

Board of Statutory Auditors' Report

Statutory Auditors' Report to the Shareholders Meeting of Assicurazioni Generali S.p.A. called to approve the Financial Statements as at 31 December 2018 pursuant to Art. 153 of Legislative Decree 58/1998

Dear Shareholders,

In compliance with the provisions of Article 153 of Legislative Decree no. 58 of 24 February 1998 ("TUIF"), and the indications contained in Consob notice no. 1025564 of 6 April 2001, as amended, while taking the principles of conduct recommended by the National Council of Chartered Accountants ("NCCA") into account, the Board of Statutory Auditors of Assicurazioni Generali S.p.A. (the "Company") hereby presents this report on the supervisory activity carried out during the 2018 financial year.

1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2018 (point 10 of Consob Notice no. 1025564/01)

The Board of Statutory Auditors performed the activities falling within its scope of duties during the 2018 financial year, holding 34 meetings with an average duration of approximately three hours and fifteen minutes.

The Board of Statutory Auditors also:

- attended the 14 meetings of the Board of Directors (BoD);
- attended the 14 meetings of the Risk and Control Committee ("RCC");
- attended the 3 meetings of the Related-Party Transactions Committee ("RPTC");
- in the person of its Chairman and/or another statutory auditor, attended the 7 meetings of the Appointments and Remuneration Committee ("ARC"), with specific reference to remuneration matters;
- in the person of its Chairman and/or other statutory auditor, attended the 11 meetings of the Investments and Strategic Operations Committee ("ISOC");
- in the person of its Chairman and/or another statutory auditor, attended the 9 meetings of the Corporate Governance and Social and Environmental Sustainability Committee ("GSC").

In addition to the above activities, in the course of its activity plan, the Board of Statutory Auditors:

- held meetings with, and obtained information from the Group CEO, also in his role as Director in charge of the internal control and risk management system, the Group CEO, also in his role as manager in charge

of preparing the corporate accounting documents, the Head of the Group Financial Crime function, Group General Counsel, Head of Corporate Affairs and Head of Group Human Resources and Organisation, as well as the heads of the corporate functions affected by the supervisory activity of the Board of Statutory Auditors;

- pursuant to Art. 74, paragraph 2, of IVASS Regulation no. 38 of 3 July 2018, held meetings with, and obtained information from, those responsible for the four fundamental functions envisaged by the aforementioned Regulation (Group Audit, Group Compliance, Risk Management, Group Actuarial, the "Fundamental Functions"), as well as all of the structures that perform control tasks within the Group, ensuring adequate functional and information connections;
- met the members of the Supervisory Body established pursuant to Legislative Decree 231/2001 for the purpose of the exchange of information;
- pursuant to paragraphs 1 and 2 of Art. 151 of the TUIF, as well as Art. 74, paragraph 3(g) of IVASS Regulation no. 38/2018, held meetings and/or exchanged information with the control bodies of the main subsidiaries (Alleanza Assicurazioni S.p.A., Banca Generali S.p.A., Česká pojišťovna a.s., CityLife S.p.A., Europ Assistance Italia S.p.A., Generali Allgemeine Versicherungen AG, Generali Deutschland AG, Generali España S.A. de Seguros y Reaseguros, Generali Investment Europe S.p.A., Generali IARD S.A., Generali Italia S.p.A., Generali Business Solutions S.C.P.A., Generali Insurance Asset Management S.p.A. SGR, Generali Investments Holding S.p.A., Generali Investments Partners S.p.A. SGR, Generali Real Estate S.p.A., Generali Personenversicherungen AG, Generali Properties S.p.A., GSS – Generali Shared Services S.c. a r.l., Generali Schweiz Holding A.G., Generali Versicherung AG, Generali Vie S.A., Genertel S.p.A., Genertellife S.p.A.);
- in the framework of relations between the control body and the auditor as provided pursuant to the third paragraph of Art. 150 of the TUIF and Art. 74, paragraph 3(e) of IVASS Regulation n. 38/2018, and in light of the duties of the Board of Statutory Auditors as an Internal Control and Audit Committee, held specific meetings on a periodic basis with EY S.p.A, the company appointed to carry out the statutory audit. ("EY"), during which data and information relevant to the performance of their respective tasks were also exchanged.

2. Transactions having a significant impact on the economic, financial and asset-based position. Other noteworthy events (point 1 of Consob Notice no. 1025564/01)

2.1 Activities performed by the Board of Statutory Auditors

The Board of Statutory Auditors monitored compliance by the Company with the legislation and the Articles of Association and observance of the principles of correct administration, with special reference to transactions having a significant impact on the economic, financial and asset-based position, by regularly attending meetings of the Board of Directors and examining the documentation provided.

In this context, the Board of Statutory Auditors received information from the Managing Director and the Board of Directors about the activities performed and transactions with a significant impact on the economic, financial and asset-based position conducted by the Company, including through directly or indirectly controlled companies.

On the basis of the information provided, the Board of Statutory Auditors reasonably concludes that the said transactions can be deemed to comply with the legislation, the Articles of Association and principles of sound management, and that they do not appear to be manifestly imprudent, precarious or in conflict with the resolutions passed by the Shareholders Meeting, or such as to prejudice the integrity of the Company's assets.

In particular, the Board of Statutory Auditors was informed about transactions in which Directors declared an interest either on their own account or on behalf of third parties, and has no comments to make about the compliance of the corresponding resolutions with the legislation and regulations.

