation</li> </ul>		
September			<ul style="list-style-type: none"> <li>▪ Opinion on remuneration of top management of Subsidiaries with strategic importance</li> </ul>
November	<ul style="list-style-type: none"> <li>▪ Preliminary examination of 2016 incentive system</li> </ul>		<ul style="list-style-type: none"> <li>▪ Opinion on remuneration of top management of Subsidiaries with strategic importance</li> </ul>
December	<ul style="list-style-type: none"> <li>▪ Examination of 2016 Group incentive system</li> <li>▪ Evaluation of 2016 STI targets for key management personnel</li> </ul>		

The head of the Group HR & Organisation Function and other members of the top management attended meetings in 2015 at the Chairman's request. Senior executives and officers of the Company with expertise in the subjects submitted for approval to the RemCom may be invited to attend its meetings, their attendance possibly being limited to the discussion of individual items on the agenda. No director or other party concerned attends RemCom meetings at which the BoD's proposals relating to their own remuneration are formulated.

The notice of call is also sent to the BSA to enable all its

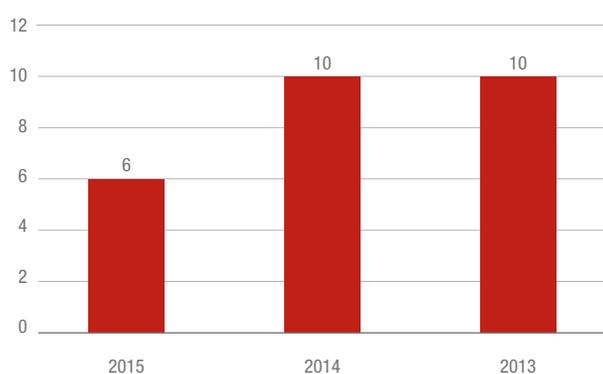
members to attend the meetings. In 2015 the percentage attendance by BSA members was 89.88%.

In 2015 the RemCom called on the assistance of an independent external consultant (Mercer).

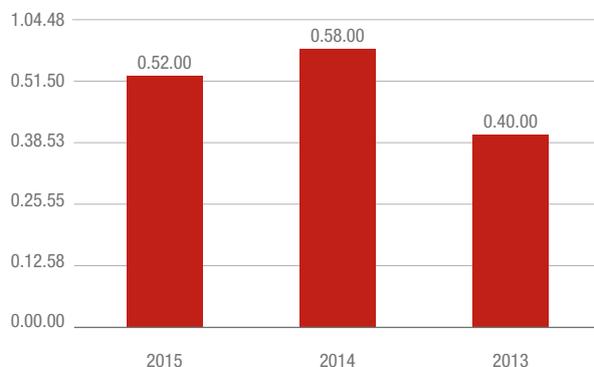
Committee members receive a fixed fee (EUR 20,000 for the Chairman and EUR 15,000 for the other members), and an attendance fee of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

The RemCom met 6 times in 2015, with average attendance by its members of 94.44% and an average duration of about 50 minutes per meeting. 10 meetings were held in both 2014 and 2013, with 100% attendance in both years. The average duration of the meetings was about 1 hour in 2014 and about 40 minutes in 2013. Minutes of the meetings are always prepared by the Chairman and the Secretary and, as required by the relevant Regulation, are made available to its members within 15 working days after the meeting and approved at the next meeting.

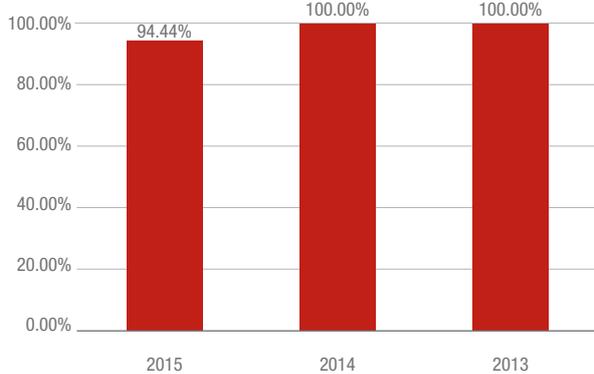
RemCom: number of meetings



RemCom: average duration of meetings



RemCom: average attendance at meetings



**Table 2** annexed to the Report contains the attendance figures for each member of the RemCom. 2 meetings are so far scheduled for 2016.

At the meeting held on 9 February 2016, the RemCom

set its own expenditure budget for the 2016 financial year at EUR 100,000, and this budget was approved by the Board of Directors at its meeting held on 17 February 2016.

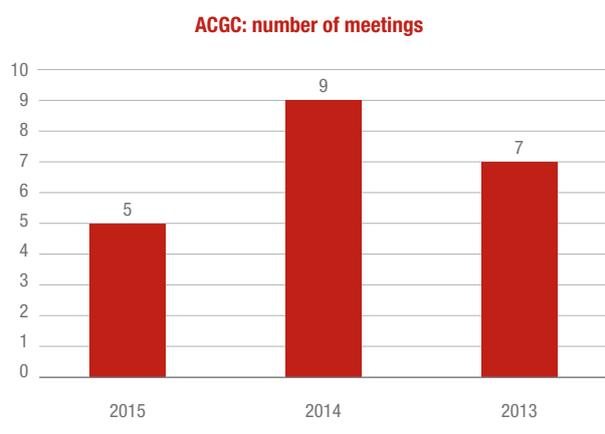
## Appointments and Corporate Governance Committee

### ACGC

Office held	Forenames and surname
Chairman Non-executive director	Gabriele Galateri
Committee Member Non-executive independent director	Francesco Gaetano Caltagirone
Committee Member Non-executive independent director	Lorenzo Pellicoli

The Appointments and Corporate Governance Committee (ACGC) has the task of assisting the BoD with consultative, recommendatory and preparatory functions relating to its size and composition and the maximum number of directorships or appointments as statutory auditor which can be held by Directors in other companies listed on Italian or foreign regulated markets, or in finance, banking or insurance companies or other large companies. It performs preparatory activities relating to the drafting of the succession plan for Executive Directors, members of the GMC and the GLG, and assists the BoD with decisions relating to the structure of the corporate governance rules of the Company and the Group. It also expresses an opinion on the institution of the GMC and on development and management policies relating to the GLG's resources. Finally, it expresses an opinion on the appointment of the chairmen, executive directors, general managers (or top management executives who hold equivalent positions) and statutory auditors of subsidiaries with strategic importance, and of non-executive directors if recruited from outside the Company and the Group.

The current ACGC was appointed by the BoD on 30 April 2013, and will remain in office until the General Meeting called to approve the financial statements for the financial year ending on 31 December 2015. Following the resignation of its member Paolo Scaroni on 2 October 2014, the BoD resolved to reduce the number of ACGC members from 4 to 3 without changing its current composition, in which the presence of the Independent Directors is decisive.

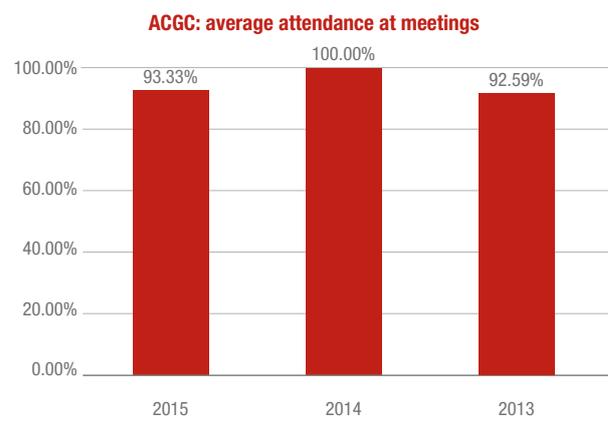
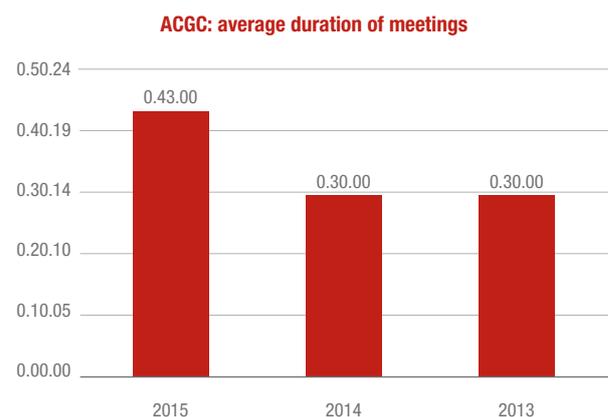


Minutes of the meetings were always prepared by the Chairman and the Secretary and, as required by the relevant Regulation, were made available to its members within 15 working days after the meeting and approved at the next meeting.

Giuseppe Catalano has acted as Secretary since 15 January 2015.

The responsibilities reserved for the ACGC by resolution of the BoD are listed in full in **Annex 5** to the Report. ACGC members receive a fixed fee (EUR 20,000 for the Chairman and EUR 15,000 for the other members), and an attendance fee of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

The ACGC met 5 times in 2015, 9 in 2014 and 7 in 2013. The average duration of the meetings was about 45 minutes in 2015, and about 30 minutes in 2014 and 2013; the average attendance of its members was over 93% every year.



**Table 2** annexed to the Report contains the attendance figures for each member of the ACGC.

## 2015 ACGC DIARY- Main opinions and evaluations

MONTH	GOVERNANCE	APPOINTMENTS	GROUP SUBSIDIARIES
February	<ul style="list-style-type: none"> <li>Report on the self-assessment process conducted by the BoD and the Board Committees</li> </ul>	<ul style="list-style-type: none"> <li>Update report on the performance review and succession planning processes</li> </ul>	
March	<ul style="list-style-type: none"> <li>Opinion on Corporate Governance and Share Ownership Report</li> <li>Opinion on notice of call of General Meeting and the related reports</li> </ul>	<ul style="list-style-type: none"> <li>Evaluations regarding assessment of the requirements of professionalism, respectability and independence of the members of the Company's BoD and BSA</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on appointment of top management of Subsidiaries with strategic importance</li> </ul>
June		<ul style="list-style-type: none"> <li>Opinion on assessment of existence of requirements of Key Personnel pursuant to the Fit &amp; Proper Policy</li> </ul>	
September	<ul style="list-style-type: none"> <li>Opinion on the Board Evaluation process</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on assessment of existence of requirements of Key Personnel pursuant to the Company's Fit &amp; Proper Policy</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on appointment of top management of Subsidiaries with strategic importance</li> </ul>
November	<ul style="list-style-type: none"> <li>Examination of Board review results</li> <li>Evaluations of company subjects</li> </ul>		<ul style="list-style-type: none"> <li>Opinion on appointment of top management of Subsidiaries with strategic importance</li> </ul>

## Investment Committee

## InvCom

Office held	Forenames and surname
Chairman Executive director	Mario Greco <sup>7</sup>
Committee Member Non-executive independent director	Francesco Gaetano Caltagirone
Committee Member Non-executive director	Clemente Rebecchini
Committee Member Non-executive independent director	Paola Sapienza
Committee Member Group CFO	Alberto Minali
Committee Member Group CIO	Nikhil Srinivasan

The Investment Committee (InvCom) performs consultative, recommendatory and preparatory tasks for the BoD

(consistently with the governance structure laid down by the applicable insurance supervision regulations) and the Group CEO, within the limits of their respective powers. The InvCom is required to conduct a periodic analysis of the investment policies, the main operational guidelines and the corresponding results, identifying any proposals for detailed analysis or measures to be submitted to the BoD, in accordance with the Group's risk appetite framework and risk tolerance. This periodic analysis also relates to the Group's asset allocation (by

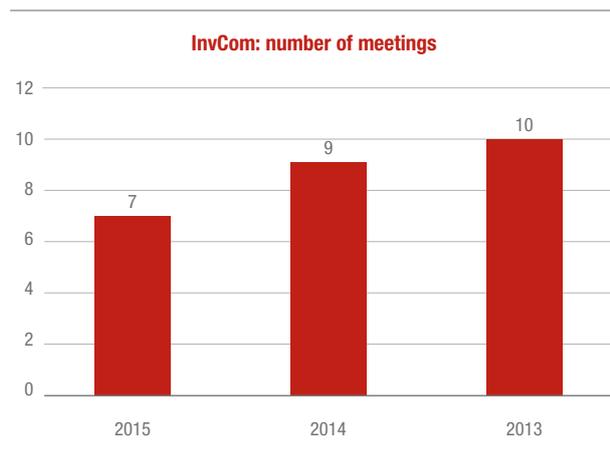
<sup>7</sup> In office until 9 February 2016. Subsequently, following the cessation of his employment with Generali, the position was undertaken by the Chairman, in accordance with the Group CEO succession plan policy, for the period required to recruit and appoint a new Group CEO. Starting on March 17 2016, as a result of his appointment to the position of Managing Director of the Company and Group CEO, the position of InvCom Chairman has been taken by Philippe Donnet.

asset class), the main concentrations, strategic shareholdings and investment and divestment operations of particular significance performed during the preceding period.

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

The InvCom was appointed by the BoD on 30 April 2013, and will remain in office until the General Meeting called to approve the financial statements for the financial year ending on 31 December 2015. It consists of 4 Directors, the Group CFO and the Group CIO. The operational heads of the Group's real estate and financial activities are also requested to attend its meetings regularly. The notice of call is also sent to the BSA to enable all its members to attend the meetings. In 2015 the percentage attendance by BSA members was 90.48%.

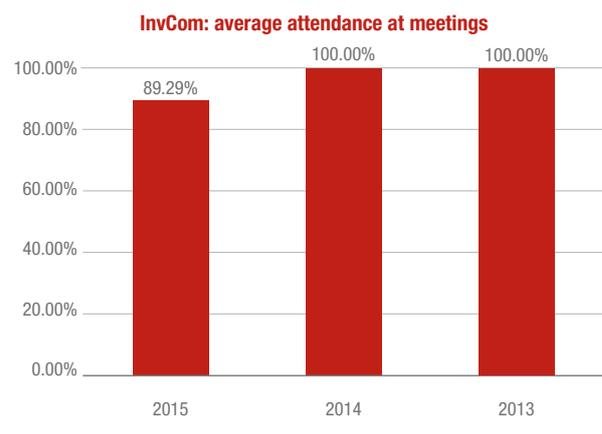
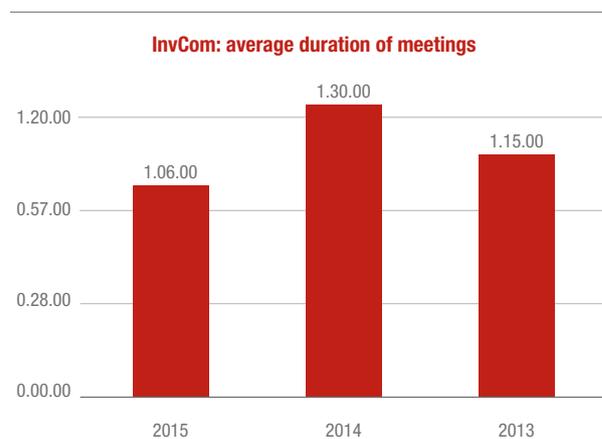
Giuseppe Catalano has acted as Secretary since 15 January 2015.



Minutes of the meetings are always prepared by the Chairman and the Secretary and, as required by the relevant Regulation, are made available to its members

InvCom members receive a fixed fee (EUR 30,000 for all members apart from the Chairman) and an attendance fee of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

The Committee met on 7 occasions in 2015 with an average attendance of 89.3%, while attendance was 100% at the 9 meetings held in 2014 and the 10 meetings held in 2013. The average duration of each meeting was approximately 1 hour in 2015, 1½ hours in 2014 and 1¼ hours in 2013.



within 15 working days after the meeting and approved at the next meeting.

## Board of Statutory Auditors

### Composition

The BSA was appointed by the 2014 General Meeting, which reviewed the composition of the entire body. It holds office for three years; the term of office of the current BSA will therefore end on the approval of the 2016

financial statements. It has consequently held office for under 2 years to date. It consists of 3 permanent and 2 substitute statutory auditors, who may be re-elected.

