

Report of the Board of Directors to the General Meeting

Point 5

STOCK PLAN RELATED TO THE MANDATE OF THE MANAGING DIRECTOR/GROUP CEO

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**ASSEMBLEA
DEGLI AZIONISTI**
Shareholders' Meeting



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Report of the Board of Directors to the General Meeting

5. STOCK PLAN RELATED TO THE MANDATE OF THE MANAGING DIRECTOR/GROUP CEO

- a. Approval of the stock plan related to the mandate of the Managing Director/Group CEO pursuant to Art. 114-*bis* of the Consolidated Finance Act (TUIF). Related and consequent resolutions. Delegation of powers.
- b. Approval of the authorisation to purchase own shares and to dispose of them for the purposes of incentive plan related to the mandate of the Managing Director/Group CEO. Related and consequent resolutions. Delegation of powers.
- c. Approval in an extraordinary session of the delegation to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of 5 years from the date of the resolution, to increase the share capital, with free issues and also in instalments, pursuant to Art. 2439 of the Italian Civil Code for the purpose of the stock plan related to the mandate of the Managing Director/Group CEO. Related and consequent resolutions. Delegation of powers.

Shareholders,

- a. **Approval of the stock plan related to the mandate of the Managing Director/Group CEO pursuant to Art. 114-*bis* of the Consolidated Finance Act (TUIF). Related and consequent resolutions. Delegation of powers.**

The Administrative Body, at the meeting on 20 June 2019, upon proposal of the Appointments and Remuneration Committee, resolved to approve a stock plan related to the mandate of the Managing Director/Group CEO (the "**Plan**") and submit it to the Shareholders' Meeting for approval.

The Plan, in line with the applicable regulations as well as the best practices (including the recommendations of the Corporate Governance Code for Listed Companies), intends to pursue the objective of increasing the value of Generali Shares, while aligning the economic interest of the Managing Director/Group CEO to those of the shareholders.

The Plan aims to strengthen the participation of the Managing Director/Group CEO in the long-term shareholder objectives through the significant personal investment – already made by the Managing Director/Group CEO – and by setting highly challenging targets in

line with the three-year strategic plan 2019-2021.

As for the structure of the Plan, the main terms and conditions (as detailed in the Information Document) are the following:

- the Plan refers to the performance in the period between 20 June 2019 and 20 June 2022;
- under the Plan, the Managing Director/Group CEO will receive ordinary shares of Generali for free, as long as the defined performance targets and thresholds are exceeded, with the possibility to be granted an additional number of shares depending on the overall dividends distributed during the period of reference (dividend equivalent mechanism);
- the allocation of the shares is subject to the following conditions being met: (i) the Managing Director/Group CEO continuing to hold his existing n. 550,000 Generali shares deriving from previous share plans and/or independently purchased until the end of its current term in office; (ii) the achievement of a specific targets of *Earning per Share Growth* ("**EPS Growth**") and *Total Shareholder Return* ("**TSR**"), of predetermined Regulatory Solvency Ratio thresholds and remaining in office as Managing Director/Group CEO until the



- end of the current term (therefore losing all rights in the event of termination of the administration relationship for voluntary resignation or revocation of the mandate for just cause before the end of this term);
- even in the event of achievement of the EPS Growth and TSR goals, the allocation of shares will be subject to verification at the end of last year of the Plan (2021), of the index of the *Regulatory Solvency Ratio* of the Company compared to a threshold value. In particular, the Company may not assign, in whole or in part, free shares to the beneficiary if the *Economic Solvency Ratio* index is lower than 130%, or the other percentage of hard limit established by the Administrative Body from time to time, even at the end of one of the 3 (three) reference years;
 - malus and claw-back clauses apply.

With regard to the determination of the incentive, the maximum number of shares that may be assigned free of charge at the end of the reference period of the Plan (in addition to additional shares that may be assigned for the aforementioned *dividend equivalent* mechanism) will be determined as follow:

- for a TSR \geq to 46%, it will be equal to 275,000;
- for a TSR between 22% and 46%, it will be equal to an amount of between 137,500 and 275,000, calculated by linear interpolation¹;
- for a TSR < to 22%, it will be zero.