2.2 Main significant events

The most significant events involving the Company and the Group in 2018 are also reported on in the 2018 Integrated Annual Report and Consolidated Financial Statements. They include the following events:

- on 6 February 2018, the Company completed the sale of the entire investment in Generali Nederland N.V. The Group remains operational in the Netherlands through its Global Business Lines;
- in March 2018, Generali Global Infrastructure was launched, a platform that involves external partner-

ships to invest in infrastructure debt, developing products and solutions for investors;

- on 16 April 2018, the Company completed the sale of its activities in Panama and Colombia, countries in which it remains operational through its Global Business Lines;
- on the same date, the company increased its share capital by implementing the Long-Term Incentive Plan approved by the Shareholders Meeting in April 2015. Following this increase, the Company's fully subscribed and paid-up share capital amounts to € 1,565,165,364;
- in the same month, the Company started the sale of Generali Belgium S.A. The transaction was completed in the beginning of January 2019;
- in May 2018, the Company strengthened its geographical presence in Central and Eastern European countries through the acquisition of full control of the Slovenian company Adriatic Solvenica zavarovalna družba and Polish companies Concordia Capital S.A. and Concordia Polska TUW;
- in June 2018, Generali CEE Holding B.V. and UniCredit signed a bancassurance agreement for the distribution of insurance solutions in Central and Eastern Europe;
- in the same month, the Company completed the sale of the entire stake in Generali PanEurope DAC, while remaining operational in Ireland through its Global Business Lines;
- in July 2018, the Company started the sale of 89.9% of Generali Lebensversicherung AG and signed an agreement with Viridium Gruppe, with which the Company undertook a larger industrial partnership on the German insurance market. The transaction is subject to the approval of the German Federal Authority for the supervision of the financial sector (BaFin), as well as that of the competent German antitrust authorities;
- the new organisational structure of the Group was approved in the same month, effective from 1 September 2018. The most significant organisational changes include the creation of the position of General Manager, who reports directly to the Group CEO, and the appointment of Cristiano Borean as the new Group CFO;
- in July, the Company also signed an agreement with Life Company Consolidation Group for the sale of its entire holding in Generali Worldwide Insurance Company Limited, a company based in Guernsey, and Generali Link, an Irish company. The transaction was completed in March 2019;
- in October 2018, the Company signed an agreement for the acquisition of 100% of the Polish asset management company Union Investments TFI S.A. The transaction is subject to the approval of the competent regulatory authorities;
- in December 2018, the Company acquired 100% of

- CM Investment Solutions Limited from Bank of America Merrill Lynch, a company that works in the development of alternative UCITS strategies (Undertakings for the Collective Investment of Transferable Securities);
- on 31 December 2018, the Company increased its stake to 49% in the Indian insurance partnership Future Generali Insurance, a joint venture with Future Group.

2.3 Dispute proceedings

As stated in the 2016 and 2017 Integrated Annual Report and Consolidated Financial Statements, the Brazilian company Banco BTG Pactual S.A. (“BTG”) initiated a dispute in 2016 relating to certain claims for compensation made by BTG pursuant to an agreement whereby the sale to the latter of Banca della Svizzera Italiana S.A. (“BSI”) by a Generali subsidiary was concluded in September 2015.

In this regard, the Board of Statutory Auditors received periodic updates from Group Legal Affairs on the evolution of the dispute during the meetings of the Board of Directors and RRC, and examined the opinions prepared by external lawyers. The Board of Statutory Auditors also met the manager in charge of Preparation of the Company’s Financial Reports and the auditing firm EY, with a view to monitoring the process conducted by them, insofar as falls within their respective remits, for the purpose of conducting the necessary evaluations relating to possible provisions pursuant to IAS 37 as well as the corresponding disclosure.

As stated in the 2018 Integrated Annual Report and Consolidated Financial Statements, the Company, taking into account the status of the arbitration proceedings and the legal opinions obtained, decided that the conditions of probability and ability to make the reliable estimate required by IAS 37 for any risk provisions associated with BTG’s said claim for damages.

3. Related-party and intercompany transactions. Atypical and/or unusual transactions (points 2 and 3 of Consob Notice no. 1025564/01)

The Company has introduced “*Related-Party Transaction Procedures*” (“RPT Procedures”), adopted in compliance with Consob Regulation 17221/2010, as amended, and Art. 2391-*bis* of the Civil Code, which are also applicable to transactions performed by subsidiaries.

The Board of Statutory Auditors concludes that the

forementioned procedures comply with Consob Regulation 17221/2010, as amended; the BSA monitored the Company’s compliance with the said procedures during the year.

Assicurazioni Generali’s 2018 Annual Financial Statements and the 2018 Integrated Annual Report and Consolidated Financial Statements illustrate the economic and asset-related effects of the related-party transactions, and describe the most significant relationships.

No transactions classifiable as major transactions pursuant to the above-mentioned RPT Procedures were submitted for the attention of the RPTC during the 2018 financial year, nor did any urgent related-party transactions take place.

With regard to intercompany transactions during the year, the supervisory activity of the Board of Auditors shows that they have been implemented in compliance with IVASS Regulation no. 30/2016 on intragroup transactions and risk concentrations, as well as the Policy on Infra-Group Transactions adopted by the Board of Directors on 15 March 2017. The main intercompany activities, with payment at market prices or at cost, were conducted by means of reinsurance and coinsurance agreements, administration and management of securities and real estate, claims management and settlement, IT and administrative services, loans and guarantees, and personnel loans. Said services allowed the rationalisation of operational functions and a better level of services.

The BSA concluded that the information provided by the Board of Directors in the 2018 Annual Financial Statements of the company relating to intercompany and related-party transactions was adequate.

As far as we are aware, no atypical and/or unusual transactions were carried out in 2018.

