



BANCA
GENERALI

REMUNERATION REPORT

ORDINARY GENERAL MEETING
22-23 APRIL 2021

REMUNERATION REPORT

Report on Remuneration Policy and Compensations Paid

This document has been translated from that issued in Italy, from the Italian into the English language, solely for the convenience of international readers. The Italian version remains the definitive version.

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ADMINISTRATIVE AND CONTROL BODIES

Banca Generali S.p.A.

Administrative and control bodies related to the term of office until the approval of the Financial Statements for the year ended 31.12.2020

Board of Directors

Chairman	Giancarlo Fancel	
Chief Executive Officer and General Manager	Gian Maria Mossa	
Board of Directors	Giovanni Brugnoli	Non-executive and Independent Director
	Azzurra Caltagirone	Non-executive Director
	Anna Gervasoni	Non-executive and Independent Director
	Massimo Lapucci	Non-executive and Independent Director
	Annalisa Pescatori	Non-executive and Independent Director
	Cristina Rustignoli	Non-executive Director
	Vittorio Emanuele Terzi	Non-executive and Independent Director

Board of Statutory Auditors

Chairman	Massimo Cremona
	Mario Francesco Anaclerio
	Flavia Minutillo

Secretary of the Board of Directors

Carmelo Reale

LETTER OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders,

For Banca Generali, 2021 is the final year of implementation of its 2019-2021 Strategic Plan.

It is therefore fundamental to reach the goals that we have set, also supported by a remuneration structure that guides company behaviour while creating value for our stakeholders.

In a year of profound, sudden changes that have required the Bank and its people to adapt swiftly to an uncertain environment and face considerable challenges, Banca Generali's remuneration policy once again proved effective in reflecting actual company performance through responsible, transparent remuneration mechanisms, which we believe gradually enhance reputation, credibility and consent — fundamental bases for sustainable development of the business in pursuit of creation and protection of value for all stakeholders.

It is therefore my pleasure to present the Banca Generali Group's "Remuneration Report 2021", which continues the approach taken in the previous year in terms of the main elements of the system, goals and strategic levers, and in which we have continued to work on transparency towards all stakeholders. In particular:

- > in line with market best practices and in accordance with the reference legislation, the pillars of our policy and the functional mechanisms of the structure of our incentive systems remain in place, focused on aligning goals and key performance indicators (KPIs) with the targets set for the achievement of strategic results;
- > the Bank has made its commitment to sustainability issues even more explicit, as a key component of our strategy, based on the use of short-, medium- and long-term indicators incorporated into our systems and focused on a wide range of ESG issues;
- > a more content-rich Policy document was prepared with the goal to provide increasingly complete, transparent information to react swiftly and simply to the market's needs with regard to the strategic decisions and remuneration policies adopted.

The goal is to create value over time for all the various stakeholders, while keeping sight of the Bank's mission and values, oriented towards inclusiveness, harnessing individual diversity and customer satisfaction, growth, sustainable development and the Bank's structure.

In this final year of implementation of the strategy, we believe it to be fundamental that the Bank's remuneration and incentive policies continue to strengthen the bond between remuneration, risk and profitability, while also encouraging striving for excellence, which may only be achieved through the development, engagement, awareness and accountability of our people and the creation of value for our shareholders.

I would like to take the opportunity to thank Directors Anna Gervasoni and Vittorio Emanuele Terzi, the Chairman of the Board of Statutory Auditors Massimo Cremona and Statutory Auditors Flavia Minutillo and Mario Anaclerio for their valuable contributions to the Committee's proceedings.

Kind regards



Giovanni Brugnoli

Chairman of the
Remuneration Committee



The background of the page features a dark, almost black, sky-like area with several glowing, white, abstract lines that swirl and loop across the upper half. Below this, there are large, arched windows with dark frames, through which a bright blue sky with some clouds is visible. The overall aesthetic is modern and architectural.

EXECUTIVE SUMMARY

THE MISSION

Guaranteeing competitive remuneration against sustainable performance and growth.

Banca Generali's Remuneration Policy is aimed at reaching the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term goals.

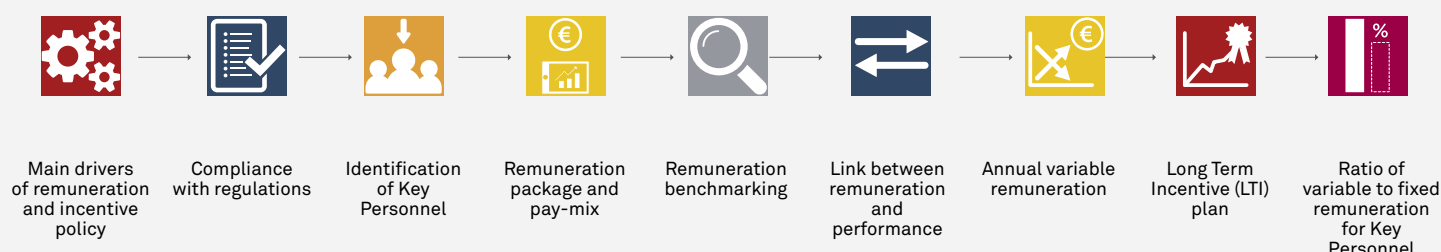
A well-balanced system of remuneration and incentives for the Banking Group's directors and management is deemed key to boosting competitiveness, ensuring a high level of corporate governance and the achievement of medium-/long-term objectives.

Moreover, remuneration, especially with regard to Key Personnel, is useful in terms of attracting, motivating and retaining people with the talent and skills best suited to the Company's needs.

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Summary of Remuneration Approach

Main Elements of the 2021 Remuneration and Incentive Policy



- > Transparency of the remuneration and incentive policy towards all the stakeholders involved.
- > Policies' consistency with the achievement of sustainable performance and growth.
- > Scrupulous and constant regulatory compliance.
- > Limited application of the principle of proportionality, where envisaged by relevant regulatory provisions in force and in compliance with the same.
- > Ongoing monitoring of market trends and practices.
- > Proper definition of competitive remuneration levels in accordance with our Remuneration Policy's pillars.

1. Main drivers of remuneration and incentive policy



- > Definition of the remuneration policy with a view to ensuring simultaneous compliance with Provisions governing the matter in question introduced by Italian and European laws applicable to the banking sector, the regulatory provisions applicable to issuers and the Corporate Governance Code for Listed Companies:
 - Directive 2013/36/UE of 26 June 2013 (hereinafter, CRD), with regard to its provisions on remuneration and incentive policies and practices for banks and banking groups;
 - Circular No. 285 "Prudential Supervisory Provisions Concerning Banks" issued by the Bank of Italy on 17 December 2013 and currently in force;
 - Commission Delegated Regulation (EU) No. 604 of 4 March 2014, setting out qualitative and quantitative criteria to identify Key Personnel (RTS);
 - The Rules for Issuers, as most recently amended on 10 December 2020, on remuneration transparency issued by Consob to complete the process of implementation of Directive (EU) 2017/828 (so called Shareholders' Rights Directive II);
 - Corporate Governance Code;
 - Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, with specific reference to Article 5: Transparency of remuneration policies in relation to the integration of sustainability risks.
- > The Bank closely monitors regulatory developments to adapt this policy to the rules in force from time to time.

2. Compliance with regulations



3. Identification of Key Personnel



- > Identification by the Board of Directors of Key Personnel in line with RTS (Regulatory Technical Standards) qualitative and quantitative criteria applicable from time to time and in compliance with the Bank of Italy's recommendations.
- > Transparency and clarity of policies on processes relating to persons falling within the category of Financial Advisors.
- > Limited application of the principle of proportionality.

4. Remuneration package and pay-mix



- > Remuneration package composed of fixed remuneration, benefits and a variable component, structured so as to ensure a proper balance between these various components for the different categories of personnel.
 - Fixed remuneration: it remunerates the role held and the responsibilities assigned, while also considering the experience and the skills required, in addition to the contribution made to the achievement of business results.
 - Benefits: these are an additional element that make up a substantial component of the remuneration package, according to a total reward approach (benefits are differentiated on the basis of the category of beneficiary, both by type and total value).
 - Variable remuneration: set in annual and long-term incentive plans designed to motivate to achieve business objectives by directly linking incentives to financial and non-financial objectives for the Group, business unit, country, function and individuals.
 - Target total remuneration: the Banking Group's intention is to align remuneration at a competitive level, with individual positioning tied to the performance assessment and potential and the strategic importance of the individual according to a segmented approach.

5. Remuneration benchmarking



- > Analysis of the structure of the remuneration package to ensure a balance between the various components to promote a commitment to contributing to the achievement of sustainable results.
- > With specific regard to Key Personnel, comparative analyses, supported by an independent external advisor, of the practices adopted by a pool of selected competitors. In light of the various obligations relating to remuneration and in order to ensure competitive alignment with the market of reference, the peer group has been defined by reference to major Italian and European peers in terms of capitalisation, total assets, type and size of the business and is subject to annual revision to ensure that it is current. For 2021, in relation to the various underlying purposes and on the basis of the categories of Key Personnel, the main peers used include: Azimut Holding, BancoPosta, Banca Aletti, Banca Euromobiliare, Banca Profilo, Banca Intermobiliare, Banca Mediolanum, Banco BPM, BPER Banca, Credem, Fideuram, FinecoBank, Intesa Sanpaolo Private Banking, Mediobanca, Unipol Banca and Unicredit.
- > The Banking Group's remuneration policy defined, insofar as financial and credit market practices are concerned, on the basis of the results of the ABI annual salary study, with a view to establishing benchmark indicators for the fixed and variable components of the remuneration of the Group's personnel.
- > With specific regard to Key Personnel, definition of the components of the package, also with the support of specific studies conducted by an independent external advisor.

- > Variable remuneration correlated with indicators, which aim at appreciating the weighting of risks of the company or Group, while taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to preventing conflicts of interest.
- > A total bonus pool, determined on an annual basis by the Board of Directors, and to be disbursed provided that the necessary financial stability and liquidity conditions have been satisfied and the requirements for each position have been met.
- > Parameters selected with the aim of assessing long-term sustainability of company performance, in terms of risks assumed and liquidity required.
- > Performance targets set in light of the risk-correction measures most appropriate to the activities performed.
- > Qualitative targets assessed at the level of managers, on the basis of specific KPIs relating to persons and sustainability.

6. Link between remuneration and performance



- > Incentive system linked to yearly performance.
- > Measurement of both individual and Group/Group Companies performances.
- > Economic/financial targets outlined in the budget for the accrual year as reference for the definition of objectives.
- > Non-financial targets specifically linked to the individual performance and the contribution made by the individual beneficiary to important projects of the Banking Group (strategic projects, sustainability objectives).
- > Application of access gates, and malus and claw-back mechanisms.
- > Differentiated deferral periods and payout methods by role and function.

7. Annual variable remuneration



- > Incentive system linked to the three-year performance.
- > Economic/financial objectives of the Banking Group and the Assicurazioni Generali Group as targets.
- > Integration of non-financial targets linked to qualitative and quantitative sustainability objectives.
- > Application of access gates, deferral periods, and malus and claw-back mechanisms.
- > Payout 100% in Banca Generali shares.

8. Long Term Incentive (LTI) plan



- > The cap mechanism ensures that the ratio of total variable remuneration paid in a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed the set ratio.
- > Mechanism, which is applied on a cash basis, also taking account of the effects of bonuses accrued in years prior to the introduction of the cap and of deferred bonuses.
- > Motion submitted to the General Shareholders' Meeting for 2021 to increase to 2:1 the ratio of variable to fixed remuneration for determining the remuneration of 23 members of Key Personnel (of whom 14 Network Managers).

9. Ratio of variable to fixed remuneration for Key Personnel





SECTION *1*

REMUNERATION POLICY

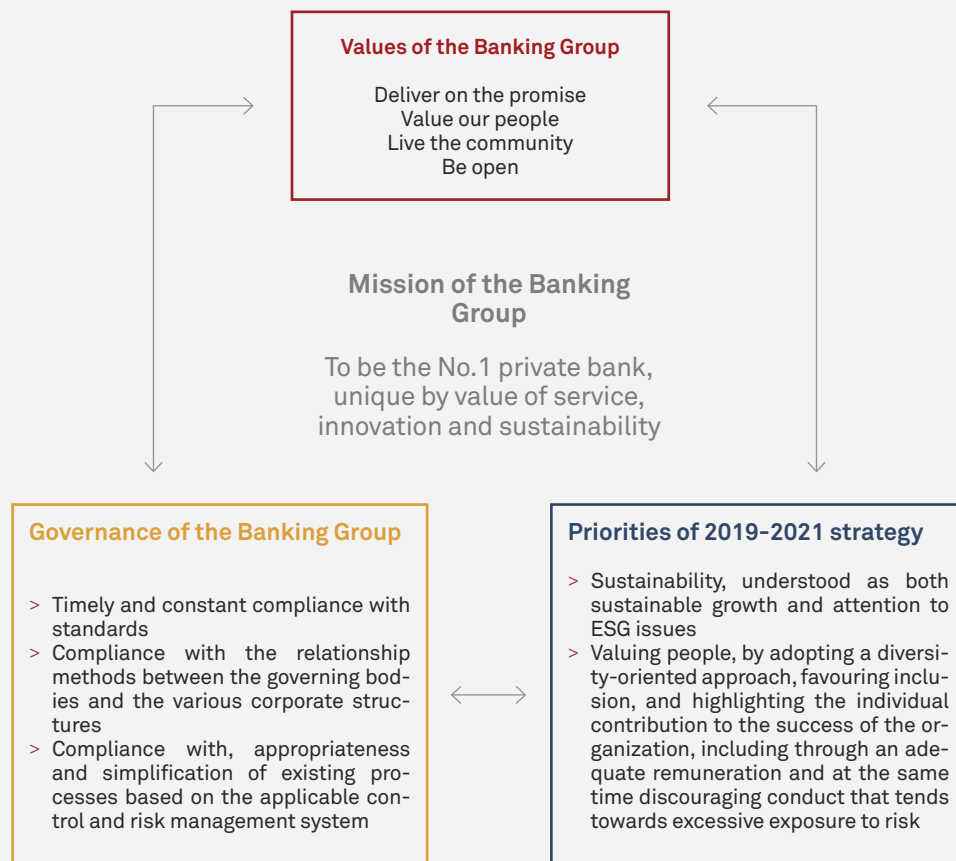


The Objectives of the Policy

Banca Generali Group's policy, a key tool for the Group's strategy, is aimed at ensuring the best possible alignment of the interests of the Banking Group's Shareholders and those of the Management, through careful risk management and the consistent pursuit of long-term strategies.

It is believed that the annual formulation of adequate remuneration and incentive mechanisms for the Bank's directors and management may foster competitiveness, effective governance of the Banking Group and the achievement of the objectives outlined in the strategic plan, with a particular focus on sustainability as an essential element of the pursuit of objectives. In an increasingly complex context and in light of the Banking Group's growing internationalisation, remuneration, especially with regard to Key Personnel, is also useful in terms of attracting and retaining people with the talent and skills best suited to the needs and development of the Company.

In this regard, the Banca Generali Group's Remuneration Policy is determined in compliance with:



The resulting Remuneration Policy supports the mission, values, governance and the new Banking Group's strategy, giving rise to an ongoing interaction that leads to constant fine-tuning of remuneration practices on the one hand, and the consolidation of the above-mentioned elements on the other. The 2021 Remuneration Policy, developed with a view of continuity with the previous year, is consistent with the Group's vision and confirms the value of people as a fundamental competitive advantage in view of achieving sustainable long-term results for our customers and investors.

The primary objective of the Remuneration Policy is to guarantee fair and adequate remuneration for sustainable performances. Towards such end, any action taken with regard to remuneration is informed and shaped by the following principles:

4 guidelines

Fairness
Competitiveness
Consistency
Meritocracy and performance

INTERNAL FAIRNESS

Remuneration is defined consistently with the role and responsibilities held, and the competences and skills shown, and is gender-neutral

MERITOCRACY AND PERFORMANCE

The systems aimed at rewarding merit and performance are consistent with the results and the behaviour held to attain the same, which must be oriented to unwavering compliance with applicable regulations and procedures, as well as constant and focused risk assessment, enhancing talent and professional and personal growth.

CONSISTENCY

The remuneration is similar for comparable levels of job responsibility, taking due account of the type of business and geographical area of reference, as well as other factors that could impact remuneration levels from time to time and are gender-neutral

COMPETITIVENESS

The remuneration level is balanced with reference to that of the markets of reference, whose practices are constantly monitored

In order to ensure the consistent implementation of the Remuneration Policy within the Generali Group, the principles and guidelines set out in the Group Remuneration Internal Policy drafted by Assicurazioni Generali in accordance with applicable legislation have been taken into account when preparing this document, without prejudice to the peculiarities dictated by legislation applicable to the banking sector.

As the Parent Company, Banca Generali prepares the remuneration and incentive policy document for the entire Banking Group, ensures that it is appropriate overall and verifies that it is properly applied, while taking due account of the characteristics of each Group company, in accordance with the legal, market and sector context in which the subsidiaries operate.

In order to comply with and adopt directly applicable sector/country legislation, individual Group companies may draw up a separate Remuneration Policy, provided that they duly implement the guidelines set by the Bank.



Regulatory Framework

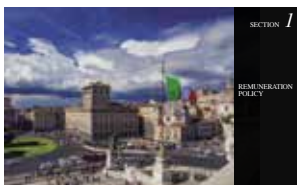
From a regulatory point of view, the Remuneration and Incentive Policy is drafted in compliance with regulatory contents and provisions:

- > the Bank of Italy's Provisions governing remuneration and incentive policies and practices (Circular No. 285 dated 17 December 2013 currently in force), by applying, in certain cases, the principle of proportionality, as defined therein, while taking into account the characteristics, size, risk level and complexity of the business conducted by the Bank and Banking Group. Moreover, Section I and Section II of this document include the provisions of Article 450 of the CRR (Regulation EU No. 575/213);
- > Article 84-*quater* of the Rules for Issuers currently in force, as most recently amended in December 2020, which laid down a comprehensive and systematic regulatory framework governing transparency, as required under Article 123-*ter* of TUF. Under the said rules, issuers are required to draw up a detailed Remuneration Report, without prejudice to the remuneration-related obligations imposed under industry-specific regulations applicable by reason of the business of the listed corporation;
- > the Corporate Governance Code for Listed Companies, most recently updated in January 2020, which requires the approval of a remuneration policy for Directors and Managers with Strategic Responsibilities;
- > to the extent applicable, the provisions of Legislative Decree No. 49 of 10 May 2019, which entrenched the Directive (EU) 2017/828.

The Report is divided into two sections:

- I. The first concerns the Remuneration Policy set by the Bank for the Banking Group and the procedures for adopting and implementing such policy, with regard to:
 - company bodies;
 - the Group's employees and contractors, with a particular focus on the Banking Group's Managers with Strategic Responsibilities and Key Personnel.
- II. The second section provides individual and aggregate quantitative information, by role and function, relating to the application of the Remuneration Policy.

Section 1



Section 2



This document has been therefore drawn up with a view to ensuring simultaneous compliance with the regulatory provisions for the banking industry, legal provisions and the corporate governance provisions applicable to issuers.

The goal is to provide complete, transparent disclosure to respond quickly and simply to the market's needs, as also expressed in the form of the votes and assessments by the shareholders at the 2020 Shareholders' Meeting, with regard to strategic choices and the remuneration policies adopted.

Banca Generali attaches great importance to annual analysis of the outcomes of shareholders' meeting votes and the opinions of the main recipients of its Remuneration Policy in pursuit of constant improvement in the adoption of market best practices by gradually incorporating feedback from shareholders, investors and proxy advisors.

The results of the vote at the 2020 Shareholders' Meeting provided the Bank with a valuable point of reference for assessing this text, which was analysed within the framework of overall governance that characterises the Company's remuneration and incentive policies and systems.

Unless otherwise indicated, the information provided in this Report refers to 25 March 2021 (hereinafter also "reference date"), the date of its approval by the Board of Directors.

Pursuant to 123-*ter* of TUF (as amended by Legislative Decree No. 49 of 10 May 2019), Section I is subjected to a binding vote of the General Shareholders' Meeting, whereas Section II is subjected to an advisory vote.

This Remuneration Policy will remain in force for one year.

New features of the Remuneration Policy

The remuneration policy is generally in line with the previous year and the best market practices, and complies with the relevant laws and regulations.

In this respect, the pillars of our Policy and the short- and long-term incentive systems remain unchanged.

In line with past policies, this Policy:

- > complies with applicable laws and regulations;
- > has been defined by periodically monitoring market trends and practices;
- > is consistent with the achievement of sustainable performance and growth;
- > Enables attraction and retention of professional profiles and abilities adequate to the Banking Group's needs.

The interventions proposed within the framework of the 2021 Policy relate to various areas and also refer to the requests made by shareholders, investors and proxy advisors.

In order to strengthen the connection between the remuneration policy and sustainability issues, in addition to what is already provided to ensure solid ties between individual performance and sustainability of the business (implemented by structuring the variable remuneration of the Company's top management to include a significant portion in shares), the Bank's commitment has been further made explicit in incentive systems through:

- > the use of short-, medium- and long-term qualitative and quantitative indicators focused on a range of ESG issues;
- > the integration of compliance with sustainable finance rules into malus and clawback clauses.

The policy thus encompasses and is consistent with sustainability risk from both an individual performance standpoint and the standpoint of alignment with the interests of investors and stakeholders.

The paragraph relating to the variable component of the remuneration has been amended to also rule, in compliance with the applicable regulations, the methods and conditions for the assignment of retention bonuses, if any, to key figures (other than those falling within the category of Key Personnel).

The policy for payments in the event of termination of employment was further refined by introducing a cap of 24 months of recurring remuneration, inclusive of severance and non-competition agreements. This is also an opportunity for constant alignment with market expectations, while applying a balanced approach, in full accordance with the demands of regulators and applicable specific legislation.

In addition, in light of the changes to the provisions governing the remuneration of listed companies as a result of the endorsement of European Directive 828 of 2017 (Shareholder Rights Directive II), implemented by Legislative Decree No. 49 of 10 May 2019, the Banking Group undertook a general alignment of the policy with the new rules, incorporating into this document the additional disclosures required and continuing with the process already begun in recent years to offer increasingly complete, transparent information in order to respond simply and immediately to the market's requests regarding strategic choices and the remuneration policies adopted.

2020 new features

ESG Indicators

Sustainable finance

Severance

Disclosure

1. Recipients of the Remuneration and Incentive Policy

The Bank of Italy's Provisions refer to "personnel", a category that includes: i) of the members of company bodies vested with strategic oversight, management and control responsibilities; and ii) all employees and collaborators.

The policy outlined in this Report has been formulated and differentiated for the various categories of personnel (employees and non-employees) according to their role/relevant function¹:

- > members of company boards (the Board of Directors, including the Chief Executive Officer/General Manager; and the Board of Statutory Auditors);
- > employees (executives, middle managers and white-collar employees);
- > Financial Advisors authorised to make off-premises offers (hereinafter "Financial Advisors"), bound to the company by agency contracts.

