

Generali Group

GENERALI LIFE ASSURANCE PHILIPPINES REMUNERATION POLICY

Adopted from the Group and Asia Remuneration Policy



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Document summary

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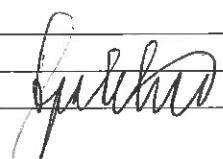
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Main related internal regulatory references

- Generali Group Remuneration Policy
- Asia Regional Remuneration Policy
- Philippine Labor Code

Any substituted/abrogated internal regulation

- Not applicable

Main related external

Regulatory

Yes No

- IVASS Regulation 38/2018
- EIOPA Guideliness on System of Governance
- Delegated Regulation no. 35/2015, implementing Dolvency II Directive 2009/138/EC
- PH Tax Reform Law
- Social Security act of 2018

Annexes

- 1 Appendix 1: Group Remuneration Internal Policy (GRIP)
- 2 Appendix 2: Asia Renumeration Policy

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1 Preface

The Generali Group is one of the most significant players in the global insurance and financial products market. The Group is a significant player in most European markets and leader in some of these. Assicurazioni Generali, founded in 1831 in Trieste, is the Group's Parent and principal operating Company.

Human capital is Generali Group's most important asset. Our vision is to be a leading international team that produces consistent, excellent results for our stakeholders in the short and long term. We will work constantly to enhance our group identity, proud of our history and of the richness of our diversity as well as leverage a pioneering spirit, innovation and excellence that lead us to becoming the most attractive employer for the best performing people. To promote the Group's continuous growth and development, we target to attract brilliant minds wishing to show their skills and develop their professional competencies in a national and international challenging context.

In view of the current economic situation and the increased regulatory compliance requirements as well as for the purpose of aligning the individual performance of key managers with strategic responsibilities in the Group even closer with the strategic targets defined, the Group's overall remuneration strategy and policy are reviewed and are cascaded to all subsidiary companies within the Generali Group.

Therefore, there shall be an aligned remuneration policy in place for all companies of Generali that addresses the local regulatory requirements, transparency, consistent risk management and guarantees profitability of the Group in the long term.

The remuneration policy shall also ensure the Generali Group internal remuneration practices are internally equitable, competitive in the local market to attract, retain and motivate talents in achieving the Group's strategic objectives.

2 Introduction

2.1 SCOPE

This policy applies to all employees in the subsidiaries of Assicurazioni Generali S.p.A. in the Asia region with the exclusion of: employees of joint venture entities where Generali has no management control on their remuneration.

The remuneration of employees falling in any categories of the below will be governed by Group Remuneration Internal Policy (GRIP) which forms part of Asia Remuneration Policy. Full details of GRIP is attached in the Appendix 1.

- GMC and GLG members;
- Head and Relevant Personnel of Control Functions (i.e. Compliance, Risk Management, Internal Audit and Actuarial Function) in the Companies contributing for at least 2.5% of the Group Solvency Risk Capital Requirement); In Asia, this refers to Regional Head of Control Functions (Compliance, Risk Management, Internal Audit and Actuarial)
- Risk Relevant roles, provided that the Group Legal Entity falls under the definition of Risk Relevant Companies;
- Risk Relevant roles, provided that the relevant Group Legal Entity belongs to a Country, Region or BU that supersedes the risk materiality threshold relevant for the identification of Risk Relevant Companies;
- Remuneration Relevant roles

All subsidiaries of Assicurazioni Generali S.p.A in the Asia Region shall fully adopt this policy and ensure this remuneration policy can be implemented locally. Local adaptation can only be made when necessary to make compliance with country specific regulatory requirements.

2.2 POLICY INTERPRETATION

This policy is based on the remuneration governance requirement of Assicurazioni Generali S.p.A as set out in Group Remuneration Report and Group Remuneration Internal Policy. This policy is issued by Human Capital Department of Generali Asia Regional Office which reserves the right to amend and update the policy when it deems necessary and appropriate.

This remuneration policy shall be reviewed regularly to ensure it remains consistent with the principles of sound and prudent management as well as the interest of the shareholders. Local remuneration policies shall be made available to Human Capital Department of Generali Asia Regional Office for review and obtain necessary approvals according to local requirements when there are any amendments.

In addition to the above, local country remuneration policy shall further be approved in the local board of directors or local relevant governance bodies when applicable.

3. The Principles of Remuneration Policy

Our policy is based on the following principles that guide our remuneration programmes and consequent actions:

- **Equity and consistency** of remuneration in relation to the assigned responsibilities and capabilities demonstrated;
- **Alignment** with corporate strategy and goals defined;
- **Competitiveness** with respect to market trends and practices;
- **Value merit and performance**, in terms of results, behaviours and values;
- **Clear governance and compliance** with the regulatory framework.

3.1 EQUITY AND CONSISTENCY

The remuneration must be consistent with the role in question, the responsibilities assigned and the skills and abilities demonstrated. This applies to both senior executives and other categories of staff, in line with the requirements of current national and company-level collective agreements.