The BSA met on 34 occasions in 2015; 41 meetings were held in 2014, and 35 in 2013. Attendance at the meetings was 92.16% in 2015, 97.10% in 2014 and 99% in 2013; members unable to attend always sent apologies for absence.

---

#### Carolyn Dittmeier

Chairman of the Board of Auditors

**Nationality:** Italian and U.S.

**Position held since**

30 April 2014

---

#### Career

She was born on 6 November 1956 in Salem, Massachusetts (USA). She graduated in Business and Economics at the Wharton School of the University of Pennsylvania and is a statutory auditor, certified public accountant, certified internal auditor, and a certified risk management assurance professional. She focused her career on the auditing sector, taking on the role of chief internal audit executive of the Poste Italiane Group between 2002 and 2014. Previously, she gained professional experience at auditing firms (KPMG) and with the Montedison Group. She carried out various professional and academic activities, focusing on risk and control governance. She was Vice Chairman of the Institute of Internal Auditors (IIA), a leading world professional association in the internal auditing sector from 2013

to 2014 (director since 2007); Chair of the European Confederation of Institutes of Internal Auditing-ECIIA (2011-2012) and of the Italian Association of Internal Auditors (2004-2010).

#### Relevant positions as per article 148-bis TUIF on the plurality of offices

Non-executive director of Autogrill S.p.A. since 2013 and of Italmobiliare S.p.A. since 2014

**Further offices:** she sits in the Scientific Committee of Nedcommunity, the association of non-executive directors, where she serves as coordinator of the workgroup devoted to risk control and management systems.

---

#### Antonia Di Bella

Permanent auditor

**Nationality:** Italian

**Position held since**

30 April 2014

---

#### Career

She was born in Drapia (Vibo Valentia, Italy) on 17 February 1965. She has a degree in Economic and Social Sciences from the University of Calabria. She is listed in the register of the Certified Auditors and Accounting Professionals of Milan and in the register of Statutory Auditors. She has spent her professional career first in the KPMG network, dealing with auditing the financial reports of insurance and reinsurance companies and of firms operating in the financial sector and between October 2007 and July 2015 she was the head of the insurance sector at Mazars S.p.A. She has held the position of auditor and Chair of the Board of Auditors in other insurance companies and listed firms.

#### Relevant positions as per article 148-bis TUIF on the plurality of offices

She holds no relevant positions as per article 148-bis TUIF.

**Further offices:** she is a member of the Steering Committee of MIRM, the Master in Insurance Risk Management in Trieste, of the Insurance Technical Committee of the Organismo Italiano di Contabilità (the Italian accountancy body) and of the Corporate Governance and Integrated Reporting committees of the Register of Certified Accountants of Milan. Currently she works as a freelance professional from her study in Milan.

**Lorenzo Pozza**

Permanent auditor

**Nationality:** Italian**Position held since**

30 April 2014

**Career**

He was born on 11 October 1966 in Milan. He has a degree in corporate economics and has been listed in the register of auditors since 1995, he teaches economic subjects at Bocconi University in Milan. He is a certified public accountant and an advisor for a number of enterprises operating in various business sectors, he has gained experience as a company director and auditor. He is the author of a number of publications on financial reports and on the capital value of enterprises.

**Relevant positions as per article 148-bis TUIF on the plurality of offices**

Chairman of the Board Of Auditors of Ariston Thermo S.p.A. and of Gas Plus S.p.A., Permanent auditor of, Bracco Imaging S.p.A., H3G S.p.A., 3 Italia S.p.A., 3Elettronica Industriale S.p.A., Leonardo & Co. S.p.A. and of Merloni Holding S.p.A., as well as Director of Angelab S.r.l..

**Silvia Olivotto**

Alternate auditor

**Nationality:** Italian**Position held since**

30 April 2014

**Career**

She was born in Varallo (Vercelli, Italy) on 4 September 1950. She is a member of the register of auditors and in the Register of Certified Accountants of Milan, in 1975 she started her professional career as auditor at Arthur Young (today Reconta Ernst & Young S.p.A.). Between 1982 and 1991 she worked as an auditor with the rank of senior manager at CZ Revisione, where in 1991 he reached the rank of managing partner and became responsible for auditing companies, including listed companies, mostly in the industrial and services sectors and of leasing and insurance firms. Between 1994 and 2005 she worked as auditor at Reconta Ernst & Young S.p.A., where from 2002 to 2006 she served as CFO. From June 2005 to 30 October

2006 she was first Managing Director, then Chairman of the Board of Directors of Global Shared Services S.r.l.. Over the years she has held the position of auditor at various companies.

**Relevant positions as per article 148-bis TUIF on the plurality of offices**

Chairman of the Board of Auditors of Garmin Italia S.p.A., Sole auditor at Expedia Italy S.r.l. and Venere Net S.r.l., Permanent auditor at Atlantia S.p.A., Greif Italia S.p.A., Greif Plastics Italy S.r.l., Leica Geosystems S.p.A., Resindion S.r.l., Sas Institute S.r.l., and at Smith & Nephew S.r.l..

**Francesco Di Carlo**

Alternate auditor

**Nationality:** Italian**Position held since**

30 April 2014

**Career**

He was born on 4 October 1969 in Milan. He took a degree in Economics and Business at the Università Cattolica del Sacro Cuore in Milan, he is listed in the register of auditors and in the Register of Certified Accountants of Milan. A founding member of the Studio Craca Di Carlo Guffanti Pisapia Tatozzi, he has been working for years as an advisor for leading Italian and foreign operators on issues connected with corporate, banking, insurance regulations, as well as with the rules of financial markets and listed issuers. His clients include some of the leading Italian and international groups operating in the financial industry. He has been working together with the main Authorities for years. He has held positions as director, auditor and liquidator of joint

stock companies, mainly of companies operating in the financial sector and listed companies.

**Relevant positions as per article 148-bis TUIF on the plurality of offices**

“Chairman of the Board of Auditors of Italmobiliare S.p.A., Equita SIM S.p.A., Idea Capital SGR S.p.A., Regular auditor of Clessidra S.p.A., Indesit Company S.p.A. and Openjobmetis S.p.A., Director of Pitagora S.p.A..

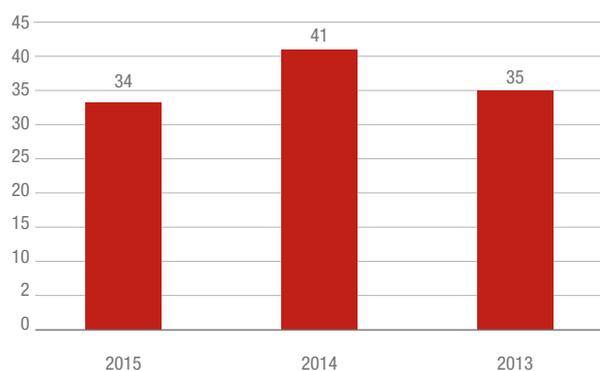
**Further offices:** he is a member of supervisory boards of joint stock companies, as per Decree 231.”

**Table 3** annexed to the Report describes in detail the attendance of each member of the BSA in 2015.

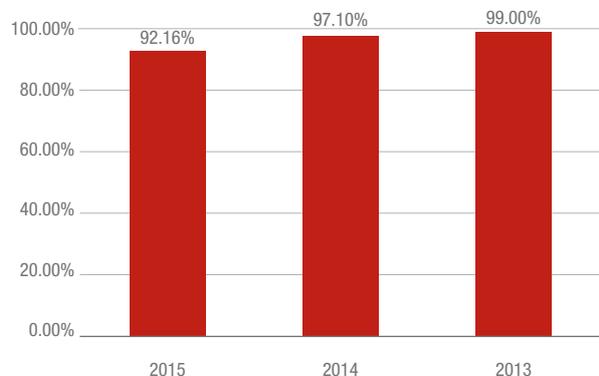
The average duration of the meetings in 2015 was about 2½ hours. The average attendance of Statutory Auditors at BoD meetings was 94.87% in 2015, 99.7% in 2014 and 97% in 2013; members unable to attend always sent apologies for absence. The entire BSA always attended the General Meetings held in the last 3 years.

As regards gender diversity, the less represented gender is the male gender, with 40% representation on the BSA. The average age of members of the BSA is about 53.

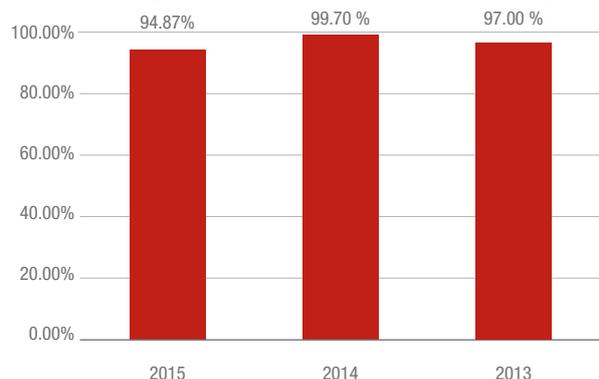
**BSA: number of meetings**



**BSA: average attendance at meetings**



**BoD: average attendance by Statutory Auditors at meetings**



## Appointment and replacement

Statutory Auditors cannot be elected and, if elected, are debarred from office, if they are in the statutory situations of incompatibility or hold more than the number of offices allowed by the applicable legislation.

The General Meeting appoints the BSA by means of a list voting system designed to ensure the election of at least one statutory auditor elected by the minorities, who is appointed Chairman. Shareholders who, either alone or jointly with others, hold at least 0.5% of the share capital, are entitled to submit a list for the appointment of the BSA.

The lists submitted by Shareholders, consisting of 2 sections (one for the appointment of permanent statutory auditors and the other for the appointment of substitute statutory auditors) must be filed not later than the 25th day before the date of the first or only convocation of the General Meeting.

The lists, composed in such a way as to ensure the gender balance, must be accompanied by information relating to the shareholders who submitted them and the total percentage of share capital held by them. The following must be submitted together with the lists:

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

Lists which do not comply with the above requirements are deemed not to have been submitted.

If only one list has been submitted by the deadline, or only lists submitted by shareholders connected with one another, lists may be submitted until the 3rd day after the said date. In that event, the threshold of entitlement to submit lists of candidates is reduced to 0.25%.

Shareholders entitled to vote, companies directly or indirectly controlled by them, companies directly or indirectly subject to joint control, and shareholders linked by one of the relations specified in s. 109.1 of the CFBA relating to the Company may jointly submit (and may only vote for) one list; in the event of breach of that rule, no account will be taken of the support given to any list.

The first 2 candidates in the list that obtained the largest number of votes (the "Majority List") and the first candidate in the list which, without taking account of the support given by Shareholders connected in any way, directly or indirectly, with those who submitted or voted for the Majority List, obtained the second-largest number of votes (the "Minority List"), are elected permanent statutory auditors. If the number of permanent statutory auditors of the less represented gender is less than the statutory number (currently one-third of the members to be appointed), the necessary replacements will be made from the permanent statutory auditors' section of the Majority List, in order of presentation of the candidates.

As regards the substitute internal auditors, the candidates elected are those indicated in the Majority List,

## Requirements for office

All statutory auditors, both permanent and substitute, must meet the statutory requirements of professionalism, respectability and independence. Moreover, they must not hold a number of offices greater than that specified in the applicable legislation.

As regards the independence requirements, without prejudice to the statutory provisions, the CG Code states that the statutory auditors shall be selected from persons who meet the requirements laid down for directors, and that the Board of Statutory Auditors shall verify compliance with those criteria after the appoint-

ment and those indicated in the Minority List who obtained the highest number of votes in the relevant section.

If the first 2 lists obtain the same number of votes, a new vote is held. In the event of a tie between 2 or more lists other than the one that obtained the highest number of votes, the youngest candidates are elected as Statutory Auditors until all positions have been filled.

If only one list is submitted, all statutory auditors to be elected are drawn from it.

The permanent statutory auditor drawn from the Minority List is appointed Chairman. If all statutory auditors are drawn from a single list, the first candidate indicated in that list is appointed Chairman.

In the event of the death, resignation or debarment of a permanent statutory auditor drawn from the Majority List or the single list, the statutory auditor drawn from the same list or, if none, the youngest substitute statutory auditor, is appointed. The General Meeting appoints the missing members of the BSA by the statutory majorities.

In the event of the death, resignation or debarment of a permanent statutory auditor drawn from the Minority List, s/he is replaced, including as Chairman, by the substitute statutory auditor drawn from the Minority List. The General Meeting appoints the missing members of the BSA in compliance with the principle of necessary representation of minorities. If the procedure for replacing the statutory auditors does not ensure the gender balance, the General Meeting will intervene, passing a resolution by the statutory majorities.

ment, and subsequently at annual intervals, illustrating the result of the verification in the Report. The current BSA duly conducted an assessment in february 2016 as to whether its members met the independence requirement, and established that they did.

As regards the limit on multiple offices in other companies, the General Meeting, at the time of the election, received information about the offices held by candidates at the time of the appointment. Moreover, the Statutory Auditors accepted the office after evaluating whether they could devote the necessary time to the performance of their tasks.

## Role

As already stated, according to the traditional administration and control model adopted by Generali, the tasks of monitoring compliance with the legislation and the Articles of Association, and management control, are attributed to the BSA, which acts independently both within the Company and towards the Shareholders who elected it.

Generali's governance structure guarantees that the BSA is able to perform its tasks effectively, not only by ensuring the attendance of its members at meetings of the BoD and the Board Committees (apart from the ACGC, at which its attendance is not usually required), but also by making available, in accordance with the same timing and IT access methods as provided for Directors, all the documentation prepared for the said meetings.

Adequate attention is also paid to training and refresher courses for the Statutory Auditors; in 2015 they attended the 2-day Strategy Day and the course on Solvency II organised for Directors. They also regularly receive the Company's press releases, usually before they are released to the market, and economic analysis documents. Attendance by the Statutory Auditors at training courses organised by Assonime and Assogestioni, reserved for non-executive directors of listed companies, is also facilitated.

The BSA is guaranteed access to all the Company information considered necessary, through the support of the Secretary to the BoD. For logistical and operational reasons associated with the tasks performed, dedicated support is supplied by the Corporate Affairs Function.

The BSA has power to supervise the independence of the External Auditors (as well as proposing their appointment), with the obligation to check on compliance with the applicable legislation, and the nature and extent

of any services other than audits provided by them (and by organisations belonging to their network) to the Company and its Subsidiaries.

The Statutory Auditors have power to check on the correct application of the criteria and assessment procedures used by the BoD to evaluate the independence of its members.

In 2015 the BSA duly performed the statutory auditing activities and drew up the corresponding minutes and reports required by the conduct of the Company's business. The said supervisory activities performed by the BSA for 2015 will be illustrated in the annual report submitted to the 2016 General Meeting called to approve the 2015 financial statements.

In the same report the BSA will report on the checks conducted on the concrete methods of implementation of the corporate governance rules laid down by the CG Code.

Each member of the BSA is required to inform the other members and the Chairman of the BoD promptly and exhaustively about the nature, terms, origin and scope of any interest they may have in a given operation of Generali's, either on their own account or on behalf of third parties. The pre-requisites for such reports never arose in 2015.

The remuneration of the BSA is presented to the General Meeting by the BoD on the proposal of the RemCom, and is formulated on the basis of the commitment required of BSA members, the importance of the role held and the dimensional and sectoral characteristics of Generali. The decision is also taken on the basis of analysis of benchmarks formed by peer panels. All further information about the remuneration of the BSA is set out in the Remuneration Report, available in the *Governance* section of our Website.

## External Auditors

The External Auditors, who must be registered in a special register held by CONSOB, are responsible for ensuring, during the financial year, that the Company's accounts are properly kept and transactions correctly recorded in the books, informing the BSA and CONSOB immediately of any facts they consider reprehensible, and ensuring that the annual and consolidated financial statements correspond to the entries in the books of account and the audit results, and comply with the applicable legislation.

The External Auditors are appointed by the General Meeting (on the substantiated proposal of the BSA), which determines their fees.