Key Personnel, identified transversally to the categories indicated above, benefit from a specific remuneration policy, formulated in accordance with the "more detailed rules" set out in the Provisions.



1.1 Key Personnel

1.1.1 Process for Identification of Key Personnel

In line with the applicable Provisions, every year the Company's Board of Directors shall carry out a self-assessment, pursuant to the Delegated Regulation (EU) No. 604 of 4 March 2014 and with the support of the Remuneration Committee, for the specific purpose of identifying "Key Personnel", whose professional activity exert or could exert a significant impact on the risk profile of the Bank and the Banking Group, and therefore warrant the application of the more detailed rules.

The process of identifying Key Personnel is carried out by the Bank's Board of Directors on the basis of the provisions, in terms of process and parties involved, of the "Policy for determining the Banking Group's Remuneration and incentive Policies" (approved by Banca Generali's Board of Directors in May 2019), with support from the Human Resources Department, which coordinates the activities involving, in their respective areas of responsibility, the CFO & Strategy Area (Administration Department for the size analyses underlying the assessment of the proportionality principle and Planning and Commercial Control Service for qualitative and quantitative assessments relating to Financial Advisors), Risk Management function (Risk & Capital Adequacy Department) for assessments underlying the analysis of the relevant organisational units and the General Counsel Area for the necessary legal and corporate support. The conformity of the process is assessed by the Compliance function (Compliance & Anti-Money Laundering Department).

The Bank identifies and applies additional criteria beyond those established in the above Regulation to identify additional persons who assume significant risks for the Bank.

In particular, in accordance with the Provisions, additional criteria apply to Banking Group's employees based on the significance of their managerial role, and to Financial Advisors, with particular regard to the main Network Managers, as indicated below.

¹ The policy is also formulated in view of the legislative and market scenario of the subsidiaries in accordance with local and industry legislation.

The conclusions and findings of the activities coordinated by the Human Resources Department are reviewed by the Remuneration Committee and, on the latter's opinion, submitted to the Board of Directors².

Two types of criteria are used, as set out in the Regulation, with the additional criteria applicable to the main Network Managers: qualitative criteria and quantitative criteria.

Application of qualitative criteria

Specific analyses regarding the following are performed for the purposes of application of the qualitative criteria set out in Article 3 of the Regulation:

- > the business units to which the various categories of personnel are attributable. In this area, a specific analysis is reserved for identifying the relevant operating/company units (pursuant to Article 142(1)(3) of Regulation (EU) No 575/2013) to which internal capital is allocated pursuant to Article 73 of Directive 2013/36/EU, accounting for at least 2% of internal capital;
- > the activities performed by the business units concerned;
- > the identification of the roles and responsibilities assigned to individual staff members in respect of the various business units. This analysis takes account of, *inter alia*, the responsibilities assigned by the internal Regulation, participation in internal Committees and the powers of such committees, and the powers and delegated authority conferred;
- > the importance of the managerial role, solely in the case of Financial Advisors assigned an ancillary managerial role.

Application of quantitative criteria

Key Personnel are identified according to quantitative criteria set out in the Regulation considering that according to the Regulation a staff member has a substantial impact on the entity's risk profile where any of the following quantitative criteria is satisfied:

- a) he or she was assigned total remuneration of 500,000 euros or more in the previous financial year;
- b) he or she is among the 0.3% of personnel (rounded to the nearest unit) assigned the highest total remuneration in the previous financial year;
- c) he or she was assigned total remuneration in the previous financial year equal to or greater than the lowest total remuneration assigned to a member of Key Personnel, defined according to several of the qualitative criteria set out in the Regulation.

In this respect:

- > in the case of employees:
 - the Bank includes persons who meet the conditions set out in points a) and b) above among Key Personnel;
 - employees with remuneration of less than 500,000 a euros who were assigned total remuneration in the previous financial year equal to or greater than the lowest total remuneration assigned to a top manager or a person meeting one of the criteria set out in Article 3(1), (3), (5), (6), (8), (11), (12), (13) or (14) are included among Key Personnel — or excluded from Key Personnel, in accordance with the applicable provisions — on the basis of an assessment that takes account of qualitative criteria (position within the organisation, power to bind the Bank, responsibility for market and credit risk) and the allocation of internal capital in respect of the operational risk attributable to each employee;
- > in the case of Financial Advisors:
 - Consistently with the Commission Delegated Regulation (EU) No. 604 of 4 March 2014, the Bank considers Financial Advisors Key Personnel if at the end of the previous year (i) they had received total remuneration (including both the recurring component and incentive) equal to or greater than 500,000 euros and less than 750,000 euros, in accordance with the provisions of Commission Delegated Regulation (EU) No. 604/2014, to which the provisions of Article 4, paragraph 2 (b) of the said Regulation do not apply; ii) had received total remuneration (including both the recurring component and incentive) equal to or greater than 750,000 euros or more and, iii) where not already included among Financial Advisors with remuneration equal to or greater than the above threshold, Financial Advisors who are among the 0.3% of personnel, rounded to the nearest unit, who were assigned the highest total remuneration in the previous financial year;

² In detail, the results of the process of identifying Key Personnel are detailed and recorded in the Self-Assessment Document prepared by the Bank each year and approved by the Board of Directors.

- Financial Advisors with remuneration equal to or greater than 500,000 euros and less than 750,000 euros are subject to specific quantitative criteria (allocation of internal capital for operational risk, risk score assigned by the Network Control Function, possibly complemented by specific evaluations, level of operating losses attributable to each Financial Advisor) and qualitative criteria (position external to the organisational structure, lack of responsibility for market risk or credit risk, lack of power of representation). Where these criteria are met, pursuant to Article 4, paragraph 4, of the Regulation, the Supervisory Authority is notified of exclusion in application of Article 4(2), in respect of the criterion set out in Article 4(1)(a), in the belief that, despite remuneration equal to or greater than 500,000 euros and up to 750,000 euros, the conditions set out in Article 4(2) have been met and thus the staff member in question may be excluded from members of Key Personnel;
- Financial Advisors with remuneration of less than 500,000 a euros who were assigned total remuneration in the previous financial year equal to or greater than the lowest total remuneration assigned to a top manager or a person meeting one of the criteria set out in Article 3(1), (3), (5), (6), (8), (11), (12), (13) or (14) are included in — or excluded from Key Personnel, in accordance with the applicable provisions —, on the basis of an assessment that takes account of the qualitative criteria mentioned in the foregoing point and the allocation of internal capital in respect of the operational risk attributable to each Financial Advisor.

The Bank has decided not to apply to exclude any staff members with total remuneration equal to or greater than 750,000 euros or among the 0.3% of personnel assigned the highest total remuneration in the previous year from Key Personnel.

1.1.2 Overview of the findings of the process of identifying Key Personnel

In application of the process described above, the analysis resulted in the identification of the following as included in the Key Personnel category in the current year³:

CLUSTER	DEFINITION	RTS	KEY PERSONNEL 2021	KEY PERSONNEL 2020	
1) Non-executive Directors	Non-executive Board members, including the Chairman	Article 3,2	8	8	
2) Executive Directors	Chief Executive Officer/General Manager (part of the management body in his management function)	Article 3,1	1	1	
3) Top Management	The Chief Executive Officer/General Manager (part of the management body in his management function), the Deputy General Manager Wealth Management Markets and Products, the Deputy General Manager Commercial Networks, Alternative and Support Channels (each also referred to hereinafter as a “DGM”)	Article 3, 3	2	2	Managers with Strategic Responsibilities
4) Heads of internal control functions	The Head of the Compliance and Anti-Money Laundering Department, the Head of the Internal Audit Department, the Head of Risk and Capital Adequacy Department	Article 3, 4	3	3	
5) Heads of key operating/company units	The Head of the CFO & Strategy Area, the Head of the Finance Department, Head of the Lending Department, the Head of the Asset Management (“AM”) Area, who also acts as Executive Director of BG FML, the Chief Executive Officers/General Managers of subsidiaries that are relevant operating/company units (currently the General Manager of BG FML)	Article 3, 6	5	5	
6) Executive responsibilities in a significant operating/company unit, reporting directly to the member of the personnel heading this unit	The Head of the Private Relationship Manager Area (hereinafter “Private RM”) and the Head of the Alternative and Support Channels Area, Area Manager of the Financial Advisor Networks (hereinafter also “FA Networks”)	Article 3,8	3	2	

³ The names or individual identifying information, roles and responsibilities of the personnel in question – and the excluded personnel – are set out in the aforementioned Self-Assessment Document approved by the Board of Directors, together with all the data and information required in accordance with the Supervisory Provisions.

CLUSTER	DEFINITION	RTS	KEY PERSONNEL 2021	KEY PERSONNEL 2020
7) Head of legal affairs, finance, including taxation and budgeting, human resources, the remuneration policy, information technologies or economic analysis	The Head of the COO & Innovation Area, the Head of the General Counsel Area, the Head of the Human Resources Department, the Head of the Wealth Management Area	Article 3,9	4	4
8) Main managers operating in the Bank's distribution networks	Sales Managers, Area Managers, Head of Business Development Top Wealth Advisors/Top Private Bankers, Recruiting Trainer Italy, Head of Recruiting, Head of Advisory	-	14	14
9) Roles identified by the Banking Group in accordance with the provisions set out in point 6, Section I, Title IV – Chapter 2 of Bank of Italy's Provisions	The Head of the Marketing and External Relations Department of Banca Generali, the Head of the HUB Certificates Service of Banca Generali, the Head of Equity Private Investments, the General Manager of BG Valeur S.A. and the Chief Investment Officer of BG Valeur S.A.	-	5	3
10) Quantitative criterion	Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring component and incentive) equal to or greater than 500,000 euros and less than 750,000 euros, to which the provisions of Article 4, paragraph 2 (b) of the above Regulation do not apply, or a total remuneration equal to or greater than 750,000 euros	Article 4	32	53
Total			77	95

Consistent application of these policies will be ensured if changes, including of a legislative nature, are made that have an impact on the perimeter identified.

1.2 Identification of Managers with Strategic Responsibilities⁴

Pursuant to Consob Resolution No. 18049 of 23 December 2011, the term “Managers with Strategic Responsibilities” is to be construed in line with the definition set forth in Attachment 1 to Consob Regulation No. 17221 of 12 March 2010, as further amended.

Against this background, those persons having authority and direct or indirect responsibility for planning, directing, and controlling the activities of the company fall in the category of Managers with Strategic Responsibilities. In line with Company's corporate policy, this category shall include all the Company's directors (whether executive or otherwise), the acting members of the Board of Statutory Auditors, the members of the Top Management as specified above.

All persons falling within the category of Managers with Strategic Responsibilities are also included among Key Personnel.

⁴ For the intents and purposes of this document, the generic term “managers” must be construed in its technical sense, and therefore, may not be deemed to refer to company directors and acting members of the Board of Statutory Auditors, it being understood that where the context demands, the meaning to be attributed to the said term will be appropriately specified.

2. Principle of proportionality

As already anticipated, said Provisions apply to all “personnel”, save for the rules detailing the remuneration structure designed solely for Key Personnel.

In addition, in application of the principle of proportionality, banks establish their remuneration and incentive policies taking account of their characteristics and size, as well as the risk level and complexity of the business they conduct, so as to achieve the objectives pursued by the regulations.

The regulation in force divides banking groups into three categories for the purposes of application of the principle of proportionality: larger more complex banks, smaller less complex banks and medium-sized banks.

Banca Generali falls into the category of medium-sized banks (and is near in size to the lower limit of its class).

For these banks, Provisions establish that the more detailed rules, pertaining to Key Personnel, may be applied subject to the percentages, and deferment and retention periods equivalent to at least half those established, on an increasing scale based on the Bank's or Banking Group's features.

3. Bodies involved in preparing, approving, revising where necessary, and implementing the remuneration and incentive policy

The roles of the various corporate functions involved in defining, approving, implementing and subsequently assessing the remuneration policy — defined according to provisions on processes and corporate functions involved within the Policy for determining the Banking Group's Remuneration and Incentive Policy"—, are outlined below.

3.1 General Shareholders' Meeting

In compliance with applicable regulations, the General Shareholders' Meeting: i) establishes the remuneration due to the bodies it appoints; ii) approves the remuneration and incentive policy and shared-based remuneration and incentive policies for bodies with roles of oversight, management and control, as well as the remaining personnel; and iii) the criteria for determining any amounts to be paid in the event of early termination of the contract or the post, including limits on such amounts in terms of multiples of annual fixed remuneration and the maximum amount that results from the application thereof. Finally, it iv) decides on the Board of Directors' proposal to set a limit on the ratio of the variable to fixed component of individual remuneration in excess of 1:1, in accordance with Section III, paragraph 1, of the Provisions.

3.2 Board of Directors

The Board of Directors drafts and submits the remuneration and incentive policy to the Shareholders' Meeting at least annually and is responsible for the proper implementation of that same policy. In this context, it (i) establishes the remuneration and incentive systems for the executive directors, general managers, joint general managers, deputy general managers and similar positions, Key Personnel and the heads and top-level staff of company control functions and (ii) ensures that those systems are consistent with the bank's overall decisions in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls.

Bodies involved in the Remuneration policy

General Shareholders' meeting
Board of Directors
Remuneration Committee
Governing Body
Board of Statutory Auditors
Company Control Functions
Human Resources

Within the framework of the resolutions passed by the Shareholders' Meeting, and with the support of the Remuneration Committee, in consultation with the Board of Statutory Auditors, it performs the following activities:

- > determining the remuneration and incentive systems for executive Directors;
- > determining the remuneration and incentive systems for the General Manager and members of the General Management, Heads of the main lines of business, company functions or geographical areas, Heads of the Areas/Departments that report directly to the Board of Directors, Chief Executive Officer or General Manager, heads or Key Personnel of company control functions;
- > identifying individual objectives for such individuals;
- > approving the findings of any procedures for the exclusion of Key Personnel and regular review of the relevant criteria;

Tasks of the Board of Directors

- > checking that the remuneration and incentive systems applicable to persons serving in top managerial positions within the organisational structure take due account of risk containment policies, are consistent with the company's overall decisions in terms of risk assumption, long-term objectives, corporate culture and overall internal control and corporate governance system, and are appropriate to ensuring compliance with the law, regulations and the Articles of Association, together with any codes of ethics or conduct, by promoting compliant behaviour;
- > defining the directives for the hiring and employment of Bank's executives; also yearly submitting to the General Shareholders' Meeting a report, including quantitative information, on the application of the remuneration policies.

The Board of Directors is supported in its work by the Remuneration Committee and, for the purposes of a correct application of the principles and criteria envisaged by the regulation, by the relevant company functions, i.e., the Human Resources Department, the General Counsel Area, the Compliance and Anti-Money Laundering Department, the CFO & Strategy Area (Planning and Control Department, Sales Planning and Control Service), the Risk and Capital Adequacy Department.

The Directors whose remuneration the Board of Directors is called on to express an opinion on do not participate in the discussion and on the deliberations relating to the remuneration concerned.

3.3 Remuneration Committee

Banca Generali has instituted a Remuneration Committee within the Board of Directors. The Remuneration Committee is tasked with assisting the Board of Directors in laying down Company's policies in respect of the determination of the remuneration of the Company's Key Personnel holding the highest offices and those responsible for control functions. The above-mentioned Committee is currently composed of three non-executive, independent members of the Board of Directors, and is responsible for advising and making recommendations to the Board of Directors on matters pertaining to remuneration. The foregoing is without prejudice to the fact that, in accordance with the Corporate Governance Code for Listed Companies and the Committee's Internal Regulations, the Directors whose remuneration the Committee is called on to express an opinion on do not participate in the related discussion.

The Remuneration Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary for the proper discharge of its assigned tasks. The Committee puts forward advisory opinions and recommendations on matters falling within its purview, on a regular basis, and draws up the minutes of meetings and the reports required to ensure the conduct of the Bank's business.

The Committee in office as of the reference date pursuant to applicable laws was appointed by the Board of Directors on 12 April 2018 for a term until the approval of the Financial Statements for the year ended 31 December 2020, and is made up as follows:

NAME AND SURNAME	OFFICE HELD
Giovanni Brugnoti	Chairman of the Committee Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017
Anna Gervasoni	Committee Member Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017
Vittorio Emanuele Terzi	Committee Member Non-executive and independent Director pursuant to the Corporate Governance Code and Article 16, paragraph 1(d) of Consob Regulation No. 20249/2017

Tasks of the Remuneration Committee

- > Providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of the Chairman of the Board of Directors, Chief Executive Officer, and any other executive directors, expressing opinions also on the definition of performance objectives linked to the variable component of remuneration;
- > providing the Board of Directors with non-binding opinions and proposals on the determination of the remuneration of personnel, whose remuneration and incentive systems are decided upon by the Board of Directors — in accordance with laws and regulations in effect from time to time, as well as with the Remuneration and Incentive Policy adopted by the Company — expressing opinions also on the setting of performance objectives linked to the variable component of remuneration;
- > being consulted on issues concerning the determination of criteria to be applied for the remuneration of all Key Personnel, as defined by this Remuneration Policy;
- > expressing a position on the results of the process of identifying Key Personnel, including any exclusions;
- > periodically assessing the adequacy, overall consistency and concrete application of the remuneration policy applicable to Directors, Managers with Strategic Responsibilities and, on the basis of the information provided by the Chief Executive Officer, all personnel whose remuneration and Incentive systems are decided by the Board of Directors — in accordance with laws and regulations in effect from time to time, as well as with the Remuneration and Incentive Policy adopted by the Company — in addition to submitting its relevant proposals to the Board of Directors;
- > monitoring the implementation of decisions adopted by the Board of Directors, also providing the Board with general recommendations on the matter;
- > directly overseeing the correct implementation of rules governing the remuneration of the Heads of corporate control functions, in close collaboration with the control function;
- > providing opinions on the determination of severance indemnities to be offered in the event of early termination of the contract or the post (so-called “golden parachutes”); assessing, where necessary, the effects of such termination on the rights accrued under share-based incentive plans;
- > expressing opinions, also on the basis of the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans are tied, and on the review of the other conditions established for the disbursement of remuneration;
- > expressing non-binding opinions and proposals for any stock options plans and shares allotment or other share-based incentive systems, also suggesting the objectives associated with the provision of such benefits and the criteria for assessing the achievement of those objectives; monitoring the evolution and application over time of any plans approved by the General Shareholders’ Meeting on the Board’s proposal;
- > expressing an opinion to the Board of Directors of the Parent Company on proposals relating to the remuneration of Directors holding special offices in strategic subsidiaries, pursuant to Article 2389 of the Italian Civil Code, as well as the general managers and Managers with Strategic Responsibilities of those companies;
- > preparing all documents to be submitted to the Board of Directors for the relevant resolutions;
- > duly reporting on the activities performed by the company bodies, including the General Shareholders’ Meeting, with the timeliness necessary to allow for due preparation of meetings called to examine matters pertaining to remuneration;
- > participating into the General Shareholders’ Meetings through its Chairman or another Committee’s member;
- > ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration and incentive policies and practices;
- > working with the other Board Committees, in particular with the Internal Audit and Risk Committee, which is tasked with assessing that the incentives granted through the remuneration system duly reflect risks and are commensurate with capital and liquidity levels;
- > carrying out any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

3.4 Governing Body

Identifying the objectives to be assigned to individual Managers, other than those for which the Board of Directors is responsible as part of the policy determined by the General Shareholders' Meeting and the parameters identified by the Board of Directors, is the responsibility of the governing body (identified based on the powers assigned), supported by the Human Resources Department, the General Counsel Area, the CFO & Strategy Area, the COO & Innovation Area, the Compliance and Anti-Money Laundering Department, and the Risk and Capital Adequacy Department, each for the parts within their respective remit.

The process of assigning the objectives to be met in order to receive variable remuneration and determining the maximum amount of such variable component is formally conducted and documented.

3.5 Board of Statutory Auditors

The Board of Statutory Auditors is tasked with expressing opinions on the remuneration of directors holding special offices, and the members of Board Committees, it being pointed out that the said opinions are provided even with regard to the remuneration of the Chief Executive Officer and the General Manager.

The Board of Statutory Auditors also expresses an opinion on the remuneration of heads of control functions.

3.6 Company Control Functions

Without, in any event, exceeding the bounds of their respective spheres of competence, the Bank's control functions collaborate to ensure the appropriateness, regulatory conformity and proper implementation of all remuneration policies and practices.

More specifically:

- > the Compliance function, supported by the Compliance and Anti Money Laundering Department is tasked, *inter alia*, with verifying that the corporate incentive system is in line with objectives of compliance with applicable regulations, the Articles of Association and the self-regulatory provisions, with a view to appropriately containing the legal and reputational risks that arise, above all, in the course of dealings and relationships with customers. The Compliance function submits the results of its assessments to the relevant company boards, recommending corrective action where appropriate; the said results are also reported to the General Shareholders' Meeting on an annual basis;
- > the Risk Management Function, which is performed by the Risk and Capital Adequacy Department, contributes, *inter alia*, to ensuring that the remuneration and incentive system is consistent with the Bank's risk appetite framework of reference (the "RAF"), including by defining the risk indicators to be used for corrective mechanisms (on an ex ante and ex post basis) and expresses a position on the proper activation of such mechanisms;
- > the Internal Audit function, supported by the Internal Audit Direction, is in charge, *inter alia*, of verifying, at least once a year, the compatibility of remuneration practices with approved policy and industry-specific regulations. This function also submits the results of its assessments to the relevant company boards, recommending corrective actions where appropriate; the said results are also reported to the General Shareholders' Meeting on an annual basis.

3.7 Human Resources and Other Functions

The Human Resources Department provides technical assistance and prepares the support materials that inform remuneration policies and their implementation. The Department provides support for the activities performed by the Compliance function (see the previous paragraph), by ensuring, *inter alia*, the consistency of human resource management policies and procedures and the Bank's remuneration and incentive systems.

The Planning & Control Department and the Sales Planning & Control Service are involved in defining remuneration policies, identifying, respectively, the quantitative parameters pertaining to the strategic objectives to which the variable component of remunera-

tion is to be correlated, determining the expense budget, and defining the policies relating to Financial Advisors.

The Project Governance, Outsourcing and Data Management Department is involved in identifying the qualitative parameters associated with company projects, relating to the strategic objectives to be associated with the variable component.

The General Counsel Area and the Administration Department also perform an advisory function for their respective areas of responsibility in legal, corporate, accounting and tax matters.

The Subsidiaries and the other Areas/Departments collaborate by providing access to all data and supporting documents necessary to identifying and monitoring the parameters relating to the strategic objectives to be associated with the variable component.



4. Remuneration package

Remuneration package⁵ of employees is made of fixed and variable components which, in the case of certain managers, may include participation in Long Term Incentive plans designed to link remuneration to the long-term performance of the Banking Group and the Assicurazioni Generali Group.

4.1 Fixed components of remuneration for employees

The remuneration package

Fixed components

Variable components

The fixed components refer to the remuneration of the role, responsibilities and managerial and technical skills of employees used to perform the roles assigned to them, in order to ensure managerial continuity and pursue effective and fair internal remuneration policies that are competitive in respect of the external market. Given the description provided above, the formulation of individual remuneration levels is gender-neutral.