We are a global Group and consistency is therefore also important in relation to the unvaried approach that is adopted in different countries/regions/businesses/functions of our Group, so that all these fall in line with the Group's goals, whilst ensuring that they

are always compliant and aligned with local rules and regulations.

Finally, an assessment is made regarding the structuring of the remuneration package among the different components of remuneration, whether fixed and variable, cash and non-cash, short and medium-long term, in terms of internal equity and consistency in relation to the role in question (and aligned externally in relation to the market).

3.2 ALIGNMENT WITH CORPORATE STRATEGY

Remuneration policies are a basic tool to ensure that managers' conduct is aligned with corporate strategies. Our incentive policies are structured so that roles are remunerated according to the level of achievement of sustainable Group results. Goals are set – on an annual and multi-year basis and taking a forward-looking approach – so that future goals take into account the results that have been achieved over time, in order to maintain a consistent level of performance in terms of results and risks taken, in line with shareholders' requests and regulatory requirements.

3.3 COMPETITIVENESS

To make effective remuneration decisions, our remuneration policy entails the constant monitoring of our peers' and market practices and trends regarding remuneration, in terms of pay mix, remuneration levels, fringe benefits, and compliance with the regulatory framework.

At local level and at Group level, comparative analysis is carried out by taking into account specific groups of local peers, so as to ensure alignment with the reference market. The remuneration policy applied at local level based on the reference benchmark must nonetheless comply with the general principles of the Group's remuneration policy.

The peer comparison is essential both for assessing our performance in absolute and relative terms, and for assessing the competitiveness of remuneration packages for the remuneration policy's recipients, in terms of total remuneration and to attract the best talents in the market.

3.4 VALUE MERIT AND PERFORMANCE

Merit is a key factor in our remuneration policy. Our policy focuses on several elements to acknowledge merit:

- establishing incentive policies that create a direct link between remuneration and the results achieved;
- assessing results not only in relation to the achievement of financial and operating goals, but also in relation to whether the conduct demonstrated in achieving these goals is consistent with Generali's values;
- assessing performance not only annually, but also on different intermediate timeframes;
- sharing the annual assessment of all key executives in the Company in a calibration meeting that involves the Group's top management, so as to promote equity, consistency and transparency of the meritocratic systems; and
- managing feedback on performance trends, not only annually but also half-yearly, to promote the alignment with expected targets and, in case, the adoption of corrective measures.

Our remuneration incentives reward the achievement of both financial and non-financial performance goals through the payment of a variable component. The approach of a balanced remuneration package for all managerial roles is considered a key driver for aligning the Group's goals. The weighting and structure of the variable components are balanced so as to incentivise the achievement of consistent results over time, while taking due consideration of the Group's risk framework to discourage conduct that would lead to excessive exposure.

All the goals used in the incentive plan are determined, selecting, as performance indicators of the annual plan, goals that are consistent with those used in long-term plans, in line with the Group's strategy.

3.5 CLEAR GOVERNANCE AND COMPLIANCE WITH THE REGULATORY FRAMEWORK

The processes and roles for determining and implementing the remuneration policy are also clearly identified by the relevant bodies, which determine approaches and guidelines that comply with business strategies, regulatory requirements and the Group's values.

We are convinced that implementing these principles will allow us to manage remuneration policies as a key element for attracting, developing and retaining our people, especially those with crucial skills and/or high potential, thus supporting a correct alignment of their performance with corporate results and forming the basis for solid and sustainable results over time.

4 Purpose and Objective of Remuneration Policy in GLAPI

The purpose and objectives of this policy is to

- align the GLAPI remuneration strategy and policy with the Asia and Group strategies and policies to ensure there is governance in place and that local regulatory requirements are also properly addressed;
- attract, retain and motivate performing employees;
- ensure our competitiveness in the local / regional market where Generali competes for talents; & provide a guideline to maintain internal equity.

5 Remuneration Philosophy in GLAPI

In managing the remuneration of employees, the goal is to

- provide competitive total remuneration package in both cash and non-cash components for talent attraction and retention;
- reward our people in a fair and consistent way in line with Asia's and Group's reward philosophy and local market practice;
- ensure internal and external equity for our reward system;
- promote pay-for-performance culture and differentiate reward based on performance.

6 Target Pay Position

The target pay position of the base salary and total compensation is in the range of **80% to 120% of market median** of local market pay.

For critical roles with consistent high performance (at least 2 years in consecutive years), the target market positioning can be stretched to the range of **80% to 120% of upper quartile (75th percentile) of total compensation** in local market context. Critical roles are defined as:

- Positions with high-impact on business contribution and;
- Positions requiring skill sets which are lacking in the market and;
- Positions identified as key talents as defined in Talent Review

The target pay positioning of Global Leadership Group (GLG) will follow the relevant target pay positioning set out by Group Reward.

Internal coherence and proportionality to the relevant roles and responsibilities are always ensured when determining the pay level and components.

Pay level of individual employees is determined by the internal pay reference, external market pay level as well as the employees' competencies, background, experience and salary history.

