

# Corporate Governance and Share Ownership Report 2017





# Corporate Governance and Share Ownership Report 2017\*

The information in this Report reflects the situation as at 31 December 2017, save as otherwise specified.  
Contacts: see end of the Report.



*Contacts: see end of the Report*

\* This Report is required pursuant to s. 123-bis of the CFBA and s. 144-decies of the CONSOB Issuers' Regulation.



# Corporate bodies

## as at 14 March 2018

Chairman

**Gabriele Galateri di Genola**

Vice-Chairmen

**Francesco Gaetano Caltagirone**

**Clemente Rebecchini**

Managing Director and Group CEO

**Philippe Donnet**

Board members

**Romolo Bardin**

**Ornella Barra**

**Paolo Di Benedetto**

**Alberta Figari**

**Diva Moriani**

**Lorenzo Pellicoli**

**Roberto Perotti**

**Sabrina Pucci**

**Paola Sapienza**

Board of Statutory Auditors

**Carolyn Dittmeier** (Chair)

**Antonia Di Bella**

**Lorenzo Pozza**

**Francesco Di Carlo** (alternate auditor)

**Silvia Olivotto** (alternate auditor)

Board secretary

**Giuseppe Catalano**

Company was incorporated in Trieste in 1831  
Fully paid-up share capital € 1,561,808,262.00  
Registered office in Trieste, piazza Duca degli Abruzzi, 2, Italy  
Tax code and company registration number 00079760328  
Insurance and reinsurance company registration number 1.00003  
Parent Company of Generali Group, insurance group number 026  
Certified email address: assicurazionigenerali@pec.generaligroup.com

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

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*Cross-reference to a section of the  
Report or to other AG Reports*



*[www.generali.com/it](http://www.generali.com/it)  
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## The **integrated overview** of our reports

We report the story of our Group in an increasingly innovative and integrated manner: the story of how we create value is found within the **Annual Integrated Report** which is our **core report**<sup>1</sup> centred on key financial and non-financial information while - by means of other reports and channels



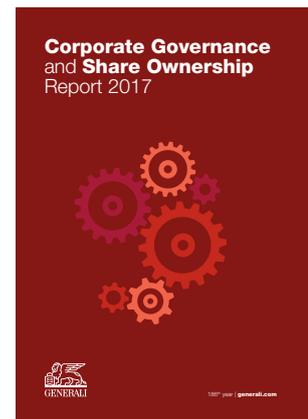
### **Annual Integrated Report**

This report provides a concise and integrated view of the financial and non-financial performance of the Group, even in response to legislative decree 254/2016.



### **Annual Integrated Report and Consolidated Financial Statements**

This report expands the content of the Annual Integrated Report, providing details of the Group's financial performance in compliance with national and international regulations.



### **Corporate Governance and Share Ownership Report**

This report illustrates the corporate governance system of Assicurazioni Generali and its ownership structure.

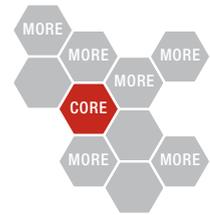


## Information on this **Report**

This Report on our corporate governance and share ownership complies with the disclosure provisions of s. 123-bis of the CFBA, which requires issuers to provide accurate information to the market, on an annual basis, on share ownership, implementation of corporate governance conduct codes, as well as on the organisation and operation of the corporate bodies and on governance practices.

Since 1999, the Company has implemented the principles of the Corporate Governance Code, as amended from time to time. The corporate governance system of the Company described in this Report is compliant with the principles and criteria of the CG Code, in its latest version of July 2015, and is also based on the recommendations of the 5th Report on CG Code implementation, adopted on 30 November 2017 by the Corporate Governance Committee. In this respect, for the convenience of readers, **Annex 5 of the Report** includes a check-list providing, for each principle/criteria of the Code, the reference to the relevant page of the Report.

<sup>1</sup> **Core&More**: new corporate reporting approach developed by Accountancy Europe which provides for a core report, that contains a summary of all key information required to evaluate and understand the company, and more reports including more detailed information. [www.accountancyeurope.eu](http://www.accountancyeurope.eu) for more in-depth information



of communication (**our more reports**<sup>1</sup>) we present more detailed and supplementary information, some of which targets a specialized audience. The information of the Annual Integrated Report is therefore connected to the in-depth information, thus enhancing the integrated thinking.



#### Remuneration Report

This report provides specific information about the remuneration policy adopted by the Group and its implementation.



#### Management Report and Parent Company Financial Statements

This report provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.



#### generali.com

for further information about the Group.



[www.generali.com/it/info/download-center/results](http://www.generali.com/it/info/download-center/results)  
for the reports and Group policies in pdf format  
and in interactive versions

The **Report layout** includes an introductory section (**We, Generali**) with significant information and macro-data providing a meaningful summary of the financial, management and governance events concerning the Group in 2017.

The introductory section is followed by the main body of the Report, subdivided into **4 chapters**, on, respectively, our corporate governance model, shareholders and investors and relevant relations, corporate governance players and the internal control and risk management system.

The Report also includes Tables and Annexes, to which frequent references are made in the text; some tables have been included pursuant to statutory requirements.

Besides the general table of contents, each chapter has its own table of contents with further details on each item.

The definitions and acronyms are included in the **Glossary** at the end of the Report, which also includes a list of **Contacts**

The Generali Group's reporting aims to satisfy fully stakeholder information requirements. Comments, opinions, questions and requests for hard copies of the Report may be sent to: [governance@generali.com](mailto:governance@generali.com)

## Letter of the **Chairman of the Corporate Governance and Social & Environmental Sustainability Committee**



*It is now almost seven years that I have had the honour of chairing the Generali Board of Directors. Seven intense years, in which the international economic and financial scenario has created a situation of complexity for Italian financial service providers, especially for insurance groups like ours who operate mainly in the Life business. In this challenging context, our Company has demonstrated an important virtue: resilience. And, over this period, it has successfully achieved the objectives set out in its strategic plan.*

*Also in my role as Chairman of the Corporate Governance and Social & Environmental Sustainability Committee I am committed to ensuring that our corporate governance structure always complies with international best practice, while effectively supporting us in the pursuit of our strategy. This commitment is particularly important in the current situation of complex financial conditions (with interest rates close to zero), increasingly aggressive competition, relentless technological and digital change – whose risks are also accompanied by great opportunities, which Generali intends to grasp – and the strong presence of lawmakers and regulators.*

*Growing attention to the creation of sustainable value for shareholders and investors over a medium/long-term timeframe is at the heart not only of the strategy of the Board, inspired by a determination to set the correct tone at the top, but also of the day-to-day activities of our management: as Chairman I see this not only in the incisive systematic action of the Board, but also in the work of colleagues sitting on the Board committees, whose growing footprint provides support and stimulus for management.*

*In 2017 it became increasingly clear to the financial community that corporate governance is a decisive “pre-financial success factor” for issuers. Indeed, good corporate governance is essential for a productive process that creates value for all stakeholders. Good governance that drives business processes, and forms an optimal amalgamation with two other factors I consider fundamental – the respect for the environment and social responsibility – in an acronym (ESG) that is now familiar to every player in the international financial community. Many of us believe, today, that financial results can be solid and sustainable only if they are rooted in sound governance and a far-sighted strategy, where business goals and operations focus – in a balanced manner and consistently in relation to the particular area of operation – on the creation of value over time.*

*At the political and juridical level, this belief is expressed in directive 95 of 2014, which is the basis whereby, starting this year, European issuers will, for the first time, publish a statement on non-financial information: for business organisations this is a stimulus not only to “recount accurately” their sustainability activities, but also to strengthen their strategies by effectively incorporating concrete action into their business.*

*Generali pays close attention to these developments and is taking them into account in the formulation of its new strategic plan for 2019-21: this attention is also reflected in the publication of our integrated reports over the last few years, an approach that was further enhanced this year to incorporate ESG questions of importance to our stakeholders even more effectively.*

*This report, too, is the result of an integrated effort, which began last year, designed to disclose financial as well as non-financial material in a consistent manner, through a set of corporate information contained, and cross-referenced, in this document, in our financial reports, in the remuneration report and on our Website.*

*In terms of governance, for us 2017 was a year in which we consolidated a corporate structure that is considered solid and appropriate, in the view not only of the Board of Directors, but also of the members of the financial community whom we meet on a regular basis as part of our communication activities. A structure based on a correctly sized Board of Directors, with a high proportion of independent directors, an high and diversified range of skills and professional profiles in terms of national and international experience, age and gender. A structure aided by Board committees that make a significant contribution to the efficient and effective operation of the Board of Directors. A Board open to “on-going training”, which systematically implements a self-assessment process and promptly implements the measures arising therefrom.*

*In 2017, the General Meeting renewed the existing Board of Statutory Auditors for an additional three-year period, confirming its confidence in and support for the board's operations. At an extraordinary session, the General Meeting also adopted the proposals presented by the Board of Directors about minimal changes to the Articles of Association. An important development at last year's General Meeting was the significant increase in shareholder participation, led by our institutional investors, who have greatly expanded the weight of Generali shares in their portfolios.*

*Our corporate governance was also notable for other developments last year: here I will simply provide a brief summary, since full details can be found elsewhere in this Report.*

*In 2017, the Board of Directors strengthened monitoring of investment and divestment decisions, establishing a new balance between its own competences and those of management, and envisaging a more fine-tuned preventive involvement by the Investment Committee that now takes into consideration also the Strategic Transactions. The Board also improved interaction among the committees, through more effective information flows. Additionally, it approved a diversity policy for the members of the Company's governing bodies, in part in response to the requirements of new legislation.*

*Other important action taken by the Board of Directors for our governance addressed the organisational structure of Group Head Office and, consequently, the composition of the Group Management Committee; we also launched the Fondazione Assicurazioni Generali project entitled The Human Safety Net, a global initiative designed to re-focus the Group's philanthropic approach.*

*We consider 2018 to be a fundamental year for the future of Generali. For the attainment of all the objectives of the current strategic plan and for the formulation of the new 2019/21 plan, whose aim is to project the Company into three years of growth and development, essential pre-requisites for a successful, independent future, in the interests of our shareholders and all our stakeholders.*

*Thank you for your attention. I hope you find our Report interesting reading.*

**Gabriele Galateri di Genola**

*Chairman of the Corporate Governance and Social & Environmental Sustainability Committee*



# We, **Generali**





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## Group highlights<sup>2</sup>

### Gross written premiums

-0.2%

€ 68,537 mln

Of which € 11,272 mln premiums with social value and € 676 mln premiums with environmental value<sup>3</sup>

### Operating result

+2.3%

€ 4,895 mln

### Operating return on equity

+0.0 pps

13.4%

### Net profit

+1.4%

€ 2,110 mln

### Dividend per share

+6.3%

€ 0.85

### Total dividends

+6.5%

€ 1,330 mln

### Solvency II ratio

Regulatory  
+30 pps

208%

Economic  
+36 pps

230%

### Total Asset Under Management (AUM)

+5.0%

€ 542 bln

Of which € 345 bln direct investments to which the RIG is applied (+7.1%) and € 37,2 bln SRI (+21.2%)<sup>4</sup>

### Our people

71,327 (-3.3%)

11% female in the top management<sup>5</sup> (-2 pps)

80% engagement rate (-2 pps vs 2015)

### Our clients

57 mln (+4.9%)

### Our exclusive distributors

155 thousand (+3.3%)

### Total emissions<sup>6</sup>

t 112,782 CO<sub>2</sub>e (-9.5% vs base year 2013)

<sup>2</sup> All changes in this Report are calculated on 2016, unless otherwise reported. Changes in premiums, life net cash inflows and Annual Premium Equivalent (APE) are on a like-for-like basis, i.e. at equivalent exchange rates and consolidated scope. Changes in Operating result, Asset Under Management and Operating ROE consider 2016 comparative data restated due to the divestments in Dutch and Irish businesses in accordance with IFRS 5. Please refer to the paragraph Changes in the presentation of the performance indicators of the Group in the Note to the Management Report for further information.

<sup>3</sup> Premiums with social and environmental value refer to companies representing 93.5% of total Group direct premiums.

<sup>4</sup> RIG is the Responsible Investment Guideline that codifies responsible investment activities at Group level. SRI are assets managed according to Generali Investment



## Life

Increasing operating result thanks to the investment performance.

The trend in premiums continued to embed the approach in the offering that is even more disciplined. Life net cash inflows of more than € 9.7 bln, remaining at the highest levels in the market.

### Gross written premiums

-1.0%

€ 47,788 mln

Life net cash inflows € 9,718 mln (-17.1%)

### NBV

+53.8%

€ 1,820 mln

### Operating result

+1.8%

€ 3,141 mln



## P&C

Positive trend in premiums thanks to both lines of business.

Operating result including € 416 mln CAT claims. Group Cor is confirmed at best level.

### Gross written premiums

+1.7%

€ 20,749 mln

### Cor

+0.5 pps

92.8%

### Operating result

-4.9%

€ 1,972 mln



2017 Constituent  
MSCI Global  
Sustainability Indexes



Sense in  
sustainability



Ambrosetti



[www.generali.com/it/our-responsibilities/performance/Ethical-indices--](http://www.generali.com/it/our-responsibilities/performance/Ethical-indices--)

Europe's SRI (Socially Responsible Investment) proprietary methodology (two funds and three mandates) both on behalf of Group insurance companies and third-party clients

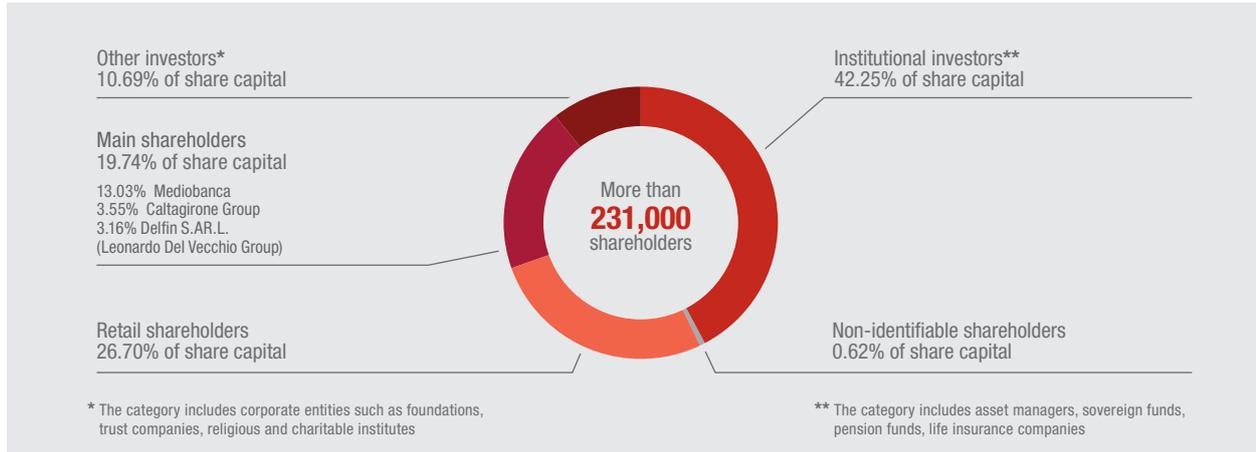
5 Top management refers to the Generali Leadership Group (GLG).

6 Total emissions refer to 44% of the total Group employees in the following countries: Austria France, Germany, Italy, Czech Republic, Spain and Switzerland.

## Share ownership

At the closing of the registration procedure in the shareholder register of shareholders entitled to dividend in 2016, the number of shareholders was more than 231,000. The following chart illustrates our share ownership as at 9 March 2018<sup>7</sup>.

### Our shareholders



### Breakdown of shareholders by geographical area



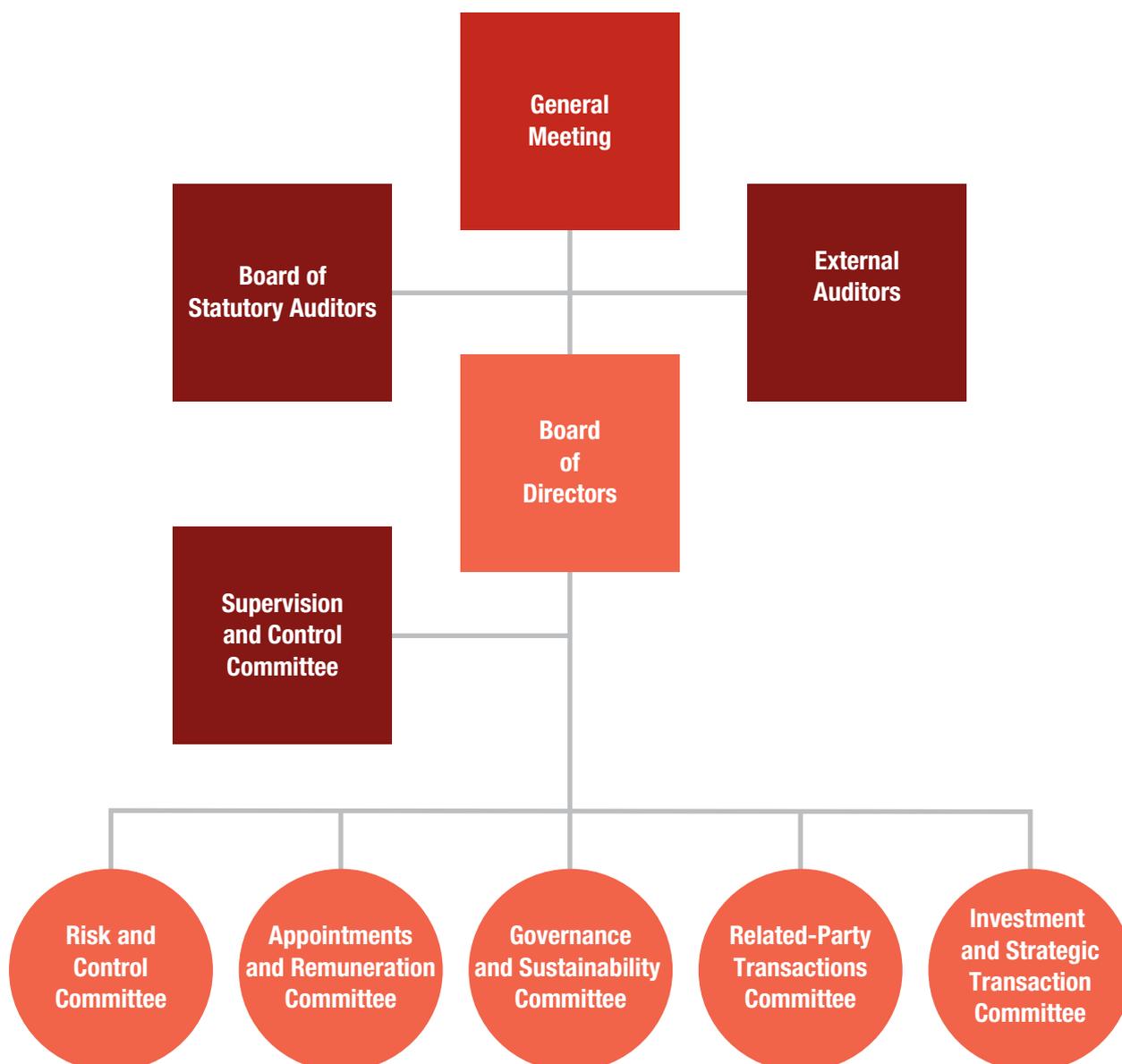
<sup>7</sup> As per the shareholders register, mainly from the records on the payment of dividends of 24 May 2017, as well as from the notices received pursuant to ex s. 120 CFBA and other available data.

## Our corporate governance model

The Generali corporate governance system is based on the **traditional Italian corporate governance system**. It is based on two corporate bodies appointed by the General Meeting: a Board of Directors (13 members), holding full powers for ordinary and extraordinary management of the Company and the Group, and a Board of Statutory Auditors which oversees management and compliance with laws and the Articles of Association.

Auditing is performed by an external auditors' firm (EY S.p.A.), a member of the relevant register, appointed by the General Meeting upon the proposal of the Board of Statutory Auditors.

Also in line with the recommendations of the CG Code, the Board of Directors has set up **5 Board Committees** performing recommendatory, advisory and preparatory functions for the Board of Directors. The Supervision and Control Committee ex legislative decree no. 231/2001 is appointed by the Board of Directors.



# Focus on the Board of Directors

The tables and charts below refer to the membership of the Board of Directors as at 31 December 2017.

**Gabriele Galateri di Genola**  
Chairman



**Francesco Gaetano Caltagirone**  
Deputy Vice-chairman



**Clemente Rebecchini**  
Vice-chairman



**Romolo Bardin**  
Director



**Paola Sapienza**  
Director



**Ornella Barra**  
Director



**Sabrina Pucci**  
Director



**Paolo Di Benedetto**  
Director



**Roberto Perotti**  
Director



**Alberta Figari**  
Director



**Lorenzo Pellicioni**  
Director



**Diva Moriani**  
Director

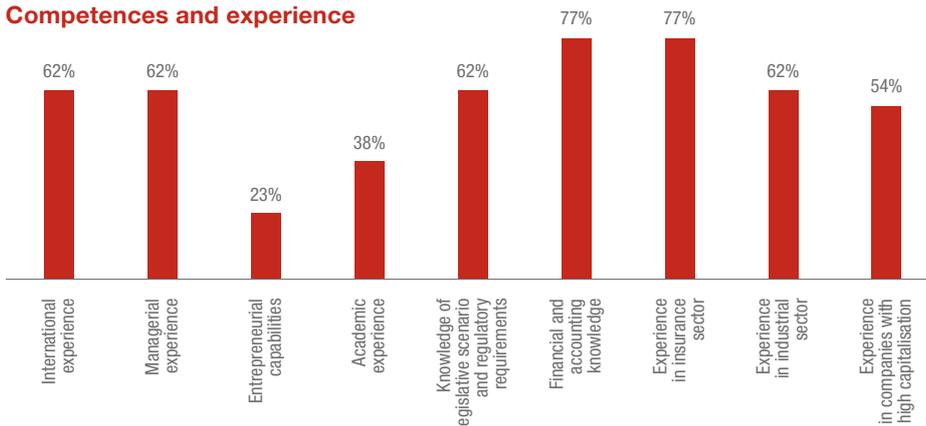


**Philippe Donnet**  
Group CEO



- Executive
- Non executive
- Independent pursuant to the CG Code
- Appointments and Remuneration Committee (ARC)
- Risks and Control Committee (RCC)
- Related-Party Transactions Committee (RPTC)
- Governance and Sustainability Committee (GSC)
- Investment and Strategic Transaction Committee (ISC)
- ▲ Director in charge of the internal control and risk management system
- P Chairman of the Committee

## Competences and experience



## Tenure (non-executive directors)

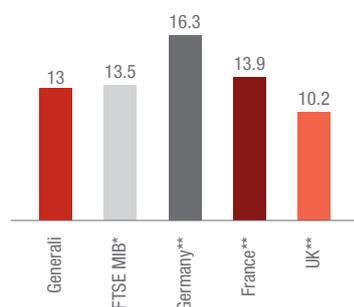
Up to 3 years	33%
3-6 years	33%
6-9 years	17%
More than 9 years	17%

## Other offices as directors or statutory auditors in other companies

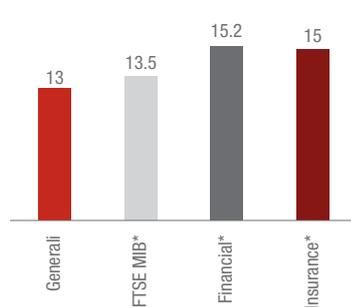
The following table shows the number of offices as director and statutory auditor that each director holds in other companies, under the relevant corporate policy. In this framework, such offices are in **listed companies** in regulated national or foreign markets, **financial, banking, insurance companies or large companies** (whose net equity exceeds EUR 10 billion). Offices held in companies in the same Group qualify as a single office.

Director	Offices	Director	Offices
Gabriele Galateri di Genola	2	Alberta Figari	-
Philippe Donnet	-	Diva Moriani	3
Francesco G. Caltagirone	1	Lorenzo Pellicoli	1
Clemente Rebecchini	1	Roberto Perotti	-
Romolo Bardin	1	Sabrina Pucci	-
Ornella Barra	1	Paola Sapienza	-
Paolo Di Benedetto	2		

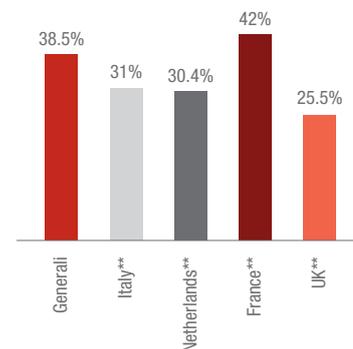
### Size – European peers



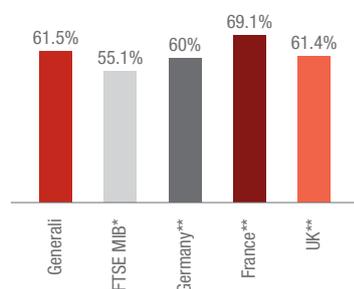
### Size – National peers



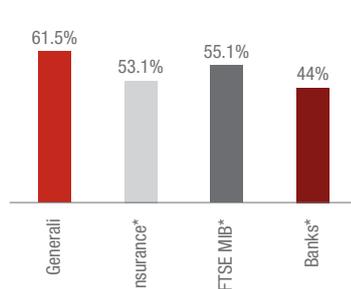
### Gender diversity 2017



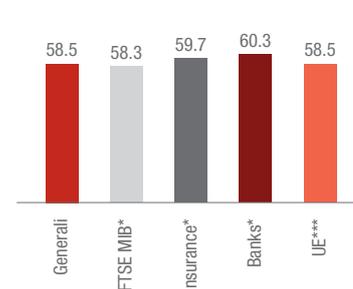
### % Independence – European peers



### % Independence – National peers



### Average age 2017



\* Assonime "La Corporate Governance in Italia: autodisciplina, remunerazioni e comply or explain (2017)".

\*\* Spencer Stuart "Italia Board Index 2017".

\*\*\* Spencer Stuart "Italia Board Index 2017": EU average used in the analysis.

The **2017 Board review** was conducted by the Board of Directors with the support of the Governance and Sustainability Committee.

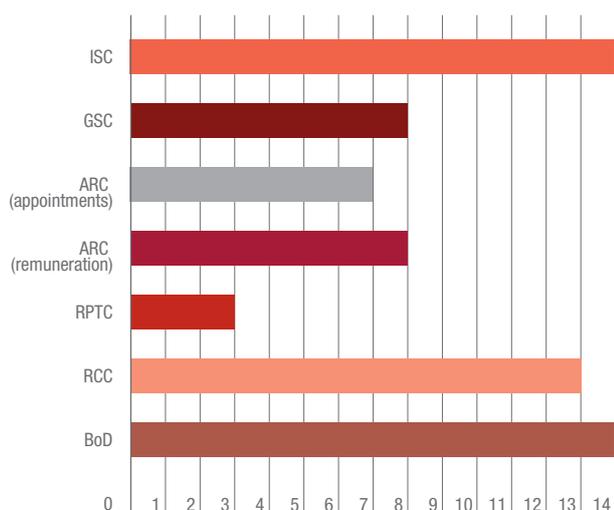


For further details on the offices of each director, see pp. 67 et seq.

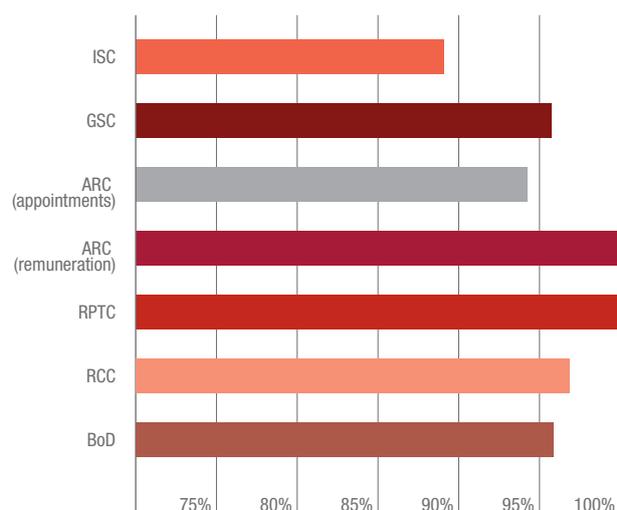
### Trends in the Board of Directors – Term comparison

	Term 2016/2018	Previous term
Directors	13	11
Directors from the minority list	2	1
Quota less represented gender	38.4%	36.4%
Quota independent directors	61.5%	63.6%
Average age of directors	58.5	59.1
Chairman status	non-executive	non-executive
Lead Independent Director	no	no

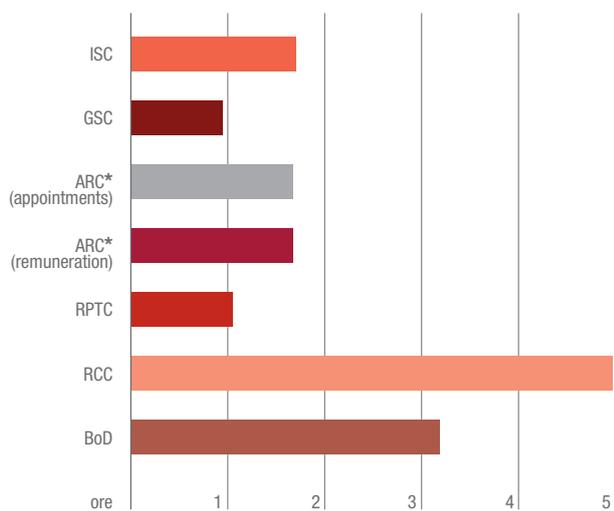
#### Number of meetings of the Board of Directors and Board Committees



#### Average attendance at meetings of the Board of Directors and Board Committees



#### Average duration of meetings of the Board of Directors and Board Committees



\* The value shown in the chart indicates the average length of the whole meetings, with no distinction for subject-matter

## Our sustainability

On 15 March 2017 the Board of Directors approved the Charter of Sustainability Commitments, renewing the Group's commitment with respect to our stakeholders and to society in general.



Our aim is to protect and improve people's lives, and this is what we do every day.

Our clients, shareholders, employees, distributors, suppliers and interested parties play a fundamental role in this process, and we create relations based on trust with them.

This is our idea of excellent, reliable leadership: to be at our stakeholders' side, to understand the impact our decisions have on them and to act responsibly to increase their satisfaction and the trust they place in our brand.

### Our sustainability positioning



## Remuneration policy

The General Meeting of 28 April 2016 adopted the remuneration for **each member of the Board of Directors** for the three-year term 2016-2018 as follows::

- a fixed annual fee of EUR 100,000 before taxes, with a 50% increase for members of the Executive Committee if appointed;
- an attendance fee for each meeting of the Board of Directors and the Executive Committee, if appointed, of EUR 4,000 before taxes;
- reimbursement of attendance expenses.

There are no agreements with the non-executive Directors regarding severance provisions.

Members of **Board Committees** and the **Supervision and Control Committee**, pursuant to s. 2389 of the Italian Civil Code are entitled to the following fee:

Role	Annual fee before taxes (EUR)	Attendance fee per meeting (EUR)
Members of the Risk and Control Committee	30,000	2,000
and its Chair	50,000	2,000
Members of the Governance and Sustainability Committee	15,000	2,000
and its Chair	20,000	2,000
Members of the Investment and Strategic Transaction Committee	30,000	2,000
and its chair *	nessun compenso	nessun compenso
Members of the Appointments and Remuneration Committee **	20/15,000	2,000
and its chair	30,000	2,000
Members of the Related-Party Transaction Committee	20,000	2,000
and its Chair	25,000	2,000
Members of the Supervision and Control Committee ***	20,000	--
and its Chair	30,000	--

\* The Investment and Strategic Transaction Committee is chaired by the Group CEO and no fee is due.

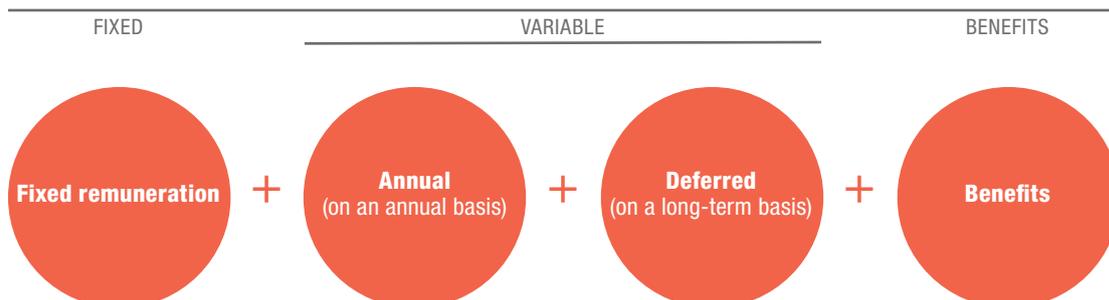
\*\* The different fees refer respectively to members responsible for appointment and remuneration and those responsible for appointments only.

\*\*\* The fee of members who are General managers is transferred to the employer.

The **Managing Director/Group CEO, GMC members and other executives with strategic responsibilities** are entitled to a remuneration package consisting of a fixed component, a variable component and benefits, based on the following principles:

<b>Equity and consistency</b> with their accountability and proven skills	<b>Alignment with corporate strategies</b> and targets	<b>Competitiveness</b> vs. market practices and trends	<b>Focus on merit and performance</b> in terms of results, conduct and implemented principles	Clear <b>governance</b> and <b>compliance</b> with applicable regulations
---	--	--	---	---

Target total remuneration\*



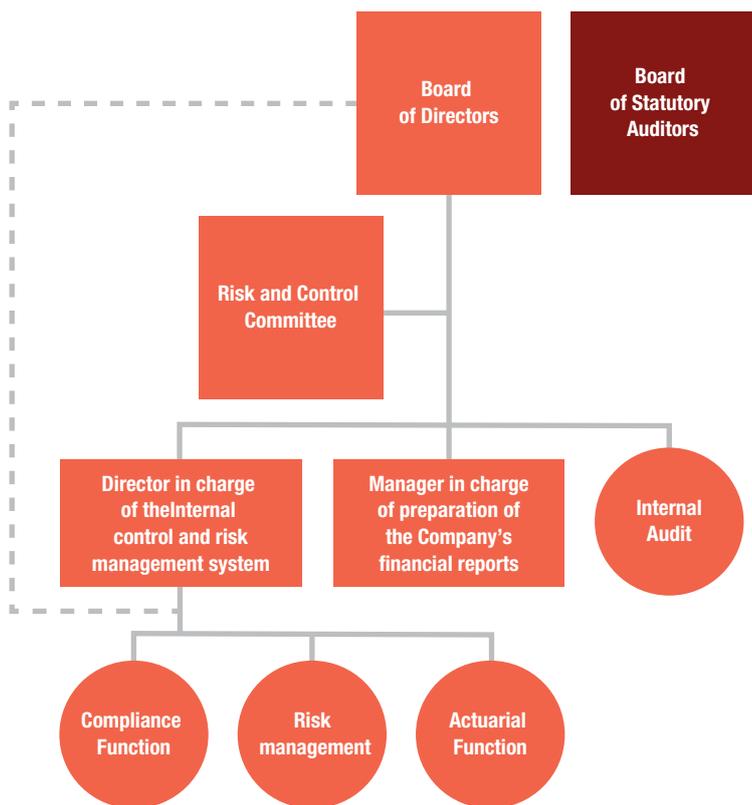
\* Target remuneration package for the entire population described, except for control functions who are subject to a specific remuneration policy and rules as described in Section I of the Remuneration Report.



Details in the  
Remuneration Report

# Internal control and risk management system

The ICRM system adopted by the Company applies to the whole organisation. Each component of the organisation has tasks and duties. The aim is to create a system compliant with current legislation in which powers and responsibilities are well defined and procedures for coordination between players are clearly defined and easily identifiable. The chart shows the system:



### ICRM

3 lines of defence	Yes
Risk Management function	Yes
Provisions of the Chief Risk Officer	Yes
Is there an Enterprise Risk Management plan?	Yes
If yes, is this plan discussed with the RCC?	Yes
Succession plans	Yes
Implementation of specific compliance programmes	Yes

### Related-Party Transactions

In line with statutory provisions (art. 2391-*bis* Italian Civil Code) and the RPT implementing regulation, since 2010 Generali has employed **specific formal internal procedures** – reviewed on a regular basis – to ensure that these transactions are performed on the basis of transparency and substantial and procedural correctness. It has also formed a specific **Board Committee** composed entirely of non-executive independent Directors, which provides opinions on issues under its competence in line with RPT procedures. The Board’s opinions are binding for all key transactions and for minor transactions whose value exceeds specific thresholds.

### Governance on corporate administrative liability: OMM and Supervision and Control Committee

The Company has an updated **“Organisational and Management Model”** (OMM) for the prevention of offences committed in the interest or to the advantage of the Company – pursuant to legislative decree 231/2001 – that may result in administrative liability in court. Furthermore, a **“Supervision and Control Committee”** (SCC) has been formed, whose membership meets the requirements of autonomy and independence. The Committee reports to the Board of Directors on the adoption and proper implementation of the OMM, ensures its proper operation and reviews it on a regular basis.



## Our history

### 1831

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in over 60 countries through more than 400 companies and over 71 thousand employees.

**Assicurazioni Generali Austro-Italiche** were established in Trieste, that was the ideal choice at the time as a commercial and international hub located in the main port of the Austro-Hungarian Empire.

### 1832-1914

The positive economic and social context, the keen business acumen of the founding fathers and Trieste's strategic geographical position allowed Generali to grow and thrive: it was **listed on the Trieste stock exchange** in 1857 and **became a Group** in 1881. As a consequence, subsidiaries were founded in Italy and abroad, starting with Erste Allgemeine, established in Vienna in 1882.



[www.generali.com/it/who-we-are/history](http://www.generali.com/it/who-we-are/history)



## 1915-1918

The First World War affected the whole Europe. After the Allied victory over the Central Powers, Trieste became part of Italy: as a result, **Generali became an Italian company.**

## 1919-1945

Generali returned to the growth that had been temporarily interrupted during World War I. In line with what was going on in Italy in those years when public construction activities and agriculture were strongly boosted through the policies adopted by the government, **Generali made significant investments in agriculture and real estate** starting from 1933. With the outbreak of World War II, the Group lost contact with its subsidiaries located in 'enemy' countries: one of the most complex periods of its bicentenary history began.

## 1946-2010

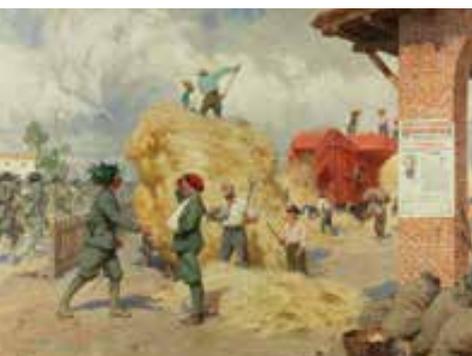
After World War II, Trieste's future appeared uncertain: in 1947, Generali transferred its registered office to Rome to formalize its position as an Italian company. The Group resumed its expansion during the Italian economic boom years. An agreement was signed with the US-based Aetna in 1966, and in 1974 **Genagricola** was founded, which heads all agricultural activities of the Group. Generali transferred its registered office from Rome back to Trieste in 1990. **Genertel**, the first direct insurance company in Italy, was established in 1994. The Group took control of the **AMB group** in 1997 to promote growth in the German market. **Banca Generali** was established in 1998 in order to concentrate all asset management activities and services under one umbrella. There were some acquisitions in the first decade of the new millennium, e.g. INA and Toro, and joint ventures were launched in Central and Eastern Europe and Asia.

## 2011-2016

Recent years have driven a new phase of change, with a **new top management** and a **corporate reorganization**. The Group presented the **update of its strategic plan** at the Investor Day in November 2016, which aims to set out a new business model and confirm the achievement of the already announced targets by 2018.



*Our strategy, p. 30*



## 2017 key facts



[www.generali.com/it/media/press-releases/all](http://www.generali.com/it/media/press-releases/all)

### January

On 25 January, the Board of Directors of Assicurazioni Generali terminated its employment contract with Alberto Minali and appointed **Luigi Lubelli** as **Group CFO**, who also joined the Group Management Committee. It also decided that the Investments Committee would expand its responsibilities to strategically relevant operations, so its name was changed to the **Investments and Strategic Operations Committee**.

Marco Sesana, Country Manager of Italy, and Timothy Ryan, incoming Group Chief Investment Officer, became members of the Group Management Committee.

On 23 January, Assicurazioni Generali communicated that it had acquired voting rights on 505 million shares of **Intesa Sanpaolo S.p.A.**, equal to 3.01% of the share capital, through a securities lending transaction.

### February

Generali Finance B.V. exercised the early redemption option on the perpetual subordinated bond on 8 February for an amount totalling € 869 million. This debt had already been refinanced through the subordinated bond, concluded on 8 June 2016, for an overall amount of € 850 million, targeting institutional investors.

### March

On 15 March, the Board of Directors of Assicurazioni Generali approved the appointment of **Aldo Mazzocco** as the new CEO and General Manager of Generali Real Estate; he became a member of the Board of Directors of Generali Real Estate in June.