The fixed component accounts for a sufficient proportion of total remuneration to attract and retain resources and simultaneously provide adequate remuneration for job responsibilities even in the absence of additional bonuses or other incentives in light of substandard performance, so as to discourage risk-taking in excess of the Company's risk propensity, with a view to meeting short and medium-to-long-term targets.

Among the fixed components of remuneration, the bank has introduced a Service Allowance. The allowance is a component of fixed remuneration that is in addition to traditional gross annual remuneration and is tied to the specific nature of several roles. The allowance is assigned to compensate a specific role and/or the related responsibilities; it may be renegotiated, with annual or other frequency, according to changes in the specific requirements of the role, but entitlement to collect it ceases if the beneficiary is assigned to a role within the company to which a service allowance does not apply.

The total fixed remuneration provided to personnel includes not only gross annual remuneration, but also service allowances, director's remuneration, as well as the benefits package as described in the paragraph 5.3 below.

Therefore, a significant portion of fixed remuneration components consists of the benefits package, which represents a significant element in terms of fixed remuneration (about 20% for executives and professional areas, and around 30% for managers).

In detail, for managers this includes health cover (which in specific circumstances provided for in internal collective regulations may also be retained following severance), supplementary pension benefits, life insurance, as well as insurance for accidents at work and outside work, and a company car.

The National Collective Labour Agreement for Credit Institutions, supplemented by the Supplementary Company Contract, is applied for executives and professional areas. Social security coverage and pension benefits are therefore uniformly regulated for each different category of staff, in strict compliance with the provisions set forth in applicable collective bargaining labour agreements.

4.2 Variable components of remuneration for employees

Variable components are intended to reward short, as well as medium-to-long term results.

Performance is assessed — taking due account of the population segment and time-span in question — on the basis of the results attained by beneficiaries and the corporate structures they serve and the results achieved by the company/group as a whole.

⁵ Remuneration packages and the related provisions and benefits have been formulated while also taking account of the legislative and market scenario applicable to subsidiaries, in accordance with local and industry legislation.

The aim of the annual variable components of remuneration and long-term incentives is to balance directly the interests of the shareholders and those of management.

Variable incentive-oriented remuneration linked to the performance of the Bank and the Banking Group is determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest. It envisages access gates, whereby failure to meet pre-set stability targets entails forfeiture of the related bonus, but also malus and claw-back mechanisms, as described below.

The following is included among the variable components of remuneration:

- > short-term incentives: Balanced Scorecards and Management by Objectives;
- > medium-to-long term incentives: Long Term Incentive plans;
- > entry bonuses and one-off benefits, where provided;
- > Framework Loyalty Programme for the Sales Network;

Moreover, in accordance with Bank of Italy's Provisions, variable remuneration also includes:

- > stability pacts, extended notice agreements and non-competition agreements (the latter in respect of the share in excess of one year of fixed remuneration);
- > amounts paid in view of or concurrently with termination of the relationship⁶ (described in detail in paragraph 5.1).

The remuneration patterns, both internal and with regards to reference markets and the fixed and variable remuneration components of remuneration, with regards to the main managers and professionals are monitored availing of the service of external independent consultancy firms (for 2020 the service provided by the companies Mercer Italia and Morrow Sodali). More specifically:

- > with regard to Key Personnel, specific analyses in relation to a group of peers, determined, as specified in the introduction, on the basis of Banca Generali's profile, are carried out, including upon request by the Remuneration Committee;
- > the ABI's annual industry-wide study is used for all other personnel.

With reference to job grading, a model incorporating Willis Towers Watson job levelling methodology is implemented. The main corporate managerial positions have already been weighted using the aforesaid methodology.

Lastly, the main benefits of the Banking Group's managers, executives and professional areas (specified, where applicable, in their respective supplementary employment contracts) have been established in light of policies defined by the Group to which they belong.

Remuneration
benchmarking

4.2.1 Ratio of the Variable to Fixed Component of Remuneration and related mechanism

In the Bank of Italy's Provisions, the cap of 1:1 ratio of the variable to fixed component of remuneration for Key Personnel is particularly important. Its aim is to ensure compliance with the ratio of total variable to total fixed remuneration (including all forms of payment or benefit disbursed, directly or indirectly, in cash, financial instruments, or assets in kind not linked to the achievement of individual or company performance results, or the award of which is subject to annual qualitative assessment or other parameters, such as term of service).

The Bank has taken the following measures to ensure that this ratio is maintained:

- > in general, a ratio of variable remuneration to total fixed remuneration less than or equal to this threshold for the above-mentioned personnel;



⁶ In addition to termination indemnity and legal and contractual notice indemnity.

- > for specific individual company personnel (Chief Executive Officer/General Manager, Deputy General Managers, Head of the Asset Management Area, Head of the Marketing and External Relations Department, Head of the Alternative Channels and Support Area, Head of the Wealth Management Area, Head of the COO & Innovation Area, Head of the Equity Private Investments Area, one Sales Manager, nine Area Managers and one Head of Business Development Top Wealth Advisor/Top Private Banker, one Recruiting Trainer Italy, one Head of Recruiting, as well as one Head of Advisory), a reasoned proposal for the General Shareholders' Meeting to deviate from the 1:1 ratio of variable to fixed remuneration, by increasing it up to a maximum of 2:1.

This proposal, submitted by the deadline set by the Bank of Italy, is based on the grounds set out in the specific report, and in particular on the consideration that in a specialist market such as that in which the bank operates, where it must compete with international players, a remuneration package competitive with those of its competitors, for individuals in key roles in its company organisation or managerial roles in its commercial areas, allows the bank to attract and retain individuals with the professionalism and skills suited to the Company's needs and ensure that its business results are achieved, in a manner consistent with applicable regulations.

The cap mechanism ensures that the ratio of total variable remuneration paid in relation to a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed 1:1 (or, where expressly authorised, 2:1). In the event of variable remuneration under loyalty plans or long-term incentive (LTI) plans with a duration of more than four years, including the deferral period, for which a provision is set aside during the year to which it refers and payment is deferred until a later year, the cap mechanism always applies on a cash basis at the time of the actual payment, using (i) as the basis of calculation of fixed remuneration that paid during the year of accrual of the provision and (ii) as the variable remuneration attributable to each year the total amount of the variable remuneration attributed to each year of the plan according to a linear pro-rated approach.

The mechanism refers to the variable remuneration instruments assigned starting in the year in which the cap mechanism was introduced.

Likewise, if the 1:1 (or, where expressly authorised, 2:1) ratio of variable to fixed remuneration is in future modified in an unfavourable manner for one or more individuals, having regard to the year in which the ratio of variable to fixed remuneration is changed, all shares of variable remuneration accrued in years prior to the year concerned, but not yet paid out due to deferral, will be sterilised for the purposes of the calculation.

For the remaining personnel, the ratio of the variable to total fixed components of remuneration is commensurate with the employee's job description and the strategic responsibilities inherent to his or her position within the organisational structure: For managers it generally does not exceed 80%, while for the professional areas and executives it generally does not exceed 40%. For certain categories of personnel, it may reach 100%. In particular, it may reach:

- > the level of 100% (or higher in cases of entry or expiry plans based on net inflow/revenue targets and without guaranteed minimums) for persons operating in operating units of a commercial nature;
- > the level of 100% for "portfolio managers" within the framework of asset management activities, if the assigned results are achieved in full.

Point 6.3 below provides a breakdown of the components of the remuneration packages of the other persons included among Financial Advisors, distinguishing between fixed and variable components.



4.2.2 Bonus pool and access gates

The bonus pool is the total amount allocated annually by the Board of Directors to the payment of the variable component of personnel costs.

⁷ Or more for certain categories of personnel operating on particular markets, for which percentage is defined in accordance with the market context.

The actual bonus pool available for payment of variable remuneration is determined in the year after that of reference and may be disbursed when the requirements are met for each company position, and in any event subject to verification of “access gates”.

The access gate has a twofold objective:

- > taking account of current and prospective risks, the cost of capital and the cash required to undertake the business engaged in within the Banking Group;
- > basing variable remuneration on long-term performance indicators.

For 2021, said mechanism provides for two ratios:

- > Capital ratio: *Total Capital Ratio*⁸, aimed at measuring the extent of the Bank's capital in relation to the degree of risk of the assets held — minimum target ratio of 13%⁹;
- > Liquidity ratio: *Liquidity Coverage Ratio*¹⁰, to increase short-term resilience of the liquidity risk profile of the Bank, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation — minimum ratio of 130%¹¹.

An on/off threshold is set for each ratio. The levels associated with the respective ratios have been determined according to a prudent approach based on medium-/long-term sustainability. In particular, gates have been identified corresponding with thresholds beyond the Bank's capacity, incorporating stress scenarios calling for a combination of particularly adverse events classifiable as systemic in nature and events specific to the Banking Group.

The condition for the bonus pool to be activated is that both ratios are above the minimum threshold set when the final earnings figures for the year are recorded.

The total bonus pool may not be increased based on the Company's performance, but it may be eliminated if the access gates are not reached.

The access gate does not only condition the bonus for the year in question, but also acts as a malus mechanism, from one year to the next, the portions of bonuses accrued in previous years and paid out on a deferred basis in subsequent years.

4.2.3 Malus and claw-back mechanisms

With reference to all types of variable remuneration, the following is envisaged:

- > a specific malus mechanism applies, under which the variable remuneration is not paid in the event of i) proved engagement in behaviour, including behaviour not in accordance with laws, regulations, articles of association, codes of ethics or codes of conduct applied by a bank (hereinafter a “compliance breach”), constituting wilful misconduct or gross negligence to the detriment of customers or the Bank, ii) proved engagement in behaviour, including compliance breaches (as defined above), resulting in a significant loss for the Bank, iii) disciplinary measures or pending non-routine inspections¹², and iv) failure to comply with rules concerning banking transparency and remuneration policies, in accordance with the Supervisory Provisions for Banks and/or provisions concerning sustainable finance;

⁸ *Total Capital Ratio* meaning the Regulatory Capital / Risk Weighted Assets (RWA) (both variables are subject to regulatory disclosure and specified in the explanatory notes to the financial statements, Part F/Information on Shareholders' Net Equity; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year).

⁹ Threshold subject to revision in the event of exceptional, unforeseeable changes in macroeconomic conditions or of deterioration of financial conditions. In the event of extreme discontinuity, the Board of Directors will reassess the fairness and consistency of incentive systems.

¹⁰ *Liquidity Coverage Ratio* meaning the ratio between the stock of [1] high-quality liquid assets (that is to say, easily disposed of for cash on the open market, even during periods of tension, and ideally, subject to placement with a central bank) and [2] the sum total of net outflows during the 30 calendar days following a specified stress scenario; the figures used for calculation purposes are those reported to the Bank of Italy and drawn from the consolidated financial statements as at the end of the year.

¹¹ Threshold subject to revision in the event of exceptional, unforeseeable changes in macroeconomic conditions or of deterioration of financial conditions. In the event of extreme discontinuity, the Board of Directors will reassess the fairness and consistency of incentive systems.

¹² In the event of disciplinary proceedings in progress when variable remuneration is to be paid, payment will be suspended until the disciplinary proceedings are complete. At the end of the proceedings, if the person in question is found to have engaged in the alleged misconduct and is punished accordingly, the malus mechanisms apply.

- > the application of a claw-back mechanism whereby the Bank is entitled to demand the return of variable remuneration up to five years after it is paid in the event of i) proved engagement in wilful misconduct or gross negligence, including compliance breaches, to the detriment of customers or the Bank, ii) proved engagement in behaviour, including compliance breaches, resulting in a significant loss for the Bank, iii) failure to comply with rules concerning banking transparency, anti-money laundering and remuneration policies, in accordance with the Supervisory Provisions for Banks and/or provisions concerning sustainable finance, and iv) conclusion of disciplinary proceedings with a finding that the person in question engaged in the alleged misconduct and should be punished accordingly.

Likewise, the Bank may demand the return of bonuses paid in cases of material errors in figuring the items used to calculate the specific objectives and/or the Group's access gates.

4.2.4 Prohibition of hedging strategies and disclosure of transactions

Personnel may not avail themselves of personal hedging or insurance strategies in respect of their remuneration or other aspects that may alter or undermine the effects of alignment with risk inherent in remuneration mechanisms.

Key Personnel are required to follow the existing procedure — revised as appropriate to reflect the most recent update to the Supervisory Provisions — to disclose transactions and financial investments involving financial instruments issued by companies of the Banking Group or by the Parent Company of the Assicurazioni Generali Group (including derivatives with such instruments as their underlying) and carried out directly or indirectly that could affect risk alignment mechanisms and, more generally, the pursuit of the aims of the Provisions.

4.2.5 Principle of Propriety and the Containment of Reputational Risks

With specific reference to distribution networks, remuneration and incentive systems are designed to ensure compliance with the principle of propriety in customer relations, as well as to contain legal and reputational risks, through the implementation of policies entailing the application of specific, formally stated, quantifiable and verifiable rules and parameters (e.g., number of complaints) which have an impact on the right to collect the incentive.



4.3 Short-term incentives

4.3.1 Balanced Scorecards and Management by Objectives

Short-term variable remuneration is based on the Balanced Scorecards (BSC) mechanism, aimed at the achievement of the earnings and financial results indicated by the budget for the reference year.

The following are normally subject to the Balanced Scorecards mechanism:

- > Chief Executive Officer/General Manager;
- > Key Personnel;
- > executives who do not qualify as Key Personnel, certain middle managers of administrative and staff departments and relationship managers and portfolio managers with managerial roles.

By contrast, employees without managerial roles with relationship manager and portfolio manager duties are typically subject to a different mechanism, Management by Objectives (MBO). For this mechanism, which is in any case based on incentive sheets allowing the use of variables to measure performance and risks as consistent as possible with the decision-making powers of each beneficiary, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives.

The adoption of Balanced Scorecards is intended to translate the strategies set forth in the business plan into a set of objectives that take due account of company risks, and are able to materially influence the Banking Group's overall performance. The objectives are assigned to the relevant persons on an annual basis on individual Scorecards.

The purpose of this mechanism is to achieve maximum strategic alignment of management, as all the positions which are BSC or MBO recipients help to create shareholder value by achieving both financial and non-financial objectives that are in any event measurable.

The objectives and the relevant targets are defined based on the guidelines, differentiated according to the sphere of work and responsibility attributed, and identifying the impact of individual positions on the achievement of the respective targets.

Variable remuneration is tied on a straight-line basis to the degree of achievement of the targets established for individual objectives or the annual and non-recurring assessment of special projects with a significant impact on the development of the business and company performance.

As regards the variable remuneration of most of executives and employees belonging to the professional areas (other than those included in any of the categories specified above), the system used for the calculation of the bonuses, which takes place at annual intervals, is linked to the performance appraisal process and decided on a discretionary basis (as specified in paragraph 4.5).

4.3.2 Performance Indicators and the Main Parametres Used



Variable remuneration is linked on a straight-line basis to the degree to which the targets set for each objective are achieved, since the BSC and the MBO mechanism is based on defining and allocating specific, well defined objectives, each one of which is attributed a target value, and each with a weight indicating its level of priority when compared to the others, as well as performance levels (minimum, target and maximum) expressed through appropriate indicators.

Expected levels of performance are indicated, for each objective, together with the minimum threshold to be achieved to qualify for bonus entitlements, the ceiling above which results are to be considered over performance, and any and all caps on bonuses, where applicable.

The objectives and the relevant targets are defined based on the guidelines differentiated according to the sphere of work and responsibility attributed.

A percentage of the variable remuneration, as stated below, is linked to quantitative financial objectives (with possible normalisation of the performance fee component) pertaining to the results of the Banking Group.

In particular, the following objectives may be assigned:

- > profit and loss account/profitability objectives such as, including, without limitation, Fee Income, Cost/Income, Consolidated Net Profit, Return on Risk-Adjusted Capital (RoRAC), Recurring Net Profit, core Net Banking Income;
- > cost control objectives and commercial development Objectives such as, including, without limitation, Net Inflows, Revenues or similar and Fee Growth, complemented by risk-adjustment measures.

These objectives contribute to determining up to 70% of the short-term variable remuneration of the Chief Executive Officer/General Manager; up to 60% of the short-term variable remuneration of the Deputy General Managers, and up to a maximum of 35% of that of the other Managers and Executives. The percentage in question may also be higher for sales personnel for whom commercial development objectives represent function-specific objectives.

The remaining portion of the short-term variable remuneration is linked to the attainment of quantitative and qualitative objectives — financial and non-financial — established based on the position held, with a view to using performance measuring variables that are, as far as possible, consistent with the decision-making powers vested in each manager.

In particular, in relation to the position filled, the quantitative objectives refer to net inflows, revenues and/or cost objectives for which the beneficiary of the individual scorecard is responsible based on the company budget for the reference year.

The exceptions to these general criteria are the objectives assigned to the Manager in charge of preparing the company's financial reports, the Heads of control functions, and

the Head of the Human Resources Department, who are not linked to the earnings results of the Bank and/or of the Banking Group.

The qualitative objectives, which usually set valuation criteria, refer to projects concerning the Banking Group and require the collaboration of all the beneficiaries of individual scorecards, each one regarding the area within his/her remit, or projects falling under the responsibility of individual departments but which are of general importance.

The Balanced Scorecards of all Key Personnel include indicators tied to the implementation of strategic projects for the achievement of the Plan's objectives.

In addition to these, there are two additional specific focuses, assessed by management on the basis of key performance indicators (KPIs) linked to ESG (Environmental, Social, Governance) objectives relating to:

- > People value;
- > Sustainability commitment.

PEOPLE VALUE

Objective set annually in view of individual development in accordance with the Group's strategy: recognising and harnessing diversity, fostering inclusion, celebrating individual contributions and the organisation's success, while also discouraging conduct that leads towards an excessive exposure to risk.

In 2021, initiatives included in the People Strategy relating to the following may be included in the objective:

- > • Diversity & Inclusion;
- > • Succession Planning;
- > Engagement Survey.

The objective may specifically refer to individual initiatives relating to:

- > Effective management of coordinated structures;
- > Collaboration with the other company's functions;
- > Other people management initiatives.

SUSTAINABILITY COMMITMENT

Objective set annually in line with the priorities of the strategic plan that includes a series of diversified sustainability initiatives correlated directly and indirectly with all ESG (Environmental, Social and Governance) components, thoroughly identified in the individual scorecards.

For 2021, the objective may include initiatives correlated to four different pillars:

- > Sustainable products, with a focus on products, investments and management;
- > Sustainable processes, with a focus on defining/updating internal policies;
- > Sustainable plan, with a focus on defining/updating governance processes;
- > Sustainable people, with a focus on internal/external activities reserved for people.

For bonus assignment purposes, the performance obtained in respect of each objective is verified and duly weighted in the financial year following the year of reference. The sum of the weighted performance levels achieved in respect of each objective then constitutes the overall performance which serves as the basis for quantifying the bonus due, subject to satisfaction of the pre-established access gates to be met in order to qualify for bonuses (attainment of the minimum threshold affording access to bonus entitlements, with the inclusion of mechanisms preventing certain offsetting effects). The foregoing procedure is designed to ensure a close correlation between results obtained and bonuses earned.

The performance levels identified in the objectives are directly linked to the forecasts of the budget approved by the Board of Directors and the achievement of the results, when linked to the P&L results, is verified based on the consolidated financial statements of the Banking Group.

Except as specified above, with reference to the MBO mechanism, with a view to measuring performance and risks through variables that are as consistent as possible with the decision-making powers vested in each beneficiary, quantitative objectives established in terms of the results carried in the consolidated financial statements of the Banking Group may be replaced by individual quantitative objectives associated with the individual function discharged within the Group (without prejudice to the application of the access gates described herein).

4.3.3 Payout: Deferral and Share-based Variable Remuneration

As a general rule, and without prejudice to the more stringent provisions applicable to Key Personnel, all indefinite-term employees with a variable remuneration based on the BSC and MBO mechanisms and/or on a discretionary basis, who accrue, within any given financial year, a bonus in excess of 75,000 euros, are subject to deferral of a portion of their variable remuneration for a period determined, pursuant to the principle of proportionality, as follows:

- > 60% of the amount will be paid after it has been verified that the access gate has been reached, as described above, during the year after the verification by the Board of Di-

rectors of the operating and capital solidity results for the year to which the bonus refers;

- > 20% subject to verification of the results in terms of capital solidity for the following financial year; and the remaining 20%, after a further year, subject to verification of full satisfaction of capital solidity results.

The scheme for the payment and vesting of portions of the bonus is shown below:

		2022	2023	2024	2025	TOTAL
Other employees accruing a bonus > 75,000 euros	Payment					
	Cash (100%)	60%	20%	20%	-	100%
	Shares (0%)	-	-	-	-	0%
		60%	20%	20%	-	
	Availability					
	Cash (100%)	60%	20%	20%	-	100%
	Shares (0%)	-	-	-	-	0%
		60%	20%	20%	-	

Other employees



> 75,000 EURO

Where disbursement of an accrued bonus is deferred, instalments paid in cash on a deferred basis are increased by a return at market rates when paid out.

In the event of termination of employment or service with companies of the Banca Generali Group, beneficiaries lose their entitlement to portions of bonuses that have not yet been paid out, without prejudice to cases of retirement, death or permanent disability, a new position within the Generali Group (including a change of contract from employment to agency, as in the case of a Banca Generali Financial Advisor), another working relationship entailing ongoing professional service for the company, or termination of employment by the company due to company reorganisation (without prejudice, in any event, to the possibility of retaining deferred portions within the framework of agreements for the consensual termination of a relationship).

In the event of death or total disability with respect to the agreed employment services, by way of partial departure from the foregoing, any deferred bonus payments due will be paid immediately, without waiting until the access gate conditions for subsequent years are met.

If the actual bonus accrued falls below or equals the stated threshold of 75,000 euros, it is paid in full after the Board of Directors verifies the P&L results for the year in question and determines that the Banking Group's access gate targets have been met.

For Key Personnel, 25% of the variable remuneration linked to short-term objectives will be paid in Banca Generali shares, according to the following assignment and retention mechanism¹³:

- > 60% of the bonus will be normally paid by the first half of the year after that of reference, 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period¹⁴ of one year;
- > 20% of the bonus will be paid after a further one year from the payment of the first instalment: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- > the remaining 20% of the bonus will be paid after a further two years from the payment of the first instalment: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year.

¹³ Without prejudice, in any event, to fulfilment of any additional retention obligations in accordance with the Corporate Governance Code.

¹⁴ Period of at least six months starting at the end of the accrual period. This clarification applies to all subsequent passages in this chapter in which the retention period is cited.