For individuals who are **newly promoted to the new roles**, target pay position of base salary and total compensation is in the range of **80% to 100% of market median** of local pay.

Market adjustment can be made if the pay level falls below 80% of market median given that the performance of position incumbent is satisfactory. The magnitude of market adjustment should be handled in consideration of market benchmark, internal relative pay level compared to peers, affordability and experience of incumbents with the role. No drastic increase for market adjustment is encouraged with maximum limit.

Remuneration benchmarking is required to determine the pay level of individual employees in the specific market of the relevant industry. It is important for us to ensure the remuneration market competitiveness in order to attract, retain and motivate our employees. Local remuneration survey shall be subscribed annually periodically to capture the trend as well as the snapshot of the local labour market circumstances.

7 Job Leveling

Towers Watson's Global Grading System (GGS) job levelling methodology is currently used by Generali Group. This job level methodology provides a foundation for a consistent compensation & benefits approach.

Based on the diversity and size of roles, the remuneration packages are designed to remunerate employee groups with various levels of contributions.

This defines a consistent approach on job size reference, compensation and benefits delivery as well as career management within the Generali Group. This also ensures that employees holding similar job value with similar transferable skills receive fair, consistent and competitive treatment which allows local leaders and HR to make people decisions based on the knowledge of the local market that addresses the business needs and supports the strategic business objectives and the vision of the Asia Region, The Group and the local company. With a consistent approach in valuing the job sizes, it establishes a clear framework to support pay and benefit decisions and international mobility of employees.

8 Total Remuneration Concept

Our reward approach is based on total remuneration concept of which all employees are compensated with sum of following components:

- Fixed remuneration
- Variable remuneration
- Benefits

For employees who fall in the scope of GRIP governance (e.g. GLG members), please refer to section 4 of Group Remuneration Internal Policy regarding the remuneration principles and structure for this population.

8.1 FIXED REMUNERATION

The fixed component is determined and adjusted over time in light of the role held and the responsibilities assigned, and also taking into account each manager's experience and skills, over the quality of the contribution made in terms of achieving business results.

The weight of the fixed remuneration must be sufficient to attract and retain people and, at the same time, sufficiently remunerate the role, in the event the variable component is not disbursed due to a failure to achieve individual, Company or Group goals. This reduces the possibility of conduct that is not in line with the Company's risk appetite framework.

As to the other remuneration components, the level of the fixed remuneration is also assessed annually in light of the market trends.

8.2 VARIABLE REMUNERATION

The variable remuneration is based upon a meritocratic approach. Our variable remuneration system seeks to motivate employees to achieve business goals by creating a direct link between incentives and financial and non-financial goals set at Group, region, country, business/function and individual level. Performance is assessed by taking a multi-perspective approach that, according to the time frame under consideration, evaluates the results achieved by the individuals, by the business units in which the individuals work, and by the Group as a whole.

The variable remuneration percentage of the total remuneration varies depending on the organisational level, the possibility to have a direct influence on the Group results and the impact of the individual role on the business. The time horizon for the variable remuneration also differs depending on the role, with greater weighting being assigned to the deferred component for positions that are expected to play a key role in determining long-term sustainable performance.

The Group's guidelines on variable remuneration ensure alignment with regulatory requirements and the recommendations related to control functions.

Individual labour contracts contain specific details on the maximum amount of the variable remuneration and the proportions of

the annual and deferred incentive plans.

The Group remuneration policy with respect to variable remuneration provides the adoption of both annual and deferred incentive plans.

All the variable – whether annual or deferred – incentive plans include malus and clawback mechanisms. More specifically, the final assessment of results includes an individual assessment of conformity with compliance / audit / code of conduct and governance processes, to be carried out and used also within the calibration process and as malus/clawback mechanism as necessary.

Moreover, no incentive is to be paid if Group's capital and financial situation worsens significantly and any amount disbursed is subject to clawback if the performance considered is later found to be non-sustainable or ineffective as a result of wilful misconduct or gross negligence.

In line with the European regulatory framework (Solvency II), the Company requires the beneficiaries of both annual and deferred incentive plans – through special clauses included in the agreements which regulate the incentive plans – not to use any personal coverage or insurance strategies (known as “hedging”) that could alter or undermine the risk alignment effects embedded in variable remuneration mechanisms.

The process of definition and consistent implementation of the remuneration policy for the Group's companies is managed within the Group governance framework also through the adoption of specific internal policies, taking into consideration also the local/business circumstances, with particular attention - in addition to local/business laws - to local practices in terms of contractual levels, pay-mix and eligibility for incentives plans with the objective of keeping our reward packages competitive with local markets and therefore attracting the best people

8.3 BENEFITS

Fringe benefits represent a substantial component of the remuneration package – within a total reward approach – which complement monetary and share based payments. The type and overall value of fringe benefits differ according to different employee clusters.

Benefits are the non-cash components of total remuneration and these typically refer to Group life & medical insurance, social security benefits, retirement benefits, annual leave and other benefits where applicable. The provision of benefits is locally determined in line with local market practice and regulations.

