



Remuneration Policy

Structure and principles



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FRAMEWORK

This remuneration policy aims to promote a sound and efficient risk management in accordance within the European framework, with which the European Union is introducing specific measures, adopted within a set of Directives, aimed to create a harmonized European market for the asset management.

European Union's objective is pursued by defining a coherent framework of principles stating common rules for the authorization, on-going operation and transparency of the SGR managing collective investment instruments.

The Companies must adopt *sound remuneration policies*, on the basis of a new set of rules and detailed provisions which are the "cornerstone" of the new remuneration system and must be applied according to specific criteria.

The Board of Directors of the Company submits the Remuneration Policy to the General Shareholders' Meeting for approval after previous examination and opinion of the Remuneration Committee.

1. PRINCIPLE OF REMUNERATION POLICY

This remuneration policy, coherently with Group guidelines, is based on the following principles that guide the compensation programs and the consequent actions:

- Fairness and Consistency with the responsibilities assigned and the capabilities demonstrated;
- Alignment with the Company strategies and with the defined objectives;
- Competitiveness with regard to practices and market trends;
- Enhancement of merit and performance, in terms of results, behaviors and values acted;
- Clear Governance and compliance with the regulatory framework.

2. TARGET POPULATION

The Company performed an accurate assessment process in order to identify the personnel that shall be included in the so-called "Identified Staff", i.e. those categories of personnel that have or may have a material impact on the risk profile of the Company. The assessment process, performed with the support of the Risk Management and Compliance Functions, contains criteria such as different dimension, both qualitative and quantitative, linked to the organizational structure, the remuneration, the impact on the Company risk profile, including:

- a) the responsibilities linked to the roles, the hierarchical levels, the activities carried out, the operational mandates and the contractual qualification;
 - b) the allocation in banding/grade Group systems
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- c) the level of impact on Company risk profile of every single interested organizational position;
- d) the remuneration structure;
- e) collected variable remuneration amount;
- f) the variable remuneration percentage over the fixed one.

3. THE COMPANY'S REMUNERATION STRUCTURE

The Company's remuneration policy is designed to attract, retain and motivate staff without promoting inappropriate risk-taking, and is consistent with the objectives outlined in the business strategy through:

- an appropriate balance between variable and fixed component;
- a proper connection with the remuneration of individual performance and the Company;
- a system of performance evaluation consistent with the risk profile defined.

It is considered "compensation" any form of payment or benefit paid by the manager to his staff, directly or indirectly, in cash, in financial instruments or in kind (fringe benefits), in return for performance work or professional services rendered. The remuneration of the "Identified Staff", with different remuneration packages and pay-mix because of the role, is based on the following components:

- Fixed component
- Variable component of short-and long-term
- Benefits.

3.1 FIXED COMPONENT

The fixed component of remuneration is defined according to the role and is consistent with the delegated responsibilities. It also takes into account the experience of the owner, the skills required, other than the quality of the contribution made in relation to the achievement of the business objectives of the Company. The weight of the fixed component of remuneration is sufficient to remunerate the activities carried out even if the variable component is not paid due to the failure to achieve individual, Company or Group results, reducing the possibilities of behaviors not proportionated to the Company specific risk propensity level.

3.2 VARIABLE COMPONENT

The variable component aims to target the resources' performance to business objectives – through incentives directly linked to Group, Company and individual goals – both in quantitative and qualitative terms – and to the value creation over medium-long term period coherently with the Company risk profile.

The performance is evaluated over a multi-year period and following a multi-dimensional approach that takes into account – depending on the performance period considered – the results achieved by individuals, those achieved by the units in which they work and those achieved by the overall Company.

The staff incentive systems should be inspired on fairness in relationships, containment of legal and reputational risks, protection and loyalty of investors, compliance with the laws, regulations and self-discipline applicable.

A maximum limit to the variable component payable is set and the objectives are defined, measurable, strictly connected to the achievement of economic, financial and operational results and take into account the Company risk profile.

Variable component payment - for all staff with the exception of the control functions - is subject to the achievement of a minimum performance threshold (Gate) both at Group level and, in line with the regulatory provisions, at Company level. The Company metric adopted is based on risk-adjusted indicators, that take into account economic results, patrimonial resources and liquidity need to face the activities and the investments undertaken.

A shared process with the Planning and Risk Management functions, leading to the definition of the metric to be taken as Company's Gate.

The variable component payment process is subject to deferral mechanisms in order to ensure that the remuneration is coherent with the risks assumed over time. In line with the regulatory provisions, the variable component is paid partially cash and partially via financial instruments. The financial instruments are subject to appropriate holding periods that aim to align the incentives to the interests of the Company.

The Company shall not adopt other kind of variable remuneration, like performance fees or carried interests.

