



Generali Real Estate SgR

REMUNERATION POLICY 2023

Summary

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1 Principles of the Remuneration Policy

The Remuneration Policy is intended to implement the remuneration provisions contained in the Italian and EU legislation applicable to the Company.

It aims to promote a sound and efficient risk management in accordance with the Directive n. 2011/61/EU – so called AIFM Directive – promulgated by the European Parliament, by which the European Union introduced specific measures to create a European internal market for AIFM (Alternative Investment Funds Managers) and with the Directive 2014/91/EU – so called UCITS V – that has established common rules for investment funds, favouring the offer of investment funds regulated at EU level.

The principles regarding remuneration policies have been transposed, with effect from 5 December 2019, in the Implementing Regulation of articles 4-undecies and 6, paragraph 1, letters b) and c-bis), of the TUF issued by the Bank of Italy, as updated on 23 December 2022 with the implementation of the principle of gender neutrality of remuneration policies.

The Remuneration Policy includes the disposals related to sustainability risks pursuant to EU Regulation 2019/2088 of 27 November 2019 relating to the disclosure on sustainability in the financial services sector (Sustainable Finance Disclosures Regulation - SFDR).

The remuneration policy, defined in line with the Generali Group's internal guidelines and policies and adequately calibrated considering the characteristics and specific regulations and industry practices, is based on the following principles that guide compensation programs and actions:

- equity and consistency of remuneration in terms of responsibilities assigned and capabilities demonstrated;
- alignment with the Company strategy, managed assets and investors and long-term sustainable value creation for all stakeholders;
- competitiveness with respect to market trends and practices;
- merit and long-term performance-based reward in terms of sustainable results, behaviours and respect for Group values;
- clear governance and compliance with the regulatory framework.

The implementation of these principles allows to manage the remuneration system as key element to attract, develop and engage the resources, in particular those embedding competences that are critical and/or of high potential, promoting the alignment of their performance with the Company and funds results and laying the foundations for strong and sustainable results over time, while committing to promote equal pay and opportunities.

The Company communicates the contents of the remuneration policy according to the provisions of the applicable regulation.

2 Identified Staff definition

For the year 2023 the Company has performed an accurate assessment process in order to identify the so-called "Identified Staff", i.e. those categories of personnel whose professional activity has or may have a material impact on the risk profile of the Company and of the funds managed.

In line with the criteria defined by the Bank of Italy Regulation, the Identified Staff is made up of:

- i) Executives and non-Executives members of the management function;
- ii) Members of the Senior Management and other Heads of Functions directly reporting to the Chief Executive Officer and General Manager;
- iii) Heads of Control Functions;
- iv) Personnel who individually or collectively assumes significant risks for the Company or the managed funds. In order to identify these individuals, the Company assesses the possibility of taking risks for the Management Company or for the managed funds, of generating profits or affecting the financial position of the funds and of the Company;
- v) Personnel whose total remuneration is in the same bracket of those within the criteria n° ii and iv.

During the year, in case of new appointments and/or changes of the organizational responsibilities or delegation of authorities

with impact on the above mentioned categories or the company and/or the funds risk profile, the Company will update the identification process and, should new roles/individuals significantly impact the Company or funds risk profile, will submit for approval to the Board of Directors, advised by the Remuneration Committee, the amended Identified Staff perimeter.

3 Company Remuneration Structure

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

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

It is considered "remuneration" any form of payment or benefit paid by the Company to the personnel, directly or indirectly, in cash, in financial instruments - including cash indexed to the funds it manages - or in kind (fringe benefits), in return for the performance of work or professional services rendered.

The remuneration of all personnel, with different remuneration packages and pay-mix connected to the role, is based on fixed, variable and benefit components.

The **fixed component** of the remuneration is defined according to the role and is consistent with the delegated responsibilities. It also considers the experience of the owner, the skills required, other than the quality of the contribution made in relation to the achievement of the business objectives of the Company.