The new **Charter of Sustainability Commitments of the Group** was approved by the Board of Directors of Assicurazioni Generali. This document outlines the position of Generali with respect to sustainability as well as its commitments to stakeholders.



[www.generali.com/it/our-responsibilities/responsible-business/charter\\_sustainability\\_commitments](http://www.generali.com/it/our-responsibilities/responsible-business/charter_sustainability_commitments)

### April

On 20 April, Assicurazioni Generali completed the **share capital increase** in execution of the Long Term Incentive Plan approved by the Shareholders' Meeting of the Company on 30 April 2014. The share capital of Assicurazioni Generali, fully subscribed and paid up, is subdivided into 1,561,808,262 ordinary shares of € 1 each (par value).

On 26 April - and following Fitch's recent downgrade of Italy's sovereign rating to 'BBB' from 'BBB+', with Stable Outlook - the agency announced that it has **affirmed Generali's** and its subsidiaries' **IFS ratings** at A-. The Outlooks are Stable. Fitch explained that the ratings are two notches higher than Italy's sovereign rating (BBB/ Stable), "in recognition of Generali's resilient capital position and strong geographical diversification (with around 60% of operating result from outside Italy), including significant operations in France and Germany with strong market positions".

On 27 April, the ordinary and extraordinary Shareholders' Meeting of Assicurazioni Generali appointed the **Board of Statutory Auditors** for the three-year period 2017-2019, electing Carolyn Dittmeier (Chairwoman), Lorenzo Pozza and Antonia Di Bella as auditors and Francesco Di Carlo and Silvia Olivotto as substitute auditors. The members of the Board of Statutory Auditors declared that they met the conditions of professionalism, respectability and independence.

### May

The **new strategy for the Asset Management division** was announced on 11 May. The objective is to address the needs of insurance companies and individuals in a low interest rate environment and supporting Generali's shift towards a greater contribution from fee-based business. The new Asset Management strategy is based on two pillars: broadening the investment capabilities and offering bespoke investment solutions to European companies and savings products to individual clients. This division will broaden investment capabilities and enlarge product offering to reach € 500 billion of assets under management by 2020.



**Our strategy, p. 30**

On 30 May, Assicurazioni Generali **sold 510 million ordinary shares of Intesa Sanpaolo S.p.A.**, amounting to 3.04% of the share capital, and which had been acquired in January. At the same time, Generali ended the collateralized derivative transaction, settled on 17 February, in order to fully hedge the economic risk related to the acquisition of these shares. The Generali Group maintains a marginal exposure to Intesa Sanpaolo shares as an ordinary financial investment.

### June

Effective as of 1 June, **Jean-Laurent Granier** joined the Generali Group as Country Manager and **Président Directeur Général (PDG)** of Generali France. **He also joined the Group Management Committee**. **Eric Lombard** resigned from the Group.



## July

Generali returned to the Insurance Linked Securities (ILS) market with a € 200 million catastrophe bond on floods and windstorms in Europe and earthquakes in Italy, through a reinsurance agreement with Lion II Re DAC, an Irish special purpose company, providing per occurrence cover in respect to any mentioned events which occur to the Generali Group over a four-year period. The Lion II Re transaction transfers part of these risk to the bond investors allowing for a more optimized protection for the Group against catastrophes.

On 19 July, an agreement was signed for the transfer of the shareholding in the Colombian companies<sup>8</sup>, equivalent to 91.3% of Generali Seguros and to 93.3% of Generali Vida. The operation is subject to approval from the competent authorities. The sale of the shareholding in the Guatemala subsidiary<sup>8</sup> was also completed.

## August

On 1 August, the Board of Directors of Assicurazioni Generali appointed Nora Gürtler as Head of Group Audit as from 1 October.

On 7 August, an agreement for the sale of its assets in Panama<sup>7</sup> was undersigned. The operation is subject to approval from the competent authorities.

## September

On 13 September, an agreement for the transfer of the entire shareholding in Generali Nederland N.V.<sup>8</sup> was undersigned with an initial compensation of € 143 million, subject to adjustment on the closing date of the operation as well as approval, inter alia, from the competent authorities. The operation was completed in February 2018.

On 28 September, the subsequent phase of industrial transformation of Generali Deutschland was initiated in order to strengthen operational performance and increase value creation in the long term.

## October

On 18 October, the Board of Directors of Assicurazioni Generali deliberated in favour of the entry - within the Group Management Committee - of Isabelle Conner, Group Chief Marketing & Customer Officer, and of Monica Alessandra Possa, Group Chief HR & Organization Officer; it also deliberated in favour of the mutually agreed resignation of Valter Trevisani, Group Chief Insurance Officer.

The Human Safety Net, a new Group initiative for the community, was launched.



*Integrated Annual Report, p. 21*

## November

In Paris, the Argus de l'Assurance digitale award within the "Best mobile strategy" category was received for the Mobile Hub product, a mobile app launched internationally and known in France as Mon Generali. The award, assigned by one of the most prestigious specialized magazines, L'Argus de l'Assurance, is in recognition of the Group's commitment to realize its strategic plan with an increasingly digital and innovative approach which will render Generali simpler, smarter, faster.

## December

On 18 December, an agreement for the transfer of the entire shareholding in Generali PanEurope<sup>8</sup> was undersigned with an initial compensation of € 230 million, subject to adjustment on the closing date of the operation. The operation is subordinate, inter alia, to approval from the competent authorities and its completion is expected within the first half of 2018.

An agreement for the transfer of the run off P&C portfolio of the British subsidiary was signed on 19 December.

The Board of Directors approved the creation of a new position, the Group Chief Operations & Insurance Officer, effective as of 1 January 2018. The responsibility for this function - which integrates the activities of the Operations division with those of the Insurance Officer, in addition to directly reporting to the Group CEO - has been entrusted to Jaime Anchustegui Melgarejo, previously manager of the EMEA division; he will therefore become a member of the Group Management Committee.

<sup>8</sup> The operation is part of the Group's strategy to optimize its geographic presence as well as improve operational efficiency and the allocation of capital.



## Significant events after 31 December 2017 and 2018 corporate event calendar

### February

Generali completed the sale of its entire shareholdings in Generali Nederland N.V. (and its subsidiaries)

The **Net Promoter Program** of Generali was recognized **as the world's best** by Medallia during the Experience Europe 2017 event held in London

### March

**14 March 2018:** Board of Directors approving the Annual Integrated Report and Consolidated Financial Statements\*, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report as at 31 December 2017 and the Remuneration Report

\* The Annual Integrated Report includes the Consolidated Non-Financial Statement.

**15 March 2018:** Publication of the results as at 31 December 2017

### April

**19 April 2018:** Assemblea degli Azionisti Approval of the Parent Company Financial Statements as at 31 December 2017 and the Remuneration policy as well as the other agenda items

### May

**3 May 2018:** Board of Directors approving the Interim financial information as at 31 March 2018

**4 May 2018:** Publication of the results as at 31 March 2018

**23 May 2018:** Dividend pay-out on the share of Assicurazioni Generali



## July

**31 July 2018:**  
Board of Directors  
approving the  
Consolidated financial  
half-yearly report as at 30  
June 2018

## August

**1 August 2018:**  
Publication of the results  
as at 30 June 2018

## November

**7 November 2018:**  
Board of Directors  
approving the Interim  
financial information as at  
30 September 2018

**8 November 2018:**  
Publication of the results  
as at 30 September 2018

**21 November 2018:**  
Investor Day



## Vision, Mission, Values

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

### Actively

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

### Protect

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

### Enhance

Generali is also committed to creating value.

### People

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

### Lives

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

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

### First choice

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

### Delivering

We ensure achievement striving for the highest performance.

### Relevant

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

### Accessible

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

### Insurance solutions

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



## Our Values

### Deliver on the promise

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

### Value our people

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

### Live the community

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

### Be open

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

## Our rules for running business with integrity

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

All our operations are conducted in the interests of sustainability, providing support for the community over and beyond our day-to-day activities.

This is the vision underpinning the **Charter of Sustainability Commitments** approved by the Board of Directors in 2017, which renews the Group's commitment for a healthy, resilient and sustainable society. This is how we interpret our role as a responsible enterprise creating lasting value for our stakeholders.

The Group follows a set of policies and guidelines – published on the Website – designed to support us in our role as a sustainable, responsible player:

- the **Code of Conduct** defines the rules of conduct to be observed, for example, for the promotion of diversity and inclusion, the management of personal data and privacy, the prevention of conflicts of interest and corruption, bribery, money laundering, financing of terrorism and international sanctions, and the proper management of relations with clients and suppliers;
- the **Responsible Investment Guideline** codifies responsible investment activities at Group level;
- the **Group Policy for the Environment and Climate** sets out the guiding principles of reference for our environmental management strategies and objectives;
- the **Ethical Code for suppliers** highlights the general principles for the proper and profitable management of relations with contractual partners.



[www.generali.com/it/info/download-center/policies](http://www.generali.com/it/info/download-center/policies)  
[www.generali.com/it/our-responsibilities](http://www.generali.com/it/our-responsibilities)

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



*Generali Internal Regulation System (GIRS), pp. 45-46*

## Our strategy

2015  
**SIMPLER AND SMARTER**

Increasingly challenging  
external context

## Accelerate



### Improve operating performance\*

#### **Optimise international footprint**

We aim to maintain a diversified global presence by focusing on markets in which we can achieve a significant position and excellent performance. We will therefore dispose of the companies that do not meet specific profitability and future growth requirements in order to invest in those activities that generate higher returns.

**At least € 1 bln cash proceeds from disposals**

#### **Rationalize the operating machine**

We are committed to constantly improving the operating machine to maximize the Group's potential, by implementing optimization initiatives such as streamlining the product portfolio, simplifying processes and integrating IT platforms. At the same time, we will invest in new competences enhance those activities that have higher value for stakeholders.

**€ 200 mln net reduction in nominal OpEx cost base in mature markets**

#### **Enhance technical capabilities**

We already have strong technical capabilities but to become the best player we will continue with price sophistication, risk selection and claims management in the P&C business while with the continuous improvement in the quality of our products and the capital return optimization in the Life business.

**Best combined ratio further improvement in outperformance vs peers**

**Guarantees maximum 0% on new retail business**

## Our people

\* The achievement of the targets reported in this chapter is expected by 2018, with the exception of the Asset Management target that is expected by 2020. The target about the € 200 net reduction in nominal Opex cost base in mature markets has been achieved a year in advance, in 2017.

2016-2018  
**SIMPLER, SMARTER. FASTER**

**> € 7 bln** cumulative net operating cash 2015-2018  
**> € 5 bln** cumulative dividends 2015-2018  
**> 13 %** Operating ROE on average 2015-2018

**to excellence**



## Long-term value creation\*

### Rebalance the insurance portfolio

The share of products with low capital absorption and commission income will be increased so as to generate long-term value while protecting portfolio sustainability and increasing resilience in the face of market volatility.

We aim through the new Asset Management strategy to enhance investment capabilities and offer bespoke investment solutions to European companies and individual savings products.

~30 bp reduction in average portfolio guarantee to 1.5%

+6 pps on the total capital-light reserves

+150 mln Group net profit from Asset Management

### Customer and distribution innovation

We will continue to be committed to our laser-like focus on customers and distributors with the introduction of specific, targeted innovations with clear added value.

+ 2 pps  
increase in retention

### Strengthen the brand

We aim to become the top choice for consumers. As to strengthen our brand we are focusing on consumer preference and client retention. Actions to improve such aspects are mainly taken in three macro-areas, i.e. the new look & feel of the brand, the shift to digital marketing channels and the content marketing based on advice to live healthier, safer life.

+ 3%  
brand preference in mature markets

# How we create **sustainable value**: our **governance**

## External context

Capital



**Financial capital****13.4% RoE** (+0.0 pps)**€ 1,330 mln overall proposed dividend** (+ 6.5%)*Integrated Annual Report 2017,  
Our performance p. 45***Human capital**

We are committed to valuing and developing our people in order to be ready to more effectively meet future challenges. We listen to them as to understand how we can improve and meet their needs.

**Global Engagement Survey 2017****86% response rate** (+1 pps vs 2015)**80% engagement rate** (-2 pps vs 2015)*Integrated Annual Report 2017,  
Our strategy p. 32***Natural capital**

We are committed to contributing to the transition towards a more sustainable economy and society, even by managing our direct impact.

**t 112,782 CO<sub>2</sub>e total emissions** (-9.5% vs base year 2013)*Integrated Annual Report 2017,  
Correct operation, p.23*

Total emissions refer to 44% of the total Group employees in the following countries: Austria France, Germany, Italy, Czech Republic, Spain and Switzerland.

**Output****Impact****Social and relationship capital**

We continue to implement our **Net Promoter System Program** - recently awarded by Medallia as one of the most successful global programs - and listen to our customers and distributors while responding to their feedback and allowing ourselves to improve their satisfaction and loyalty.

**Customer T-NPS**, active in 54 business units and with a coverage of approximately 90% of our customer base

164 thousand unsatisfied clients were re-contacted

+350 quick wins were implemented

+250 structural improvements

**Distributor R-NPS**, active in 31 sales channels in 20 business units

147 improvements were implemented

Global Agent Excellence Contest launched in 23 business units

**Connected Agent and Mobile Hub**, initiatives which aim to respectively equip our agents with tools to interact with customers through digital channels and our customers with a platform for managing their policies through their cell phones in an easier and more independent manner. The agents have already been provided with tools in Spain, Argentina, Austria, Switzerland and Indonesia; the platform was launched in France and Switzerland and is being launched in Italy and Spain.

We support the most vulnerable people through **The Human Safety Net**, a global initiative which tackles three important socio-demographic issues.

*Integrated Annual Report 2017,  
Vision, Mission, Values, p. 21***Manufactured capital**

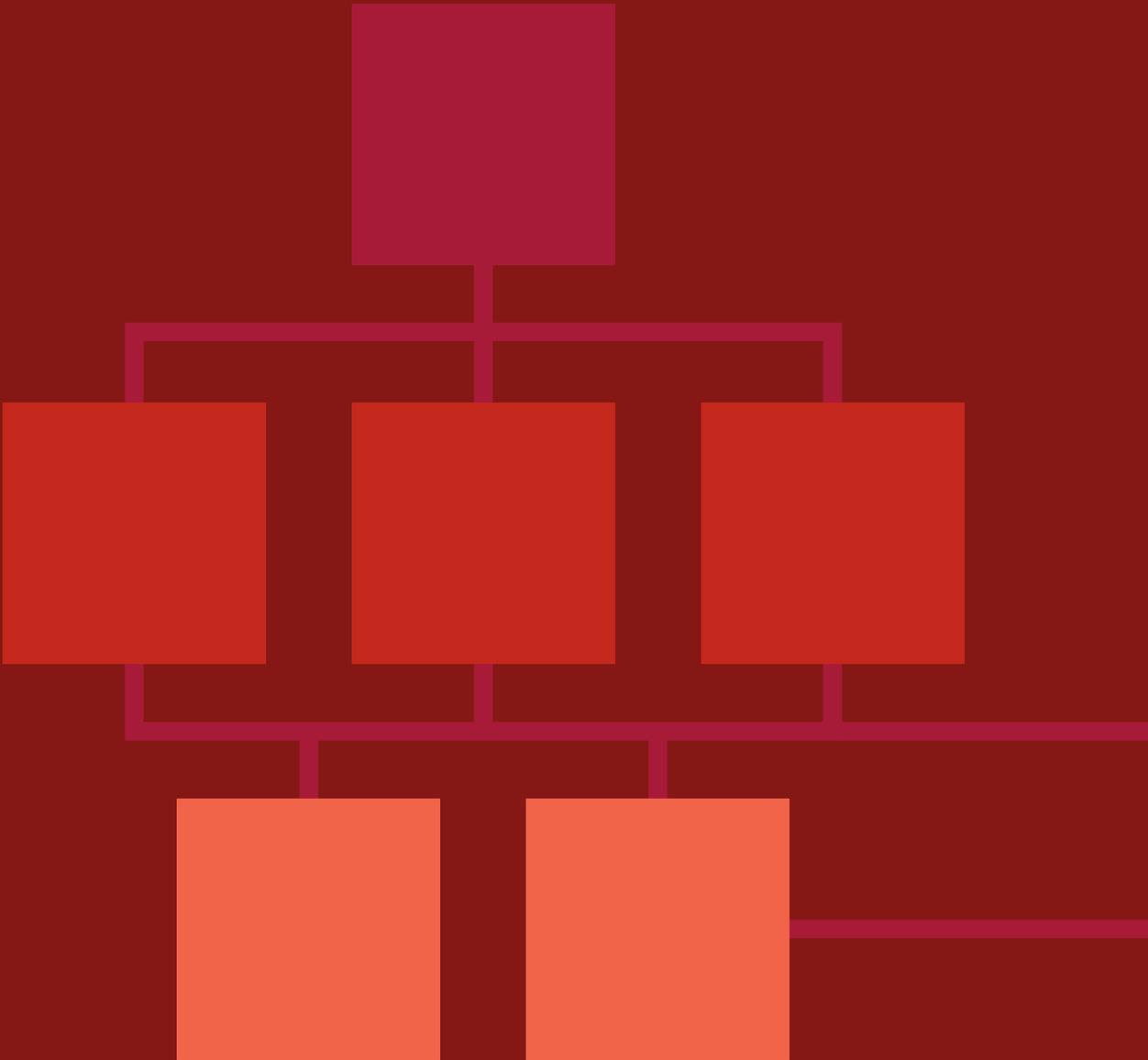
**Approximately € 26 billion in real estate assets** composed of both historical properties as well as recent ones, and managed by Generali Real Estate (GRE) for the purposes of creating eco-sustainable value. Within the realm of the European project, Green Building Workshop, GRE developed the Green Building Guidelines (GBG) which aim to improve the environmental performance of the real estate assets of the Group by bringing them to elevated standards in order to mitigate the future obsolescence of properties and to ensure that - along the entire real estate value chain - all affected parties (manufacturers, administrators, tenants) understand and respect effective sustainability rules. An increasing number of buildings is therefore certified according to HQE, DGNB, LEED and/or BREEAM standards.

**Intellectual capital**

We have strong technical know-how which allows us to offer insurance solutions that are high in quality as well as innovative and digital so as to meet the needs of our clients and simplify our processes.

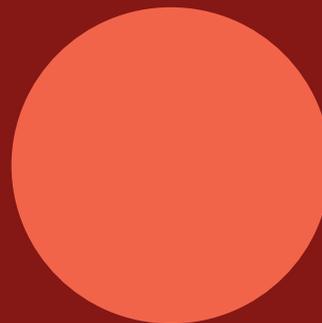
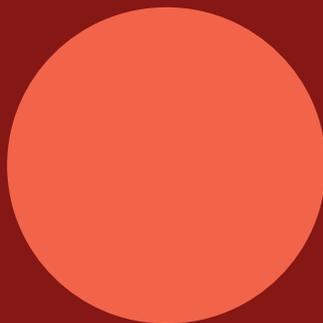
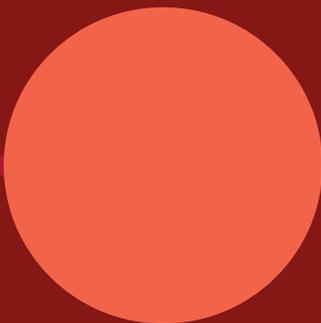
*Integrated Annual Report 2017,  
Our strategy p. 30*

# Our **governance**



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## Significant governance events in 2017

### January

The Board of Directors **appointed** Luigi Lubelli as **Group CFO and Manager in charge of preparation of the Company's financial reports**. Mr Lubelli joined the GMC. The Board of Directors also decided that the IC **should extend its scope of competence to strategic transactions**, and changed its name to CIS.

### February

The Board of Directors approved a **review of the OPC Procedures**.

### March

The Board of Directors approved **the 2016 financial statements**, the other corporate disclosure documents for 2016 and convened the Annual General Meeting. Approved **the Group's new Charter of Sustainability Commitments**.

### April

The Board of Directors reviewed **the Regulations of the Board of Directors and Board Committees**. The General Meeting **appointed the Board of Statutory Auditors** to hold office for the three-year period 2017-2019 and approved a number of **amendments to the Articles of Association**.

### May

The Board of Directors appointed Jean-Laurent Granier as the new **Country Manager for France**.

## June

The Board of Directors approved a number of **amendments to the Articles of Association** as required by insurance laws.

## August

The Board of Directors approved the **half-year financial report** and appointed Nora Gürtler **new Head of Group Audit**, as from 1 October 2017.

## October

The Board of Directors reviewed the **composition of the GMC**, approving the inclusion in the GMC of the Group Chief Marketing & Customer Officer (Isabelle Conner) and the Group Chief HR & Organisation Officer (Monica Alessandra Possa).

## December

The Board of Directors approved the **diversity policy** for the members of the Company's administrative, management and supervisory bodies and established the **new position of Group Chief Operations & Insurance Officer**, appointing Jaime Anchustegui to the post.

## Generali's corporate governance system

The planning, management and control methods, models and systems required for the operation of a company's governing bodies constitute its corporate governance.

Generali has adopted a traditional corporate governance model, as described in the Italian legislation, with a tripartite structure: the **General Meeting**, which passes resolutions on the topics falling within its powers, thereby expressing the will of the shareholders; the **Board of Directors**, which is responsible for strategic supervision in the pursuit of the Company's objects and implementation of key operations, while the Managing Director is in charge of operational management on the basis of the corporate system of delegated powers and powers of attorney; and the **Board of Statutory Auditors**, which performs supervisory functions to ensure compliance with the legislation, the Articles of Association and the implementation of appropriate administration standards as well as the adequacy of the organisational, administrative and accounting model and its implementation.

Within the traditional model, Generali's corporate governance system is based on some key pillars such as the central role of the Board of Directors, correct management of conflicts of interest, transparent disclosure of corporate management decisions, and the efficacy and effectiveness of the ICRM system. This system is compliant with the applicable legislation and the principles of the CG Code, and is based on national and international best practice.

The membership, powers and operating methods of the Company's governing bodies are governed by the applicable legislation, the Articles of Association, the Regulations of the Board of Directors and Board Committees, the resolutions passed by the competent bodies, and by the principles and criteria of the CG Code that the Company has adopted since its institution in 1999.

The **Articles of Association** are available in Italian at the corporate headquarters and in Italian, English, French, Spanish and German on the corporate website.

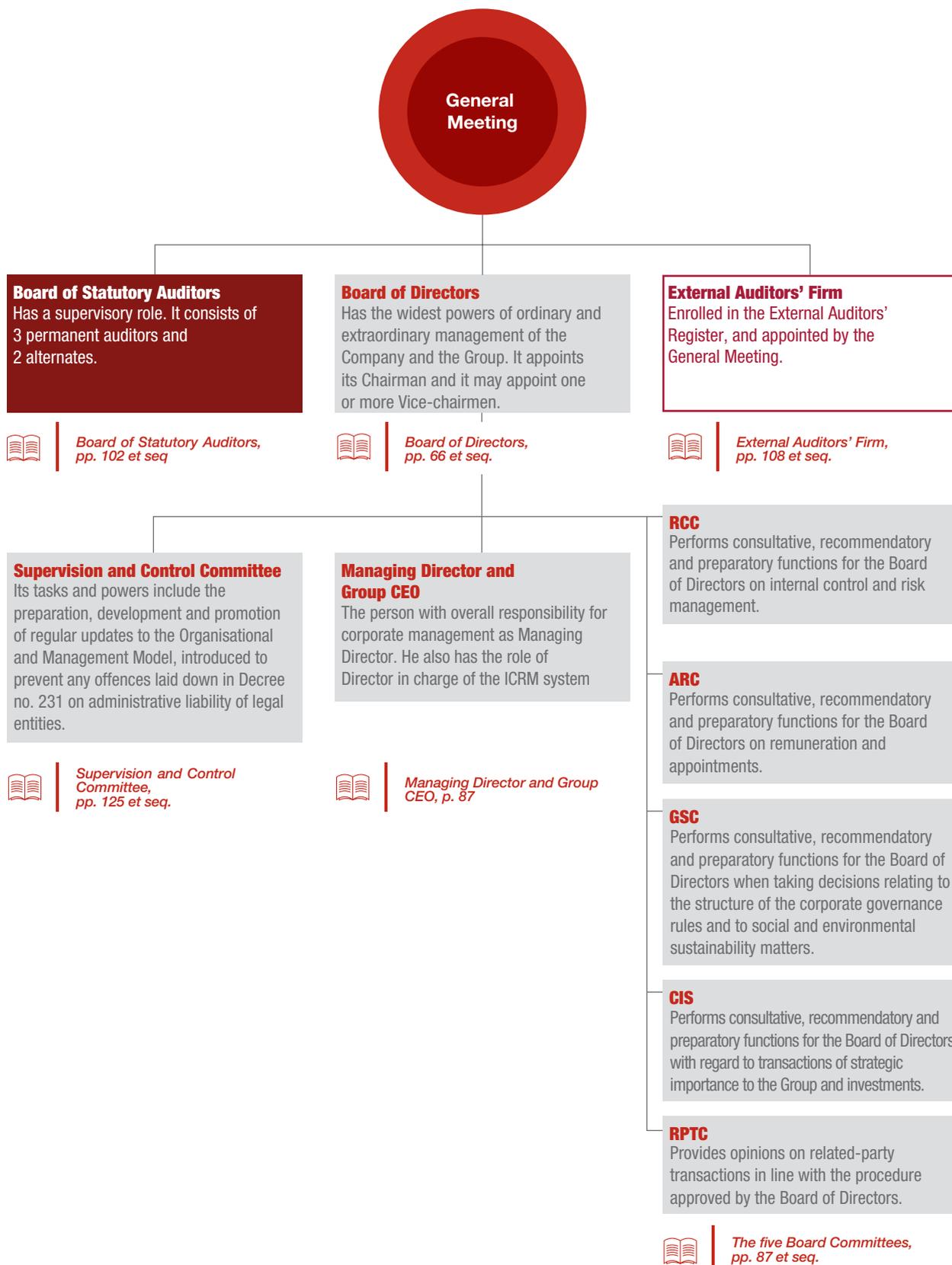
### CG Code

This year as in previous years, Generali, like all Italian listed issuers, received a letter from the chair of the Italian Corporate Governance Committee (formed by the main company and professional investor associations and by Borsa Italiana S.p.A.), addressed to chairmen and managing directors to promote greater awareness and substance in the application of the CG Code.

The letter was brought to the attention of the GSC and, subsequently, of the Board of Directors, who assessed the recommendations of the Corporate Governance Committee to the market in light of the contents of its annual report on the application of the CG Code, and found that the Company was aligned with the committee's recommendations and with the principles and criteria of the CG Code.



The chart below illustrates the Company’s corporate governance system as at 31 December 2017:



## The Company's organisation

The Board of Directors establishes the Company's governance system, including the powers and the tasks of the governing bodies it has appointed or set up. Upon the Group CEO's proposal, it also approves the top-level corporate organisational structure, i.e., the set of corporate functions constituting GHO whose managers report directly to the Group CEO. The organisation structure comprises the tasks and responsibilities of the corporate

functions, hierarchical and functional relations, and coordination mechanisms.

As parent company, Generali manages and coordinates the other Group companies, and accordingly the GHO functions are responsible for strategic policies, direction and coordination of the Business Units.

### REGULATORY BOX



The meaning of words such as "business", "enterprise", "company" and "group" is not always clear, with the result that communications may be ambiguous. We will therefore endeavour to clarify the situation.

The Italian Civil Code defines *imprenditore* (entrepreneur), but not *impresa* (enterprise or company). However, the concept of *impresa* can be deduced from article 2082 of the Code, which states: "an entrepreneur is a person who professionally carries on a business organised for the purpose of manufacturing or trading in goods or services". An *impresa* is therefore a business conducted for the purpose of manufacturing or trading in goods and services which is carried on professionally by the *imprenditore* with a set of assets organised for the purpose of that business.

Article 2555 of the Code defines *azienda* (firm) as "the set of assets organised by the *imprenditore* for the purposes of the enterprise".

A company is a form of collective exercise of the *impresa*, pursued on the basis of an agreement whereby two or more shareholders provide goods or services in pursuit of a profit or mutual advantage (article 2247 of the Italian Civil Code).

A group is a specific form of organisation of the enterprise which exists when management and coordination is performed by a person or an entity, the parent company, as a result of which the business of several companies is combined and coordinated in the pursuit of a common business interest, which is wider than the interests of the individual companies belonging to the group.

## The Group's organisational model

Generali's organisational model consolidates the role of GHO and simplifies its approach to the management and coordination of the Business Units at global level. In line with the Group strategy, it promotes a greater focus on customers in the creation of new products, design of services and activation of distribution channels. The model:

- promotes entrepreneurial skills and local independence;
- promotes the integration of best practices as regards insurance, financial and investment methods, together with activation of Group synergies and focus on operational efficiency at global level;

- pursues functional excellence through the Centres of Expertise set up to support the whole organisation.

The Group's organisational system is based on two pillars: **GHO** and the **Business Units**.

**GHO** provides strategic management at global level and maximises synergies, taking every opportunity to support the business. In particular the GHO functions:

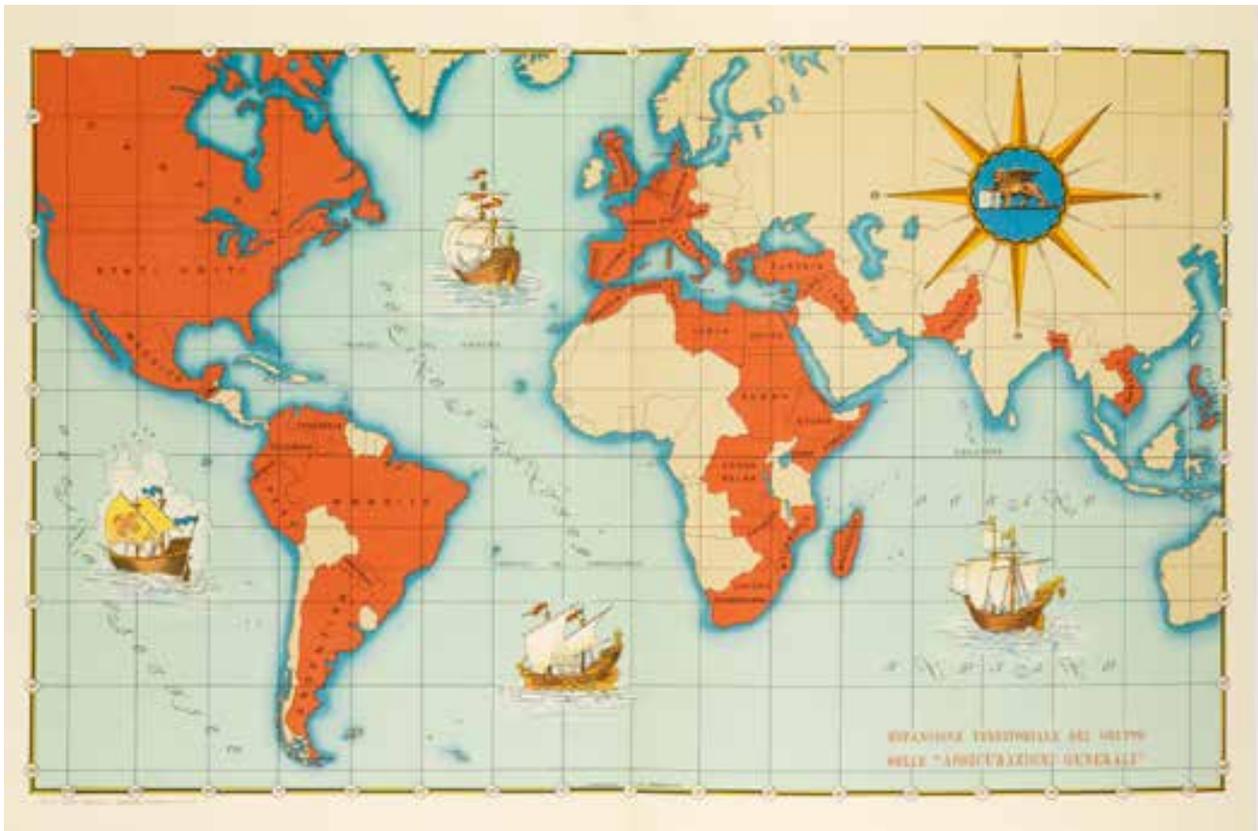
- direct, lead and coordinate the Business Units;
- act as competence centres, ensuring functional excellence and promoting key skills and synergies at Group level;
- lead Group projects.

The **Business Units** promote entrepreneurship and local independence, providing monitoring at international level based on:

- geographical areas, which lead local strategies and establish a more targeted approach by customer segments in the creation of products, implementation of distribution channels and provision of services;
- global lines, which leverage business opportunities by developing insurance solutions at global level.

The 6 Business Units are represented by:

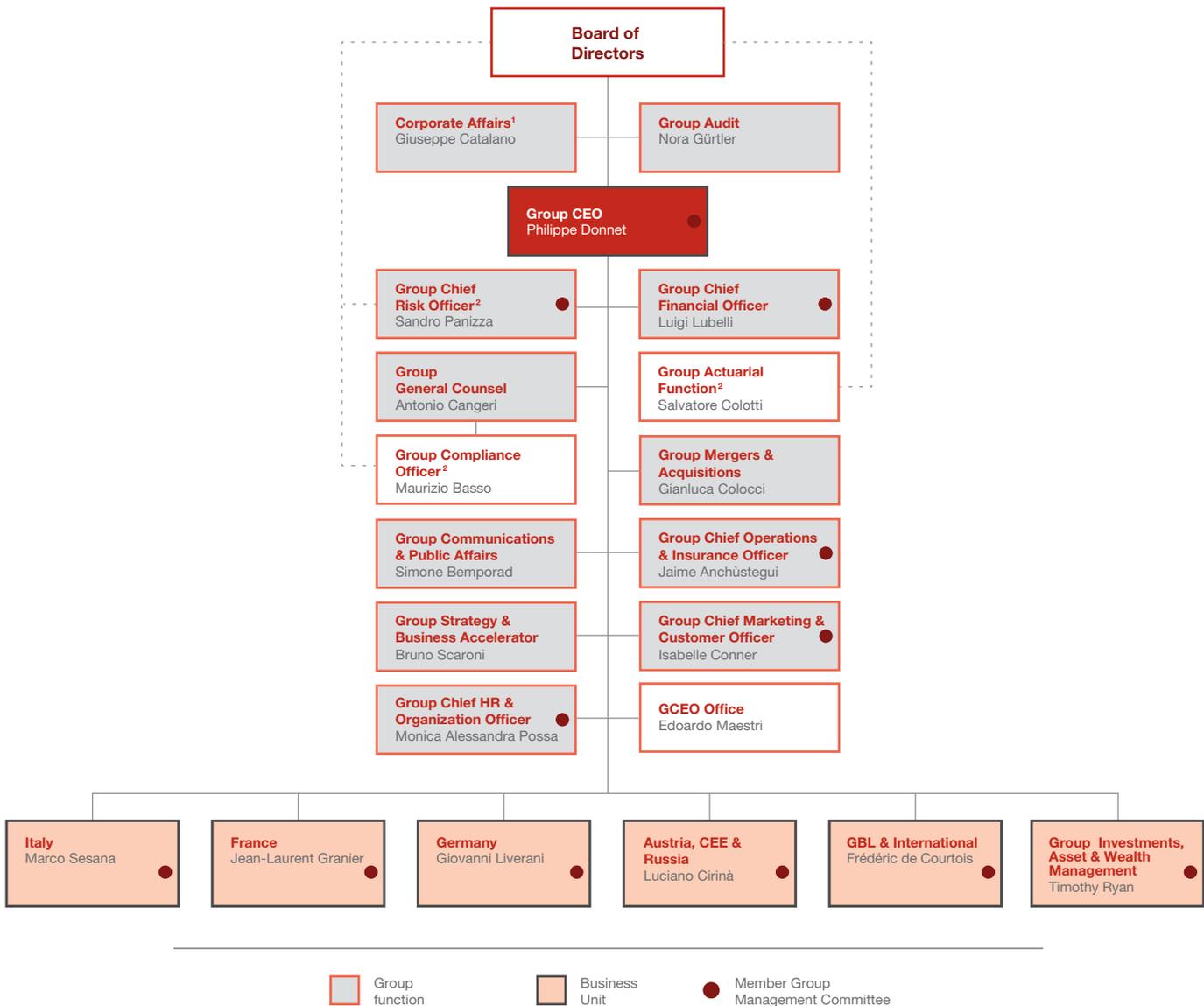
- 3 main countries (Italy, France and Germany);
- Austria, CEE & Russia;
- Global Business Lines & International;
- Group Investments, Asset & Wealth Management.



*Territorial expansion of the Generali Group (1953)*

## Structure of GHO and the Group

The chart below illustrates the structure of GHO and the Group, focusing on the functions, Business Units and GMC members, as at 14 March 2018.



<sup>1</sup> The Head of Corporate Affairs also reports to the Group CEO on matters for which he is responsible.

<sup>2</sup> The Group Chief Risk Officer, the Group Compliance Officer and the Group Head of Actuarial function report functionally to the Board of Directors on matters for which they are responsible.

Organisational governance is implemented by integration and coordination mechanisms between the Business Units and GHO. These mechanisms, which promote dialogue and correct interaction between the two components, are represented by:

- the GMC, which supports the Group CEO and top management in sharing the main strategic decisions;
- Quarterly Business Reviews, which ensure consistency between GHO and the Business Units regarding strategic objectives and performance;
- 3 main cross-functional committees, which support the Group CEO in guiding the Group's strategic decisions:
  - the Balance Sheet Committee, which examines and identifies issues that may have a substantial impact on the financial statements at both Group and GHO level;
  - the Finance Committee, which examines and evaluates extraordinary transactions and investments;
  - the Product & Underwriting Committee, which examines the profitability and risk level of new insurance business in the framework of a centralised process of analysis and review of new products;
- the Functional Guidelines and Functional Councils, through which functional coordination is provided at global level; they support the heads of the GHO functions in coordinating the equivalent functions in the Business Units;
- a matrix system of “solid” or “dotted” reporting lines, depending on the intensity of the level of guidance and coordination between the GHO functions and their counterparts in the Business Units. The system therefore comprises:
  - “solid functions”, characterised by hierarchical reporting performed, in compliance with local legislation, in a more direct, systematic way by GHO, by guiding key decisions on functional and human resource issues, such as recruitment, dismissal, and assignment of annual targets. The solid functions reinforce the control mechanisms of the major corporate risks, introducing greater separation of powers between control and business functions;
  - “dotted functions”, characterised by functional reporting, which perform guidance and coordination activities by indicating functional and best practice guidelines and participating in some key decisions relating to human resources.

The solid functions are Group CRO, Group General Counsel, including Group Compliance, and Group Audit; the other Group functions are dotted functions.

## Focus on the Group Management Committee (GMC)

The GMC's aim is to improve the Group's consistency regarding strategic priorities between Business Units and increase the efficiency and consensus of the decision-making process on the basis of a team approach that promotes exchange of opinions and an international perspective. The GMC supports the Group CEO's decisions by:

- validating proposals for submission to the Board of Directors;
- assessing decisions on risks and investments;
- assessing the Group's financial and business performance;
- guiding the Group's main strategic programmes and/or programmes having an impact on several countries.

Since 25 January 2017, Luigi Lubelli has been a member of the GMC in his capacity as new Group CFO, appointed after the termination of the contract between the Company and General Manager and Group CFO Alberto Minali.

With effect from 1 June 2017, the Board approved the entry of Jean-Laurent Granier in his capacity as new Country Manager for France.