Regarding the EPS Growth goal:

- for a EPS Growth \geq to 8%, it will be equal to 275,000;
- for a EPS Growth between 6% and 8%, it will be equal to an amount of between 137,500 (hundred thousand) and 275,000 calculated by linear interpolation²;
- if the EPS Growth is < to 6%, it will be zero.

To calculate the TSR, the average of the share price in the three months before the date of 20 June 2019 (included) and 20 June 2022 (included) will be considered.

As shown above, the objectives of TSR and EPS Growth are independent (and each has a weight of 50% compared to the maximum number of potential shares).

The Shares will be assigned under the following terms and conditions:

- for 50% ("First Tranche"), at the end of the performance period (with 50% of the Shares of the First Tranche subject to an unavailability constraint for one year from the Award);
- for the remaining 50% ("Second Tranche"), two years after the allocation of the Shares of the First Tranche, with 50% of the shares of the Second Tranche subject to an unavailability constraint for one year from the Award and without prejudice to the possible reduction or zeroing of the Shares of the Second Tranche upon the occurrence of a malus hypothesis or in the event of failure to achieve, at the date of Attribution, the defined thresholds of the Regulatory Solvency Ratio.

After the expiry date of the periods in which sales are restricted as described above, further restrictions on the assigned Shares (pursuant to that decided upon by the Administrative Body) may apply in compliance with the recommendations of the Corporate Governance Code. These shares cannot be transferred to third parties – i.e. they cannot be sold, transferred, traded in, carried forward and they cannot be the object of disposal – until the end of the above deadlines, save as authorized by the Board, which may also resolve that the shares must be held in custody.

The Administrative Body can amend and integrate the Plan and its relative regulations autonomously and without any further approval by the Shareholders' Meeting. These amendments and integrations are those deemed necessary or appropriate (including the previous assignment of shares or the modification of availability constraints) as a consequence of factors that may affect the Shares, Generali and/or Generali Group and/or the Plan and/or the Objectives (including, but not limited to, extraordinary transactions

¹ Hence, for example, for a TSR of 34 %, 206, 250 shares will be allocated.

² Hence, for example, for a EPS Growth of 7 %, 206,250 shares will be allocated.

regarding Generali and/or Generali Group, capital transactions, takeover or exchange bid or change of control, legislative changes or alterations to the group scope, compliance with specific sector or foreign country regulations applicable for single Generali Group companies, material changes in the macroeconomic conditions or in the international monetary policy), in order to maintain unchanged – on a discretionary basis and anyway to the extent permitted by the law from time to time applicable - the substantive and financial aspects of the Plan.

In order to implement the Plan, a maximum number of 690,000 shares that are to be

assigned free of charge to the Managing Director/Group CEO will be acquired, either wholly or in part, from the provision of treasury shares that the Company may acquire in application of the shareholders' meeting authorisations, pursuant to Articles 2357 and 2357-ter of the Civil Code.

More information about the Plan is made available through the publication of a separate information document, in accordance with Art. 114-bis of Legislative Decree no. 58 of 24 February 1998 (TUF) and Article. 84-bis of Consob resolution no. 11971 of 14 May 1999 as amended (the Issuer Regulation).

In light of the foregoing, below is the proposed resolution of the Shareholders' Meeting.

“The Shareholders’ Meeting of Assicurazioni Generali S.p.A., at Stazione Marittima in Trieste, Molo dei Bersaglieri 3, lawfully convened and empowered to pass resolutions, in ordinary session, pursuant to s. 2369 of the Italian Civil Code and s. 21 of the Articles of Association,

- pursuant to Article 114-bis of Legislative Decree 24 February 1998 no. 58 and the relevant implementing provisions;
- having regard to the Report of the Board of Directors on this item of the agenda and the relevant Information Document;

hereby resolves

- 1.** to approve the stock plan related to the mandate of the Managing Director/Group

CEO (the **"Plan"**), as shown in the Report of the Board of Directors and the Information Document;

- 2.** to grant the Board of Directors with the broadest powers to implement the Plan, in particular, including the power to draft regulations for the Plan implementation, any power to identify the beneficiaries, the performance targets and thresholds, to determine the number of shares to be granted to each beneficiary, allot the shares and carry out any action, communication or formality needed or appropriate for the management and/or implementation of the Plan, with the right to delegate its powers, duties and responsibilities with respect to the implementation of the Plan to the Chairman, in function of specific delegations."