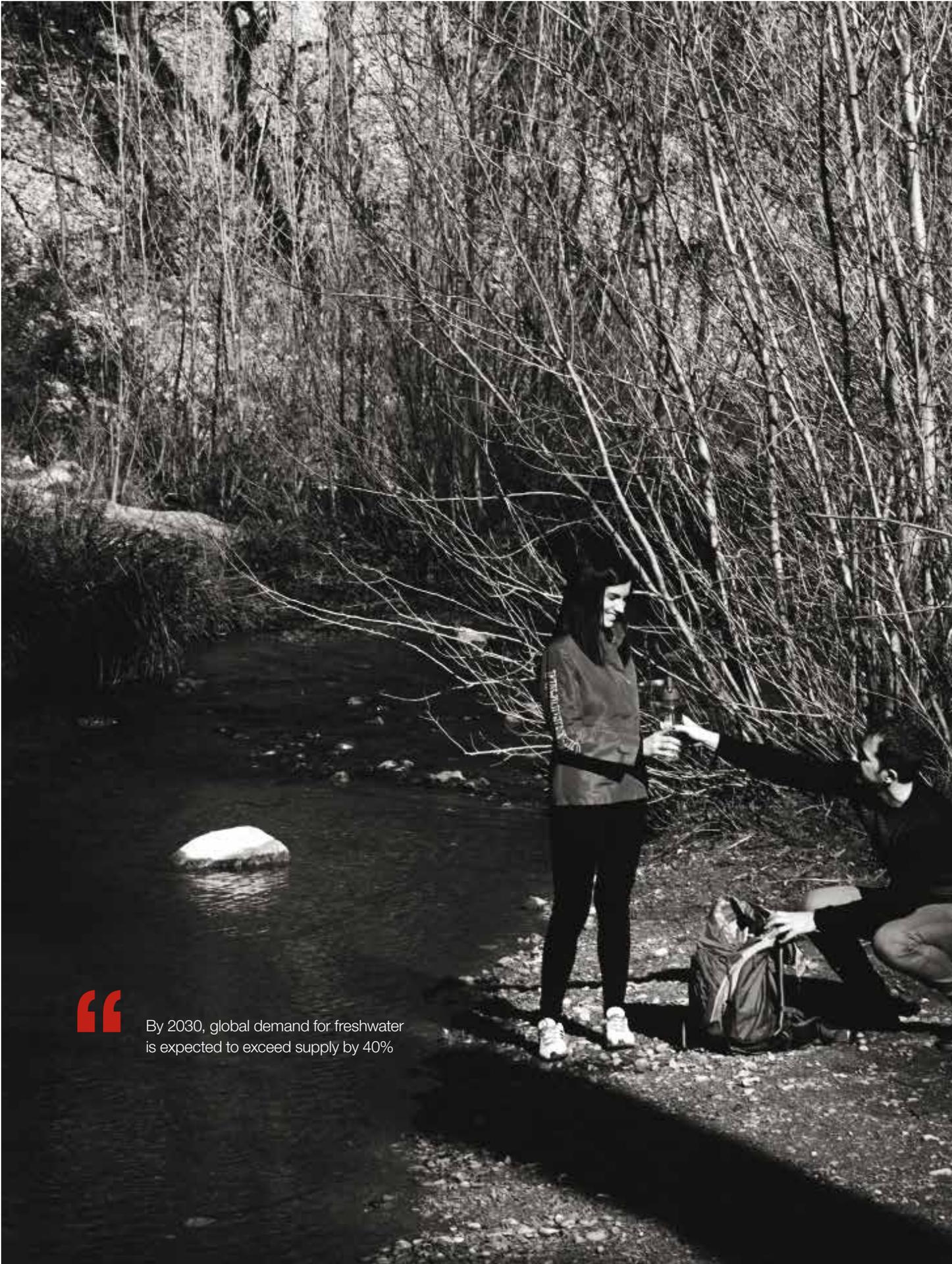
The External Auditors appointed, on the substantiated proposal of BSA, by the 2011 General Meeting for the financial years 2012-2020, are Reconta Ernst & Young S.p.A..

The legislation has increased their term of office to 9 financial years, and they can be reappointed after at least 3 years have elapsed from the date on which their previous appointment ended.

In the event of reappointment, the audit manager must be replaced after 7 financial years and cannot be reappointed in that capacity, even on behalf of another firm of external auditors, or with reference to the financial statements of subsidiaries, connected or controlling companies of the issuer or companies subject to common control, until at least 3 years have elapsed since the end of the previous appointment.

The said appointment can only be revoked before the expiry date, on the substantiated proposal of the BSA, for good cause. The appointment and revocation resolutions passed by the General Meeting are sent to CONSOB.

At the end of each financial year the External Auditors express their opinion of the financial statements, which is formalised in a specific report. That document is annexed to the financial statements and deposited at the Company's head office for the 15 days preceding the General Meeting called to approve them, and until the financial statements are approved.



“

By 2030, global demand for freshwater is expected to exceed supply by 40%

## Part IV

### Internal control and risk management system

98	<b>Executive Summary – Generali’s new Internal Model</b>
99	<b>Internal control and risk management system</b>
99	<b>Roles</b>
99	Board of Directors
100	Risk and Control Committee
100	Internal Control and Risk Management Director
101	Control Functions
102	Risk Management
103	Compliance
103	Actuarial Function
104	Internal Audit
105	Board of Statutory Auditors
106	Manager in charge of preparation of the Company’s Financial Reports
107	<b>Main characteristics of the risk management and internal control system as regards reliability of information provided to the corporate bodies and the market</b>
112	<b>Internal dealing rules</b>
113	<b>Related-Party Transaction Procedures</b>
113	<b>Organisational and Management Model</b>

## Internal control and risk management system

### Executive Summary – Generali's new Internal Model

When developing the Internal Control and Risk Management System (ICRMS), the Company followed the terms of the Solvency II Directive, including the guidelines and delegated acts issued by EIOPA and the statutory and regulatory provisions that transposed it into Italian legislation.

The most challenging and important objective of the updating project related to approval of the draft "Internal risk model for calculation of regulatory requirement" (Internal Model) by IVASS. The design of our new Internal Model was established on the basis of the specifications contained in the Solvency II Directive and having regard to all the tests and standards indicated by EIOPA, including Validation of the Internal Model. This approval process required the drafting of a multi-annual plan, coordinated with the Board of Supervisors, chaired by the Group Supervisor (IVASS) and also consisting of the other Regulators of the European countries included in the scope of adoption of the Internal Model (namely the German BaFIN, the French ACPR and the Czech National Bank).

In the ambit of the pre-application process which concluded in September 2015, numerous discussions were conducted with the Board of Supervisors, as a result of which the Application Package was prepared and approved by the BoD and the administrative bodies of our Subsidiaries. In March 2016, on the basis of examination of the application package and some improvements made to the draft Internal Model, the Board of Supervisors approved the use of the Internal Model to calculate the regulatory solvency requirement.

Two specific projects relating to the Internal Model were devised in 2015: the first, multi-annual project was de-

signed to expand its scope in terms of risks (by adding operational risks) and coverage (by including other subsidiaries); and the second was designed to monitor creditworthiness in terms of internal ratings, in order to limit cases of sole reliance on externally produced ratings.

In the context of the adaptations required to comply with Solvency II, the process of establishing and/or updating the Company's policies with the following objectives was also concluded: formalising the ICRMS by establishing the roles and responsibilities of the Control Functions; establishing the processes associated with the management of individual risks (investment, underwriting and operational risks) and the main business processes (including capital management, the asset liability management process and the product approval process). Formalisation of the policies required by Solvency II is included in the undertaking to disseminate the internal control culture and awareness of the operation of the ICRMS adopted at GHO and in the Group. This context includes the GIRS, more details of which are provided in the chapter devoted to it in *Part I* of the Report.

Generali has not been one of the systemic undertakings since November 2015, following the sale of a significant part of its banking business. Moreover, in view of the obsolete designation of the Group as an "Insurance undertaking of systemic importance" and the instructions issued by the Regulator in that respect, the BoD has in any event updated the Systemic Risk Management Plan, the Liquidity Risk Management Plan and the Recovery Plan, drawn up on the basis of the instructions and principles issued by the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS).

## Internal Control and Risk Management System

The ICRMS is the set of company rules, procedures and structures that ensure the effective operation of the Company and enable it to identify, manage and monitor the main risks to which it is exposed. The efficacy of the System ensures the correct operation of the business mechanisms, compliance with the legislation and the reliability of all the information that

reaches the market through the corporate bodies.

Our ICRMS is consequently an integrated system that involves the entire organisational structure: the corporate bodies and the company structures contribute to its operation in a coordinated, interdependent way, to stimulate the ongoing value creation process by leveraging the 3 pillars (Vision, Mission and Values, details of which will be found in the Introduction to the Report) which constitute the cornerstones of our business culture.

### Applicable legislation

The Insurance Code and ISVAP Regulation no. 20/2008 contain the main legislative provisions governing internal controls and risk management for Italian insurance companies. Since the introduction of the new Solvency II system, in force since 1 January 2016, the national legislative insurance scenario is evolving, taking account of the Guidelines issued by EIOPA on

the subject.

The current provisions dictated by the insurance legislation, the Consolidated Finance Act and the Listed Companies' Corporate Governance Code, which the Company has ratified, have further defined the tasks and responsibilities of the various players in the Company's organisational structure.

## Roles

Each player in our corporate governance structure and our organisational structure has specific tasks and responsibilities relevant to the ICRMS. The objective is to

create, on the basis of foundations constituted by the legislative provisions, a system in which powers and responsibilities are well defined and the procedures for coordination between the parties involved are clearly delineated and easily identifiable.

## Board of Directors

The BoD is the leading player in the System, having responsibility for establishing internal control and risk management strategies and policies and guaranteeing their suitability and soundness over time, in terms of completeness, functionality and efficacy. All evaluations are performed at least once a year, having regard to the size of the Company and the Group, their operational specificities and the nature and intensity of the corporate risks, including those relating to outsourced Company functions. In particular, the evaluation of the adequacy and efficacy of the ICRMS was conducted in April and in July 2015, with reference to the second semester 2014 and the first semester 2015, respectively; the evaluation relevant to the second semester 2015 was conducted in March 2016. In all the three circumstances, after consulting the RCC, the evaluation had favourable results.

nally after consulting the BSA and the ICRM Director, as it did in 2015.

In the performance of its tasks the BoD ensures that the System allows identification, evaluation (including prospective evaluation) and risk control, including risks deriving from non-compliance with the legislation and prejudicial facts, and guaranteeing the aim of safeguarding the Company's assets, on the basis of sustainability in the medium-long term. The System has been extended to Generali's Subsidiaries, which have adopted it having regard to any specific legislative provisions in force in each country in which the Group operates.

The main elements of the ICRMS are the activity plan for the Internal Audit function, which the BoD approves an-

The BoD examines the opinions and reports of the other players in the System. Coordination between the ICRMS players is pursued not only by means of reports to the BoD and BSA by the Chairman of the RCC and regular attendance of the BSA at BoD meetings, but also by attendance at BoD and RCC meetings by the heads of the 4 Control Functions in relation to the matters for which they are responsible (for further details see the chapter

devoted to them in this Part of the Report) and, systematically, by the MPFR. There is an equally regular dialogue between the BSA and the said Control Functions, which periodically attend BSA meetings in accordance with a pre-defined schedule.

The BoD's tasks include:

- appointing and revoking the appointment of the head of the Internal Audit Function;
- ensuring that s/he has sufficient resources to perform his/her responsibilities;
- establishing his/her remuneration in accordance with Company policies.

The corresponding decisions are taken on the proposal of the ICRM Director, with the favourable opinion of the RCC and the BSA.

## Risk and Control Committee

The Risk and Control Committee has consultative, recommendatory and preparatory functions in favour of the Board of Directors on the subject of internal controls and risk management.

In particular, the RCC assists the BoD in determining the guidelines for the internal control and risk management system, the periodic check on its adequacy and effective operation, and the identification and management of the main business risks, including those deriving from prejudicial facts which come to the notice of the BoD. A Related-Party Transactions Sub-Committee, instituted

## Internal Control and Risk Management Director

The BoD has assigned the role of ICRM Director to the Group CEO. With effect from 9 February 2016, by way of implementation of the succession plan policy for the Group CEO, that position was temporarily assigned to the Chairman, pending completion of the process of identification and appointment of the new Group CEO. Since March 17 2016, the position has been held by Philippe Donnet as a result of his appointment to the position of Managing Director of the Company and Group CEO.

In that capacity, he identifies the main business risks, taking account of the characteristics of the activities carried on by the Company and its Subsidiaries, and periodically submits them for examination by the BoD; he

Finally, the BoD evaluates the results presented by the External Auditors and any suggestions that emerge at the time of certification of the financial statements. In 2015, as in previous years, the External Auditors did not consider it necessary to submit a suggestion letter; the report on the fundamental issues that emerged at the time of certification was supplied by Reconta Ernst & Young S.p.A. to the BSA in March 2015, and brought to the attention of the RCC and the BoD at their meetings held in March and April respectively.

For further information about the BoD's decision-making responsibilities, see the chapter devoted to the BoD in *Part III – Corporate governance system*, and **Annex 1**.

as a sub-committee of the RCC, also represents a control belonging to the ICRMS.

To ensure regular, timely exchanges of information relevant for the performance of their respective tasks, the Group CEO, the BSA and the heads of the 4 Control Functions systematically attend RCC meetings.

For further details, see the chapter of the Report devoted to the RCC in *Part III – Corporate governance system*, and **Annex 3**, which more specifically illustrates the subjects for which the RCC is responsible.

implements the guidelines established by the BoD, organising the design, implementation and management of the ICRMS, and regularly verifies its adequacy and efficacy; he adapts the System to the dynamics of the operating conditions and the legislative and regulatory scenario.

In his capacity as ICRM Director, the Group CEO can also request the Group Audit Function to audit specific areas and check on compliance with the internal rules and procedures in the performance of Company operations, notifying the Chairmen of the BoD, the RCC and the BSA at the same time. The Group CEO also reports promptly to the RCC (and/or the BoD) on issues or critical factors which emerge in the performance of his activities or come to his notice, so that the RCC can take the necessary measures.

## Control Functions

The System attributes to all the Company functions a clear position in the “3 lines of defence”:

- the operational functions, including the MPFR, are responsible for conducting line controls or first-level controls;
- the Risk Management, Compliance and Actuarial functions are responsible for second-level controls;
- the Internal Audit function is responsible for third-level controls.



As regards the **line or first-level controls**, the heads of each GHO organisational unit have the task of ensuring correct management of risks correlated with the activities performed and introducing suitable controls, in compliance with the organisational structure and the guidelines issued by the Group CEO, to guarantee implementation of the Internal Control and Risk Management Directives issued by the BoD.

The roles and responsibilities of each organisational unit are established in the ambit of the system of delegated powers and the policies approved by the BoD which, apart from some exceptions, are applicable at Group level.

In this context, the figure of the MPFR (illustrated in more detail later in Part IV of the Report) deserves particular attention. Pursuant to s. 154-*bis* of the CFBA, the MPFR is responsible for drawing up suitable administrative and accounting procedures for the formation of the annual and consolidated financial statements and all other financial communications.

The **second-level controls** meet the need to guarantee continuous monitoring of the most significant risks to the Company’s business; in our ICRMS, responsibility for those controls is attributed to 3 Company functions (the Group Actuarial, Group Compliance and Group Risk Management functions), which have no operational duties and are solely devoted to guaranteeing effective risk

control. To ensure that the said functions have the necessary independence, their heads report functionally directly to the BoD.

The **third-level controls** are assigned to the Group Audit Function, which is responsible for monitoring and evaluating the efficacy and efficiency of the ICRMS. This Function is characterised by strong independence from the business and a high degree of autonomy; the head of the Function does not depend hierarchically on any head of the operational areas, but is answerable directly to the Board of Directors, with direct reporting to its Chairman.

At the end of 2015 the RCC decided to hold a meeting at least once a year which all members of the BSA and the heads of the 4 Control Functions will be invited to attend, in the absence of other management representatives, to promote a useful exchange of opinions and direct comments.