For GLG members, the provisions of benefits will be governed by “Benefit Standards for GLG”. Full policy of “Benefit Standards for GLG” is attached in the Appendix 2.

9 Short-term Incentive

Short term incentive plan is part of variable compensation which is designed to reward employees with the linkage of the individual performance with Group/company performance with pre-defined measurements on performance over one year.

Short term incentive targets are selected from a cascade of target metrics that, in aggregate, deliver the overall Group strategic objectives, to provide consistency and a clear line of sight at all levels. Therefore, the individual annual key performance indicators or the annual performance objectives are to be tied to the department objectives, the company objectives and eventually the overall Group objectives.

In Asia, every employee who has joined the company for over three (3) months in a performance year and completed probation by 31 December every year is eligible for the short term incentive recommendation subject to individual performance and company performance, unless local employment contracts differ. To be eligible for the short term incentive pay-out, employee should be in active employment with the company when the pay-out is released in the local country payroll.

For eligible employees who joined less than a year, the pay-out will be calculated on a pro-rata basis.

Under Short-term incentive framework (STI), the level of bonus funding depends on the level of year-end achievement against performance targets which are pre-defined at the beginning of performance year. Individual pay-out depends on individual performance and company performance determined by year-end achievements against performance targets.

STI/bonus funding for distribution is based on pool funding. The level of pool funding depends on the level of achievement against pre-defined performance targets. The level of pool funding for country's STI will be approved by Regional Officer, Regional CFO and Regional Head of HR & Organization before STI pay-out calculation is done.

Actual short-term incentive Funding will be determined by actual business achievement against business performance targets according to STI funding criteria. The actual short-term incentive funding is based on consolidated business results by Regional Finance.

The STI pay-out calculation will be done in the same timeline together with annual compensation review exercise.

The short-term incentive pay-out of Generali's legal entities will be paid only when Group solvency ratio has reached the required threshold and final result will be announced at the Group's Annual General Meeting .

Full details of Asia STI plan rules are attached in the appendix 3.

The short term incentive for the Global Leadership Group (GLG) population shall be managed under the governance of Group Remuneration Internal Policy (GRIP) which will be updated or adjusted from time to time. Full details of Group STI for GLG can be referred in GRIP.

The short-term incentive is subject to Malus & Claw-back provision. Please refer to the section 11 Malus & Claw-back for more details.

10 Long Term Incentive

Long term incentive is part of variable remuneration which takes the form of multi-year plans. The Long-term incentive is subject to Malus & Claw-back provision. Please refer to the section 11 Malus & Claw-back for more details .

10.1 GROUP LONG-TERM INCENTIVE

Group long-term incentive plan is designed for executives and roles with substantial complexity and impact to the overall Generali Group. In Asia, the participation of Group Long-term incentive plan includes:

- Global Leadership Group members (GLG)
- Directors who are defined by Group
- selective employees who are identified as successors to GLG or talents in the region.

This plan is designed to retain and motivate the key senior executives of Generali Group, to drive long term focus, team (Group) results and commitment from the senior executives as well as to align the executives' pay with the shareholders interest. This long term incentive plan is managed under the governance of Assicurazioni Generali S.p.A. Rules of the Long Term Incentive Plan.

Full details of Group long-term incentive plan is available in Group Remuneration Internal Policy.

10.2 ASIA LONG-TERM INCENTIVE

This plan is to incentivize our selected employees in driving collective results of both regional & country level with defined KPIs achievement over 3-year performance period of both country business unit and the Asia region.

The below employees are eligible to participate into Asia LTI Plan:

- M10 employees in Asia
- Critical positions at risk on country CEO – 1 level
- Identified talents in Asia

Participation is subject to country CEO's nomination and approval by Regional Officer & Regional Head of HR & Organization and Head of HR, GBL and International.

Asia LTI payout is earned when business results reaches 1% above 100% achievement on country and regional level respectively. Minimum payout will be paid when business results has made at 101% achievement and payout will be capped at

115% achievement on country and regional level respectively. Payout will be made on the linear basis in linkage with KPIs achievement.

For each additional 1% business achievement made above 100% achievement for regional and country result respectively, 1.5% of annual base salary will be paid. Based on this payout multiplier, total maximum payout will be at 45% of annual base salary if both regional and country result reach 115% achievement.

For share service and GARO pool, payout multiplier will be adjusted according to weighting of P&C and Life business portfolio according to SP plan. GARO pool will be applied to participants who are in regional roles and share service pools will be applied to participants who are on share service role in supporting both life and P&C business on country level.

Actual award will only be paid on the criteria that Group access gate i.e. Group Regulatory Solvency Ratio (in line with the threshold set for the Group LTI plan) is met.

Actual award will be calculated according to payout multiplier and KPI achievement result corresponding to participating pool (P & C business, Life Business and Shared Service and GARO). Calculation of award is based on annual salary at the time of granted participation at the beginning of 3-year performance cycle. Calculation of payout is managed by regional C & B and payout of each cycle will be approved by Regional Officer and Regional Head of HR & Organization before any payment is made to the participants.