4. Organisational structure of the Company and the Group (point 12 of Consob Notice no. 1025564/01)

The organisational structure of the Company and the Group and its developments are described in detail in the Corporate Governance and Share Ownership Report. The organisational structure of the Company includes the duties and responsibilities of the corporate functions, the hierarchical and functional relationships between, them and related coordination mechanisms. This is based on two dimensions: the Group Head Office (“GHO”) and

Business Units. While the GHO acts as a strategic guidance structure, it leads and coordinates the Business Units, which value entrepreneurship and local autonomy. Organisational governance takes place through integration and coordination mechanisms between the Business Units and the Group Head Office functions, represented by:

- the Group Management Committee (“GMC”), which supports the Group CEO and top management in sharing the main strategic decisions;
- the three main cross-functional committees that support the Group CEO in addressing the Group’s strategic decisions: Balance Sheet Committee, Finance Committee, Product & Underwriting Committee;
- Business Strategic Reviews, Clearance Meetings and Capital & Cash Deep Dives, which ensure the alignment between the GHO and the Business Units with a respective focus on strategic actions and discussions, economic-financial performance, remittance and capital optimisation;
- the Functional Guidelines and Functional Councils, through which functional coordination is implemented at global level;
- a matrix system of reporting lines, classified as “solid” or “dotted” according to the intensity of guidance and coordination between the GHO Functions and the corresponding functions in the Business Units. The “solid” departments, which have hierarchical reporting that is carried out more directly and systematically by the GHO, are the Group Chief Risk Officer, Group General Counsel, including Group Compliance and the Group Audit; the other Group Functions are “dotted”.

On 31 July 2018, the Company’s Board of Directors approved the adoption of a new organisational model, effective as of 1 September 2018. This new model involved:

- the creation of the position of General Manager, reporting directly to the Group CEO, to which Frédéric de Courtois was appointed;
- the re-definition of the scope of the role of CEO of GBL & International, renamed CEO International; this position is held by Jaime Anchústegui;
- the extension of the scope of responsibility of Marco Sesana, Country Manager Italy, to include Global Business Lines, as well as the extension of the scope of responsibility of Jean-Laurent Granier, Country Manager France, to include Europ Assistance;
- the appointment of Cristiano Borean as the new Group CFO, following the termination of the employment relationship between the Company and the previous Group CFO, Luigi Lubelli. Cristiano Borean therefore also joined the GMC.

Through the activity described in paragraph 1, the BSA supervised the adequacy of the overall organisational structure of the Company and Group, verifying the suitability of the definition of the proxies, and paying particular attention to the separation of responsibilities in the tasks and functions pursuant to Art. 74, paragraph 3(b) of IVASS Regulation no. 38/2018.

The BSA also supervised the adequacy of the instructions given by the Company to subsidiaries pursuant to Art. 114, paragraph 2, of the TUIF for the purpose of promptly obtaining the information necessary to comply with the disclosure obligations required by law and by Regulation (EU) no. 596/2014.

As required by paragraphs 1 and 2 of Art. 151 of the TUIF and by Art. 74, paragraph 3(g) of IVASS Regulation n. 38/2018, the Board of Statutory Auditors acquired the reports of the control bodies of the main subsidiaries and/or information provided by them following specific requests; no elements worthy of mention emerged in this Report from the analysis of this documentation.

5. Internal Control and Risk Management System, administrative/accounting system and financial reporting process (points 13 and 14 of Consob Notice no. 1025564/01)

5.1. Internal Control and Risk Management System

The main features of the internal control and risk management system are described in the Report on Corporate Governance and Ownership Structure and the Group Risk Report (included in the Annual Integrated Report and Consolidated Financial Statements 2018).

The internal control and risk management system (“ICRMS”) is formed by the rules, procedures and corporate structures that operate - also in regard to the role of the Company as the parent company of an insurance group - in order to allow the effective functioning of the Company and Group, and to identify, manage and monitor the main risks to which they are exposed. The ICRMS is an integrated system that involves the entire organisational structure.

The Group Audit, Group Compliance, Group Risk Management, and Group Actuarial Functions constitute the Fundamental Functions pursuant to IVASS Regulation no. 38/2018. In order to ensure a consistent approach at a Group level, the Company defines the Group guidelines on the governance system supplemented by the inter-

nal control and risk management policies of the Group, which apply to all companies.

The ICRMS was defined in accordance with the terms of Solvency II, including delegated acts and guidelines issued on the subject by EIOPA, and with the legislative and regulatory provisions transposed at a national level. Following the issue by the Regulator of authorisation to use a "Partial Internal Model" (PIM) to calculate the Solvency Capital Requirement (SCR) as required by Solvency II, the Group is allowed to use the PIM to determine the SCR of the Group and the main Business Units for the Italian, German, French and Czech companies. For further details, see the Group Risk Report.

During 2018, in compliance with Solvency II, the Group updated or defined the related internal group policies aimed at pursuing the following objectives:

- to standardise the ICRMS, establishing the roles and responsibilities of corporate structures to which the Fundamental Functions are entrusted;
- establishing the processes associated with the management of specific risks (investment, underwriting, concentration and operational risks) and the main business processes (including capital management, the asset liability management process and the product approval process).

Although the Company is no longer among the systemic entities, Group controls were also confirmed in 2018 with the updating of the Systemic Risk Management Plan, Liquidity Risk Management Plan and Recovery Plan, the latter also in light of the recent provisions of IVASS Regulation no. 38/2018 on reinforced emergency plans.

The Company monitored legislative developments during the year, activated compliance-checking plans and continued its ongoing reinforcement of the procedural structure, as described in the parent company's Risk Report, Annual Integrated Report, and Consolidated Financial Statements 2018. The Internal Control and Risk Management System policies are also adopted by the main subsidiaries, having regard to the specific legislation in each country in which the Group operates, and any special features of the business. These policies are continuously updated.

During 2018, based on the results of the monitoring of the Group Compliance Function, the Group has adapted to new significant regulations, including the European Directive on Insurance Distribution (and related local implementing legislation) and the European Regulation on Personal Data Protection (GDPR).

IVASS Regulation no. 38/2018 was issued on 3 July 2018,

which repealed the previous IVASS Regulation no. 20 of 26 March 2008. The latter remained in force until the publication of new secondary legislation, and was applicable for the first part of the financial year in question.