The role, responsibilities and organisational position of the 4 second- and third-level Control Functions, and the relations between the Group functions and their local counterparts, are established by specific Group policies.

## Risk Management

The Group CRO supports the BoD and the Top Management in devising risk management strategies and defining and measuring monitoring tools, and provides the information required to evaluate the soundness of the ICRMS as a whole by means of an adequate reporting system.

The role and position of the Risk Management Function is defined in the specific Group risk management policy, on the basis of the Internal Control and Risk Management System Directives.

In particular, the Group CRO:

- assists in establishing the risk management policy and supports the definition of the risk strategy and risk tolerance;
- establishes the risk assessment criteria and methodologies and the results of the evaluations, subsequently notified to the Top Management and the BoD;
- supports the main business processes, including the planning, capital management, asset liability management and product development processes, in relation to the activities for which he is responsible;
- contributes, with the risk owners, to establishing the operating limits assigned to the operational structures and establishes the procedures for timely checks on those limits;
- monitors the implementation of the risk management policy and the general risk profile of the Company as a whole;
- coordinates the preparation of the Group Own Risk and Solvency Assessment (ORSA) Report on an annual basis and, in the event of significant variations in the risk profile, during the year.

The Group's risk management policy also establishes roles and responsibilities relating firstly to the process of updating the risk strategy, risk propensity and risk tolerance in the ambit of the process of establishing and updating the Risk Appetite Framework and secondly to the Own Risk and Solvency Assessment (ORSA).

To ensure a consistent, standardised approach within the Group, the Group CRO coordinates and monitors the adoption of the approved risk management policy, on the instructions of the Parent Company, by the BoDs of all companies belonging to the Group, with any necessary adaptations required by the legislative context and the nature and complexity of the risks run. In particular, the said policy establishes:

- the categories of risk to which the Parent Company and the companies belonging to the Group are exposed, and the processes instituted to identify them;
- the risk measurement and assessment methodologies; processes and procedures designed to ensure effective risk management and mitigation, on the basis of the risk propensity and risk tolerance established by the BoD;
- the principles forming the basis of the processes and procedures in force for the production of the report on the prospective evaluation of the Group's risks (Own Risk and Solvency Assessment - ORSA<sup>8</sup>).

Risk reporting is coordinated by GHO at Group level, to ensure an agreed, locally structured design that takes account of specific regulatory requirements. In this respect, the periodic report to the BoD includes information about the general soundness of the risk management system, the development of risks and any non-compliance with the set operating limits, together with ORSA reporting, as required by the applicable regulations and further established in the ambit of the ICRMS.

In the context of the risk governance system, the risk management policy specifies the roles and responsibilities of the Group CRO, the CROs of the various countries, regions and divisions, and the CROs at single company level, who support GHO in monitoring correct implementation of the System in accordance with the Group Policy.

In the performance of the activities of management and coordination of the Group, GHO has introduced a solid-line reporting model between the Group CRO and the CROs at the various levels.

The Group Risk Council has been instituted to reinforce coordination and sharing of best practices at Group level; it is attended by the Group CRO, supported by the main heads of structure at GHO level, and the CROs responsible for the main countries and regions.

8

The Group follows a Group-wide approach that requires coordination of the methodology followed both at Group level and at the level of the Companies belonging to the Group. The Group's ORSA Report supplements and summarises the results of the evaluation conducted for the main companies belonging to the Group, as indicated in the local reports.

## Compliance

The need to operate in compliance with statutory and regulatory provisions and the principles laid down by the Group's Code of Conduct is an integral part of the culture of our business organisation. It is required to introduce, at each level, controls designed to prevent the risk of penalties, pecuniary losses or damage to reputation resulting from non-compliance with legislation, regulations, orders of the Regulator or provisions of CD codes (known as compliance risks).

Within the System, Group Compliance has the task of ensuring that the ICRMS is adequate to protect the Company and the Group against the corresponding risks.

In particular, Group Compliance pursues the following main objectives:

- helping to preserve the Company's integrity and reputation;
- consolidating awareness of compliance, transparency and responsibility to stakeholders;
- supporting the Company's operations and business

## Actuarial Function

In the ambit of the Second Line of Defence of the ICRMS, the BoD instituted the Group Actuarial Function at GHO in January 2015. The main responsibility of that Function is to coordinate, monitor and validate calculation of the technical reserves in compliance with the Solvency II Directive. In addition to tasks relating to the technical reserves, and in line with the provisions of Solvency II, the Actuarial Function is also required to express an opinion of the underwriting policy and the adequacy of reinsurance agreements.

According to the organisational model established by the BoD, the Actuarial Function is positioned in the Group CFO's area to ensure effective coordination of the process of calculation of the technical reserves. However, to maintain his independence in the related validation activities, the head of the Actuarial Function reports functionally directly to the BoD, to which he has independent direct access.

In this context, the head of the Actuarial Function must submit to the BoD, at least annually, a report on all the relevant activities performed. In particular, the opinion

by creating a sustainable competitive advantage and integrating compliance risk management into everyday activities and strategic planning.

As required by the legislation, the planning of the Function's activities was also approved by the BoD in 2015, after examination by the RCC.

The head of the Function consequently reported twice a year to the BoD, including through the RCC, on the business trend and the Group's exposure to compliance risks.

Group Compliance performed all the tasks falling within its responsibility. It supported the BoD and the top management with management of the compliance risk by providing advice on compliance with the applicable provisions and application of ethical principles; it monitored developments on the legislative and regulatory scenario, evaluating the possible impact of new legislative provisions on the Group's business; it identified and evaluated compliance risks. Group Compliance also supervised the correct management of related-party transactions.

relating to the technical reserves must include a reasoned analysis of their adequacy, identify any departures from the requirements of Solvency II, and recommend corrective measures if appropriate. This opinion was submitted at the meeting held on 16 February 2016.

The Group Actuarial Function Policy (approved by the BoD on 1 April 2015) was instituted to ensure a consistent, standardised approach within the Group. In detail, this policy delineates the reference situation relating to the performance of actuarial activities in the Group, in the context of the Solvency II Directive. The main objective of the policy is to establish the Group's organisational model relating to the Actuarial Function, delineating its main responsibilities (at both local and Group level), to ensure its ability to coordinate and adequately validate the process of calculation of the technical reserves and formulate an effective opinion on the underwriting policy and reinsurance agreements. Each company belonging to the Group is required to apply the guidelines contained in the policy at local level, subject to any adaptations required by local specificities, which must in any event be agreed with the head of the Group Actuarial Function.

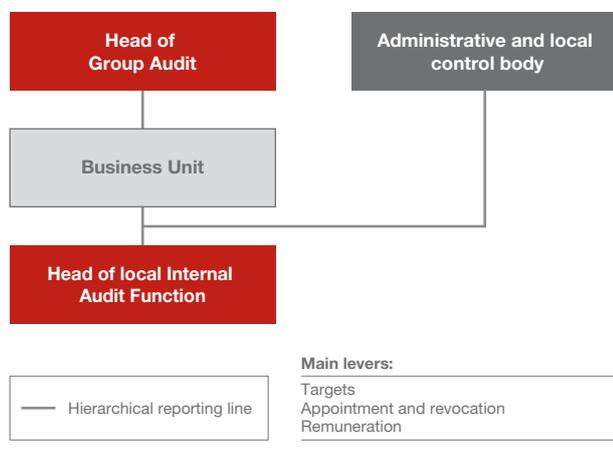
## Internal Audit

Group Audit is the Function instituted by the BoD at GHO with the task of providing an independent evaluation of the efficiency and efficacy of the ICRMS and raising any requirements for its updating, operating as Third Line of Defence.



To ensure a standardised approach and rapid emergence of any critical factors present in the various companies belonging to the Group, the BoD approved a revision of the Group Internal Audit Policy at the meeting held on 2 December 2015. This policy provides, among other things, for the heads of the internal audit functions at local level to report directly to the head of Group Audit.

### Group Internal Audit Policy



The policy states that the internal audit functions instituted in the various companies belonging to the Group must plan and conduct the review activities specified in the annual audit plan; that plan is established on the basis of structured activities involving not only a risk-based preliminary analysis of the processes of the companies concerned, but also an integrated planning approach to audit activities at Group level. This context also includes checks on the reliability of the information systems, including the accounting entry systems.

These activities are performed by the internal audit functions, with the aid of information supplied by the other control and business functions, to which they again had direct access in 2015 for the performance of their appointment. In any event, the Internal Audit function maintains full independence of judgment regarding risk quantification, the inclusion of the various processes in the Audit Plan and, accordingly, the control action, including controls relating to the second-level functions.

Special unscheduled activities can also be performed on request by the BoD or the management; in this case, the results were delivered directly to the chairmen of the BoD, RCC and BSA and the ICRM Director.

The Internal Audit function contributes to the evaluation and improvement of the efficacy of the risk management, control and governance processes, in accordance with the international internal audit principles and standards. In this way the internal audit activities support risk mitigation and reinforcement of the corporate governance processes and structures.

On the basis of the activities described, Group Audit sends a report every six months to the RCC to inform it of any critical factors relevant to the Group which may emerge from the internal control systems of the Parent Company and its Subsidiaries. As well as illustrating the results of the audit activities performed directly by Group Audit, the report also includes any significant information resulting from the periodic reports received by Group Audit from the internal audit functions operating at local level. After examination by the Risk and Control Committee, these half-yearly reports were sent to the chairmen of the BoD and BSA and the ICRM Director. If anomalies or major critical factors emerge, a report is submitted immediately to the RCC.

The new head of the Group Audit Function was appointed by Generali's BoD on 5 December 2014 with effect from 7 April 2015.

His appointment and remuneration were decided on by the BoD after hearing the favourable opinion of the RCC, the Group CEO, also acting in the capacity of ICRM Director, and the BSA. To ensure the independent judgment of the third Control Function, the remuneration of the Head of Group Audit is not based on a long-term incentive plan. The targets only have short-term characteristics; they are not connected with the management results of the Group, only with the performance of the

activities for which he is responsible. All other details will be found in the Remuneration Report, available on the Website, in the *Governance* section.

Finally, it is confirmed that in 2015 the Head of the Group Audit Function submitted to the BoD, as every year, after examination by the RCC, the activity plan for his Function, in which he declared that adequate resources were available for the performance of his tasks.

## Board of Statutory Auditors

As already mentioned in the Report, the BSA holds supervisory functions regarding compliance with the legislation and Articles of Association and management control.

The BSA attends meetings of the BoD and the Risk and Control Committee, and engages in regular, timely exchanges with the RCC of information relevant to the performance of their respective tasks. As from 2016, the RCC has decided to hold an annual meeting which all members of the BSA and the heads of the 4 Control Functions will be invited to attend, in the absence of other management representatives.

With particular reference to the internal control system, the BSA is responsible for:

- checking on the adequacy of the organisational, ad-

ministrative and accounting structure adopted and its concrete operation;

- issuing its opinion on the activity plan for the Internal Audit Function;
- issuing its opinion on the appointment and revocation of the head of the Internal Audit function, the adequacy of the latter's resources and his/her remuneration;
- issuing its opinion on the documentation submitted at the time of certification of the financial statements.

These powers were duly exercised in 2015. For this purpose the BSA cooperates with all the Company structures that perform control tasks, and in particular can request the Internal Audit Function to audit specific operational areas or Company operations.

In any event, more details can be found in the chapter devoted to the Board of Statutory Auditors in *Part III – Corporate Governance System*.

## Manager in charge of preparation of the Company's financial reports

On 8 November 2012 Generali's BoD appointed Group CFO Alberto Minali as MPFR, having established that he

possessed the required experience of administration, finance and control and met the respectability requirements, which the Board of Directors is required to monitor periodically.

### Applicable legislation

S. 154-bis of the CFBA requires the appointment of a manager in charge of preparation of the company's financial reports, and governs his/her activities and responsibilities in relation to the accounting information of the listed issuer.

Art. 40 of the Articles of Association states that the MPFR is to be chosen from candidates who have

acquired adequate experience of administration, finance and control in companies of significant size or in professional practice, and meet the respectability requirements established for Directors. Loss of the respectability requirements during the term of office terminates the appointment, and in such a case, the disqualified executive is rapidly replaced.

To enable him to perform his duties, the MPFR has power to:

- establish a regulation for his role at Company level and issue policies and guidelines for management of the related activities at Group level;
- establish a governance model for the application of policies and guidelines at Company level and Group level, and ensure that they are implemented;
- obtain any data or information, at Company or Group level, deemed necessary to comply with the statutory requirements;
- check that the administrative and accounting procedures are effectively and efficiently applied at both Company and Group level;
- propose amendments to the internal control system at

Company and Group level where deemed necessary to comply with statutory requirements.

The resources at the MPFR's disposal include at least:

- personnel with the skills and responsibilities required for the role;
- tools, including IT tools, for implementation of policies and guidelines;
- an adequate budget.

If the Board, in the exercise of its supervisory activity, considers that the powers and resources allocated to the MPFR are insufficient for the exercise of his statutory tasks, it must take the necessary measures.

## Main characteristics of the risk management and internal control system as regards reliability of information provided to the corporate bodies and the market

### The periodic report to the market

The MPFR contributes to the efficacy of the overall system of internal control over financial reporting.

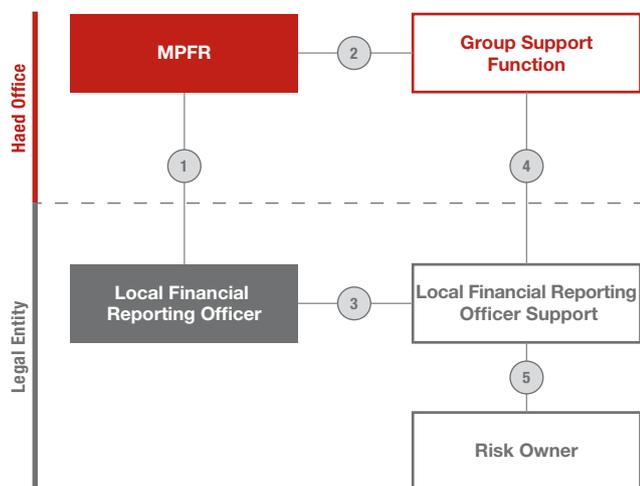
The objective of identifying, evaluating and controlling the risks relating to the financial reporting process (known as the financial reporting risk<sup>9</sup>) to which the Company and the Group are exposed, and preparing adequate administrative/accounting procedures, is pursued by applying a specific organisational structure (governance) and a financial reporting risk model (framework). That set of documents is consistent with the instructions contained in the Group Directives on the Internal Control and Risk Management System.



9

"Financial reporting risk" means the risk of incorrect entry of data generated by a company transaction that entails an untrue, incorrect representation of the Company's capital, economic or financial situation in the annual and consolidated financial statements, and all other financial communications.

The MPFR's governance model designed for the Group companies included in the consolidated financial statements is illustrated below.<sup>10</sup>



1. The Local Financial Reporting Officer reports to the MPFR on the relevant subjects (including through MPFR Support)
2. The Group Support Function reports hierarchically to the MPFR
3. Local Financial Reporting Officer Support may not report directly to the Local Financial Reporting Officer
4. Local Financial Reporting Officer Support interacts with the Group Support Function, including on behalf of the Local Financial Reporting Officer, regarding all matters relating to the application of policies and guidelines, and develops the possible synergies with the control functions at local level
5. Local Financial Reporting Officer Support supports the Risk Owners with risk identification and assessment activities and the related controls

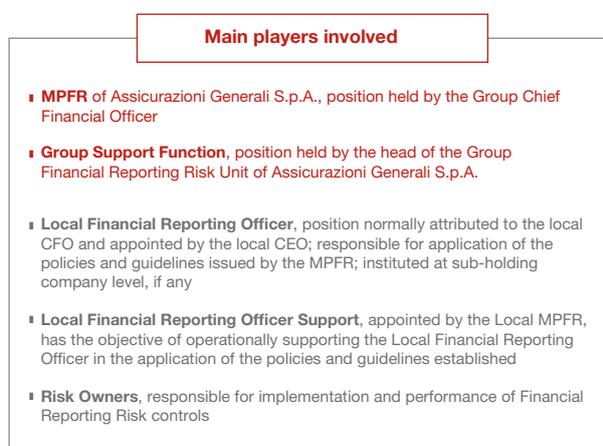
A structured set of policies, guidelines and operating instructions has also been prepared to give the companies belonging to the Group suitable tools to guarantee the application of the framework. The MPFR is supported by the Group Financial Reporting Risk (GFRR) Function, which has the task of supervising the application of the policies and guidelines at both Company and Group level.