11 Malus, Claw-back & Hedging

No incentive is paid in the event of wilful misconduct or gross negligence, or a significant deterioration of the Generali's capital and financial situation. Any amount disbursed will be subject to clawback if the performance on which the incentive was awarded is later found to be unsustainable or was achieved as a result of wilful misconduct or gross negligence.

More specifically, thresholds and malus mechanisms are envisaged for both the variable remuneration components - annual and deferred. These mechanisms set out limits below which a reduction/zeroing of any incentive is made, subject to the evaluation of relevant Corporate Body of the relevant Group Legal Entity.

With regard to the annual variable component, the final assessment of the extent to which the goals have been achieved also includes an individual assessment of conformity with respect to compliance / audit / code of conduct and governance processes, to be carried out and used also within the calibration process and as malus/clawback mechanism as necessary.

In line with the European regulatory framework (Solvency II), the Company requires the incentive policies' beneficiaries not to use any personal coverage or insurance strategies (known as "hedging") that could alter or undermine the risk alignment effects embedded in variable remuneration mechanisms.

12 Benefits

Employee benefits are the integral part of the employees' remuneration package. Local country HR department should ensure the provision of local benefits be in compliance of local labour legislation and legal requirements. On top of the minimum local legal requirement, local market benefits practices shall be benchmarked to ensure our competitiveness in the local market. Local benefits should be reviewed every two years.

Employees shall refer to individual employment agreement and the local country employee handbook for individual benefits coverage details.

13 Compensation Review

13.1 ANNUAL SALARY REVIEW

Annual salary review is conducted in the beginning of every year. The new salary is effective 1st January every year unless such practice is against the local employment law. Salary review should be completed by every April and salary will be paid with the effective date of new salary as per local employment contract in case the completion date of salary review is done later than the normal salary review date as specified in local employment contract.

Annual salary review is based on individual performance, the job holders' market pay competitiveness, industry market increase trend, local remuneration trend, the company affordability as well as any other business and job related factors.

The annual salary increase is based on annual gross base salary including the guaranteed 13th or 14th pay, excluding any fixed allowances unless local employment agreement differs. The actual new salary recommended should be within the corresponding department budget for the year.

Employees who have passed probationary period by 31st December of every year are eligible for annual salary review unless local employment agreement differs.

The annual salary review mainly considers the budget that was allocated for distribution for the year. Based on the budget the following are determined:

- Range of salary Increase % for normal increase
- Range of market adjustment % for market catch-up
- Range of promotion increase % for promotion, and Promotion criteria
- Average salary increase % for each department

Country HR prepares overall average salary Increase % which serves as an indicative budget for salary increase % for the following performance year and it is determined by several factors:

- Trend of average salary increase in the industry
- Inflation rate forecast
- Relative turnover rate of the company compared to the industry

Overall salary increase budget for each country should be approved by Regional Officer and Regional Head of HR and Organization. Regional Human Capital of Asia Regional Office will facilitate the process to obtain the approval

13.2 OFF-CYCLE SALARY REVIEW

Off-cycle salary review is considered only for addressing special circumstances, for example abrupt and volatile local labour market as well as specific market adjustment or employee retention, outside the annual salary review cycle.

This salary review shall be within annual salary budget and shall be approved by the country CEO and the country HR department. The justification and rationale for the off-cycle salary review should be required. Off-cycle salary review should be approved by local CEO and country HR.

13.3 SALARY REVIEW FOR PROMOTIONS AND DEPARTMENTAL TRANSFER WITHIN COUNTRY

Promotions are to be given to employee in recognizing his/her contributions and the outstanding performance based on an expanded job scope. Salary adjustments will be based on the employees' performance, new job size, current salary level as well as the local market benchmarking to ensure an internal & external equity.

Departmental transfer within country of a similar job size may or may not warrant a salary adjustment depending on whether the job size has increased or not or job role has been changed.

Salary review recommendation for promotion should be based on market benchmark of new role and internal benchmark with similar responsibilities.

14 Approval levels and Administrative Requirements for Compensation Review

14.1 APPROVAL REQUIREMENT & REQUIRED PROCESS UNDER HR GOVERNANCE MODEL FOR ROLES WITH SOLID OR MATRIX REPORTING TO GROUP HEAD OFFICE OR REGIONAL OFFICE IN ASIA

14.1.1 GLG Members

The compensation decision for roles identified as GLG members will be made by Group CEO. The compensation review process is steered and managed by Group Reward. Regional Human Capital is in the role of supporting compensation review process to provide compensation details of these GLG members. Regional Human Capital will inform Country HR the final salary which is decided and approved by Group Head Office before reflecting into local payroll.

14.1.2 Direct Reports of Regional Officer (Regional CEO-1)

Compensation review of this population will be recommended by Regional Officer and approved by Group Head Office. This process will be supported by Regional Human Capital. Country HR will be informed with the approved compensation review result via Regional Human Capital.