- b.** **Approval of the authorisation to purchase own shares and to dispose of them for the purposes of incentive plans related to the mandate of the Managing Director/Group CEO. Related and consequent resolutions. Delegation of powers.**

The Report approved by the Board of Directors in the meeting of 12 March 2020 describes the proposal to authorise, under Arts. 2357 and 2357-ter of the Italian Civil

Code and 132 of the CFBA, a plan for the purchase and disposal, in one or several transactions, of up to 690,000 ordinary shares of Assicurazioni Generali S.p.A., corresponding, as of today, to 0.044% of the share capital of the Company.

The authorisation to purchase and sell treasury shares pursuant to this report is instrumental to the execution of the stock plan related to the mandate of the Managing

Director/Group CEO, whose approval is also subject to the approval of shareholders (hereinafter, the "Plan").

This Report outlines the reasons for the authorisation request, as well as the limits and procedures under which it is intended to implement the new share purchase and disposal plan.

b.1. Reasons for the request for authorisation of own share purchase and disposal

As pointed out above, the authorisation to the own share purchase and disposal plan is required exclusively to provide, in whole or in part, the Company with the necessary reserve to implement the Plan.

b.1.1. Maximum number, category and par value of the shares under the authorisation; compliance with the provisions of s. 2357, paragraph 3, of the Italian Civil Code

The purchase for which the authorisation is required, which may be implemented in one or several transactions, will cover ordinary shares of the Company of a par value of €1.00 each.

With reference to foregoing regarding the amount of shares to be allotted to the recipient of the Plan, the maximum number of shares to be purchased, even in several transactions, cannot exceed 690,000 shares.

In this respect, the Company and its subsidiaries have a portfolio of 432.583 Generali shares, i.e. 0.03% of the share capital of the Company. Therefore, even in the event that the requested authorisation is fully used – along with the last year's authorisation which is about to expire – the number of shares that the Company would own directly and indirectly would be well below the limit specified in s. 2357, paragraph 3, of the Italian Civil Code (currently 20% of the share capital).

The purchases will be implemented within the limits of the available profits and available reserves resulting from

the latest duly adopted financial statements.

b.1.2. Duration of the authorisation

If authorised by the Shareholders Meeting, the Company may purchase own shares, in one or several transaction, within 18 months from the authorization resolution date of the Shareholders' Meeting.

The disposal authorisation in respect of the shares already in the portfolio of the Company, and of those that will be purchased in due course, is requested without time limit, in the light of the absence of legal restrictions in that regard and of the need for maximum flexibility also in terms of time to transfer them.

b.1.3. Minimum and maximum price

The minimum purchase price for ordinary shares may not be below the par value € 1.00, while the maximum purchase price cannot exceed 5% of the reference price of the share at the close of trading on the day before each purchase transaction.

b.1.4. Purchase procedures

The share purchase transactions will be implemented pursuant to Art. 144-*bis*, paragraph 1, sub-paragraphs b) and c) of the Issuers' Regulations that CONSOB adopted with its resolution no. 11971 of 14 May 1999, as amended, in line with market standards and practices, to ensure equal treatment among Shareholders. Therefore, purchases will be implemented exclusively, including in several alternative transactions:

- on the regulated market organized and operated by Borsa Italiana S.p.A., in line with operating procedures established by Borsa Italiana S.p.A. that do not permit the direct matching of purchase offers with predetermined sale offers;
- through the purchase and sale of derivatives traded on the relevant regulated market organized and operated by Borsa Italiana S.p.A., whose regulation prescribes procedures pur-

suant to the provisions of Art. 144-*bis*, paragraph 1, sub-paragraph c) of the Issuers' Regulation.

This own share purchase authorisation is not instrumental to reduce the share capital.

In light of the aims of this request

for authorisation, with reference to the disposal of Company shares purchased under the authorised plan, the Board of Directors proposes that the General Meeting authorise the transfer of such shares, free of charge, to the Plan beneficiary, in accordance with the conditions set forth in the relevant regulations.

In light of the foregoing, below is the proposed resolution of the Shareholders' Meeting.