In view of the Governance Model established, the Group CEO of a sub-holding company, if any, or of a significant company, guarantees the application of the policy and ensures that the Local Financial Reporting Officer has adequate powers and resources to perform his/her tasks defined by the policies and guidelines issued by the MPFR.

The Local Financial Reporting Officer is responsible for the application of the policies and guidelines issued by

#### 10

Relevant Companies are identified as those which, when the ratios between assets, income and profits of the individual companies and the corresponding consolidated totals are calculated, exceed given thresholds consistent with the best market practice. In particular, in 2015, Relevant Companies represented over 90% of the total consolidated assets.



The policy is applied by the CEOs, who ensure that the Local MPFR has adequate powers and resources to perform his/her duties.

Regional Officers are also present in the Regions, and operate as intermediaries with the heads of MPFR activities in the companies belonging to the Group.

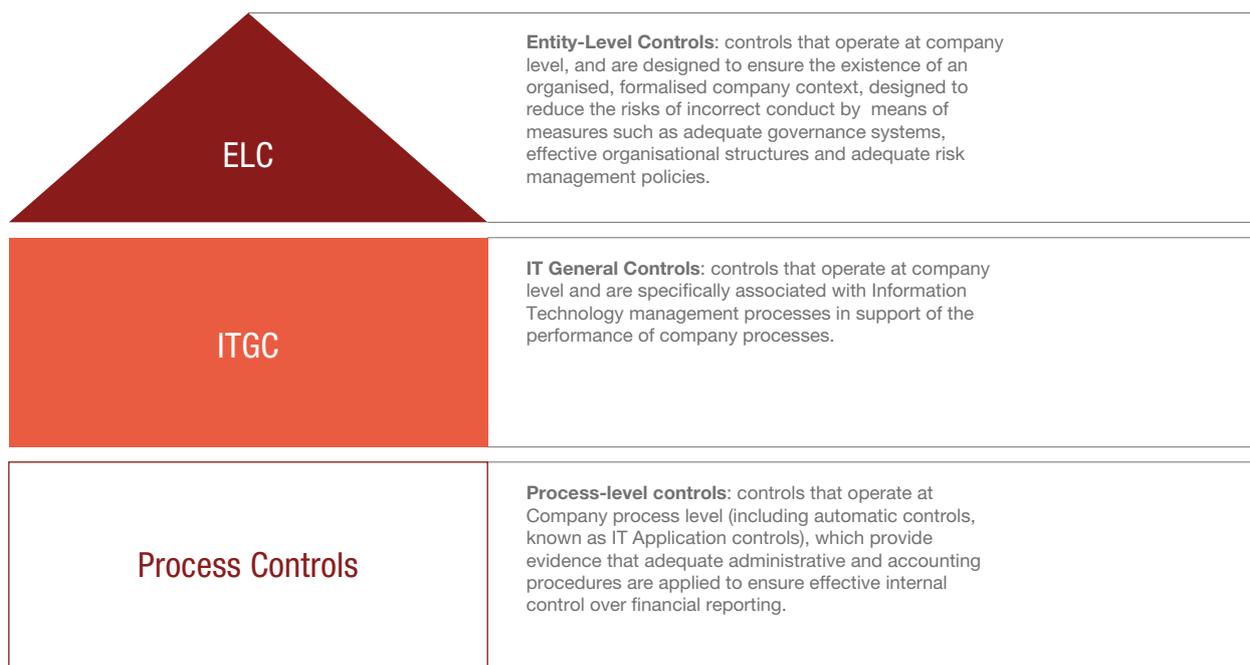
the Parent Company, including through Local Financial Reporting Officer Support and the country/region coordinator (if any). The Local Financial Reporting Officer checks and guarantees, with the support of the relevant functions, that the financial report provided to GHO corresponds to the entries in the books of account and complies with the accounting standards and methodologies adopted by the Group, in accordance with the applicable legislation; he also checks and guarantees that the financial reporting submitted in general to GHO provides a true and correct representation of the capital, economic and financial situation of the company/ies, including evaluations of the main risks and uncertainties to which it is exposed. The Local Financial Reporting Officer provides the "Scope Companies" with adequate administrative and accounting procedures for the financial report supplied to GHO for the formation of the consolidated financial statements and all other financial communications.

The framework was established in line with the best practices<sup>11</sup>, and a gradual implementation plan is scheduled.

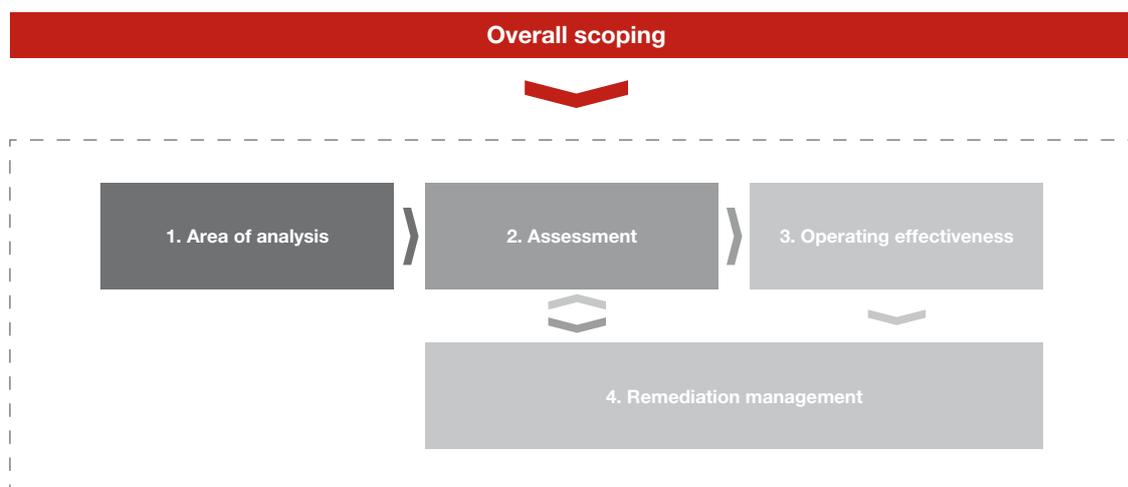
#### 11

As regards internal control over financial reporting, the following are generally recognised and accepted at international level:

- the CoSO Internal Control – Integrated Framework, which establishes guidelines for the evaluation and development of an internal control system;
- COBIT (Control Objective for IT and Related Technology), which provides specific guidelines for the information systems area, supplemented by ITIL and ISO/IEC 27001.



The framework is divided into detail steps that determine its operational approach for evaluation of the administrative and accounting procedures on closure of the annual and half-yearly financial statements:



**Overall scoping**

Identification of the significant Companies in the Group (to be included in the activities required by the FRR framework) and the significant accounts to be analysed.

**1. Area of analysis**

Definition of overall scoping for each level of analysis.

**2. Assessment**

Assessment of completeness of processes, the related FRRs and identification of the Key Controls. Identification of potential gaps

**3. Remediation management**

Identification and monitoring of suitable remedies to deal with all deficiencies identified at the Assessment and Operating effectiveness stages.

**4. Remediation management**

Identification and monitoring of suitable remedies to deal with all deficiencies identified at the Assessment and Operating effectiveness stages.

**Confirmation Letters**

Certification system whereby the CEOs and/or CFOs (or officers with similar powers) of the consolidated Subsidiaries declare that the report on the representation of the economic, financial and capital situation of the companies in the Group supplied to Head Office at the closure of each accounting period is complete, timely, accurate, truthful and compliant with the accounting standards and methodologies adopted by the Group as required by the applicable legislation, and that the corresponding administrative and accounting procedures are adequate.

The overall scoping is determined on the basis of the consolidated financial statements, evaluated as relevant on the basis of the materiality criteria generally used in audit practice, determining for each Scope Company the Company processes which have a potential accounting impact on the said accounts, and all the processes directly relating to account closure activities in a given period.

The overall scoping is also extended, by taking into consideration qualitative factors relating to the risk profiles deriving from factors internal and external to the Companies, and is reviewed at least annually, depending on the changing conditions of the Group's structure.

**Ongoing and extraordinary reports to the market: the Group Policy governing management and communication to the public of the Generali Group's privileged information and share trading operations**

The Company, implementing the market abuse regulations, has established a specific Group policy containing detailed identification of the guidelines and fundamental principles with which the companies belonging to the Generali Group must comply as regards the management of privileged and potentially privileged information directly or indirectly concerning the Company and/or its Subsidiaries or the related financial instruments.

In addition to the said policy, the BoD has approved the Company's internal procedures governing disclosure to the public of privileged information, management of the Register of Persons with Access to Privileged Information (known as the Insiders' Register) and internal dealing relating to operations performed by relevant parties on relevant financial instruments (as defined in the policy).

The policy identifies the various parties with power to classify information as privileged (or potentially privileged) from its origin (and according to the type of origin of the information, i.e. voluntary or external), with the involvement of an ad hoc consultative committee consisting of the Group CFO, Group General Counsel, the Registrar (identified as the Head of Group Corporate Affairs) and the Group Compliance Officer.

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

The MPFR reports periodically to the Board of Directors, including through the RCC, on the activities performed in the exercise of his functions.

The following obligations are also imposed:

- specific obligations relating to the transmission of information, requiring it to be based (*inter alia*) on the "need to know" principle (in other words, the information must only be communicated to those who actually need it for their jobs) and authorised by the competent body (identified by the Group CEO), which will verify *ex post facto* in each case whether it was really necessary to transmit the information;
- specific conduct obligations imposed on those who have received such information, relating in general to compliance with a qualified confidentiality and secrecy system and procedures for safekeeping of information;
- a prohibition on the use of information obtained for purposes other than performance of activities on behalf of the Group, with specific reference to conduct liable to constitute the offence of insider trading;
- a prohibition on performing operations on financial instruments using the information obtained.

With regard to the provisions governing disclosure of privileged information to the market, the internal procedure first identifies the time from when, depending on the methods by which the information originated, the obligation to disclose information directly relating to Generali, its subsidiaries or financial instruments to the public arises.

On the basis of the applicable regulations and CONSOB's interpretation, the policy identifies the time when the disclosure obligation arises as follows:

- for privileged information with a voluntary origin (e.g. deriving from decisions legally attributable to the Group), the time when the process of formation of the Company's intention was completed, making the decision binding on the parties involved, even if the relevant event has not yet been formalised;
- for privileged information with an external origin (e.g. deriving from external, objective events that do not depend on the Group), the time when the event/fact is established by the management holding responsibility on each occasion.

Privileged information is only disclosed to the market on the express instructions of the Group CEO.

The internal procedure also governs:

- the process relating to preparation of the press release, which must be activated by the party responsible for classifying the information;
- cases where the information only relates to Generali's subsidiaries, in which case specific information obligations towards the Parent Company are imposed

on them; cases where the information only relates to listed companies which are subsidiaries of the Parent Company, in which case the subsidiaries shall disseminate the information; cases where the information relates to Generali and its listed subsidiaries, in which case the information shall be disseminated jointly by the Company and the company concerned;

- cases where the Group CEO decides to publish an urgent press release in order to clarify the situation to the market and supplement the information in the public domain<sup>12</sup>;
- cases where the Company can delay the disclosure of privileged information to the public.

The internal procedure governs the keeping/management of the Register, which lists parties who, due to their working or professional activities or the functions they perform, have access to privileged information, identifying the fundamental criteria. Subsidiaries may delegate to the Parent Company the keeping and updating of their Register on their behalf. The Register is managed by the Head of Group Corporate Affairs, acting in the capacity of Registrar.

#### 12

This relates to cases where: (i) there have been leaks of information which could have (or have already had) a considerable influence on the prices of listed financial instruments issued by Generali or its Subsidiaries; (ii) CONSOB or Borsa Italiana have reported the spreading of market rumours; (iii) CONSOB or another Regulator has requested the issue of information or disclosures to the public.

## Internal dealing rules

Generali has established the internal procedure for compliance with the information obligations relating to operations performed on “Relevant Financial Instruments” by “Relevant Parties” or “Persons Closely Associated with them”, which amount to at least EUR 5,000 a year, in accordance with the applicable legislative and regulatory provisions.

“Relevant Parties” are identified as: (i) the members of the BoD and the BSA; (ii) the members of the GMC; (iii)

other parties who report directly to the Group CEO; (iv) any other party that holds at least 10% of the Company’s share capital, or acquires control thereof<sup>13</sup>. “Persons Closely Associated with Relevant Parties” are identified as the parties specified in the CONSOB regulatory provisions

Blocking periods are imposed around the time of certain Company events, during which internal dealers are expressly prohibited from performing operations on relevant financial instruments.

### Applicable legislation

Art. 152-sexies of the CONSOB Issuers’ Regulation indicates the precise definitions referred to in Chapter II - Operations conducted by Relevant Parties and Persons Closely Associated with them. In this context it identifies, as Persons Closely Associated with Relevant Parties, (i) the spouse, unless legally separated; (ii) dependent children, including those of the spouse; (iii) if they have cohabited for at least one year, their parents, relatives and in-laws; (iv) legal persons, partnerships and trusts in which a Relevant Party or

one of the persons referred to in paragraphs (i)-(iii), alone or jointly, holds the management function; (v) legal persons controlled directly or indirectly by a Relevant Party or by one of the persons referred to in paragraphs (i)-(iii); (vi) partnerships between persons whose economic interests are substantially equivalent to those of a Relevant Party or of the persons referred to in paragraphs (i)-(iii); (vii) trusts set up for the benefit of a Relevant Party or one of the persons referred to in paragraphs (i)-(iii).

#### 13

This relates to cases where: (i) there have been leaks of information which could have (or have already had) a considerable influence on the prices of listed financial instruments issued by Generali or its Subsidiaries; (ii) CONSOB or Borsa Italiana have reported the spreading of market rumours; (iii) CONSOB or another Regulator has requested the issue of information or disclosures to the public. According to the regulatory provisions, “Relevant Parties” are:

- (i) members of the administrative and supervisory bodies of a listed issuer;
- (ii) persons who perform management functions in a listed issuer and senior executives who have regular access to privileged information and have power to take management decisions which may affect the development and future

- prospects of the listed issuer;
- (iii) the members of the Board of Directors and Board of Statutory Auditors, persons who perform management functions, and senior executives who have regular access to privileged information and have power to take management decisions which may affect the development and future prospects of a company controlled directly or indirectly by a listed issuer, if the book value of the holding in the said controlled company represents more than 50% of the assets of the listed issuer, as shown in the last approved financial statements;
- (iv) any other party that holds at least 10% of the share capital of the listed issuer, represented by shares carrying voting rights, and any other party that controls the listed issuer.

## Related-Party Transaction Procedures

The Board of Directors adopted the Related-Party Transaction Procedures (“the Procedures”) on 11 November 2010, to ensure that such transactions are performed in accordance with the principles of transparency and substantive and procedural correctness.

The Procedures, prepared in compliance with the terms of s. 2391-*bis* of the Civil Code and the OPC Regulation that implements the statutory provisions, make a distinction between operations of minor and major importance, imposing stricter rules for the latter in terms of the decision-making process as well as transparency towards the market. For both types of operation, the Procedures state that a committee of independent directors (the RPTSC) shall assess whether the Company has an interest in performing the operation, and evaluate the benefits and substantive correctness of its terms.

The opinion given by the independent directors is binding for all operations of major importance, and those of minor importance which exceed given value thresholds.

For some operations, it is not necessary to activate the decision-making procedure accompanied by the opinion of the independent directors: These operations, identified in the Procedures, are deemed unlikely to prejudice the interests protected by the regulations.

The Procedures apply to Related-Party Transactions performed directly by Generali and each of its Subsidiaries.

