Tax Strategy

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1 THE TAX STRATEGY IN THE FRAMEWORK OF THE INTERNAL CONTROL MODEL

The tax strategy is an essential element of the Tax Control Framework (TCF), which, in formulating the approach to sound, prudent management of the tax variable:

- is inspired by the principles set out in the Internal Code of Conduct adopted by Banca Generali S.p.A. — drafted in accordance with the Code of Conduct of the Assicurazioni Generali Group — which lays down rules of conduct and the related disciplinary sanctions applicable to employees and members of the administrative bodies of Group companies;
- is part of the Compliance Model for assessing the risk of non-compliance with the law, contributing to ensuring the achievement of the related objectives, as laid down in Bank of Italy Circular No. 285/2013, with regard to tax risk management;
- includes the control measures envisioned in the organisational and management model, as the TCF is another means of preventing illegal acts that may give rise to vicarious corporate liability, punished under the Italian legal system by Legislative Decree No. 231 of 8 June 2001, and the related reputational risks[1].

2 STRATEGIC OBJECTIVES IN TAX MANAGEMENT

With the aim of pursuing the long-term growth of the Company's assets and protecting its reputation over time, and in the interest of its shareholders, Banca Generali S.p.A. (hereinafter "Banca Generali" or, simply, "the Bank"), as the Parent Company of the Banking Group, formulates strategic guidelines for managing compliance with tax laws. Its tax strategy pursues the following objectives:

Tax obligations

Ensuring timely compliance with requirements and duly paying its correct tax burden, without necessarily having to choose the most burdensome solution:

- as a ***taxpayer***, Banca Generali has an obligation to the government and society to pay the taxes due by law;

[1] Banca Generali S.p.A. has adopted an Organisational and Management Model pursuant to Legislative Decree No. 231/2001, the General Section of which is published on the corporate website (www.bancagenerali.com).

- as a ***company***, the Bank has an obligation to its shareholders and stakeholders not to pay more taxes than due by law, while ensuring, in any event, that it achieves lawful tax savings and permissible tax advantages.

Tax risks

Monitoring and supervising the tax risk: the Bank pledges to manage and contain the risk of incurring violations of tax laws or abusing the principles and aims of the tax system.

3 THE PRINCIPLES OF THE TAX STRATEGY

- ***Values***. The Bank acts according to the values of honesty and integrity in managing its tax activity, out of an awareness that tax income, both its own and that collected as withholding agent, represents one of the main sources of contribution to economic and social development.
- ***Legality***. The Bank acts in accordance with the tax laws applicable in the countries in which it operates and interprets them so as to manage the tax risk responsibly, thus putting itself in a position to satisfy the interests of all stakeholders and ensure positive effects on its reputation.
- ***Tone at the top***. The Board of Directors sets the tax strategy, performing its role and responsibility for ensuring its implementation and fostering the spread of a company culture focused on the values of honesty and integrity and the principle of legality. Top managers are involved in the highest-level, most complex tax issues to ensure that they are fully informed of tax risk management.
- ***Transparency***. The Bank maintains collaborative, transparent relations with the tax authorities, ensuring, *inter alia*, that they enjoy a full understanding of the facts underlying the application of tax rules.
- ***Shareholder value***. The Bank regards taxes as a cost of doing business. As such, they must be managed, in accordance with the principle of legality, with the aim of protecting corporate assets and pursuing the primary goal of creating value for the shareholders over the medium and long term.