3.3 BENEFITS

Benefits represents a substantial component of the remuneration package – in a Total Compensation perspective – in addition to monetary payment. Benefits differ, both in typology and in overall value, depending on the provisions contained in national and individual agreements provided for different territories and personnel categories:

- Supplementary pension treatment;
- Health Care;
- Long Term Care;
- Company car for mixed use;

- Discounts for loans / mortgages;
- In the event of international mobility or of relocation in another country, additional benefits may be provided, including housing, education of children and to all possible aspects related to mobility for a defined period of time
- D&O insurance policy

4. EX-POST CLAUSES (MALUS AND CLAWBACK)

No incentive will be paid in the event of willful misconduct or gross negligence or in the event of a significant deterioration in the balance sheet and financial position. Any amount paid may be subject to claw-back if the relative performance is demonstrated to be unsustainable or realized through conduct vitiated by intent or gross negligence, if locally applicable.

5. ECONOMIC TREATMENT IN CASE OF TERMINATION (SEVERANCE)

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

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

6. REMUNERATION POLICY FOR INTERNAL CONTROL BODIES MEMBERS

The policy for these members provides the payment of a fixed annual remuneration for the duration of the mandate and no variable component is granted.

The Bodies' members receive the refund of the expenses incurred for the activities and are covered by the D&O insurance policy.

7. REMUNERATION POLICY FOR CONTROL FUNCTION'S HEADS

The following provisions are applicable to the Risk Management and Human Resources Functions, since the Company has entered with Assicurazioni Generali SpA into an outsourcing contract for the performance of the Internal Audit, and with Generali Investments Holding S.p.A. for the performance of the Legal and Corporate Functions and the Compliance and Anti-Money Laundering Functions.

The Control Functions' remuneration consists in a fixed component – consistent with the role and sufficient to remunerate the delegated responsibilities in the event of variable component zeroing and to ensure the autonomy and independence required for this function – and in a monetary variable component, linked to the level of performance objectives achievement, and in the benefits coherent with the industry and Company regulation.

No remuneration is paid to control function linked to financial instruments.

The Control Functions remuneration is directly supervised and verified by the Board of Directors, upon Remuneration Committee advice.

8. REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER¹

The chief executive officer receives a fixed fee determined by the Shareholders' Meeting and the Board of Directors, which the individual has to pay up to the Company.

9. REMUNERATION POLICY FOR NON EXECUTIVE DIRECTORS

The Board Member remuneration is agreed upon their assignment by the Shareholders' Meeting, and it is fixed. In addition, the Company reimburses them the expenses incurred for the activities. The Board of Directors also provides a special fixed remuneration for independent Directors.

The remuneration of non-executive and independent Directors, consists exclusively in a fixed component, together with an attendance fee for each meeting of the Board of Directors and the reimbursement of expenses incurred in the performance of the assignment; they receive no variable remuneration. No incentive plan based on financial instruments is provided for non executive or independent Directors.

The Chairman receives a fixed remuneration approved by the Shareholders' Meeting, which the individual has to pay up to the Company.

¹ The CEO is employed by Assicurazioni Generali and 100% detached in Generali Investments Europe.

10. REMUNERATION POLICY FOR THE OTHER IDENTIFIED STAFF

The remuneration's schema for the rest of the personnel belonging to the identified staff, consists in a fixed component and in a variable component, which could be compound of a cash component and an equity component appropriately balanced; both these parts are linked to the level of performance objectives' achievement. The variable component payment could be subject to deferral mechanisms in order to ensure that the remuneration takes into account the variation of the assumed risks over time. The financial instruments are subject to a proper holding period designed to align the incentives to the interests of the Company, of the managed funds and funds' investors. This component is linked to access gate mechanisms (both at Group and Company level) and to *ex post* mechanisms (malus and clawback).

The system provides, for every single member, a maximum value of variable component and no minimum is guaranteed.

The Company will not pay any variable component, in the event of non-achievement of the Company's Gate or the Group Gate conditions.

11. GOVERNANCE

The Remuneration Committee is responsible for advisory and proactive functions towards the Board of Directors about remuneration. More precisely, the following are the main tasks of the Remuneration Committee:

- giving opinions and advice to the Board of Directors on the Identified Staff's remuneration;
 - supervising compliance with the rules related to the remuneration of the Heads of Control Function, in close collaboration with the Board of Auditors;
 - giving opinions, supported by the information received by the qualified Company Functions, on the achievement of performance targets (linked to incentive plans) and on the other conditions to the bonuses' payment;
 - ensuring that the remuneration policy takes appropriately into account all the risk types, the liquidity level of managed activities and that it is coherent with the Company's strategy and with the interests of the.
 - drafting the documents to be submitted to the Board of Directors, for the related decisions.
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The Committee currently in office was appointed by the Board of Directors' meeting on July 30th 2015 and has the following composition:

Office	Name and Surname
Chairman	Francesco Benvenuti
Non-executive and independent director	Joerg Asmussen (nominated by BoD of 31/03/2016 in substitution of the resignation of Antonella Baldino)
Non-executive and independent director	Mirella Pellegrini

The Chairman of the Board of Auditors or another Auditor delegated by him, takes part the Remuneration Committee Meetings. The Committee can invite other individuals, who are not members but having expertise on the subjects, which, in turn, are submitted to the Committee.

The Shareholders' Meeting approves the remuneration and incentive policy in order to increase the degree of awareness and monitor the overall costs, benefits and risks of the system of remuneration and incentives chosen.

The Shareholders' Meeting receives at least annually a clear and complete disclosure on how the adopted remuneration policies and practices have been implemented.