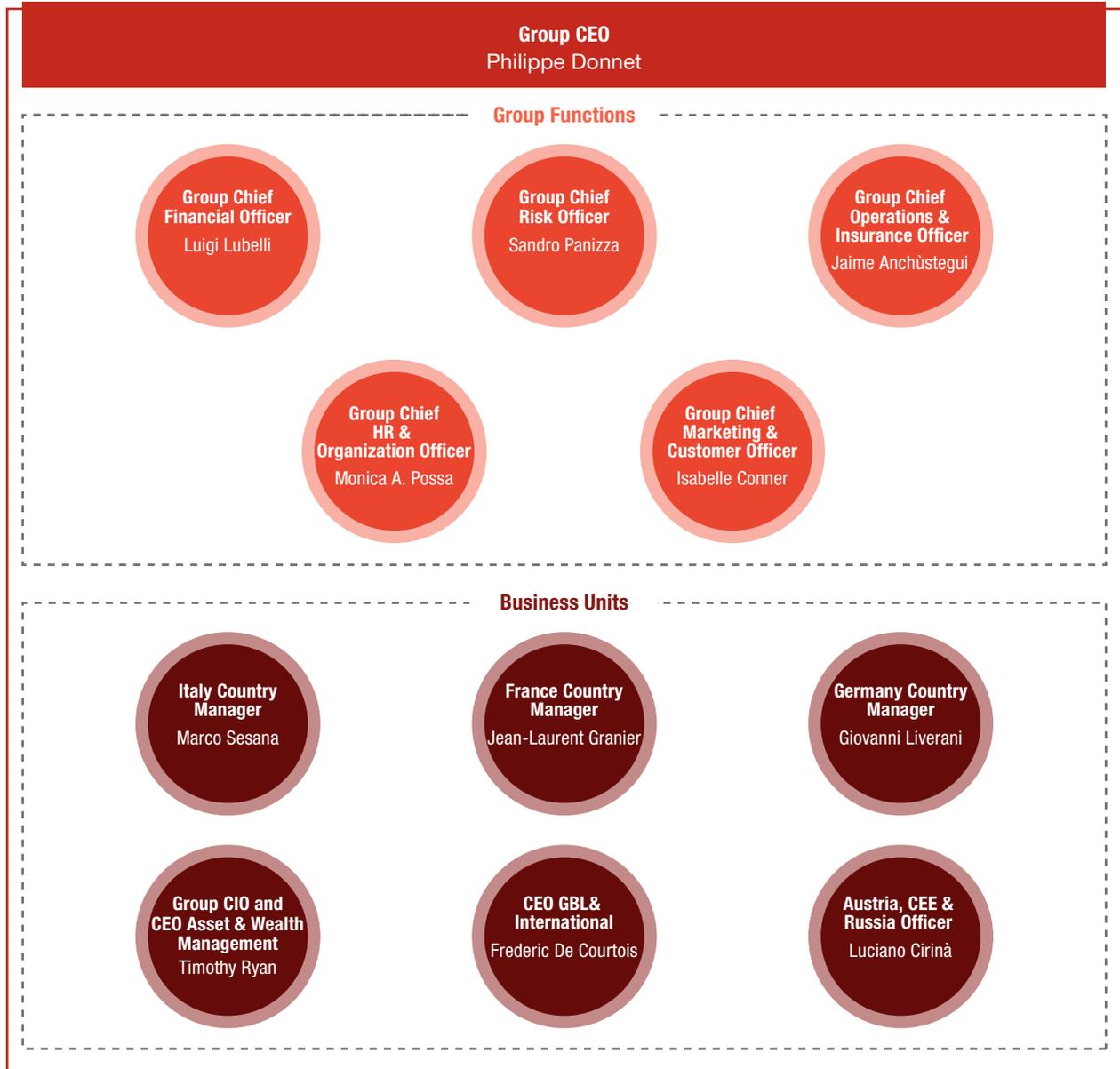
On 18 October 2017, the Board updated the composition of the GMC by approving the entry of:

- the Group Chief HR & Organisation Officer, Monica Alessandra Possa;
- the Group Chief Marketing & Customer Officer, Isabelle Marguerite Conner.

On 13 December 2017, the Board of Directors established, with effect from 1 January 2018, the new role of Group Chief Operating & Insurance Officer, and appointed Jaime Anchustegui to the post; as from that date Mr Anchustegui has been a member of the GMC.

The GMC, chaired by the Group CEO and consisting of the heads of 5 Group functions and all the heads of the Business Units, therefore had the following membership as at 14 March 2018:

## Group Management Committee



## Sustainability development bodies

The GSC performs a consultative, recommendatory and preparatory role for the Board of Directors regarding the corporate governance and social and environmental sustainability decisions for which it is responsible. It consists of non-executive directors, most of whom are independent directors.

The Group CEO is responsible for the implementation at

Group level of the sustainability strategies and policies identified by the Board of Directors.

Specific functions, committees and workgroups have also been set up at GHO level to ensure we systematically take into account social and environmental aspects related to business activities, as well as economic ones:

- the Group Sustainability and Social Responsibility function, which reports to the Group Communications & Public Affairs Director, and is responsible for

- defining, implementing and reporting on the Group's social responsibility model through dialogue with the GHO functions and involvement of sustainability managers in the countries in which the Group operates;
- in order to achieve greater integration of sustainability with the core business, two interfunctional committees and working groups focus on specific issues:
    - the EMS Review Committee, an internal body which reviews the Group environmental management system based on the ISO 14001 standard;
    - the Responsible Investment Committee, an interfunctional body that assesses issuers on the basis of the Group's environmental, social and governance criteria, and supports the Group CIO's decisions regarding potential exclusions from the Group's investments;
    - the Responsible Business Lab, a workgroup involving the Group Sustainability and Social Responsibility function, the Group Investments, Assets and Wealth Management function and the Group Chief Operations and Insurance Officer function, which coordinates sustainability activities of significance for the Group business;
    - the Integrated Reporting Lab, a workgroup involving the Group Sustainability and Social Responsibility function, the Group Chief Financial Officer function and the Corporate Affairs function, which defines and implements a common reporting approach.

CSR Community: a network of sustainability managers at the local level. Moreover, in some countries Sustainability

Committees have been formed to operate at national level with a view to improving the organisation and the coordination of activities in the social and environmental fields.

## The Generali Internal Regulations System (GIRS)

Generali believes that an effective, comprehensive governance system in GHO and the Group as a whole is 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 the process by which they are issued.

The Company has introduced the Generali Internal Regulations System (GIRS), which applies to the whole Group, to make its internal regulations clear to and usable by all personnel.

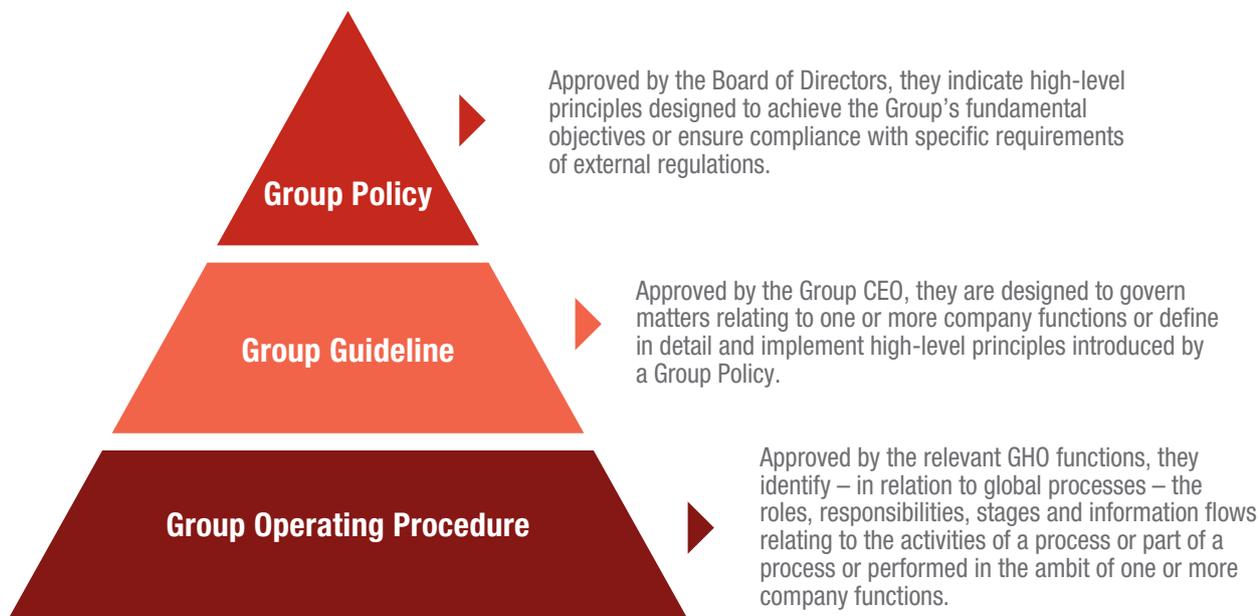
This system governs the hierarchy and characteristics of the internal regulations issued by the parent company in its management, guidance and coordination activities performed for the Group, identifying the roles and responsibilities of the parties involved in the life cycle of the internal regulations,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



*Observatoire Atmosphérique in Paris (2013)*

## Regulatory framework

The GIRS is based on 3 regulatory tiers:



The GIRS is based on 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 filed 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.

## Code of Conduct and Whistleblowing

Generali's Code of Conduct ("the Code") is the Group's guide to "doing the right thing". The Code 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 of Conduct.

In this context, the Group's executives are asked to act as role models for the Code 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.

On-line and classroom-based training programmes, combined with a global communication programme, are designed to raise full awareness among all employees of the importance of the Code and their responsibility to report any breaches that come to their notice.

In this respect, the Company encourages employees and also third parties working with the Group to report

any problems associated with breaches of the Code of Conduct or potentially critical situations. Confidentiality is guaranteed, and no forms of reprisal will be tolerated.

Comprehensive information is available on the Company's Website, in the section *Our responsibilities – Responsible Business – Code of Conduct*, including a description of the Group's report management process.

The Group Compliance Department has implemented the following reporting channels:

- by post: Group Compliance - Business Integrity – Piazza Cordusio 2, 20123 Milan, Italy;
- by freephone telephone numbers or webforms in all countries in which Generali operates: [www.compliancehelpline.generalicom.com](http://www.compliancehelpline.generalicom.com).

Clicking on the above link takes the user to the landing page of the Generali Group Compliance Helpline platform, managed by a specialist external provider (GCS Compliance Services Europe Ltd., belonging to the Navex Global group), which 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 to request 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.

In 2017 attention focused on the systematic approach to management of compliance risks set out in the Group Compliance Management System Policy, which was reviewed at the end of 2016: a communication campaign entitled "Compliance. Building Trust" was launched throughout the Group and in April a video message from the Chairman was published internally on the Group portal, We Generali, and externally on the YouTube channel and on the website. At the same time, the Group CEO sent a personal message to all Group CEOs stressing the importance of compliance for the success of Generali. Also in 2017, two "Compliance Weeks" were organised, one in March and one in November, to raise awareness of the Compliance Management System and of the importance of compliance and integrity in company operations. During Compliance Week in November, employees

across the Group were asked to send in suggestions on how to improve compliance in daily operations in their respective areas of activity: the success of the event was reflected by the receipt of more than 200 suggestions.

In November, a video cartoon was published on the Group portal entitled "Compliance. Building Trust", to help employees understand their compliance responsibilities in their own jobs.

In the first half of the year, the last 3 episodes in the series of 19 short videos looking at specific issues in our Code were released: the videos examine virtually all of the topics examined in the Code and are now also available on the YouTube channel and on the website.

In the last quarter the Group launched an e-learning update on the Code of Conduct: the course lasts about 10 minutes and has been translated into 24 languages. It includes an interactive section where users can ask their compliance officer for additional information on issues relating to the Code that were not sufficiently clear.

## Authorised representatives

### Articles of Association

The system of representation of the Company, governed by articles 38 and 39 of the Articles of Association, is designed to guarantee the greatest operational flexibility and, at the same time, adequate control over the Company's documents.

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 two 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 Board of Directors, 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

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 authorised representation is consistent with the organisational responsibilities allocated, and constitutes an internal control tool and also a fundamental monitoring instrument to prevent the offences specified in Decree 231 governing the administrative liability of legal persons.

The system of delegated powers, consistently with the current corporate governance structure established by the Board of Directors, 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 framework 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 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 sub-delegated must in turn guarantee adequate reporting to the sub-delegating party;
- full alignment between 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 assigning

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 Internal Control Functions report functionally directly to the Board of Directors, their delegated powers and powers of attorney are organised in such a way as to guarantee and preserve the necessary level of independence.

## Main organisational changes in 2017 and the first few months of 2018

On 25 January 2017, the Board of Directors adopted the new GHO and Group structure and appointed Luigi Lubelli as Group CFO and Manager in charge of preparation of the Company's financial reports.

The main changes in the **GHO** organisational structure are set out below:

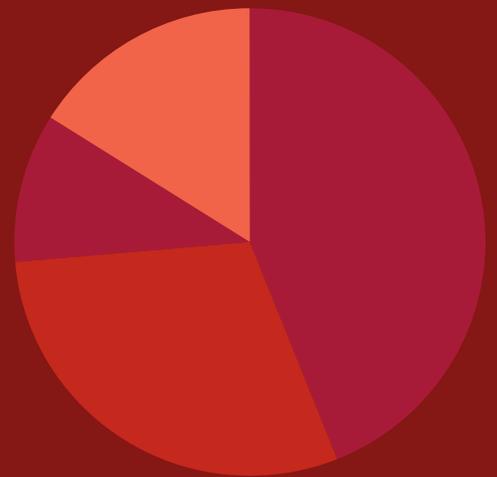
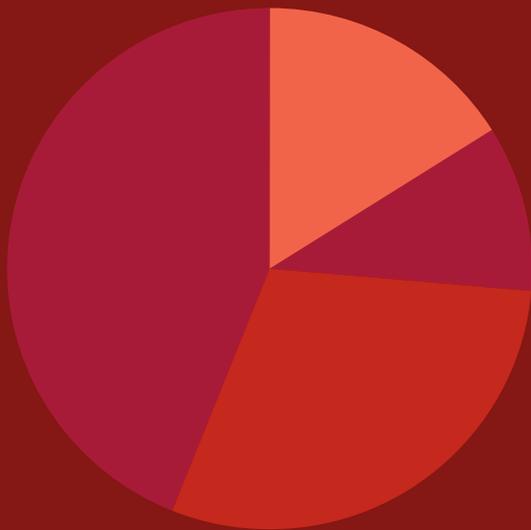
- the appointment as from 1 July 2017 of Bruno Scaroni as Group Strategy & Business Accelerator Director;
- the appointment as from 1 October 2017 of Nora Gürtler as Head of Group Audit;
- the creation as from 1 January 2018 of the new position, assigned to Jaime Anchustegui Melgarejo, of Group Chief Operations & Insurance Officer; the position integrates activities relating to operations and insurance, and reports directly to the Group CEO. In this way, activities for the transformation and improvement of the technical performance of the insurance business, the operating machine, and the IT and digitalisation infrastructure are assigned to a single function. The new position is also responsible for coordinating and monitoring initiatives designed to cut

operating costs and improve productivity by furthering the implementation of the strategic plan, which has already yielded important results.

Developments relating to the organisational structure of the **Business Units** were as follows:

- the appointment as from 1 June 2017 of Jean-Laurent Granier as Country Manager for France, Chairman & Chief Executive Officer of Generali France Assurances. As noted in the previous section, Mr Granier was made a member of the GMC;
- the organisational structure of Group Investments, Asset & Wealth Management was reviewed in 2017 to strengthen the focus on business strategy. The following appointments were also made: Gian Maria Mossa as Chief Executive Officer of Banca Generali (in addition to his existing role as General Manager) and Aldo Mazzocco as Chief Executive Officer and General Manager of Generali Real Estate;
- at GBL&International, the EMEA region was annulled with effect from 1 January 2018, and the countries in question were re-organised under the responsibility of the CEO Global Business Lines & International, Frédéric de Courtois. The following appointments were also made: Marco Vitiello as General Manager & Chief Financial Officer of United Arab Emirates; Maurizio Pescarini as Chief Executive Officer of Generali Sigorta A.S. (Turkey) and Tom Vanham as Chief Executive Officer of Generali Belgium S.A. Also in the ambit of GBL&International, in the Asia Region, Cillin O'Flynn was appointed General Manager of Hong Kong Branch and Chief Executive Officer of Generali Life Hong Kong;
- effective from 1 January 2018, Austria was integrated with the Central and Eastern Europe Region (CEE), whose name changed to Austria, CEE & Russia, headed by Luciano Cirinà; this strengthens Generali's presence in markets where the Group is already active and has achieved excellent results.

# Shareholders and investors



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# Shareholders and investors

## Share Ownership

### Share capital structure

The Company's subscribed and paid-up share capital amounts to EUR 1,561,808,262.00, divided into 1,561,808,262 registered ordinary shares with a par value of EUR 1.00 each.

On 20 April 2017, the share capital was increased by EUR 1,924,724.00 to implement a long-term incentive plan (LTI Plan 2014).

On 14 March 2018 the Board of Directors resolved, by way of implementation of a long-term incentive plan (LTI Plan 2015), and exercising the delegated power granted by the 2015 General Meeting pursuant to s. 2443 of the Civil Code, to increase the share capital by 3,357,102 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 middle April 2018.

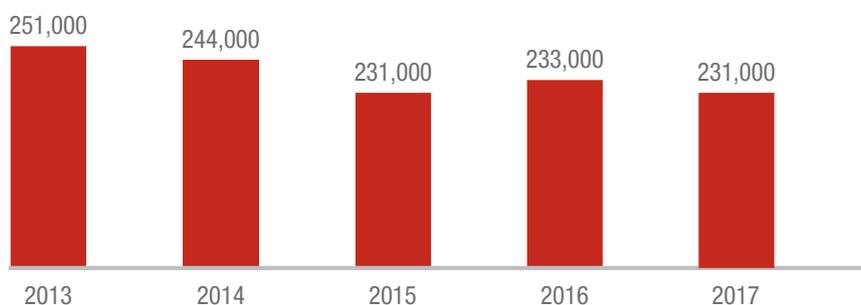
	No. of Shares (*)	% of share capital	Listed / Unlisted	Rights and obligations (**)
Ordinary shares	1,561,808,262	100.00	FTSE MIB	See note
Shares carrying multiple, limited or no voting rights (***)	-	-	-	-

(\*) 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.

(\*\*) Each ordinary shareholder has a set of financial 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 the 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 in the circumstances specified in the applicable legislation, and the right to information. Finally, as regards obligations, each shareholder is required to make the contributions necessary to attain the Company's objects

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

### Numero azionisti



For details of Generali's shareholders, see the charts in the "Share Ownership" paragraph of the previous section, "WE, GENERALI" (p.14).

Shareholders holding over 3% of the Company's share capital, either directly or indirectly through intermediaries, trustees or subsidiaries, are shown in **Table 1** (p. 130).

Generali declares, as required by s. 123-bis.1. e) of the CFBA, that it has no employee stock ownership plans and, as required by s. 123-bis.1.g) thereof, that it is not aware of any shareholders' agreements concerning its shares as defined in s. 122 of the CFBA.

The Company facilitates the participation at General Meetings of the beneficiaries of the long-term incentive plans (LTI), which are based on Generali shares, by making available the services of the designated representative pursuant to s. 135-undecies CFBA, in compliance with the above-mentioned provision of law.

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

### Capital increases and purchases of own shares, 2015-2017

Decision-making body	Name	Maximum no. of shares that can be issued for the Plan	Capital increases under (ss. 2443 and 2349, paragraph 1, Italian Civil Code)			Purchase of own shares under (ss. 2357 and 2357-ter, Italian Civil Code)			
			Implementing Period	Par value of shares	Maximum increase of share capital in EUR	Implementing Period	Par value of shares	Maximum purchase price	Maximum number of ordinary shares
<b>2015 General Meeting</b>	LTI 2015 Plan	8,000,000	by 30/04/2020	€ 1.00	8,000,000	expired on 30/10/2016	N.A.	N.A.	N.A.
<b>2016 General Meeting</b>	LTI 2016 Plan	10,000,000	by 28/04/2021	€ 1.00	10,000,000	expired on 28/10/2017	N.A.	N.A.	N.A.
<b>2017 General Meeting</b>	LTI 2017 Plan	12,500,000	by 27/04/2022	€ 1.00	12,500,000	by 19/04/2018	€ 1.00	Min. € 1.00 Max +5% of listed price on the day before the transaction	12,500,000
	Special Plan for the Group CEO	250,000	by 27/04/2022	€ 1.00	250,000	by 19/04/2018	€ 1.00	Min. € 1.00 Max +5% of listed price on the day before the transaction	250,000

For the purpose of implementation of the LTI Plans, the shares forming the subject of free allocation to the beneficiaries will originate, wholly or partly, from own shares purchased by the Company by way of implementation of the corresponding authorisations of the General Meeting, pursuant to ss. 2357 and 2357-ter of the Civil Code, and/or from any free capital increases issued, using the profits and/or retained profits, pursuant to s. 2349.1 of the Civil Code

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.

Information about resolutions relating to the 2015 and 2016 LTI Plans is included in the 2015 and 2016 Corporate Governance and Share Ownership reports.

The **2017 General Meeting** resolved, pursuant to ss. 2357 and 2357-ter of the Civil Code, to authorise the purchase of a maximum of 12.5 million ordinary shares issued by the Company with a par value of EUR 1.00 each for the purposes of the 2017 LTI Plan and an ad-

ditional 250,000 ordinary shares for the purposes of the special Plan for the Group CEO. 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 incentive plans, net of the shares to be issued for the same purposes in the exercise of the delegated powers granted to the Board of Directors 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 be more

than 5% higher than the reference price recorded by the shares on the last stock market trading day before the date of each purchase operation;

- the Company may purchase its own shares, on one or more occasions, until the next General Meeting called to approve the annual financial statements;
- 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 transactions shall be performed, pursuant to s. 144-*bis*.1.b) and c) of the 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*.1.c) of the Issuers' Regulation;
- the own shares can be allotted to the beneficiaries of the Plans, free of charge, without any time limits, provided that the applicable legislative and regulatory provisions are complied with.

The 2017 Extraordinary General Meeting also resolved to allocate to the Board of Directors, pursuant to ss. 2443 and 2349.1 of the Italian Civil Code, for the period of five years, the power to increase the share capital free of charge, in one or more tranches, pursuant to s. 2439.2 of the Italian Civil Code, using the profits and/or retained profits, by a maximum par value of EUR 12,500,000.00, by issuing a maximum of 12.5 million ordinary shares cum dividend at the par value of EUR 1.00 each, net of the shares purchased in the ambit of the own-share purchase programme associated with the 2017 LTI Plan, to be allocated free of charge to beneficiaries of the Plan approved by the General Meeting who are employees of the Company or its subsidiaries and have acquired that right. The General Meeting resolved to allocate to the Board of Directors, in the same manner as that described above, the power to increase the share capital, free of charge, by an overall amount of EUR 250,000.00

by issuing a maximum of 250,000 ordinary shares cum dividend at the par value of EUR 1.00 each, net of the shares purchased in the ambit of the own-share purchase programme, in connection with the special Plan for the Group CEO, to be allocated free of charge to the beneficiary of the Plan should the right in question have vested.

### 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

Pursuant to 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.

### 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

Pursuant to s. 123-*bis*.1.i of the CFBA, the following terms (severance provisions) apply to the sums payable to directors who are not also employees 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 (severance provisions) apply to the sums payable to the Managing Director/Group CEO and other executives with strategic responsibilities, in the event of cessation of office:

- in the event of dismissal, the mandatory statutory and contractual provisions necessarily apply unless future legislative changes are made;
- in the event of termination by consent, the amount payable to the party concerned is established on the basis of the circumstances and reasons for the cessation of office (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 remuneration in addition to the statutory and contractual notice period<sup>1</sup>.

"Recurring remuneration" means the gross annual remuneration incremented by the average amount actually received by the party concerned 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 Assicurazioni Generali S.p.A. or one of its subsidiaries and the termination thereof, and all rights, claims and/or actions against the other companies belonging to the Group on any ground, which are directly or indirectly

connected 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 the economic rights connected with the contract of employment and the cessation thereof.

The said provisions shall also apply to executive directors who are also senior executives, 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. Agreements can also be entered into with directors and key management personnel which establish (within the said maximum limits) the severance pay payable in the event of future cessation of the agreement and (either at the hiring stage, during or at the end of the agreement) non-competition or confidentiality agreements covering a period after the cessation of the agreement. The consideration for these agreements, which always have a limited duration, is established on the basis of the period and territory covered by the agreement and the prejudice that may derive to the Company and/or the Group if the person concerned were to carry on a 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 his/her previous role and responsibilities.

As regards the effects of cessation of the agreement on any rights assigned in the ambit of incentive plans based on financial instruments, see paragraph 3.3.2 *Long-Term Incentive (LTI)* of the Assicurazioni Generali Remuneration Report.

With regard to the cessation of agreements with key management personnel, see paragraph 9 *Severance provisions in the event of termination* of said Remuneration Report.

## 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 manages and coordinates all the companies belonging to the Group. The Integrated Annual Report provides detailed information about relations between Generali and the said companies.

<sup>1</sup> That is, in addition to other terms of a comparable kind and/or for comparable purposes envisaged by the applicable local laws.

In the event of significant changes to the market capitalisation of the issuer's shares or to the composition of the Group, the CG Code recommends that the board of directors should submit to the general meeting proposals to amend the Articles of Association in respect to the percentages required for exercising actions and rights provided to protect minority shareholders. This was not done in 2017, as the conditions laid down in the CG Code did not arise.



[www.generali.com/it/investors/reports-and-presentations/report-archive.html](http://www.generali.com/it/investors/reports-and-presentations/report-archive.html)

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.

## General Meeting

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. 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 shareholders. The next General Meeting is expected to be held on Thursday 19 April 2018, in Trieste; all the related information will be found in the notice of call published on our website:



[www.generali.com/governance/annual-general-meeting/AGM-2018.html](http://www.generali.com/governance/annual-general-meeting/AGM-2018.html)



[www.generali.com/it/governance/annual-general-meeting.html](http://www.generali.com/it/governance/annual-general-meeting.html)

### Call of 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. The General Meeting can only pass resolutions on subjects listed in the agenda. The documents are published about 40 days before the Meeting to facilitate the decision-making process of shareholders, and especially proxy advisors and institutional investors.

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 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.

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

### Attendance at General Meeting

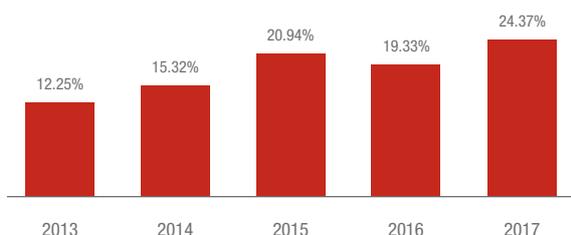
Shareholders holding voting rights can attend the General Meeting, provided that they prove their entitlement in the statutory forms. Entitlement to attend the General Meeting and exercise voting rights is certified by a notice sent to the Company by the intermediaries in accordance with their books 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.

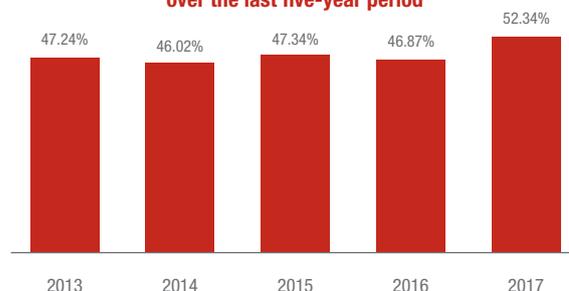
Shareholders may appoint proxies to represent them at the General Meeting; by law, **only one proxy** can be appointed for each General Meeting, save for the power to indicate substitutes, but a different proxy can be appointed for each of the accounts to which the intermediary’s notice relates.

For each General Meeting the Company designates a **representative which shareholders can appoint as proxy** with voting instructions on some or all of the items on the agenda. The identity of the said representative 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.

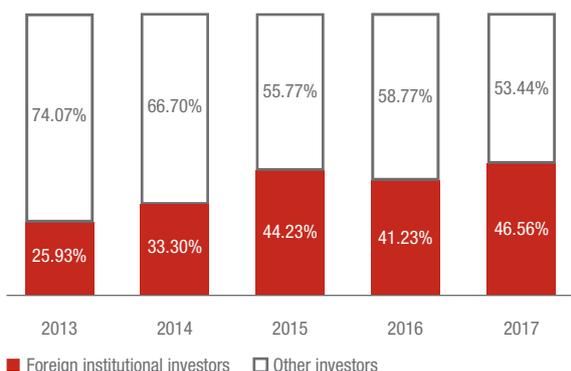
**Percentage of share capital represented by foreign institutional investors who have attended the General Meeting over the last five-year period**



**Percentage of share capital represented by investors who have attended the General Meeting over the last five-year period**



**Ratio of foreign institutional investors to investors who have attended the General Meeting in the last four-year period in terms of share capital**



■ Foreign institutional investors □ Other investors

## General Meeting Regulation

The 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 the 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.

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 shares.

## Proceedings of General Meeting

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 to speak by raising their hand. Board members and Statutory Auditors can also ask to speak during the discussion.

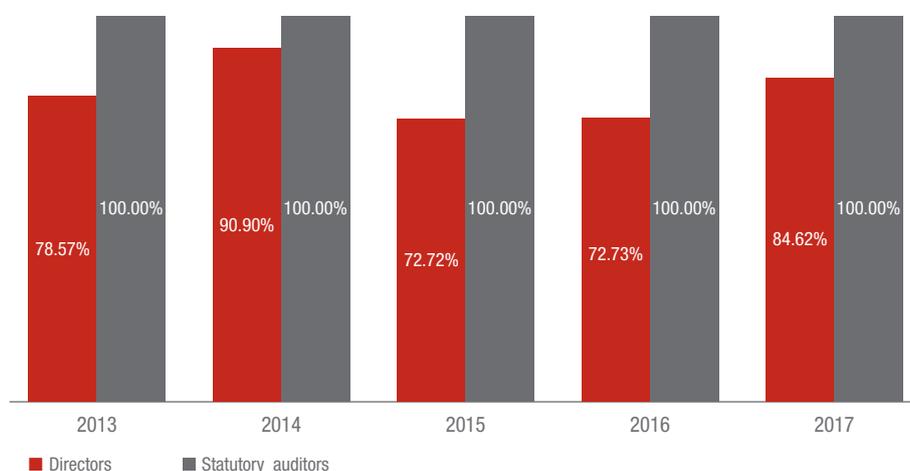
To ensure that replies to questions asked by authorised parties are as exhaustive as possible, they may deliver written notes on the subjects on which they intend to request permission to speak, even before the constitution of the General Meeting.

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 of the agenda.

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

Average attendance by directors at the General Meetings held in the last five years was around 80%, and all Statutory Auditors always attended.

**General Meeting: attendance of Directors and Statutory Auditors**



## General Meeting majorities

The Company has not established any majorities different from the statutory majorities for passing resolutions. The majorities required for the **General Meeting in ordinary session** are needed to pass resolutions on:

- the annual financial statements;
- distribution of the net profit;
- appointment of the Board of Directors, the Board of Statutory Auditors and its Chairman;
- remuneration policies for members of the Board of Directors, the Board of Statutory Auditors 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 Board of Directors and the Board of Statutory Auditors;
- the appointment of external auditors during the financial 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 Board of Directors 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.

General Meeting	Majority	First call	Second call	Third call (and any subsequent calls)	Single call
Ordinary session	Quorum	≥ 50% of share capital	> 0% of share capital	N.A.	> 0% of share capital
	Resolutions	> 50% of voting capital	> 50% of voting capital	N.A.	> 50% of voting capital
Extraordinary session	Quorum	> 50% of share capital	> 33.33% of share capital	> 20% of share capital	> 20% of share capital
	Resolutions	≥ 66.67% of voting capital	≥ 66.67% of voting capital	≥ 66.67% of voting capital	≥ 66.67% of voting capital



Generali general meeting (27 April 2017)

## Relations with institutional investors and other shareholders – Contacts

The GHO structure responsible for dealings 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 2016 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 & Organisation (Group Reward & Inst. HR Processes) function and the Group

Communication & Public Affairs (Group Social Responsibility) function, some of them at a specific cycle of meetings (Roadshow). These activities focused on subjects relevant to the financial community relating to the three pillars of our corporate governance, which include Remuneration and Corporate Social Responsibility in addition to corporate governance strictly so called. They are designed to convey our corporate governance decisions and receive feedback, which provides useful input for the continuous internal evaluation and review process.

S&G's tasks include continuous management of relations with the large number of retail shareholders, currently accounting for almost one third of the share capital, which peaks 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 in the *Investors*, *Governance*, *Our Responsibilities* and *Media* sections of the Website.



[www.generali.com/it/investors.html](http://www.generali.com/it/investors.html)



[www.generali.com/it/governance.html](http://www.generali.com/it/governance.html)



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



[www.generali.com/it/media.html](http://www.generali.com/it/media.html)

### Engagement with institutional investors and proxy agencies 2017

Outreach with <b>Proxy Agencies</b>	March and December
<b>Governance &amp; Remuneration Roadshow:</b> Engagement before General Meeting	March

### Investor Relations contact details

<b>+39 040 671402</b>	Telephone number for institutional investors and proxy agencies
<b>+39 040 671338</b>	Fax number for institutional investors and proxy agencies
<b>ir@generali.com</b>	Email address for institutional investors and proxy agencies

## Engagement with retail shareholders 2017

<b>Meetings with retail shareholders</b>	2017 saw the commencement of a dialogue initiative promoted by the Chairman, consisting of a number of cultural events sponsored by the Company for the purpose of facilitating a better understanding of the Company's activities and greater participation in its institutional life
<b>General Meeting</b>	S&G is the corporate unit supporting General Meeting activities for retail and institutional shareholders
<b>Investor's info</b>	Newsletter sent twice a year, one before the 2017 General Meeting (in early April) and the second after publication of the third-quarter results
<b>General Meeting brochure: Kit for the General Meeting</b>	Sent to shareholders in early April. It contains the notice of call, and documents and information useful for attendance at the General Meeting. The brochure was also published on the institutional website
<b>Guide for the shareholder</b>	The purpose of the Guide is to establish an active relationship with the shareholders in general, and with small shareholders in particular, by providing them with a useful tool illustrating the rights associated with the shares they own. The Guide was distributed for the first time during the 2017 General Meeting and was published on the institutional website well in advance of the event
<b>Video: Participation, dialogue, exchange of ideas</b>	A video providing information on participation and related procedures for the General Meeting, posted on the website for the first time in March 2017
<b>Shareholders meeting extended inclusion</b>	Under the programme launched in 2016, additional services were organised for the General Meeting to mitigate the impact of physical, communication and sensorial barriers; in some cases, shareholders were asked to book services as indicated in the procedure published on the website in the section Governance / Annual General Meeting. Services included: simultaneous translation into a number of languages, sign language and captioning in Italian, reception and check-in, professional medical assistance
<b>Chairman's statement</b>	All shareholders who attended the last General Meeting receive a letter from the Chairman, also containing his Christmas greetings
<b>Documentation</b>	The S&G unit sends individual shareholders Company documents upon request, e.g., financial statements and minutes of General Meetings

## Shareholders & Governance contact details

<b>+39 040 671621</b>	Telephone number for shareholders
<b>+39 041 3362876</b>	Fax number for shareholders
<b>azionisti@generali.com shareholders@generali.com</b>	Email addresses for retail shareholders

## The corporate website www.generali.com

### Combining compliance with communication

We are very pleased to inform you that for 2016/2017 *generali.com* is ranked among the top 5 corporate websites in Italy and as the best European insurance website by Comprend, a leading analyst for many years of the online institutional communications of the top 500 European companies, thus consolidating its presence in the top tier of this prestigious ranking, in which it has appeared for the last six years. This is further evidence of the disclosure quality in terms of contents and transparency which is a core principle for Generali. The corporate website has long been the tool used to publish the main items of information about the Company, including price-sensitive information communicated to the market as required by the applicable regulations, promptly and at global level. The website, available in English and Italian, is regularly updated to provide all stakeholders with accurate, clear, comprehensive information.

The new generali.com website went live in August 2015, on completion of an innovative project developed jointly by the main GHO functions. The website, designed on the basis of a responsive approach (i.e., optimised so

that it can be viewed effectively on desktop computers, tablets and smartphones using the iOS and Android operating systems), now has a more modern, simpler, clearer graphic design, and navigation that complies with established international practices, as certified by external advisors Bowen Craggs of London. Particular care has been taken with the presentation not only of the Company and the Group, but also of the basic concepts of insurance (also in the context of financial education), commitment to responsible business management, corporate culture, and employer branding.

In institutional terms, in line with the requirement for transparent information, a great deal of space has once again been devoted to presentation of the share ownership structure and financial and accounting data; other documents promptly published include the latest approved financial statements and complete company reports for the last few financial years. Substantial coverage is devoted to the main corporate events, such as the General Meeting, Investor Day and market disclosure of financial results (quarterly, half-yearly and annual reports), which are described with a wide variety of documentary evidence and video materials.

These are the main topics of the homepage of the website at the relevant time of year. Other specific sections are devoted to corporate governance, investor relations and media relations.

#### Governance section

Comprehensive information is provided about the Governance System, the Board of Directors, the Board of Statutory Auditors and the Board Committees. The main corporate documents, such as the Articles of Association, the General Meeting Regulation and this Report, can also be consulted and downloaded. This section also includes all information about the General Meeting, together with information about internal dealing (including transactions performed by our internal dealers), remuneration policies, related-party transactions, our authorised representatives, and the organisational and management model.

#### Investors section

This section includes the main financial data, periodic financial statements and information about the Generali shares. The Investors section contains the share ownership (in the *Share Information and Analysts* subsection) and the financial calendar, which shows the dates of the meetings of the Company's governing bodies, such as the General Meeting and the Board of Directors, called to approve the draft and final annual financial statements, the consolidated financial statements, the half-year report and the interim financial reports. There is also a page devoted solely to retail shareholders, together with contact details for institutional investors and retail shareholders.

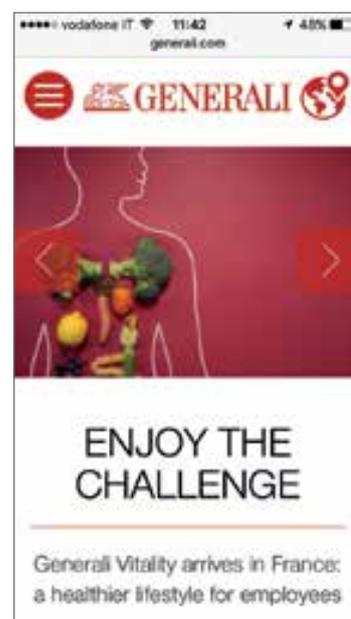
#### Media section

Press releases, Generali's share ratings and Group news are promptly published in this section. *The Events Calendar* subsection describes the main events of the year at Group level.

## Listening: for even more effective and modern digital communication

During the summer of 2017 – for the second consecutive year – an **anonymous online survey** was conducted on generali.com to collect information directly from our users regarding their satisfaction with our website. The survey, managed in collaboration with an international consultancy, lasted for 4 months and around one thousand replies were collected. Once again, the picture was one of widespread satisfaction, especially with the creative and visual design of the website and the comprehensive nature of the information provided. Some areas that could be improved also emer-

ged, such as better usability (ease of navigation) and further optimisation of navigation on mobile devices. This direct feedback was flanked by a professional independent analysis commissioned from Bowen Craggs of London, which noted the excellence of the Governance, IR and Sustainability (CSR) sections and the strength of the creative and visual editorial input; the analysis also recommended some technical improvements (internal search engine, accessibility) and closer integration with social media.



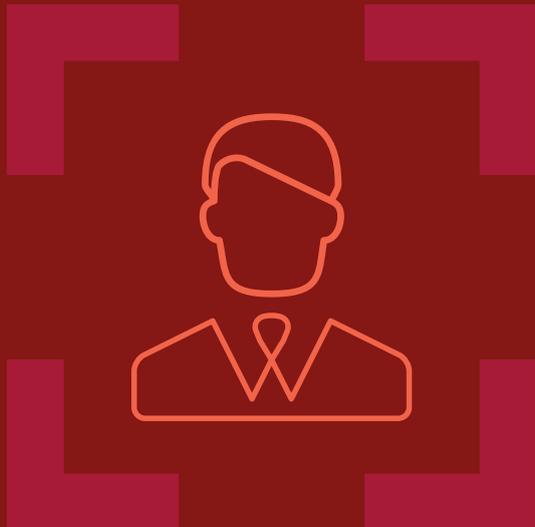
Over the past year, significant creative efforts continued to develop an **editorial plan** of more general interest (innovation and technology, sustainability, insurance, well-being, welfare) with an appealing and direct **visual approach**. Videos, photos and infographics have been extensively used, and numerous success stories have been published, to satisfy the requirements of a public increasingly used to digital information. Furthermore, the material available has been organised along theme-based lines, to facilitate content searches on the basis of macro categories. Initiatives include *Insurance for Dummies*, a series of video cartoon tutorials using an effective and humorous language to present the main insurance classes in order to engage young people with the issues of prevention and safety, frequently considered difficult and too technical.

To broaden the categories of users and stakeholders by using a more modern style of language, during 2017 the Company enhanced the quality of the two new institutional social network channels (Twitter and Instagram) and intensified use of the professional channel LinkedIn as a tool for both international recruitment and disclosure.

In connection with the commitment made in 2016 and the continuous improvement of the quality of the website, implementation was completed of the recommendations of the specialist company ASPHI concerning accessibility, i.e., information access for **disabled users**, especially the visually impaired. The analysis was conducted with IT tools and human resources, by a working group tasked with achieving a number of aims: it produced a list of reasonable functional improvements implemented in the **first half of 2017**.

On the basis of the Company's direct experience, the findings of the international assessments and the indications provided directly by stakeholders in the anonymous online survey, at the end of the year work began on a **graphic restyling and an operational and content improvement of the website**, with a view to consolidating the excellent progress made to date. The Company expects to complete the work **by the summer of 2018**.

# Corporate governance **players**



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# Corporate governance players

## Board of Directors

Appointment: 28 April 2016  
End of term of office: April 2019

Directors: 13  
Executive director: 1  
Independent directors: 8

Board Committees: 5

Risk and Control Committee, Corporate Governance and Social & Environmental Sustainability Committee, Appointments and Remuneration Committee, Related-Party Transactions Committee, Investment and Strategic Transaction Committee.

