



COVER PHOTO:
Mario Arlati, *Potenza del Colore*

BANCA GENERALI S.P.A.

SUSTAINABILITY REPORT

2014



SUSTAINABILITY REPORT 2014

Contents

Letter to Stakeholders	5	5. Multi-channel nature of the service	72
Statement of methods	7	6. Sales policy	73
1. IDENTITY AND GOVERNANCE		7. Incentives, training and recognition	74
Mission	12	8. Litigation	76
Values	13	9. Dialogue with sales networks	77
The Group's history	14	3.3 HUMAN RESOURCES	
Business model and strategic guidelines for development and sustainability	18	1. Number and type of personnel	84
Organisational structure	23	2. Employee policies	89
Corporate governance	26	3. Equal opportunity	92
Internal Control System	30	4. Health and safety in the workplace	94
Voluntary codes	35	5. Industrial and trade union relations	96
		6. Training	98
		7. Personnel involvement	99
2. FINANCIAL REPORTING		3.4 SHAREHOLDERS AND INVESTORS	
Key financial indicators	40	1. Introduction	102
Economic performance for 2014	42	2. Shareholders	103
Determination and distribution of value added	43	3. Stock performance: ordinary listing and dividends distributed	104
		4. The investor relations office	106
3. SOCIAL REPORT		3.5 SUPPLIERS	
Stakeholders	51	1. Purchasing policies	110
3.1 CUSTOMERS		2. Purchasing practices	111
1. Clientele characteristics	54	3.6 COMMUNITY	
2. Customer relations	56	1. Community relations	115
3. Security and privacy	61	3.7 ENVIRONMENT	
4. Legal disputes	62	1. Environmental policy	118
5. Management of complaints	63	2. Environmental protection	120
6. Stakeholder engagement	65	4. ANNEXES	
3.2 DISTRIBUTION NETWORK		GRI Guideline Table	130
1. Main features	68		
2. Size and composition	69		
3. Network organisational structure	70		
4. Geographical breakdown by gender and age	71		



Letter to Stakeholders



For Banca Generali 2014 was a year full of satisfaction: assets under management, net inflows and net profits reached all-time highs. In recent years, the Company has succeeded in reaching increasingly ambitious milestones and becoming a market leader in terms of professionalism and reputation. We believe that this success has been driven by the clear desire to pursue a growth model that is sustainable over time and capable of creating widespread prosperity for all of our stakeholders, starting with our clients and the communities in which they live, and extending to all of our employees and other staff who contribute to Banca Generali's success and, last but not least, all of our shareholders, big and not so big, who have believed in this company's potential.

The rapid decline in bond yields has made household investment planning a highly current issue. Banca Generali is aware that the present and future wealth of many households who place their trust in us is closely tied to the views and actions that we inspire. This awareness and this responsibility guide the Bank's decisions on a daily basis and inspire the culture of professionalism, competence and customer service that informs our Financial Advisors' activities and all of the supporting organisation in its work.

Given this awareness, training programmes for both the network and employees play a highly important role. The Bank seeks out top external professionals to complement the skills it has within the company. We are particularly proud of the fact that our Company, during a time of general employment difficulties in Italy, succeeded in creating new jobs for both employees and Financial Advisors in 2014. Our strong start to 2015 gives us reason to be confident that we can continue down this positive path in the new year as well.

The goal of pursuing a sound, sustainable development model in the long term cannot be separated from environmental protection policies. The awareness of the importance of such measures has increased over time as Banca Generali has stepped up its efforts in this area. Specifically, the Bank has eagerly adopted the new Group Policy for the Environment and Climate, defined in 2014.

To conclude, I would like to thank all of those who contributed to achieving the extraordinary 2014 results through their commitment and dedication. The Bank remains closely focused on assuring sustainable growth and distributing resources to its stakeholders and the entire community.

The Chairman

Paolo Vagnone

Statement of methods

This is the fifth Sustainability Report of the Banca Generali Group and its aim is to demonstrate the links between the Group's values and strategies, and relations with the various stakeholders. The financial reporting process of the previous year has been amended, as illustrated hereunder. The Banca Generali Group has decided not to apply for certification of compliance of its Sustainability Report. This decision was based on the Group's desire to focus the available resources on improving social and environmental performances and the quantity and quality of the information presented in the Report in order to continue to improve our ability to conform to our stakeholders' interests.

Criteria and principles

The contents of the documents were developed with reference to the Sustainability Reporting Guidelines of the 3.1 edition of the GRI (Global Reporting Initiative), the Financial Services Sector Supplement of the GRI, and the guidelines for drafting sustainability reports for the credit sector – *"Il rendiconto agli stakeholder: una guida per le banche"* – drawn up by ABI in collaboration with EconomEtica (Inter-university Center for Economic Ethics

The document is divided into three main sections:

- **Identity and Governance:** this section illustrates the Group's values, mission, strategy, organisational structure and governance;
- **Earnings Results:** this section illustrates the results discussed in the Consolidated Financial Statements vis-à-vis the individual categories of stakeholders;
- **Sustainability Report:** this section describes the number and quality of relations with the various stakeholders.

and Corporate Social Responsibility).