“The Shareholders' Meeting of Assicurazioni Generali S.p.A., at Stazione Marittima in Trieste, Molo dei Bersaglieri 3, lawfully convened and empowered to pass resolutions, in ordinary session, pursuant to s. 2369 of the Italian Civil Code and s. 21 of the Articles of Association,

- pursuant to Arts. 114-*bis* and 132 of the Legislative Decree no. 58 of 24 February 1998, as amended;
- pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code;
- whereas the Company and its subsidiaries currently hold Generali shares well below one fifth of the share capital of the Company;
- having regards to the Report of the Board of Directors on this item of the agenda;
- having regard to the just-approved financial statements as of 31 December 2019;

hereby resolves

1. to authorise, pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code, the purchase of up to 690,000 ordinary shares of Assicurazioni Generali S.p.A. having a par value of € 1.00, and the disposal of the shares purchased on the basis of such authorisation as well as on the basis of previous purchase plans, at the following conditions:
 - authorisation is limited to purchases to be made in order to give effect to the stock plan related to the mandate of the Managing Director/Group CEO (hereinafter the "**Plan**"), net of shares that may be issued for same purposes, in pursuance of the powers delegated to the Board of Directors, pursuant to Art. 2443 of the Civil Code, to make increases to the plan itself;
 - the minimum purchase price of the ordinary shares may not be below their par value €

1.00, while the maximum purchase price may not exceed 5% of the reference price of the share at the close of trading on the day before each purchase;

- the Company may purchase own shares, in one or several transactions, until the next Shareholders Meeting on the adoption of the financial statements;
- the purchases will be implemented within the limits of the distributable profits and distributable reserves as calculated from the latest duly adopted financial statements;
- the share purchase transactions will be implemented, pursuant to s. 144-*bis*, paragraph 1, sub-paragraphs b) and c), of the Issuers' Regulations in line with market standards and practices, to ensure equal treatment among Shareholders. Therefore, purchases will be implemented exclusively, including in several alternative transactions:
 - on the regulated market organized and operated by Borsa Italiana S.p.A., in line with operating procedures established by Borsa Italiana S.p.A. that do not permit the direct matching of purchase offers with predetermined sale offers;
 - through the purchase and sale of derivatives traded on the relevant regulated market organised and operated by Borsa Italiana S.p.A., whose regulation prescribes procedures pursuant to the provisions of Art. 144-*bis*, paragraph 1, sub-paragraph c) of the Issuers' Regulation;
- own shares may be allocated without any time limits, and on a free-of-charge basis to the beneficiary of the Plan, without prejudice to the provisions of any applicable law and regulations from time to time in force;

2. to confer a mandate to the Chairman, with the option of sub-delegation, by virtue of the powers delegated to him:
- to implement today's resolution, arranging, inter alia, the reserve to be used for the purchase and for setting aside undistributable reserve as well as to be able to have available, to guarantee the best implementation of the present resolution,

shares which are currently available in the Company's assets;

- to determine the manner, time frame and definitive and ancillary conditions to properly implement this resolution, using all of the appropriate valuations and verifications for such purpose, and to comply with any applicable requirements and procedures, without exclusions."

- c. Approval in an extraordinary session of the delegation to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of 5 years from the date of the resolution, to increase the share capital, with free issues and also in instalments, pursuant to Art. 2439 of the Italian Civil Code for the purpose of the stock plan related to the mandate of the Managing Director/Group CEO. Related and consequent resolutions. Delegation of powers.**

- c.1 Reasons and procedures on the authority to increase the share capital for the purposes of the Plan**

In an ordinary session, the Meeting was asked to approve the stock plan related to the mandate of the Managing Director/Group CEO (hereinafter, the "**Plan**") and the related purchase and disposal of own shares for the same purpose, according to the terms and conditions and in the manner previously described in this report.

With a view to ensuring enhanced flexibility in the implementation of the Plan, the Shareholders' Meeting is also called upon to approve a delegation to the Board of Directors to increase the share capital of the Company, free of charge, to the purpose of the Plan pursuant to Arts. 2443 and 2349, paragraph 1, of the Italian Civil Code. Such capital increase will be divisible pursuant to Art. 2439, paragraph 2, of the Italian Civil Code.

This further opportunity to implement the Plan will grant the Board of Directors with enhanced flexibility to select, in due time, the means to provide or issue shares for the purposes of the Plan in line with the utmost effectiveness criteria.