IVASS Regulation no. 38/2018, involved a revision of the corporate governance system of insurance companies: The Company promptly initiated a gap analysis between the governance structure, the most important Group corporate controls and processes, and the model outlined by the aforementioned Regulation. Consequently, the relative implementation activities and appropriate coordination methods were identified amongst the various functions to which the individual actions have been delegated.

The interventions on the role of the Chairman and the Board Committees, the organisational structure of the Fundamental Functions and the effective and efficient performance of their respective functions, as well as the updating of internal regulations of the Board of Directors and Committees were immediately implemented, and approved by the Board of Directors at the meeting of 12 December 2018. On 30 January 2019, the Board of Directors also approved some amendments to the Articles of Association for compliance with the aforementioned IVASS Regulation no. 38/2018 for aspects relative to the provisions of the articles of association on the composition of the Executive Committee, which was not instituted by the Company.

The other implementation activities, for which the transitional provision of Art. 95, paragraph 1, of IVASS Regulation n. 38/2018 requires the adjustment by 31 December 2019 and the adoption of the appropriate resolutions within the first half of 2019, have been almost completely completed within the first quarter of the current year. The remaining activities are being finalised, and are expected to be completed within the first half of 2019, in full compliance with the regulatory deadline.

The BSA has constantly monitored the activities of adapting the governance structure of the Company and Group to IVASS Regulation n. 38/2018, receiving periodic information from the company functions involved, and formulating recommendations and suggestions where deemed appropriate.

In the context of constant development and reinforcement of controls, in accordance with the applicable industry regulations, the Board of Statutory Auditors has constantly monitored the adequacy of the ICRMS of the Company and its Group, verifying their effective operation. In particular, in taking into account the provisions of Art. 74 of IVASS Regulation n. 38/2018 recently entered into force, the BSA has:

- i) took note of the favourable opinion of the adequacy of the ICRMS issued half-yearly by the Board of Directors after consulting the RCC;
- ii) examined the RCC report issued every six months in support of the Board of Directors;
- iii) examined the summary document regarding the assessment of the adequacy and efficacy of the Internal Control and Risk Management System drawn up by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions;
- iv) attended all meetings of the RCC, obtaining information about the initiatives that the Committee has decided to promote or request on specific subjects (such as on matters of cyber security);
- v) obtained information on the development of the corresponding organisational structures and the activities performed by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions, partly by means of discussions with the managers concerned;
- vi) examined the reports on the activities of Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the Risk and Control Committee and the Board of Directors;
- vii) examined the Group Audit Manager's half-yearly Complaint Reports;
- viii) verified the autonomy, independence and functionality of the Group Audit Function, as well as implemented and maintained an adequate and constant connection with it;
- ix) examined the Audit Plan prepared by the Group Audit Function as approved by the Board of Directors, having observed compliance with the same and received information flows on the audit results; in this regard, a significant improvement was observed in the timeliness of implementation of mitigating actions that were previously considered as an area of attention that was taken into account in the 2017 Report;
- x) taken note of the activities of the Supervisory Body established by the Company in compliance with the provisions contained in Legislative Decree 231/2001 through specific disclosures and update meetings on the activity it carries out;
- xi) obtained information from the managers of corporate functions involved in the ICRMS;
- xii) exchanged information with the supervisory bodies of the subsidiaries, as required by Art. 151, paragraphs 1 and 2 of the TUIF and Art. 74, para. 3(g) of IVASS Regulation no. 38/2018;
- xiii) met and exchanged information with the Group

CEO in his role as Executive Director responsible for supervising the ICRMS;

- xiv) obtained information about the development of the Group's regulatory system, in particular the Company's structure of policies, regulations, guidelines and procedures designed to ensure compliance with the specific regulations of the insurance industry and listed companies applicable to or approved by the Company.

As part of its supervisory activity over the ICRMS, the Board of Statutory Auditors paid specific attention to matters of IT security. During the 2018 financial year, a new Group document framework was defined for the management of Cyber-Security and Data-Protection, and specific procedures have been prepared for the management of IT incidents.

The Board of Statutory Auditors also continued to monitor the implementation of the plan to mitigate money laundering and terrorist financing risks as defined by the Board of Directors in December 2017, following the self-assessment process conducted during the year as based on the specific methodologies indicated by IVASS.

Also during the 2018 financial year, the Board of Statutory Auditors received updates on the external quality assessment conducted by PricewaterhouseCoopers on the Group Audit Function, both on the Company and certain Group companies. This analysis highlighted the general compliance of the Function with international standards for the professional practice of internal auditing, and identified some areas of further refinement, for which an action plan has already been defined.

With reference to areas that will be the subject of specific interventions already planned by the Fundamental Functions, the following is noted in view of the process of constant reinforcement and continuous improvement of the efficiency and effectiveness of the Group system:

- in the IT area, and with particular regard to aspects of Cyber-Security and Data Protection, activities have been scheduled to verify the effective implementation of the new regulatory framework and the implementation by individual Group companies of the related procedural structure for IT security management;
- a series of interventions were planned by the four Fundamental Functions to support the internal control system on branches, and in particular that located in the UK, in view of potential operational difficulties deriving from Brexit;
- in light of legislative and regulatory developments (anti-money laundering, privacy and customer protection,

etc.), additional reinforcement of the internal control system has been planned, with specific joint actions by the Group Audit and Group Compliance Functions.

The aforementioned activities will be subject to specific monitoring by the Board of Statutory Auditors during the 2019 financial year.

In light of all the above information and having regard to the above-mentioned areas of attention and taking the development of ICRMS into account, no factors emerged from the analyses conducted or the information obtained that could lead this BSA to consider the Company's Internal Control and Risk Management System as not adequate as a whole.

5.2. Administrative accounting system and financial reporting process.

As regards the administrative accounting system and the financial reporting process, the Board of Statutory Auditors monitored (inter alia) the Company's activities designed to assess their adequacy and effective operation on a continuous basis.