The **variable component** of the remuneration is structured into:

- variable linked to performance and risk profile: it aims to address the performance of individuals towards business objectives - through the connection between incentives and objectives of the Group, Company or Business / Function and individuals both from a quantitative and qualitative point of view, over a multi-year period - and to create sustainable value on a medium-long term horizon consistent with the risk profile defined for the Company.

The provision of specific performance indicators linked to ESG factors and the assessment of the level of achievement of the objectives, make the Remuneration Policy consistent with the integration of sustainability in investment decisions, both from the point of view of individual performance and of alignment and protection of the interests of investors and stakeholders.

For the fund managers, the Company defines specific KPIs on the basis of the type of fund managed, ensuring the alignment with the performance of the funds and with the interests of the subscribers. The performance assessment of managed funds is supplemented with the assessment of the completion of ESG actions identified at the fund level.

In addition, the funds performance goals are specifically measured with a multiyear mechanism to ensure alignment with the long-term interests of the funds and investors.

There is a maximum limit on the variable component that can be paid out.

Variable component payment - for all staff apart from the control functions - is subject to the achievement of a minimum performance threshold (Gate).

All variable remuneration plans provide for malus and clawback mechanisms.

The final assessment of the objectives' level of achievement also includes an individual evaluation of behavioural integrity, compliance with regulatory provisions, completion of mandatory training, and the resolution of remediation actions defined within the audit and compliance activity.

- other variable compensation such as: special award to value exceptional individual contribution with particular reference to the contribution of value creation, sustainable growth, innovation, digital transformation and ESG ambition, in alignment with the strategic objectives of the Company and the Group; retention bonus; contractually agreed variable component as regulated by the national collective agreement and the 2nd level agreements between the Company and Unions; any guaranteed variable components admitted only for new staff and limited for the first year of employment; for staff other than the Identified Staff, one-off payments related to career paths or professional development in the context of the meritocratic annual remuneration review plan.

In addition, employees, apart from those belonging to the Control Functions, who are selectively identified based on common criteria and process defined at the Group level may participate in the Group Long Term Incentive plan (for additional details on the Long Term Incentive Plan refer to the information documents available on the website of issuer www.generali.com).

The Company may also adopt incentive schemes integrated into the performance of funds, such as performance fees or carried interest in line with the regulations applicable to the specific form of incentive.

Furthermore, all employees may join a new shareholder plan (We Share 2.0) launched for the Group's employees based on Assicurazioni Generali shares with a specific focus on ESG target at Group level.

Staff are required not to undertake personal hedging strategies or remuneration and liability-related insurance, because these solutions might undermine the risk alignment effects embedded in their remuneration arrangements.

A **benefit policy** is also provided, which represent a substantial component of the remuneration package - in a Total Compensation approach - as an additional element to monetary payment.

4 Remuneration Policy for the Identified Staff

The remuneration of the Identified Staff is composed by a fixed annual remuneration and a variable remuneration, as well as benefits component. The Company defines the maximum values of the variable component and no guaranteed minimum is envisaged.

For all Identified Staff, apart from those belonging to the Control Functions, the variable remuneration linked to the degree of achievement of the performance targets is - consistently with the regulatory provisions - articulated and adequately balanced in a monetary component and a financial instruments component. The financial instruments are subject to an adequate holding period intended to align the incentives with the interests of the Company, of the managed funds and of the relevant investors of these funds. The variable component is linked to the mechanisms of access gates (Group and Company) and to the ex-post mechanisms of malus and clawback. In order to take into account the trend over time of the risks assumed for the remuneration, the variable remuneration is deferred over a multiannual period (following the up-front quota) appropriate considering the life and / or investment cycle of the managed funds.

For Identified Staff belonging to the Control Functions, the fixed component is predominant to the variable component to ensure independence and the ex-ante mitigation of potential conflict of interests. The variable remuneration is linked to objectives free from any financial indicator of economic performance that could rise to a conflict of interest and in any case independent from the results achieved in the areas of business subject to their internal control activities. The variable remuneration is paid in cash and deferred on a multiannual time horizon and is subject to the ex-post mechanisms of malus and clawback.