## Membership - Current directors

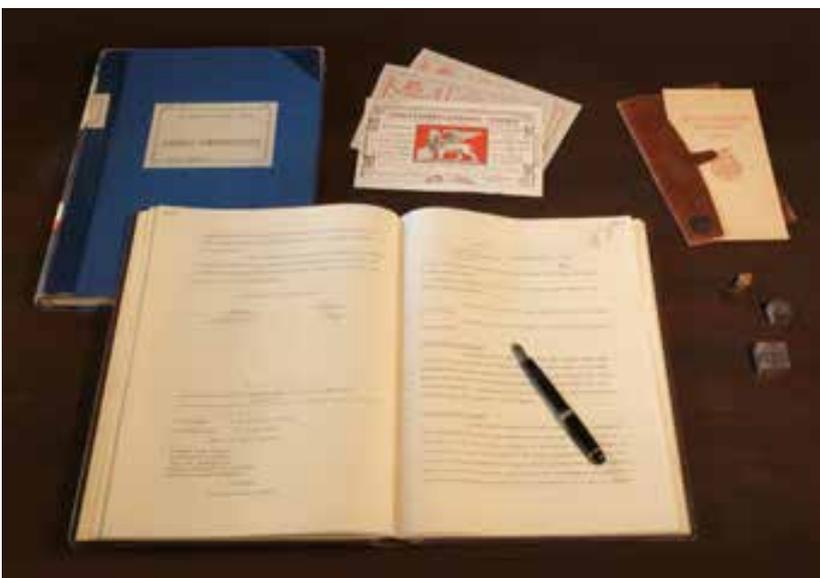
The current Board, consisting of 13 Directors, was appointed by the 2016 General Meeting and will hold office until the approval of the financial statements for the 2018 financial year. The following 11 directors were appointed from the majority list submitted by Mediobanca S.p.A (13.28% of the share capital): Gabriele Galateri di Genola, Francesco Gaetano Caltagirone, Clemente Rebecchini, Philippe Donnet, Lorenzo Pellicoli, Ornella Barra, Alberta Figari, Sabrina Pucci, Romolo Bardin, Paolo Di Benedetto and Diva Moriani. Roberto Perotti and Paola Sapienza were appointed from the minority list, submitted by a number of institutional investors under the aegis of Assogestioni (1.69% of the share capital). On this regard, shareholders that have submitted the minority list

had also declared the absence of direct and indirect relationship with the shareholder who hold a relative majority of the share capital.

The proposals submitted by the Board of Directors to the General Meeting did not include any opt-out from the non-competition clause laid down in s. 2390 of the Italian Civil Code.

As regards the independence requirements, at the time of their appointment 8 directors (Bardin, Barra, Di Benedetto, Figari, Moriani, Perotti, Pucci and Sapienza) complied with the independence requirements laid down in ss. 147-ter, paragraph 4 and 148, paragraph 3, of the CFBA and in the article 3 of the CG Code.

All directors meet the professional, respectability and independence requirements laid down in the legislation applicable to the insurance industry.



*Minutes books of the Generali Board of Directors (XX century)*



## Gabriele Galateri di Genola

Chairman - Non-executive Director

**Nationality:** Italian  
**Professional background:** Manager  
**Position held since** 8 aprile 2011

**Board Committees:** Chairman of the Corporate Governance and Social & Environmental Sustainability Committee - Investment and Strategic Transaction Committee

### Career

He was born in Rome on 11 January 1947. He graduated in Law and obtained an MBA at the 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, Head of International Financing. In 1974 he joined Saint Gobain Group in Italy as Financial Director and later in Paris until 1976. In 1977 he joined FIAT S.p.A., where he had increasingly high-ranking positions: from Head of the North, Central, and South American Operations of the International Finance Department to Head of the International Finance Department and 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 until 2002. In June 2002 he was appointed Managing Director of FIAT S.p.A. From April 2003 to June 2007, he was Chairman of the Board of Directors of Mediobanca S.p.A. and, from 3 December 2007 until 12 April 2011, he was Chairman of Telecom Italia S.p.A., of which he was a director until April 2014. From 26 April 2003 until 24 April 2010, he was Director and Vice-chairman of Assicurazioni Generali S.p.A.

### Relevant positions under the internal policy on the plurality of offices of directors

Non-executive member of the Board of Directors of Moncler S.p.A. and Edenred S.A.

### Other positions

Non-executive member of the Board of Directors of Fondazione Giorgio Cini and Lavazza S.p.A.. He is the Chair of Istituto Italiano di Tecnologia (Italian Institute of Technology), a member of the Board of Overseers of the Columbia Business School and of the European Advisory Board of Temasek. Member of the Global Advisory Council of Bank of America Merrill Lynch.



## Philippe Donnet

Managing Director (Group CEO) - Executive Director  
ICRM Director

**Nationality:** French  
**Professional background:** Manager  
**Position held since** 17 March 2016

**Board Committees:** Chairman of the Investment and Strategic Transaction Committee

### Career

He was born in Suresnes (France) on 26 July 1960. He graduated at the École Polytechnique and Institut des Actuaires Français in Paris. From 1985 to 2007 he held a number of positions in the AXA Group. In 2007 he became the Managing Director for Asia Pacific at Wendel Investissement, Singapore. In 2010, he co-founded the investment management company HLD in Paris. On 7 October 2013, he joined Generali as Country Manager Italy and CEO of Generali Italia, position he held until May 2016. In this role he oversaw the merger of the Group's five brands in Italy, one of the most complex integration and simplification projects ever organised in Europe. From 2008 to 2016 he was a member of the Vivendi General Assembly, from 2013 to 2016 he was a director of Banca Generali S.p.A. and from 2016 to 2017 Vice President of ANIA. Chevalier de l'Ordre National du Mérite. Chevalier dans l'Ordre de la Légion d'Honneur.

### Relevant positions under the internal policy on the plurality of offices of directors

He does not hold any relevant positions under the internal policy on the plurality of offices of directors.

### Other positions

Chairman of Generali Italia S.p.A. and member of the General Council of Fondazione Giorgio Cini.



## Francesco Gaetano Caltagirone

Deputy Vice-Chairman - Non-executive Director

**Nationality:** Italian  
**Professional background:** Entrepreneur  
**Position held since** 28 April 2007  
 Vice-Chairman since 30 April 2010

**Board Committees:** Investment and Strategic Transaction Committee - Appointments and Remuneration Committee (on appointments)

### Career

He was born in Rome on 2 March 1943. After he graduated as an engineer, 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 four listed companies, significant strategic holdings and with a growing international presence. He was appointed "Cavaliere del Lavoro" in 2006.

### Relevant positions under the internal policy on the plurality of offices of directors

Chairman of Caltagirone S.p.A.

### Other positions

Chairman of Il Messaggero S.p.A. and non-executive member of the Board of Directors of Aalborg Portland Holding A/S (Il Messaggero S.p.A. and Aalborg Portland Holding A/S are part of the FGC Group).



**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:** Risk and Control  
Committee - Investment and Strategic  
Transaction Committee

**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. He has been a member of the Board of Directors of Gemina S.p.A., Atlantia S.p.A., Aeroporti di Roma and Telco S.p.A., where, from 2012 to 2015, he also held the post of chairman.

**Relevant positions under the internal policy on the plurality of offices of directors**

Non-executive member of the Board of Directors of Italmobiliare S.p.A.

**Other positions**

Central Director, head of Principal Investing Division of Mediobanca. Member of the Board of Istituto Europeo di Oncologia S.r.l.



**Romolo Bardin**  
Director - Non-executive independent Director\*

**Nationality:** Italian  
**Professional background:** Manager  
**Position held since** 28 April 2016

**Board Committees:** Risk and Control  
Committee - Related-Party Transactions  
Committee

**Career**

He was born in Belluno on 23 April 1978. He graduated in Business Administration from Ca' Foscari University in Venice. Since 2002, he has been working for Del Vecchio Group, first at Luxottica S.p.A. and later at Delfin S.a.r.l.. He is currently Chief Executive Officer at Delfin S.a.r.l. and at other companies of the same group. He was a director of Molmed S.p.A., a company listed on the Milan stock exchange.

**Relevant positions under the internal policy on the plurality of offices of directors**

Member of the Board of Directors, the Audit Committee and the Strategic and Investment Committee of Fonciere des Regions, a company listed on the Paris stock exchange.

**Other positions**

Member of the Board of Directors of the following companies belonging to Fonciere des Regions: Batisica SA, Berlin I, Berlin V, Immeo Lux S.a.r.l., Immeo Berlin S.a.r.l., Berlin Prime Commercial S.a.r.l., Immeo Valore 4 S.a.r.l. and Immeo Valore 6 S.a.r.l.; Member of the Board of Directors of Accialtalia S.p.A.



**Ornella Barra**  
Director - Non-executive independent Director\*

**Nationality:** Monaco  
**Professional background:** Entrepreneur  
**Position held since** 30 April 2013

**Board Committees:** Chair of the Appointments  
and Remuneration Committee

**Career**

She was born in Chiavari (Genoa) on 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. In December 2014, Walgreens and Alliance Boots merged into Walgreens Boots Alliance, the leading global company in the industry of health and wellness based on pharmaceuticals.

**Relevant positions under the internal policy on the plurality of offices of directors**

Co-Chief Operating Officer of Walgreens Boots Alliance, Inc.

**Other positions**

Non-independent member of the Board of AmerisourceBergen. 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) and 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.

\* Independence under the CG Code.



**Paolo Di Benedetto**  
Non-executive independent Director\*

**Nationality:** Italian  
**Professional background:** Lawyer  
**Position held since** 28 April 2016

**Board Committees:** Chairman of the Related-Party Transactions Committee - Corporate Governance and Social & Environmental Sustainability Committee

**Career**

He was born in Rome on 21 October 1947. He graduated in Law with specialisation in Administrative Sciences from La Sapienza University, Rome. He started his career at Banco di Napoli. He worked in Consob, first as a manager and later as a commissioner. He was also Managing Director of SIM Poste S.p.A., BancoPosta Fondi S.p.A.SGR and member of the Board of Directors of Acea S.p.A., Banca Finnat S.p.A. and of Istituto Poligrafico e Zecca dello Stato S.p.A.. He has taught courses on securities law at the LUISS Guido Carli University in Rome and later at Tor Vergata University in Rome.

**Relevant positions under the internal policy on the plurality of offices of directors**

Member of the Board of Directors, chairman of the Remuneration Committee, member of the Risk and Control Committee, member of the Surveillance Body and member of the Related-Party Transaction Committee of Edison S.p.A.. Member of the Board of Directors, Lead Independent director, chairman of the Risk and Control Committee, chairman of the Remuneration Committee and member of the Related-Party Transaction Committee of Cementir Holding S.p.A..

**Other positions**

Chair of the Fondo Nazionale di Garanzia (national compensation fund between financial intermediaries).



**Alberta Figari**  
Non-executive independent Director\*

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

**Board Committees:** Chair of the Risk and Control Committee - Corporate Governance and Social & Environmental Sustainability 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 under the internal policy on the plurality of offices of directors**

She does not hold any relevant positions under the internal policy on the plurality of offices of directors.

**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..



**Diva Moriani**  
Non-executive independent Director\*

**Nationality:** Italian  
**Professional background:** Manager  
**Position held since** 28 April 2016

**Board Committees:** Appointments and Remuneration Committee - Related-Party Transactions Committee

**Career**

She was born in Arezzo on 18 October 1968 and graduated in Business and Economics at the University of Florence. She has been working for Intek Group S.p.A. since 1994, where she became a member of the Board of Directors in 2002 and Executive Vice-Chair in 2007. She is also Vice-Chair of KME AG and covers many executive roles in other companies of the Intek Group.

**Relevant positions under the internal policy on the plurality of offices of directors**

In addition to her roles in Intek Group S.p.A. mentioned above, she is a non-executive member of the Board of Directors, Chair of the Appointments and Remuneration Committee and member of the Related Parties Committee of Moncler S.p.A.; non-executive member of the Board of Directors, member of the Appointments Committee, the Risk and Control Committee and the Remuneration Committee of ENI S.p.A..

**Other positions**

Member of the Board of Directors of Dynamo Academy, Dynamo Foundation and Dynamo Association.

\* Independence under the CG Code.



**Lorenzo Pellicoli**  
Non-executive Director

**Nationality:** Italian  
**Professional background:** Manager  
**Position held since** 28 April 2007

**Board Committees:** Appointments and Remuneration Committee - Investment and Strategic Transaction Committee

#### Career

He was born in Alzano Lombardo (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 under the internal policy on the plurality of offices of directors

Managing Director of De Agostini S.p.A., 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 S.p.A. group).

#### Other positions

Member of the Board of Directors and of the Executive Committee of De Agostini Editore. He is also a member of the Surveillance Board of Banijay Group S.a.s. and 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 Wisequity II, Macchine Italia and of Palamon Capital Partners.



**Roberto Perotti**  
Non-executive independent Director\*

**Nationality:** Italian  
**Professional background:** University professor  
**Position held since** 28 April 2016  
appointed from the minority list

**Board Committees:** Risk and Control Committee - Related-Party Transactions Committee

#### Career

He was born in Milan on 7 April 1961. He graduated in Economics from the Bocconi University in Milan and obtained a Ph.D. at the Department of Economics at MIT. From 1991 to 2001 he was professor of Economics at Columbia University in New York; since 2005 he has been full professor of Economics at the Bocconi University. He was the editor of the Journal of the European Economic Association. He is the author of essays and many scientific publications on national and international magazines.

#### Relevant positions under the internal policy on the plurality of offices of directors

He does not hold any relevant positions under the internal policy on the plurality of offices of directors.

#### Other positions

Member of the National Bureau of Economic Research, Cambridge, Massachusetts, Member of the Centre for Economic Policy Research, London, and Member of the Scientific Committee of CREI, Universitat Pompeu Fabra.



**Sabrina Pucci**  
Non-executive independent Director\*

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

**Board Committees:** Risk and Control Committee - Appointments and Remuneration Committee (on appointments)

#### Career

She was born in Rome on 30 August 1967. After graduating in Economics and Business at La Sapienza University in Rome and many years of experience at the regulatory authority, she started her academic career. Her main research areas include international accounting principles, risks, insurances, banks, financial instruments, non-tangible assets, and pension funds. She has written numerous scientific publications on these topics.

#### Relevant positions under the internal policy on the plurality of offices of directors

She does not hold any relevant positions under the internal policy on the plurality of offices of directors.

#### 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 EFRAG (European Financial Reporting Advisory Group) and Chair of the Insurance Commission set up by the Italian Accounting Body (OIC).

\* Independence under the CG Code.



**Paola Sapienza**  
Non-executive independent Director\*

**Nationality:** Italian  
**Professional background:** University professor  
**Position held since** 30 April 2010  
Appointed from the minority list

**Board Committees:** Related-Party Transactions Committee - Investment and Strategic Transaction Committee

**Career**

She was born in Catania on 19 March 1965. After graduating in Political Economics at Bocconi University in Milan, she later specialised at Harvard University, obtaining a master and 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 specialisation areas and the subjects of numerous publications written by her include, in particular, corporate governance, business finance and banking economics. From 2011 to 2013, she was a member of the Board of Directors of the American Finance Association.

**Relevant positions under the internal policy on the plurality of offices of directors**

She does not hold any relevant positions under the internal policy on the plurality of offices of directors.

**Other positions**

She holds the Finance Merrill Lynch Professor chair at the Kellogg School of Management of Northwestern University. She is a Research Associate at the National Bureau of Economic Research, Research Affiliate of the Center for Economic Policy Research and Faculty Fellow of Zell Center for Risk Research. She is also a member of the Board of the Academic Female Finance Committee of the American Finance Association.



**Giuseppe Catalano**  
Board secretary

**Nationality:** Italian  
**Professional background:** Manager  
**Position held since** 15 January 2015

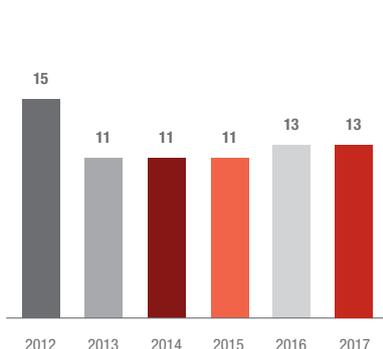
**Career**

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 legal and corporate advisory activities of the Group. From 2000 to 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 practised law and obtained a post-graduate diploma from SSSUP S. Anna, Pisa. He teaches international commercial law 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.

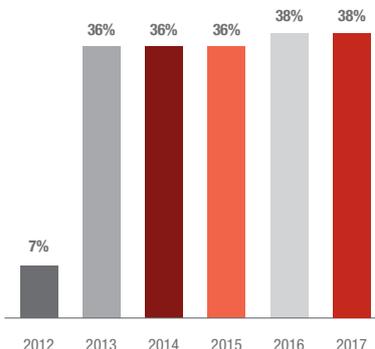
**Current positions**

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

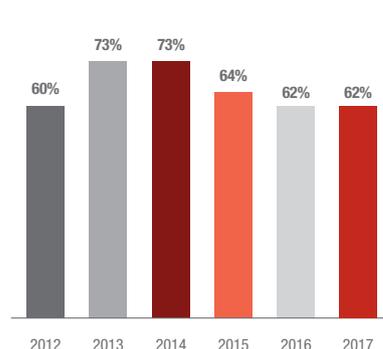
**Size of BoD**



**Gender quota**



**% of Independent Directors**



\* Independence under the CG Code.

Also in light of Legislative Decree 254/2016, on 13 December 2017 the Board of Directors approved, subject to the opinion of the GSC, a specific **diversity** policy for the members of the Company's governing bodies. The policy brings together in a single text the provisions already drawn up by regulatory sources inside and outside the Company and simultaneously formalises the goals pursued by the Company and its commitment to promoting generally recognised principles of non-discrimination. The Company also recognises and upholds the value of generally accepted diversity and inclusion laws and principles (on matters such as ethnic origin, race, disability, sexual orientation), in line with the European Commission's Guidelines on non-financial reporting. **Diversity** on the Board of Directors has also long been guaranteed by the Articles of Association, the Regulation of the Board of Directors and Board Committees, and the Fit&Proper Policy, which establish age limits for the offices of Director, Chairman and Managing Director, gender quotas, and respectability, professionalism and independence requirements for Directors, in view of the size and complexity of the Company, its business objectives, its strategic vision and the markets on which it operates.

Generali recognises the benefits that may result from diversity of gender, age group, seniority, education and professional background on the Board of Directors, with a view to promoting robust, constructive debate and avoiding group-thinking among the Directors. The corporate policy has the following **objectives**:

- to guarantee better understanding of stakeholder needs and requests;
- to reduce the risk of group-thinking among members of the various bodies;
- to achieve a more effective and thought-through decision-making process;
- to enrich discussion at meetings through the inclusion of general strategic or specific technical competences developed outside Generali;
- to fuel debate, the *sine qua non* of a considered and informed decision;
- to enable the members of the governing bodies to examine management decisions in a constructive manner;
- to facilitate change inside the governing bodies.

With regard to **implementation** of the policy, as recommended by the CG Code, the Board of Directors conducts an annual self-assessment of its own performance, size and composition, as well as of its committees. The self-assessment verifies that Italian and international professional and managerial competences are adequately

represented, taking into account the benefits that may result from diversity of gender, age group and seniority on the Board. Under the CG Code, before the presentation of lists and subsequent appointment of the Directors, the outgoing Board of Directors, with the support of the Appointments and Remuneration Committee and considering the findings of the self-assessment, issues advice for shareholders on the ideal qualitative and quantitative membership for the activities of the incoming Board. In line with the principles of the CG Code, the shareholders should take this advice into account when choosing the characteristics of the candidates in terms of profession, experience, including managerial experience, and gender.

In terms of the **results of implementation** of the diversity policy, the following should be noted:

- as regards **gender diversity**, women account for 38% of the Board of Directors;
- at 31 December 2017, the average **age** of the members of the Board of Directors was around 58 (57 in 2016);
- in terms of **seniority**, the current composition of the Board of Directors is balanced: with average seniority of 5.4 years (5.3) over the past 13 years, 38% (31%) of members exceeded the average seniority, 23% (31%) were between the average and 3 years, and the remaining 38% (38%) under 3 years;
- in terms of **professional skills, education and professional experience**, the Board, either directly or indirectly, includes leading Group shareholders, business people from a wide variety of industries, executives from major Italian and foreign companies, professors of economic and financial subjects, and independent professionals. In particular, 54% of members have experience as directors of issuers with a high stock-market capitalisation, while 62% have a managerial background and international experience; 77% have experience in the insurance industry and 62% in manufacturing, 77% have financial and accounting skills and 38% in the academic area; 23% are experienced business people, and 62% are experts in the legislative and regulatory fields. In terms of professional experience, the current Board membership is therefore appropriate in relation to the business of the Company and the Group. The current membership also has a significant international profile, given the positions held by the large majority of its members in non-Italian corporate, professional or academic fields;
- as regards **independence**, full information is provided in the specific section of the Report (see p. 76).

## Appointment and replacement

The Articles of Association provide that the Board of Directors shall consist of not fewer than 10 and not more than 21 members appointed by the General Meeting after their number has been established.

With the introduction of the **list voting** system into our corporate governance system, the majority list is entitled to appoint the entire Board of Directors, apart from one, two or three directors (selected 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 under 12, between 12 and 15, or more than 15 members. Members of the Board of Directors must meet the statutory requirements of professionalism, respectability and independence, and at least one-third of directors must also meet the statutory independence requirements for Statutory Auditors<sup>1</sup>. If the number of members of the Board of Directors established by the General Meeting is not a multiple of 3, the number of Independent Directors is rounded down to the nearest unit.

Lists may be submitted by shareholders who, either individually or jointly, 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 Board of Directors to submit lists.

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

Elections to the Board of Directors 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, with the exception of those to be drawn from the second list. If the number of Directors from 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 re-

presented 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 documents 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 Board of Directors 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 mandate, 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.

In the event of **cessation of office** of a director drawn from the minority list, that director is replaced by the Board of Directors 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 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 term, he/she is replaced in accordance with the applicable statutory provisions. If an independent director ceases to hold office, his/her replacement, co-opted by the Board of Directors on the proposal of the Appointments and Remuneration Committee or appointed by the General Meeting, must meet the statutory independence requirements for the office of statutory auditor.

<sup>1</sup> The positions of director meeting such independence requirements and minority director may be held by the same person.

The Board of Directors 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 ARC after consulting the GSC about the scope of application of the succession plan and its drafting process. The ARC has the annual task of examining proposals for amendments to the Plan and submitting them to the Board of Directors for examination. The process of identifying the Group CEO's successor involves two separate procedures: the final procedure and the procedure used in urgent situations. In both procedures, the Board of Directors is supported by the ARC which, in turn, is assisted by the head of the Group HR and Organisation function. The Board of Directors is also supported by the GSC when passing resolutions on the Group CEO's replacement and the corresponding assignment of powers.

In the event of early termination of the Group CEO's term of office, the compensation payable and the other connected aspects are set out in the Remuneration Report.

On a proposal by the Group CEO and after consulting the ARC, the Board of Directors also draws up a succession plan for the members of the GMC and development and management policies for GLG resources, who are key executives of the Company and the Group.

## 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, the CG Code and Ministerial Decree no. 220/2011 (see REGULATORY BOX). Loss of the respectability or independence requirements laid down in the Articles of Association entails debarment from office. In accordance with an amendment to the Articles of Association approved by the 2017 General Meeting, the loss during term of office of the independence requirements laid down in the CFBA does not entail debarment from office of the Director concerned, if such requirements continue to be met by the minimum number of Directors established by the Articles of Association, that is, one third of the members. 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 art. 5.2.1 of ISVAP Regulation no. 20/2008, Generali applies the above-mentioned Fit&Proper Policy which sets out the minimum mandatory requirements of professionalism and respectability for holders of certain key offices or roles ("Key Personnel"<sup>2</sup>), and the minimum contents and time limits for evaluating whether those requirements are met.

### REGULATORY BOX



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 offices are 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 entail debarment from the appointment, which the board of directors must declare within 30 days of the date of the appointment or of learning 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

S. 147-ter.4 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. However, the Articles of Association increased this minimum requirement, stating that it must be met by at least one-third of directors: if their number is not a multiple of three, the number of Independent Directors is rounded down to the nearest unit. In this case, loss of the requirement entails debarment from office of the Director concerned, only if the minimum number of Independent Directors specified by the Articles of Association is not met. Finally, the independence requirements specified in art. 3 of the CG Code must be met by at least one-third of directors; however, as this is not required under the Articles of Association, loss of the requirements does not entail debarment from office.

<sup>2</sup> Key Personnel: members of the Board of Directors; members of the Board of Statutory Auditors; the Group CEO and his first reporting line ("Key management personnel"); personnel of the Internal Control Functions; personnel who exercise control over some outsourced activities (management of insurance portfolio, management of financial and real estate assets).

The competence of the Directors is evaluated by the Board of Directors from both the individual and the collective stand-point. Our Fit&Proper Policy establishes that members of the Board of Directors and the Board of Statutory Auditors must collectively possess suitable **experience and knowledge**, at least relating to:

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

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

- whenever 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 (i.e., 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. Evaluations regarding the respectability requirements for Key Personnel are conducted together those relating to the requirements of professionalism. Acceptance of office implies that the

Director is ready 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 finance, banking or insurance companies or other large companies), and of any other professional activities performed by the person concerned. Large companies are defined as those with net equity exceeding EUR 10 billion.

A maximum of two offices held in other companies for executive directors and five 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.

The Group CEO does not hold any directorships in other issuers, not belonging to the Group, whose chief executive officer is a director of the Company.

As every year, the independence, professionalism and respectability requirements have been assessed, also according to the terms of the Fit&Proper Policy; although Director Caltagirone declared that he did not meet the independence requirement pursuant to the CBFA, no situations involving loss of the requirements, incompatibility (also pursuant to s. 36 of Statute no. 214/2011, see REGULATORY BOX), or exceeding the allowed number of offices, were found.

## REGULATORY BOX



S. 36 of the Order of the Executive no. 201 of 6 December 2011, converted to **Statute no. 214/2011**, regarding protection of 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 90 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 within that time, the holder shall be debarred from both offices and the debarment shall be declared by the competent governing bodies of the organisations concerned within 30 days after the said period expires or the 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 2017, 8 of the 12 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 Board of Directors and its Committees to embark on challenging, in-depth discussions of the subjects presented to them: the 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 section dedicated to the Board Committees.

The independence requirement laid down in the insurance supervision legislation (Decree of the Ministry for Economic Development no. 220 of 11 November 2011) was reviewed at the Board meeting held on 15 February 2017, and compliance was confirmed for all directors. The same meeting also ascertained that the independence requirement laid down by the CG Code was met by the Directors Bardin, Barra, Di Benedetto, Figari, Moriani, Perotti, Pucci and Sapienza. In ascertaining this, the Board, supported by the GSC, did not use any assessment parameters other than those specified in the CG Code.

The independence requirement under the CFBA was reviewed at the Board meeting held on 13 June 2017 and verified for the Directors Bardin, Barra, Di Benedetto, Figari, Galateri, Moriani, Pelliccioli, Perotti, Pucci, Rebecchini and Sapienza.

The ascertainment by the Board of Directors that the requirements under the CG Code and the CFBA were met was conducted on the basis of the information provided by the Directors who had declared their independence in specific supplementary statements, focusing on the existence of the relations or dealings defined in the CG Code and the CFBA<sup>3</sup>, and, on the basis, also, of information available to the Company, partly obtained with an operating procedure.

Pre-defined quantitative criteria, set out in the Regulation of the Board of Directors and Board Committees, were also used to establish the relevance of the above relations/dealings. Subject to the existence of specific circumstances to be assessed on a case-by-case basis, in accordance with the principle that substance prevails over form, relevant relations are usually deemed to exist when the compensation (invoiced on an annual basis in the current financial year and the preceding year) exceeds, for one or more of the applicable years, at least one of the following thresholds:

- 5% of the annual turnover of the parent group of the company or organisation in which the Director has a controlling interest or is a key staff executive, or of the consultancy firm in which he/she is a partner or associate;
- 5% of the annual costs payable by the Group in connection with business or financial relations of the same kind in the relevant financial years; this threshold is reduced to 2.5% in the case of professional dealings.

The independence requirement laid down in the Insurance Supervision Regulation, the CG Code and the CFBA was again assessed at the Board meeting held on 21 February 2018: the results of the assessments conducted in 2017 were confirmed.

The Board of Statutory Auditors has established that the criteria and procedures adopted by the Board of Directors to evaluate the independence of its members were correctly applied.

The figure of Lead Independent Director (LID), recommended in some cases by the CG Code, is unnecessary, because, according to our governance structure, the Chairman is not an executive director and does not control the Company; also, the majority of the Independent Directors has not so far submitted a proposal to appoint an LID to the Board of Directors. The Independent Directors met twice in 2017.

The average attendance of the Independent Directors at Board meetings was 97% in 2017, 95% in 2016 and 92% in 2015. For more detailed information, see **Table 2** annexed to this Report, containing information about each Director’s attendance.

<sup>3</sup> These are trade, financial or professional relations or subordinate employment relations under the CG Code (implementing criterion 3.C.1.c) and independent or subordinate employment relations as well as other financial or professional relations under the CFBA (s. 148.3.c).

## Role

The Board of Directors 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 Board of Directors, 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 Board of Directors 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.

Its non-delegable 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 permanent 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;
- resolutions on the commencement or termination of operations in individual business sectors;
- appointing the General Manager, establishing his powers and duties and their revocation;
- taking decisions on the criteria for management and coordination of the companies belonging to the group and the implementation of instructions issued by IVASS;
- resolutions on the other subjects which by law cannot be delegated by it.

As regards accounting documents, the responsibilities of the Board of Directors under the law and the Articles of Association include drawing up:

- the annual financial report;
- the half-yearly financial report as at 30 June of each year and, if envisaged, the interim financial disclosures.

### REGULATORY BOX



S. 2381 of the Civil Code establishes that the subjects for which the Board of Directors has sole responsibility are 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 Board of Directors by Board resolution are listed in full in **Annex 1** to this Report.

Following legislative changes introduced in 2016, the Board of Directors decided to publish a quarterly interim financial disclosure containing a more concise overview of our business with a focus on significant data. The information included in the press release about the Group's quarterly financial reports includes at least the following quantitative KPIs (Key Performance Indicators) in line with those supplied in the half-year and annual reports:

- premium trend, new business, net premium income (at Group level with life and non-life breakdown);
- trend of combined ratio;
- operating profit/loss (at Group level with life and non-life breakdown);
- profit/loss for the period;
- net equity;
- capital position (economic and regulatory view).

If necessary, the press release will also contain further qualitative and quantitative information to give a more comprehensive picture of business developments: this information is approved by the Board of Directors and published on the Website on the dates shown in the Group's financial calendar for publication of quarterly results. Also,

a conference call is held with the press and analysts; in line with Generali's quarterly reporting approach, the results and additional financial data will only be provided with the publication of the half-year and annual reports.

Pursuant to s. 150 of the CFBA and art. 32 of the Articles of Association, the Board of Directors reports promptly, and at least quarterly, to the Board of Statutory Auditors on the activities performed, and in particular on transactions having a major economic, financial and capital impact and transactions 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 Board of Directors and the Board of Statutory Auditors are also informed about the general business trend, its likely developments and transactions 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 Board of Directors, 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 2017, after the preliminary activities performed by internal functions as reported to the RCC, the Board of Directors favourably evaluated **the adequacy of the organisational, administrative and accounting systems of the Company and its Strategic Subsidiaries**. Various aspects of the organisational structure were considered: the Group's organisational structure, its organisational governance, the dynamics of the key positions, and succession planning.

The administrative and accounting structure was also evaluated on the basis of the information supplied by the local CEOs and CFOs in statements issued after the local self-assessment process, and on the basis of the further qualitative aspects identified by them and by the relevant GHO functions.

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 having strategic importance for the purposes of this assessment are listed in the table below:



Map of the Generali Group in the Common Market (1961)

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 Vie S.A. 2.Generali France S.A. 3.Generali IARD S.A.
Germany	D	1.Generali Deutschland 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
	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
	Generali Real Estate	1.Generali Real Estate S.p.A.

## REGULATORY BOX



S. 151 of the CONSOB Issuers' Regulation states that Italian or foreign subsidiaries do not have strategic importance, even if they are included in the consolidated financial statements, if their assets are below 2% of the assets shown in the consolidated financial statements and their income is less than 5% of the consolidated income, provided that the sum of the assets and income of the said companies does not exceed 10% or 15% of the consolidated assets and income respectively. The same article states that Italian or foreign subsidiaries do have strategic importance if, in relation to the type of activity performed or the type of agreements, guarantees, commitments and risks entered into and undertaken, they are able to significantly influence the economic, capital and financial situation of the Group to which they belong.

## Operation

The Board of Directors meets regularly, at least quarterly, in line with the statutory time limits and an annually approved schedule published on the Website. It is organised and operates in such a way as to guarantee the efficient, effective performance of its functions.

The Board has adopted **2 specific regulations** to govern and schedule its Board's activities:

- The *Regulation of the Board of Directors and 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 Directors acting in the capacity of members of its collective governing bodies. It was amended in 2017, as part of the review of the organisation of powers among corporate bodies with responsibility for investments and divestments, which extended the competences of the Board of Directors and the duties of the ISC. Under the new provisions introduced by Legislative Decree

254/2016 on non-financial information, the respective duties of the Board of Directors and the relevant Board Committees were formalised under the Regulation in February 2018;

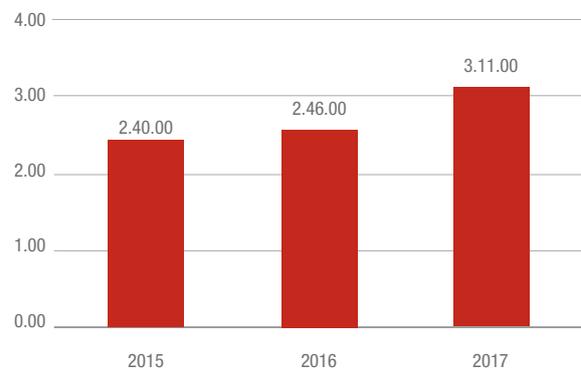
- the *Internal Regulation governing the preparation of the agenda of meetings of the Board of Directors and the Board Committees*, which governs the process designed to ensure that Directors receive adequate, timely information about the items on the agenda.

To ensure that Directors are fully informed when passing resolutions, and that Board meetings operate efficiently, the Chairman, when setting the agenda, must specify in detail the subjects to be discussed and clarify on which items Directors are required to pass a resolution, and which merely require them to take note of a report. The Chairman must also ensure that documentation prepared for meetings is delivered to directors at least 4 working days before each meeting or, in exceptional circumstances, as soon as possible and as comprehensively as possible. This latter situation occurred on some occasions in 2017; however, the documentation was always

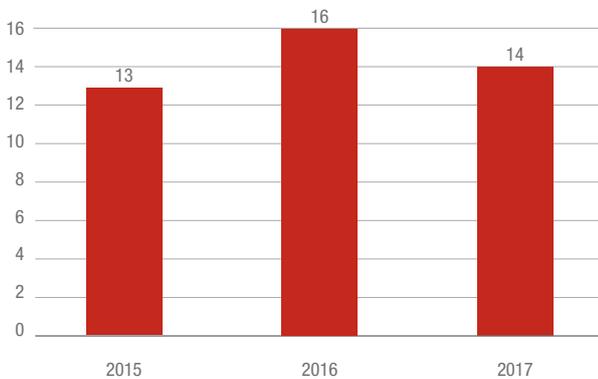
made available before the meeting and illustrated and analysed during the meeting.

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.

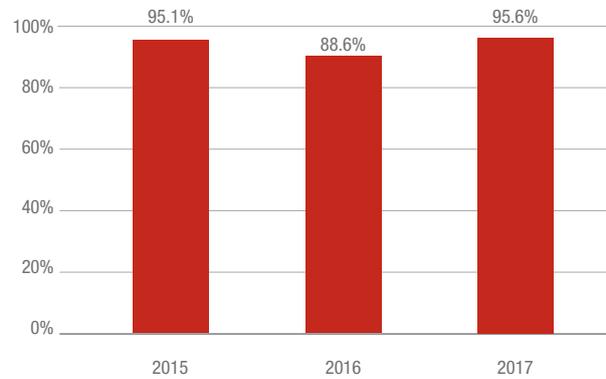
**Board of Directors: average length of meetings**



**Board of Directors: number of meetings**



**Board of Directors: average attendance at meetings**



For each meeting of the Board of Directors 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.

Minutes of each meeting were drawn up, and approved at the next meeting.

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

### BOARD DIARY 2017 – Main Goals

MONTH	STRATEGY AND FINANCE	INTERNAL CONTROL AND RISK MANAGEMENT	GOVERNANCE
January			<ul style="list-style-type: none"> <li>Review of GHO organisational structure</li> <li>Review of the composition and duties of the Investment Committee</li> <li>Appointment and determination of the remuneration of the new Group CFO and MPFR</li> </ul>
February	<ul style="list-style-type: none"> <li>Approval of transaction on Intesa San Paolo shares</li> <li>Review of the Strategic Asset Allocation for 2017</li> <li>Financial affairs and equity investments</li> <li>Resolutions on reinsurance</li> </ul>	<ul style="list-style-type: none"> <li>Examination of IT security issues</li> <li>Approval of impairment test procedures</li> <li>Approval of budgets of Board Committees and Supervision and Control Committee</li> <li>Resolutions on the activity plans of the Internal Control Functions and related budgets</li> <li>Report of the head of the Internal Audit function on complaints management</li> </ul>	<ul style="list-style-type: none"> <li>Examination of results of the Board Review</li> <li>Approval of proposed amendments to the Articles of Association</li> <li>Assessment of professionalism, respectability and independence requirements for Directors and Statutory Auditors</li> <li>Assessment of requirements of the Fit&amp;Proper Policy</li> <li>Resolutions on senior executives of the Strategic Subsidiaries</li> <li>Topics relating to remuneration of heads of Internal Control Functions</li> <li>Review of RPT procedures</li> </ul>
March	<ul style="list-style-type: none"> <li>Approval of consolidated financial statements, Parent Company's draft financial statements, associated Directors' reports and proposed distribution of dividend</li> <li>Assessment of Group CEO's succession plan policy and update of performance review and succession planning processes</li> <li>Definition of key targets and ranges relating to 2017 STI plans for Group CEO and GMC members</li> <li>Approval of Sustainability Report and Charter of Sustainability Commitments</li> <li>Financial affairs and equity investments</li> </ul>	<ul style="list-style-type: none"> <li>Update of Group policies</li> <li>Approval of MPFR's activity plan and related budget</li> <li>Evaluation of adequacy of organisational, administrative and accounting structure of the Company and its Strategic Subsidiaries</li> <li>Evaluation of adequacy and efficiency of the internal control and risk management system</li> <li>Examination of reports of Control Functions on implementation of remuneration policies pursuant to art.23 of ISVAP Regulation no. 39 of 9 June 2011</li> <li>Examination of actuarial report on the Company's technical reserves</li> </ul>	<ul style="list-style-type: none"> <li>Increase in share capital for the purposes of the 2014 LTI Plan</li> <li>Outcome of the 2016 incentive plans for Group CEO and GMC members</li> <li>2016 Remuneration Report</li> <li>Corporate governance and share ownership report 2016</li> <li>Resolutions on senior executives of the Strategic Subsidiaries</li> <li>Approval of the proposal for determination of the remuneration of the Board of Statutory Auditors being elected</li> <li>Call of the General Meeting and adoption of any relevant report</li> <li>Annual report on 2016 RPT</li> </ul>
April	<ul style="list-style-type: none"> <li><i>Strategy Day</i></li> <li><i>Examination of business trends</i></li> <li><i>Financial affairs</i></li> </ul>	<ul style="list-style-type: none"> <li>Update of Group policies</li> </ul>	<ul style="list-style-type: none"> <li>Amendment of Regulation of the Board of Directors and Board Committees and update of powers of the MD/Group CEO</li> </ul>
May	<ul style="list-style-type: none"> <li>Interim financial information as at 31 March 2017</li> <li>Update on business in one country</li> <li>Resolutions on financial affairs</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the Company's 2016 ORSA Report</li> <li>Update of Group policies</li> <li>Approval of the Company's Regulatory Supervisory Report and Solvency Financial Condition Report</li> <li>Examination of Regulator's letter to the market</li> <li>Examination of changes to the internal capital calculation model pursuant to Solvency II</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of professionalism, respectability and independence requirements for Statutory Auditors</li> <li>Designation and remuneration of members of the GMC</li> </ul>

**BOARD DIARY 2017 – Main Goals (cont.)**

<b>MONTH</b>	<b>STRATEGY AND FINANCE</b>	<b>INTERNAL CONTROL AND RISK MANAGEMENT</b>	<b>GOVERNANCE</b>
June	<ul style="list-style-type: none"> <li>· Examination of business trends</li> <li>· Financial affairs and equity investments</li> <li>· Update on operations in one business unit</li> </ul>	<ul style="list-style-type: none"> <li>· Approval of the Group's 2016 ORSA Report</li> <li>· Approval of the Group's Regulatory Supervisory Report and Solvency Financial Condition Report</li> <li>· Examination of Regulator's letter to the market</li> <li>· Approval of the statistical information policy, as per IVASS Regulation no. 36 of 28 February 2017</li> </ul>	<ul style="list-style-type: none"> <li>· Approval of amendments to the Articles of Association</li> <li>· Assessment of the Directors' independence requirements pursuant to the CFBA</li> <li>· Check on interlocking events pursuant to s. 36, Act no. 201 of 6 December 2011, relating to Directors and Statutory Auditors</li> </ul>
July	<ul style="list-style-type: none"> <li>· Examination of business trends</li> <li>· Resolutions on financial affairs and equity investments</li> <li>· IT strategy</li> </ul>		<ul style="list-style-type: none"> <li>· Appointment and determination of remuneration of head of control function</li> <li>· Approval of 2017 LTI Regulation</li> <li>· Remuneration issues of a senior executive of a Strategic Subsidiary</li> </ul>
August	<ul style="list-style-type: none"> <li>· Approval of the half-year reports as at 30 June 2017</li> <li>· Financial affairs and equity investments</li> </ul>	<ul style="list-style-type: none"> <li>· Evaluation of adequacy and efficiency of the internal control and risk management system</li> <li>· Resolution on the report of the head of the Internal Audit function on complaints management</li> <li>· Other reports on the internal control and risk management system</li> </ul>	<ul style="list-style-type: none"> <li>· Appointment of head of control function</li> </ul>
September	<ul style="list-style-type: none"> <li>· Examination of business trends</li> <li>· Financial affairs and equity investments</li> <li>· Report on the 2017 Global Engagement Survey</li> </ul>		
October	<ul style="list-style-type: none"> <li>· Strategy Day</li> <li>· Examination of business trends</li> <li>· Financial affairs and equity investments</li> <li>· Resolutions on reinsurance</li> </ul>		<ul style="list-style-type: none"> <li>· Resolution on a member of the GMC</li> </ul>
November	<ul style="list-style-type: none"> <li>· Interim financial information as at 30 September 2017</li> <li>· Financial affairs and equity investments</li> </ul>	<ul style="list-style-type: none"> <li>· Revision of Liquidity Risk Management Plan, Recovery Plan and Systemic Risk Management Plan</li> <li>· Update of Group policies</li> </ul>	
December	<ul style="list-style-type: none"> <li>· Examination of 2018 budget and Strategic Asset Allocation for 2018</li> <li>· Financial affairs and equity investments</li> </ul>	<ul style="list-style-type: none"> <li>· Update of Group policies</li> <li>· Review of Risk Appetite Framework</li> <li>· Update of 2017 Audit Plan</li> </ul>	<ul style="list-style-type: none"> <li>· Designation and determination of remuneration of key management personnel and senior executives of Strategic Subsidiaries</li> <li>· Approval of Diversity Policy for members of the Company Board of Directors and Board of Statutory Auditors</li> <li>· Update of the Company investment policy</li> <li>· Report on the preparation of the declaration on non-financial information as per Leg. Decree 254/2016</li> </ul>

## 2018 CALENDAR FOR APPROVAL OF FINANCIAL STATEMENTS, HALF-YEAR FINANCIAL STATEMENTS AND INTERIM FINANCIAL INFORMATION

DATE	EVENT	FOCUS
14 March 2018	Board of Directors	Approval of consolidated financial statements and draft annual financial statements as at 31 December 2017
19 April 2018	General Meeting	Approval of 2017 annual financial statements
3 May 2018	Board of Directors	Approval of Interim financial information as at 31 March 2018
31 July 2018	Board of Directors	Approval of half-year financial report as at 30 June 2018
7 November 2018	Board of Directors	Approval of Interim financial information as at 30 September 2018

As recommended by the CG Code, our governance provides that members of the Board of Directors 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 information about the items on the agenda. In 2017, the Group CFO attended every meeting of the Board of Directors, and a number of heads of GHO functions, including the heads of the four Internal Control Functions, also attended in relation to subjects falling within their sphere of responsibility.