This objective was pursued by the Company by adopting a "financial reporting model" consisting of a set of principles, rules and procedures designed to guarantee an adequate administrative and accounting system. In line with the Company's ICRMS, the financial reporting model involves the corporate bodies and operating and control structures in integrated management, in compliance with the different levels of responsibility. The main characteristics of the model are described in the Corporate Governance and Share Ownership Report.

Data and information relevant to the performance of their respective tasks pursuant to Art. 150 of the CFBA were exchanged with the managers of the auditing firm, and no noteworthy aspects emerged pursuant to Art. 150, para. 3, TUIF, and Art. 74, para. 3(e) of IVASS Regulation n. 38/2018.

At the meeting of 25 March 2019, the Board of Statutory Auditors examined the draft of the additional report prepared by the auditing company EY pursuant to Art. 11 of EU Regulation 537/2014, and found, based on such, to be no significant shortcomings of the internal control system in relation to the financial reporting process. That report was discussed and analysed during information exchanges between the Board of Statutory Auditors and auditing firm.

As part of its role to oversee the suitability of the administrative-accounting system, the BSA also established, pursuant to Art. 15 of the Market Regulation of 28 December

2017, that the Company's organisation and the procedures adopted enable the Company to establish that the companies controlled and incorporated by it which are governed by the legislation of countries not belonging to the European Union and are required to comply with the Consob regulations have an administrative/accounting system suitable to supply the Company's management and external auditors regularly with the economic, capital and financial data required to draw up the consolidated financial statements. At 31 December 2018, the following are non-EU companies relevant for the purposes of the Market Regulation: Generali Personenversicherungen AG, Generali (Schweiz) Holding AG and Generali China Life Insurance Co. Ltd.

5.3. Consolidated Non-Financial Declaration

The Board of Statutory Auditors points out that, pursuant to Legislative Decree no. 254/2016 and the related implementing regulation issued by CONSOB with resolution no. 20267 of 18 January 2018, the Company is required to prepare and publish a Consolidated Non-Financial Declaration ("CNFD"). As required by Art. 4 of Legislative Decree no. 254/2016, said Declaration provides non-financial information relating to the Company and its subsidiaries "to the extent required to ensure comprehension of the group's business, trend and results, and the impact produced by it".

As specified in Art. 3, para.7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors, in the performance of its statutory functions, monitored compliance with the legislation governing the preparation and publication of the CNFD. In particular, the BSA supervised the adequacy of the organisational structures adopted by the Group based on the strategic objectives it pursued in the social-environmental field, and on the adequacy of the processes and structures that govern the production, reporting, measurement and representation of non-financial results and information within the Group.

To this end, the BSA examined the documentation made available by the Company and met the management team responsible for the CNFD disclosure on various occasions, an interdisciplinary group that includes the Group CFO and Group Risk Management as well as the representatives of the auditing company appointed to carry out the statutory audit, which is also entrusted with the task of giving the declaration of conformity provided for by Art. 3, paragraph 10, of Legislative Decree no. 254/2016 in a specific report.

The Board of Directors approved the CNFD on 13 March

2019. It was drafted in compliance with Legislative Decree 254/2016 on the disclosure of non-financial information relating to environmental and social issues relating to personnel, respect for human rights and the fight against corruption. The criteria of the International <IR> Framework have also been applied in the preparation of the CNFD, issued by the International Integrated Reporting Council (“IIRC”). The standard adopted for reporting on the material subjects identified by the Group is represented by the GRI Sustainability Reporting Standard, published in 2016 by GRI Global Reporting Initiative (GRI – Referenced claim) with reference to selected GRI Standards and indicators of GRI G4 Financial Services Sector Disclosures.

The BSA further noted that the auditing firm EY issued said report on 03 April 2019. In said report, EY certified that on the basis of the work performed, no information had come to its attention suggesting that the CNFD was not drawn up, in all significant respects, in compliance with the terms of Arts. 3 and 4 of Legislative Decree no. 254/2016 and the reporting standard used by the Group to prepare the CNFD.

The Board of Statutory Auditors observes that in the course of the controls conducted and specified above, no evidence of non-conformity by the CNFD with the legislative provisions governing its preparation and publication came to its attention.

When drawing up the Consolidated Non-Financial Declaration, the Company did not exercise the option to omit information concerning imminent developments and transactions under negotiation allowed by Art. 3, para. 8 of Legislative Decree 254/2016.

6. Other activities performed by the Board of Statutory Auditors

In addition to the matters described above, the Board of Statutory Auditors performed further specific periodic checks in accordance with the statutory and regulatory provisions applicable to the insurance industry.

Namely, the BSA, partly by attending meetings of the RRC:

- supervised compliance with the guidelines on investment policies approved by the Board of Directors, pursuant to Art. 8 of IVASS Regulation n. 24 of 6 June 2016;
- checked that transactions in derivative financial instruments complied with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly submitted periodic communications to IVASS;

- analysed the administrative procedures adopted for handling, safekeeping and accounting of financial instruments, checking the instructions issued to depositaries regarding periodic despatch of statements of account with suitable indications of any encumbrances;
- checked that the assets destined for covering the technical reserves were free of encumbrances and fully available;
- checked on correspondence with the register of assets destined to cover the technical reserves.

In the Notes to the Financial Statements, the Company supplied a report on share-based payment agreements, in particular the incentive plans based on equity instruments allocated by the parent company and other companies belonging to the Group.

7. Organisational and Management Model pursuant to Legislative Decree no. 231/2001

The Board of Statutory Auditors has perused and obtained information about the organisational and procedural activities conducted pursuant to Legislative Decree 231/2001, as amended, regarding the administrative liability of organisations. The main aspects related to organisational and procedural activities implemented by the Company pursuant to Legislative Decree 231/2001 are represented in the Report on corporate governance and ownership structure.