On 6 December 2013, the Board of Directors updated the Procedures to take account of the experience gained in the first three years’ application, and the recommendations made to the market by CONSOB in this respect. The updated version of the Procedures came into force on 1 January 2014, and the full text is available in the *Governance* section of the Website.

## Organisational and management model

The BoD has adopted the Organisational and Management Model (OMM) pursuant to Legislative Decree no. 231/2001, governing the administrative liability of organisations and legal persons for crimes committed in the interests or to the advantage of the Company, available in the *Governance* section of our Website.

The activities involved in updating the OMMs of the Parent Company and the Italian companies belonging to the Group (including those with branches abroad) to incorporate the recent legislative amendments introduced by Decree 231, and organisational and/or operational changes that took place during the period, began in 2015; the models have also been customised to make them more suitable for personnel operating in foreign locations, at the same time strengthening the existing controls with specific prior controls correlated with local risks.

The Parent Company informs its subsidiaries of the guidelines it has adopted in relation to developments in the legislation in question, suggesting the general criteria with which they can comply.

The Model consists of a “General Part” and various “Special Parts”.

The General Part illustrates the rationale for and principles of Decree 231, illustrates the OMM and the principles of the ICRMS, and describes the elements constituting the components of the Model. The Special Parts supply a representation of the “underlying offence” contemplated by Decree 231. For this purpose, each Special Part contains a legislative analysis of the individual offences included in Decree 231, and the general principles of conduct by which behaviour in all areas potentially involving a crime risk must be inspired.

In each at-risk area, the Company functions involved are identified, together with sensitive activities, the specific offences theoretically possible, the methods by which they can be committed or conduct contributing to their

commission, and the preventive controls and tasks of the Supervision and Control Committee (SCC) in this respect.

Special Part A	s. 24-26 - Crimes against the Public Administration	Special Part E	s. 24 bis - Computer Crime and Illegal Data Processing
Special Part B	s. 25 <i>decies</i> - Crimes of inducement not to make statements or to make untrue statements to the judicial authorities		s. 24 <i>ter</i> - Organised Crime
Special Part B-bis	s. 25 <i>ter</i> - Corporate Crimes e.g. hindering the exercise of the functions of public supervisory authorities (s. 2638 of the Civil Code), misleading prospectus (s. 173-bis of the CFBA), etc.		Cross-border Offences pursuant to Art 10 of Statute 146/06
Special Part C	s. 25 <i>sexies</i> - Market Abuse Abuse of privileged information (ss. 184-187-bis of the CFBA) and market manipulation (ss. 185-187-ter of the CFBA)		s. 25 <i>bis</i> - Crimes relating to counterfeiting of currency, legal tender, revenue stamps and identification instruments or signs
Special Part D	s. 25 <i>ter</i> Crime of Private-to-Private Corruption		s. 25 <i>quater</i> - Crimes committed for the purpose of terrorism or overthrow of democratic order
	s. 25 <i>septies</i> - Crimes against Health and Safety at Work	s. 25 <i>undecies</i> - Environmental Offences	
	s. 25 <i>octies</i> - Crimes of handling stolen goods, money-laundering and using money, assets or other things of value of illegal origin, and self-laundering		

The BoD has instituted the SCC as a collective body consisting of 5 members:

### Supervision and Control Committee

Company role held	Member
Chairman External professional	Mario Notari
Member of Body External professional	Pietro Mazzola
Member of Body Non-executive independent director	Alberta Figari
Member of Body Group Compliance Officer	Maurizio Basso
Member of Body Group Audit Manager	Anne Jaeger

From 15 September 2015, the Secretary of the SCC is Giuseppe Catalano.

The above composition is deemed to meet the requirements of autonomy and independence, as well as those of professionalism and respectability, because:

- the activities performed by the SCC are not subject to any form of interference and/or influence by persons belonging to the Company; its members therefore cannot be subjected to adverse consequences of any kind or disciplinary measures for decisions taken and opinions expressed in good faith;
- to guarantee the principle of independence, the SCC has been placed in an appropriate position, reporting directly to the BoD;
- no tasks are allocated to the SCC which are directly or indirectly connected with the taking or implementation of the Company's decisions;
- the SCC is equipped with the financial resources necessary for the correct performance of its activities;
- among the members of the SCC, two external members have been appointed, selected from professionals of proven authoritativeness and experience, who

hold no operational tasks or interests that could conflict with the appointment by influencing their independence of judgment and evaluation;

- the SCC has its own internal regulations designed to govern the aspects and methods of performance of the tasks assigned to it.

For the performance of the tasks assigned to it, the SCC holds all powers and financial resources necessary to ensure punctual, effective supervision of the operation of and compliance with the Model.

In the performance of the tasks assigned to it, the SCC liaises with the Internal Audit function, making use of their respective skills and professionalism in the exercise of its supervision and control activities.

The SCC reports to the Board of Directors about the adoption and effective implementation of the OMM, supervision of its operation and updating thereof.

Milan, 17 March 2016

### BOARD OF DIRECTORS



“

Global warming is increasing at an unprecedented rate compared to the past 1,300 years and most of it is very likely human-induced

# Part V

## Tables and Annexes

118	<b>Table 1</b>	Information about share ownership
119	<b>Table 2</b>	Structure of Board of Directors and Board Committees as at 31/12/2015
120	<b>Table 3</b>	Structure of Board of Statutory Auditors as at 31/12/2015
121	<b>Annex 1</b>	Responsibilities reserved to the Board of Directors through a board resolution
123	<b>Annex 2</b>	Responsibilities assigned to the Managing Director through a board resolution
126	<b>Annex 3</b>	Responsibilities assigned to the Risk and Control Committee through a board resolution
127	<b>Annex 4</b>	Responsibilities assigned to the Remuneration Committee through a board resolution
128	<b>Annex 5</b>	Responsibilities assigned to the Appointments and Corporate Governance Committee through a board resolution
129	<b>Annex 6</b>	Checklist against CG Code

## Tables and Annexes

### Table 1 - Information about share ownership

Drawn up in accordance with the Corporate Governance and Share Ownership Report Format recommended by Borsa Italiana (5th Edition, January 2015)

Declaror	Direct shareholder	% of ordinary share capital*
MEDIOBANCA	Mediobanca	13.284
	TOTAL	13.284
DELFIN S.a R.L. (LEONARDO DEL VECCHIO Group)	Delfin S.a R.L.	3.176
	TOTAL	3.176
CALTAGIRONE Group	Caltagirone Editore S.p.A.	0.215
	Echelto S.r.l.	0.019
	FGC S.p.A.	0.033
	Finanziaria Italia 2005 S.p.A.	0.170
	Fincal S.p.A.	0.096
	Fincal 2 S.r.l.	0.100
	Fincel S.r.l.	0.151
	Gamma S.r.l.	0.409
	Mantegna 87 S.r.l.	0.058
	Pantheon2000 S.p.A.	0.263
	Quarta Iberica S.r.l.	0.106
	So.co.ge.im. S.p.A.	0.006
	SO.FI.COS. S.r.l.	0.305
	Vianini Industria S.p.A.	0.116
	Viapar S.r.l.	0.071
	VM 2006 S.r.l.	0.507
Francesco Gaetano Caltagirone	0.007	
TOTAL	2.633	
PEOPLE'S BANK OF CHINA	People's Bank of China	2.009
	TOTAL	2.009

(\*) The ordinary capital coincides with the voting capital.



### Table 3 - Structure of Board of Statutory Auditors as at 31/12/2015

Drawn up in accordance with the Corporate Governance and Share Ownership Report Format recommended by Borsa Italiana (5th Edition, January 2015)

Office held	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Indipendenza Codice	Attendance at BSA meetings ***	Number of other offices held ****
Chairman	Dittmeier Carolyn	1956	30.04.2014	30.04.2014	Approval of 2016 financial statements	m	X	32/34	2
Sindaco effettivo	Pozza Lorenzo	1966	30.04.2014	30.04.2014	Approval of 2016 financial statements	M	X	32/34	9
Permanent statutory auditor	Di Bella Antonia	1965	30.04.2014	30.04.2014	Approval of 2016 financial statements	M	X	30/34	-
Permanent statutory auditor	Olivotto Silvia	1950	30.04.2014	30.04.2014	Approval of 2016 financial statements	m	X	-	10
Substitute statutory auditor	Di Carlo Francesco	1969	30.04.2014	30.04.2014	Approval of 2016 financial statements	M	X	-	7

Number of meetings held in 2015: 34

Majority required for submission of lists by minorities for election of one or more members (pursuant to s. 148 of the CFBA): 0.5% of share capital

\* The date of first appointment of each statutory auditor means the date when that auditor was appointed to the issuer's BSA for the first time.

\*\* The list from which each statutory auditor was drawn is indicated in this column ("M" = majority list; "m" = minority list).

\*\*\* This column indicates statutory auditors' attendance at meetings of the BSA (indicate the number of meetings attended out of the total number of meetings held; e.g. 6/8; 8/8 etc.).

\*\*\*\* This column indicates the number of directorships or offices as statutory auditor held by the party concerned as specified in s. 148-bis of the CFBA and the corresponding implementing provisions contained in the Consob Issuers' Regulation. The complete list of offices is published by Consob on its website as required by s. 144-quinquiesdecies of the Consob Issuers' Regulation.

## Annex 1 - Responsibilities reserved to the Board of Directors through a board resolution

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

- 1) to examine and approve the budget and the strategic, industrial and financial plans of the Company and the Group proposed by the Group CEO, monitoring their implementation on a quarterly basis and evaluating the general management trend, taking account, in particular, of the information received from the executive bodies, and periodically comparing the results achieved with the planned results;
- 2) on the proposal of the Group CEO, to establish the nature and level of risk compatible with the strategic objectives of the Company and the Group;
- 3) to evaluate the adequacy of the organisational, administrative and general accounting system of the Company and its subsidiaries with strategic importance prepared by the CEO, with special reference to the internal control and risk management system and the management of conflicts of interest;
- 4) on the proposal of the Group CEO, to examine and approve the Group's corporate governance system and structure;
- 5) to establish the guidelines of the internal control and risk management system with the support of the RCC, assessing their adequacy, efficacy and actual operation in relation to the characteristics of the Company and the Group at least once a year; to appoint the director responsible for the internal control and risk management system; to appoint, revoke the appointment and determine the remuneration of the Internal Audit Manager (after obtaining the binding opinion of the RCC and the Board of Statutory Auditors) and the Risk Management and Compliance Manager (on the proposal of the Group CEO, after consulting the RCC);
- 6) to delegate and revoke executive powers to the executive bodies and Board sub-committees, establishing their limits and the procedures for their exercise; and to establish the intervals, not exceeding quarterly, at which the executive bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;
- 7) on the proposal of the Group CEO and after consulting the ACGC:
  - a) to institute the GMC, a leadership team formed by executives belonging to the Group, which is responsible for supporting the Group CEO and discusses essential decisions for the Group, examines proposals to be submitted to the Board, and conveys the decisions and policies adopted to the interior of the Group through its members;
  - b) to establish the internal roles in the Group which carry membership of the GMC;
  - c) to appoint and revoke the appointment of the parties called on to hold internal roles in the Group carrying membership of the GMC; if the appointment or revocation relates to the Internal Audit Manager or the Risk Management and Compliance Manager, the prior opinion shall be expressed by the RCC;
- 8) to designate, on the proposal of the Group CEO and after consulting the ACGC, the chairmen, executive directors and general managers (or members of the top management holding equivalent positions) of the Strategic Subsidiaries, and formulate proposals relating to the revocation of their appointments and their remuneration and those of the non-executive directors, if selected from figures external to the Group;
- 9) to establish the succession plan for the executive directors;
- 10) on the proposal of the Group CEO, to validate a succession plan for the country CEOs and management figures with a Hay score exceeding 1,200 points (i.e. the members of the GLG);
- 11) on the proposal of the Group CEO and after consulting the InvCom, to approve the asset allocation strategy, monitoring its performance at quarterly intervals and reviewing it at half-yearly intervals;
- 12) to approve the signature of shareholders' agreements of particular strategic importance relating to holdings in the capital of listed Italian and/or foreign companies;
- 13) to examine and approve the following intercompany operations:
  - a) loans and/or guarantees in favour of the parties referred to in art. 5 of ISVAP Regulation 25/2008, to be taken out on conditions other than market or standard conditions or performed by way of exemption to the limits contained in clause 2.3.1 (financing) and clause 2.3.2 (guarantees) of the current framework resolution relating to intercompany transactions;
  - b) investment operations performed with the parties referred to in art. 5 of ISVAP Regulation 25/2008, on conditions other than market or standard conditions or performed by way of exemption to the limits contained in clause 2.3.4 of the current

framework resolution relating to intercompany transactions;

- 14) on the proposal of the Group CEO, to approve a procedure for the internal management and external communication of documents and information relating to the Company and the Group, with special reference to privileged information;
- 15) to establish and periodically review, on the proposal of the RemCom, the remuneration policies for members of the governing bodies and the personnel, including remuneration plans based on financial instruments, verifying their correct application.
- 16) on the proposal of the RemCom and after consulting the Board of Statutory Auditors, to establish the remuneration of the Executive Directors and other directors who hold particular offices; on the proposal of the Group CEO and after consulting the RemCom, to establish the remuneration of the executive personnel who hold internal roles in the Company or the Group that carry membership of the GMC;
- 17) on the proposal of the Group CEO, to examine and approve the guidelines of the incentive system for resources belonging to the Global Leadership Group (senior executives who make a significant direct contribution to the Group's performance and results);
- 18) at least once a year to assess the size, composition and functioning of the Board of Directors and its sub-committees, taking account of factors such as the professional characteristics, experience, including managerial experience, and gender of its members, and their seniority in office, possibly providing guidance on the professional figures whose presence on the Board is deemed advisable;
- 19) to provide information in the Corporate Governance and Share Ownership Report about the methods of application of the CG Code and everything else required by the applicable legislation and regulations;
- 20) after the appointment of a director who claims to be independent, and once a year thereafter, to evaluate (on the basis of the information supplied by the said director or otherwise available to the Company) the independence of its non-executive members, announcing the result of its evaluations (by means of a press release to the market at the time of the appointment, and subsequently in the corporate governance report);
- 21) to express its view on the maximum number of offices as director or statutory auditor held in other companies listed on regulated markets (whether in Italy

or abroad), in finance, banking or insurance companies or companies of significant size, which can be deemed compatible with the effective performance of a directorship of the Company, taking account of Directors' participation in the Board's Sub-committees.

The Board also has sole power to examine and approve in advance the operations of the Company and its subsidiaries, if the said operations have significant strategic, economic, capital or financial importance for the Company, paying particular attention to situations in which one or more Directors have an interest on their own account or on behalf of third parties, without prejudice to the provisions governing related-party transactions in general. The following operations, including those entered into through subsidiaries, shall be deemed to have significant strategic, economic, capital or financial importance:

- a) the issue of financial instruments with a total value exceeding € 100 million;
- b) the grant of loans and guarantees for amounts exceeding € 100 million;
- c) operations relating to the performance of work and services, and collaboration agreements for the exercise and development of the Company's business, for amounts exceeding € 100 million;
- d) costs, even if specified in the budget, of amounts exceeding € 50 million;
- e) merger or demerger operations in relation to which the total assets of the company taken over (merged) or the assets demerged exceed € 100 million;
- f) operations relating to investment and divestment, sale and purchase of shareholdings, companies or company divisions and assets of all kinds, if the price of the company (or business division or assets) bought (or sold) exceeds € 100 million if the free assets of the Company and/or its subsidiaries are used, and in any event if it exceeds 2% of the average capitalisation of the Generali shares in the last six months;
- g) purchase and sale of rights over real estate and the grant of licences to use the same and mortgage restrictions thereover involving the use of the free assets of the Company and/or its subsidiaries exceeding € 50 million, and in any event for amounts exceeding 2% of the average capitalisation of the Generali shares in the last six months.