The Chairman and the Group CEO, with the support of the Secretary, ensured that the Board of Directors was informed about the main legislative and regulatory innovations relating to the Company and its governing bodies. The Board is also kept systematically updated about events on the international economic scene which are liable to have significant repercussions on our business.

In 2017 three induction days were held on significant issues relating to the law on corporate administrative liability, governed by Decree 231, on market abuse and on management of insider information, as well as on the issues introduced by the law governing statement of non-financial information and on diversity for entities of significant economic interest (Legislative Decree no. 254, 30 December 2016).

Directors and Statutory Auditors are kept up to date on Generali share trends through monthly reports drawn up by the Investor & Rating Agency Relations function. The reports provide comparisons with the performance of the Group's main European peers, together with analyses (usually quarterly) supplied by the Insurance Research Group on the general trends of the major listed insurance groups and the three-year market forecasts.

## Strategy Day

The Company held two meetings (Strategy Days) for Directors and Statutory Auditors in 2017. GMC members and other Group executives also attended. These meetings provide opportunities for discussion between the Company's governing bodies and the Group's management about the progress of strategic plans approved by the Board of Directors and drafting of future plans, in relation to the annual budgets and three-year rolling targets.

## Board Review and Advice for Shareholders

The CG Code requires the Board of Directors to evaluate its own operation and that of the Board Committees at least once a year. In accordance with a practice followed by most of the Italian issuers with the highest capitalisation, Generali has for some time outsourced the task of supporting the relevant Board Committee (i.e., the Board of Directors) to a firm of external consultants. For the three-year period 2016-2018, it has engaged the Egon Zehnder consultancy firm. Specifically, the Board of Directors provided for the consultant to be actively involved in the Board review for the financial years 2016 and 2018, with the preparation of a questionnaire for the members of the Board of Directors and the chair of the Board of Statutory Auditors, and the organisation of interviews. The activity for financial year 2017 was performed in-house.

Having regard also to the results of the 2015 Board review, the Board, supported by the ACGC, issued its advice to shareholders about the size and composition of the Board of Directors. In accordance with best practice, that advice was published on the Website more than 40 days before the date of the first convocation of the General Meeting to enable shareholders to evaluate the aspects suggested by the outgoing Board when electing the Directors. The advice for shareholders recommended that the number of members and the structure of the outgoing Board of Directors should be confirmed, so as to reflect in a correct, balanced manner the various

types of director (executive, non-executive, independent) and professional and managerial skills, and an appropriate level of diversity. The majority shareholder then informed the public, well in advance, that it intended to submit to the General Meeting a proposal to increase the number of members from 11 to 13 to guarantee the presence of a suitable percentage of Independent Directors on the Board.

Consistently with the above, the 2017 Board Review, which involved all the Directors and the chair of the Board of Statutory Auditors, was conducted through a questionnaire covering the operation and efficiency of the Board of Directors and its Committees, as well as their size and membership as envisaged by the CG Code. A specific section was devoted to a comparison of the respondents' experience in Generali with their experience on other boards of directors. The replies were managed by the chair of the Board of Statutory Auditors and the Secretary to the Board of Directors, for the part concerning the Board of Directors: the information was treated confidentially and consolidated into the final self-assessment report.

The results of the Board review were presented and discussed by the Board of Directors, after consulting the GSC, at the meeting held on 21 February 2018: the findings were expressed in terms of strengths (see table below) and areas requiring attention (see brief description below), which summarise the results as a whole.

The process officially ended when the Board of Directors approved this Report in its meeting held on 14 March 2018. A report on the results of the Board review was then published.

### Board review – STRENGTHS

AREA	FOCUS
Size and membership 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 experience
	Suitably represented diversity
	Suitable remuneration for Directors, and suitable Board appointment processes and criteria
	Number and type of offices held by Directors deemed to be commensurate with commitment required by the role

**Board review – STRENGTHS (cont.)**

AREA	FOCUS
Board operations and Directors' training	Suitable number and length of meetings, satisfactory attendance and contributions from Directors
	A good internal atmosphere which promotes an open, direct, effective debate
	Effective and efficient decision-making process
	Prompt, high-quality information is received prior to each meeting
	Full satisfaction with the procedure for assessing Directors' independence
	The Board of Directors guarantees the implementation of a sound internal control and risk management system, and ensures its adequacy and efficiency
	Effective detailed minutes
	Acknowledged usefulness and efficacy of the meetings of Independent Directors, and favourable opinion on the introduction of meetings for non-executive directors only
	Appreciation of Directors' expertise and commitment
	Satisfaction with the 2017 training programme
	Appropriate assignment of delegated powers between Group CEO and Board of Directors
	Appreciation of the meetings held at the Group premises abroad
	Proper organisation and management in view of achieving goals
	Appreciation of quality and continuity of relations with the Group CEO, GMC members, top managers and heads of Internal Control functions
Satisfactory processes for the performance evaluation of the Group CEO and the members of the GMC	
Chairman's role	Recognised leadership, a role that promotes discussion and the convergence of individual opinions
	Good management of relations with stakeholders
Strategy and knowledge of the Group	A clear Company strategy and decisions by the Board of Directors that reflect a balance between the short and medium/long term
	Strategic discussion by the Board of Directors is central, and the Strategy Days are effective
Board Committees and Board of Statutory Auditors	The structure and composition of the Board Committees is suitable, and their support for the Board of Directors' decisions, by submitting opinions and presentations, is appreciated
	Satisfaction with the activities of the Board of Statutory Auditors, appreciation of the Chairman's authoritativeness and expertise on the subject of control and risks

The majority of those interviewed during the 2017 Board review expressed full satisfaction with the effectiveness and operation of the Board while a limited minority indicated areas requiring attention; these areas were significantly fewer than those indicated in the previous review, thanks to the action taken by the Board.

With regard to the areas requiring attention highlighted in 2017, a minority of respondents would be in favour of further strengthening the Board's IT system competences and increasing its geographical diversity. A minority of respondents felt that the Board needed to devote more time to discussion of social and environmental sustainability issues. As in previous years, the Board of Directors has begun to discuss the measures to be taken on the above topics, that represent however, as said before, areas for improvement only for a minority of Directors, within an overall picture of full satisfaction.

## 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 Board of Directors after consulting the ARC, which will be submitted for examination and approval to the 2018 General Meeting. The report will be available on the Website under the Governance heading, in the Remuneration and General Meeting sections.



*Details in the Remuneration Report*

## Chairman

The Board of Directors elects the Chairman from among its members if the General Meeting has not done so. The choice is made 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>4</sup>.

### REGULATORY BOX



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 industry 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 by working in executive positions of suitable 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 Board of Directors 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 Board of Directors, which are usually made available to members within the next 15 working days.

Gabriele Galateri di Genola, whose appointment as Chairman for the three-year period 2016-2018 was confirmed by the Board of Directors on 28 April 2016, at the end of the General Meeting held on that date, does not hold any operational position, as no powers other than the statutory powers and those granted by the Articles of Association have been delegated to him.

## Vice-Chairmen

The Board of Directors 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 appointments of Francesco Gaetano Caltagirotte (Deputy Chairman in accordance with art. 30.2 of the Articles of Association) and Clemente Rebecchini as Vice-Chairmen were confirmed for the three-year period 2016-2018 at the meeting of the Board of Directors held on 28 April 2016. According to the Articles of Association the Vice-Chairman, like the Chairman, is automatically a member of the Executive Committee, if appointed.

<sup>4</sup> For further details, see paragraph on "Authorised representatives".

## Managing Director and 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.

In his/her capacity as Managing Director, s/he exercises 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 Board of Directors and within the specified value limits, 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 current Managing Director are set out in **Annex 2** to this Report.

On 17 March 2016, the Board of Directors co-opted Philippe Donnet and appointed him as Managing Director of the Company and Group CEO, granting him the powers and responsibilities for the management of the Company and the Group.

The Board of Directors elected by the General Meeting in 2016 confirmed Philippe Donnet's appointment as Managing Director and Group CEO for the three-year term 2016-2018, and the powers already assigned; these powers were updated in April 2017 consistently with the review of the organisation of powers assigned to the governing bodies with responsibility for investment and divestment.

The Group has introduced a specific policy, approved by the Board of Directors, to monitor the exercise of the delegated powers held by the Group CEO. It involves a systematic flow of information from all the structures of the Company and the Group; the Group CFO, with the aid of one of his functions, receives and examines it, thus supporting the Group CEO in his quarterly reports to the Board of Directors and Board of Statutory Auditors. This policy and the related operational procedures were regularly applied in 2017.

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.

## The five Board Committees

At its meeting on 28 April 2016, the Board of Directors set up 5 Board Committees, which perform recommendatory, advisory and preparatory functions for the Board of Directors.

The Risk and Control Committee (RCC) and the Appointments and Remuneration Committee (ARC) were appointed in compliance with the recommendations of the CG Code.

The Board also formed the Related-Party Transactions Committee (RPTC), in line with the provisions of the RPT Regulation, the Corporate Governance and Social & Environmental Sustainability Committee (GSC) and the Investment Committee (IC). At its meeting on 25 January 2017, the Board of Directors decided to extend the competences of the IC to strategic transactions, and changed the committee's name to Investment and Strategic Transaction Committee (ISC).

The basis for the institution of the Board Committees is art. 34 of the Articles of Association, which empowers the Board of Directors to set up consultative committees, which may be sub-committees of the Board of Directors, and to establish their powers and remuneration. The operation of those Committees is governed by the Regulation of the Board of Directors and Board Committees.

The Committee members (not fewer than 3 per Committee) are appointed by the Board of Directors and, unless otherwise decided by the Board, are selected from among its members. In line with the established practice, no Director is appointed to more than two committees. The Board Committees' term of office expires at the same time as that of the Board of Directors. If one or more members should be lacking for any reason, the Board of Directors replaces them, if it thinks fit, with its members who meet the requirements for holding the office in question.

The chairs of the Board Committees, appointed by the Board of Directors 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 Board of Directors 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 chairs of the Board Committees are replaced in all their powers by the oldest Committee member.

For the organisation of their proceedings, the Board Committees are assisted by a secretary, appointed by the Board of Directors or by the Committees themselves, and supported by the Corporate Affairs function.

The Board Committees meet, on the invitation of their chair 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 the event of an emergency, 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 2017; in any event, the documentation was always made available before the meeting and illustrated and analysed during the meeting.

The Board Committees meet on the basis of a calendar approved by Board of Directors and updated whenever the respective chair thinks fit and/or necessary on the basis of developments in the Company's business; their meetings are held, 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 Board of Directors.

Board Committee meetings can be attended by non-members, including other Directors, executives and officers of the Group, on the invitation of the Committee chair, in relation to individual items on the agenda.

Resolutions are passed on an absolute majority of the

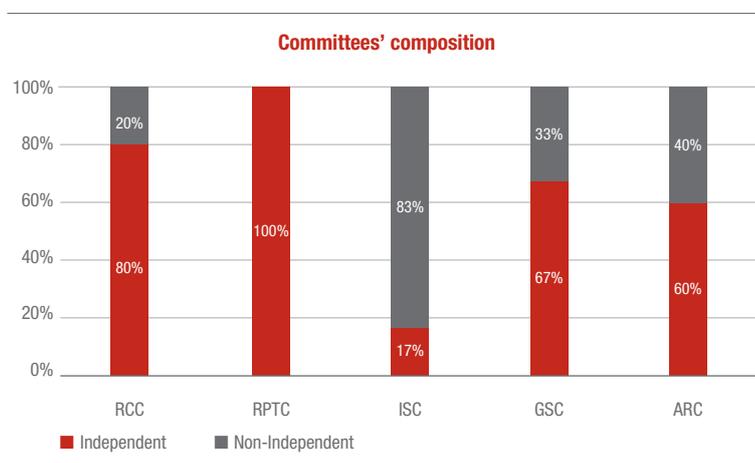
votes. In the event of a tie, the Committee chair has the casting vote. Votes cannot be cast by proxy.

Minutes of each meeting are drawn up, and signed by the Committee chair and its secretary.

The Board Committees, in the performance of their functions, are entitled to access the information and corporate functions deemed necessary for the performance of their duties, and to call on external consultants, on the terms established by the Board of Directors. In this context, attendance at meetings by the Company's executives with expertise in the items on the agenda was requested several times in 2017, 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 adequate annual expenditure budget granted by the Board of Directors (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 to the fee (if any) established by the Board of Directors.

In line with the best practices and the recommendations of the corporate governance codes of the main European countries, the vast majority of members of Generali's Board Committees (and sometimes all members) are Independent Directors, apart the ISC.



The following pages contain a detailed description of each committee, indicating the duties assigned to them and the activities performed during the year. It should be noted that the usual comparative tables with previous

years only relate to the exactly comparable committees that were also present in the previous three-year term of office of the Board of Directors, that is: the RCC, RPTC and ISC.

## Risk and Control Committee

RCC		
	Forenames and Surname	Office
	Alberta Figari	Chair Non-executive independent Director
	Romolo Bardin	Committee member Non-executive independent Director
	Roberto Perotti	Committee member Non-executive independent Director
	Sabrina Pucci	Committee member Non-executive independent Director
	Clemente Rebecchini	Committee member Non-executive Director

The Risk and Control Committee (RCC) was appointed by the Board of Directors on 28 April 2016. It consists of 5 Directors, and will hold office until the General Meeting called to approved the 2018 financial statements. The Independent Director Alberta Figari was elected as chair.

Giuseppe Catalano acts as the Committee's Secretary.

The Board of Directors has established that 4 of the 5 members meet the independence requirement. The non-independent director Clemente Rebecchini was appointed as a member in view of his extensive experience on financial matters and risk management. The majority of members of the RCC possess specific skills and experience in accounting and financial matters.

The heads of the Internal Control functions are regularly invited to attend the meetings.

The RCC performs consultative, recommendatory and preparatory functions on the subjects of internal controls and risk management.

It assists the Board of Directors in determining the guidelines of the internal control and risk management system, the periodic check on its adequacy and effective operation, and the identification, evaluation and management of the main business risks, including those deriving from prejudicial facts which come to the notice of the Board of Directors and those relating to questions of a non-financial nature. It issues opinions on proposals regarding the appointment, dismissal and remuneration of the heads of the Internal Control functions and its activity plans.

The RCC's tasks are described in full in **Annex 3** to this Report.

## 2017 RCC DIARY – Main opinions and assessments

MONTH	SOLVENCY II	INTERNAL CONTROLS AND RISK MANAGEMENT	FINANCIAL AND ACCOUNTING DOCUMENTS AND INVESTMENTS
January		<ul style="list-style-type: none"> <li>Proposed 2017 budget for the committee</li> </ul>	
February		<ul style="list-style-type: none"> <li>Report on 2016 activities of Internal Control Functions</li> <li>Opinion on the 2017 activity plans of the Internal Control Functions and associated budgets</li> <li>Examination of results of 2016 Risk Assessment</li> <li>Examination of remuneration of heads of Internal Control Functions (meeting of 2016 targets and setting of 2017 targets)</li> <li>Opinion on the report of the head of the Internal Audit function on complaints management</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on 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>Update on MPFR's activities; opinion on MPFR's 2017 activity plan, 2017 budget and policy</li> <li>Opinion on adequacy of organisational, administrative and accounting structure of the Company and its Strategic Subsidiaries</li> <li>Evaluation of adequacy and efficiency of the internal control and risk management system</li> <li>Opinion on report by head of Internal Audit function on implementation of remuneration policies pursuant to art. 23 of ISVAP Regulation no. 39 of 9 June 2011</li> <li>Opinion on Group policies</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of correct use of accounting standards and their harmonised use among the Group companies for the purpose of the consolidated financial statements, and assessment of correct use of accounting standards for the purpose of the parent company's financial statements</li> <li>Examination of investment reports</li> <li>Examination of reports of External Auditors' Firm on the financial statements as at 31 December 2016</li> <li>Examination of amendments of powers relating to investments</li> </ul>
May	<ul style="list-style-type: none"> <li>Examination of changes to the internal capital calculation model pursuant to Solvency II</li> <li>Report on risk capital pursuant to Solvency II</li> <li>Report on solvency ratio at local level</li> <li>Report on the Company's technical provisions pursuant to Solvency II, underwriting and reinsurance</li> </ul>	<ul style="list-style-type: none"> <li>Examination of the Company's 2016 ORSA Report</li> <li>Opinion on the Company's Regulatory Supervisory Report and Solvency Financial Condition Report</li> <li>Opinion on Group policies</li> </ul>	<ul style="list-style-type: none"> <li>Examination of investment reports</li> <li>Report on private equity investments</li> </ul>
June	<ul style="list-style-type: none"> <li>Examination of changes to the internal capital calculation model pursuant to Solvency II and associated documents for IVASS</li> <li>Report on the 2016 Validation Report of the Company and the Group</li> <li>Report on the Company's technical provisions pursuant to Solvency II, underwriting and reinsurance</li> <li>Report on risk capital pursuant to Solvency II at local level</li> </ul>	<ul style="list-style-type: none"> <li>Examination of the Group's 2016 ORSA Report</li> <li>Opinion on the Group's Regulatory Supervisory Report and Solvency Financial Condition Report</li> <li>Report on liquidity metrics and limit monitoring</li> <li>Examination of results for the year regarding the impact of the Long-Term Guarantees for Assicurazioni Generali S.p.A., pursuant to the IVASS letter to the market of 9 March 2017</li> <li>Opinion on the statistical information policy, drawn up pursuant to IVASS Regulation no. 36 of 28 February 2017</li> </ul>	

**2017 RCC DIARY – Main opinions and assessments (cont.)**

<b>MONTH</b>	<b>SOLVENCY II</b>	<b>INTERNAL CONTROLS AND RISK MANAGEMENT</b>	<b>FINANCIAL AND ACCOUNTING DOCUMENTS AND INVESTMENTS</b>
July	<ul style="list-style-type: none"> <li>Report on risk capital pursuant to Solvency II</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on appointment and determination of remuneration of the head of the Internal Audit function</li> <li>Report on the status of activities of the Internal Control Functions</li> <li>Evaluation of adequacy and efficiency of the internal control and risk management system</li> <li>Update on the activities of the MPFR</li> </ul>	<ul style="list-style-type: none"> <li>Report on the half-year reports and audits thereof</li> <li>Examination of investment reports</li> </ul>
October	<ul style="list-style-type: none"> <li>Report on risk capital pursuant to Solvency II at local level</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on Group policies</li> </ul>	
November	<ul style="list-style-type: none"> <li>Report on risk capital pursuant to Solvency II at Group level</li> <li>Revision of Liquidity Risk Management Plan, Recovery Plan and Systemic Risk Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Report on liquidity metrics and limit monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Examination of investment reports</li> </ul>
December	<ul style="list-style-type: none"> <li>Opinion on review of Risk Appetite Framework</li> <li>Report on risk capital pursuant to Solvency II at local level</li> </ul>	<ul style="list-style-type: none"> <li>Report on the ICRMS review</li> <li>Opinion on update of 2017 Audit Plan</li> <li>Opinion on Group policies</li> <li>Commencement of process for evaluating the adequacy of the organisational, administrative and accounting structure of the Company and its Strategic Subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Report on private equity investments</li> <li>Examination of the Company investment policy</li> </ul>

In 2017, on the invitation of the chair, RCC meetings were attended by the heads of the 4 Internal 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 Board of Statutory Auditors to enable all its members to attend the meetings. In 2017, the percentage attendance by Statutory Auditors was 94.9% (as against 92.2% in 2016).

The RCC did not call on the assistance of external consultants in 2017.

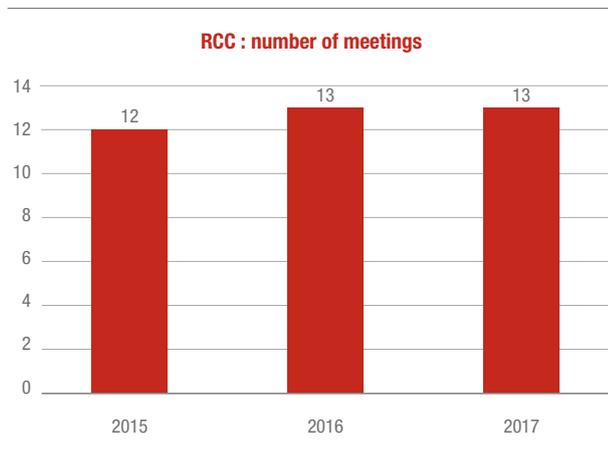
At the meetings held in 2017, the heads of the 4 Internal Control Functions reported on the work performed by their structures to the RCC and the members of the Board of Statutory Auditors. The heads of the Internal Control Functions had direct access to all the information required to perform their duties.

In 2017 the RCC issued various opinions and recommendations on specific aspects relating to identification of the main company risks; it monitored the independence, efficacy and efficiency of the resources assigned to the Internal Control Functions, and asked during meetings of the RCC (in the presence of the Board of Statutory Auditors) that checks be conducted on some specific operating areas.

RCC members receive a gross annual fee (EUR 50,000 for the chair 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.

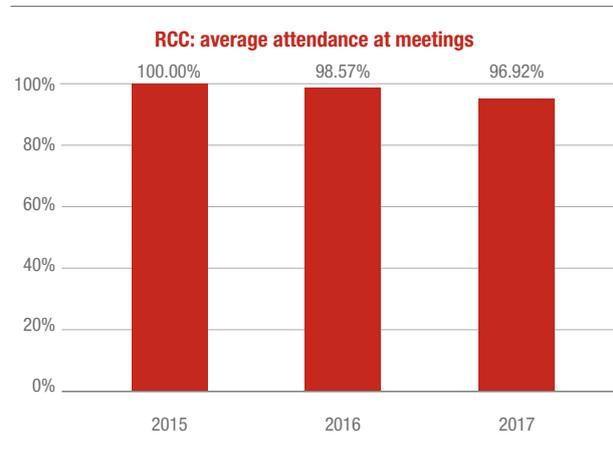
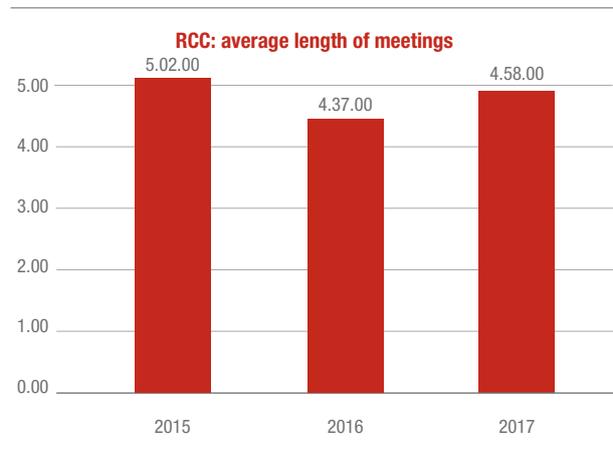
The RCC usually meets at least six times a year, and in any event in time to resolve on matters involving interaction with the Board of Directors.

The chair and the Secretary have always drafted minutes of each meeting.



**Table 2** annexed to this Report shows the attendance figures for each member of the RCC. 12 meetings are currently scheduled for 2018.

In the 2017 financial year, the financial resources provided to the RCC for activities falling within its powers



amounted to EUR 250,000, in line with its expenditure budget. At the meeting held on 26 January 2018 the RCC deliberated its own expenditure budget for the 2018 financial year for an amount of EUR 250,000, approved by the Board of Directors at its next meeting, held on 31 January 2018.

## Related-Party Transactions Committee

RPTC		
	Forenames and Surname	Office
	Paolo Di Benedetto	Chair Non-executive independent Director
	Romolo Bardin	Committee member Non-executive independent Director
	Diva Moriani	Committee member Non-executive independent Director
	Roberto Perotti	Committee member Non-executive independent Director
	Paola Sapienza	Committee member Non-executive independent Director

At the meeting held on 28 April 2016, the Board of Directors set up a Related-Party Transactions Committee (RPTC) with 5 members, all of whom are Independent Directors.

Giuseppe Catalano acts as the Committee's Secretary.

The Board of Directors has assigned to it the task of expressing opinions on related-party transactions submitted for its attention in accordance with the RPT Procedures approved by the Board of Directors 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 RPTC is also entitled to express its opinion of amendments to the RPT Procedures; when issuing its opinions, it can call on the assistance of one or more independent experts.

According to our governance system, 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 ARC, the majority of whose members are Independent Directors.

The governance of the RPTC, which is also formalised in the RPT Procedures, was amended in 2017 in order to achieve more effective coordination with the other committees that deal with matters of common interest.

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 RPTC. The RPTC met 3 times in 2017. Every year, at least one meeting is set up to review the RPT Procedures and to receive information about transactions classified as exempt in the previous fiscal year.

The minutes of the meetings were prepared by the chair and the Secretary, and approved at the next meeting.

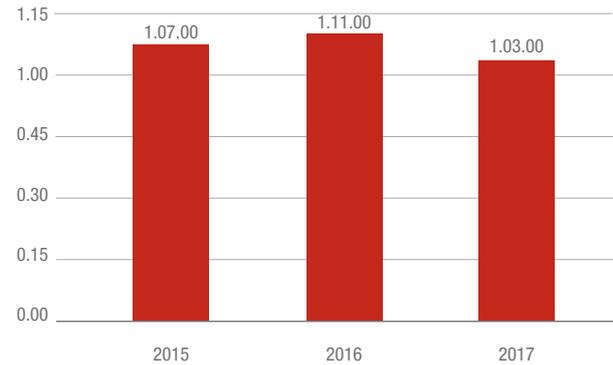
The notice of call is also sent to the Board of Statutory Auditors so that its members can attend the meetings. In 2017 the percentage attendance by Statutory Auditors was 100% (as against 83.3% in 2016).

As resolved by the Board of Directors, RPTC members receive a gross annual fee (EUR 25,000 for the chair and EUR 20,000 for the other members), and an attendance fee of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.

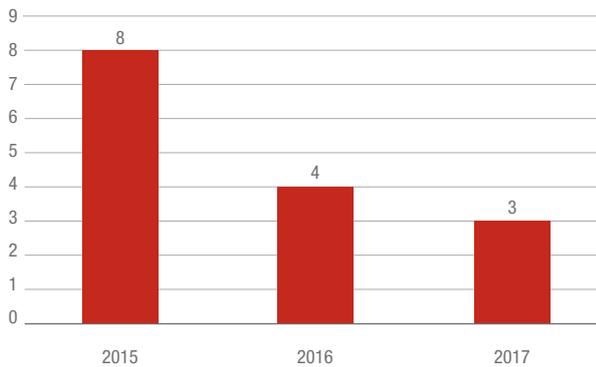
The comparison with the two preceding years takes into consideration that the 2016 figures for number of meetings, length and average attendance include both RPTSC

(sub-committee set up within the RCC until 28 April 2016) and RPTC meetings.

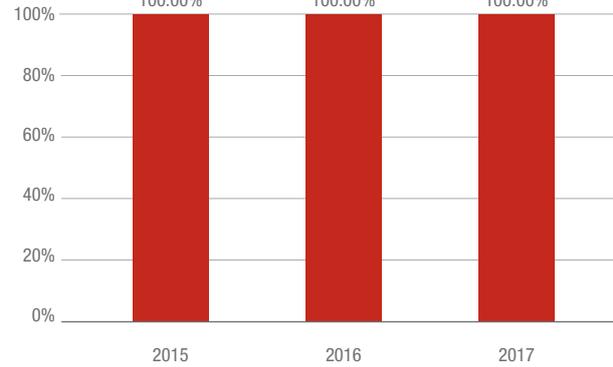
**RPTC: average length of meetings\***



**RPTC: number of meetings\***



**RPTC: average attendance at meetings\***



\* Two of the four meetings held in 2016 were in the form of sub-committee meetings.

## Appointments and Remuneration Committee

ARC		
	Forenames and Surname	Office
	<b>Ornella Barra</b>	<b>Chair Non-executive independent Director</b>
	<b>Diva Moriani</b>	<b>Committee member Non-executive independent Director</b>
	<b>Lorenzo Pellicoli</b>	<b>Committee member Non-executive Director</b>
	<b>Francesco G. Caltagirone *</b>	<b>Committee member Non-executive Director</b>
	<b>Sabrina Pucci *</b>	<b>Committee member Non-executive independent Director</b>

\* Members of the committee focusing on appointments only.

The Board of Directors decided that it would be appropriate to set up a single committee with responsibility for both appointments and remuneration (as these two topics are often combined in the resolutions of the Board of Directors), and at its meeting of 28 April 2016 approved the institution of the ARC, which will remain in office until the date of the General Meeting called to approve the financial statements as at 31 December 2018. During the previous three-year periods, the current ARC's responsibilities had been assigned to two separate committees.

The ARC comprises five members (reduced to three when remuneration issues are discussed). In accordance with established principles of transparency and reliability, the Board of Directors established that its members must be non-executive directors, a majority of whom are Independent Directors, and that its chair must be an Independent Director.

Giuseppe Catalano acts as Secretary of the Committee.

If one or more members of the ARC should declare that they are a related party with regard to a transaction sub-

mitted for its examination, the ARC must be supplemented, solely for the examination of that transaction, by the other Independent Directors belonging to the Board of Directors, starting with the oldest. If at least 2 Independent Directors are not available to form the ARC, the opinion or proposal must be provided by an independent expert appointed by the Board of Directors.

No Director or other party concerned attended ARC meetings at which the Board of Directors' proposals relating to their own remuneration were formulated.

The ARC performs consultative, recommendatory and preparatory functions for the Board of Directors, with the support of the GSC, when taking decisions falling within its responsibility relating to the size and composition of the Board of Directors and the replacement of the Independent Directors.

It performs preparatory activities relating to the drafting of the succession plan for executive Directors and expresses an opinion on the proposals of the Group CEO on the succession plan for GMC members and on the development and management policies of GLG members.

It also expresses opinions and formulates proposals to the Board of Directors regarding remuneration policies

and determination of the remuneration of the Managing Director, the General Manager (if appointed), the Chairman, the other Directors and the Statutory Auditors and, after consulting the Group CEO, the holders of internal positions in the Company and the Group that carry membership of the GMC. As regards the remuneration of the executive Directors and other Directors who hold particular offices, the ARC submits proposals and formulates opinions to the Board on the setting of performance targets correlated with the variable component of the remuneration, and verifies whether those targets have been met. It also expresses an opinion on the Group CEO's proposals regarding the appointment and remuneration of GMC and GLG members and the chairmen, executive directors and managing directors<sup>5</sup> of the Strategic Subsidiaries.

The responsibilities reserved for the ARC by resolution of the Board of Directors are listed in full in **Annex 4** to this Report.

### 2017 ARC DIARY – Main opinions and assessments

MONTH	APPOINTMENTS	REMUNERATION	GROUP SUBSIDIARIES AND OTHER ISSUES
January	<ul style="list-style-type: none"> <li>Opinion on the appointment of the new Group CFO and MPRF</li> <li>Opinion on the review of the membership of the Investment Committee</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on the remuneration of the new CFO and MPRF</li> </ul>	
February	<ul style="list-style-type: none"> <li>Periodic evaluation of the Group CEO's succession plan policy and update report on performance review and succession planning processes</li> </ul>	<ul style="list-style-type: none"> <li>Review of preliminary results of 2016 incentive plans for GMC members</li> <li>Examination of 2017 STI plans for the Group CEO and GMC members</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on appointment and remuneration of senior executives of Strategic Subsidiaries</li> <li>Proposed 2017 budget for the committee</li> </ul>
March	<ul style="list-style-type: none"> <li>Examination of the Group CEO's succession plan policy and update on performance review and succession planning processes</li> </ul>	<ul style="list-style-type: none"> <li>Review of preliminary results of 2016 incentive plans for GMC members</li> <li>Examination of 2017 STI plans for the Group CEO and GMC members</li> <li>Opinion on 2016 incentive plans for Group CEO and GMC members</li> <li>Assessment on targets' achievement and opinion on new targets for incentive plans</li> <li>Opinion on increase of share capital for the purposes of the 2014 LTI Plan</li> <li>Opinion on proportionality of remuneration between Group CEO and the Company's personnel, as required by ISVAP Regulation no. 39 of 9 June 2011</li> <li>Examination of annual remuneration report</li> <li>Examination of reports of heads of Internal Control Functions on implementation of remuneration policies, pursuant to art.23 of ISVAP Regulation no. 39 of 9 June 2011</li> <li>Evaluation of remuneration of Board of Statutory Auditors being appointed</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on appointment and remuneration of senior executives of Strategic Subsidiaries</li> <li>Opinion on appointment of auditors of Fondazione Assicurazioni Generali</li> </ul>
June		<ul style="list-style-type: none"> <li>Examination of remuneration of MD/Group CEO</li> <li>Opinion on execution of 2017 LTI plan and related Regulation</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on remuneration of a senior executive of a Strategic Subsidiary</li> </ul>
October	<ul style="list-style-type: none"> <li>Opinion on GMC membership</li> <li>Opinion on proposal relating to a GMC member</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on remuneration of a GMC member</li> </ul>	

<sup>5</sup> Or members of Top Management holding equivalent posts.

## 2017 ARC DIARY – Main opinions and assessments (Cont.)

MONTH	APPOINTMENTS	REMUNERATION	GROUP SUBSIDIARIES AND OTHER ISSUES
November	· Opinion on GMC membership		
December	· Opinion on appointment of a GMC member	· Opinion on remuneration of a GMC member	· Opinion on remuneration of a senior executive of a Strategic Subsidiary

Bearing in mind that the composition of the ARC differs according to the subject discussed, the Committee met 8 times to discuss remuneration, with average attendance by members of 100%, and 7 times to discuss appointments, with attendance by members of 94%.

The average length of ARC meetings on both subjects was 1 hour 40 minutes.

The chronological comparison tables for the past three years have been omitted due to lack of comparability (in 2015 and until April 2016, the subjects of appointments and remuneration were assigned to two separate committees).

The chair and the Secretary always drew up the minutes of each meeting, which were approved at the next meeting.

**Table 2** annexed to this Report shows the attendance of each ARC member.

Five meetings have so far been scheduled for 2018.

As approved by the Board of Directors at the meeting on 11 May 2016, ARC members receive a gross annual fee (EUR 30,000 for the chair, EUR 20,000 for members and EUR 15,000 for members focusing on appointments only) and an attendance fee of EUR 2,000 per meeting to-

gether with the reimbursement of attendance expenses.

At the meeting held on 19 February 2018, the ARC set its own expenditure budget for the 2018 financial year at EUR 100,000, and this budget was approved by the Board of Directors at its meeting held on 21 February 2018.

In 2017 the ARC called on the services of external independent experts.

The Board of Directors established that the majority of the ARC's members are non-executive independent Directors. All ARC members focusing on remuneration possess suitable knowledge of remuneration policies.

The ARC chair or another member may report to the General Meeting on the way in which the tasks delegated to the Committee are performed.

In 2017, on the invitation of the chair, the head of the Group HR & Organisation function and other members of top management regularly attended the committee's meetings. The Board of Statutory Auditors is invited to attend the part of the meetings in which remuneration is discussed. In 2017, percentage attendance by Statutory Auditors was 62.50% (as against 72.22% in 2016).

## Corporate Governance and Social & Environmental Sustainability Committee

GSC		
	Forenames and Surname	Carica
	Gabriele Galateri di Genola	Chair Non-executive Director
	Paolo Di Benedetto	Committee member Non-executive independent Director
	Alberta Figari	Committee member Non-executive independent Director

The Board of Directors decided to set up a Board Committee with responsibility for corporate governance matters and also for the increasingly important issues of social and environmental sustainability, thus effectively meeting the need for suitable support when establishing the strategic lines (and monitoring their full implementation) regarding sustainable development and promotion of social responsibility initiatives in the Group.

At its meeting on 28 April 2016, the Board of Directors therefore set up the Corporate Governance and Social & Environmental Sustainability Committee (GSC), which will hold office until the date of the General Meeting called to approve the financial statements for the 2018 financial year.

The GSC comprises 3 members, all non-executive Directors, and the majority of whom are Independent Directors.

Giuseppe Catalano acts as Secretary of the Committee.

The GSC performs consultative, recommendatory and preparatory tasks for the Board of Directors when taking decisions about the corporate governance rules of the Company and the Group. It issues an opinion on the annual self-assessment process of the Board of Directors (Board review), on the documents prepared for the Ge-

neral Meeting, and on the multiple directorships policy. It supports the Board of Directors in assessing whether Directors meet the statutory independence requirements and those laid down in the CG Code and whether Directors, executives of the Company and the Group who constitute the direct reports of the Managing Director or General Manager, and GMC members, meet the statutory respectability and professionalism requirements and those laid down in the Fit&Proper Policy. It also assists the Board of Directors in assessing whether any of the statutory grounds for ineligibility, incompatibility or debarment exist for Directors, Statutory Auditors and the General Manager (if appointed).

As regards social sustainability, the GSC is required to express its opinion on the Charter of Sustainability Commitments, the Group's Environment and Climate Policy, the other components of the Environmental Management System, and any other sustainability issues associated with the business of the Company and the Group. As introduced by Legislative Decree no. 254 of 30 December 2016 on reporting of non-financial information, the GSC is also required to support the Board of Directors with regard to decisions on matters in its area of competence, expressing an opinion on the reporting method, the definition of material indicators and the diversity policy for members of the Company's governing bodies.