No noteworthy facts and/or circumstances emerged from the report submitted by the Surveillance Body regarding the activities performed.

8. Ratification of the Corporate Governance Code, Composition of the Board of Directors, and remuneration (point 17 of Consob Notice no. 1025564/01)

The Company has ratified the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. The compliance checklist with the principles and criteria established by the Self-Governance Code is shown in the Disclosure Compendium to the Report on Corporate Governance and Ownership Structure 2018, available on the Company's website, to which reference is made.

This Board of Statutory Auditors has evaluated the procedures for concrete implementation of the Code in question, with reference to the principles and application criteria, and has no comments to make on them.

The Board of Statutory Auditors notes that the Board of Directors has evaluated the operation, size and composition of the Board of Directors and the Board Committees. The Board Review process for the 2018 financial year, which involved all Directors and the Chair of the BSA, was conducted by means of a questionnaire developed by a main external consulting company, accompanied by interviews aimed at enhancing the individual contribution of each Director. In order to ensure the confidentiality of responses and monitor their consolidation process, the results of the procedure were managed by the external consultant who reported to the GSC and Corporate Affairs Function. The results of the Board review were presented, shared and discussed by the Board of Directors in the meetings of 12 December 2018 and 30 January 2019, in which the Board of Statutory Auditors took part.

The Board of Statutory Auditors acknowledges that, in compliance with the recommendations of the Self-Governance Code, the outcomes of the Board review have been taken into consideration by the GSC and the Board of Directors - supported by the ARC - for the purposes of drafting the "*Opinion for Shareholders on the size and composition of the Board of Directors for the three-year period 2019-2021*". This opinion was approved by the Board of Directors on 20 February 2019, as previously sent to the Board of Statutory Auditors, and was the subject of prior publication with respect to the date of the Shareholders' Meeting called to appoint the Board of Directors for the three-year period of 2019-2021, so that the Shareholders could take the assessments carried out by the BSA and its recommendations into account in the selection of the candidates with adequate advance notice with respect to the last date of filing of the lists.

In the early months of 2019, in line with the recommendations of Regulation Q.1.1 of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies prepared by the NCCA, the Board of Statutory Auditors also carried out its own self-assessment of its composition and operation with the support of the Corporate Affairs Function, providing for the examination and discussion of the related results in a specific meeting.

The Board of Statutory Auditors also checked on the correct application of the criteria and process initiated by the Board of Directors to assess the independence of directors classed as "independent"; it also established that

its own independence requirements were met, sending such to the Board of Directors are required by the Self-Governance Code.

In light of the policies and operating guidelines provided for by the Company, the Board of Directors conducted its assessments of whether the independence requirement is met on the basis of all the information available to the Company in any way, and on the basis of specific supplementary declarations, designed to obtain from Directors stating themselves as independent precise, accurate information about the existence of any commercial, financial or professional relations, relations involving self-employment or employment or other pecuniary or professional relations, which are relevant as defined in the Corporate Governance Code and the CFBA.

The BSA notes that the Board of Directors has adopted a specific top management succession policy and plan. The BSA has no comments to make about the consistency of the remuneration policy with the recommendations of the Corporate Governance Code and its compliance with IVASS Regulation n. 38/2018.

9. External audit (points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)

9.1. Activities of the Board of Statutory Auditors for the financial year 2018

The firm EY S.p.A. was appointed as External Auditors to audit the financial statements of the Company and the consolidated financial statements of the Group for the 2012-2020 period by EY. During the 2018 financial year, the auditing firm verified that the Company's accounts were properly kept and transactions properly recorded in accounting records.

On 3 April 2019, the independent auditors issued the reports pursuant to Articles 14 and 16 of Legislative Decree 39/2010, respectively for the financial statements and consolidated financial statements of the Group as at 31 December 2018. The said reports indicate that the financial statements are drawn up clearly and truthfully and correctly represent the assets and financial situation, profit and cash flows for the year ending on that date, in compliance with the applicable standards and regulations.

The Manager in Charge of Preparation of the Company's Financial Reports and the Managing Director and Group CEO issued the declarations and certifications required by s. 154-*bis* of the CFBA with reference to the financial

statements and the consolidated financial statements of the Company as at 31 December 2018.

The Board of Statutory Auditors monitored, within the terms of its duties, the general layout of the financial statements and the consolidated financial statements in accordance with the legislation and specific regulations governing drafting of insurance companies' financial statements. The BSA declares that the consolidated financial statements of the Group were drawn up in compliance with the IAS/IFRS International Accounting Standards issued by the IASB and approved by the European Union, in compliance with EU Regulation no. 1606 of 19 July 2002 and the CFBA, and Legislative Decree 209/2005, as amended. The consolidated financial statements were also drawn up as required by ISVAP Regulation no. 7 of 13 July 2007, as amended, and contain the information required by Consob Notice no. 6064293 of 28 July 2006. The Explanatory Notes to the Financial Statements illustrate the evaluation criteria used, and provide the information required by applicable legislation.

The Report on Operations annexed to the draft financial statements of the parent company illustrates the business trend, indicating current and prospective developments, as well as the Group's development and reorganisation process.

Together with the independent auditors and the manager responsible for preparing the corporate accounting documents, the Board of Statutory Auditors, was heard by the RCC in the context of the assessments for which the latter is responsible, together with the manager in charge of preparing the corporate accounting documents as regards the correct use of accounting principles and the homogeneity of their use for the purposes of preparing the consolidated financial statements.

On 03 April 2019, EY issued its additional report to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee pursuant to Art. 11 of EU 537/2014. In compliance with the provisions of Art. 19, paragraph 1(a), of Legislative Decree 39/2010, the BSA sent this report in a timely manner to the Board of Directors, without making comments.