## Annex 2 - Responsibilities reserved to the Managing Director through a board resolution

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

- a) to propose to the Board the adoption of measures in the field for which he is responsible;
- b) to formulate proposals relating to the multi-annual plans and annual budgets of Assicurazioni Generali and the Group, to be submitted for examination and approval by the Board;
- c) to issue directives for the drafting of the Company's financial statements; to prepare proposals for submission to the Board on the draft annual financial statements and consolidated financial statements, and the quarterly and half-yearly reports;
- d) to formulate proposals relating to the asset allocation strategy to be submitted for examination and approval by the Board;
- e) to establish the general organisational system of Assicurazioni Generali and the Group, and submit it to the Board for the evaluations for which it is responsible;
- f) to ensure that the resolutions passed by the General Meeting and the Board are implemented;
- g) to ensure the application of the corporate governance rules of the Company and the Group;
- h) as regards insurance and reinsurance business:
  - i. to manage insurance and reinsurance business in Italy and abroad, authorising the taking of insurance and reinsurance risks in the sectors in which the Company is authorised to operate and payment of the corresponding compensation, and to perform the activities relating thereto and take the appropriate decisions with respect thereto;
  - ii. to supervise and guide the management of the Group's technical and actuarial activities and manage its research and development activities;
  - iii. to draft and approve the statements of the Company's Separate Internal Management Accounts and Internal Insurance funds and establish the proportion of participation in the yield of the Separate Internal Management Accounts, without prejudice to any more favourable contractual terms and/or clauses which provide for a minimum yield to be withheld by the Company;
- i) as regards human resource management and organisation:
  - i. to formulate proposals to the Remuneration Committee regarding the guidelines of the remuneration policy of the Company and the Group;
  - ii. to establish the human resource development and management policies and the associated incentive system; to manage relations with trade unions and employers' associations, with power to sign agreements with them on the Company's behalf; to attempt conciliation, make settlements and sign the minutes relating to settlements;
  - iii. to formulate proposals to the Board relating to:
    1. the institution of the GMC;
    2. the definition of the internal roles in the Group relevant to the composition of the GMC;
    3. the appointment, revocation of the appointment and remuneration of the parties called on to hold internal roles in the Group carrying membership of the GMC;
  - iv. with the exception of the powers granted exclusively to the Board of Directors pursuant to art. 32.2 of the Company's Articles of Association, to take decisions relating to the hiring, promotion, duties, delegated powers and remuneration of personnel of all grades belonging to the Company and the Group, with the exception of executives holding positions within the Company or the Group that carry membership of the GMC. As regards the said personnel: to take the necessary measures, authorise the grant of financial subsidies and leave of absence, arrange transfers and secondments, and take all precautionary and disciplinary measures including dismissal and establishing severance pay;
  - v. to determine, in accordance with the terms of arts. 38 and 39 of the Company's Articles of Association, the scope of the power of representation and company signature of executives, excluding members of the GMC, and to grant the said power continuously to the Company's officers and revoke it;
  - vi. to propose to the Board the nomination of the Chairmen, Managing Directors and General Managers (or members of the top management holding equivalent positions) of the Strategic Subsidiaries, and to formulate proposals relating to revocation of their appointments and to their remuneration and that of the non-executive directors, if selected from persons external to the Group; to nominate the non-executive members of the Boards of the Strategic Subsidiaries, if selected from persons belonging to the Group, and

- the executive members of non-strategic Subsidiaries; to nominate the members of the Boards of Statutory Auditors of subsidiaries without strategic importance;
- vii. to propose to the Board the signature of shareholders' agreements of particular strategic importance relating to holdings in the capital of listed Italian and/or foreign companies;
  - viii. to submit to the Board, having consulted the ACGC, the succession plan for members of the GMC, country CEOs and executives whose Hay score exceeds 1,200 points (ie. members of the GLG);
- j) to approve operations relating to investment and divestment, sale and purchase of shareholdings, companies or company divisions and assets of all kinds, if the price of the company (or business division or assets) bought (or sold) does not exceed € 100 million and the free assets of the Company and/or its Subsidiaries are used;
  - k) as regards relevant shareholdings, pursuant to s. 4 of LD no. 173 of 26 May 1997:
    - i. to acquire and/or increase shareholdings (directly or indirectly and by subscription of rights issues) up to the value of € 100 million, if the free assets of the Company and/or its subsidiaries are used; to authorise the waiver or assignment of stock options relating to rights issues in invested companies and the waiver of rights of pre-emption;
    - ii. to approve rights issues by invested companies; to approve Company operations (such as mergers, demergers, contribution to capital of Company divisions, issue of bonds or subordinate loans, purchase of own shares, etc.) performed by controlled or invested companies with which shareholders' agreements relating to the matters in question have been entered into: all up to € 100 million, if the free assets of the Company and/or its Subsidiaries are used;
    - iii. to approve operations involving the total or partial acquisition, increase or assignment of shareholdings (including subscription of rights issues and waiver of stock options on rights issues or rights of pre-emption) proposed by subsidiaries and investee companies up to the value of € 100 million if their free assets are used;
    - iv. to approve amendments to the Articles of Association of invested companies;
    - v. to issue voting instructions for the General Meetings of controlled and invested companies;
  - l) as regards other operations:
    - i. to approve issues of financial instruments up to a total value of € 100 million;
    - ii. to approve the grant of loans and guarantees for amounts of up to € 100 million;
    - iii. to approve operations relating to the performance of work and services, and cooperation agreements for the exercise and development of the Company's business, for amounts of up to € 100 million if the free assets of the Company and/or its Subsidiaries are used;
    - iv. to approve merger or demerger operations in relation to which the total assets of the company taken over (merged) or the assets demerged do not exceed € 100 million;
  - m) as regards management of real estate:
    - i. to authorise the purchase and assignment of rights relating to real estate and grant of licences to use the same;
    - ii. to grant servient easements on the Company's real estate, with no value limits;
    - iii. to consent to the cancellation, reduction and restriction of mortgages and/or liens of any kind (with express power to identify the property to be cancelled for Land Registry and mortgage purposes) and deeds of subordination or subrogation; to consent to the cancellation of transcriptions and annotations, exonerating the Land Registrar and registrars of other offices from the responsibility to establish that the extinction has taken place or a corresponding reduction made in the debt claimed and/or that an authorising resolution has been passed by the appropriate body of the Company;
    - iv. for the operations referred to in the earlier paragraphs, the use of the free assets of the Company and/or its subsidiaries is allowed for amounts of up to € 50 million;
  - n) as regards expenditure: with reference to the Company, to authorise compulsory expenditure with no limit on the amount, and other costs up to € 50 million per item;
  - o) as regards legal matters:
    - i. to file suits and proceedings in courts and administrative tribunals, non-contentious proceedings and arbitration proceedings; to defend proceedings taken against the Company; to represent the Company in legal proceedings, both as Plaintiff and Defendant, before any authority, in any forum and at any level or stage of proceedings, and consequently in interlocutory, enforcement, appeal and cassation proceedings and arbitration proceedings, with all the corresponding powers, including power to conciliate and/or settle disputes, to sign arbitration agreements and compositions, to issue general and special powers of

attorney ad litem and special powers of attorney pursuant to ss. 183 and 420 of the Civil Procedure Code to represent the Company in legal proceedings, including with power to conciliate or settle disputes, to waive and accept waivers of judicial documents, to issue declarations as garnishee, and to claim damages in criminal proceedings; to file and transfer complaints;

- ii. to authorise payments of claims by third parties;
- p) as regards service activities: to sign and terminate service contracting and/or outsourcing agreements relating to the performance of services for other companies in the Group;
- q) Group management and coordination activities: to perform, within the guidelines established by the Board, management and coordination activities for the companies in the Group;
- r) power of subdelegation: to subdelegate to employees or third parties who are not employees one or more of the powers specified in the preceding paragraphs, with the obligation to predetermine any limitations thereon;
- s) emergency powers: to exercise any power held by the Board if, at his sole discretion, the urgency of the matter requires an immediate decision, excluding the powers referred to in ss. 2420-ter (Delegation to directors), 2423 (Drafting of financial statements), 2443

(Delegation to directors), 2446 (Reduction of share capital due to losses), 2447 (Reduction of share capital below the statutory limit), 2501-ter (Merger Plan) and 2506-bis (Demerger Plan) of the CC, with the value limit of € 100 million per operation, taking account, in any event, of the terms of the resolution passed by the Board regarding major economic, financial and capital operations with related parties, atypical or unusual operations. The value limit of € 100 million shall also apply to the case of multiple operations of the same type which, though individually falling below the said threshold, collectively fall into the same time, functional or planning scale.

The exercise of emergency powers is conditional on a prior check by the Group CEO, by agreement with the Chairman, that it is impossible to hold a Board meeting in sufficient time to pass a resolution on a matter falling within its jurisdiction, in compliance with the minimum period of two days specified in the Articles of Association for calls of meetings in the event of urgency. The significant transactions performed are required to be reported to the Board at the first meeting held after the exercise of the delegated powers, provided that the actions performed shall be valid in any event.

## Annex 3 - Responsibilities reserved to the Risk and Control Committee through a board resolution

The RCC ensures that the Board's evaluations and decisions relating to the internal control and risk management system, approval of the financial statements and half-year reports and relations between the Company and the External Auditors are supported by adequate preliminary activity. In this context it is required:

- to assist the Board in performing the tasks attributed to it by the CG Code regarding the internal control and risk management system;
- to express its binding opinion on the appointment, revocation and remuneration of the Internal Audit Manager;
- to express its opinion, on the proposal of the Group CEO, of the appointment, revocation and remuneration of the heads of the Risk Management and Compliance departments;
- to express its opinion of the draft Audit Plan and the Summary Report on Internal Audit activities prepared by the Internal Audit Manager, with a view to their submission to the Board;
- to express its opinion of the proposed Compliance Plan and the Report on the adequacy and efficacy of the measures taken by the Company to manage the non-compliance risk, prepared by the Compliance Manager, with a view to their presentation to the Board;
- to express its opinion of the reports on the activities performed by the Risk Management Department;
- to obtain information about the adequacy of the expenditure budget and the quantitative and qualitative profiles assigned to the control departments;
- to assess, together with the Manager responsible for drawing up the Company's accounting documents and having consulted the representatives of the external auditors and the Board of Statutory Auditors, the correct use of the accounting standards and their uniformity with a view to preparation of the consolidated accounts;
- to examine the substantiated proposal by the Board of Statutory Auditors regarding the appointment of the external auditors and formulates its comments thereon, reporting to the Board;
- to evaluate the results illustrated in the External Auditors' Report and their letter of suggestions, if any;
- to report to the Board on its activity and the adequacy of the internal control and risk management system when the draft annual and semi-annual accounts are approved; comments on matters relating to delegated powers;
- to express its opinion of the draft "Annual Report on the Internal Control and Risk Management System" to be submitted for evaluation by the Board;
- to express opinions concerning the identification of the main corporate risks and the planning, implementation and management of the internal controls and risk management system, upon request by the Board;
- to assist the Board in assessing its skills in maintaining the risk management system of the Company and the Group in terms of adequacy of the organisational and process structures relating to the identification and management of the Group's main risks, including quantitative analysis performed, at least once a year, by means of stress tests;
- to direct, with the support of the internal audit department, the process through which the Board assesses the adequacy of the organisational, administrative and accounting systems of the Company in line with the terms of the CG Code, and those of its subsidiaries with strategic relevance;
- to request the internal audit Department to perform audits on specific operational areas, possibly notifying the Chairman of the Board of Statutory Auditors;
- to monitor the independence, adequacy, efficacy and efficiency of the internal audit department.

## Annex 4 - Responsibilities reserved to the Remuneration Committee through a board resolution

In particular, the RemCom has the following tasks:

- to formulate non-binding opinions and proposals to the Board regarding the remuneration to which Directors are entitled; to formulate opinions and proposals on the remuneration policies for members of the corporate bodies and the personnel, including remuneration plans based on financial instruments, verifying their correct application;
- to formulate opinions and proposals on the remuneration policies for members of the corporate bodies and the personnel, including remuneration plans based on financial instruments, verifying their correct application;
- to express proposals and/or opinions to the Board on the amount of the remuneration payable to Executive Directors and Directors holding other particular offices or positions in accordance with the Articles of Association, and on the setting of performance targets correlated with the variable component of the said remuneration, and to establish whether the performance targets are met; opinions and proposals relating to Executive Directors shall be expressed on the basis of a discretionary evaluation, which shall take account (*inter alia*) of the following parameters:
  - importance of the responsibilities in the Company's organisational structure;
  - the effect on the Company's results;
  - the profits achieved;
  - attainment of specific objectives specified in advance by the Board;
- to express opinions and make non-binding proposals on the determination of the remuneration payable to the General Manager and the persons holding internal roles in the Group relevant for the purpose of membership of the GMC, on the proposal of the Group CEO, on the basis of a discretionary assessment adopting the following criteria:
  - the level of responsibility and the risks relating to the functions held;
  - the results achieved with reference to the objectives set out;
  - extra tasks carried out;
- to assess, at regular intervals, the criteria adopted for the remuneration of Directors and managers with strategic responsibilities, using the information gathered by the Group CEO for this purpose, and make relevant recommendations to the Board;
- to verify the proportionality of the Executive Directors' remuneration, possible compared with one another, and compared with the Company's personnel;
- to express its opinion of the Group CEO's proposal regarding the incentive system for resources belonging to the GLG (senior executives who make a significant direct contribution to the Group's performance and results);
- to monitor whether the decisions taken by the Board on the basis of the proposals submitted are applied.

## Annex 5 - Responsibilities reserved to the Appointments and Corporate Governance Committee through a board resolution

The Board appointed by the General Meeting on 30 April 2013 confirmed the institution of the ACGC, attributing to it a consultative, recommendatory and preparatory role in favour of the Board, with the following tasks:

- to formulate opinions and proposals on the decisions to be taken regarding the corporate governance of the Company and the Group which fall within the sphere of the Board's sole responsibilities;
- to provide opinions to the Board regarding its size and composition and to make recommendations regarding the professional figures whose presence on the Board is deemed advisable;
- to express its view to the Board on the maximum number of directorships or positions as statutory auditor held in other Italian or foreign companies listed on regulated markets, in finance, banking or insurance companies or companies of significant size, which can be deemed compatible with the effective performance of the office of Director of the Company, taking account of Directors' participation in the Board's Sub-committees;
- to formulate opinions for the Board of Directors on individual matters of particular significance which, in the ambit of the general authorisations issued in advance by the General Meeting regarding exemptions to the prohibition on competition laid down in s. 2390 of the Civil Code, are particularly critical;
- to propose to the Board candidates for the position of Director in cases of co-opting, when Independent Directors need to be replaced;
- to prepare for the drafting of the succession plan for Executive Directors, if adopted by the Board;
- to express an opinion of the succession plan for members of the GMC and GLG, namely executives with a Hay score exceeding 1,200 points, where proposed;
- to express an opinion of the Group CEO's proposal regarding the development and management policies for resources belonging to the Global Leadership Group;
- to formulate opinions regarding the institution of the GMC, the definition of the internal roles in the Group which are relevant to its composition, subject to suitable involvement of its members, and the appointment and revocation of the appointment of those called on to hold internal roles in the Group which carry membership of the GMC<sup>12</sup>;
- to express an opinion of the proposal submitted by the Group CEO to the Board of Directors regarding the nomination of the Chairmen, Managing Directors and General Managers (or members of the top management holding equivalent positions) and Statutory Auditors of subsidiaries with strategic importance, and formulating opinions on proposals relating to the revocation of their appointments; and on the nomination of non-executive directors, if selected from figures external to the Group;
- to formulate opinions and proposals on the decisions to be taken regarding the corporate governance of the Company and the Group which fall within the sphere of the Board's sole responsibilities.

14

The Committee's tasks do not include expressing an opinion on the appointment of the director responsible for the internal control and risk management system or the appointment and revocation of the appointments of the heads of the internal audit, risk management or compliance functions.

## Annex 6 - Checklist against the CG Code

### LEGENDA

**Applied:** governance conforming to the CG Code – **Not Applied:** governance not conforming to the CG Code – **Inapplicable:** the pre-requisites in fact or law for the terms of the CG Code to apply have not been fulfilled – **Page reference:** page numbers where information referring to the terms of the CG Code can be found.