## 2017 GSC DIARY – Main opinions and assessments

MONTH	GOVERNANCE	SUSTAINABILITY
January	<ul style="list-style-type: none"> <li>Opinion on proposed amendments to the Articles of Association, the Regulation of the Board of Directors and Board Committees, and the RPT Procedures</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on the Charter of Sustainability Commitments</li> <li>Examination of the preparatory phase for the 2016 Sustainability Report</li> </ul>
February	<ul style="list-style-type: none"> <li>Opinion on proposed amendments to the Regulation of the Board of Directors and Board Committees</li> <li>Examination of results of the Board review</li> <li>Opinion on proposed amendments to the Group CEO's succession plan policy</li> <li>Evaluation on assessment of professionalism, respectability and independence requirements for Directors and Statutory Auditors</li> <li>Evaluation on assessment of requirements of the Fit&amp;Proper Policy</li> </ul>	
March	<ul style="list-style-type: none"> <li>Opinion on 2016 corporate governance and share ownership Report</li> <li>Opinion on notice of call of the General Meeting and the associated reports</li> <li>Examination of communication of Italian Corporate Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>Opinion on 2016 Sustainability Report</li> </ul>
April	<ul style="list-style-type: none"> <li>Opinion on review of powers of the MD/Group CEO and proposed amendments to the Regulation of the Board of Directors and Board Committees</li> </ul>	
May	<ul style="list-style-type: none"> <li>Evaluation on assessment of professionalism, respectability and independence requirements for Statutory Auditors</li> </ul>	
June	<ul style="list-style-type: none"> <li>Opinion on proposed amendments to the Articles of Association</li> <li>Evaluation on assessment of the independence requirement for Directors pursuant to the CBFA</li> <li>Evaluation on interlocking situations for Directors and Statutory Auditors</li> <li>Evaluation on other aspects of governance</li> </ul>	<ul style="list-style-type: none"> <li>Update on sustainability issues</li> </ul>
November	<ul style="list-style-type: none"> <li>Opinion on diversity policy for members of the Company Board of Directors and Board of Statutory Auditors</li> <li>Report on the start-up of the Board review process</li> </ul>	<ul style="list-style-type: none"> <li>Examination of sustainability issues</li> <li>Report on the preparation of the declaration on non-financial information as per Leg. Decree 254/2016</li> </ul>

The GSC met 8 times in 2017, with average attendance by members of 95.83% and an average length of about 1 hour per meeting. As already mentioned, the chronological comparison tables for the past three years have been omitted due to lack of comparability (a single committee was responsible for corporate governance and appointments in 2015 and until April 2016).

The minutes of the meetings were prepared by the chair and the Secretary, and approved at the next meeting.

**Table 2** annexed to this Report shows the attendance of each GSC member. 4 meetings have so far been scheduled for 2018.

As resolved by the Board of Directors at its meeting held on 11 May 2016, GSC members receive a gross annual fee (EUR 20,000 for the chair and EUR 15,000 for the other members), and an attendance fee of EUR 2,000 per meeting, together with reimbursement of attendance expenses.

The Board of Directors has established that the majority of GSC members are non-executive Independent Directors. The notice of call is also sent to the Board of Statutory Auditors, whose attendance at GSC meetings was 87.50% in 2017.

## Investment and Strategic Transaction Committee<sup>6</sup>

ISC		
	Forenames and Surname	Office
	Philippe Donnet	Chair Executive Director
	Francesco G. Caltagirone	Committee member Non-executive Director
	Gabriele Galateri di Genola	Committee member Non-executive Director
	Lorenzo Pellicoli	Committee member Non-executive Director
	Clemente Rebecchini	Committee member Non-executive Director
	Paola Sapienza	Committee member Non-executive independent Director

At its meeting on 28 April 2016, the Board of Directors decided to retain a specific Investments Committee (IC), keeping its membership unchanged from the previous three-year term: the committee was chaired by the Group CEO and consisted of 3 non-executive Directors and 2 top managers of the Company.

At its meeting on 25 January 2017, the Board of Directors extended the competences of the committee to strategic transactions, and changed its name to Investment and Strategic Transaction Committee (ISC). The Board also changed the membership. The Committee now therefore consists only of members of the Board of Directors: the Group CEO (chair) and 5 non-executive Directors, one of whom is independent, who will hold office until the date of the General Meeting called to approve the financial statements as at 31 December 2018. The Group CFO, the Group CRO and the Group CIO regularly attend the meetings.

Giuseppe Catalano acts as Secretary of the committee.

The ISC performs consultative, recommendatory and preparatory tasks for the Board of Directors (consistently with the governance structure laid down by the applicable insurance supervision regulations) and the Group CEO, within the limits of their respective powers, on transactions of strategic importance for the Group and on investments.

Specifically, it performs prior assessments of transactions, operations or other initiatives of strategic importance or with an impact on the Group's structure or business model. It conducts prior examinations and expresses an opinion on investment and divestment transactions falling within the sphere of responsibility of the Board of Directors and examines Group strategic asset allocation and asset liability management strategies.

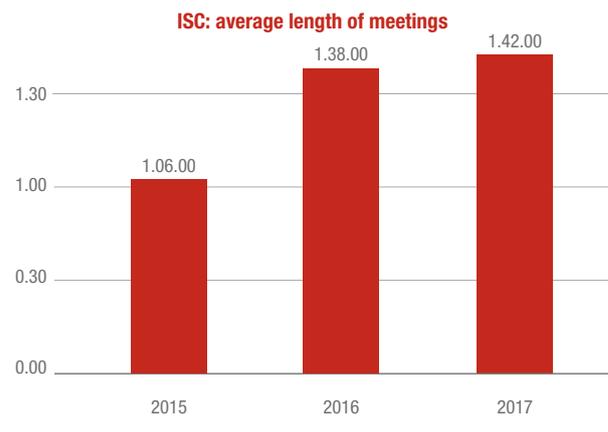
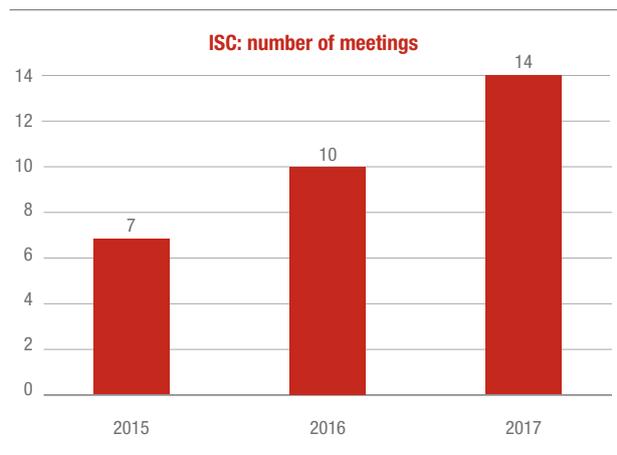
<sup>6</sup> Until 25 January 2017 Investment Committee (IC): chaired by the Group CEO, Philippe Donnet, and consisting of the Directors Francesco G. Caltagirone, Clemente Rebecchini and Paola Sapienza, the Group CFO and the Group CIO.

The ISC is also required to perform a periodic analysis of the investment policies, the main operational guidelines and their results, evaluating their adequacy in order to advise the Group CEO to submit proposed changes to the Board of Directors. This periodic analysis also relates to the Group’s strategic asset allocation (by asset class and main concentrations, also by comparison with the main competitors), the ALM situation, and investment and divestment operations of particular importance performed during the preceding period.

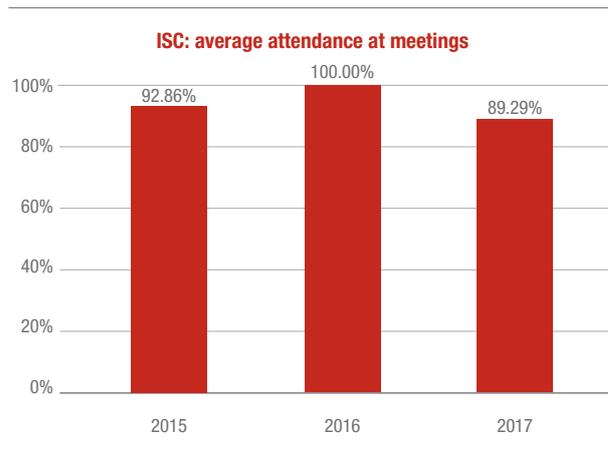
The notice of call is also sent to the Board of Statutory Auditors so that its members can attend the meetings. In 2017, the percentage attendance by Statutory Auditors was 81% (as against 76% in 2016).

ISC members receive a gross annual fee (EUR 30,000 for all members apart from the chair) and an attendance fee

of EUR 2,000 per meeting, together with reimbursement of expenses incurred for attending meetings.



The minutes of the meetings were always prepared by the chair and the Secretary, and approved at the next meeting.



**Table 2** annexed to this Report shows the attendance figures for each member of the ISC. 11 meetings are currently scheduled for 2018.

## General Manager

The figure of General Manager is expressly envisaged by the Articles of Association and was held by Alberto Minali until 25 January 2017.

After Mr Minali left the Group, information was provided to the market in a press release about the financial terms of the early termination of his contract of employment, which were determined in line with the remuneration policy approved by the General Meeting.

The Board of Directors has not re-assigned the post of General Manager.

## Board of Statutory Auditors

### Membership

The current Board of Statutory Auditors was appointed by the 2017 General Meeting, which confirmed the composition of the previous board in its entirety. The Board of Statutory Auditors holds office for three years; the term of office of the current Board of Statutory Auditors will there-

fore end on the approval of the 2019 financial statements. It consists of 3 permanent and 2 alternate auditors, who may be re-elected.

Two Statutory Auditors (Antonia Di Bella and Lorenzo Pozza) and one Alternate Auditor (Francesco Di Carlo) were appointed from the majority list submitted by Mediobanca S.p.A. (13% of the share capital). The Chair of the BSA, Carolyn Dittmeier, and one Alternate Auditor were appointed from the minority list submitted by a number of institutional investors under the aegis of Assogestioni (1.63% of the share capital). On this regard, shareholders that have submitted the minority list had also declared the absence of direct and indirect relationship with the shareholder who hold a relative majority of the share capital.

All Statutory and Alternate Auditors meet the professional, respectability and independence requirements laid down by the applicable legislation and by the CG Code.

The Board of Statutory Auditors met on 24 occasions in 2017; 35 meetings were held in 2016, and 34 in 2015. Attendance was 97.2% in 2017, 98.1% in 2016 and 92.2% in 2015 and members unable to attend always sent apologies for absence.



**Carolyn Dittmeier**  
Chair of the Board of Statutory Auditors

**Nationality:** Italian and USA  
**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 she is a statutory auditor, certified public accountant, certified internal auditor and certified risk management assurance professional. She focused her career on the auditing sector, taking on the role of chief internal audit executive of Poste Italiane Group between 2002 and 2014. Previously she gained professional experience at auditing firms (KPMG) and with Montedison Group. She carried out various professional and academic activities, focusing on risk and control governance. She was Vice Chair 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). She was an independent director in Autogrill S.p.A. and Italmobiliare S.p.A..

#### Positions pursuant to s. 148-bis CFBA on plurality of offices

None.

#### Other positions

Independent director in Alpha Bank AE and Senior Advisor for Ferrero SA as a member of the Audit Committee since 2016. She is also a member of the Scientific Committee of Nedcommunity, the association of non-executive directors, where she serves as coordinator of the work group on risk control and management systems.



**Antonia Di Bella**  
Statutory Auditor

**Nationality:** Italian

**Position held since** 30 April 2014

#### Career

She was born in Drapia (Vibo Valentia) on 17 February 1965. She graduated in Business Economics and Social Sciences at 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 is a lecturer in Accounting and Management in Insurance on the master's degree course at the Faculty of Banking, Finance and Insurance at Università Cattolica del Sacro Cuore in Milan. She has spent her professional career first in the KPMG network, auditing the financial reports of insurance and reinsurance companies and of firms operating in the financial sector, and from October 2007 to July 2015 she was head of the insurance sector at Mazars S.p.A. She has held the position of Statutory Auditor and Chair of the Board of Statutory Auditors in other insurance companies and listed firms.

#### Positions pursuant to s. 148-bis CFBA on plurality of offices

Statutory Auditor of Maire Tecnimont S.p.A. and independent director at Interpump Group S.p.A..

#### Other positions

Chair of the Board of Statutory Auditors of SFP Emilia-Romagna S.c.a.r.l. BT Enia Telecomunicazioni S.p.A. and Atlanet S.p.A.. Member of the Steering Committee at MIRM, Master in Insurance Risk Management in Trieste, of the Insurance Technical Committee of the OIC (Organismo Italiano di Contabilità) and of the Corporate Governance and Integrated Reporting committees established by the Milan Association of Certified Accountants. Sole statutory auditor of Yolo Group Srl and Yolo Srl. She currently practices on an individual basis from her own office in Milan and is Of Counsel of NCTM Studio Legale. .



**Lorenzo Pozza**  
Statutory 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 economics at the Bocconi University in Milan. He is a certified public accountant and an advisor for a number of enterprises in various business sectors, with experience as a company director and statutory auditor. He is the author of a number of publications on financial reports and the capital value of enterprises.

#### Positions pursuant to s. 148-bis CFBA on plurality of offices

Chair of the Board of Statutory Auditors of Ariston Thermo S.p.A. and Gas Plus S.p.A., member of the Board of Directors of Amplifon S.p.A. and Rudra S.p.A.. Permanent Auditor of Bracco Imaging S.p.A., Leonardo & Co. S.p.A., Merloni Holding S.p.A., Edison S.p.A. and Transalpina di Energia S.r.l.. Vice-chair of the Board of Directors of AngelCapital Management S.p.A..



**Silvia Olivotto**  
Alternate Auditor

**Nationality:** Italian

**Position held since** 30 April 2014

#### Career

She was born in Suresnes (France) on 4 September 1950. She is listed in 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 she 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 companies. Between 1994 and 2005 she was a partner and worked as an 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 chair 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.

#### Positions pursuant to s. 148-bis CFBA on plurality of offices

Chair of the Board of Statutory 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 Smith & Nephew S.r.l..



**Francesco Di Carlo**  
Alternate Auditor

**Nationality:** Italian  
**Position held since** 30 April 2014

#### Career

He was born in Milan on 4 October 1969. He graduated in Economics and Business at the Università Cattolica del Sacro Cuore in Milan and 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 many years as an advisor for leading Italian and international 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 worked with the main Authorities for years. He has positions as director, auditor and liquidator of joint stock companies, mainly of companies operating in the financial sector and listed companies.

#### Positions pursuant to s. 148-bis CFBA on plurality of offices

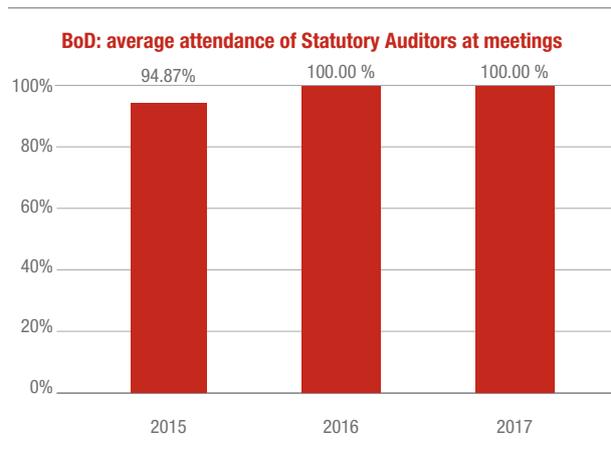
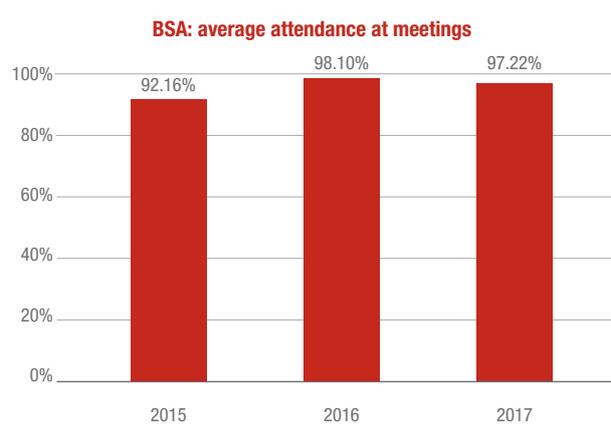
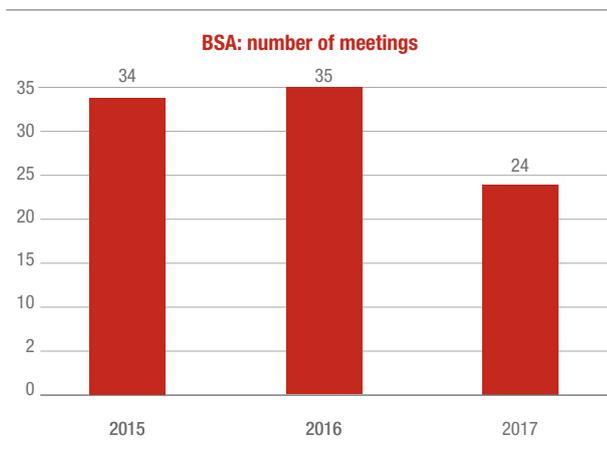
Chair of the Board of Statutory Auditors of Italmobiliare S.p.A., Equita SIM S.p.A., and Equita Group S.p.A., Regular Auditor of Mediobanca S.p.A. and Clessidra S.p.A. Member of the Board of Directors of Milano Investment Partners SGR S.p.A..

#### Other positions

Member of supervisory boards of joint stock companies as per Decree 231.

**Table 3** annexed to this Report describes in detail the attendance of each member of the Board of Statutory Auditors in 2017.

The average length of meetings in 2017 was about 2 hours. The average attendance of Statutory Auditors at meetings of the Board of Directors was 100% in 2017 and 97.65% in the two-year period 2015-2016; members unable to attend always sent apologies for absence. The entire Board of Statutory Auditors 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 Board of Statutory Auditors. The average age of members is about 56.



Also in light of Legislative Decree 254/2016, on 13 December 2017 the Board of Directors approved, subject to the opinion of the GSC, a specific **diversity** policy for the members of the Company's governing bodies, including the members of Board of Statutory Auditors. The policy brings together in a single text the provisions already drawn up by regulatory sources inside and outside the Company and simultaneously formalises the goals pursued by the Company and its commitment to promoting generally recognised principles of non-discrimination. Diversity on the Board of Statutory Auditors has also been guaranteed for many years by the Articles of Association and the Fit&Proper Policy, which establish compliance with gender quotas, and respectability, professional and independence requirements for the Statutory Auditors. Specifically, the Fit&Proper Policy provides for the Board of Directors to assess, with the support of the GSC, the competence and respectability of the Statutory Auditors individually and collectively in the event of an appointment or change in the membership of the Board of Statutory Auditors, and, in any case, at least once a year. The policy pursues the same **objectives** as those described in the section on the Board of Directors, to which the reader is referred.

With regard to **implementation** of the policy, in preparation for a General Meeting to appoint the Board of Statutory Auditors, the Board of Directors drafts a specific report setting out suggestions for shareholders entitled to present lists on the composition of the lists, consistently with the policy. The report recommends that shareholders consider candidates from different age groups as well as the candidacy of an appropriate number of Statutory Auditors already in office, in order to optimise continuity in the management of the Board of Statutory Auditors' activities. At least one third of Statutory Auditors should belong to the gender with fewer representatives; therefore, with the exception of lists presenting fewer than three candidates, the lists must contain a number of candidates to ensure an adequate gender balance. Shareholders are asked to file, together with the lists, the curriculum vitae of each candidate setting out comprehensive information on his/her professional characteristics and expertise. The policy provides that, at collegiate level, the Board of Statutory Auditors possess an adequate level of experience and knowledge at least with regard to the market on which Generali operates, on strategy and the business model, the system of governance, accounting, financial and actuarial analysis and legislation. Evaluation of possession of the professional requirements is conducted by the Board of Directors, with the support of the GSC, in the event of the appointment or change in the

membership of the Board of Statutory Auditors, and, in any case, at least once a year.

In terms of the **results of implementation** of the diversity policy, the following should be noted:

- as regards **gender** diversity, the less represented gender is the male gender, with 33.3% representation (40%, when also considering the alternate auditors);
- at 31 December 2017 the average **age** of the members of the Board of Statutory Auditors was about 56 (53 in 2016);
- as regards **seniority**, the membership of the current Board of Statutory Auditors is homogeneous, as all the members have been in office for about three and a half years;
- in terms of **professional competences, educational and professional background**, the Board of Statutory Auditors presents a varied range of professional characteristics, also as regards international experience, with members offering competences in auditing, financial auditing, and experience in academia and the liberal professions.

## 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 Board of Statutory Auditors 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 chair. 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 Board of Statutory Auditors.

The lists submitted by Shareholders, consisting of 2 sections (one for the appointment of permanent statutory auditors and the other for the appointment of alternate 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 CV of each candidate, containing detailed infor-

mation 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 that 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 vote for) one list only; 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 alternate statutory auditors, the candidates elected are those indicated in the Majority List, 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 chair. If all statutory auditors are drawn from a single list, the first candidate indicated in that list is appointed chair.

In the event of the death, resignation or debarment of a permanent statutory auditor drawn from the Majority List or the single list, the alternate statutory auditor drawn from the same list or, if none, the youngest alternate statutory auditor, is appointed. The General Meeting appoints the missing members of the Board of Statutory Auditors 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 chair, by the alternate statutory auditor drawn from the Minority List. The General Meeting appoints the missing members of the Board of Statutory Auditors 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.

## Requirements for office

All statutory auditors, both permanent and alternate, 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.

The Fit&Proper Policy, which sets out compulsory standard minimum requirements of professionalism and respectability, also applies to the members of the Board of Statutory Auditors. The assessment at both individual and collective level is conducted by the Board of Directors.

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 appointment, and subsequently at annual intervals, illustrating the result of the verification in the Report.

The current Board of Statutory Auditors duly performed this review in February 2018 to establish whether its permanent members met the independence requirement set by the CG code. It was found that the requirement was met, and the Board of Directors was notified accordingly.

At its meeting on 21 February 2018, the Board of Directors also verified compliance with the requirements of professionalism, respectability and independence set by law and by the Fit&Proper Policy.

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 their 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 Board of Statutory Auditors, which acts independently both within the Company and towards the Shareholders who elected it.

Generali's governance structure guarantees that the Board of Statutory Auditors is able to perform its tasks effectively, not only by ensuring the attendance of its members at meetings of the Board of Directors and the Board Committees (except for the part of ARC meetings focusing on appointments, 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 2017 they attended the Strategy Days and the training courses for Directors on important subjects such as: laws governing corporate administrative liability under Decree 231 and the newly introduced laws on non-financial information ex Legislative Decree 254/2016. The Statutory Auditors also took part in a work session on the topics introduced by legislation governing the declaration of non-financial information and of diversity information for business or-

ganisations of a significant size (Legislative Decree no. 254, 30 December 2016).

The Statutory Auditors 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 Board of Statutory Auditors is guaranteed access to all the Company information considered necessary, with the support of the Secretary. For logistical and operational needs associated with the tasks performed, dedicated support is supplied by the Corporate Affairs function.

The Board of Statutory Auditors 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 may also check on the correct application of the assessment criteria and procedures used by the Board of Directors to evaluate the independence of its members.

In 2017 the Board of Statutory Auditors 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 Board of Statutory Auditors for 2017 will be illustrated in the annual report submitted to the 2018 General Meeting called to approve the 2017 financial statements.

In the same report the Board of Statutory Auditors 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 Board of Statutory Auditors is required to inform the other members and the Chairman of the Board of Directors 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 2017.

## Remuneration

The remuneration of the Board of Statutory Auditors is presented to the General Meeting by the Board of Directors on the proposal of the ARC, and is formulated on the basis of the commitment required of Board of Statutory Auditors members, the importance of the role held and the size 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 Board of Statutory Auditors is set out in the Remuneration Report, available in the Governance section of our Website.

Pursuant to s. 123-ter of the CFBA, the general remuneration policy also covers the remuneration of members of the Board of Statutory Auditors. It is illustrated in the specific report approved by the Board of Directors, after consultation with the ARC, and will be presented for the scrutiny and approval of the 2018 General Meeting.

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



*Details in the Remuneration Report*

## External Auditors' Firm

The External Auditors appointed for the financial years 2012-2020 by the 2011 General Meeting, on the substantiated proposal of the Board of Statutory Auditors, are Rconta Ernst & Young S.p.A. (now EY S.p.A.).

That company, which 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 Board of Statutory Auditors 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.

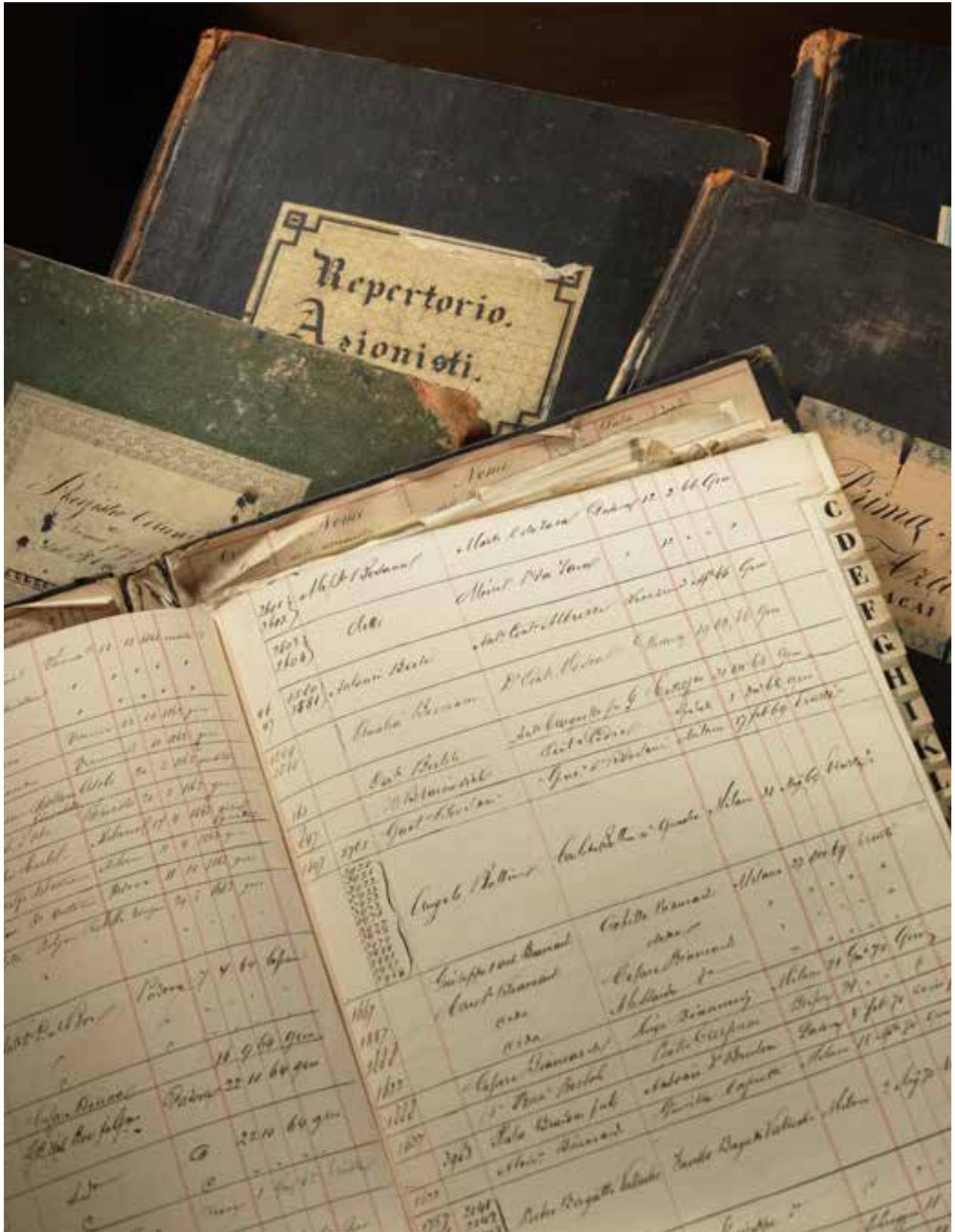
The law provides that the appointment be for a term of 9 financial years and may be re-assigned to the same firm after at least 3 financial years have elapsed from the date on which the previous appointment ended.

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 Board of Statutory Auditors, 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 21 days preceding the General Meeting called to approve them, and until the financial statements are approved.

To ensure the independence of the External Auditors, Group guidelines on the appointment of the company or organisations belonging to its network have been introduced. In accordance with this procedure, the Board of Directors issues a binding prior opinion on the commissioning of additional tasks (other than the main auditing assignment, and for which the statutory situations of incompatibility do not arise) by companies belonging to the Group from the Group's main External Auditor or its network.



Generali share registers (1837-1894)

# **Internal control** and **risk** management system



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# Internal control and risk management system

## Generali's Internal Model

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

In March 2016, the Group obtained authorisation from the Regulator to use the "Partial Internal Model" (PIM) to calculate the Solvency Capital Requirement (SCR) as required by Solvency II. The PIM can therefore be used to identify the SCR at Group level and at the level of the main Business Units for the Italian, German, French and Czech companies. Further details will be found in the Group Risk Report.

In the context of credit risk measurement, a system of rules and procedures was implemented at Group level to ensure monitoring of internal credit ratings, thus limiting the sole use of external ratings.

In addition, in order to maintain compliance with Solvency II, the Group's internal policies were updated and/or established with the following aims:

- to regulate the ICRMS, establishing the roles and responsibilities of the Internal Control Functions;
- to establish the processes associated with management of specific risks (i.e., investment, underwriting and operational risks) and the main business processes (including capital management, the asset liability management [ALM] process and the product approval process).

Formalisation of the policies required by Solvency II is based on the dissemination, at GHO and throughout the Group, of the internal control culture and awareness of the operation of the ICRMS.

Finally, although Generali is no longer classed as a systemic organisation, the Group confirmed its monitoring for 2017, with the updating of the Systemic Risk Management Plan, the Liquidity Risk Management Plan and the Recovery Plan.

## The System

The ICRMS is the set of company rules, procedures and structures that ensure the effective operation of the Company and identify, manage and monitor the main risks to which it is exposed, having regard to the role of Generali as parent company. 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 that constitute the cornerstones of our business culture: **Vision, Mission and Values**.



*Generali Internal Regulation System (GIRS), pp. 45-46*



*Vision, Mission, Values, pp. 28-29*

### REGULATORY BOX



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 has been evolving, taking account of the Guidelines issued by EIOPA on the subject from time to time, which are now being adopted.

The current provisions of the insurance legislation, the CFBA and the CG Code have further established the tasks and responsibilities of the various players in the Company's organisational system.

## Roles and responsibilities

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 the applicable 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 Board of Directors 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 2017, the assessment of the adequacy and efficacy of the ICRMS was performed in March with reference to the second half of 2016, and in August with reference to the first half of 2017, while the assessment relating to the second half of 2017 was performed in March 2018. The results of the assessments were deemed favourable in all cases, after consulting the RCC.

The main elements of the ICRMS are the activity plan for the Internal Audit function, which the Board of Directors approves annually after consulting the Board of Statutory Auditors and the ICRM Director; this was also done in 2017.

In the performance of its tasks the Board of Directors 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 they operate.

The Board of Directors has examined the opinions and reports received from the other players in the system. Coordination between the ICRMS players is pursued not only by means of reports to the Board of Directors and Board of Statutory Auditors by the Chair of the RCC and regular attendance of the Board of Statutory Auditors at Board of Directors meetings, but also by attendance at Board of Directors and RCC meetings by the heads of the **4 Internal Control Functions** in relation to the matters for which they are responsible (for further details see the section devoted to them below) and, systematically, by the MPFR.

There is an equally regular dialogue between the Board of Statutory Auditors and the said Internal Control functions, who periodically attend meetings of the Board of Statutory Auditors in accordance with a predefined schedule.

The tasks of the Board of Directors 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, after obtaining the binding opinions of the RCC and the Board of Statutory Auditors.

Finally, the Board of Directors, after consulting the Board of Statutory Auditors, evaluates the results presented by the External Auditors and any suggestions that emerge at the time of certification of the financial statements. In 2017, 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 E&Y S.p.A. to the Board of Statutory Auditors on 31 March 2017 and was brought to the attention of the RCC and the Board of Directors, for the matters falling within their spheres of responsibility, at the April meetings.

For further information about the decision-making powers of the Board of Directors, see the section on the Board of Directors in chapter III entitled *Corporate governance players* and **Annex 1**.

## Risk and Control Committee

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

In particular, the RCC assists the Board of Directors in determining the directives relating to the ICRMS, 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 Board of Directors.

On 28 April 2016, a Related-Party Transaction Committee was set up to replace the previous sub-committee of the same name reporting to the RCC, which is also an important component of the system.

To ensure regular, timely exchanges of information relevant for the performance of their respective tasks, the Group CEO, who is also ICRM Director, the MPFR, the Board of Statutory Auditors and the heads of the 4 Internal Control Functions systematically attend RCC meetings.

For further details, see the section *The five Board Committees* (chapter III entitled *Corporate governance players*) and **Annex 3**, which deals more specifically with the responsibilities of the RCC.

## Director in charge of the internal control and risk management system

The Board of Directors has assigned the role of ICRM Director to the Group CEO.

Acting in that capacity, he identifies the main business risks, taking account of the characteristics of the activities performed by the Company and its Subsidiaries, and periodically submits them for examination by the Board of Directors; implements the directives established by the Board of Directors, organising the design, implementation and management of the ICRMS, and regularly verifying its adequacy and efficacy; and 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 chairs of the Board of Directors, the RCC and the Board of Statutory Auditors at the same time. The Group CEO also reports promptly to the RCC and/or the Board of Directors on issues or critical factors which emerge in the performance of his activities or come to his notice, so that the necessary measures can be taken.

## Internal Control functions

The System attributes to all the Company functions a clear position with respect to “3 lines of defence”, which comprise:

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



As regards **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 guidelines issued by the Group CEO, to guarantee implementation of the “Group Internal Control and Risk Management System Directives” issued by the Board of Directors.

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 Board of Directors which, apart from some exceptions, are applicable at Group level.

In this context, the figure of the MPFR (illustrated in more detail later in this chapter 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 issued to the market.

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 GHO functions (Group Actuarial, Group Compliance and Group Risk Management), which have no operational duties and are solely devoted to guaranteeing effective risk control. To ensure that the said functions have the necessary independen-

ce, their heads report functionally directly to the Board of Directors.

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.

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

## Risk Management

The table below illustrates the Group risks map, approved by the Board of Directors, according with the current Solvency II laws.

Group Risks Map					
Risks covered by the Partial Internal					
Internal Model			Standard Formula		
Financial risks	Credit risks	P&C underwriting risks	Life underwriting risks	Operational risks	Non-quantifiable risks
Interest rates	Enlargement of spread	Pricing	Catastrophe mortality		Liquidity
Interest-rate volatility	Credit default	Reserving	Non-Catastrophe mortality		Strategic
Share prices	Counterparty default	Catastrophes	Longevity		Reputational
Share volatility		P&C redemptions	Morbidity/Invalidity		Emerging
Buildings			Life redemptions		Contagion
Currencies			Expenses		Intragroup transactions*
Concentration			Disease catastrophes		Concentration*
			Illness claims		Risk interdependence*

\* Risks significant only at Group level.



The Group CRO structure supports the Board of Directors 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 Group risk management policy, on the basis of the “Group 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 Board of Directors;
- for the activities falling within his sphere of responsibility, supports the definition and implementation of the risk policies and the main business processes, including planning, capital management, asset liability management and product development;
- proposes risk operating limits assigned to the operational structures regarding investment and liquidity risks, 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 to the process of updating the risk strategy, risk propensity and risk tolerance in the ambit of the “Risk Appetite Framework”, and for 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 risk management policy at Group level, with any necessary adaptations required by the legislative context in which the various Group companies operate and the nature and complexity of the risks run, in accordance with the GIRS. In particular, the policy establishes:

- the risk identification process and the risk categories to which the Parent Company and the Group companies are exposed;
- the risk measurement and assessment methodolo-

gies, together with the processes and procedures designed to ensure effective risk management and mitigation, on the basis of the risk propensity and risk tolerance defined in the Risk Appetite Framework;

- the principles governing the preparation of the ORSA Report at Group level.

Risk reporting is coordinated by the Risk Management function of the Parent Company to ensure an agreed, structured design that takes account of local adaptations required by specific local legislation and the business models of the individual Group companies.

At Parent Company level, in addition to the ORSA Report and the report on the development of the risk profile and compliance with risk tolerance, the function also provides information about the general soundness of the risk management system as required by the applicable regulations and further established in the ambit of the ICRMS.

In the context of the Group’s governance system, the Risk Management Policy specifies the roles and responsibilities of the Group CRO, the CROs of the Business Units and the CROs of the individual group companies, who provide support with monitoring the correct implementation of the System in accordance with the Group Policy.

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

The Group Risk Council has also 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 Business Units.

In addition to planning of the activities already presented to the RCC on 10 February 2017, the head of the function reported regularly to the Board of Directors, including through the RCC, on business trends and the methods and models used for risk management.

## Compliance

The need to operate in compliance with statutory and regulatory provisions and the principles laid down by the Group Code of Conduct is an integral part of the culture

of our business organisation, which 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 Regulators or provisions of CG codes (known as compliance risks). Within the System, the Group Compliance function has the task of ensuring that the ICRMS is adequate to protect the Company and the Group against such risks.

In particular, Group Compliance pursues the following main objectives:

- supporting the Board of Directors in the field of compliance with legislative, regulatory and administrative provisions;
- assessing the possible impacts on the Company's business of changes in the legislative scenario;
- identifying and assessing compliance risks;
- helping to preserve the Company's integrity and reputation;
- consolidating awareness of compliance, transparency and responsibility to Generali's stakeholders;
- supporting the Company's operations and business to create a sustainable competitive advantage, integrating compliance risk management into everyday activities and strategic planning;
- assessing the appropriateness of the compliance risk management system in terms of the size, complexity, structure and business of the Subsidiaries.

In the pursuit of its objective, Group Compliance takes an approach based on risk relevance, assessed both for Assicurazioni Generali and for the Group with the same risk assessment methods.

At its meeting held on 15 February 2017, as required by the applicable regulation, the Board of Directors approved the Compliance function's activity planning ("Compliance Plan"), after examination by the RCC.

The head of the function consequently reported regularly to the Board of Directors, including through the RCC, on the business trend and the Group's exposure to compliance risks. Group Compliance also supervised the correct management of related-party transactions.

## Actuarial Function

In the ambit of the second line of defence of the ICRMS, the main task of the Group actuarial function is to coordinate, monitor and validate the calculation of tech-

nical reserves as required by Solvency II. In addition to tasks relating to the technical reserves, and in line with the provisions of Solvency II, the function is also required to express an opinion of the underwriting policy and the adequacy of reinsurance agreements. Finally, the function contributes to the effective implementation of the risk management system, also in liaison with the risk management function.

According to the organisational model established by the Board of Directors, the actuarial function is positioned in the Group CFO's area to ensure effective coordination of the process of calculation of the technical reserves. Additionally, to maintain independence in the performance of his duties, the head of the actuarial function reports functionally to the Board of Directors, to which he/she has independent direct access. Furthermore, the Board of Directors ensures that the independence of the head of the function is maintained and that conflicts of interest are appropriately managed in the definition of his/her objectives, which are not concerned with business performance.

In this context, as required by the terms of Solvency II, the head of the actuarial function must submit to the Board of Directors, at least annually, his/her opinion on the adequacy of the calculation of the technical reserves, the underwriting policy and reinsurance agreements, reporting any critical areas identified and recommending suitable corrective measures if appropriate.

In 2017 the head of the actuarial function submitted their opinion on both the Group and the Company to the Board of Directors, and also drew up activity plans for the function ("Group Actuarial Function Plan"), which the Board of Directors approved at the meeting held on 15 February 2017, after examination by the RCC.

Finally, to ensure a consistent, standardised approach within the Group, the Group Actuarial Function Policy establishes the organisational model for the actuarial function (at local level and at Group level), and outlines the main roles and responsibilities in accordance with Solvency II. Each Group company is required to implement the policy guidelines at local level, except for any adaptations required by local legislation.

In 2017, reporting lines were introduced between the local functions and the Group function to provide the latter with adequate information support for its activities.

## Internal Audit

Group Audit is an independent function set up by the Board of Directors at GHO, with assurance and advisory tasks. The function supports the corporate bodies in achieving their objectives by establishing a disciplined, systematic approach, in order to evaluate and improve the efficacy of the risk management, governance and control processes. The primary role of Group Audit is to assist the Board of Directors and the management in protecting the assets, reputation and sustainability of the organisation.

The Group Audit manager meets the eligibility requirements laid down by the Italian supervisory regulations in terms of respectability, professionalism and independence, and therefore maintains a constructive, useful, transparent relationship of cooperation with the Regulators. The Group Audit manager also ensures that the function has appropriate human and technological resources, and that its personnel are suitably qualified to perform their tasks professionally and thoroughly.

The Group Audit manager does not report hierarchically to any manager of operational areas; the internal audit activity is not subject to interference of any kind by the Company's organisation, and maintains full independence and objectivity of judgement in terms of identification, planning and implementation of the processes to be audited and reporting of the results.

Internal Audit staff are not given any operational tasks in the Company areas audited. They consequently cannot be involved in implementing controls, establishing and implementing Company procedures and systems, or performing any other activities that may affect their independence of judgement.