Key personnel**> 75,000 EURO**

The scheme for the payment and vesting of portions of the bonus is shown below:

		2022	2023	2024	2025	TOTAL
Key Personnel accruing a bonus > 75,000 euros	Payment					
	Cash (75%)	45%	15%	15%	-	75%
	Shares (25%)	15%	5%	5%	-	25%
		60%	20%	20%	-	
	Availability					
	Cash (75%)	45%	15%	15%	-	75%
	Shares (25%)	-	15%	5%	5%	25%
		45%	30%	20%	5%	

In calculating the number of shares to be assigned, a method is applied where: the numerator is defined as 25% of variable remuneration accrued for the actual achievement of targets set for the year of reference, and the denominator consists of the share price (calculated as the average price of the share over the three months preceding the Board of Directors' meeting called to approve the draft Financial Statements and the Consolidated Financial Statements for the year prior to that in which the cycle in question starts).

If the actual bonus accrued, also by Key Personnel, is below the indicated threshold of 75,000 euros, it will be paid in full during the year after that of reference (a portion in cash and a portion in shares) once the Board of Directors has verified the P&L results for the year of accrual and satisfaction of the access gates.

The scheme for the payment and vesting of portions of the bonus is shown below:

Key personnel**< o = 75,000 EURO**

		2022	2023	2024	2025	TOTAL
Key Personnel accruing a bonus < or = 75,000 euros	Payment					
	Cash (75%)	75%	-	-	-	75%
	Shares (25%)	25%	-	-	-	25%
		100%	-	-	-	
	Availability					
	Cash (75%)	75%	-	-	-	75%
	Shares (25%)	-	25%	-	-	25%
		75%	25%	-	-	

Within the Banking Group, in accordance with the regulations, the particularly high amount used as a benchmark for determining deferral periods and the percentage of shares used to pay the deferred portion¹⁵ is set at 25% of the average total remuneration of Italian high-earners, according to the most recent report published by the EBA (425,000 euros in the 2018 EBA report). Where variable remuneration qualifying as a particularly high amount is paid to the persons indicated in paragraph 1.1, point 4, third indent, of the Supervisory Provisions, periods of deferral and payments in financial instruments will be assured, in accordance with the proportionality principle, as required by that same paragraph (overall deferral of no less than 2.5 years and payment in financial instruments of more than 25% for the deferred portion).

In the event of severe market disruption (such as material changes in macroeconomic conditions or worsening of the financial context), the Board of Directors may reassess the incentive system's fairness and overall consistency within the framework of its remuneration governance processes, by implementing the appropriate and/or necessary correction measures, also with specific regard to the reference objectives, and the related assessment metrics and conditions, without prejudice to the limits and general principles of this Policy and the regulatory provisions, as well as the protection, including in prospective terms, of capital and liquidity levels.

¹⁵ The amounts accrued to personnel within the annual BSC and MBO systems normally never exceed the above amount. In addition, the mechanism adopted by the Bank applies deferral in excess of the minimum level established by the Provisions for mid-sized banks.

4.4 Medium-to-long term incentive plans: Long Term Incentive

Plans currently underway

The **medium-to-long term** variable remuneration provided by Banca Generali, with regard to ongoing plans launched in previous years, the recipients of which are the Chief Executive Officer/General Manager, several Managers with Strategic Responsibilities and other managers identified by virtue of the significance of their roles, consists of long-term plans, launched in each year and based on Banca Generali's shares: Banca Generali's Long Term Incentive plan, adopted by the Banking Group as of 2018.

The assignment of shares in connection with the 2018 Banca Generali Group's Long Term Incentive — the performance cycle for which concluded at the end of 2020 — will take place in April 2021 (see Section II of this Report)

It should be noted that the cycle of long-term plans based on shares of Assicurazioni Generali ended in 2017.

The assignment of shares relating to the 2019 and 2020 LTI plans will occur in 2022 and 2023, respectively.

2021 LTI Plan

A long-term incentive plan based on shares of Banca Generali, the Banca Generali Group Long Term Incentive plan (2021 LTI Plan), is in place for 2021.

In accordance with applicable laws and regulations, and with best practice in this area, the plan aims to pursue the goal of increasing the value of Banca Generali's shares, while also aligning the economic interests of the beneficiaries with those of shareholders.

The plan's goals are thus as follows:

- > to establish a correlation between the variable component of remuneration tied to medium-to-long term objectives and the creation of value for shareholders, with an eye, in any event, to the sustainability of the Group and its actual results;
- > to develop a culture of performance according to a group approach;
- > to contribute to the creation of a balanced mix of fixed and variable components of the beneficiaries' remuneration;
- > to increase management retention at the level of the Banking Group.

In keeping with market practice and investors' expectations, it is expected that the shares will be assigned and made available to the beneficiaries over a deferred long-term period, contingent on the achievement of performance conditions by the Banca Generali Group and the Generali Group and verification of achievement of the related access gates, as detailed below.

The plan is based on the following fundamental aspects:

- > the incentive linked to the satisfaction of objectives is paid out through the assignment of ordinary shares of Banca Generali S.p.A.;
- > the right to receive the shares is linked to verification of satisfaction of an access gate set by the Board of Directors and constituting a condition precedent in this sense;
- > the overall assessment of performance is based on Banca Generali Group objectives (with a weight of 80%) and additional Generali Group objectives (with a weight of 20%), as shown in the tables below.

Beneficiaries

The beneficiaries of the Long Term Incentive (LTI) plan include the Chief Executive Officer/General Manager, the Deputy General Managers, the General Managers of the Banca Generali Group's subsidiaries, the Areas/Departments heads reporting to the Chief Executive Officer and the Deputy General Managers, and other managers, excluding control functions.

The beneficiaries are identified by the Board of Directors upon the launch of the Plan, in light of the significance of the role played within the Banking Group, provided that such role is also significant for the Generali Group.



Plan structure and mechanisms

The Plan states that the number of shares actually assigned at the end of the performance period is directly correlated with the achievement of the Banking Group Objectives and Generali Group Objectives.

In light of the use of Banca Generali treasury shares, it was deemed necessary to assign a greater weight to the Banking Group's performance, i.e., 80% for the indicators of the Banca Generali Group and 20% for those of the Generali Group.

The following objectives have been identified:

- > Banking Group objectives, tied to objectively measurable indicators: tROE¹⁶, Adjusted Eva¹⁷ and AUM ESG¹⁸, the latter used as multiplier/demultiplier in a range of x0,8 to x1.2; and
- > Generali Group objectives, tied to objectively measurable indicators: relative TSR¹⁹, Net Holding Cash Flow²⁰ and an indicator reflecting the rating, presence and positioning of the Generali Group in the main ESG sustainability indices: MSCI ESG rating - MSCI²¹ - and S&P Global Corporate Sustainability Assessment Percentile (S&P)²² used as multiplier/demultiplier in a range of x0,8 a x1.2.

The access gate conditions consist of:

- > two indicators representing the specific access gates for the Banking Group tied to the Total Capital Ratio and Liquidity Coverage Ratio, on which the right to assignment of the shares (100%) is contingent; In each year of the plan and at the end of the three-year performance period, the level of achievement of the access gates is assessed;
- > an indicator representing an access gate for the Generali Group linked to the Regulatory Solvency Ratio, on which the right to the assignment of the part of the shares tied to the satisfaction of the Generali Group Objectives (20%) is contingent. In each year of the plan and at the end of the three-year performance period, the level of achievement of the access gate is assessed. The access gate is set in terms of a Regulatory Solvency Ratio of 130%²³ or the different percentage set by the Board of Directors from time to time²⁴.

¹⁶ With reference to the Banking Group, this indicator is the ratio of net profit and average adjusted net equity, with the exclusion of intangible assets.

¹⁷ With reference to the Banking Group, the indicator that expresses the creation of value through the adjustment of Recurring Net Profit (with reference to the Banking Group, net recurring profit with the exclusion of extraordinary items) of the cost of capital element.

¹⁸ With regard to the Banking Group, Asset Under Management (AUM) of retail funds and insurance and financial underlying assets with ESG (Environmental, Social and Governance) rating assigned by a third-party provider.

¹⁹ With reference to the Generali Group, the total return on shareholder investment calculated as the change in the market price of the Generali Group's shares, in which distributions or dividends reinvested in the shares are included, as compared to a list of selected peers: Aegon; Ageas; Allianz; ASR Nederland; Aviva; Axa; Cattolica; CNP Assurances; Intesa San Paolo; Mapfre; NN Group; Poste Italiane; Powszechnego Zakladu Ubezpieczen; Sampo; Unipol; Uniq; Vienna Insurance Group; Zurich. The foregoing is without prejudice to the possibility that the Generali Group's Board of Directors may reconsider the inclusion of peers subject to takeovers or extraordinary corporate transactions.





²⁰ With reference to the Generali Group, the net cash flows available at the level of the parent company in a given period, after holding expenses and interest costs. Its main components, from a cash perspective, are: remittances from subsidiaries; the result of centralised reinsurance; interest on financial debt; expenses and taxes paid or reimbursed at the level of the Parent Company.

²¹ With reference to the Generali Group, the result of the ESG assessment provided by MSCI (Morgan Stanley Capital International) in the multi-line insurance and brokerage sector.

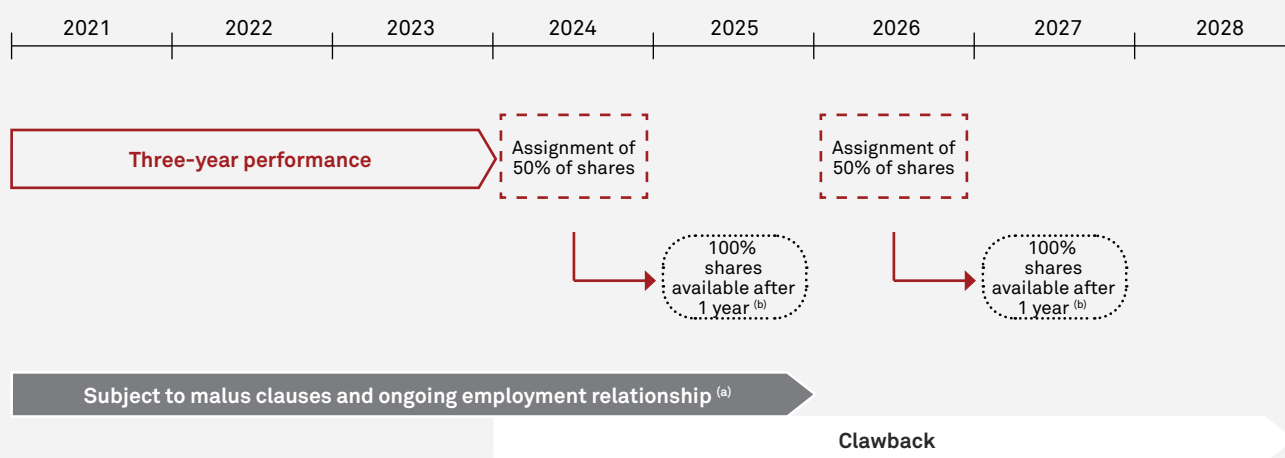
²² With reference to the Generali Group, ranking of the score assigned by Standard & Poor's global corporate sustainability assessment in the insurance sector.

²³ This percentage will be applied to all outstanding incentive plans.

²⁴ This assessment represents a malus mechanism whereby the number of shares to be definitively assigned may be reduced or completely eliminated (for the share of 20% of the objectives) if the value of the Regulatory Solvency Ratio is below the established threshold. Moreover, the Board of Directors has the power to reduce the number of shares to be assigned permanently should the Regulatory Solvency Ratio be lower than the soft limit level provided for by the RAF (equal to 150%, and in any case exceeding 130%).

ENTITY	ACCESS GATE AND MECHANISM	
	ACCESS THRESHOLD NOT REACHED	ACCESS THRESHOLD REACHED
Gruppo Banca Generali	Total Capital Ratio < 13% Liquidity Coverage Ratio < 130% No opportunity of assignment maturity 	Total Capital Ratio ≥ 13% Liquidity Coverage Ratio ≥ 130% Ok to opportunity of assignment maturity 
Gruppo Generali	Regulatory Solvency Ratio < 130% 20% decrease of assignment maturity <i>If RSR < 150%, the Generali Group's BoD will consider possible reductions of the number of shares to be assigned</i> 	Regulatory Solvency Ratio ≥ 150% 

The plan's structure is as follows:



(1) Without prejudice to the cases of 'Good Leaver'.

(2) Net of the shares assigned that could be disposed of by Beneficiaries in order to enable them to bear the tax charges related to the assignment.

In keeping with market practice and investors' expectations, the shares are to be assigned and vest for the beneficiaries over a total period of seven years.

During the vesting period, in each year of the plan and at the end of the three-year period, the Board of Directors assesses the level of achievement of the Banking Group access gates and the Generali Group access gate indicated above.

Once it has been determined that the access gates have been reached, it is then assessed whether the objectives of the Banking Group (80% weight) and the Generali Group (20% weight) have been achieved.

The performance level is expressed in percent terms on the basis of the achievement of the objectives, determined in respect of independent baskets relating to Adjusted EVA and TROE and Net Holding Cash Flow and rTSR, respectively.

The final results of the baskets are calculated using the linear interpolation method. In the specific case of the Generali Group's TSR, the related payment is to be made if the Group's ranking is equal or higher than the market median.

The ESG multiplier/demultiplier mechanism will take into account the following elements:

- > with reference to the Banking Group:
 - the three-year average of Asset Under Management (AUM) of retail funds and insurance and financial underlying assets with ESG (Environmental, Social and Governance) rating assigned by a third-party provider;

- > with reference to the Generali Group:
 - the MSCI ESG indicator, based on the result of the assessment for 2023 carried out by Morgan Stanley Capital International;
 - the S&P indicator, based on the three-year average of the score assigned by Standard & Poor's global corporate sustainability assessment in the insurance sector.

The maximum performance level is an overall 175% for members of the Top Management, whereas it is 87.5% overall for the other beneficiaries²⁵.

Banca Generali group (80%)

% LTI VESTING	50%	+	50%	SUSTAINABILITY	
	ADJUSTED EVA		TROE	Multiplier/ demultiplier	AUM ESG
0%	< 110 million		< 30%	0.8	< 8%
Target vesting	115 million		33%	X 1	10%
Maximum vesting	≥ 120 million		≥ 39%	1.2	≥ 13%

Gruppo Generali (20%)

% LTI VESTING	50%	+	50%	SUSTAINABILITY		
	NET HOLDING CASH FLOW		TSR RELATIVO	Multiplier/ demultiplier	MSCI	S&P
0%	≤ 6.6 billion			0.8	2023 rating < A	< 75° percentile
Target vesting	≥ 7.1 billion		≥ 50° percentile	X 1	2023 rating ≥ AA	≥ 90° percentile
Maximum vesting	≥ 8.1 billion		≥ 90° percentile	1.2	2023 rating AAA	≥ 95° percentile

(*) Banca Generali targets are stated net of the one-off component of the contributions to bank rescue funds (FITD/BRRD).

Note: Values of reference: final calculation based on linear interpolation in line with the method used in the previous year.

Assignment of shares

The maximum number of shares that may be assigned is determined at the start of the plan.

The potential maximum bonus to be paid in shares corresponds to 175% of the gross annual remuneration of the plan participants for Top Managers²⁶ and to 87.5% for other beneficiaries.

Consequently, the maximum number of shares that may be assigned is calculated as the ratio of the maximum amount of the bonus to share value, the latter calculated as the average price of the share during the three months prior to the session of the Board of Directors called to approve Banca Generali's draft financial statements and the consolidated financial statements for the year prior to the start of the plan.

The final assessment of the effective achievement of the defined objectives is conducted at the end of a three-year period.

²⁵ The performance targets are 100% for the Top Management (including the Chief Executive Officer/General Manager) and 50% for the other beneficiaries.

²⁶ The maximum number of shares assigned to the Top Management on an annual basis is presented in detail in Section II of this Report, paragraph 2.3.

The shares actually accrued will be assigned according to the following scheme:

- > at the end of the three-year performance period, 50% of the Shares accrued on the basis of the results achieved are to be assigned; said shares are subject to a retention period of one year²⁷;
- > the remaining 50% of the Shares accrued will be subject to an additional two years' deferral²⁸, during which the portion accrued may be reduced to zero if the Banking Group Gates set in the Plan are not reached, or if a malus event occurs, and provided that the Relationship with the Banking Group continues as at that date; shares are subject to a retention period of one year²⁵.

The retention periods of the shares, as indicated above, will remain in effect even after the termination of the relationship with the beneficiary, without prejudice to the power of the Board of Directors, or of a specifically authorised director, to redefine the terms and conditions of all the restrictions indicated above, including on the basis of assessment of the beneficiary's overall remuneration, or of the shares assigned in execution of the various incentive plans. The foregoing is without prejudice to any other retention obligations imposed by the Corporate Governance Code.

The plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector.

There are specific regulations governing the consequences of termination of employment on the rights assigned to beneficiaries, as illustrated in detail in the information document prepared pursuant to Article 114-*bis* of TUF.

For the purposes of implementation of the Plan, the ordinary shares assigned at no cost to the beneficiaries of the plan will derive, in whole or in part, from the treasury shares that the Company purchases under specific authorisation from the Shareholders' Meeting pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code.

If there are factors that may influence the constituent elements of the plan (including, without limitation, extraordinary transactions involving Banca Generali and/or the Banking Group and/or the Generali Group, capital transactions, amendments to the laws or changes in the scope of the Banking Group and/or the Generali Group, compliance with specific industry legislation, changes to long-term strategic plans, etc.), the Board of Directors may make the amendments and additions to the structure of the plan deemed necessary or appropriate in order to maintain its substantive and economic content unchanged, within the limits of the legislation in force from time to time.

In addition, in the event of severe market disruption (such as material changes in macro-economic conditions or worsening of the financial context), the Board of Directors may reassess the incentive system's fairness and overall consistency within the framework of its remuneration governance processes, by implementing the appropriate and/or necessary correction measures, also with specific regard to the reference objectives, and the related assessment metrics and conditions, without prejudice to the limits and general principles of this Policy and the regulatory provisions, as well as the protection, including in prospective terms, of capital and liquidity levels.

In accordance with applicable sector legislation, the Company may also pay individual plan beneficiaries — in lieu and in replacement of part or all of the assignment of the shares — a cash payment calculated on the basis of the value of the shares in the month prior to the assignment date, without prejudice to satisfaction of the other relevant terms and conditions of the plan.

Award and actual payment will be subject to malus and claw-back clauses.

As resolved by the Shareholders' Meeting with regard to the limit on the ratio of the variable to fixed component of remuneration, the cap mechanism provided for in the Remuneration and Incentive Policy is applied to Key Personnel, where appropriate.

²⁷ The Beneficiary may nonetheless alienate only a number of Shares equivalent in value to the amount of tax charges borne by the Beneficiary in respect of the allocation.

²⁸ Where the value of the Shares accrued to beneficiaries belonging to the categories set out in paragraph 1.1, point 4(3), of the Circular qualifies as a "particularly large amount" (as identified in the Remuneration Policy), the assignment of the deferred portion will comply with the criteria specifically indicated in the Remuneration Policy in effect from time to time (applying in particular to a deferral period of 2.5 years from the end of the performance period).

4.5 One-off bonuses

Any one-off bonus, in any case of a limited amount, determined on a discretionary basis as part of the performance assessment process, may be paid with annual frequency to employees in the middle manager and white-collar employee categories who are not beneficiaries of the BSC/MBO mechanism.

In addition, modest one-off amounts may be granted to the remaining employees in respect of particular activities performed and the commitment shown to implementing projects not already included in the BSCs/incentive documents for the year of reference. However, these amounts will still be subject to all rules applicable to the Bank's variable remuneration in relation with the category to which the beneficiary belongs (e.g., deferral and retention obligations; payment in financial instruments; malus and claw-back mechanisms).

4.6 Entry bonuses

On an exceptional basis, so as to attract key figures from the market, specific one-off incentive payments may also be granted at the time of recruitment. These incentive payments, that are envisaged in exceptional cases only, may be granted exclusively in case of recruitment of new staff, and solely during the first year of service. They are not granted to the same person more than once, whether by the Bank or by another Banking Group company. In accordance with the Bank of Italy's Provisions, entry bonuses are not subject to the rules governing the structure of variable remuneration; when they are paid in a lump sum upon entry, they are not considered when calculating the limit on the ratio of variable to fixed remuneration.

4.7 Retention bonuses

On an extraordinary basis, in order to retain key figures — other than those belonging to Key Personnel — from the market, specific one-off bonuses may be granted where there are justified, documented reasons relating to the retention of personnel ("retention bonus"). Such retention bonuses may not be paid before the end of the pre-determined period or the occurrence of the established event and, while not linked to performance objectives, constitute forms of variable remuneration and as such are subject to all rules applicable to them, including those on the cap of the variable to fixed ratio. The same staff member may not be granted multiple retention bonuses for the same reasons or simultaneously on the basis of different reasons.

4.8 Framework Loyalty Programme for the Sales Network

The purpose of the Framework Loyalty Programme is to create a loyalty-building tool aimed at the sales network and to provide incentives for the achievement of the company's objectives, while ensuring that customers receive increasingly strong service, in view of the enhancement of the value of Banca Generali, through participation, following approval from one year to the next by the competent company bodies, in a maximum of eight individual plans that allow participants to accrue the right to payment of a bonus for each individual participation.

Financial Advisors authorised to make off-premises offers and Relationship Managers of Banca Generali who have at least five years of company seniority by 31 December of the financial year before that of reference of the Plan in question may access each Plan.

Individual bonuses will be subject to an increasing period of deferral, as clearly defined in the specific document that governs the Framework Loyalty Programme for the Sales Network, in accordance with applicable provisions.

The Bonus and, more generally, all benefits deriving from the Framework Loyalty Programme will constitute a payment of an extraordinary, discretionary and non-contractual nature and under no circumstances may be considered an integral part of the normal remuneration of each of the Beneficiaries.

During the financial year of reference of each Plan, Banca Generali's Board of Directors will decide whether to submit the settlement of a part of the Bonus, in any event not exceeding 50%, in Banca Generali shares, for approval by the Shareholders' Meeting, on the understanding that the remainder of the Bonus will be paid in cash.

For financial year 2021 it was decided to settle 50% of the bonus in shares (see the Information Document drafted pursuant to Article 84-*bis* of Consob Regulation No. 11971 of 14 May 1999, as amended and extended) related to the 2021 Network Loyalty Plan, regulated under the Framework Loyalty Programme of Banca Generali.

Disbursement and actual payment will be subject to the malus and claw-back clauses set out in the current Remuneration Policy, as provided for in the document that governs the Framework Loyalty Programme for the Sales Network.

With regard to Key Personnel, in accordance with the decision of the Shareholders' Meeting concerning the limit on the ratio of the variable to fixed components of remuneration, the above-mentioned cap mechanism will be applied, where appropriate, at the Accrual Date of each Plan.

5. Other Features of the Remuneration System²⁹

5.1 Term of contracts, notice and indemnity mechanisms in the event of early termination of the relationship

This section sets out the limits, criteria and conditions of disbursement of the economic benefits, if any, that may be granted – in addition to termination indemnity and legal and contractual notice period (where applicable) – in the event of termination of employment or service and/or early departure from office (hereinafter also “severance”).