4 GUIDELINES FOR IMPLEMENTING STRATEGIC LINES

The following guidelines are intended to ensure the concrete implementation of the above general principles:

1. **Proper application of tax law**: in order to lend substance to the principle of legality, Banca Generali undertakes to apply the tax laws of the countries in which it operates, ensuring that the spirit and the purpose of the law or system for the matter being interpreted are complied with. Where tax law gives rise to interpretative doubts or difficulties of application, the Tax Affairs Organisational Unit (OU) pursues a reasonable line of interpretation inspired by the principles of legality, availing itself of external advisers, where necessary, and activating the appropriate procedures for dialogue with the tax authorities.
2. **Agree to disagree**: in defence of its company interest and that of its shareholders, Banca Generali deems it lawful to uphold, including in litigation, a reasonable interpretation of the law, where there are differences of interpretation with the competent tax authorities.
3. **Full collaboration with the tax authorities**: Banca Generali ensures transparency and propriety in its relations with the tax authorities. In order to consolidate transparency towards the tax authorities, the Bank adopts transfer pricing documentation rules, in accordance with the provisions of the OECD Transfer Pricing Guidelines. The approach of openness and transparency towards the tax authorities is designed to ensure accurate, timely communication. If an error is identified, Banca Generali pledges to work proactively to provide the relevant explanations and reach an adequate solution.
4. **Tax planning**: Banca Generali does not engage in conduct and transactions that translate into merely artificial constructions and do not reflect its business or may reasonably be expected to yield undue tax advantages as they are in conflict with the purposes or spirit of the tax provisions or system of reference and give rise to phenomena of double deduction, deduction/non-inclusion or double non-taxation, including as a consequence of asymmetries between the tax systems of any jurisdictions in question. In addition, Banca Generali does not propose that its clients, employees or third parties purchase products or conclude transactions that are in conflict with the provisions of the tax system. If the system grants tax relief, Banca Generali shall take advantage of such opportunities, provided that such relief is consistent with its company objectives.

5. **Tax management**: Banca Generali implements an internal Tax Control Framework, in line with OECD guidelines, as adopted by the Italian Revenue Agency. The roles and responsibilities of the tax management process are clearly assigned with due observance of the principles of separation and escalation of decision-making. It is ensured that the Tax Affairs OU has the resources (human, material and financial) and organisational powers needed to ensure the performance of the related functions. The Tax Affairs OU collaborates with the Compliance function, which establishes the methods of assessing the risk of non-compliance with tax law and identifies the related procedures, which prevent violations or avoidance of such laws and mitigate the risks associated with situations that could constitute abuse of the law, in addition to verifying the adequacy of such procedures and their ability to effectively prevent the risk of non-compliance with tax law. Adequate technological solutions aim to maximise the quality and accuracy of the data that support the management of taxation and the related tax returns.
6. **Soft controls**: the Tax Affairs OU is assigned responsibility for promoting the spread of the culture and values of compliance with tax law, also by organising training initiatives for all personnel, including those not dedicated to the tax function. On a yearly basis, a report is submitted to the Board of Directors setting out the results of the review of the Tax Control Framework, along with the measures for remedying any shortfalls identified during monitoring. Incentive mechanisms are not adopted for managers in connection with the achievement of targets relating to the reduction of the tax burden, where such targets are knowingly in conflict with the provisions of specifically applicable laws.
7. **Intercompany transactions**: cross-border infra-group dealings are governed, for tax purposes, by the arm's-length principle, as defined in the OECD framework (Model Tax Convention and Transfer-Pricing Guidelines), in pursuit of the aim of aligning, as fairly as possible, transfer conditions and prices with the places in which value is created. Where Banca Generali operates in countries that do not apply OECD rules, transfer pricing policies will pursue the twofold objective of ensuring that the place in which value is generated coincides with the place of taxation, while also seeking to avoid double taxation.[2]

[2] *Within this framework, Banca Generali has adopted the Banking Group Transfer Pricing Policy, designed to ensure that material transactions are compliant with the arm's-length principle (ALP) and laying down process rules, roles and responsibilities for monitoring and managing infra-company transactions.*

5 ADOPTION, APPLICATION, PUBLICATION, VALIDITY AND UPDATING

The tax strategy is approved by the Board of Directors, which thus assumes the responsibility for ensuring that it is disseminated and applied, while also performing the specific task of spreading the underlying culture and values. The tax strategy enters into force from the first day after that on which it is approved by the Board of Directors and published on the corporate website (www.bancagenerali.com). Its interpretation is the responsibility of the Tax Affairs OU, which is also responsible for updating it.