14.1.3 Regional Heads of Global Business Lines & Regional Heads of Control Function with Solid Reporting to Group Head Office

The compensation review and process of these roles is steered and coordinated by Group HR who is in the role in facilitating the compensation decision to be made by Group Head of respective Global Business Lines/ Head of Control Functions. Global Business lines refer to Global Corporate & Commercial (GC & C), GEB & GGH and solid reporting control functions refer to Risk Management, Compliance and Group Audit.

For Regional Head of Control Function, regional Human Capital will be in the role of providing compensation details of these roles with local market benchmark. Regional Officer, Asia will provide input to compensation review of these roles but final decision and approval of compensation for these roles will be made by Group Head of respective Control Functions.

14.1.4 Local Head of Control functions with solid Reporting to Regional Head of Control Functions

The compensation review decision of Local Head of Control Functions will be made by Regional Head of Control Functions. Regional Human Capital is responsible for driving the compensation review process of all these positions and facilitating the final decision. Country HR will be in the role of:

- providing compensation details of these roles together with local market benchmark to Regional Human Capital. providing input on salary recommendation in consultation with country CEO with the consideration of local market benchmark data and salary budget.

14.1.5 Country CEO-1

The compensation review for country CEO-1 will be proposed by country CEO. The proposal will be reviewed by Regional Human Capital and final approval for these roles are made by Regional Officer and Group Head Office.

14.2 ADMINISTRATIVE REQUIREMENTS FOR COMPENSATION REVIEW

Country HR is required to submit compensation review as below to Regional Human Capital who will in the role of getting sign-off from Regional Officer for all country compensation review

- Country CEO -1: compensation review on individual basis
- Local Head of Control Function: compensation review on individual basis
- Country CEO - 2 and below: compensation review by job level or grade basis

For local head of control function, country HR is required to submit compensation review proposal made by country CEO for

Regional Head of Control Function for final sign-off.

Please see Appendix 4: HR Governance: Impact on Compensation & Performance Management Process for Roles with Solid & Matrix Reporting.

15 Governance of Remuneration for Global Leadership Group (GLG)

The performance management and the remuneration process and requirement of GLG members are managed under the governance of Assicurazioni Generali at Group Head Office. For roles in Asia who are defined as GLG members, their salary review and STI pay-out are managed in accordance with the process defined by Group Reward. Regional Human Capital will coordinate compensation data from local HR heads and support compensation review process for this population for Group HR at Head Office. Final approval on their compensation review and STI payout will be made by Group CEO and this approval process will be facilitated by Group HR at Head Office.

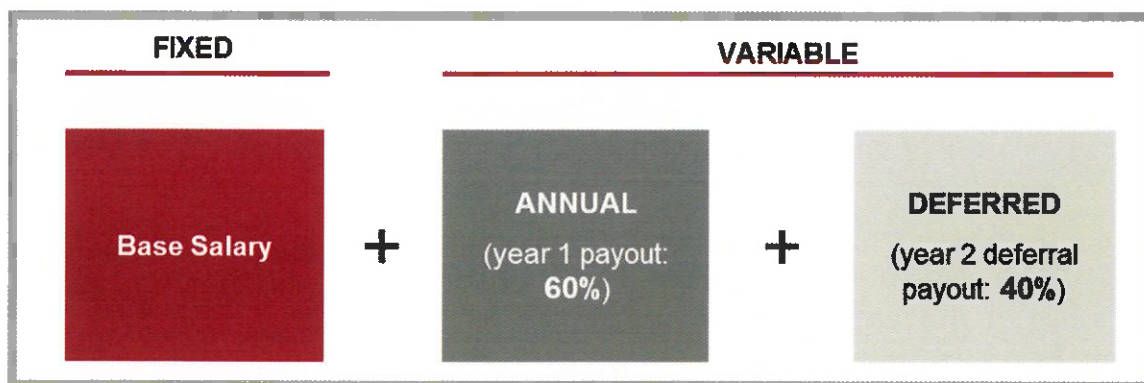
16 Governance of Remuneration for Regional Head of Control Functions

The remuneration package, applicable to all the staff included in the Target Population belonging to the Control Functions regardless of whether they are Head/Responsible of Control Functions or GLG, shall consist of a fixed and variable component and fringe benefits. In Asia, target population belonging to the Control Functions are Regional Head of Internal Audit/Actuarial/Compliance and Risk Management.

The fixed component is established according to the level of the responsibilities and duties assigned, it is suited to guarantee the independence and autonomy required for these roles.

The variable remuneration of Control Functions shall be independent from the performance of the operational units and areas that are submitted to their control. The variable component is linked to the participation in a specific deferred monetary incentive plan whose goals have a multi-year timeframe that relates exclusively to the effectiveness and quality of controls.

Only one variable plan is granted, within which managers may accrue a monetary amount (upon reaching the defined goals linked to specific activities of each of the control functions, with reference to goals based on the effectiveness and quality of controls, excluding shared-based performance indicators, which may instead give rise to conflicts of interest), disbursed in an upfront installment and in a deferred installment, the latter being subject to the continuity of service and to the verification of the results achieved, with regard to both their effectiveness and their long-lasting sustainability.