The following should be noted in this regard:

- a) the Directors (who do not also have employment relationships with the Bank) operate under the relevant three-year company mandate and, normally, do not have any contracts or agreements with the Company, nor does any notice period apply to them, in accordance with the nature of the relevant relationship;
- b) Managers with Strategic Responsibilities (who fall within the broader category of Key Personnel) normally operate under an permanent executive employment contract; the notice period, due by law in the case of termination by the company's initiative (in the absence of just cause), is normally calculated on the basis of the provisions of the collective contract currently applied by the Company (National Collective Labour Agreement for Credit Managers).

In particular, the current Chief Executive Officer and General Manager is also a party to a directorship relationship with the Company (with a term of three years, subject to extension from time to time as approved by the General Shareholders' Meeting) and to an permanent executive employment relationship (governed, as in the case of the other Managers with Strategic Responsibilities, by the Collective Agreement for Credit Managers, and to which, under the law, a notice period of the length provided for in the aforementioned collective agreement therefore applies).

The individual contract in force at the date of reference with the Chief Executive Officer/General Manager contains specific contractual provisions governing the termination of the relationship, which call for — in precisely identified³⁰ cases of termination of the executive relationship (or dismissal from office or mandate) — the payment, in addition to the notice period due by law and collective agreement³¹, of an amount to be calculated on the basis of the predefined formula illustrated below.

The contract also provides, following termination of the relationship (except for some specific cases), for a non-competition agreement with a duration of six months, in return for consideration equal to the fixed remuneration established for the corresponding period of reference and a penalty equal to twice that amount.

Severance will be calculated on an overall basis in accordance with the limit indicated below.

With regard to the category of the other Key Personnel (which also includes non-executive Directors and Managers with Strategic Responsibilities), there are not currently in place any agreements governing termination of the relationship on an ex-ante basis.

²⁹ Remuneration packages and the related provisions and benefits have been formulated while also taking account of the legislative and market scenario applicable to subsidiaries, in accordance with local and industry legislation.

³⁰ In line with the provisions applying to all the employees, the Chief Executive Officer and General Manager may be granted a severance indemnity exclusively in the event of termination of relationship due to withdrawal by the Company without cause or in case of resignation for cause (this specific case includes the event of substantial negative change in the role held).

³¹ Or to the payment of the relevant substitute indemnity, calculated in accordance with the law and collective agreement.

Any agreements reached with any members of Key Personnel upon termination of employment (and any new contracts signed, following approval of this Policy, to govern the termination of the relationship on an ex-ante basis) are formulated in accordance with the limits and criteria set out below.

The Bank defines severance pursuant to the legislation in effect from time to time and according to the following general criteria³² (weighted and balanced in the light of the particularities of each concrete case):

- > length of the relationship;
- > the performance, net of risks, of the person concerned and the said person's individual behaviour;
- > the bank's performance, net of risks, and of capital and liquidity levels;
- > the age and other particular conditions of the person concerned;
- > the company's interest in securing consensual termination of the relationship;
- > the reasons for terminating the relationship and risk of litigation in the alternative case of unilateral withdrawal by the Bank.

In the event of early termination of the employment and/or service, the interested party³³, in compliance with current provisions of laws and contracts, and in addition to the notice in the applicable provisions of laws and/or the national collective labour agreement, may be granted an all-inclusive lump-sum indemnity, if any, for an amount equivalent to a maximum of 24 months of the so-called "Recurring Remuneration"³⁴ (defined as (i) for employees gross annual remuneration increased by the average amount actually collected by way of the short-term component of variable remuneration (BSC/MBO) in the past three years, and (ii), for Financial Advisors, the average of their recurring remuneration³⁵ of the latest period). The above mentioned 24-month limit is to be intended, beginning from 2021, as also inclusive of the consideration due for non-competition agreements, if any (as indicated below in paragraph 5.2).

In the event that the positions of Chief Executive Officer and General Manager are filled by the same person, when calculating the amount, account shall be taken of the total sum of amounts due by way of gross annual remuneration, compensation for the office of director and the average amount actually collected by way of the short-term component of variable remuneration in the past three years for each of the offices concerned.

The use of Recurring Remuneration to calculate the monthly severance payment permits the Bank to quantify severance in a way that takes into account the performance of the person in question over time, since it is this performance, as stated above, that determines the value of the variable remuneration, if any, paid to the said person during the three years prior to termination of the relationship.

In accordance with the Bank of Italy's Provisions, where severance is determined according to predefined formulae, within the framework of an agreement intended to settle a current or potential dispute, severance is not considered when calculating the maximum ratio of variable to fixed remuneration set for Key Personnel. The Bank has thus created the following predefined formula for Key Personnel (without prejudice to the clarification provided below), in accordance with the laws and regulations in effect from time to time, and subject to the criteria and limits set out above:

Base Amount +/- Corrective Factors

The Base Amount is calculated on the basis of seniority of company service, as follows:

- > up to 3 years: 6 months of Recurring Remuneration;
- > over 3 years, up to 6 years: 8 months of Recurring Remuneration;
- > over 6 years, up to 10 years: 10 months of Recurring Remuneration;
- > over 10 years, up to 15 years: 12 months of Recurring Remuneration;
- > over 15 years: 15 months of Recurring Remuneration.

³² In cases in which it is not determined by an independent third party (e.g., judge or arbitrator).

³³ No benefits are granted in the event of withdrawal for cause by the Company or the voluntary resignation/withdrawal (without cause) by the interested party.

³⁴ This amount may not in any case exceed the maximum value of 3.5 million euros.

³⁵ As defined – for financial advisors acting as agents – in the Supervisory Regulations.

In the case of the Chief Executive Officer and General Manager only, as of the reference date, the Base Amount is calculated according to the following formula: $24 \times (\text{Recurring Remuneration}^{36}/12)$.

The Bank may, at its discretion, also decide to apply the predefined formula³⁷ to Financial Advisors with agency contracts with the Bank classified as Key Personnel. Where applied, the Base Amount for such individuals is equal to the maximum amount set out in paragraph 3 of Article 1751 of the Italian Civil Code, calculated considering the overall Recurring Remuneration, as defined above, as remuneration, in lieu of fees.

As indicated in the predefined formula, the Base Amount may be reduced or increased³⁸ by a certain percentage as a result of the application to each individual severance package of specific Corrective Factors relating to:

- > the person's average performance over the last three years;
- > the Bank's performance, with particular regard to capital and liquidity levels;
- > age;
- > qualification for pension benefits, where applicable;
- > concrete risk of an adverse outcome at trial (taking account of any information provided by the courts or arbitrators and/or external legal counsel);
- > strategic nature of the role/position filled;
- > individual behaviour (with particular regard to the presence of any proved compliance breaches).

The Bank has a specific internal document that lays down detailed criteria for applying the Corrective Factors, assigning each a percent weight decreasing or increasing the Base Amount.

Ad hoc Corrective Factors³⁹ are identified for Financial Advisors and duly listed in and regulated by the specific internal document.

Without prejudice to the maximum limit on severance set out above, the application of the Corrective Factors may give rise to an increase of up to +60%⁴⁰ and/or a decrease of up to -100%⁴¹ of the total amount of the severance.

In accordance with the Bank of Italy's Provisions, where severance is determined according to the above formulae, within the framework of an agreement intended to settle a current or potential dispute, severance is not considered when calculating the maximum ratio of fixed to variable remuneration.

Severance is paid in accordance with the aforementioned Bank of Italy's Provisions in effect from time to time and the Bank's remuneration policies. In particular, where so provided, the payment of the severance benefit is subject to deferral and partly settled in financial instruments⁴².

³⁶ Calculated, as indicated above, also including compensations paid as part of the directorship relationship (fixed and average amount of the short-term variable component of the last three years).

³⁷ In any event, even where the above predefined formula is not applied, the amount of any severance paid, in addition to notice, will be subject to the maximum limits and general criteria indicated above (in addition to being paid in accordance with the applicable ratio of fixed to variable remuneration, where paid to Key Personnel).

³⁸ In any event, up to the above indicated maximum limit of 24 monthly instalments.

³⁹ With the aim, *inter alia*, of taking account of the particular nature of the legal relationship (that of agent rather than that of employee) with the persons concerned.

⁴⁰ With the exception of Financial Advisors with agency agreements with the Bank, for which this percentage may be increased by an additional 40%, without prejudice to the maximum severance limit set out above.

⁴¹ In particular, the decrease may extend to -100% in the event of failure to reach the Group's access gates or in cases of proved engagement in individual behaviour of sufficient severity to constitute cause for dismissal. In addition, the severance benefit may be reduced in amount or eliminated altogether where the malus and claw-back mechanisms are triggered.

⁴² For the purposes of severance benefits, share price is calculated as the average prices in the three months prior to the signing of the agreement under which the severance benefits are to be paid (or in the three months prior to the date of termination of the working relationship where the agreements are entered into on an ex-ante basis). Where variable remuneration is paid to the persons indicated in paragraph 2.1, point 4, third indent, of the Circular, in a "particularly high amount" (as identified in the Remuneration Policies), payment thereof will be made in accordance with the criteria specifically indicated in the Remuneration Policies (in terms of deferral period and the percentage of shares devoted to payment of the deferred portion).

Severance is subject to access gates and ex-post corrective mechanisms (malus and claw-back) provided for in severance agreements, covering, *inter alia*, any acts of fraud or gross negligence to the detriment of the bank and the group (and, in any event, defined in accordance with both the regulatory framework and the particular nature and characteristics of severance)⁴³.

The agreement governing the payment of the severance shall include clauses calling for a general waiver of all rights related in any manner, directly and/or indirectly, to the employment relationship or the office of Chief Executive Officer and the severance thereof, as well as of all rights, claims and/or actions against the company and other Group companies in any capacity directly or indirectly related to the employment relationship or the office of Chief Executive Officer and the definitive, accepted severance thereof. The waiver extends to rights relating to compensation for damages, as well as rights of an economic nature associated with the above relationships and the termination thereof.

With regard to the effects arising from termination of the relationship on incentive plans, please refer to the relevant information in paragraph 4.3 (for the short-term variable component) and paragraph 4.4 (for the medium-/long-term variable component).

Advisory contracts are not normally entered into for a period subsequent to termination of the relationship. The foregoing is also without prejudice to this possibility where it meets demonstrated needs to continue to rely, in the company's interest, for a limited period of time following termination of the relationship, on the skills and contribution of the personnel and for the performance of specific, pre-determined activities (in return for compensation suited to the nature and scope of the required activity).

With regard to the assignment or maintenance of monetary benefits for the period following the termination of the relationship, see paragraphs 4.1 and 5.3.

5.2 Stability pacts, extension of notice and non-competition agreements

In specific situations, and mainly for retention purposes, employees, including Key Personnel, and Financial Advisors can be required to enter into stability pacts and extension of notice agreements, in compliance with the Bank of Italy's provisions.

Non-competition or special confidentiality agreements extending into the post-severance period may also be entered into upon hiring, in the course of employment or upon severance, as provided for with regard to the Chief Executive Officer/General Manager (see paragraph 6.2). Consideration for such agreements — which must always be of limited duration — is calculated, pursuant to applicable regulations, in proportion to the duration and geographical scope of the covenant and the potential harm to the Company and/or the Banking Group if the person concerned were to compete with the Company and/or with the Banking Group or were to disclose information (even where not qualifying as confidential under the law) that might also cause harm to the Company and/or the Banking Group, while also taking account of the previous role and responsibilities of the person concerned. In any event, such consideration may not exceed the maximum limit of the amount of recurring remuneration last collected by the person concerned, in proportion to the term of the agreement.

In accordance with the Supervisory Provisions, the consideration for non-competition agreements is not subject to the rules set out in this section in respect of the portion that does not exceed the most recent annual fixed remuneration of the person concerned. In addition, the share of such consideration that for each year of the term of the agreement does not exceed the most recent annual fixed remuneration of the person concerned is not considered when calculating the limit on the ratio of variable to fixed remuneration. In any case, this consideration is taken into account for the calculation of the above mentioned maximum severance limit, equal to 24 months of the Recurring Remuneration.

⁴³ The foregoing is without prejudice to the exceptions and derogations described in Title IV, Chapter 2, Section III, par. 2.2.3 ("Derogations") of Circular 285.

5.3 Benefits and welfare

The remuneration package for all employees is completed by benefits that demonstrate the Banking Group's constant focus on the personal needs and wellbeing of its employees, taking due account of working conditions.

The benefits are intended for the entire Group population and may be differentiated by professional family and geographical area, but do not include individual discretionary systems.

All employees⁴⁴ — regardless of their classification and contract type — enjoy a series of benefits, the cost of which is normally fully borne by the company, relating to the following aspects of welfare:

- > health cover;
- > supplementary pension benefits;
- > economic indemnity for death, permanent total disability and dread disease;
- > professional accident policy;
- > welfare option for the company bonus: since 2016 (for executives and white-collar employees of Banca Generali S.p.A. and Generfid S.p.A.) it has been possible to “convert” the company cash bonus into welfare.
- > “Pure” welfare: Banca Generali and Generfid employees receive annual one-off amounts (differing for Managers and other personnel) to be used through the Welfare Portal for the reimbursement and/or purchase services mentioned above.

All employees employed under an indefinite-term contract also have access to preferential-rate loans and financing.

The remuneration of certain categories of personnel also includes housing allowances (or sublease agreements) and company car allowance.

5.4 Generali Group employee share scheme

With the aim of promoting a culture of ownership and empowerment in line with the strategic plan and fostering staff loyalty in line with the Remuneration Policy, 2019 saw Banca Generali take part in a project launched by the Generali Group, We SHARE: the first share ownership plan of its kind aimed at employees, with the aim of promoting alignment with the strategic objectives and the participation of all our people in the value creation process.

In the Banking Group, the rate of participation was approximately 68%, proof of a high engagement level among our people and a tangible sign of the commitment towards the Generali Group's strategy.

The initiative was further enhanced by the launch of an App dedicated to all employees who subscribed to the Plan, the “We Share App”, an innovative digital platform created to keep the participants informed during the 3 years of the Plan, and share a dedicated Financial Education programme, updates on the Generali world, strategic initiatives of Generali for 2021, and We SHARE donations to The Human Safety Net Foundation.

⁴⁴ Currently Banca Generali's and Generfid's employees. With regard to the other companies, the benefits take account of the specific local and national conditions.

6. The pay mix by role and functions⁴⁵

6.1 Company bodies

6.1.1 Members of the Board of Directors

Board member's remuneration is determined at the time of appointment by the General Shareholders' Meeting, in accordance with Article 2389, Paragraph 1, of the Italian Civil Code, as a fixed sum plus refund of any out-of-pocket expenses incurred in the performance of their duties, also taking due account of industry-specific surveys and analyses.

Non-executive directors (including the Chairman) and independent members of the Board of Directors are entitled only to fixed remuneration, in addition to a refund of out-of-pocket expenses incurred for the performance of their duties, and, accordingly, are not entitled to any form of variable remuneration linked to the attainment of specific objectives. Directors who are not vested with delegated executive powers (including the Chairman) are not entitled to any form of share-based incentives.

Directors who also sit on Board Committees are entitled to additional emoluments — in the form of either a pre-established lump-sum, or otherwise, attendance fees for each Board meeting they attend — over and above the remuneration they receive as Board members, in light of the tasks assigned to the Board Committees in question, and the commitment that membership of such committees entails, especially in terms of attendance at meetings and preparatory activities to be completed ahead of committee meetings; said additional emoluments must be established taking due account of industry-specific surveys and analyses of the remuneration of directors, and more specifically, directors sitting on Board Committees.

The Remuneration Policy applicable to the Chairman provides for fixed annual remuneration, determined also on the basis of comparative analysis of the remunerative practices prevailing within the industry for such positions.

The policy applicable to the Chief Executive Officer is discussed in the relevant paragraph of this document.

Lastly, it must be pointed out that all Board of Directors' members are covered by D&O liability insurance, as illustrated below.

6.1.2 Members of the Board of Statutory Auditors

The remuneration of the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors is set by the General Shareholders' Meeting at the time of appointment and for the whole term of office. Standing members of the Board of Statutory Auditors are not entitled to any form of variable remuneration.

They are entitled to refund of the expenses incurred in performance of their duties. The members of the Board of Statutory Auditors also receive further remuneration, in addition to their compensation as members of the Company's control body, pursuant to currently applicable regulations, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Lastly, members of the Board of Statutory Auditors are covered by D&O liability insurance, as illustrated below.

6.1.3 Directors' and Officers' (D&O) Liability Insurance

In line with generally accepted best practices on financial markets and taking due account of the features of the Bank's and Group's business operations, on 24 April 2007, the General

Pay mix

Company bodies

Employees

Financial Advisors
Authorised to Make
Off-Premises Offers

⁴⁵ The Remuneration Policy for the different employee categories is also formulated in view of the legislative and market scenario of the subsidiaries in accordance with local and industry legislation.

Shareholders' Meeting authorised the Board of Directors to provide general liability insurance cover to the Company's Directors, the members of the Board of Statutory Auditors and General Manager (D&O Liability Insurance), featuring the following main terms and conditions:

- > duration: 12 months renewable on an annual basis, until the General Shareholders' Meeting resolves to revoke its authorisation;
- > maximum insured amount: 10 million euros per claim/year, for all the insured persons, with sub-limits for claims based on labour law violations;
- > non-applicability of cover in the event of wilful misconduct or gross negligence.

6.2 Employees

6.2.1 Managers

The remuneration package of persons falling within this category is structured as follows:

Fixed component	Fixed remuneration	Calculated on the basis of the role and responsibilities assigned, it reflects the level of professional expertise and seniority of personnel
	Service allowance	Optional, on the basis of the role and responsibilities assigned
	Benefits	As defined from time to time for the Banking Group's managers
	Supplementary pension benefits up to a maximum of 13% of RAL	
Variable component	Annual variable remuneration	To be applied on the basis of the role assigned to the manager, the principles of deferral, achievement of the access gates, the malus and claw-back mechanisms and the payment in Banca Generali shares
		It is not subject to any guaranteed minimum
	Long-term variable remuneration	Optional, on the basis of the role and responsibilities assigned
	Participation in entry, loyalty and/or retention plans	Optional, on the basis of the role and responsibilities assigned
Severance mechanism	The treatment in the event of severance of the employment relationship with a manager is determined based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.	

Managers with Strategic Responsibilities

As a partial departure from the foregoing and in addition thereto, with specific regard to the positions of Chief Executive Officer and General Manager (currently filled by the same person), total remuneration consists of:

- > a recurring fixed remuneration component as Chief Executive Officer and all-inclusive annual remuneration (RAL) as General Manager;
- > a short-term variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved. This may reach a maximum of 75% of the RAL (equal to a 60% ratio of the short-term variable remuneration to the total fixed remuneration), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum. Said variable remuneration is subject to the access gate scheme, the bonus deferral scheme and the payment in Banca Generali shares, as well as the malus and claw-back mechanisms;
- > a Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component;
- > participation in retention and/or loyalty plans.

The ratio of the variable to fixed component of the remuneration, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

The Balanced Scorecard includes both financial and non-financial quantitative and qualitative objectives for short-term variable remuneration. In particular, these include:

- > quantitative objectives linked to the Bank's three-year strategic plan and business objectives;
- > qualitative objectives linked to strategy (relating to the project initiatives relating to the implementation of the Banking Group's strategy), development and enhancement of personnel and sustainability initiatives (as further detailed in paragraph 4.3.2).

The BSC is structured as follows:

PERSPECTIVE	KPI	WEIGHT	ASSESSMENT	TARGET REFERENCE ^(*)
Risk-adjusted economic and financial performance	Return on Risk Adjusted Capital (RORAC)	15%	Financial	100% budget
	Recurring Net Profit	25%		100% budget
	Total General Expenses	10%		100% budget
	Net inflows from commercial activities	10%		100% budget
Efficiency & Business Transformation				
People Value		40%	Non-financial, qualitative/quantitative assessment based on specific KPIs	
Sustainability commitment				

(*) Two additional performance levels are provided for (namely, underperformance and overperformance levels).

Efficiency & Business Transformation, People Value and Sustainability Commitment objectives are illustrated in greater detail in paragraph 4.3.2 above.

An agreement is at the reference date in force with the Chief Executive Officer/General Manager in the event of early termination of the contract, in accordance with the principles set forth in point 5.1 above.

As a partial departure from paragraph 6.2.1 and in addition thereto, with specific regard to the position of Deputy General Manager, remuneration consists of:

- > a fixed remuneration component;
- > an annual variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Balanced Scorecard — are achieved, and subject to the access gate scheme, the bonus deferral scheme, the payment in Banca Generali shares, as well as the malus and claw-back mechanisms. Said remuneration may reach a maximum of 100% of the RAL (equal to a maximum ratio of the short-term variable remuneration to total fixed remuneration of approximately 85%), if the maximum level of total performance is achieved and does not provide for any guaranteed minimum;
- > a Long Term Incentive, the bonus range for which is set at between 0% and 175% of the fixed component;
- > participation in any recruitment incentives and expiry plans based on net inflows/revenue objectives.

The ratio of the variable to fixed component of the remuneration, subject to Shareholders' approval, shall not exceed 2:1; any amount in excess shall be subjected to the cap mechanism described above.

Other Key Personnel

The remuneration package of Other Key Personnel consists of the components described in paragraph 6.2.1.

Depending on the weight and complexity of the job description, short-term variable remuneration may reach:

- > no more than 80% of annual gross remuneration (RAL) (equal to a maximum 65% ratio of the short-term variable remuneration to the total fixed remuneration) in the case of Banca Generali Group managers;
- > 100% of annual gross remuneration (equal to a maximum 85% ratio of the short-term variable remuneration to the total fixed remuneration) for positions in the sales area and/or linked to the asset management business.

The variable remuneration for the HR function and the Manager in charge of the company's financial reports is kept to a limited amount in accordance with recent regulations.

The principles of deferral, payment in Banca Generali shares, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above, apply to such variable remuneration.

In addition to the foregoing, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive plan. Bonus entitlements under the said LTI range from 0% to 87.5% of the fixed component of remuneration.

The ratio of the variable to fixed component of the remuneration of those managers shall not exceed 1:1; however, the Shareholders' Meeting has the power to raise the aforesaid ratio to 2:1 for some of them. Any amount in excess shall be subjected to the cap mechanism described above.

Heads of control functions

The remuneration package of the persons falling within this category consists of the components described in paragraph 6.2.1.

According to the weight and complexity of the position filled, the annual variable remuneration may be equal to no more than 33.3% of the total fixed remuneration, provided the maximum level of performance objectives be attained. No guaranteed minimum is provided for.

The established objectives are consistent with the tasks assigned and are independent of the results achieved by the Bank; rather, they consist of project and service completion objectives, as well as company sustainability objectives.

The principles of deferral, achievement of the access gate, as well as the malus and claw-back mechanisms apply to such variable remuneration.

The participation in the Long Term Incentive plan is not envisaged for Heads of control functions.

Other Managers

The remuneration package of the persons falling within this category consists of the components described in paragraph 6.2.1.