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
<b>1. Role of the Board of Directors</b>					
1.P.1.	Listed companies are governed by a Board of Directors that meets at regular intervals, adopts an organization and a modus operandi which enable it to perform its functions in an effective manner.	√			58 e ss. 70-71
1.P.2.	The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.	√			71-72
1.C.1.	The Board of Directors shall:	√			68, 71-72
	a) examine and approve the strategic, operational and financial plans of both the issuer and the corporate group it heads, monitoring periodically the related implementation; it defines the issuer's corporate governance and the relevant group structure;				
	b) define the risk profile, both as to nature and level of risks, in a manner consistent with the issuer's strategic objectives, taking into account any risk that may affect the sustainability of the issuer's business in a medium-long term perspective;	√			99
	c) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;	√			69
	d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;	√			69 e 77
	e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;	√			69, 71 e 77
	f) resolve upon transactions to be carried out by the issuer or its controlled companies having a significant impact on the issuer's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;	√			68-69
	g) perform at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience, (including managerial experience) gender of its members and number of years as director. Where the Board of Directors avails of consultants for such a self-assessment, the Corporate Governance Report shall provide information on their identity and other services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;	√			73-75
	h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the managerial and professional profiles, deemed appropriate for the composition of the Board of Directors, prior to its nomination;	√			73-75

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
	i) provide information in the Corporate Governance Report on (1) its composition, indicating for each member the qualification (executive, non- executive, independent), the relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedure as at previous item g) has developed;	√			59-63  70-71 Tabella 2  73-75
	j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information.	√			110-111
1.C.2.	The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report.	√			59-62 e 66
1.C.3.	The Board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive, non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group.	√			66
1.C.4.	If the shareholders' meeting, when dealing with organizational needs, authorizes, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the Board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.			√	58
1.C.5.	The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board is made available to directors and statutory auditors in a timely manner prior to the Board meeting. The Board of Directors shall provide information in the Corporate Governance Report on the promptness and completeness of the pre-meeting information, providing details, inter alia, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.	√			70 e 76
1.C.6.	The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that certain executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda. The Corporate Governance Report provides information on the effective attendance of the Board meetings.	√			72

## 2. Composition of the Board of Directors

2.P.1.	The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	√			63, 65-67
2.P.2.	Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.	√			67, 94
2.P.3.	The number, competence, authority and time availability of non- executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.	√			66
2.P.4.	It is appropriate to avoid the concentration of corporate offices in one single individual.	√			59-62
2.P.5.	Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Corporate Governance Report on the reasons for such organizational choice.	√			58, 67, 76-77

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
2.C.1.	<p>The following are qualified executive directors for the issuer:</p> <ul style="list-style-type: none"> <li>- the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies;</li> <li>- the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer;</li> <li>- the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer.</li> </ul> <p>The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.</p>	√			67
2.C.2.	<p>The directors shall know the duties and responsibilities relating to their office.</p> <p>The chairman of the Board of Directors shall use his best efforts to allow the directors and the statutory auditors, after the election and during their mandate, to participate, in the ways deemed appropriate, in initiatives aimed at providing them with an adequate knowledge of the business sector where the issuer operates, of the corporate dynamics and the relevant evolutions, of the principles of proper risk-management as well as the relevant regulatory and self-regulatory framework.</p> <p>The issuer shall describe in the Corporate Governance Report the type and organizational manners of the activities that took place during the fiscal year of reference.</p>	√			72-73
2.C.3.	<p>The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer.</p> <p>The Board of Directors of issuers belonging to FTSE-Mib index shall designate a lead independent director whether requested by the majority of independent directors, except in the case of a different and grounded assessment carried out by the Board to be reported in the Corporate Governance Report.</p>		√		67-68
2.C.4.	<p>The lead independent director:</p> <ul style="list-style-type: none"> <li>a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below;</li> <li>b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.</li> </ul>			√	67-68
2.C.5.	<p>The chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of issuer (A).</p>	√			77

### 3. Independent Directors

3.P.1	<p>An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, directly or indirectly or on behalf of third parties, nor have recently maintained any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.</p>	√			59-62, 64-65, 67-68
3.P.2	<p>The directors' independence shall be assessed by the Board of Directors after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be communicated to the market.</p>	√			67

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
3.C.1.	<p>The Board of Directors shall evaluate the independence of its non- executive members having regard more to the substance than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:</p> <p>a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;</p> <p>b) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;</p> <p>c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:</p> <ul style="list-style-type: none"> <li>- with the issuer, one of its subsidiaries, or any of its significant representatives;</li> <li>- with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;</li> </ul> <p>or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;</p> <p>d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non- executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;</p> <p>e) if he/she was a director of the issuer for more than nine years in the last twelve years;</p> <p>f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;</p> <p>g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;</p> <p>h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs..</p>	√			67
3.C.2	For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity, must be considered as "significant representatives".	√			67
3.C.3.	<p>The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the indications set out in the Code.</p> <p>As for issuers belonging to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.</p> <p>Anyway, independent directors shall not be less than two.</p>	√			64, 77-78
3.C.4.	<p>After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director.</p> <p>The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the Corporate Governance Report.</p> <p>In the documents mentioned above, the Board of Directors shall:</p> <ul style="list-style-type: none"> <li>- disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;</li> <li>- describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.</li> </ul>	√			67
3.C.5	The Board of statutory auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory auditors to the shareholders' meeting.	√			67
3.C.6.	The independent directors shall meet at least once a year without the presence of the other directors.	√			68
<b>4. Internal Committees of the Board of Directors</b>					
4.P.1.	The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.	√			77-89

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
4.C.1.	The establishment and functioning of the committees governed by the Code shall meet the following criteria:	√			79, 83-84, 86-88
	a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;				
	b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	√			77
	c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;			√	77
	d) minutes shall be drafted of the meetings of each committee and the Chairman of the committee shall inform the Board of Directors thereof during the first available meeting;	√			78, 82-83, 86-87, 89
	e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;	√			77, 81, 82, 86
	f) persons who are not members of the committee, including other Board members or persons belonging to issuer's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	√			78, 81
	g) the issuer shall provide adequate information, in the Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.	√			77-89
4.C.2.	The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the Chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out; (ii) adequate time is dedicated during the Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Corporate Governance Report; (iii) as far as the control and risk committee is concerned, the issuer is neither controlled by another listed company nor it is subject to direction and coordination.  The Board of Directors describes in detail in the Corporate Governance Report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of the issuer and the sector in which it operates. In addition, the Board shall periodically reassess the choice made.			√	77
<b>5. Appointment of Directors</b>					
5.P.1	The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director, made up, for the majority, of independent directors.	√			86-88
5.C.1.	The committee to propose candidates for appointment to the position of director shall be vested with the following functions:	√			87
	a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.;				
	b) to submit the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary.	√			87
5.C.2.	The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the Corporate Governance Report. The review on the preparation of the above mentioned plan shall be carried out by the nomination committee or by another committee established within the Board of Directors in charge of this task.	√			65
<b>6. Remuneration of Directors</b>					
6.P.1	The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.	√			(*) The full disclosure of the corporate bodies' members remuneration is made into the Remuneration Report, available on the website ( <i>Governance</i> section).

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
6.P.2.	<p>The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4.</p> <p>The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.</p>	√			75 e (*)
6.P.3.	The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee may be made up of non-executive directors, the majority of which to be independent; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.	√			84
6.P.4.	The Board of Directors shall, upon proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.	√			71 e 75
6.P.5.	In case of the end of office and/or the termination of the employment relationship with an executive director or a general manager, the issuer discloses, through a press release, detailed information, following the internal process leading to the assignment or recognition of indemnities and/or other benefits..	√			77
6.C.1.	<p>The policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below:</p> <p>a) the non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out;</p>	√			21 e (*)
	b) upper limits for variable components shall be established;	√			21 e (*)
	c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors;	√			(*)
	d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;	√			(*)
	e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile;	√			(*)
	f) contractual arrangements shall be provided in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated;	√			(*)
	g) indemnities eventually set out by the issuer in case of termination of directors shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.	√			(*)
6.C.2.	<p>In preparing plans for share-based remuneration, the Board of Directors shall ensure that:</p> <p>a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years;</p>	√			(*)
	b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria;	√			(*)
	c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.	√			(*)
6.C.3.	<p>The criteria 6.C.1 and 6.C.2 shall apply, mutatis mutandis, also to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel.</p> <p>Any incentive plan for the person in charge of internal audit and for the person responsible for the preparation of the corporate financial documents shall be consistent with their role.</p>	√			(*)

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
6.C.4.	The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.	√			21 e (*)
6.C.5.	The remuneration committee shall: <ul style="list-style-type: none"> <li>- periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard;</li> <li>- submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives.</li> </ul>	√			84-85
6.C.6.	No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.	√			85
6.C.7.	When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.	√			85
6.C.8.	According to principle 6.P.5., the press release should provide: <ul style="list-style-type: none"> <li>a) adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement – distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and "claw-back" clauses, if any, in particular with reference to: <ul style="list-style-type: none"> <li>- indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement);</li> <li>- maintenance of rights related to any incentive plans, monetary or financial instruments based;</li> <li>- benefits (monetary and non-monetary ones) subsequent to the end of office;</li> <li>- non-competition commitments, describing their main contents;</li> <li>- any other payment assigned for any reason and in any form;</li> </ul> </li> <li>b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions' regulation;</li> <li>c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out;</li> <li>d) information as whether the replacement of the ceased executive director or general manager is governed by any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or manager.</li> </ul>	√			77

## 7. Internal Control and Risk Management System

7.P.1.	Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.	√			99 e ss.
7.P.2.	An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of the information provided to the corporate bodies and to the market and the compliance with laws and regulations, including the by-laws and internal procedures.	√			99 e ss.
7.P.3.	The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities: <ul style="list-style-type: none"> <li>a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board: <ul style="list-style-type: none"> <li>(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the "director in charge of the internal control and risk management system"), and</li> </ul> </li> </ul>	√			99-100
	(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the "director in charge of the internal control and risk management system"), and	√			100

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
	(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;	√			100
	b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;	√			101, 104-105
	c) the other roles and business functions having specific tasks with regard to internal control and risk management, organized depending on the company's size, complexity and risk profile;	√			101-103
	d) the Board of statutory auditors, also as "audit committee", which is responsible for oversight of the internal control and risk management system.	√			105
	Each issuer shall provide for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.				101 e ss.
7.P.4.	The control and risk committee is made up of independent directors. Alternatively, the committee can be made up of non-executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.	√			79-82, 100
7.C.1.	The Board of Directors, with the opinion of the control and risk committee, shall:	√			68-73, 99-100
	a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;				
	b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;	√			68-73, 99-100
	c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, after hearing the Board of statutory auditors and the director in charge of the internal control system;	√			68-73, 99-100
	d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system and how the different subjects involved therein are coordinated, expressing the evaluation on its adequacy;	√			68-73, 99-100
	e) after hearing the Board of statutory auditors, it assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.	√			68-73, 99-100
	The Board of Directors shall, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, as well as after hearing the Board of statutory auditors:	√			68-73, 99-100
	- appoint and revoke the person in charge of the internal audit function;				
	- ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;				
	- define the relevant remuneration consistently with company's policies.				
7.C.2.	The control and risk committee, when assisting the Board of Directors shall:	√			79-82, 100
	a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, in any;				
	b) express opinions on specific aspects relating to the identification of the main risks for the company;	√			79-82, 100
	c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;	√			79-82, 100
	d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;	√			79-82, 100

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
	e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;	√			79-82, 100
	f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system;	√			79-82, 100
	g) support, with adequate preliminary activities, the Board of Directors assessments and resolutions on the management of risks arising from detrimental facts which the Board may have been become aware of.	√			79-82, 100
7.C.3.	The chairman of the Board of statutory auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.	√			81, 105
7.C.4.	The director in charge of the internal control and risk management system, shall:	√			100
	a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;				
	b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;				
	c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;				
	d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors;				
	e) promptly report to the control and risk committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the Board) to take the appropriate actions.				
7.C.5.	The person in charge of internal audit shall:	√			104-105
	a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;				
	b) not be responsible for any operational area and be subordinated to the Board of Directors;	√			104-105
	c) have direct access to all useful information for the performance of its duties;	√			104-105
	d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;	√			104-105
	e) prepare timely reports on particularly significant events;				
	f) submit the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system;	√			104-105
	g) verify, according to the audit plan, the reliability of information systems, including the accounting one.	√			104-105
7.C.6.	The internal audit function may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Corporate Governance Report.	√			104-105
<b>8. Statutory auditors</b>					
8.P.1.	The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	√			94

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
8.P.2.	The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors.	√			94
8.C.1.	The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, submitting the result of such verification to the Board of Directors that discloses it, after the appointment, through a press release to the market and, subsequently, in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors.	√			92-93
8.C.2.	The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.	√			92-93
8.C.3.	The remuneration of statutory auditors shall be proportionate to the commitment required from each of them, to the importance of his/her role as well as to the size and business sector of the company.	√			94
8.C.4.	A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other statutory auditors and the chairman of the Board about the nature, the terms, origin and extent of his/her interest.	√			94
8.C.5.	In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	√			105
8.C.6.	The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.	√			100, 105
<b>9. Relations with the Shareholders</b>					
9.P.1.	The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	√			49-51, 53
9.P.2.	The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	√			53-55
9.C.1.	The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	√			53
9.C.2.	All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting.	√			49-51
9.C.3.	The Board of Directors should propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion.	√			49-51
9.C.4.	In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests.	√			50, 63-65

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
<b>10. Two-tier and one-tier systems</b>					
10.P.1	In the event of adoption of a two-tier or one-tier management and control system, the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article.			√	
10.P.2.	In the event that a new management and control system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new management and control system.			√	
10.P.3.	In the first Corporate Governance Report published after the modification of the management and control system, the issuer shall describe in detail how the Code has been applied to such system. Such information shall be published also in the subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected management and control system.			√	
10.C.1.	<p>In the event of adoption of the two-tier management and control system, the Code shall be applied according to the following criteria:</p> <p>a) except as provided in paragraph (b) below, the articles of the Code that make reference to the Board of Directors and the Board of statutory auditors, or their members, are applied, in principle, to the Management Board and Supervisory Board, or their members respectively;</p> <p>b) due to the specific options of the by-laws adopted, in the configuration of the management and supervisory bodies – also in relation to the number of their members and the powers and duties attributed to them – as well as of the specific circumstances existing, the issuer may apply the provisions concerning the Board of Directors or directors to the Supervisory Board or its members;</p> <p>c) the provisions relating to the appointment of directors provided by Article 5 of this Code shall apply, insofar as compatible, to the appointment of the members of the Supervisory Board and/or the members of the Management Board.</p>			√	
10.C.2.	<p>In the event of adoption of the one-tier management and control system, the Code shall be applied according to the following criteria:</p> <p>a) the articles of the Code that make reference to the Board of Directors and to the Board of statutory auditors, or their members shall be applied, in principle, to the Board of Directors and to the Management Control Committee, or their members respectively;</p> <p>b) the duties attributed to the control and risk committee by Article 7 of this Code may be reported to the Management Control Committee provided by Article 2409-eighteenth of the Italian Civil Code, where it complies with the composition criteria set forth by article 7.</p>			√	

Editing  
**Corporate Affairs**  
**Shareholders & Governance**

Coordinations  
**Group Communications**  
**& Public Affairs**

The document is available on  
[www.generali.com](http://www.generali.com)

Print  
**Lucaprint S.p.A.**  
**divisione Sa.Ge.Print**

Photos  
**Mattia Zoppellaro**  
**Agenzia Contrasto**

The photo shoot  
was organized in  
**Trieste, Madrid, Munich,**  
**Jakarta, Venice**

The quotes and figures  
accompanying the pictures are  
taken from the following sources:

pag. 23: **OECD**

pag. 26: **WHO**

pag. 30: **NAVIGANT**

pag. 56: **IEA**

pag. 96: **UN**

pag. 116: **NASA**

Concept & Design  
**Inarea Strategic Design**