To this end, the relevant Corporate Body reviews the variable remuneration of the Head/Responsible of the Control Functions. The assessment of whether the goals set for Control Functions' managers have been achieved (and at a later stage with regard to the effectiveness and long-lasting performance) is supervised by the relevant Corporate Body (e.g. the BoD upon a prior opinion

being given by the Risk and Control Committee - if present or similar - and having consulted the Board of Statutory Auditors). Only if the relevant Corporate Body considers the results achieved and the quality of the controls to be satisfactory, the Head/Responsible of the Control Functions can actually access the incentive programs. Condition precedents and malus and clawback mechanisms also apply, similar to those previously described.

Furthermore, these roles are not included in the overall funding pool for GMC and GLG.

17 Non-executive directors' remuneration

The current remuneration policy for all non-executive Directors (whether independent or not) establishes that remuneration must consist of a fixed component and of an attendance fee issued for each Board of Directors meeting attended, in addition to the reimbursement of expenses incurred by their attendance.

Directors who are also members of board committees are paid an additional emolument to the one already received for their role as members of the Board of Directors (with the exception of those who are also executives of the Generali Group). This additional remuneration is set according to the duties assigned to the relevant committees and the effort and time required of them, in terms of the number of meetings and preparation required. This remuneration is established by the Board of Directors in accordance with Article 2389, paragraph 3, of the Italian Civil Code and relevant local requirement.

Moreover, in line with the best international market practices, no variable remuneration is envisaged for non-executive directors. The remuneration policy for the Chair includes the payment of remuneration for his role as member of the Board of Directors, as specified above, in addition to an annual fixed remuneration that is determined on the basis of comparative analyses with similar roles at both a national and international level. Just like all non-executive directors, the Chair's variable remuneration does not involve his participating in short- and medium/long-term incentive plans. The policy for this role also entails the assignment of certain non-monetary fringe benefits, such as insurance coverage against professional injury and disease, healthcare, and the business and personal use of a company car with a driver.

Please refer to the sections below for information on the D&O insurance policy and on severance provisions in the event of termination of appointment.

18 Remuneration of the Supervisory Bodies

The policy for these roles entails the payment of a fixed gross annual remuneration for the entire term of the appointment, increased by 50% for the Chair of the Board of Statutory Auditors. There are no variable components to the remuneration.

Members of the Body will also have the right to a refund for all expenses incurred in performing their office and will benefit from the D&O insurance policy as explained below.

19 Remuneration Policy for Insurance Brokers and Suppliers of outsourced Services

There is no provision for assignment of any variable component to the appointed actuary, for his work carried in this role, as the role is held by external professional. The remuneration policy for insurance brokers is defined by the companies for which they work; it is based on the same principles as the Group's remuneration policy, taking an approach that aims to ensure that remuneration is in line with the overall strategy for these figures as well, using goals and incentive plans that seek to compensate the contribution made towards achieving the Group's goals.

The compliance with the principles set by Article 4 of ISVAP Regulation No. 39/2011 in the event of outsourcing of essential or important activities, is granted by the Group Outsourcing Policy adopted by the Board of Directors of the company on 5 November 2014 and 17 March 2016.

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

The current terms of the insurance policy for the coverage of the civil liability of the Company's directors and auditors (Directors' and Officers' Liability Insurance – D&O), and that of the executive in charge of drafting the Company's accounting documents, are as follows:

- Validity: from 1 May to 30 April yearly
- Term: 12 months, renewable annually, until revocation of authorisation by the Shareholders' Meeting.
- Amount of coverage considers local market standards
- Cases of wilful misconduct are excluded from insurance cover.

21 Extraordinary Remuneration

As an extraordinary measure within the remuneration policy context, and in order to attract or retain key figures, specific remunerations may be granted at the time of hiring or during employment.

These remuneration elements, which are only provided for selected high profile managers, may consist, by way of example, in: (a) entry bonuses linked to the loss of incentives within the previous employment relationship and linked, where possible, to the manager's commitment to stay in the company for a certain period; (b) a guaranteed variable remuneration only for the first year of employment; and (c) special payments to ensure employment stability over time.

The Company can also determine the payment of exceptional bonuses, connected to operations and/or extraordinary results (such as, disinvestments, merger & acquisitions, reorganisation or efficiency processes) with a particular impact on company value and volumes and/or profitability, that may not be addressed with the ordinary variable remuneration systems thereby justifying an additional exceptional premium. The criteria used to identify possible extraordinary operations or results that could possibly be worth a reward is linked to the level of materiality of the operation which, given the dimensions of the Generali Group, can occur only in the event of operations of remarkable and unusual economic or organisational magnitude. The criteria used to determine the amount of the possible bonus would, on the one hand, be linked to the value of the operation and, on the other hand, would take into account the overall remuneration already granted to the beneficiary within the standard remuneration packages.

Any of these extraordinary payments will be determined within the framework of the governance processes for remuneration, as applicable to the different categories of beneficiaries, and will be appropriately disclosed, as required by current regulations.