According to the weight and complexity of the position filled, the annual variable remuneration may reach a maximum of 80% (which may be increased to 100% in limited cases relating to internal transfers) of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

Said variable remuneration is subject to the principles of deferral, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above.

In addition, for some of the aforesaid managers the Board of Directors may also extend the variable component of remuneration to include participation in a Long Term Incentive plan. Bonus entitlements under the said LTI range from 0% to 87.5% of the fixed component of remuneration.

6.2.2 Executives and professional areas

The remuneration of other employees is regulated pursuant to the collective bargaining labour agreements applicable to credit companies, supplemented by the Supplementary Company Contract with specific regard to remuneration, as well as the Additional Agreements on regulatory and other benefits, entered into on the same date.

Some Executives can be assigned a short-term variable remuneration, linked to the degree of satisfaction of performance objectives expressed in the relevant Balanced Scorecards. This component of remuneration is conditional upon the achievement of the access gates, and subject to deferral, as well as to the malus and claw-back mechanisms illustrated above. According to the weight and complexity of the position filled, variable remuneration may range from a minimum of 10% to a maximum of 40% of the RAL, provided the maximum level of performance objectives has been attained. No fixed guaranteed minimum is provided for.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds for all executives and professional areas.

6.2.3 Relationship Managers

Their remuneration is made up of:

- > a fixed annual remuneration (RAL, all inclusive for managers);
- > an annual variable remuneration, linked to the degree to which the performance objectives — expressed in the relevant Incentive Sheets (BSC or MBO) — are achieved. The principles of deferral and achievement of the access gate illustrated above apply to such variable remuneration.

Variable remuneration may extend to a maximum of 100% of gross annual remuneration (or higher levels in cases of entry or expiry plans based on net inflow/revenue objectives) and is not subject to any guaranteed minimum.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds and the use of stability pacts, extension of notice and/or non-competition agreements in the event of early severance of employment is widespread.

Given that the most significant aspect of the job description of Relationship Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which incentive portions of remuneration may be earned, must be conducted scrupulously in accordance with all applicable principles of professionalism and propriety in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, additional targets of propriety and regulatory compliance in all transactions, as well as specific malus and claw-back mechanisms, have been introduced.

Managers belonging to this category also enjoy supplementary pension benefits up to 13% of RAL and the benefits package provided for the Banking Group's managers.

The current treatment in the event of severance of employment is determined based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.

6.2.4 Portfolio managers

Their remuneration is made up of:

- > a fixed annual remuneration (RAL, all inclusive for managers);
- > a variable remuneration linked to a specific MBO or BSC plan. The principles of deferral, achievement of the access gates, as well as the malus and claw-back mechanisms illustrated above, apply to such variable remuneration.

The variable remuneration may reach a maximum of 100% of the annual gross remuneration. No guaranteed minimum is provided for.

Participation in retention and/or loyalty plans may also be approved by resolution duly supported by a statement of grounds.

The current treatment in the event of severance of employment is based on applicable legislation. Indemnity mechanisms, non-competition agreements or stability pacts in the event of early severance of employment, in addition to those currently in place, may be agreed in accordance with the principles laid down in points 5.1 and 5.2 above.

6.3 Financial Advisors Authorised to Make Off-Premises Offers

6.3.1 Information on the Type of Relationship

The Financial Advisors, with the exception of Relationship Managers, are linked to the company by an agency contract whereby the Financial Advisor is appointed permanently (and without representation) to promote and place in Italy, as part of his/her advisory service, and in an autonomous manner — on the Company's behalf and, on the Company's instructions, also in the interest of third party principal companies — financial instruments and services, banking products and services, insurance products and other products indicated in the contract, and also to provide customer service for customers acquired and/or assigned — with all the due diligence required to achieve company objectives.

The relationship may come to an end (as well as due to the occurrence of termination events provided for by the law) as a result of consensual resolution or a declaration of withdrawal of one of the two parties, in accordance with the notice periods specified, unless a breach of such gravity occurs that prevents the relationship continuing even on a temporary basis.

Deputy General Manager Commercial Networks, Alternative and Support Channels is responsible for the activities of the Private Banker and Financial Planner Networks, the Wealth Management Network and the Financial Planner Agents Network.

Within the Private Banker and Financial Planner Networks, Financial Advisors are classified according to rising levels of experience as Junior Financial Planner, Financial Planner, Private Banker, Senior Private Banker and Top Private Banker. The allocation to each one of the categories takes into account both the experience and the assets under management. Coordination of the Financial Advisors is delegated to a second-tier managerial structure consisting of the District Managers — responsible for individual local operating points and the related groups of Financial Advisors, who are assisted in some cases by supervisors, the Executive Managers — and a first-tier structure, Area Managers, who avail in some cases of the support from the Deputy Area Managers. The Financial Advisor network known as Financial Planner Agents carries out also insurance business on behalf of Generali Group companies, and reports to a second-tier managerial structure represented by FPA Managers, who in turn report to a first-tier managerial structure represented by a Sales Manager.

Within the Wealth Management network, individual Financial Advisors are coordinated by a first-tier managerial structure, consisting of Area Managers – Wealth Management, assisted by Deputy Area Managers – Wealth Management.

These professional posts receive a special remuneration package as part of a common system of rules. The general principles are set out below.

6.3.2 Remuneration of Financial Advisors and Managers

The remuneration of Financial Advisors — who, unlike employees, serve the Bank pursuant, not to employment contracts, but to independent agency agreements — is by definition subject to fluctuation over time, as specified above. Therefore past remuneration is no guarantee of future reward in all such cases, and even more so, in respect of temporary entry plans.

The remuneration of Financial Advisors consists of fees of various kinds, which are influenced by the type of activity performed, the range of products placed and the distribution agreements in place with the management companies.

A Financial Advisor's remuneration is considered business income, which is figured by deducting variable or fixed business expenses (consider, for example, the costs of remunerating the advisor's own employees), and is subject to an entirely different tax treatment from salaries, to which it is not easily comparable.

The remuneration system is established at a general level, for all Financial Advisors belonging to a given category, and is not therefore directly tied to the share of the intermediary's risk profile attributable to the individual Financial Advisor. It has to combine the need to pay the Financial Advisors a remuneration proportionate to the Company's revenues, in line with rates commonly applied in the reference market, with the need to avoid situations of potential conflict of interest.

The remuneration of Banca Generali's Financial Advisors consists of the following main items:

- > sales fees: the Bank pays the Financial Advisor a portion of the fees paid by the customer at the time the financial products are subscribed. These fees differ according to the various types of product and may vary in relation to the amount paid and/or the client's assets. A percentage of these fees is generally paid back to the Financial Advisors, on the basis of their professional roles and responsibilities;
- > management and maintenance fees: advisory and after-sales services rendered to customers are remunerated by way of monthly fees established not only in light of the value of the investments held by the customers in question, but also in function of the type of investment product involved and the professional roles and responsibilities covered by each Financial Advisor;
- > recurring fees: these are similar to the previous fees, but relate specifically to the management fees paid by customers for the portfolios managed;
- > consultancy fees: these are similar to the above, but refer to the specific consultancy services rendered against payment.

The fees in question are recurring and thus are not regarded as incentives.

Given that the most significant aspect of the job description of Financial Advisors involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, objectives of propriety and regulatory compliance have been introduced, with each Financial Advisor being subjected to the obligation to provide customers with adequate after-sales services. The contract regulating the relationship between the Financial Advisor and the Bank therefore includes mechanisms of recurring fee reduction in the case when the Financial Advisor does not carry out this activity as required.

With reference to the remuneration of the direct promotion activities carried out by the Managers, the fees are apportioned in a manner similar to that of Financial Advisors mentioned above; the same general rules apply, with specific percentages, to the calculation of the fees they are entitled to for their promotion activities carried out through their supervision.

Given that, also the activity of Managers involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, all the related professional activities must be conducted scrupulously in accordance with the relevant principles of professionalism and correctness in respect of customer relations, including with a view to building customer loyalty. Towards such end, objectives of propriety and regulatory compliance have been introduced for Managers as well, with the obligation of ensuring that all Financial Advisors they supervise provide customers with adequate after-sales services. The contract regulating the relationship between the Manager and the Bank therefore include mechanisms of recurring fee reduction if the Financial Advisors placed under their supervision do not carry out this activity as required. Moreover, within the framework of a process of gradually increasing

the responsibilities of Managers in coordination and supervision activity, there are economic mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Incentive systems are also provided for the Financial Advisors and Managers, based on identified individual objectives for Financial Advisors and group objectives for Managers. These systems focus on net inflows and services and products designed to promote risk diversification/containment, with distinctions being drawn on the basis of the various service levels through which the said goals are pursued.

Said goals must always be achieved while observing the need to maintain proper relations with customers and contain legal and reputational risks.

All the incentives are paid out only on condition that, on the dates scheduled for the payments, the agency relationship is properly in place, the notice period is not running and all the conditions required for achieving the result objectives set have occurred.

Moreover, given that the activity involves the pursuit of the best interests of customers in strict compliance with the rules and regulations governing the distribution of investment products and services, any and all business activities on which incentive portions of remuneration may be earned must be conducted scrupulously in accordance with all applicable principles of professionalism and propriety in all customer relations, including with a view to enhancing customer loyalty. Towards such end, alongside traditional targets set in terms of net inflows and revenues, additional targets of propriety and regulatory compliance in all transactions, as well as specific malus and claw-back mechanisms, have been introduced.

The right to collect the bonuses deriving from the aforementioned systems is contingent not only on the actual result achieved, but also on the reaching of the Banking Group's access gates, as discussed in point 4.2.2 above.

Financial Advisors' and Managers' participation in retention and/or loyalty plans and the possibility of entering into non-competition agreements (see also paragraph 5.2 and 6.4) may also be approved by resolution duly supported by a statement of grounds.

In light of the Bank of Italy's Supervisory Provisions, for the intents and purposes of this document, the remuneration components included under items (i) and (iv) are to be deemed fixed remuneration components (i.e., recurring remuneration), whilst bonuses disbursed under incentive programmes and/or stock option plans, where applicable, are to be considered equivalent to the variable salary component of employees (i.e., non-recurring remuneration or incentive).

6.3.3 Positions Falling within Key Personnel

As mentioned above, the coordination of the Financial Advisors in the Private Banker and Financial Planner Networks is entrusted to Area Managers, whereas that of the Financial Advisors in the Wealth Management Area is entrusted to Wealth Management Area Managers.

Managers in these categories are subject to the same remuneration and incentive policies and rules outlined above.

However, given the importance of the role of oversight and coordination assigned to Area Managers, these positions are regarded as Key Personnel. Accordingly, their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares and access gates, as well as malus and claw-back mechanisms — specific for this category — illustrated above, as applicable to Key Personnel.

Participation in retention and/or loyalty plans may also be approved for these functions by resolution duly supported by a statement of grounds.

The ratio of the recurring and incentive components of the remuneration paid to such individuals, with the approval of the General Shareholders' Meeting, may not exceed 2:1. Any amount in excess shall be subjected to the cap mechanism described above.

Moreover, pursuant to the quantitative criteria imposed by the Commission Delegated Regulation (EU) No. 604/2014, a total of 32 Financial Advisors falling into the following categories were included among Key Personnel, with the provisions set out in paragraph 1.1:

- > Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 500,000 euros and lower than 750,000 euros, to which the provisions of Article 4, paragraph 2 (b) of the above Regulation do not apply;
- > Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 750,000 euros and lower than 1,000,000 euros;
- > Financial Advisors who at the end of the previous year had collected total remuneration (including both the recurring and incentive components) equal to or greater than 1,000,000 euros.

Their variable remuneration, linked to incentive plans, is subject to the same bonus deferral schemes, payment in Banca Generali shares and access gates, as well as malus and claw-back mechanisms — specific for this category — illustrated above, as applicable to Key Personnel.

The ratio of fixed to variable components of the remuneration paid to such individuals shall not exceed 1:1; any amount in excess shall be subjected to the cap mechanism described above.

6.3.4 Additional benefits to the recurring remuneration

The Financial Advisors and Managers benefit from accident, health and permanent disability insurance covers and receive social security and termination benefits provided for under legislation. The above package is supplemented by a specific insurance policy covering the costs of Long Term Care in the event of disability or infirmity.

These measures are aimed at ensuring that, in addition to ordinary remuneration, Financial Advisors and Managers are also provided with a series of protections and insurance covers designed to consolidate their professional relationship with the Bank, whilst also encouraging consistent results over time, in line with the Bank's conviction that these supplementary benefits are conducive to a more effective and relaxed relationship with customers.

6.3.5 Retention Policies

A number of alternative loyalty-building schemes are used for Financial Advisors, as described below:

- > the deferred loyalty bonuses, under which a predetermined amount is invested in a capitalisation policy and may be paid out after 5 or 7 years of the recruitment date and on condition that, on the settlement date, the Financial Advisor has maintained his professional relationship with the Banking Group and has achieved a significant objective in terms of the quantity and quality of the assets managed;
- > participation in a Framework Loyalty Programme for Financial Advisors provided that they meet certain minimum company seniority requirements and reach annual productivity targets. The Framework Loyalty Programme allows for the accrual of a bonus determined from one year to the next, in respect of the eight plan cycles of decreasing duration, which may only be disbursed at the end of the Framework Programme.

In addition to the above loyalty-building programmes, specific loyalty-building mechanisms may apply to managers.



SECTION 2

COMPENSATIONS PAID IN 2020



Introduction

Section 2 describes the application of the 2020 Remuneration and Incentive Policy, approved by the General Shareholders' Meeting on 23 April 2020.

The first part is descriptive and aimed at providing an account of the components of the remuneration structure for members of the Board of Directors and Board of Statutory Auditors, Chief Executive Officer and General Manager, Managers with Strategic Responsibilities and other specific categories of personnel, as detailed below.

In the interest of a clearer representation of the elements of the short- and long-term variable remuneration of the Chief Executive Officer and General Manager and Managers with Strategic Responsibilities, a summary is provided of both the implementation of the 2020 Incentive System and the 2018 LTI, for which 2020 represents the final year of long-term performance measurement.

The second part, of a quantitative nature, offers disclosure, pursuant to the Consob Regulation and the Bank of Italy Circular, of the remuneration data for 2020 relating to the Board of Directors, Chief Executive Officer and General Manager, the other Managers with Strategic Responsibilities and the Banking Group's other Key Personnel.

This section also includes that which has emerged from dialogue with shareholders and proxy advisors, providing additional disclosures regarding key elements of remuneration systems deemed of interest to investors.

General Information

The policies adopted by the Bank ensure compliance with the regulatory capital requirements set forth in Regulation (EU) No. 575/2013 (CRR) and Circular No. 285 of 17 December 2013, also in line with the European Central Bank's recommendations (Letter dated 26 November 2015 concerning variable remuneration policies), and the EBA Guidelines on Sound Remuneration Policies.

The Remuneration Policy was applied on the basis of the Bank's corporate values and objectives, long-term strategies and risk management policies.

Within the framework of the Covid-19 emergency, incentive systems and remuneration mechanisms were found to be effective in effectively correlating performance and incentives, in full accordance with the recommendations by the ECB and Bank of Italy and without any derogations from that which has been approved by the General Shareholders' Meeting.

More specifically, the remuneration package is made up of fixed and variable components, the weight of which is correlated with the strategic weight of the position held, and, in the case of certain managers, includes benefits arising under Long Term Incentive (LTI) plans envisaging long-term performance of the company or corporate group to which it belongs.

All types of variable remuneration, defined both based on incentive plans through objectives linked to the performance of the Bank and the Banking Group, and on a discretionary basis through a process linked to that of performance assessment, are correlated with indicators, which aim at appreciating the weighting of risks of the company or corporate group to which they belong, and are determined taking due account of the risks assumed and the liquidity required to cover ongoing business operations, and with a view to avoiding conflicts of interest.

1. Verification of the 2020 Incentive System and 2018 Long Term Incentive plan

Access gates

In order to base variable remuneration on long-term performance measures and take account of current and prospective risks, the cost of capital and liquidity needed to fund the activities undertaken within the Banking Group, entitlement to receive a bonus, for all employees with variable remuneration, is subject not only to effectively achieving the target, but also to reaching an access gate composed of the following two indicators: (i) the Total Capital Ratio, measuring the extent of the Bank's capital in relation to the degree of risk of the assets held, and the (ii) Liquidity Coverage Ratio, aimed at increasing short-term resilience of the Bank's liquidity risk profile, while ensuring it has sufficient, high-quality liquid assets to overcome any 30-day long acute stress situation.

The Banking Group's access gate also plays a role in the cycles of the LTI plans, pursuant to the same mechanism and subject to the same access gates imposed for entitlement to short-term variable remuneration.

The Banking Group's ratios, as defined above, have all been achieved for the year 2020. The following values are based on actual figures at 31 December 2020:

- > Total Capital Ratio of the Banca Generali Group: 18.4% (access gate: 13%);
- > Liquidity Coverage Ratio of the Banca Generali Group: 443.22% (access gate: 130%).

Exceeding the access gates entitles the beneficiary:

- > to the bonuses for 2020, on the basis of their individual performance and that of the Banking Group;
- > assignment of the 2018 LTI plan of the Banking Group;
- > payment of the 2020 component of the 2018 and 2019 bonuses, which had been deferred to 2020;
- > satisfaction of the annual access conditions for the vesting of the Banca Generali's cycle of the 2019 LTI and 2020 LTI plans.

Deferral and share-based payment of short-term variable remuneration

A portion of the variable component of the remuneration of all the Banking Group's employees and the main network managers who, during the year, have accrued bonuses in excess of 75,000 euros, shall be subject to deferral, differentiated by i) Key Personnel (including main network managers), and ii) all other employees, defined as follows:

Key Personnel:

Variable remuneration is partly paid out through assignment of Banca Generali shares, based on the following assignment and retention mechanism:

- > 60% paid up-front; 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;
- > 20% of the bonus will be deferred by one year: 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year;
- > the remaining 20% of the bonus will be deferred by two years: 75% in cash, and 25% in Banca Generali shares, subject to a retention period of one year.

If the actual bonus accrued is less than 75,000 euros it is paid up-front in full during the year after that of reference, 75% in cash and 25% in shares of Banca Generali.

Other employees:

- > 60% of the bonus is paid up-front, in cash;
- > 20% of the bonus will be deferred by one year and paid in cash;
- > the remaining 20% of the bonus will be deferred by two years and paid in cash.

In both cases, assignment of shares subject to deferral will be conditional upon verification of satisfaction of access gates.

Upon payment, the individual deferred bonus instalment to be paid in cash will bear interest in line with market rates. For 2020, said interest is calculated at the mean 6-month Euribor rate recorded during the calendar year preceding the year in which related instalment is paid, increased by 0.55pps.

Malus and claw-back mechanisms

Variable remuneration earned by all staff under the BSC and MBO mechanisms and/or on a discretionary basis, as well as by network managers and Financial Advisors serving the Banking Group, shall be subject to specific malus and claw-back mechanisms entailing the non-payment and/or the restitution of bonuses already paid, upon the occurrence of certain specific conditions set forth in the approved remuneration policies.

For 2020 the above mechanisms were not applied to any beneficiaries of variable remuneration classified as Managers with Strategic Responsibilities.

Principle of Propriety and the Containment of Reputational Risks

The remuneration and incentive systems for the distribution networks have also been formalised according to criteria of propriety in dealings with customers and the containment of legal and reputational risks through the inclusion of specific malus and claw-back clauses, which also called for the evaluation of the number of complaints attributable to the activity of each Relationship Manager and each Financial Advisor when determining the bonus accrued, in addition to the assessment of special situations in cases of disciplinary measures, extraordinary inspections and reputational damages.

2020 Incentive Systems

With regard to the calculation of the 2020 STI plan for the Chief Executive Officer and General Manager, the following details relating to the performance achieved are set out below:

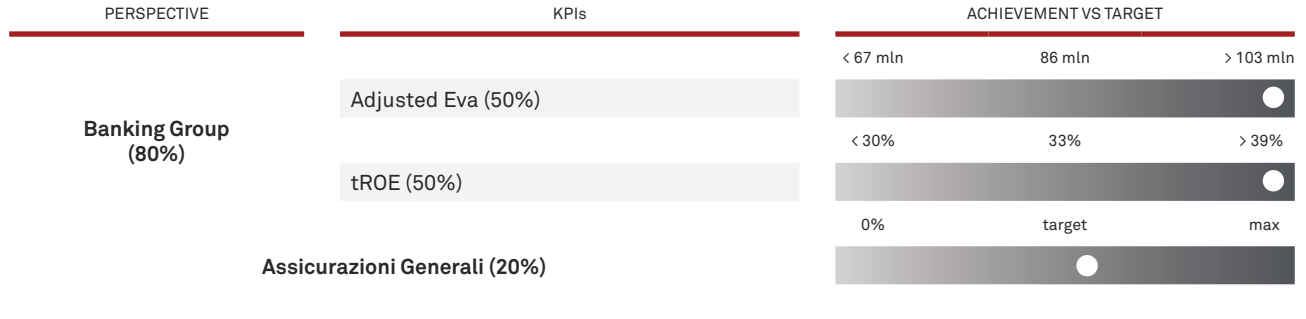
PERSPECTIVE	KPIs	ACHIEVEMENT VS TARGET		
		MIN (1)	TARGET (2)	MAX (3)
Risk adjusted economic and financial performance	Return on Risk Adjusted Capital (RORAC)			●
	Recurring Net Profit			●
	Total General Expenses			●
	Net inflows from commercial activities			●

With reference to:

- > the performance target, it should be specified that it is equal to 100% of the budget for the year of reference
- > the goals/projects relating to non-financial results in the areas of Efficiency & Business Transformation, People Value and Sustainability Commitment were assessed positively by the Board of Directors in light of the expectations of the strategic plan for the year of reference. Details relating to initiatives completed in 2020 are included, *inter alia*, in the Annual Integrated Report 2020.

2018 Long-Term Incentive Plan

With regard to the 2018 Long-Term Incentive plan, since the trigger condition was reached for the 2020 portion of the incentive for both the Banking Group and the Generali Group, the following is an account of the level of performance reached during the three-year period to determine the amount of the bonus, which will be paid 100% in shares according to the terms and conditions laid down in the 2020 Remuneration Policy:



With regard to Assicurazioni Generali's objectives, it should be noted that the chart shows the level of overall achievement of the objectives set for the 2018-2020 LTI plan, corresponding to rTSR and ROE.

2. Information on Remuneration by Role and Function

2.1 Remuneration of Company Directors

The remuneration for members of the Board of Directors, including members of the Board Committees, was determined by following the procedures defined and described in the presentation of remuneration policies for 2020. Non-executive Directors, including the Chairman of the Board of Directors, were not entitled to any form of variable remuneration linked to the attainment of specific objectives nor to share-based incentive plans.

The relevant year-end figures — including the information concerning the position of the Chairman of the Board of Directors — are set forth in detail in Table 1 – Compensations Paid to Members of the Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Directors, as illustrated in the document presenting the remuneration policies for 2020.