The company defined a materiality threshold, below which the annual variable remuneration accrued is entirely paid upfront and in cash.

5 Remuneration Policy for Non-Executive Directors

The remuneration of non-executive and independent Directors consists exclusively in a fixed component, together with an attendance fee for each meeting of the Board of Directors, the D&O coverage and the reimbursement of expenses incurred in the performance of the assignment.

In line with the best international market practices, no variable remuneration as well as no incentive plan based on financial instruments are foreseen for non-executive or independent Directors.

6 Remuneration Policy for Internal Control Bodies Members

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

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

7 Termination Policy (Severance)

The SGR applies the severance provisions of the Supervisory Provisions on the remuneration and policies of the Generali Group, without prejudice to the regulatory provisions of the sector.

The Remuneration will be paid within the limits defined and in line with the regulatory provisions on the articulation between the initial component and differences, monetary form and financial instruments, taking into account whether or not they belong to the perimeter of the Identified Staff. No amount will be paid in the presence of serious misconduct.

8 Governance and Compliance

In all countries in which the Company operates, the implementation of the remuneration policy takes place in full compliance with the laws and regulations applicable to the country or area of which the recipient operates.

In addition, the Company verifies that the subjects to whom it delegates fund and risk management are subject to obligations equivalent to those applicable to it regarding remuneration policies and that the contracts conferring the relative assignments do not contain clauses that allow elusions of the legislation.

The Company adopted a traditional system of corporate governance based on key principles, such as the central role of the Board of Directors and the Remuneration Committee and the efficiency of its internal control system.

The following corporate bodies collaborate in order to guarantee the correct functioning of the Corporate Governance system and the compliance of the policies with the regulations, each according to its own responsibilities.

The *Shareholders' Meeting* is the Corporate body that expresses the Shareholders' will through its resolutions. It approves the remuneration policy for the supervisory, the management and the control bodies, the Identified Staff and all remaining staff. Furthermore, the Shareholders' Meeting approves plans based on financial instruments and defines the criteria for determining the remuneration to be recognized in view or at the time of the early termination of the employment relationship or for early termination from the role. The Shareholders' Meeting receives at least annually a clear and complete disclosure on the adopted remuneration policies and practices (ex post disclosure).

The *Board of Directors* defines the remuneration and incentive systems for the Identified Staff and ensure that those systems are coherent with the overall choices of the Company in term of risk taking, strategies, long-term objectives corporate governance and internal controls system. In the event of high market discontinuity (for example when material changes occur in macroeconomic conditions or worsening of the financial context), the Market Adverse Clause may be activated. In particular, as part of the remuneration governance processes, the Board of Directors may reassess the overall fairness and consistency of the incentive systems, putting in place the appropriate and / or necessary corrections, also and in particular with reference to the reference objectives, the related metrics and assessment methods, without prejudice to comply with the limits and general principles of this policy and regulatory regulations and also the prospective safeguarding of capital and liquidity levels.

The *Remuneration Committee* is responsible for consulting and proposing towards the Board of Directors regarding remuneration.

The *Board of Auditors* is the body having supervisory functions on the compliance with the Law and Company Statute and on management control; in particular, it gives opinions about the Directors' remuneration.

The following internal functions assist the activities carried out by the corporate bodies, according to their competences:

The *Risk Management Function* takes part to the identification process and to the definition of Identified Staff perimeter assessing the risk impact of involved roles; it evaluates the coherence of the remuneration policy with the Company and the funds risk profiles and contributes to define the risk and the performance indicators to be adopted.

The *Compliance Function* is responsible for the assessment required to assure that the remuneration policies are compliant with the law, with the Company's Statute, and with other rules, including legal and reputational risks, typical in the relationship with the client.

The *Internal Audit Function* verifies at least annually, the compliance of the approved remuneration practices and policies with the regulations for the industry.

The *Human Resources Function*, in concert with the Group function in charge, guarantees the support and know-how necessary to define the remuneration policies.