22 Additional Remuneration

Any recipients of the remuneration policy within Assicurazioni Generali cannot receive remuneration and/or attendance fees for other offices they have been assigned by the Holding Company in subsidiaries, entities and associations, except where a specific exception has been made, duly justified, formalised and authorised by the competent bodies.

23 Severance Payment

The following severance provisions apply in the event of termination (severance provisions) of directors who are not simultaneously under an employment contract:

- in the event of the natural expiry of the office, no amount will be due;
- in the event of the early termination of the office without cause, the party concerned may, in compliance with the law and where all legal requirements are met, be assigned an indemnity of up to the maximum remuneration due for the remainder of the term of office;
- in the event of resignation (excluding any cases of just cause), termination for cause, termination following a takeover bid or forfeiture (for any reason, including the loss of the requirements of professionalism, honour or independence, or for situations of impediment or incompatibility) and, in any case, for any other event and/or cause beyond the Company's control, no amount will be due; and
- in the event of the early termination of the office on mutual consent, the amount to be paid to the individual concerned will be

defined on a case-by-case basis, based on the relevant circumstances and grounds for termination (with specific reference to performance achieved, risks undertaken and the effective Company operating results, so that, more specifically, no amount can be paid in the event of gross negligence or wilful misconduct).

Severance provisions in the event of termination of managers with strategic responsibilities (i.e. GLG), will be as follows:

— in the event of dismissal, the Company must apply – without prejudice to any changes that may be made to the legislative framework in the future – the mandatory provisions of applicable law and contractual agreements; and

— in the event of termination by mutual consent, the amount that may be paid to the individual concerned will be defined on a case-by-case basis, based on the relevant circumstances and grounds for the termination (with specific reference to performance achieved, risks undertaken and effective Company operating results, so that no amount can be paid in the event of gross negligence or wilful misconduct). The amount determined cannot exceed under any circumstance 24 months' "recurring remuneration", in addition to the legal and contractual notice (where applicable).

"Recurring remuneration" means the gross annual remuneration increased by the average of the amount effectively received by the individual by way of the annual variable component in the last three years.

By accepting this amount, the individual waives all and any rights in any way directly and/or indirectly connected to the employment relationship with Assicurazioni Generali S.p.A., or with any of its subsidiaries, and termination of the relationship, and all rights, claims and/or action with regard to other companies of the Group, in any way directly or indirectly connected with the employment and with its definitive, accepted termination.

This waiver also includes the rights to compensation for damages under Articles 2043, 2059, 2087 and 2116 of the Italian Civil Code, and economic rights connected with the employment and its termination.

The above provisions also apply to executives directors who also work for the Company under an employment contract. In this case – in order to calculate the amount that may be paid to the individual – fixed and short-term variable components paid for the office as director (again on the basis of the average recorded for the last three years) will also be taken into account.

Both with directors and managers with strategic responsibilities, specific agreements can be entered into in order to predetermine (within the limits mentioned above) the severance payments due in the event of future termination, as well as non-compete or confidentiality agreements for a period subsequent to the employment termination (which may be entered into at the time of hiring, whilst employed or on termination of the relationship). The consideration of non-compete or confidentiality agreements, which have a limited term, is determined by taking into account the term and territorial extension of the obligation, the possible damage that the Company and/or Group could suffer if the director/manager were to start working for competitors of the Company and/or Group or disclose information that could potentially harm the Company and/or Group, and the role and responsibilities previously held by the director/manager.

As to the effects of the termination on any rights that may have been assigned under the scope of share-based incentive plans, please refer to relevant section of regarding long-term incentives (LTI) inside Group Remuneration Internal Policy.

24 Authorization on Compensation and Benefits Changes

All compensation and benefits changes of local entities applicable to all local employees are under governance of Generali Asia. Country HR are required to submit the proposal for any compensation and benefit changes to Regional Human Capital for review and this proposal should be approved by Regional Head of HR and Organization, Asia and Regional Officer before any changes are put into effect on country level.

For any key changes on the benefits policies and benefit provision, Country HR are required to submit proposals outlining the changes, minimum local requirements where applicable, local market benefits trend as well as costs associated with it to Regional Human Capital for review and the proposed change of benefit will only be effective after a proper approval is obtained from Regional Human Capital.

The following is not an exhaustive list of documents/matters that require the approval from Regional Head of HR and Organization and endorsement from Regional Officer Asia if changes are applied. The scope of items that require the approval is not limited to the following:

- Local Remuneration Policy

- Local Pension/Retirement Benefits
- Local deferral payment plan
- Local profit sharing plan
- Local car ownership plan
- Local car allowances
- Local housing loan
- Local loan subsidy plan
- Local compensation structure
- Local Medical Benefit enhancement
- Local Group Insurance Benefit enhancement

25 Appendix 1: Group Remuneration Internal Policy (GRIP)



Group_Remuneration
_Internal_Policy.pdf

26 Appendix 2: Benefit Standards for GLG



Benefit Standards
for GLG.PDF

27 Appendix 3: Asia STI Plan Rules



Generali Asia - 2018
Short Term Incentive