2.2 Remuneration of Members of the Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors was established by the General Shareholders' Meeting at the time of the appointment of the said Board. The members of the Board of Statutory Auditors also receive further and different remuneration, in addition to their compensation as members of the Company's control body, in consideration of the fact that the said Board also discharges the tasks and functions of the Supervisory Board instituted pursuant to Legislative Decree No. 231/2001.

Acting Auditors were not entitled to any form of variable remuneration.

The relevant year-end figures are set forth in detail in Table 1 – Compensations Paid to Members of the Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities, to which the reader is referred.

A D&O policy has been contracted covering the members of the Board of Auditors, as illustrated in the document presenting the remuneration policies for 2020.

2.3 Remuneration of the Chief Executive Officer and General Manager

In accordance with the principles of the Group's Remuneration Policy, the remuneration package of the Chief Executive Officer and General Manager included the following elements in the reference year (2020):

- > annual gross remuneration, in the capacity of Executive, of 550,000 euros and annual gross compensation as Chief Executive Officer of 50,000 euros;
- > a short-term variable component of remuneration, with payment of a bonus linked to annual objectives, the maximum level of which is 400,000 euros gross;
- > a long-term variable component whereby, upon reaching the assigned objectives, a total maximum amount of 175% of the current fixed remuneration may be paid in the event of over-performance;
- > other benefits and severance provisions in line with the guidelines and limits set in the Group Policy.

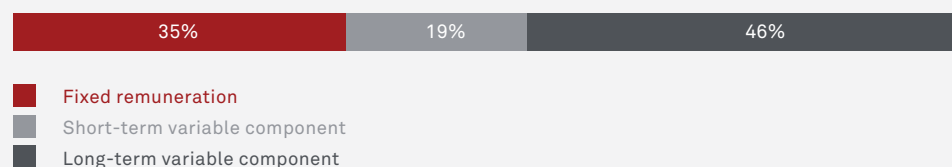
With particular reference to the variable components of remuneration (as illustrated in the image), in the reference year (2020) the Chief Executive Officer/General Manager in office earned:

- > a short-term variable component: on the basis of the results achieved, the amount of the annual part of the variable component is 396,644.99 euros gross. This amount was determined on the basis of the degree of achievement of the objectives set by the Board of Directors in the individual scorecard, the degree of achievement of which is described in the previous section;
- > a long-term variable component: at the end of the performance period of 2018 LTI plan, and on the basis of the degree of achievement of the relevant objectives, it was decided to award 33,690 shares. These shares are subject to the retention periods set out in the plan.

The remuneration is also comprised of 131,356.03 euros of other remuneration and benefits provided for the managers of the Banking Group.

LONG-TERM INCENTIVE PLANS

Ratio of fixed to variable components of the total remuneration for 2020 for the Chief Executive Officer and General Manager



The value of the long-term variable component is calculated as per Table 3A, column 11 (2018-2020 LTI).

PLAN	SHARES	NR. SHARES			
		MAX FOR THE THREE-YEAR PERIOD	ACCRUED IN 2020	AS OF BEGINNING OF PLAN	YEARS ENDED/ REMAINING
LTI 2018-2020	Banca Generali	36,748	13,003	33,690	3/3
LTI 2019-2021	Banca Generali	51,860	(*)		2/3
LTI 2020-2022	Banca Generali	35,337	(*)		1/3

(*) With reference to the 2019-2021 LTI and 2020-2022 LTI plans, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan.

2.4 Remuneration of Other Managers with Strategic Responsibilities

This personnel category includes:

- > DGM Wealth Management, Markets and Products;
- > DGM Commercial Networks, Alternative and Support Channels.

Their remuneration consists of all-inclusive annual remuneration (RAL), a position-related indemnity, where applicable, a variable remuneration linked to the degree of satisfaction of performance objectives, and other remuneration and benefits related to the position of Managers of the Banking Group.

With regard to the reference year (2020) in particular, remuneration included:

- > total all-inclusive annual remuneration, including service allowances, where applicable, of 533,846.16 euros;
- > short-term variable component, accrued on the basis of results achieved with regard to Managers with Strategic Responsibilities, totalled 362,579.77 euros;
- > a long-term variable component, accrued at the end of the performance period of the 2018 LTI plan on the basis of the degree of achievement of the relevant objectives, calling for the assignment of a total of 26,953 shares subject to the retention periods set out in the plan.

The total remuneration of personnel included in this category is also comprised of 132,938.36 euros of other remuneration and benefits provided for the managers of the Banking Group.

LONG TERM INCENTIVE PLANS

PLAN	SHARES	BENEFICIARIES	NR. SHARES		AS OF BEGINNING OF PLAN	YEARS ENDED/ REMAINING
			MAX FOR THE THREE-YEAR PERIOD	ACCRUED IN 2020		
LTI 2018-2020	Banca Generali	2	29,398	10,403	26,953	3/3
LTI 2019-2021	Banca Generali	2	43,217	(*)	-	2/3
LTI 2020-2022	Banca Generali	2	30,625	(*)	-	1/3

(*) With reference to the 2019-2021 LTI and 2020-2022 LTI plans, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan.

2.5 Remuneration of other Key Personnel

During 2020 management changes entailed the total presence for all or part of the year in question of 86 individuals falling within the category of Key Personnel of the Banking Group.

A breakdown of remuneration of Key Personnel for financial year 2020 is presented in *Attachment Article 450 CRR, letter h) Aggregate Quantitative Information on Remuneration, Broken Down by Category of Key Personnel* which refers to the remuneration of personnel that, pursuant to the Company's internal self-assessment process, has been identified as belonging to such category.

Members of Key Personnel with remuneration exceeding 1 million euros are a total of 20, of whom 14 in the bracket from 1 to 1.5 million euros, 5 in the bracket from 1.5 to 2 million euros, and 1 in the bracket from 2 to 2.5 million euros.

2.6 Remuneration for Other Employees

Turning to the remuneration of employees not falling within the category of Key Personnel, the following is an account of the main aggregates for the professional families Relationship Managers (Relationship Managers of Banca Generali and BG Valeur), asset/portfolio managers (managers from the AM Area and BG Fund Management Luxembourg) and other employees.

In particular, in the following figures the fixed portion refers to the gross annual remuneration collected, whereas the variable portion refers to the estimate of variable remuneration based on the Balanced Scorecard (BSC) and Management by Objectives (MBO) mechanisms and of the discretionary variable remuneration also linked to the annual evaluation for those not benefiting from BSC/MBO mechanisms.

Relationship Manager's variable remuneration indicated below does not include entry plans.

	NO. OF BENEFICIARIES	FIXED REMUNERATION	VARIABLE REMUNERATION
Relationship Managers	83	7,912,092.13	3,141,827.60
Asset/portfolio Managers	30	3,040,380.15	1,906,976.33
Other employees	902	38,687,585.38	3,908,301.17

The table set out below shows the change in 2019-2020 in the company's results, the compensation for individuals subject to specific disclosure of the names and of the remuneration of employees:

	2020 VS 2019
Results of the Company (€/mln)	
Net Recurring	6.9%
AUM Reported	7.9%
Chairman of the Board of Directors	
Fancel Giancarlo	0.0%
Chief Executive Officer and General Manager⁽¹⁾	
Mossa Gian Maria	-14.2%
Director⁽²⁾	
Brugnoli Giovanni	10.6%
Gervasoni Anna	6.5%
Lapucci Massimo	11.7%
Pescatori Annalisa	7.8%
Terzi Vittorio Emanuele	7.7%
Rustignoli Cristina	0.0%
Caltagirone Azzurra	0.0%
Cremona Massimo	0.0%
Anaclerio Mario Francesco	0.0%
Minutillo Flavia	0.0%
Company employees⁽³⁾	1.9%

(1) Fixed remuneration, benefits, short-term variable remuneration for the years of reference, fair value of the portion of the LTIs for the years of reference, as shown in Table 3A, column 12. The change is due to the determination of the value of the long-term component (LTI), updated according to the features and conditions of the current plans.

(2) Figure linked to the number of attendance bonuses.

(3) Average fixed gross annual remuneration based on full-time Banca Generali employees.

3. Information on the Remuneration of Financial Advisors

Financial Advisors serve the Bank pursuant to an agency agreement providing for, *inter alia*, variable remuneration directly linked to various types of revenues, on a percentage basis. The said variable remuneration is however recurrent, insofar as it is directly linked to the assets entrusted to each Financial Advisor and the related advisory and placing activities. A small proportion also derives from fees on individual sale transactions. Moreover, Financial Advisors may also qualify for further remuneration under various incentive plans implemented by the company at its discretion, primarily with a view to rewarding excellence in professional performance during the relevant accounting period.

By way of general information, it should be noted that the weight of fee expense in 2020 (almost entirely relating to fees paid to Financial Advisors) on overall fee income was as shown in the table below:

	2020
Total payout (with performance commissions)	40.1%
Total payout (without performance commissions)	47.4%

Pay out including fee provisions for recruitment incentives.

With regard to the substantially recurrent component of the remuneration of the network, the following factors have been confirmed: (i) the mechanisms aimed at reducing the fees payable to Financial Advisors and their Managers in the event of substandard after-sales services to customers during 2020; (ii) within the framework of a process of gradually increasing the accountability of network managers in coordination and oversight activity, the mechanisms aimed at contemplating any specific risks that emerge in the area being coordinated, including for the purpose of determining recurring remuneration.

Turning to the fee component tied to incentive systems, based on the identification of individual objectives (and group objectives, for Managers), it is confirmed that it accounts on the whole for a modest overall percentage of the Financial Advisors' total remuneration that rises as a function of the managerial position filled, and that the sales objectives rewarded for Financial Advisors related to net inflows associated with macro-aggregates. The use of such macro-aggregates allows incentive policies to be prevented from fostering the distribution of the Group's products over the products of third parties and from resulting in efforts to sell single products.

More specifically, in the case of Financial Advisors serving in managerial positions at the end of 2020, incentives accounted for about 11% of overall payout.

On the other hand, in light of their crucial coordination and supervisory responsibilities, the variable remuneration of Sales Managers and Area Managers determined pursuant to incentive plans has been subjected to both access gates relating to the Banking Group and the partial deferral of bonus payments.

As a result, the aforesaid variable remuneration accrued for 2020 in the amount of 5,195,987 euros overall of such functions was as follows: 60% paid in 2020; 20% will be paid after verification of satisfaction of the access gate for the following year; and the remaining 20%, after a further year, again subject to satisfaction of the access gate applicable for that year.

Financial Advisors and Managers who are found to have wilfully engaged in conduct harmful to the Bank or its customers will lose all entitlements to payouts due under incentive plans. Moreover, the Bank reserves the discretionary right to refuse to make bonus pay-outs to Financial Advisors who (i) are subjected to disciplinary measures or pending non-routine inspections; and/or (ii) as a result of their conduct, manifestly occasion reputational harm to the Bank. Furthermore, pursuant to specific provisions, in the

event of malfeasance on the part of a Financial Advisor that results in monetary liability for the Bank for any reason or cause whatsoever, the Bank is entitled to claw back bonus payments made during the year in which the malfeasance was committed, as well as the preceding year.

With regard to the Loyalty Programme for the Sales Network, it should be noted that the average percentage of the bonus actually accrued in the first four years of the plan by the persons entitled to participate in the annual plan with respect to the total bonus that can be potentially assigned, was 84.5%.

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4. Tables

4.1 Tables prepared in accordance with Consob's Rules for Issuers No. 21623

Table 1

Compensations Paid to Members of the Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities

Table 2

Stock Options Granted to Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

Table 3A

Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities based on financial instruments other than stock options

Table 3B

Monetary Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

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Table 1 – Shares Held by Members of the Administrative and Control Bodies and General Managers

Table 2 – Shares Held by Other Managers with Strategic Responsibilities

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 2013, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentive Policies and Practices” – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Attachment Article 450 CRR, Letter g):

Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”

Attachment Article 450 CRR, letter h):

Aggregate Quantitative Information on Remuneration, Broken Down by Category of “Key Personnel”

4.1 Tables prepared pursuant to Consob Resolution No. 18049

Table 1 – Compensations Paid to Members of Administrative and Control Bodies, General Managers and Other Managers with Strategic Responsibilities

(A)	(B)	(C)	(D)	(1)		
SURNAME AND NAME	OFFICE HELD	PERIOD FOR WHICH OFFICE WAS HELD	TERM OF OFFICE	NOTES	FIXED REMUNERATION	OFFICES AS PER ARTICLE 2389 PAR. 3 OF THE ITALIAN CIVIL CODE
Fancel Giancarlo	Director/Chairman of the BoD	01.01-31.12.20	Approval of 2020 financial statements		70,000	
Mossa Gian Maria	Director/Chief Executive Officer	01.01-31.12.20	Approval of 2020 financial statements	1	45,000	50,000
	General Manager	01.01-31.12.20	--	3 / 4		
Brugnoli Giovanni	Director	01.01-31.12.20	Approval of 2020 financial statements	2	45,000	
Gervasoni Anna	Director	01.01-31.12.20	Approval of 2020 financial statements			
I) Remuneration in the company preparing the Financial Statements				2	45,000	
II) Remuneration from subsidiary and associate companies				6	15,000	
III) Total					60,000	
Lapucci Massimo	Director	01.01-31.12.20	Approval of 2020 financial statements	2	45,000	
Pescatori Annalisa	Director	01.01-31.12.20	Approval of 2020 financial statements	2	45,000	
Terzi Vittorio Emanuele	Director	01.01-31.12.20	Approval of 2020 financial statements	2	45,000	
Rustignoli Cristina	Director	01.01-31.12.20	Approval of 2020 financial statements	1	45,000	
Caltagirone Azzurra	Director	01.01-31.12.20	Approval of 2020 financial statements		45,000	
Cremona Massimo	Chairman of the Board of Statutory Auditors	01.01-31.12.20	Approval of 2020 financial statements	5	80,000	
Anaclerio Mario Francesco	Acting Auditor	01.01-31.12.20	Approval of 2020 financial statements	5	55,000	
Minutillo Flavia	Acting Auditor	01.01-31.12.20	Approval of 2020 financial statements	5	55,000	
Managers with Strategic Responsibilities	Deputy General Managers (No. 2)	01.01-31.12.20	--			
I) Remuneration in the company preparing the Financial Statements				3 / 4		
II) Remuneration from subsidiary and associate companies						
III) Total						

NOTES

- 1 Pays back/waives of fixed remuneration for the position to the company by which he/she is employed.
- 2 The following table provides a breakdown of the remuneration received for sitting in Committees, accrued in the reporting year.

SURNAME AND NAME	REMUNERATION COMMITTEE		NOMINATION COMMITTEE		INTERNAL AUDIT AND RISK COMMITTEE		TOTAL
	FIXED REMUNERATION	ATTENDANCE FEES	FIXED REMUNERATION	ATTENDANCE FEES	FIXED REMUNERATION	ATTENDANCE FEES	
Brugnoli Giovanni	15,000	18,000	10,000	16,000	-	-	59,000
Gervasoni Anna	10,000	18,000	-	-	20,000	24,000	72,000
Lapucci Massimo	-	-	15,000	16,000	15,000	24,000	70,000
Pescatori Annalisa	-	-	10,000	16,000	15,000	24,000	65,000
Terzi Vittorio Emanuele	10,000	18,000	-	-	15,000	24,000	67,000
Total	35,000	54,000	35,000	48,000	65,000	96,000	333,000

Amounts are reported net of VAT and social security contributions, where applicable.

	(1)		(2)	(3)		(4)	(5)	(6)	(7)	(8)	
	ATTENDANCE FEES	LUMPSUM EXPENSE REFUND	FIXED REMUNE- RATION AS EMPLOYEES	REMUNE- RATION FOR SITTING ON COMMITTEES	NON-EQUITY VARIABLE REMUNERATION		NON- MONETARY BENEFITS	OTHER REMUNE- RATION	TOTAL	FAIR VALUE OF EQUITY REMUNE- RATION	END-OF- TERM AND SEVERANCE INDEMNITIES
									70,000		
									95,000		
		270	550,000		297,484		127,656	3,700	979,110	673,901	
				59,000					104,000		
				72,000					117,000		
									15,000		
				72,000					132,000		
				70,000					115,000		
				65,000					110,000		
				67,000					112,000		
									45,000		
									45,000		
									80,000		
									55,000		
									55,000		
		665	533,846		271,935		113,672	19,267	939,384	563,828	
		665	533,846		271,935		113,672	19,267	939,384	563,828	

3 The item relating to non-monetary benefits and that relating to other remuneration includes the payment of premiums and miscellaneous social security and assistance contributions, as well as other fringe benefits, such as the participation in trips and the use of a company car.

4 Total bonuses and other incentives is equal to the total amount of the items 2A, 2B and 4, line III, of the following Table 3B.

5 Remuneration for sitting on the Supervisory Body is included (Legislative Decree No. 231)

It should be noted that the lack of figures implies that no amount has been paid to the persons indicated.

Table 2 – Stock Options Granted to Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

SURNAME AND NAME	OFFICE HELD	PLAN	OPTIONS HELD AT YEAR-START			
			NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD	
i) Remuneration in the company preparing the Financial Statements			-			
ii) Remuneration from subsidiary and associate companies			-			
iii) Total			-			

Table 3A – Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities Based on Financial Instruments Other than Stock Options

A	B	(1)		
SURNAME AND NAME	OFFICE HELD	PLAN (1)	TYPE OF FINANCIAL INSTRUMENTS	
Mossa Gian Maria	Chief Executive Officer and General Manager	2018-2020 LTI (2)	Banca Generali ord. shares	
I) Remuneration in the company preparing the Financial Statements	Chief Executive Officer and General Manager	2019-2021 LTI (4)	Banca Generali ord. shares	
	Chief Executive Officer and General Manager	2020-2022 LTI (5)	Banca Generali ord. shares	
	Chief Executive Officer and General Manager	2018 BSC	Banca Generali ord. shares	
	Chief Executive Officer and General Manager	2019 BSC	Banca Generali ord. shares	
	Chief Executive Officer and General Manager	2020 BSC (6)	Banca Generali ord. shares	
II) Remuneration from subsidiary and associate companies				
III) Total				
Other Managers with Strategic Responsibilities	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2018-2020 LTI (2)	Banca Generali ord. shares	
I) Remuneration in the company preparing the Financial Statements	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2019-2021 LTI (4)	Banca Generali ord. shares	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2020-2022 LTI (5)	Banca Generali ord. shares	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2018 BSC	Banca Generali ord. shares	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2019 BSC	Banca Generali ord. shares	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	2020 BSC (6)	Banca Generali ord. shares	
II) Remuneration from subsidiary and associate companies				
III) Total				

NOTES:

(1) For LTI plans

– the date of assignment and the market price at assignment refer to the dates of Shareholders' resolutions approving the plans by the General Shareholders' Meeting of Banca Generali S.p.A. (2018-2020 LTI Shareholders' resolution dated 12 April 2018; 2019-2021 LTI Shareholders' resolution dated 18 April 2019, 2020-2022 LTI Shareholders' resolution dated 23 April 2020).

(2) Number of shares that will be attributed in April 2021 at the end of the plan vesting period based on the achievement of objectives set for the 2018-2020 three-year period. The overall value of the shares at vesting was reported considering the official price of the share at 5 March 2021, i.e., the date when the Board of Directors of Banca Generali approved the draft financial statements and the consolidated financial statements relating to the previous year.

(3) Number of total non-attributable shares as a result of the performance achieved in 2020.

OPTIONS GRANTED DURING THE YEAR						OPTIONS EXERCISED DURING THE YEAR			OPTIONS EXPIRED	OPTIONS HELD AT YEAR-END	OPTIONS ACCRUED IN THE YEAR
	NUMBER OF OPTIONS	STRIKE PRICE	EXPECTED VESTING PERIOD	FAIR VALUE AT ASSIGNMENT DATE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	STRIKE PRICE	MARKET PRICE OF THE UNDERLYING SHARES AT THE ASSIGNMENT OF OPTIONS	NUMBER OF OPTIONS	NUMBER OF OPTIONS	FAIR VALUE
						-			-		
						-			-		
						-			-	-	
									</		

(4) Maximum number of shares that may potentially be attributed at the end of the vesting period (2019-2021), provided that plan objectives are achieved and subject to the terms and conditions of the plan. As provided for in the plan regulation, shares will accrue at the end of the three-year period of reference.

(5) Maximum number of shares that may potentially be attributed at the end of the vesting period (2020-2022), provided that plan objectives are achieved and subject to the terms and conditions of the plan. As provided for in the plan regulation, shares will accrue at the end of the three-year period of reference and 50% of the shares accrued at the end of the three-year period will be subject to an additional two years' deferral.

(6) The information on the financial instruments assigned during the year refer to the overall maximum number of shares attributable at the end of the vesting period (2020-2022), subject to the satisfaction of the access gates of the Banking Group.

Table 3B – Monetary Incentive Plans for Members of the Administrative Body, General Managers and Other Managers with Strategic Responsibilities

A	B	
SURNAME AND NAME	OFFICE HELD	
Mossa Gian Maria	Chief Executive Officer/General Manager	
I) Remuneration in the company preparing the Financial Statements		
II) Remuneration from subsidiary and associate companies		
III) Total		
Other Managers with Strategic Responsibilities		
I) Remuneration in the company preparing the Financial Statements	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	
	DGM Wealth Management, Markets and Products, DGM Commercial Networks, Alternative and Support Channels	
II) Remuneration from subsidiary and associate companies		
III) Total		

NOTES:

(*) The amount represents the cash portion for 2018 BSC, 2019 BSC and 2020 BSC.

For variable remuneration based on BSC and MBO, individual instalments paid on a deferred basis are increased by a return at market rates when paid out.

(1)		(2)			(3)			(4)
PLAN		BONUS FOR THE YEAR			PRIOR YEARS BONUS			OTHER BONUSES
		A	B	C	A	B	C	
		PAYABLE/PAID	DEFERRED	DEFERMENT PERIOD	NO LONGER PAYABLE	PAYABLE/PAID	STILL DEFERRED	
2018 BSC (*)				2020-2021		52,319		
2019 BSC (*)				2021-2022		58,848	58,848	
2020 BSC (*)		178,490	118,993	2022-2023				
		178,490	118,993			111,167	58,848	
2018 BSC (*)				2020-2021		43,375		
2019 BSC (*)				2021-2022		53,844	53,844	
2020 BSC (*)		163,161	108,774	2022-2023				
		163,161	108,774			97,219	53,844	

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Table 1 – Shares Held by Members of the Administrative and Control Bodies and General Managers

SURNAME AND NAME	OFFICE HELD	INVESTEES COMPANY	NO. OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NO. OF SHARES PURCHASED (1)	NO. OF SHARES SOLD	NO. OF SHARES HELD AT THE END OF THE CURRENT YEAR
Fancel Giancarlo	Chairman of the Board of Directors	Banca Generali	3,039	-	-	3,039
Rustignoli Cristina	Director	Banca Generali	1,728	-	-	1,728
Brugnoli Giovanni	Director	Banca Generali	10,000	-	-	10,000
Lapucci Massimo	Director	Banca Generali	1,000	-	-	1,000
Mossa Gian Maria	Chief Executive Officer and General Manager	Banca Generali	23,071	4,254	-	27,325
Minutillo Flavia	Acting Auditor	Banca Generali	-	520	520	-

(1) Changes also refer to the payment of bonuses in shares.