However, the maximum number of shares that will be purchased or issued, with no subscription price, for the purposes of the Plan cannot exceed 690,000 ordinary shares, having a par value of € 1.00 each, net of any purchases of treasury shares made following to the authorization issued pursuant to art. 2357 Civil Code; because of the maximum number of shares that can be granted under the Plan; the issued ordinary shares will be allotted to the beneficiary of the Plan that, pursuant to Art. 2349, first paragraph, of the Italian Civil Code, is an employee of the Company or its subsidiaries and who qualify for such allotment in accordance with the Regulations of the Plan.

The delegation required pursuant to Art. 2443 of the Italian Civil Code will have a duration up to 5 years and may be implemented one or several times up to a nominal value of € 690,000 with the emission of up to 690,000 ordinary shares of Assicurazioni Generali S.p.A. having a par value of € 1.00 each, net of any purchases of treasury shares made following to the authorization issued pursuant to art. 2357 Civil Code.

The possible implementation of the delegation to the Board under this proposal will be based on actual profits or profit reserves that the Board of Directors will select from time to time under the applicable regulations to cover the free capital increase up to the value of the shares to be allotted to the beneficiaries of the Plan.

In this respect, the Board of Directors may take any decision on the implementation of the purchase authorisation and dismissal measures of the Company shares and/or, in

whole or in part, the delegation under this resolution to ensure the implementation of the Plan at the applicable terms and conditions.

c.2 Right of Withdrawal

This draft resolution does not include any rights of withdrawal pursuant to law.

In light of the foregoing, below is the proposed resolution of the Shareholders' Meeting.

“The Shareholders’ Meeting of Assicurazioni Generali S.p.A., at Stazione Marittima in Trieste, Molo dei Bersaglieri 3, lawfully convened and empowered to pass resolutions, in ordinary session, pursuant to s. 2369 of the Italian Civil Code and s. 21 of the Articles of Association,

- pursuant to Art. 114-*bis* of the Legislative Decree no. 58 of 24 February 1998, as amended;
- pursuant to Arts. 2443 and 2349, paragraph 1, of the Italian Civil Code;
- having regards to the Report of the Board of Directors on this item of the agenda,

hereby resolves

1. to grant to the Board of Directors, pursuant to Arts. 2443 and 2349, paragraph 1, up to a period of five years from the date of this resolution, with the authority to increase the share capital with no subscription price, in one or several transactions, by using profits and/or profit resources up to a nominal amount of € 690,000 with the issue of 690,000 - net of the shares purchased in the context of the own shares subject to purchase and disposal pursuant to the authorisation under point b of the agenda of today’s Shareholders’ Meeting (ordinary session) in function of the stock plan related to the mandate of the Managing Director/CEO (hereinafter, the “*Plan*”), to be assigned free of charge to the beneficiary of the Plan approved today by the Shareholders’ Meeting;
2. to amend Art. 8 of the Articles of Association of the Company by inserting an additional paragraph as follows: “On 30 April 2020, the Shareholders’ Meeting provided the Board of Directors, pursuant to Arts. 2443 and 2349, paragraph 1, of the Italian Civil

Code, for up to five years from the date of this resolution, with the authority to increase the share capital, with no subscription price, in one or several transactions, using profits and/or profit reserves up to a nominal amount of € 690,000, with the issue of 690,000 ordinary shares having a par value of € 1.00 each, providing ordinary rights, to be allotted for no consideration to the beneficiary of the shareholder plan related to the mandate of the Managing Director/Group CEO approved by the Shareholders Meeting on 30 April 2020, as well as the employee of the Company or subsidiaries that has earned such right.”;

3. to grant the Board of Directors with the authority to select, from time to time, the profits and/or profit reserve to the purpose of increasing the share capital, free of charge, under this resolution, with the authority to implement the relevant measures on the accounting items of Assicurazioni Generali S.p.A. pursuant to the applicable regulations;
4. to appoint the Chairman with all of the necessary powers, with the right to sub-delegate:
 - to amend art. 8 of the Articles of Association in line with this resolution, the implementation and the completion of the delegated capital increase and to carry out any activity concerning the registration at the Companies’ Register, with any power to implement any formal change that may be required;
 - to determine the manner, time frame and definitive and ancillary conditions to properly implement this resolution, using all of the appropriate valuations and verifications for such purpose, and to comply with any applicable requirements and procedures, without exclusions.”

Milan, 12 March 2020

THE BOARD
OF DIRECTORS