The scope of the internal audit activities is unlimited. Group Audit has full and prompt access to all the Company's structures and to the documentation relating to the areas audited, ensuring the confidentiality and protection of corporate data. All employees are required to support Group Audit in the performance of its role and responsibilities. In this respect, to guarantee the function's independence, its head can interact directly with the Board of Directors and Board of Statutory Auditors.

To ensure a standardised approach and rapid identification of any critical areas in the Group companies, after an examination by the RCC, the Board of Directors

approved a revised version of the Group Internal Audit Policy at its meeting held on 13 December 2017. In line with this Policy, the heads of the local internal audit functions report to their boards of directors and also to the Group Audit manager, through the heads of the internal audit functions of each Business Unit, in compliance with local legislation and regulations. This reporting system ensures adequate independence of the operational management and a more effective flow of information to the Parent Company, which includes responsibility for establishing the function's budget and remuneration, evaluating whether targets have been met, revising the Audit Plan, together with the methodology to be used and the organisational structure to be adopted (in terms of recruitment, appointment, dismissal and remuneration of the head of the internal audit function).

At least once a year, after consultation with the RCC, the Group Audit manager submits an Audit Plan to the Board of Directors for approval, including the planning of audits for the year to come, the budget and the necessary resources for execution of the plan. The Audit Plan also comprises checks on the reliability of the information systems and the accounting systems, and is developed on the basis of identification of priority areas for audit, using a risk-based method and considering any suggestions from the management and the Board of Directors. Before the Plan is submitted to the Board of Directors, it may be discussed with the relevant management. The Audit Plan may be revised and adapted in response to significant changes in the Company's organisation, the risks to which the Company is exposed, the systems used and the controls. The Board of Directors is informed of any significant revision of the Audit Plan as part of the periodic reporting process. The 2017 Audit Plan was approved by the Board of Directors at its meeting held on 15 February 2017 after examination by the RCC, and was most recently reviewed at the meeting held on 13 December 2017.

At the end of each audit activity, the Group Audit manager or his/her representative draws up a report and sends it to the relevant recipients. If any anomalies or significant critical factors are identified, the Board of Directors is notified immediately. Audit reports also include the management's replies regarding identification and planning of the corrective measures required to remedy the problems identified. Group Audit ensures suitable proper monitoring of the anomalies identified and the corrective measures agreed.

Group Audit may also perform advisory activities on subjects relating to governance, risk management and control, as well as special unplanned activities specifically requested by the Board of Directors, the management or the Board of Statutory Auditors. It is also responsible for reporting situations involving significant risk exposure and weaknesses in the controls (including fraud risks or deficiencies in the corporate governance system). It is also required to report to the Board of Directors on any other issue in which it has an interest.

The Group Audit manager reports at least on a quarterly basis to the RCC, submitting a document summarising the audit activities performed and the weaknesses or deficiencies identified during the period in question, and the progress made in implementing the corrective measures agreed with the management. After examination by the RCC, this document is sent to the chairs of the Board of Directors and Board of Statutory Auditors and to the ICRM Director. Should particularly serious events occur within the normal reporting cycle, the Group Audit manager immediately informs the management, the RCC, the Board of Directors and the Board of Statutory Auditors.

In addition to the above, in the Summary on the assessment of the adequacy and effectiveness of the internal control and risk management system with which the RCC reports to the Board of Directors, at least every six months, on the activity performed and the adequacy and effectiveness of the ICRMS, the Group Audit manager provides information on his/her activities, risk management procedures, compliance with the risk-containment plans and the fitness of the ICRMS.

Group Audit develops and supports a quality assurance and improvement programme covering all aspects of internal audit activities. This programme includes an assessment of whether the internal audit activities comply with the Group Audit Method Manual, the Internal Audit Definition and the International Standards, and assesses whether the internal auditors comply with Generali's Code of Conduct. The programme also assesses the efficiency and efficacy of the internal audit activities and identifies improvement opportunities. The Group Audit Manager reports to the RCC and the management on the results of the quality assurance and improvement programme, which requires an external audit to be performed at least every 5 years.

## Board of Statutory Auditors

As already mentioned in the Report, by law the Board of Statutory Auditors holds supervisory functions regarding compliance with legislation and the Articles of Association and, in this context, the adequacy and operation of the organisational, administrative and accounting structure.

The Board of Statutory Auditors attends meetings of the Board of Directors, the RPTC, the ARC on remuneration questions, the RCC, GSC and ISC, and has a regular, timely exchange of information with those bodies on issues relevant to the performance of their respective tasks.

With particular reference to the internal control system, the Board of Statutory Auditors is responsible (inter alia) for issuing an opinion on:

- the activity plan for the Internal Audit function;
- the appointment and dismissal of the Internal Audit manager, the adequacy of the manager's resources and his/her remuneration;
- the documentation submitted at the time of certification of the financial statements.

These powers were duly exercised in 2017. For this purpose the Board of Statutory Auditors interacts 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.

For further information, see the section on the Board of Statutory Auditors in chapter III *Corporate Governance Players*.

## Manager in charge of Preparation of the Company's Financial Reports

In compliance with s. 154-*bis* of the CFBA, at its meeting on 25 January 2017, the Board of Directors appointed Group CFO Luigi Lubelli as Manager in charge of Preparation of the Company's Financial Reports (MPFR), having established that he possessed the required experience in administration, finance and control and met the respectability requirements, which the Board of Directors is required to monitor periodically.

**REGULATORY BOX**

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.

Additionally, 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 entails debarment from the office, and in such a case, the debarred executive is rapidly replaced.

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

- issue policies and guidelines on the management of the relevant 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 changes 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 competence required for the role;
- tools, including IT tools, for implementation of policies and guidelines;
- an adequate budget.

If the Board of Directors, in the exercise of its supervisory activities, considers that the powers and resources allocated to the MPFR are insufficient for the exercise of his/her statutory tasks, it takes the measures deemed necessary.

## **Main characteristics of the internal control and risk management System as regards reliability of information supplied to the Company's governing bodies and the market**

### **The periodic report to the market**

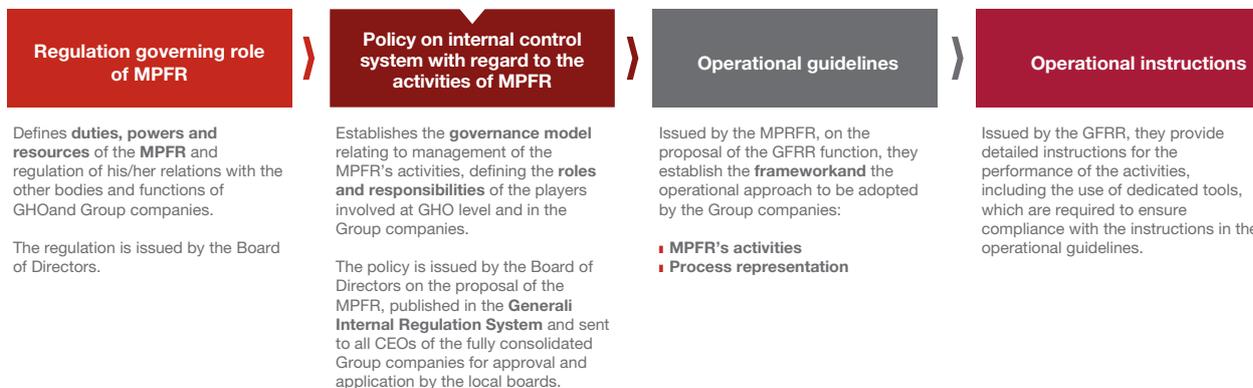
The MPFR contributes to the efficacy of the overall system of internal control over financial reporting.

The objectives of identifying, evaluating and controlling the risks relating to the financial reporting process (known as the financial reporting risk<sup>1</sup>) to which the Company and the Group are exposed, and preparing suitable administrative/accounting procedures are pursued by applying a specific organisational structure (governance) and a financial reporting risk model (framework).

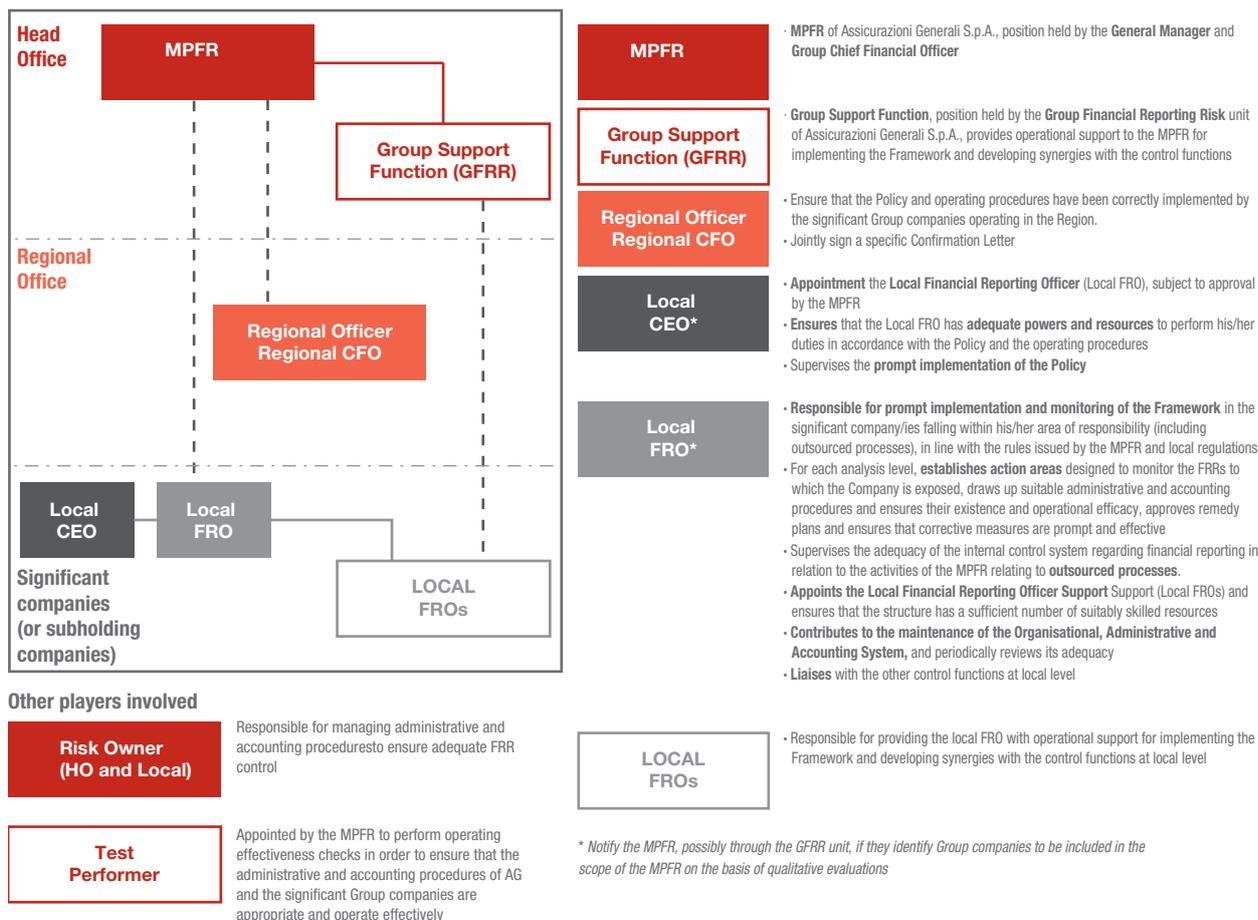
That set of documents is consistent with the instructions contained in the Group Directives on the Internal Control and Risk Management System, as shown in detail in the chart below.

<sup>1</sup> "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 half-year separate and consolidated financial statements, and all other financial communications.

**Group directives on the Internal Control and Risk Management System**



With a view to providing a comprehensive overview of the subject, the MPFR's governance model for the Group's Scope Companies is shown in the chart below<sup>2</sup>.



<sup>2</sup> "Scope companies" are those that, when the ratios between assets, income and profits of the individual companies and the corresponding consolidated totals are applied, exceed given thresholds consistent with the best market practice. In particular, in the 2017 financial year, Scope Companies represented over 90% of the total consolidated assets.

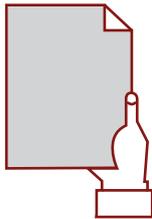
A structured set of policies, guidelines and operating instructions has also been prepared to give the companies belonging to the Group suitable tools to guarantee the application of the Framework.

The Local Financial Reporting Officer (FRO) checks and guarantees, with the support of the relevant functions, that the financial reports provided to GHO correspond to the entries in the books of account and comply with the accounting standards and methodologies adopted by the Group, in accordance with the applicable legislation; s/he also checks and guarantees that the financial reports

submitted in general to GHO provide 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 they are exposed. The Local FRO provides the Scope Companies with suitable administrative and accounting procedures for the financial reports supplied to GHO for the formation of the consolidated financial statements and all other financial communications.

The Framework was established in line with best practice<sup>3</sup>, and a gradual implementation plan is scheduled.

## Confirmation Letters



Quarterly certificates signed by the CEOs and CFOs (or personnel holding equivalent positions) of all the Group companies and by the CEOs and local FROs of the subholding companies (if any), certifying that:

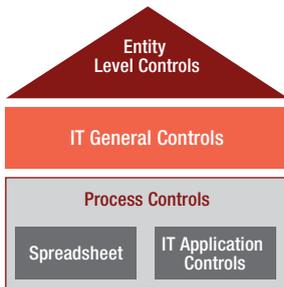
- the report on the representation of the economic, financial and capital situation of the Group companies is complete, timely, accurate, truthful and compliant with the accounting standards and methodologies adopted by the Group;
- it complies with the applicable legislation and the General Group's accounting manual;
- the corresponding administrative and accounting procedures, the internal control on financial information in relation to the activities of the MPFR, and the Organisational, Administrative and Accounting Structure are adequate.

Ad-hoc confirmation letters for:

- the Group companies that operate as service providers;
- the Regional Officers and Regional CFOs.

*Scope of application* > **All the fully consolidated Group companies**

## Analysis levels



**Entity Level Controls** Controls that operate at company level and are designed to ensure the existence of an organised, formalised company context to reduce the risks of incorrect conduct (through adequate governance systems, effective organisational structures, adequate policies, etc.).

**IT General Controls** Controls that operate at company level and are specifically associated with IT management processes supporting execution of company processes.

Controls that operate at the level of company procedures (IT and other), providing evidence that adequate administrative and accounting procedures are applied to ensure effective internal control over financial reporting. They include:

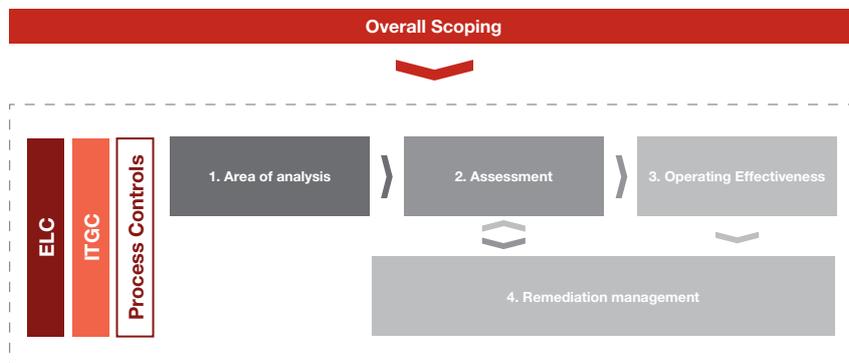
- *Spreadsheets: files produced by individual programs (e.g., office automation software), which are used to support or perform process-level controls (e.g., generation or inputting of accounting data);*
- *IT Application Controls: automatic procedures implemented in specific IT applications operating at process level.*

*Scope of application* > **Group companies considered significant for MPFR purposes on the basis of quantitative and qualitative criteria**

<sup>3</sup> As regards internal control over financial reporting, the following are generally recognised and accepted at international level:

- CoSO Internal Control-Integrated Framework, which defines guidelines for the evaluation and the 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 subdivided into steps that determine its operational approach for evaluation of administrative and accounting procedures during closure of the annual and half-year financial statements:



The overall scoping is determined on the basis of the accounts in the consolidated financial statements classed as relevant, determining for each scope company the company processes with a potential accounting impact on said accounts and all the company processes directly relating to account closure activities in a given period.

The scoping also takes 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.

## Overall Scoping

### Operational approach

The preliminary stage, conducted at least once a year by GFRR, to identify the companies in the Group that are significant for MPFR purposes and the significant accounts to be analysed. For each Analysis Level (ELC, ITGC and Process Controls), these significant companies must perform the following activity stages:

#### 1 Area of Analysis

Definition of overall scoping for the FRR analysis

#### 2 Assessment

Periodic identification of the FRRs to which the company is exposed and definition of the administrative and accounting procedures through identification of the key controls that cover and mitigate the FRRs

#### 3 Operating Effectiveness

Periodic checks designed to ensure that the administrative and accounting procedures are effectively operational and that the key controls are sufficient to cover and mitigate the associated FRRs, and operate effectively.

#### 2a 3a Remediation management

Definition and implementation of corrective measures and/or improvement action plans to deal with deficiencies identified during the Assessment and Operating Effectiveness stages, with the aim of strengthening the internal control system as regards financial reporting

Consistently with the ICRMS adopted by the Company, the financial reporting risk model involves the corporate 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.

## Ongoing and extraordinary reports to the market: Group policy governing management and communication to the public of the Generali Group's privileged information and share trading operations

In implementing the EU market abuse regulations, the Company has updated its internal regulations, providing the Group with guidelines and fundamental principles which must be complied with to prevent market abuse.

The Group policy comprises practical rules designed to identify and manage privileged information relating directly or indirectly to the issuing companies belonging to the Group and to other issuers (not belonging to the Group), or the corresponding financial instruments.

The Company's internal regulations, as well as establishing rules for identification<sup>4</sup> and management of privileged information, also cover disclosure to the public of privileged information, management of the Insider List, internal dealing (transactions performed by relevant parties with financial instruments issued by the Company) and obligations associated with market research.

Generali, as issuer, is required to institute, maintain and regularly update a list of parties who have access to privileged information and process it in the course of their

working or professional activities or the functions they perform.

The Group policy governs the criteria for the keeping and management of the List, assigned to the Corporate Affairs Manager in the capacity of List Manager.

## Internal dealing regulations

In the section dealing with internal dealing, the Company's Market Abuse Policy governs market disclosure requirements and the limits on significant transactions for internal dealers and persons closely associated with them, in accordance with current legislation.

At present, Generali's "Relevant Persons" are: (i) the members of the Board of Directors (including the Group CEO) and the Board of Statutory Auditors; (ii) the first hierarchical reporting line of the Board of Directors; (iii) GMC members; (iv) the first reporting lines to the Group CEO, excluding associated staff; (v) the Regional Managers, if not included in the previous categories; (vi) any other party that holds at least 10% of Generali's share capital, or a controlling interest in the Company. "Persons Closely Associated with Relevant Parties" are those identified in **Regulation (EU) no. 596/2014** of 16 April 2014 (see the REGULATORY BOX below).

Blocking periods are imposed around the time of certain company events, during which internal dealers are expressly prohibited from performing transactions on relevant financial instruments.

Transactions performed by Relevant Parties are illustrated in the *Governance* section of the Website.

<sup>4</sup> The market abuse policy also envisages the possible involvement of an ad hoc advisory committee – consisting of the Group CFO, the Group General Counsel, the Corporate Affairs Manager, the Group Compliance Officer and head of Group Supervisory Affairs & Group Entities Corporate Matters – which may be asked for an opinion on the nature of information as "Privileged Information", pursuant to current market abuse laws, in the event of doubts among personnel responsible for classifying the information

**REGULATORY BOX**

Art. 3.1(26) of **Regulation (EU) no. 596/2014** defines ‘person closely associated’ as: (a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law; (b) a dependent child, in accordance with national law; (c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or (d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

## Related-party transaction procedures

The Board of Directors adopted the RPT 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, drawn up in compliance with the terms of s. 2391-*bis* of the Civil Code and the RPT Regulation that implements the statutory provisions, make a distinction between transactions of minor and major importance, imposing stricter rules for the latter in terms of the decision-making process and transparency towards the market.

For both types of transaction, the Procedures state that a committee of independent directors (the RPTC) shall assess whether the Company has an interest in performing the transaction, and evaluate the benefits and substantive correctness of its terms. The opinion given is binding for all transactions of major importance, and those of minor importance which exceed given value thresholds.

For some transactions, it is not necessary to activate the decision-making procedure accompanied by the opinion of the RPTC; these transactions, identified in the RPT Procedures, are deemed unlikely to prejudice the interests protected by the legislation.

The Procedures apply to related-party transactions performed directly by the Parent Company and by each of its Subsidiaries.

On 15 February 2017 the Board of Directors approved a further update to the RPT Procedures, the full text of which can be found in the Governance section of the Website.

## Organisational and Management Model (OMM) and Supervision and Control Committee (SCC)

The current Organisational and Management Model (“Model”), adopted pursuant to Legislative Decree no. 231/2001, was approved by the Board of Directors in the text that currently applies, at its meeting on 11 May 2016.

Generali’s OMM consists of a “General Part” and various “Special Parts”.

The **General Part** provides a description of the relevant laws and illustrates the structure and purposes of the Model. It also describes the operation of the Supervision and Control Committee, and clearly sets out the system of rules and sanctions, as well as the procedures for communication, formation and updating of the Model.

The **Special Parts** contain a legislative analysis of the individual offences included in Decree 231, the general principles of conduct to be followed in all areas exposed to the “risk of crime” and, for each area, the “preventive control principles” to be adopted (see the following table).

In addition to continuous risk analysis, the OMM provides for the identification of all appropriate procedural systems to mitigate material risks pursuant to Decree 231. It also establishes the controls applicable to parties operating in our structures abroad, taking account of the specific risks associated with their operations. The Parent Company informs the subsidiaries of the policies it has adopted in relation to developments in the legislation in question, the case law and the reference guidelines, suggesting the general criteria with which they can comply.

The General Part of the Model is available on the Website in the *Governance* section.

<b>Special Part A</b>	ss. 24-26 – Crimes against the Public Administration	<b>Special Part D</b>	s. 25- <i>octies</i> – Crimes of handling stolen goods, money-laundering and using money, assets or other values of illegal origin, and self-laundering
	s. 25 <i>decies</i> – Crimes of inducement not to make statements or to make untrue statements to the judicial authorities		s. 24 <i>bis</i> – Computer crime and illegal data processing
<b>Special Part B</b>	s. 25 <i>ter</i> – Corporate Crimes e.g., hindering the exercise of the function of public supervisory authorities (s. 2638 Italian Civil Code), misleading prospectus (s. 173- <i>bis</i> CFBA), etc.	<b>Special Part E</b>	s. 24 <i>ter</i> – Organised crime
	s. 25 <i>sexies</i> – Market abuse Abuse of privileged information (ss. 184 - 187 <i>bis</i> CFBA) and market manipulation (ss. 185 - 187 <i>ter</i> CFBA)		Cross-border offences pursuant to s. 10 Law no. 146/06
<b>Special Part B-bis</b>	s. 25 <i>ter</i> – Private-to-private corruption		s. 25 <i>bis</i> – Crimes relating to counterfeiting of currency, legal tender, revenue stamps and identifications instruments or signs
<b>Special Part C</b>	s. 25 <i>septies</i> – Manslaughter or assault causing severe or very severe injury, committed in the course of breaches of workplace health safety laws		s. 25- <i>quater</i> – Crimes committed for the purpose of terrorism or overthrow of the democratic order
			s. 25- <i>undecies</i> – Environmental Offences

The Board of Directors appointed the Supervision and Control Committee for the three-year term 2016-2018 as a collective body consisting of 3 members, as described below:

## Supervision and Control Committee

SCC		
	Forenames and Surname	Office
	Luigi Arturo Bianchi	Chair External professional
	Giuseppe Alessio Verni	Member External professional
	Maurizio Basso	Member Group Compliance Officer

The Secretary of the SCC is Giuseppe Catalano.

The SCC is organised in such a way as to guarantee the autonomy, independence and professionalism required of its members. The Model contains specific provisions on the subjective requirements for the eligibility of the members and governs the reasons for cessation that may involve the entire SCC or an individual member.

The Internal Audit function performs verification activities to support the SCC on the basis of a plan approved by the SCC: nevertheless, the SCC has the power to conduct further checks and inspections, which may be without prior notice or preventive authorisation, in order to ascertain possible breaches of the Model or deemed necessary for the correct execution of its duties. The SCC is also supported by a dedicated internal unit ("Unit 231").

In addition to the provisions laid out in the Model, the SCC has a specific internal regulation governing the various aspects and manner in which it operates, in particular, its operation and internal organisation, supervisory activities, management of notifications and breaches, as

well as the assignment of its financial resources (SCC budget).

The SCC provides the Board of Directors with regular reports on its activities.

To ensure an effective information flow to the SCC, the Model envisages a series of obligations for disclosure and reporting of potential breaches.

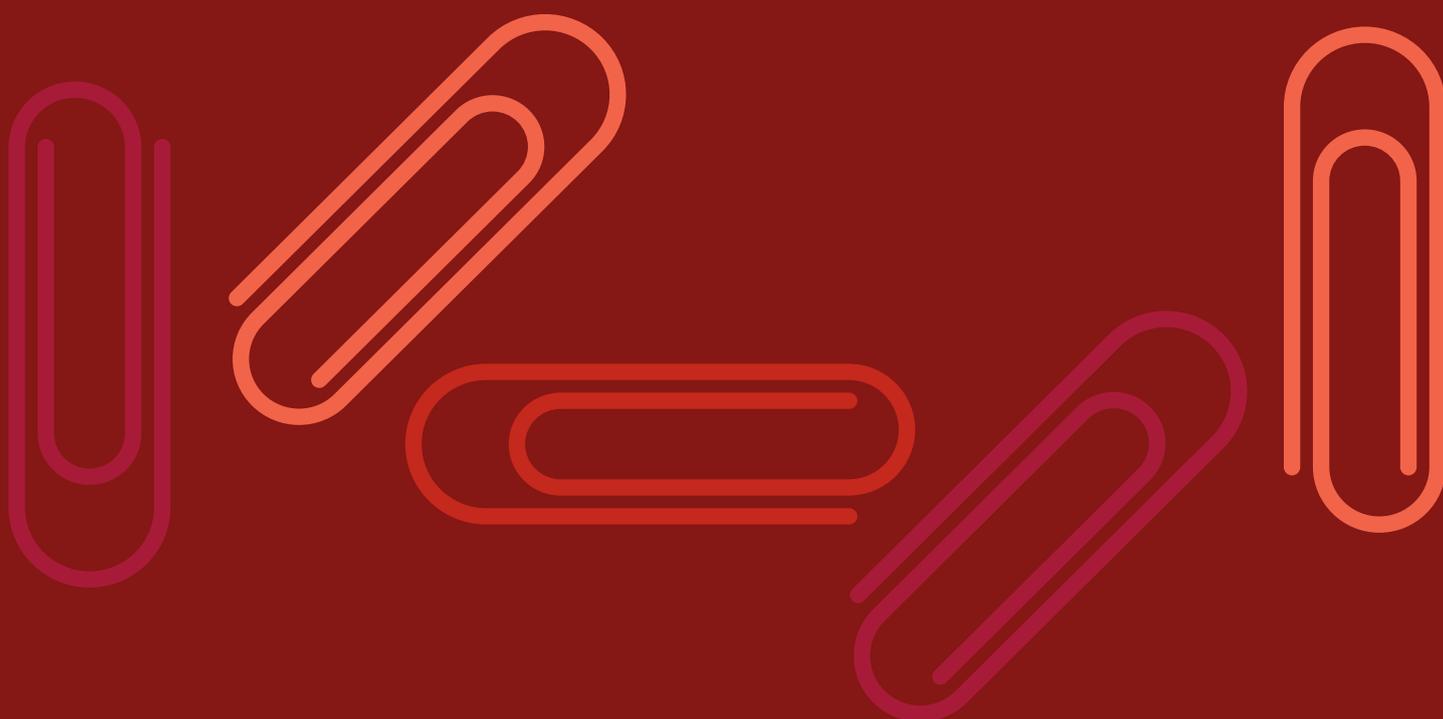
As part of this information flow, the Company has drawn up a specific protocol for "Management of information flows to the Supervision and Control Committee" to illustrate clearly the types of information that must be sent to the SCC.

To strengthen the system of information flows and ensure that recipients understand the importance of compliance with the Model and of prevention of the risk of offences, the heads of the various corporate functions are also required to send an "Evidence Form" to the SCC at regular intervals with a declaration of compliance with the Model in their respective areas and additional specific information on the activities subject to risk that they manage.

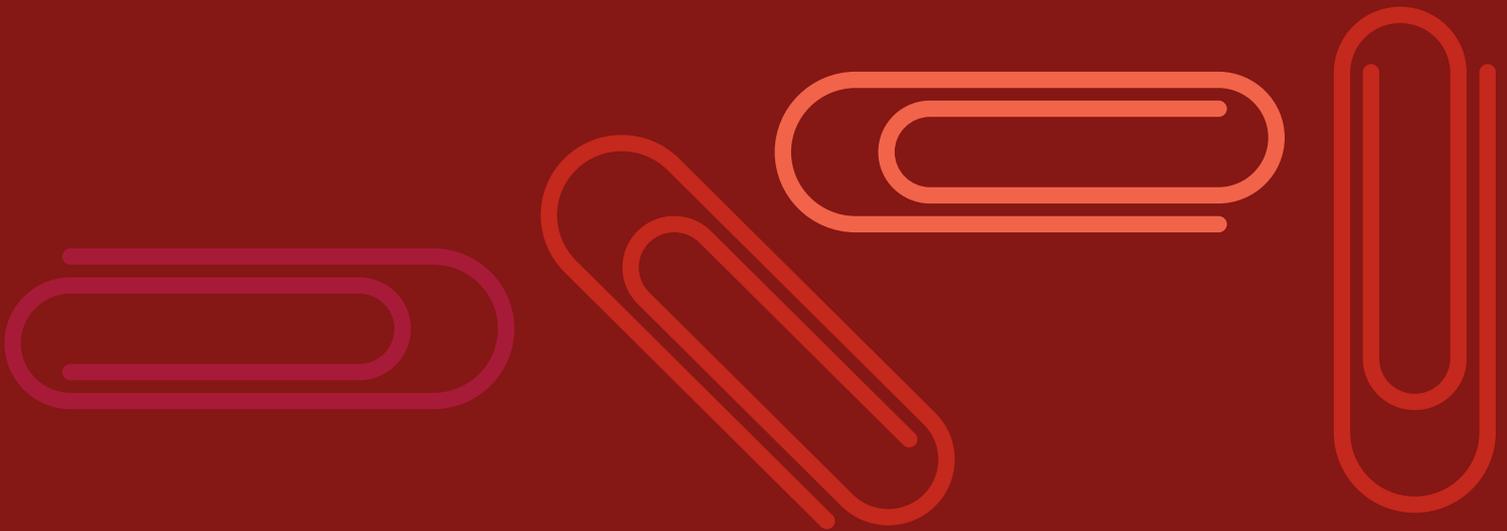
Milan, 14 March 2018

**The Board of Directors**

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## Tables and annexes

### Table 1 – Data about share ownership

The format of this table complies with the Corporate Governance and Share Ownership Report Format recommended by Borsaitaliana (7th Edition – January 2018)

Declarant	Direct shareholder	% quota of the ordinary capital*
MEDIOBANCA	Mediobanca	13,033
	<b>TOTAL</b>	<b>13,033</b>
Gruppo CALTAGIRONE	Caltagirone Editore S.p.A.	0,214
	Echelto S.r.l.	0,026
	FGC S.p.A.	0,033
	Finanziaria Italia 2005 S.p.A.	0,170
	Fincal S.p.A.	1,117
	Fincel S.r.l.	0,150
	Gamma S.r.l.	0,408
	Mantegna 87 S.r.l.	0,173
	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.	0,304
	Viapar S.r.l.	0,071
	VM 2006 S.r.l.	0,506
	Francesco Gaetano Caltagirone	0,007
	<b>TOTAL</b>	<b>3,554</b>
DELFIN S.a R.L. (Gruppo LEONARDO DEL VECCHIO)	Delfin S.a R.L.	3,163
	<b>TOTAL</b>	<b>3,163</b>

\* The ordinary capital is equal to the total amount of shares with voting rights.

Situation as at 9 March 2018, as reflected in the Shareholders' Register principally as regards registration of payment of the dividend on 24 May 2017, supplemented with the information received pursuant to art. 120 of the CFBA and with other available information.

## Table 2 – Board of Directors and Board Committees in 2017

The format of this table complies with the Corporate Governance and Share Ownership Report Format recommended by Borsa Italiana (7th Edition – January 2018)

Role	Members	Year of birth	Date of first appointment *	Holding office since	List **	Executive	Non-executive	Indep. Code	Indep. CFBA	No. of other positions ***	(*)	Control and Risk Committee			Appointments and Remuneration Committee		Investment and Strategic Transaction Committee	Corporate Governance and Social & Environmental Sustainability Committee	Related-Party Transactions Committee									
												(*)	(**)	(***)	Appointments	Remuneration												
																				(*)	(**)	(***)	(*)	(**)	(***)			
Chairman	Galateri di Genola Gabriele	1947	28.04.2003	28.4.2016	M	X	X	X	X	2	14/14	(*)	(**)	(***)	(*)	(**)	(***)	M			(*)	(**)	(***)					
Vice-Chairman	Callagione Francesco Gaetano	1943	28.04.2007	28.4.2016	M	X	X	X	X	1	12/14		5/7	M				M										
Vice-Chairman	Rebecchini Clemente	1964	11.05.2012	28.4.2016	M	X	X	X	X	1	14/14	13/13						M										
Managing Director	Donnet Philippe	1960	17.03.2016	28.4.2016	M	X	X	X	X	-	14/14																	
Director	Barcin Romolo	1978	28.04.2016	28.4.2016	M	X	X	X	X	1	14/14	12/13						M						3/3	M			
Director	Barra Ornella	1953	30.04.2013	28.4.2016	M	X	X	X	X	1	11/14		7/7	P	8/8	P												
Director	Di Benedetto Paolo	1947	28.04.2016	28.4.2016	M	X	X	X	X	2	14/14													8/8	M	3/3	P	
Director	Figari Alberta	1964	30.04.2013	28.4.2016	M	X	X	X	X	-	14/14	13/13						P						7/8	M			
Director	Moriani Diva	1968	28.04.2016	28.4.2016	M	X	X	X	X	3	14/14		7/7	M	8/8	M										3/3	M	
Director	Pellicoli Lorenzo	1951	28.04.2007	28.4.2016	M	X	X	X	X	1	11/14		7/7	M	8/8	M									10/14	M		
Director	Perotti Roberto	1961	28.04.2016	28.4.2016	m	X	X	X	X	-	14/14	12/13						M								3/3	M	
Director	Pucci Sabrina	1967	30.04.2013	28.4.2016	M	X	X	X	X	-	14/14	13/13						M										
Director	Sapienza Paola	1965	24.04.2010	28.4.2016	m	X	X	X	X	-	14/14														13/14	M	3/3	M
Number of meetings held during 2017: 14											Control and Risk Committee	13	Appointments and Remuneration Committee	7	Remuneration	8	Corporate Governance and Social & Environmental Sustainability Committee	8	Investment and Strategic Transaction Committee	14	Related-Party Transactions Committee	3						

Required percentage for the submission of lists by minorities for the election of one or more members (ex s. 147 - ter CFBA): 0.5% of the share capital

Symbols used in the "Role" column:

- Director in charge of the internal control and risk management system.
- ◊ Officer with chief responsibility for management of the issuer (Chief Executive Officer or CEO).
- ◻ Lead Independent Director (LID).

\* Date of first appointment of each director indicates the date when the director was appointed for the first time to the Board of Directors of the issuer.

\*\* This column shows the list from which each director was appointed ("M": majority list; "m": minority list; "Board of Directors": list presented by the Board of Directors).

\*\*\* This column shows the number of positions as director or auditor held in other companies listed on national or international regulated markets, in the financial, banking or insurance sectors or in other large companies. In our corporate governance system, multiple positions in companies of the same Group are considered as a single position.

Roles are indicated in full in this Report.

(\*) This column shows the attendance of directors at the meetings of the Board of Directors and the committees (number of meetings attended on the total number of meetings the director could have attended; e.g., 6/8; 8/8, etc.).

(\*\*) This column shows the role of the director on the Committee: "C": chair; "M": member.

### Table 3 – Board of Statutory Auditors in 2017

The format of this table complies with the Corporate Governance and Share Ownership Report Format recommended by Borsa Italiana (7th Edition – January 2018)

The Board of Statutory Auditors was appointed by the General Meeting held on 27 April 2017, which confirmed the membership of the Board's previous term of office.

Role	Members	Year of birth	Date of first appointment *	Holding office since	until	List**	Independence as per Code	Attendance at meetings of Board of Statutory Auditors***	Number of other positions****
Chair	Dittmeier Carolyn	1956	30.04.2014	27.04.2017	Adop. Fin. Stat. 2019	m	X	24/24	-
Statutory Auditor	Di Bella Antonia	1965	30.04.2014	27.04.2017	Adop. Fin. Stat. 2019	M	X	22/24	7
Statutory Auditor	Pozza Lorenzo	1966	30.04.2014	27.04.2017	Adop. Fin. Stat. 2019	M	X	24/24	10
Alternate Auditor	Di Carlo Francesco	1969	30.04.2014	27.04.2017	Adop. Fin. Stat. 2019	M	X	-	6
Alternate Auditor	Olivotto Silvia	1950	30.04.2014	27.04.2017	Adop. Fin. Stat. 2019	m	X	-	10
Number of meetings held during 2017: 24									
Required percentage for the submission of lists by minorities for the election of one or more members (exs.148 CFBA): 0.5% of the share capital									

\* Date of first appointment indicates the date when the auditor was appointed for the first time to the Board of Statutory Auditors of the issuer.

\*\* "M"=majority list; "m"= minority list.

\*\*\* Number of meetings attended on the total number of meetings the auditor could have attended; e.g., 6/8;8/8, etc.

\*\*\*\* Number of positions as director or auditor held by the person pursuant to s. 148-*bis* CFBA and the relevant provisions of the Consob Issuers' Regulation. The complete list of positions is published by Consob on its Website pursuant to s. 144-*quinquiesdecies* of the Consob Issuers' Regulation.