Table 2 – Shares Held by Other Managers with Strategic Responsibilities

NO. OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	INVESTEES COMPANY	NO. OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NO. OF SHARES PURCHASED (1)	NO. OF SHARES SOLD	NO. OF SHARES HELD AT THE END OF THE CURRENT YEAR
2 (*)	Banca Generali	13,160	5,929	-	19,089

(*) Other Managers with Strategic Responsibilities who have held shares: 1 DGM Wealth Management Markets and Products and 1 DGM Commercial Networks, Alternative and Support Channels.

(1) Changes also refer to the payment of bonuses in shares.

4.2 Tables prepared in accordance with the Bank of Italy provisions – 7th update of Circular No. 285 of 17 December 2013, Part I, Title IV, “Corporate Governance, Internal Controls, Risk Management” – Chapter 2, “Remuneration and Incentive Policies and Practices” – Section VI – Article 450 CRR (Reg. EU No. 575/213)

Annex Article 450 CRR, letter g): Aggregate Quantitative Information on Remuneration, Broken Down by Business Areas, Concerning “Key Personnel”

COMPANY	BUSINESS LINE (*)	NO. OF BENEFICIARIES	FIXED REMUNERATION (**)	2020 VARIABLE REMUNERATION (***)	NOTES
Banca Generali	Member of the administrative body	1	731,626	396,645	(1)
Banca Generali	Control functions	3	514,077	138,875	(2)
Banca Generali	Corporate functions	8	1,944,290	1,243,833	(3)
Banca Generali/BG Valeur	Investment Banking	73	39,517,617	17,903,606	(4)
Banca Generali	Retail Banking	2	427,283	210,023	
Banca Generali/BG FML	Asset management	2	607,437	397,790	

(*) Business lines envisaged by the data collection of the Bank of Italy/EBA.

(**) The item also includes fringe benefits.

(***) 2020 variable component is represented by: i) the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and ii) several bonuses/agreements/one-off payments.

(1) Information relating to Mr. Mossa, who holds the position of Chief Executive Officer and General Manager.

(2) Information relating to the Head of the Risk and Capital Adequacy Department, the Compliance and Anti Money Laundering and the Internal Audit Department.

(3) Information relating to Deputy General Manager Wealth Management, Markets and Products, Head of the CFO & Strategy Area, Head of the COO & Innovation Area, Head of the General Counsel Department (position filled by 2 persons in 2020), Head of Wealth Management Area, Head of Human Resources Department, Head of the Marketing and External Relations Department (for the latter, remuneration paid for the partial secondment to Assicurazioni Generali is not included).

(4) Information on: Deputy General Manager Commercial Networks, Alternative and Support Channels, Head of the Private Relationship Manager Area, Head of the Finance Department, General Manager of BG Valeur SA, CIO of BG Valeur SA and the following main network managers: 1 Sales Manager Italy, 6 Area Managers of the Private Banker and Financial Planner Division, 3 Area Managers of the Wealth Management Division, 1 Recruiting Manager Italy, 1 Head of Recruiting, 1 Head of Business Development Top WA/PB, 1 Head of Advisory and 54 Financial Advisors.

Annex Article 450 CRR, letter h): Aggregate Quantitative Information on Remuneration, Broken Down by Category of “Key Personnel”

With indication of:

- i) amounts of remuneration for the year broken down by fixed and variable component and number of beneficiaries;
- ii) amounts and forms of the variable component of remuneration, broken down by cash, shares, share-based instruments and other types;
- iii) amounts of existing deferred remuneration, broken down by shares assigned and not assigned;
- iv) the amounts of deferred remuneration acknowledged during the year, paid and reduced by means of corrections of performance;
- v) new payments for recruitment benefits and termination severance made in the year and number of beneficiaries;
- vi) amounts paid for severance indemnities accrued during the year, number of beneficiaries and highest amount paid to an individual person.

A) Top Management

Banca Generali: CEO (Mr. Mossa); Top Management: General Manager (Mr. Mossa), Deputy General Manager Wealth Management Markets and Products and Deputy General Manager Commercial Networks, Alternative and Support Channels.

COMPANY	PERSONNEL CATEGORY	I) REMUNERATION			II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)				
		NO. OF BENEFICIARIES	FIXED (*)	VARIABLE 2020	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	CEO	1	50,000	-	50,000	-	-	-	-
Banca Generali	Top Management	3	1,332,409	950,891	2,283,300	717,335	233,556	-	-

In relation to the 2018-2020 LTIP, upon verification, the achievement of pre-set targets set and the satisfaction of the access gates for the third year led to the determination of Banca Generali shares to be set aside for the year amounting respectively to 13,003 for Mr. Mossa, and 10,403 for two managers belonging to Top Management. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2021, i.e., at the end of the three-year period.

With reference to the 2019-2021 LTI, of which are beneficiaries Mr. Mossa and two managers belonging to Top Management, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan. With reference to the 2020-2022 LTI, of which are beneficiaries Mr. Mossa and two managers belonging to Top Management, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan and 50% of shares to be assigned at the end of the three-year period is subject to a further deferral.

B) Other Key Personnel

Heads of key operating/company units (main business lines): Head of CFO & Strategy Area, of the Finance Division, of the Lending Department, Head of the AM Area who also covers the role of Executive Director of BG FML and General Manager of BG FML.

Heads regarded as having an impact on company risk due to their activities, autonomy and powers: Head of the PRM Area, Head of the Commercial Networks, Alternative and Support Channels Area, Head of the COO & Innovation Area, Head of the General Counsel Area (position filled by 2 persons in 2020), Head of the Human Resources Department and Head of the Wealth Management Area, Head of the Marketing and External Relations Department, CIO of BG Valeur and General Manager of BG Valeur.

COMPANY	I) REMUNERATION				II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)				
	NO. OF BENEFICIARIES	FIXED (*)	VARIABLE 2020	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES	
Banca Generali/BG Valeur/BG FML (a) (b)	15	3,512,195	1,805,727	5,317,922	1,406,350	399,377	-	-	

(a) With reference to the AM Area, the values also include the fee and the variable remuneration received for the position of Executive Director of BG FML.

(b) With reference to the Head of the Marketing and External Relations Department, figures do not include remuneration paid following his partial secondment to Assicurazioni Generali.

With reference to the 2018-2020 LTIP, verification of the level of achievement of the objectives set and satisfaction of the access gates for the third year led to the determination of Banca Generali shares to be allocated for the year of 6,610 for 3 managers falling in the category of “Other Key Personnel” at the launch of the plan. The sum of the shares allocated in each of the three years of the cycle will be assigned during 2021, i.e., at the end of the three-year period.

With regard to the 2019-2021 LTIP, whose beneficiaries at the launch of the plan are 3 managers falling in the category of “Key Personnel”, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan.

With regard to the 2020-2022 LTIP, whose beneficiaries at the launch of the plan are 4 managers falling in the category of “Key Personnel”, as provided for in the plan regulation, shares will accrue at the end of the three-year period of reference of the plan and 50% of shares to be paid at the end of the three-year period is subject to a further deferral.

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES				VI) SEVERANCE INDEMNITIES		
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFI- CIARIES	AT END	NO. OF BENEFI- CIARIES	AWARDED	NO. OF BENEFI- CIARIES	HIGHEST AMOUNT	
-	-	-	-	-	-	-	-	-	-	-	-	
352,848	185,257	352,848	-	-	-	-	-	-	-	-	-	

III) DEFERRED REMUNERATION (***)			IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) SEVERANCE INDEMNITIES		
ASSIGNED	NOT ASSIGNED		AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFI- CIARIES	AT END	NO. OF BENEFI- CIARIES	AWARDED	NO. OF BENEFI- CIARIES	HIGHEST AMOUNT
487,855	333,757		487,855	-	-	-	-	-	-	-	-	-

C) Managers in charge of control functions

Banca Generali: the Head of the Risk and Capital Adequacy Department, the Head of the Internal Audit Department, and the Head of the Compliance and Anti-Money Laundering Department.

COMPANY	I) REMUNERATION				II) AMOUNTS AND TYPE OF VARIABLE COMPONENT (**)			
	NO. OF BENEFICIARIES	FIXED (*)	VARIABLE 2020	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	3	514,077	138,875	652,952	104,156	34,719	-	-

D) Main managers operating in the bank's distribution networks

Banca Generali: 1 Sales Manager Italy, 6 Area Managers of the Private Banker and Financial Planner Division, 3 Area Managers of the Wealth Management Division, 1 Recruiting Manager Italy, 1 Head of Recruiting, 1 Head of Business Development Top WA/PB, 1 Head of Advisory and 54 Financial Advisors.

COMPANY	I) REMUNERATION				II) AMOUNTS AND TYPE OF VARIABLE COMPONENT			
	NO. OF BENEFICIARIES	FIXED	VARIABLE 2020	TOTAL	CASH	SHARES	SHARE-BASED INSTRUMENTS	OTHER TYPES
Banca Generali	68	38,333,650	17,395,278	55,728,929	13,104,137	4,291,142	-	-

(*) For 2020, the fixed remuneration is represented by gross annual remuneration, service allowance, emoluments and fringe benefits.

(**) For 2020, the variable component is represented by: the Balanced scorecard (BSC), with application of the deferral mechanism, where applicable and several bonuses/agreements/one-off payments.

(***) 'Assigned/Awarded': deferred instalments of the variable remuneration accrued in 2018 and 2019, for which the attainment of the access gate has been verified and which will be paid in 2021 to personnel in service.

"Not assigned": deferred instalments of the variable remuneration accrued in 2019 not yet assigned. In line with EBA's guidelines, data include exclusively prior years' deferred payments and not those referring to the current year.

(****) The portions present in the same item in the tables of the previous year have been duly paid in 2020 in observance of the deadlines envisaged contractually for the personnel in service.

Upon payment, the individual deferred instalments will bear interest in line with market rates.

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) SEVERANCE INDEMNITIES			
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFI- CIARIES	AT END	NO. OF BENEFI- CIARIES	AWARDED	NO. OF BENEFI- CIARIES	HIGHEST AMOUNT	
-	-	-	-	-	-	-	-	-	-	-	-	-

III) DEFERRED REMUNERATION (***)		IV) DEFERRED REMUNERATION (***) (****)				V) INDEMNITIES			VI) SEVERANCE INDEMNITIES			
ASSIGNED	NOT ASSIGNED	AWARDED	PAID OUT	REDUCED	AT BEGINNING	NO. OF BENEFI- CIARIES	AT END	NO. OF BENEFI- CIARIES	AWARDED	NO. OF BENEFI- CIARIES	HIGHEST AMOUNT	
3,495,696	1,830,819	3,495,696	-	-	-	-	-	-	-	-	-	-





VERIFICATION OF CONTROL FUNCTIONS

Compliance Function's Review of 2021 Remuneration Policies for Compliance with Applicable Regulations

Introduction

The Provisions on remuneration and incentive policies and practices (see Bank of Italy Circular No. 285 of 17 November 2013, as amended – hereinafter also the “Provisions”), provide that, when such policies are being formulated, the Compliance Function shall assess the correspondence of remuneration and incentive policies with the legislative framework of reference. In accordance with said Provisions, the Compliance Function is tasked with reviewing whether the company incentive system is consistent with the objectives of compliance with the law, the Articles of Association and any codes of ethics or other standards of conduct applicable to the Bank, so as to ensure that any legal and reputational risks — and particularly those inherent in relationships with customers — are appropriately contained.

On the basis of the foregoing, the Compliance Function, when defining the remuneration policies for 2021, conducted a preliminary review of the consistency of such policies with the aforementioned Provisions and internal and external regulations on the subject. In this context, particular attention was paid not only to the legal framework of reference, but also to the underlying process aimed at identifying Key Personnel with special reference to the characteristics linked to the identification of Key Personnel falling within the category of Financial Advisors authorised to make off-premises offers.

The assessment of the Compliance Function has also taken into account the provisions of Article 84-*quater* (“Remuneration Report”) of the regulation implementing Legislative Decree No. 58 of 24 February 1998 (the Finance Consolidation Law) concerning Rules for Issuers, as most recently amended on 10 December 2020. This takes into consideration the fact that the proposed remuneration policies are intended to ensure comprehensive compliance with the provisions governing remuneration policies of the banking sector (Bank of Italy's Provisions), the regulation governing rules for issuers and the Corporate Governance Code for Listed Companies.

Situation identified

From a general standpoint, it must be pointed out that the remuneration and incentive policies:

- > ensure an appropriate balance between the fixed and variable components of remuneration, while also taking account of the position filled (or a balance between the non-recurring and the recurring components of Financial Advisors' remuneration). In this regard, the policies envisage the implementation of mechanisms designed to ensure compliance with the limits required by law on the ratio of the variable to fixed components of Key Personnel's remuneration;
- > define and properly implement a self-assessment process with the aim of identifying the Company's Key Personnel, to whom the more detailed measures of the Bank of Italy's Provisions apply, in compliance with the principle of proportionality;
- > apply the technical standards as per Commission Delegated Regulation (EU) No. 604 of 4 March 2014, as further amended, in order to identify Key personnel;
- > define criteria for calculating the bonus pool;
- > are designed so that the bonus entitlement is tied not only to the actual results achieved, but also, for the parties identified in the remuneration policy and without prejudice to compliance with applicable regulations, to the satisfaction of a Banking Group access gate with the aim of (i) basing variable remuneration on long-term performance indicators, and (ii) taking account of current and prospective risks, the cost of capital and the liquidity necessary to undertake the business engaged in within the Banking Group;
- > define rules for deferring the payment of variable remuneration to all employees with variable remuneration based on the BSC/MBO mechanism and/or on discretionary cri-

teria, and to the main network managers, until a pre-determined bonus access gate has been achieved;

- > in accordance with the principle of proportionality, establish that a portion of variable remuneration be paid in shares;
- > establish malus and claw-back mechanisms based on criteria of propriety, which also take into account compliance with regulations on sustainable finance;
- > for the remuneration of distribution network, are inspired by criteria of propriety in relationships with customers and containing legal and reputational risks through the use of specific, formally stated, quantifiable and verifiable rules;
- > comply with the regulatory provisions introduced by the 25th update to Bank of Italy Circular No. 285 of 17 November 2013 (prohibition of hedging, disclosure of transactions in financial instruments, severance, etc.).

In addition, the incentive system adopted by the Banking Group:

- > shows a suitable balance between qualitative and quantitative objectives;
- > with reference to the activity of the distribution network, promotes a customer-oriented approach that places the customer's interests and satisfaction of the customer's needs at the centre of the system;
- > does not call for incentives for the distribution of individual products or products of the Group;
- > does not provide for the assignment, to the Heads of the company control functions, of objectives linked to the Bank's and/or Banking Group's economic results.

Conclusions

On the foregoing basis, and also considering the application of the principle of proportionality, it may be stated that the Banking Group's remuneration and incentive policies are consistent and compliant with the provisions of current internal and external regulations..

Trieste, 25 March 2021

Compliance and Anti-Money Laundering Department

Excerpt from the Audit Report on the review of the compliance of the remuneration practices with the policies approved and regulations currently in force

Company	Banca Generali S.p.A.
Process	Remuneration and Incentive Policies
Subject of Audit	Review of the compliance of the remuneration practices with the policies approved and regulations currently in force
Audit Team	F. Barraco, L. Alemanno
Date	23.03.2021
Report Code	2021_IT073_5309_E

Foreword

In March 2008, the Bank of Italy introduced principles and implementing guidelines on the process for the drafting and approval of remuneration policies, compensation structures and transparency. In subsequent years, further guidance and instructions at community level, have outlined in greater detail the policies and best practices to be mandatorily implemented by banks and investment companies. The Bank of Italy has implemented Directive 2010/76/EU of 24 November 2010 (the so-called CRD 3), through the Provisions on Remuneration and Incentive Policies within Banks and Banking Groups, issued on 30 March 2011. CRD III laid down specific principles and criteria to be complied with by banks with a view to implementing, in the interest of all stakeholders, remuneration systems that are performance-based and in line with the long-term corporate strategies and objectives, avoiding excessive risk-taking for the bank and the system on the whole.

On 26 June 2013, Directive 2013/36/EU (CRD IV) introduced new criteria and principles to be applied on remunerations. Among the new provisions, worthy of note is the introduction of a maximum of 1:1 for the ratio of the variable to the fixed components of remuneration, and the power granted to the General Shareholders' Meeting for raising the said ratio above the established level, provided that certain conditions are met and in any event, up to no more than 2:1. Moreover, the Directive reinforced the provisions governing ex-post risk-adjustment mechanisms (malus and claw-back) and provided for qualitative indicators tied to the conduct by personnel.

With the approval of the 25th update to Bank of Italy Circular No. 285/2013 of 23 October 2018, the provisions on remuneration and incentive policies and practices have been aligned with the Guidelines issued by the EBA (European Banking Authority) in accordance with CRD IV.

With Resolution No. 21623 of 10 December 2020, Consob further amended the regulatory provisions to adopt Directive (EU) No. 2017/828 as regards the encouragement of long-term shareholder engagement (so called SRD II), updating the provisions on transparency of corporate bodies' remuneration by integrating several articles of the Rules for Issuers, whose application is effective as of the adoption of the "Report on Remuneration Policy and Compensations Paid" to be submitted to the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020.

Purpose of the audit

The Internal Audit function verifies, at least once a year, the compatibility of remuneration practices with approved policies and applicable regulations. Any findings are reported to relevant bodies and functions so that they can promptly inform the Supervisory Authority thereof, and implement appropriate corrective measures. The results of the audit are submitted to the General Shareholders' Meeting.

Methodology

The risk-based process-oriented methodology adopted by the Internal Audit Department is in line with the industry best practices and enables the function to express an opinion on the adequacy of the Internal Control System.

The Risk and Control analysis model is developed through the identification of the risks of individual company processes, which are systematically mapped, and the verification during audits of the existence and adequacy of the controls currently implemented on the risks of each process, as well as the preparation of an Audit Report.

Through this model, the Function:

- > identifies and assesses the inherent/potential risk;
- > assesses the comprehensiveness, adequacy, functionality and reliability of the Control System;
- > determines and assesses the Residual/Net Risk.

For the purposes of the audit, three analysis stages have been identified (Definition of remuneration and incentive policies, Implementation of the remuneration and incentive policies and Actual payment), with the aim of defining audit approaches and methods within a standardised control framework that is suited to providing the required assurance to the Body responsible for strategic supervision, the General Shareholders' Meeting, as well as to the Supervisory Board.

Outcome

The analysis carried out through the control framework found that the remuneration practices have been correctly defined and are in line with the remuneration policies approved by the General Shareholders' Meeting on 23 April 2020, as well as with applicable regulations.

As regard to the overall activities undertaken in respect of the remuneration process, the audit showed that:

- > incentive remuneration is linked to the achievement of an access gate aimed at measuring the Bank's financial capacity in light of the risk inherent in the assets held (Total Capital Ratio) and the short-term resilience of its liquidity risk profile (Liquidity Coverage Ratio).
- > malus and claw-back mechanisms based on criteria of propriety and compliance with regulations governing the activity carried out are established;
- > individual Balanced Scorecards ensure the transparency of information by providing a target record, including a detailed description of the same, any notes and comments, the calculation criteria applicable, the control owner and the source of control, as well as the criteria adopted to reweight them, where appropriate;
- > remuneration plans are consistent with the policies approved by the General Shareholders' Meeting, the overall amount of all remuneration (ratio of the variable to fixed component) was found to be compliant with established parameters, and the required balance was observed;
- > the self-assessment process aimed at identifying "Key Personnel" was conducted by applying the technical regulatory standards and in accordance with Commission Delegated Regulation (EU) No 604/2014, using qualitative and quantitative criteria;
- > the corporate functions, including control functions, involved in the process showed an effective level of integration and understanding of their tasks;
- > the disclosure and reporting obligations established by Bank of Italy regulations have been fulfilled.

Internal Audit

Remuneration Committee's Report on Activities Carried Out with Regards to the Remuneration Policy

During the meetings held in 2020 and in the first quarter of 2021, Banca Generali's Remuneration Committee, has performed the tasks it was assigned by the Rules governing the activities of the said Committee.

In detail, with reference to the process for defining and implementing the remuneration and incentive policies, the Remuneration Committee (i) participated in the process of reviewing the proper application of remuneration policies in 2020, adopted by the company for its directors, Key Personnel both employed and collaborators other than company employees, (ii) provided advisory support to the Board of Directors for the determination of the remuneration of company officers and criteria for the remuneration of other employees; (iii) expressed its opinion concerning the determination of the criteria for the remuneration of the Chief Executive Officer/General Manager, personnel having a material impact on the risk profile of the Bank and the heads of internal control functions; (iv) provided consulting support for assigning the Long-Term Incentive Plan in accordance with the provisions set forth by the remuneration policy approved; (v) verified the involvement of the competent company functions in the process of preparing and controlling remuneration and incentive policies and practices; (vi) expressed an opinion, based on the information received from the competent company functions, on the achievement of the performance objectives to which incentive plans for Managers with Strategic Responsibilities and heads of control functions are tied and of the review of the other conditions established for the payout of remuneration; and (vii) reviewed the report on the application of approved remuneration policy in 2020. The Remuneration Committee also reviewed: (i) the self-assessment process, aimed at identifying Key Personnel, as defined by supervisory regulations, carried out taking into account the principles set forth in Chapter 2 "Remuneration and incentives policies and practices" included in Part I, Title V "Corporate Governance, Internal Controls, Risk Management" of Circular No. 285 of 17 December 2013 and in line with EBA's RTSs, as endorsed by the Commission Delegated Regulation (EU) No. 604/2014 of 4 March 2014; and (ii) the proposal for remuneration and incentive policies for 2021, which it found to be consistent, including with respect to the application of the principle of proportionality, with both the Bank of Italy's Instructions and Consob regulations. The Committee believes that the policies proposed seek to achieve the greatest possible alignment between the interest of the Banking Group's shareholders and that of Management, including from a long-term perspective, through attentive management of company risks.

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Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste

Share capital
Authorised 119,378,836 euros
Subscribed and paid 116,851,637 euros

Tax code and Trieste register
of companies 00833240328
VAT No. 01333550323

Company managed and coordinated
by Assicurazioni Generali S.p.A.
Bank which is a member of the Interbank
Deposit Protection Fund Registration
with the bank register of the Bank of Italy
under No. 5358
Parent Company of the Banca Generali Banking
Group registered in the banking group register
ABI code 03075.9

Consultancy and co-ordination
Sege S.r.l. / zero3zero9 S.r.l.
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BANCA GENERALI S.P.A.

REGISTERED
OFFICE

Via Machiavelli 4
I - 34132 Trieste

MILAN HEAD
OFFICE

Piazza Tre Torri 1
I - 20145 Milan

TRIESTE HEAD
OFFICE

Via Machiavelli 4
I - 34132 Trieste

T. +39 02 40826691 T. +39 040 777 111

BANCAGENERALI.COM