The BSA also held meetings with the heads of the auditing company EY pursuant to Art. 150, paragraph 3, of the TUIF and Art. 74, paragraph 3(e) of IVASS Regulation no. 38/2018. During said meetings, appropriate exchanges of data and information took place that were relevant for the performance of the respective tasks, and no facts or situations worthy of being highlighted emerged. In the context of supervision pursuant to Art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also acquired information from EY with reference to the planning and execution of the audit.

Pursuant to Article 19, paragraph 1(e) of Legislative Decree no. 39/2010, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, checked and monitored the independence of the auditing firm. In the performance of those checks, no situations were found that prejudiced the independence of the auditing firm or constituted grounds for incompatibility pursuant to the applicable legislation. This is confirmed by the statement issued by EY S.p.a pursuant to Art. 6, para. 2(a) of Reg. EU 537/2014.

With reference to non-audit services, at the request and with the support of the BSA, on 1 January 2017 the Company adopted a specific procedure aimed at governing the appointment of the auditing firm and a company belonging to their network of permitted services other than audits ("Guideline for the assignment of non-audit services to auditors"). During 2018, the Board of Statutory Auditors supervised the implementation of some changes to the Guidelines as mentioned above, aimed at aligning them with the interpretative development of current legislation and applicable practices. This review process led to the adoption of an updated version of the Guidelines on 6 July 2018. After that date, the BSA requested that further processes be implemented to raise awareness among Group companies as regards the correct application of the new Guidelines.

During the 2018 financial year, in compliance with the provisions of Art. 19, paragraph 1(e) of Legislative Decree 39/2010 and Art. 5, par. 4, of Reg. EU 537/2014, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, previously examined the proposals for non-audit services conferred on the independent auditors or companies belonging to the relevant network subject to its attention.

As part of its assessments, the Board of Statutory Auditors has not only verified the compatibility of these services with the prohibitions of Art. 5 of Reg. EU 537/2014, but also the absence of potential risks for the independence of the auditor deriving from the performance of said services in light of the provisions contained in Legislative Decree 39/2010 (Articles 10 et seq.), in the Issuers Regulation (Art. 149-bis and following) and Audit Principle n. 100.

As the statutory pre-requisites were fulfilled, the BSA approved the commissioning of the service from EY or other companies belonging to its network.

The fees for non-audit services by the auditing firm or other companies belonging to their network for the company and its subsidiaries in the 2018 financial year are disclosed in detail in the Notes to the Financial Statements. During the year, the Board of Statutory Auditors, as the Internal Control and Audit Committee, supervised the trend of said fees.

9.2. Activities of the Board of Statutory Auditors in view of the conferment of the appointment of the statutory audit of the accounts for the nine-year period 2021-2029

In March 2018, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, together with the Group CFO structure and the other competent corporate functions, started the selection procedure aimed at identifying the new auditing company to be appointed for the nine-year period 2021-2029. The decision to undertake this procedure before the expiry of the EY mandate (2020) was first and foremost dictated by the need to ensure compliance with the independent auditor's forecasts pursuant to EU Regulation no. 537/2014, to which the Company is subject by virtue of its status as a "public interest entity" (PIE).

Art. 5 of EU Regulation n. 537/2014 identifies specific services that the auditor and entities belonging to the relevant network cannot provide to the institution of interest and to the companies controlled by it also in the year immediately preceding the first object of the audit assignment ("*cooling-in period*") (in the case of Generali, in 2020).

Secondly, the appointment of the new auditor prior to the expiry of the one in office facilitates handover from the outgoing to the incoming auditor. This would allow for dealing more efficaciously with the lesser knowledge about the PIE and its group the incoming auditor would inevitably have more knowledge of the PIE and the group, in the hopes of obtaining a better quality of statutory audit.

In compliance with the provisions of Art. 16 of EU Regulation n. 537/2014, the procedure for selecting the new auditor was carried out in a fully transparent and traceable manner, and was conducted on the basis of clear and non-discriminatory assessment criteria.

The subject of the selection procedure also included auditing the financial statements of Italian and foreign companies subject to the control of the Company pursuant to Art. 93 of the TUIF, including other PIEs. The BSA agreed with the Company, as well as with the control bodies of subsidiaries, that the assignment of the audit assignment concerning the accounts of the entire Group to a single subject allows for greater efficiency and quality in the performance of the audit. The single auditor approach also satisfies the requirement of ensuring greater uniformity in application of the rules on the issue of the independence of the auditor are not only for PIEs, but also to their parent and subsidiary companies.

In compliance with applicable legislation, auditing companies having the competence and experience in the statutory audit of issuers with listed shares, as well as knowledge and structures suitable for carrying out the audit engagement in a group international operating in the insurance sector were invited to take part in the selection procedure.

The Board of Statutory Auditors examined in detail the proposals received from the candidate companies and met their respective representatives, all with the support of specialised external consultants and competent corporate structures.

During individual stages of the selection process, the BSA held discussions with the internal control and auditing committees of subsidiaries which can be qualified as PIEs so as to organise the evaluation task, to define its methodologies and timing and to share the results. Maintaining that flow of information has enabled the BSA to coordinate the selection process of just one auditor of the group, although each subsidiary is responsible for making its decision.

At the end of the tender, in the meeting of 4 March 2019, the Board of Statutory Auditors approved the recommendation requested pursuant to Art. 16, par. 2, of EU Regulation no. 537/2014, which was made available to the Company's Shareholders in view of the Shareholders' Meeting for the approval of the financial statements as at 31 December 2018, as called to resolve on the assignment of the audit appointment.

As part of the Recommendation, in compliance with the provisions of Art. 16 of EU Regulation n. 537/2014, the Board of Statutory Auditors indicated two potential alternatives for appointment and expressed its duly justified preference for one of the two candidates. The Recommendation also contains a detailed illustration of the phases in which the selective procedure was articulated, the selection criteria that were applied and the results of the assessments performed by the Board of Statutory Auditors.