## Annex 1 – Powers reserved to the Board of Directors by Board resolution

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

- 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) to establish, on the proposal of the Group CEO, the risk appetite compatible with the strategic goals of the Company and the Group and with the protection of assets of the Company and the Group, including in their evaluations all risks that may become significant for the medium/long-term sustainability of the business of the Company and the Group, and establishing the risk tolerance levels accordingly, to be reviewed at least once a year to ensure their effectiveness over time;
- 3) to examine and approve, on the proposal of the Group CEO, the organisational structure of the Company and the Group; to assess the adequacy of the organisational, administrative and general accounting structure of the Company and its strategic subsidiaries established by the Group CEO, with particular reference to the internal control and risk management system and management of conflicts of interest, ensuring their adequacy over time and approving the assignment of tasks and responsibilities to the operational units;
- 4) to approve the system of delegated powers and responsibilities, ensuring their adequacy over time;
- 5) to establish the directives of the internal control and risk management system, with the support of the RCC, by assessing their adequacy, effectiveness and actual operation in relation to the characteristics of the Company and the Group at least once a year; to this end, ensuring that the Top Management implements the system in accordance with the directives issued and assesses its functionality, including by examining the prompt, regular information received on any critical issues;
- 6) to evaluate, after consulting the Board of Statutory Auditors, the findings of the external auditors presented in their suggestion letter, if any, and in the report on crucial issues identified during the certification audit;
- 7) to appoint the ICRM Director; to appoint, dismiss and establish the remuneration, on the proposal of the Group CEO, of the heads of the Internal Audit function (after obtaining the binding opinion of the RCC and that of the Board of Statutory Auditors) and the Risk Management, Compliance and Actuarial functions (after consulting the RCC); to evaluate and approve, after consulting the RCC, the annual activity plans of the said Internal Control functions and their results;
- 8) to examine, approve and periodically review, at the intervals specified therein, on the proposal of the relevant function and after consulting the RCC, the policies set out in the Solvency II Directive, specifying the extent to which they can be departed from and the intervals at which the parties with power to authorise such departures report to the Board of Directors on their activities;
- 9) to grant and revoke delegated powers to the executive bodies, Committees and any 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 of Directors on the activities performed in the exercise of the powers delegated to them;
- 10) on the proposal of the Group CEO and after consulting the ARC:
  - a) to set up the GMC;
  - b) to establish the internal roles within the Company and the Group that carry membership of the GMC;
  - c) to appoint and dismiss those who hold internal positions within the Company and the Group that carry membership of the GMC: if the appointment or dismissal relates to the head of the Internal Control Functions, a prior opinion is expressed by the RCC;
- 11) to resolve, on the proposal of the Group CEO and after consulting the ARC, on the appointment, dismissal and remuneration of the chairs, executive directors and general managers (or top management executives holding equivalent positions) of the strategic subsidiaries, their non-executive directors, if appointed from outside the Company and the Group, and the members of their boards of statutory auditors (or similar corporate bodies exercising control functions);
- 12) to establish, on the proposal of the ARC and after

consulting the GSC, the succession process of the Executive Director(s);

- 13) to establish, on the proposal of the Group CEO and after consulting the ARC, the succession plan for members of the GMC, identifying, at least once a year, the objectives, instruments and timing thereof; to establish, on the proposal of the Group CEO and after consulting the ARC, policies for the development and management of the resources of the GLG;
- 14) to draft the parent company financial statements for presentation for the approval of the General Meeting and the Group consolidated financial statements; to formulate proposals for the distribution of the profits and deliberate on the distribution of interim dividends to shareholders; to draft the quarterly and half-yearly reports;
- 15) on the proposal of the Group CEO and after consulting the IC, to approve the asset allocation strategy, monitoring its implementation at quarterly intervals and reviewing it at half-yearly intervals;
- 16) to examine and approve in advance, after considering the opinions of the Risk Management and Compliance functions (formulated pursuant to the Group guidelines), the transactions of the Company and its subsidiaries, if the said transactions 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 regulations governing related party-transactions. The following transactions, including those entered into through controlled companies, 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) transactions relating to the provision of works and services, and collaboration agreements for the exercise and development of the company's business, for amounts exceeding € 100 million;
  - d) costs, including budgeted costs, for exceeding € 50 million;
  - e) merger or spin-off operations in relation to which the total assets of the company taken over (merged) or the assets spun off exceed € 100 million;
  - f) the following investment and divestment transactions, whose risk is borne entirely by the Company or shared with the Life insured, executed either directly or through Collective Investment Undertakings (OICRs) formed or managed by

Group asset managers or third parties, reserved for investments of the Group companies, that are not in conflict with the regulation and/or prospectus and/or laws that regulate the operations of the OICR in question, concerning:

- i) transactions on fixed-income bonds (debt securities and similar):
  1. issued by government or supranational bodies and similar bodies, with the following characteristics:
    - 1.1. "Investment Grade" for an amount equal to or in excess of € 1,000 million;
    - 1.2. "Sub-Investment Grade or non-rated" for an amount equal to or in excess of € 500 million;
  2. issued by bodies other than government or supranational bodies and similar bodies, including collateralised instruments and securitisations, with the following characteristics:
    - 2.1. "Investment Grade" for an amount equal to or in excess of € 400 million;
    - 2.2. "Sub-Investment Grade or non-rated" for an amount equal to or in excess of € 250 million;
  3. "Alternative Fixed Income" bonds, including OICRs:
    - 3.1. "Senior" instruments for an amount equal to or in excess of € 350 million;
    - 3.2. "Junior" instruments for an amount equal to or in excess of € 150 million;
- ii) the purchase and sale of rights over real estate, the grant of licences to use the same and mortgage restrictions thereover, the purchase and sale of units or shares of real estate vehicles (including OICRs) for an amount equal to or in excess of € 200 million; without prejudice to decisions on investment/divestment transactions relating to OICRs made by the Group's asset managers in the exercise of their independent management powers and not on the recommendation of Group companies, which are neither among the powers that the Board reserves for itself nor among the powers delegated to the Group CEO, as such transactions come within the sphere of competence of the OICRs themselves;
- iii) transactions on equity and equity-like financial instruments;
  1. listed, for an amount equal to or in excess of 3% of the voting capital of the issuer or € 200 million;

2. unlisted (excluding private equity), for an amount equal to or in excess of 20% of the voting capital of the issuer or € 25 million;
  - iv) transactions on private equity instruments, including OICRs, for an amount equal to or in excess of € 150 million;
  - v) subscription and/or reimbursement of units of OICRs (funds, open-ended investment funds, ETFs):
    1. harmonised (compliant with the UCITS Directive and equivalent laws), for which the same thresholds as those envisaged for listed equity instruments apply (with exclusive reference to the € 200 million threshold mentioned above in item iii.1.) and for bonds (see items i.1, i.2 above), on the basis of the accounting classification rules of the OICR;
    2. alternative (compliant with the AIFMD Directive and equivalent laws) for an amount equal to or in excess of € 150 million;
 these provisions do not apply to the underwriting and reimbursement of:
    - alternative fixed income OICR units, real estate and private equity, which are subject to the specific thresholds indicated above (see items i.3, ii), iv));
    - units of OICRs formed and/or managed by Group asset managers or third parties when reserved for investment of the Group companies, since investments made on behalf of such OICRs are subject to the limits set out in this item f) (“Look Through”) when not in conflict with the regulation and/or prospectus and/or laws regulating the operation of the OICR.
- Investment and divestment transactions are considered to be performed through individual “Transactions” or “Related Transactions”, that is, transactions relating to the same financial instrument/asset (or underlying instrument) performed over several consecutive days (depending on liquidity conditions on the markets concerned) or in multiple tranches or performed by more than one Group company, individually for an amount below the authorised thresholds but globally for an amount in excess of such thresholds, in cases where all the transactions clearly stem from the same investment decision.
- With reference to investment and/or divestment programs consisting of multiple transactions that stem from the same investment/divestment decision and refer to different types of financial instrument/asset, one or more in excess of the relevant thresholds, prior authorisation may be granted for investment/divestment programs to be executed over a period of not more than 12 months;
- g) the following transactions concerning shareholdings not held for purposes relating to the investment and/or divestment activities as per item f) above:
    - i) to acquire and/or increase shareholdings (directly or indirectly and by subscription of capital increases) for amounts in excess of € 100 million; to authorise the waiver or assignment of stock options relating to capital increases in investee companies and the waiver of rights of pre-emption;
    - ii) to approve capital increases by investee companies; to approve company transactions (such as mergers, spin-offs, contribution to capital of business divisions, issue of bonds or subordinated loans, purchase of own shares, etc.) performed by controlled or investee companies with which shareholders’ agreements have been entered into: all for transactions for amounts in excess of € 100 million;
    - iii) to approve transactions involving the total or partial acquisition, increase or assignment of shareholdings (including subscription of capital increases and the waiver of stock options on capital increases or rights of pre-emption) proposed by subsidiaries and investee companies for amounts in excess of € 100 million;
    - h) purchases and sales of companies or business divisions, assets and other operations, in relation to which the price of the business division or the purchased (or sold) assets is for an amount equal to or in excess of € 100 million;
  - 17) to approve the signature of shareholders’ agreements of particular strategic importance relating to holdings in the capital of listed Italian and/or foreign companies;
  - 18) to examine, approve and review, at least once a year, the Intercompany Transaction Policy, consistently with its own strategy and with the investment policies, and to examine and approve intercompany transactions consistent with the said Policy;
  - 19) 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;

- 20) to establish and periodically review, after consulting the ARC, the remuneration policies for members of the Company's governing bodies and its personnel, including remuneration plans based on financial instruments, verifying their correct application;
- 21) on the proposal of the ARC 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 ARC, to establish the remuneration of executive personnel who hold internal roles in the Group that carry membership of the GMC;
- 22) on the proposal of the Group CEO and after consulting the ARC, to examine and approve the guidelines of the incentive system for GLG members;
- 23) at least once a year, with the support of the GSC, to assess the size, composition and functioning of the Board of Directors, the Board Committees and any 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 and managerial figures whose presence on the Board of Directors is deemed advisable;
- 24) to provide information, in this Report, about the methods of application of the Corporate Governance Code and any other legislative or regulatory requirements;
- 25) after the appointment of a director who claims to be independent, and once a year thereafter, to evaluate, in accordance with the procedure set out in art. 10 of the Regulation of the Board of Directors and Board Committees, 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 CG Report; and whether they meet the statutory respectability and professionalism requirements and those specified in the Fit&Proper Policy; to assess whether any of the statutory grounds for incompatibility or debarment from office apply to other members of the top management;
- 26) to express its view 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 are deemed compatible with the effective performance of a directorship of the Company, taking account of Directors' participation in the Board Committees;
- 27) to approve, with the support of the relevant corporate function instituted at GHO, the text of the Regulation of the Board of Directors and Board Committees and any amendments thereto required by law, the Corporate Governance Code, the Articles of Association or resolutions of the Board of Directors, without prejudice to art. 39.3 of the Regulation;
- 28) to examine and approve, on the proposal of the Group CEO and after consulting with the GSC, the method for reporting non-financial information, material performance indicators and the non-financial declaration;
- 29) to appoint, after consulting with the RCC, the external auditors' firm – if different to that engaged to audit the accounts – to issue the attestation report pursuant to legislative decree no. 254 of 30 December 2016.

## Annex 2 – Powers assigned to the Managing Director and Group CEO by resolution of the Board of Directors

Philippe Roger Donnet therefore holds delegated powers including, but not limited to, and subject to the provisions of the previous section and as hereinafter further provided, operational management of insurance and reinsurance business, and the activities relating thereto, in Italy and abroad; responsibility for activities involving strategic planning, management control, enterprise risk management and asset liability management, mergers and acquisitions and management of the relevant shareholdings, and activities performed by the Group in the banking, financial and real estate sectors; responsibility for administrative, tax, legal and corporate affairs; responsibility for human resources and the work organisation, coordination of information technology activities, management and coordination of the companies belonging to the Group, and management of the communications, external relations and institutional relations of the Company and the Group.

Philippe Roger Donnet also holds powers including, but not limited to, those listed below, relating to the performance of the delegated powers granted to him as Managing Director, provided that the quantitative and other limitations on the powers granted shall be considered as internal limits between the delegating body and the party to whom powers are delegated:

- a) to propose to the Board of Directors the adoption of measures falling within its responsibility;
- 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 of Directors;
- c) to issue directives for the formation of the Company's financial statements; to prepare proposals for submission to the Board of Directors regarding 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 of Directors;
- e) to establish the general organisational structure of Assicurazioni Generali S.p.A. and the Group, and submit it to the Board of Directors for the evaluation falling within its responsibility;
- f) to ensure that the resolutions of the General Meeting and the Board of Directors are implemented;
- g) to ensure the application of the corporate governance rules of the Company and the Group;
- h) as regards insurance and reinsurance:
- i) to manage insurance and reinsurance business in Italy and abroad, authorising the underwriting of insurance and reinsurance risks in the sectors in which the Company is authorised to operate and the payment of the related compensation, to perform the activities relating thereto and to take the appropriate decisions;
  - 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 ARC relating to the guidelines of the remuneration policy of the Company and the Group;
  - ii) to establish 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 of Directors relating to:
    1. the formation of the Group Management Committee ("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 exclusive powers of the Board of Directors pursuant to art. 32.2 of the Articles of Association, to take decisions on 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 internal positions within the Company or the Group carrying GMC membership and having regard to the functional reporting of the human resources belonging to the areas that report to the General Manager. 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 Articles of Association, the scope of the power of representation and company signature of the Company's 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 of Directors the nomination of the Chairmen, Managing Directors and General Managers (or members of the top management holding equivalent positions) of subsidiaries with strategic importance, and to formulate proposals relating to revocation of their appointments and to their remuneration and that of the non-executive directors, if selected from figures external to the Group. For these purposes, the following companies are classed as strategic: Generali Italia S.p.A., Generali France S.A., Generali Deutschland Holding AG, Generali CEE B.V., Generali España Holding de Entidades de Seguros S.A., Generali Investments Europe S.G.R. p.A., Generali Real Estate S.p.A., Banca Generali S.p.A., Generali Holding Vienna AG, Generali China Life Insurance and Generali Schweiz Holding AG; to nominate the non-executive members of the Boards of Directors of strategic subsidiaries,

- if selected from persons belonging to the Group, and the executive members of the Boards of Directors 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 of Directors the signature of shareholders' agreements of particular strategic significance, relating to shareholdings in listed Italian and/or foreign companies;
- viii) to submit to the Board of Directors, after consulting the ARC, the succession plan for members of the GMC and the GLG;
- j) to approve the following investment and divestment transactions, whose risk is borne entirely by the Company or shared with the Life insured, executed either directly or through Collective Investment Undertakings (OICRs) formed or managed by Group asset managers or third parties, reserved for investments of the Group companies, that are not in conflict with the regulation and/or prospectus and/or laws that regulate the operations of the OICR in question, concerning:
- i) transactions on fixed-income bonds (debt securities and similar):
1. issued by government or supranational bodies and similar bodies, with the following characteristics:
    - 1.1. "Investment Grade" for an amount below € 1,000 million;
    - 1.2. "Sub-Investment Grade or non-rated" for an amount below € 500 million;
  2. issued by bodies other than government or supranational bodies and similar bodies, including collateralised instruments and securitisations, with the following characteristics:
    - 2.1. "Investment Grade" for an amount below € 400 million;
    - 2.2. "Sub-Investment Grade or non-rated" for an amount below € 250 million;
  3. "Alternative Fixed Income" bonds, including OICRs:
    - 3.1. "Senior" instruments for an amount below € 350 million;
    - 3.2. "Junior" instruments for an amount below € 150 million;
- ii) the purchase and sale of rights over real estate, the grant of licences to use the same and mortgage restrictions thereover, the purchase and sale of units or shares of real estate vehicles (including OICRs) for an amount below € 200 million, without prejudice to decisions on investment/divestment transactions relating to OICRs made by the

- Group's Asset Managers in the exercise of their independent management powers and not on the recommendation of Group companies, which are neither among the powers that the Board reserves for itself nor among the powers delegated to the Group CEO, as such transactions come within the sphere of competence of the OICRs themselves;
- iii) transactions on equity and equity-like financial instruments:
1. listed, for an amount below € 200 million and 3% of the issuer's voting capital of the issuer;
  2. unlisted (excluding private equity), for an amount below 20% of the voting capital of the issuer and below € 25 million;
- iv) transactions on private equity instruments, including OICRs, for an amount below € 150 million;
- v) subscription and/or reimbursement of units of OICRs (funds, open-ended investment funds, ETFs):
1. harmonised (compliant with the UCITS Directive and equivalent laws), for which the same thresholds as those envisaged for listed equity instruments apply (with exclusive reference to the € 200 million threshold mentioned above in item iii.1.) and for bonds (see items i.1, i.2 above), on the basis of the accounting classification rules of the OICR;
  2. alternative (compliant with the AIFMD Directive and equivalent laws) for an amount below € 150 million;
- these provisions do not apply to the underwriting and reimbursement of:
- alternative fixed income OICR units, real estate and private equity, which are subject to the specific thresholds indicated above (see sections i.3), ii), iv));
  - units of OICRs formed and/or managed by Group Asset Managers or third parties when reserved for investments of the Group companies, since investments made on behalf of such OICRs are subject to the limits set out in this itemj) ("Look Through") when not in conflict with the regulation and/or prospectus and/or laws regulating the operation of the OICR.

Investment and divestment transactions are considered to be performed through individual "Transactions" or "Related Transactions", that is, transactions relating to the same financial instrument/asset (or underlying instrument) performed over several consecutive days (depending on liquidity conditions on the markets concerned) or in multiple tranches or performed by more than one Group company, individually for an

amount below the authorised thresholds but globally for an amount in excess of such thresholds, in cases where all the transactions clearly stem from the same investment decision.

With reference to investment and/or divestment programs consisting of multiple transactions that stem from the same investment/divestment decision and refer to different types of financial instrument/asset, one or more in excess of the relevant thresholds, prior authorisation may be granted for investment/divestment programs to be executed over a period of not more than 12 months.

Transactions performed in compliance with the limits and conditions established in the mandates assigned to the Group Asset Managers or Third Parties do not require the prior approval of the Group CEO, if they are examined by the Investment and Strategic Transaction Committee;

- k) with regard to shareholdings not held for purposes relating to the investment and/or divestment activities as per item j) above:
  - i) to acquire and/or increase shareholdings (directly or indirectly and by subscription of capital increases) up to the value of € 100 million; to authorise the waiver or assignment of stock options relating to capital increases in investee companies and the waiver of rights of pre-emption;
  - ii) to approve capital increases by investee companies; to approve Company transactions (such as mergers, spin-offs, contribution to capital of business divisions, issue of bonds or subordinated loans, purchase of own shares, etc.) performed by controlled or investee companies with which shareholders' agreements relating to the matters in question have been entered into: all up to € 100 million;
  - iii) to approve transactions involving the total or partial acquisition, increase or assignment of shareholdings (including subscription of capital increases and waiver of stock options on capital increases or rights of pre-emption) proposed by subsidiaries and investee companies up to the value of € 100 million;
  - iv) to approve amendments to the Articles of Association of investee companies;
  - v) to issue voting instructions for the General Meetings of subsidiaries and investee companies;
- l) purchases and sales of companies or business divisions, assets and other operations, in relation to which the price of the business division or the purchased (or sold assets) is for an amount below € 100 million;
- m) as regards other transactions:
  - 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 transactions relating to the provision of works and services, and collaboration agreements for the exercise and development of the company's business, for amounts up to € 100 million;
  - iv) to approve merger or spin-off operations in relation to which the total assets of the company taken over (merged) or the assets spun off do not exceed € 100 million;
- n) as regards real estate management, without prejudice to item lett. j, ii of this deliberation:
  - i) to grant servient easements over the Company's real estate, with no value limits;
  - ii) 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;
- o) 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;
- p) 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 Italian 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 withdraw complaints;

- ii) to authorise payments of claims by third parties;
- q) 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;
- r) Group management and coordination activities: to perform, within the guidelines established by the Board of Directors, management and coordination activities for the companies in the Group;
- s) to establish guidelines for the exercise of the General Manager's powers;
- t) power of subdelegation: to subdelegate to employees or non-employees one or more of the powers specified in the preceding paragraphs, with the obligation to predetermine any limits thereon;
- u) emergency powers: to exercise any power held by the Board of Directors if, at his sole discretion, the urgency of the matter requires an immediate decision, excluding the powers set out in 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 (Spin-off Plan) of the Civil Code, with a value limit of € 100 million per operation. The value limit of € 100 million also applies 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 subject to a prior check by the Group CEO, acting in liaison with the Chairman, to establish whether it is impossible to hold a meeting of the Board of Directors in time to pass a resolution falling within its powers, within a minimum of two days, as required by the Articles of Association in the case of calls to be issued in the event of emergency. Significant transactions performed to implement the above matters must be reported to the Board of Directors at its first meeting after the exercise of the delegated powers, but the actions performed remain valid in any event.

Philippe Donnet is also Chairman of the ISC and executive Director in charge of supervising the internal control and risk management system. In this capacity, he holds the following powers:

- 1) to identify the main company risks, taking account of the characteristics of the business carried on by the issuer and its subsidiaries, and periodically submit

them for examination by the Board of Directors;

- 2) to implement the policies established by the Board of Directors and arrange the design, the implementation and management of the internal control and risk management system, regularly monitoring its adequacy and efficacy;
- 3) to adapt said system to the dynamics of the operating conditions and the legislative and regulatory scenario;
- 4) to ask the internal audit function to conduct audits on specific areas and check compliance with the internal rules and procedures in the performance of Company transactions, notifying the Chairs of the Risks and Control Committee and the Board of Statutory Auditors at the same time;
- 5) to report promptly to the RCC and the Board of Directors on any problems or critical factors that have emerged during the performance of his duties or which have come to his notice, so that the RCC and the Board of Directors may take any appropriate measures.

### **Annex 3 – Responsibilities assigned to the Risk and Control Committee by resolution of the Board of Directors**

The RCC ensures that the Board of Directors' 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 activities. In this context, the RCC subdivides discussion of the questions falling within its competence into separate sessions, depending on whether they relate to internal control or to risk management, or whether they present common internal control and risk management profiles.

In this context, the RCC's duties in the internal control field include:

- assisting the Board of Directors in performing the tasks assigned to it by the Corporate Governance Code relating to the internal control system;
- together with the Manager in charge of Preparation of the Company's Financial Reports and after consulting representatives of the External Auditors and Statutory Auditors, evaluating the correct use of the accounting standards and their harmonisation in the Group for the purpose of drawing up the consolidated financial statements and the consolidated half-year report, ve-

rifying the adequacy of the internal control system on financial disclosure in relation to the activities of the Manager in charge;

- examining the substantiated proposal of the Board of Statutory Auditors on the assignment of the account audit to the External Auditors and formulating its observations on the subject, reporting thereon to the Board of Directors, and also supporting the Board of Directors in the assignment of the engagement for the issue of the attestation report as per item d) below, should the Board of Directors appoint a firm other than that engaged to audit the accounts;
- evaluating the contents of the additional report of the External Auditors' for the Board of Statutory Auditors (envisaged by art. 11 of the EU Regulation no. 537/2014) and, for matters within its competence, of the attestation report issued pursuant to legislative decree no. 254 of 30 December 2016;
- obtaining information, at least at the time of presentation of the annual work plan of the Internal Control Functions, about the adequacy of the expenditure budget and the quantitative and qualitative profiles of the resources assigned to said functions, monitoring the independence, efficacy and efficiency of the resources assigned to the functions, and expressing its thereon to the Board of Directors;
- giving the Board of Directors its opinion on the adequacy of the system of delegated powers;
- receiving the report on outsourced activities as required by the relevant policy.

The RCC's duties in the risk management field include:

- assisting the Board of Directors in performing the tasks assigned to it by the Corporate Governance Code regarding the risk management system;
- expressing its opinion on proposals regarding the appointment, dismissal and remuneration of the heads of the Internal Audit, Risk Management, Actuarial and Compliance functions; that opinion is binding in the case of proposals relating to the Internal Audit function;
- expressing its opinion on the adoption or revision of Group policies required by the Solvency II Directive;
- supporting, with suitable preliminary activities, the Board of Directors' evaluations and decisions regarding management of risks deriving from prejudicial facts that have come to the Board's attention;
- assisting the Board in performing the evaluations falling within its sphere of jurisdiction regarding the soundness of the risk management system adopted by the Company and the Group, in terms of the adequacy of the organisational and process controls regarding identification and management of the main risks of the Company and the Group, including a

quantitative analysis thereof conducted by means of stress tests, at least on an annual basis;

- supporting the Board of Directors, with adequate preliminary activities, in determining the risk appetite and setting the risk tolerance levels, as defined in the Risk Appetite Framework, and drawing up the risk map, expressing its opinion thereon;
- supporting the Board of Directors, with adequate preliminary activities, in verifying the implementation of the Internal Model in the risk management system and economic and solvency capital valuation and allocation processes;
- assisting the Board of Directors with its evaluation of current and prospective risks and the criteria and methods used in that evaluation, with special reference to the risks considered most significant, also expressing its opinion on the ORSA report of the Company and the Group;
- receiving periodic reports on the capital and liquidity metrics of the Company and the Group, with special reference to situations where the hard and soft thresholds established are exceeded;
- receiving reports, at least every six months, on the investments made by the Group and the development of the private equity and alternative investment portfolios;
- assisting the Board of Directors on plans drawn up to guarantee compliance and business continuity, and expressing its opinion thereon;
- assisting the Board of Directors in assessing the main risks generated or experienced in connection with the non-financial issues as per legislative decree no. 254 of 30 December 2016.

The RCC's duties in areas common to internal control and risk management include:

- expressing its opinion, at least once a year, on the draft Audit Plan and on the related summary of the internal audit activities performed, with a view to their submission to the Board of Directors;
- expressing its opinion, at least once a year, on the draft Compliance Plan and on the related summary of the activities performed by the Compliance function, before they are submitted to the Board;
- expressing its opinion, at least once a year, on the "Activity Plan of the Risk Management function" and the reports on the activities performed by the Risk Management function, before they are submitted to the Board;
- expressing its opinion, at least once a year, on the "Activity Plan of the Actuarial function" and the reports on the activities performed by the Actuarial function, before they are submitted to the Board of Directors;

- reporting on the activities performed and the adequacy and effectiveness of the internal control and risk management system to the Board of Directors at Board meetings called to approve the draft financial statements and the half-yearly reports;
- at the request of the Board of Directors, expressing its opinions on specific aspects regarding the identification of the main corporate risks and the design, implementation and management of the internal control and risk management system;
- preparing the drafting process designed to ensure that the Board of Directors performs its own evaluation of the adequacy of the organisational, administrative and general accounting structure of the Company (in line with the terms of the Corporate Governance Code) and the subsidiaries with strategic importance;
- requesting the Internal Audit function to perform audits on specific operational areas if necessary, possibly notifying the chair of the Board of Statutory Auditors.

## Annex 4 – Responsibilities assigned to the Appointments and Remuneration Committee by resolution of the Board of Directors

The ARC performs consultative, recommendatory and preparatory functions for the Board of Directors on the subject of remuneration. It also expresses its opinion on related-party transactions regarding the remuneration of key management personnel in accordance with the RPT Procedures.

Specifically, the ARC's responsibilities include:

- formulating non-binding opinions and proposals to the Board of Directors regarding the remuneration to which Directors are entitled;
- formulating opinions and proposals on the remuneration policies for members of the governing bodies and personnel, including remuneration plans based on financial instruments, verifying their correct application;
- submitting proposals and/or opinions to the Board of Directors 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 checking that the performance targets have been met; the opinions and proposals relating to Executive Directors are expressed on the basis of a discretionary evaluation which takes account (inter alia) of the following parameters:
  - importance of the responsibilities in the Company's organisational structure;
  - impact on the Company's results;
  - profit and loss figures;
  - attainment of specific objectives specified in advance by the Board;
- expressing non-binding opinions and proposals on the amount of remuneration payable to the General Manager and the parties who hold internal roles in the Company and the Group carrying membership of the GMC, after a proposal by the Group CEO, according to a discretionary evaluation based on the following criteria:
  - the level of responsibility and the risks connected with the functions performed;
  - the results achieved in relation to the objectives set;
  - performance in the case of exceptional tasks;
- periodically evaluating the criteria adopted for the remuneration of Directors and key management personnel, in this latter respect using the information provided by the Group CEO and formulating general recommendations on the subject to the Board of Directors;
- verifying the proportionality of the Executive Directors' remuneration among the directors themselves and compared with the Company's personnel;
- expressing an opinion of the Group CEO's proposal regarding the incentive system for resources belonging to the GLG;
- expressing an opinion on the proposals formulated by the Group CEO regarding the remuneration of the chairmen, executive directors and general managers (or top management executives who hold equivalent positions) of subsidiaries with strategic importance, and of non-executive directors if recruited from outside the Company and the Group;
- reviewing the consistency of the remuneration and incentive systems with the Risk Appetite Framework;
- monitoring whether the decisions taken by the Board of Directors on the basis of the proposals submitted are implemented.

The ARC also performs consultative, recommendatory and preparatory functions for the Board of Directors, with the following tasks:

- submitting opinions, with the support of the GSC, to the Board of Directors regarding its size and composition, and making recommendations regarding the professional figures whose presence on the Board of Directors is deemed advisable;
- proposing to the Board of Directors, after consulting

the GSC, candidates for the position of Director in cases of co-opting, when Independent Directors need to be replaced;

- preparing for the drafting of the succession plan for Executive Directors, if adopted by the Board of Directors;
- proposing to the Board of Directors, after consulting the GSC, the definition of the succession process for the Executive Director(s); expressing an opinion on the Group CEO's proposal for the succession plan for GMC members, identifying, at least on an annual basis, objectives, tools and timing for the execution of the plan;
- expressing an opinion of the Group CEO's proposal regarding policies for the development and management of resources belonging to the GLG;
- formulating opinions regarding the institution of the GMC, establishing which internal roles in the Company and the Group carry membership of the GMC

and, subject to suitable involvement of its members, the appointment and revocation of the appointment of those nominated to hold internal roles in the Company and the Group which carry membership of the GMC, without prejudice to the cases as at article 8.2, item 7 and article 14.4;

- expressing an opinion on the proposal submitted by the Group CEO to the Board of Directors regarding the nomination (possibly by co-opting) 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 of non-executive directors, if selected from persons external to the Company and the Group;
- expressing an opinion on proposals submitted by the Group CEO to the Board of Directors on other appointments or revocations.

## Annex 5 – 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.	√			79 et seq.
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.	√			83
1.C.1.	The Board of Directors shall:	√			40, 77, 81-82
	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;	√			113, 133-136
	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;	√			78-79, 81-82
	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;	√			78 and 87
	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;	√			77-78, 81-82 and 87
	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;	√			77-78, 133-136
	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;	√			17, 84-85
	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;	√			72, 84

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;	√			16, 66 et seq., 80, 84-85  Table 2
	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.	√			124
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.	√			17, 67-71 and 75
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.	√			17 and 74-75
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.			√	66
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.	√			79-83, 86
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.	√			83

## 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.	√			16, 66 et seq., 72-73, 74-75
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.	√			76
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.	√			76
2.P.4.	It is appropriate to avoid the concentration of corporate offices in one single individual.	√			67-71
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.	√			48, 67 and 86

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 and 87
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>	√			83
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>		√		16 and 76
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>			√	76
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>	√			75

### 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>	√			67-71, 76
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>	√			76, 81-82

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>	√			76, 81-82
3.C.2.	<p>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".</p>	√			76
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>	√			67 et seq., 72-74, 87-89
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>	√			76, 81-82
3.C.5.	<p>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.</p>	√			76
3.C.6.	<p>The independent directors shall meet at least once a year without the presence of the other directors.</p>	√			76

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
<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.	√			87-89
4.C.1.	The establishment and functioning of the committees governed by the Code shall meet the following criteria:	√			87-89
	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;	√			87
	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;			√	87-89, 95-97
	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;	√			87-89, 92, 94, 97, 99, 101
	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;	√			88, 91-92, 97
	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;	√			88, 89-91, 94, 100-101
	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.	√			87-101
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.			√	87-89
<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.	√			95
5.C.1.	The committee to propose candidates for appointment to the position of director shall be vested with the following functions:	√			95, 142-143
	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.	√			73, 95 and 142-143
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.	√			74

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
<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.	√			Rem. Rep.
6.P.2.	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.  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.	√			20, 85, Rem. Rep.
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.	√			95, 97
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.	√			85, 95-97
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.	√			102
6.C.1.	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:	√			20, Rem. Rep.
	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;				
	b) upper limits for variable components shall be established;	√			Rem. Rep.
	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;	√			Rem. Rep.
	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;	√			Rem. Rep.
	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;	√			Rem. Rep.
	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;	√			Rem. Rep.
	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.	√			Rem. Rep.
6.C.2.	In preparing plans for share-based remuneration, the Board of Directors shall ensure that:	√			Rem. Rep.
	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;				
	b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria;	√			Rem. Rep.

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
	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.	√			Rem. Rep.
6.C.3.	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.  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.	√			Rem. Rep.
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.	√			20, Rem. Rep.
6.C.5.	The remuneration committee shall:  - 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;  - 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.	√			95-97
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.	√			95
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.	√			97
6.C.8.	According to principle 6.P.5., the press release should provide:  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:  - 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);  - maintenance of rights related to any incentive plans, monetary or financial instruments based;  - benefits (monetary and non-monetary ones) subsequent to the end of office;  - non-competition commitments, describing their main contents;  - any other payment assigned for any reason and in any form;  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;  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;  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.	√			102

## 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.	√			112 et seq.
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Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
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.	√			112 et seq.
7.P.3.	The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities:	√			113
	a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:				
	(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	√			114
	(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;	√			114
	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;	√			114-115, 118-119
	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;	√			114-117
	d) the Board of statutory auditors, also as "audit committee", which is responsible for oversight of the internal control and risk management system.	√			119
	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.				113 and 119
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.	√			89-92, 114
7.C.1.	The Board of Directors, with the opinion of the control and risk committee, shall:	√			81-82, 113
	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;	√			81-82, 113
	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;	√			81-82, 113 and 118
	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;	√			81-82, 112-113
	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.	√			113
	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:	√			81-82, 113
	- 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.				

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
7.C.2.	The control and risk committee, when assisting the Board of Directors shall:	√			90-91
	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;	√			90-91, 114
	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;	√			114
	d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;	√			91
	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;	√			91
	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;	√			90-91, 113-114
	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.	√			89, 113-114
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.	√			91, 119
7.C.4.	The director in charge of the internal control and risk management system, shall:	√			114
	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:	√			81-82, 118-119
	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;	√			42, 118-119
	c) have direct access to all useful information for the performance of its duties;	√			118-119
	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;	√			118-119
	e) prepare timely reports on particularly significant events;				91, 118-119
	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;	√			118-119

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
	g) verify, according to the audit plan, the reliability of information systems, including the accounting one.	√			118-119
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.	√			118-119

## 8. Statutory auditors

8.P.1.	The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	√			102, 106-107
8.P.2.	The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors.	√			106-107
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.	√			106-107
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.	√			106-107
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.	√			108 and Rem. Rep.
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.	√			107
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.	√			119
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.	√			113-114, 119

## 9. Relations with the Shareholders

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.	√			56-59
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.	√			60-61
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.	√			60-61
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.	√			56-58
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.	√			58

Principles and Criteria of Corporate Governance Code		Applied	Not Applied	Inapplicable	Page reference
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.	√			56
<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.	In the event of adoption of the two-tier management and control system, the Code shall be applied according to the following criteria:  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;  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;  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.			√	
10.C.2.	In the event of adoption of the one-tier management and control system, the Code shall be applied according to the following criteria:  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;  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.			√	

# Glossary and acronyms

## **2011 General Meeting**

The Company's Extraordinary and Ordinary General Meeting held on 30 April 2011.

## **2014 General Meeting**

The Company's Extraordinary and Ordinary General Meeting held on 30 April 2014.

## **2015 General Meeting**

The Company's Extraordinary and Ordinary General Meeting held on 30 April 2015.

## **2016 General Meeting**

The Company's Extraordinary and Ordinary General Meeting held on 28 April 2016.

## **2017 General Meeting**

The Company's Extraordinary and Ordinary General Meeting held on 27 April 2017.

## **2018 General Meeting**

The Company's Extraordinary and Ordinary General Meeting called for 17, 18 and 19 April 2018.

## **ACGC**

The Company's Appointments and Corporate Governance Committee, instituted in compliance with the recommendations of the CG Code (art. 5), whose responsibilities were assigned partly to the ARC and partly to the GSC as from 28 April 2016.

## **ALM**

Asset Liability Management.

## **ARC**

The Company's Appointments and Remuneration Committee, set up in accordance with the recommendations of the CG Code (arts. 5 and 6).

## **Articles of Association**

The Company's Articles of Association.

## **Board Committees**

The RCC, GSC, ARC, RPTC and ISC (the latter was IC – Investment Committee until 25 January 2017).

## **Board of Statutory Auditors**

The Company's Board of Statutory Auditors.

## **Board or BoD**

The Company's Board of Directors.

## **Business Unit**

The BUs, which are part of the Group's organisational structure, promote local entrepreneurship and autonomies, and provide international control through the geographical areas and global lines. The 6 Business Units are: the 3 main countries (Italy, France, Germany), the Austria, CEE & Russia conglomerate, Global Business Lines & International, and Group Investments, Asset & Wealth Management.

## **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 this 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, published on the website [www.borsaitaliana.it](http://www.borsaitaliana.it), and ratified by the Company by resolution of the BoD.

## **Chairman**

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

## **Civil Code / CC**

The Italian Civil Code.

## **Company (also 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**

“European Insurance and Occupational Pensions Authority”, i.e., the organisation to which all Insurance authorities in the European Union that are responsible for supervising the European insurance market belong.

**External Auditors**

“EY S.p.A.” (formerly “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 skills and respectability of members of the Company’s governing bodies and those who hold important offices or roles. Approved by the BoD, by way of implementation of the terms of ISVAP Regulation no. 20/2008.

**General Manager**

The Company’s General Manager.

**General Meeting or AGM**

The General Meeting of the Company’s Shareholders.

**General Meeting Regulation**

The Regulation that governs the proceedings of the Company’s General Meeting.

**Generali**

Assicurazioni Generali S.p.A..

**GFRR**

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

**GHO**

Group Head Office. Represents the set of Company functions that perform the strategic activity of guidance and coordination in support of the Business Units.

**GLG**

Global Leadership Group. The group of executives of the Company and the Group who hold the positions of greatest organisational importance and with greatest impact on results and on strategy-making, such as the CEOs of the subsidiaries, the branch managers, the strategic positions in the countries, the business lines and the head office positions with a global impact on the Group’s results.

**GMC**

Group Management Committee. The group of executives of the Company and the Group, with support functions for the Group CEO, who meet to discuss fundamental decisions for the Group, evaluate proposals to be submitted to the Board of Directors, and evaluate the main risks, investments and financial and industrial results. As at 31/12/2016 its members were the Group CEO, who chairs the committee, the Austria, CEE & Russia Regional Officer, the CEO Global Business Lines & International, the Group CFO, the Group CRO, the Group CIO and CEO Asset & Wealth Management, the Group Chief Operations & Insurance Officer, the Group Chief Marketing and Customer Officer, the Group Chief HR & Organisation Officer, and the country managers of Italy, France and Germany.

**Group**

The Company and the Italian and foreign companies subject to its control, pursuant to s. 93 of the CFBA.

**Group CEO**

The Chief Executive Officer, who is the person with chief responsibility for the management of the Company and the Group.

**Group CFO**

The Group’s Chief Financial Officer.

**Group CIO and CEO Asset & Wealth Management**

The Group’s Chief Investment Officer and CEO Asset & Wealth Management.

**Group CRO**

The Group’s Chief Risk Officer.

**GSC**

The Company’s Corporate Governance and Social & Environmental Sustainability Committee.

**IC**

The Company’s Investment Committee, which changed its name (to ISC) and membership on 25 January 2017.

**ICRM Director**

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

**ICRMS or System**

The Group’s Internal Control and Risk Management System.

**Independent Director(s)**

Directors who meet the independence requirement laid down by the CG Code, as confirmed by the Board of Directors.

**Interim financial reports**

Additional periodic financial reports (previously called “Quarterly Reports”) pursuant to s. 82-ter of the Issuers’ Regulation.

**Internal Control Functions**

The Internal Audit, Compliance, Risk Management and Actuarial functions, instituted at GHO.

**ISC**

The Company’s Investment and Strategic Transaction Committee.

**Issuers’ Regulation or IR**

The implementing regulation of the CFBA, in the formulation in force as at the date of this 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, known as the Private Insurance Code).

**ISVAP Regulation no. 25/2008**

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

**ISVAP Regulation no. 39/2011**

ISVAP Regulation no. 39 of 9 June 2011 (Regulation concerning insurance companies’ remuneration policies).

**IVASS**

The Italian Insurance Supervision Institute, i.e., the regulator that supervises the Italian insurance market, to ensure its stability and protect consumers.

**LID**

Lead Independent Director. A figure contemplated by the CG Code, but not present in Generali since, in the Company’s current governance structure, the Chairman of the BoD is a non-executive director and does not control the Company.

**Managing Director or MD**

The Director to whom specific powers have been delegated by the Board of Directors pursuant to s. 2381 of the Civil Code.

**Model or OMM**

The Company’s organisational, management and control model, as required by Decree 231.

**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 as holding company.

**RCC**

The Company’s Risk and Control Committee, set up in accordance with the recommendations of the CG Code (art. 7).

**Register**

The Register of persons with access to privileged information, held by the Company and instituted in accordance with the procedure adopted by the Board of Directors 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), whose responsibilities were assigned to the ARC on 28 April 2016.

**Report**

This “Corporate Governance and Share Ownership Report” relating to the 2017 financial year, approved by the Board of Directors on 14 March 2018.

**RPT procedures**

The Related-Party Transaction procedures approved by the Board of Directors in compliance with CONSOB resolution no. 17221 of 12 March 2010.

**RPT Regulation**

The Related-Party Transaction Regulation, adopted by CONSOB with 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 this Report.

**RPTC**

The Company's Related-Party Transactions Committee.

**RPTSC**

The Company's Related-Party Transactions Sub-Committee, whose responsibilities were assigned to the RPTC as from 28 April 2016.

**SCC or Supervision and Control Committee**

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

**S&G**

The Shareholders & Governance Unit, which belongs to the Company's Corporate Affairs function.

**Secretary**

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

**Shareholders**

The Company's shareholders.

**Site**

The Company's institutional website [www.generali.com](http://www.generali.com).

**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 alternate member(s) of the Company's Board of Statutory Auditors.

**Subsidiary/ies**

The company/companies controlled directly or indirectly by Assicurazioni Generali S.p.A., as defined by the applicable legislation. Generali's governance envisages two categories of subsidiary with strategic importance (hereinafter "Strategic Subsidiary").

The first category is significant for the purposes of evaluation of the adequacy of the organisational, administrative and general accounting systems; in this context, the following companies are classified as Strategic Subsidiaries as at the date of this 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 Deutschland AG, Generali Deutschland Informatik Services GmbH, Generali Deutschland Schadenmanagement GmbH, Generali Deutschland Services GmbH, Generali España Sociedad Anónima de Seguros y Reaseguros, Generali Espana Holding de

entidades de Seguros S.A., Generali Holding Vienna AG, Generali IARD S.A., Generali Investments CEE a.s., 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 Vie S.A., Generali VIS Informatik GmbH, Genertellife S.p.A., Grupo Generali España Agrupación de Interés Económico. The **second category** 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 AG, Generali CEE Holding B.V., Generali Espana Holding de entidades de seguros S.A., Generali Investment Europe S.p.A. S.G.R., Generali Real Estate S.p.A., Banca Generali S.p.A., Generali Holding Vienna AG, Generali China Life Insurance Co. Ltd and Generali Schweiz Holding AG.

**Top Management**

Those who hold the office of Managing Director, General Manager and the senior executives who, at GHO, cover the first reporting lines of the Managing Director or General Manager.

**Vice-Chairman/Vice-Chairmen**

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

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