10. Opinions issued by the Board of Statutory Auditors during the financial year (*point 9 of Consob Notice no. 1025564/01*)

During the year, the Board of Statutory Auditors also issued the opinions, comments and attestations required by the applicable legislation.

At the meeting of the Board of Directors held on 30 January 2018, the Board of Statutory Auditors expressed a favourable opinion of the remuneration of the Group Audit

Manager (summary of 2017 targets and setting of 2018 targets) and the Audit Plan for 2018.

During the meeting of the Board of Directors on 14 March 2018, the BSA expressed a favourable opinion pursuant to Art. 2389 of the Civil Code with respect to the proposal to assign the newly issued shares to the Chief Executive Officer (Group CEO) as part of the resolution to increase the share capital as part of the 2015 LTI plan. Again with reference to the Group CEO's remuneration, on 29 June 2018 the Board of Statutory Auditors, expressed a favourable opinion of the Group CEO's remuneration as part of the LTI Plan 2018.

At the meeting of the Board of Directors on 30 July 2018, pursuant to Art. 154-*bis*, paragraph 1, of the TUIF and Art. 40, paragraph 2, of the Articles of Association, the Board of Statutory Auditors also expressed a favourable opinion on the proposal to appoint Cristiano Borean as the new manager in charge of preparing the corporate accounting documents.

During the 2018 financial year the BSA also regularly commented on the Half-Year Reports on complaints prepared by the Head of the Group Audit Function in compliance with ISVAP Regulation no. 24 of 19 May 2008, as amended. The reports did not highlight any particular problems or organisational deficiencies. The BSA also checked that the Company sent the reports and associated comments by the BSA promptly to IVASS.

11. Complaints pursuant to Art. 2408 of the Civil Code. Omissions, reprehensible actions or irregularities found (points 5, 6 and 18 of Consob Notice no. 1025564/01)

The Board of Statutory Auditors received two communications pursuant to s. 2408 of the Civil Code during the 2018 financial year.

On 21 April 2018, the shareholder Tommaso Marino forwarded a complaint pursuant to Art. 2408 of the Civil Code, by which he requested the Board of Statutory Auditors to verify the correctness and legitimacy of the proxy issued by Generali PanEurope DAC ("GPE"), an Irish company at the time wholly controlled by the Company, to attend the Meeting of the shareholders of Il Sole 24 Ore S.p.A. ("Il Sole 24 Ore") held in Milan on 28 June 2017.

The Board of Statutory Auditors immediately involved the competent corporate functions to carry out the appropriate checks, discussing the outcomes reported below,

within the limits permitted by the regulatory restrictions on the protection of personal data.

The Board has found that ownership of the package of shares of Il Sole 24 Ore in question was attributable to GPE, and ascertained that the proxy to participate in the Shareholders Meeting of Il Sole 24 Ore of 28 June 2017, which did not provide for voting instructions, was duly issued by GPE personnel with the necessary powers of signature.

Finally, as regards the request for clarification from the shareholder Marino on the potential attribution to the delegated subject of additional proxies by third parties in addition to that conferred by GPE, these are profiles that are beyond the competence of this Board of Statutory Auditors, referring them, if applicable, in that of the control body of Il Sole 24 Ore.

On 27 December 2018, shareholder Tommaso Marino sent a new complaint via certified email to the Company pursuant to Art. 2408 of the Civil Code, addressed to the Board of Statutory Auditors, in which he complained:

- (i) to have requested the Assicurazioni Generali Foundation The Human Safety Net (the "Foundation") to be able to view the financial statements and to have been refused; and
- (ii) the alleged failure to implement Art. 3 of the Articles of Association of the Foundation, as it was, in his opinion, almost totally applied incorrectly due to the alleged lack of support to "*Social, health and social-health assistance (with specific reference to the disabled, ed.); charity, education, and training*" sectors.

With the support of the competent functions of the Company, the Board of Statutory Auditors therefore acquired and examined the articles of association of the Foundation, a disclosure on the composition of its administrative and control bodies and the Foundation's financial statements approved by the Board of Directors on 14 February 2018.

In relation to the first reason for the complaint, the Board of Statutory Auditors noted that the legislation applicable to the Foundation does not provide any legal obligation to make the financial statements public. This obligation can neither be inferred from the regulations applicable to foundations (Presidential Decree No. 361 of 10 February 2000), nor from the fact that the founding entity of the Foundation is a listed company such as the Company.

Consequently, the decision of the Foundation not to make its own financial statements available to the requesting party is to be considered legitimate.

In relation to the second ground of complaint, the Board

of Statutory Auditors considered that the facts presented by the shareholder Marino are not reprehensible.

The Foundation is not required to carry out all of the activities listed in its corporate purpose: Art. 3 of the Foundation's articles of association - to which the shareholder expressly referred - only represents a limit for the directors of the Foundation, who cannot direct its scope towards purposes other than or additional to those indicated therein.

The Board of Statutory Auditors was also able to ascertain, in the light of the information provided by the Company's management, that the Foundation, through the "Human Safety Net" Group program, has launched some significant initiatives attributable to social, health and social-health assistance sectors. Please refer to the disclosure on these initiatives reported in the Annual Integrated Report and Consolidated Financial Statements 2018.

No complaints pursuant to Art. 2408 of the Civil Code were received in the first few months of the 2019 financial year.

No reprehensible actions, omissions or irregularities requiring reports to the Regulators emerged from the supervisory activities performed.

On the basis of all the factors set out in this Report, the Board of Statutory Auditors finds no reason to object to the approval of the Annual Financial Statements of Assicurazioni Generali S.p.A. for the financial year ending on 31 December 2018, as submitted to you by the Board of Directors, and expresses a favourable opinion of the proposed dividend distribution, funded entirely by the profit for the year.

Trieste, 03 April 2019

Board of Statutory Auditors

Carolyn Dittmeier, Chair

Lorenzo Pozza

Antonia Di Bella