The GRI guidelines inspired the selection of contents (materiality, inclusiveness, sustainability context and completeness) and the definition of the criteria of informative quality (balance/ neutrality, comparability, accuracy, timeliness, clarity and traceability).

Report scope and reporting and measurement process

The Sustainability Report is published annually. The information presented hereinafter refers to financial year 2014, compared against 2013 where possible.

The scope of the Sustainability Report extends to all companies within the Banking Group, namely the Parent Company, Banca Generali, and its subsidiaries BG Fund Management Luxembourg S.A., BG Fiduciaria SIM and Generfid.

All of the corporate structures contribute to defining the contents of the Sustainability Report and activities aimed at dialoguing with stakeholders. Data were gathered at the offices of the

Administrative Department, which already oversees the economic and financial trends of the Business Units.

The indicators presented in the Sustainability Report have been identified based on the guidelines set forth in the reference framework. Most of the information comes from direct surveys, with the exception of certain estimates (as noted in the Report) that have been made but that do not affect the specific figure.



Villa dei Vescovi, Luvigliano di Torreglia (Padua)
Photo by Fabio Santagiuliana, 2013 © FAI - Fondo Ambiente Italiano



1

IDENTITY AND GOVERNANCE

Mission

The mission of the Banca Generali Group is to develop its leadership on the Italian market in Personal Financial Services, thanks to a complete and innovative range of banking, insurance and managed investment products.

Banca Generali Group's goal is to work through its network of Financial Advisors to meet each client's investment and savings needs according to his or her individual financial profile and timeline.

In conducting these activities, Banca Generali Group undertakes to promote the ethos of sustainability through economic development that also takes social environmental aspects into account, respecting the values underlying the company's strategic vision and work.

Banca Generali Group therefore aims to adopt initiatives geared towards developing and spreading increased responsibility, thereby providing a concrete contribution to quality economic and social development while respecting and promoting the implementation of human rights within all of its spheres of influence. The Group is also committed to taking an environmentally friendly approach to its operations, also through the launch of initiatives aimed at developing and spreading increased environmental responsibility.

Values

In its work, Banca Generali Group respects shared values through which it pursues its mission and affirms its identity.

Transparency

Banca Generali Group encourages dialogue with stakeholders and is always willing to listen to the latter, in line with its commitment to clarifying its intentions and behaving in a manner that not only fosters mutual trust but also reinforces its reputation for integrity in all its business dealings.

Commitment to ongoing improvement

Banca Generali Group tends to its clients' needs even before its clients become aware of those needs. It encourages people to develop their knowledge and take an active part in the process of innovation, spurred by the conviction that professional growth is maximised in a working environment shaped by flexibility and dynamism.

Team spirit

Together we succeed. Proud of being part of a large Group that acts responsibly both internally and externally, sharing its successes and growth strategy at all levels.

Reliability

At Banca Generali Group, people strive to build soundness, in line with the Generali Group's trends and aware of the responsibility in the areas of social wellbeing and security inherent in investment management.

Professional responsibility

Those who work at Banca Generali Group strive daily to ensure excellence in all areas within their purview and with respect to clients and shareholders.

The Group's history

Although it is a young company with just over ten years of history, Banca Generali has already achieved very rapid growth that has allowed it to claim a leading position in its industry, proof of its ability to pursue a well-defined plan to develop its business, culminating in its listing on the stock exchange.

Two phases may be distinguished in its growth process. The first, from 2000 to 2004, witnessed the completion of the mergers and reorganisation of the Generali Group's Financial Advisor networks, in addition to external acquisitions. The second, from

2005 to the present, resulted in the establishment of a wealth-management hub and the creation – also through mergers – of a private- banking hub within Banca Generali. The following is a timeline of the main events.

A new bank

Banca Generali begins to operate on 1 December 1997, following the acquisition of 90% of the share capital of Cassa di Risparmio di Trieste Specialcredito S.p.A. by Assicurazioni Generali, which acquires the financial institution founded in 1992 and changes its name to the current form, Banca Generali S.p.A. The bank is initially conceived

to allow the Generali Group to complete its offerings with banking and financial services, which are distributed through Prime Consult, the Generali Group's Financial Advisors' network, and the insurance agents of Assicurazioni Generali, Alleanza Assicurazioni (currently Alleanza Toro) and INA Assitalia.

Merger with Prime and creation of the multi-channel bank

Banca Generali merges with **Prime S.p.A.** and acquires its subsidiary **Prime Consult SIM** from Assicurazioni Generali. This deal marks the start of a new strategic vision for Banca Generali, which, thanks to Prime's organisation, know-how and services begins to operate independently as an integrated, multi-channel banking group with its own network of Financial Advisors.

Acquisition of Altinia Sim and Ina Sim

The bank further enhances its distribution network by acquiring two other Generali Group securities brokerage firms, **Altinia SIM** and **INA SIM**. This deal doubles the number of the banking group's Financial Advisors and increases its assets under management by nearly 50%. In 2003, along with Prime Consult SIM, the two companies merge into a single network under the Banca Generali brand.

Creation of Simgenia SIM

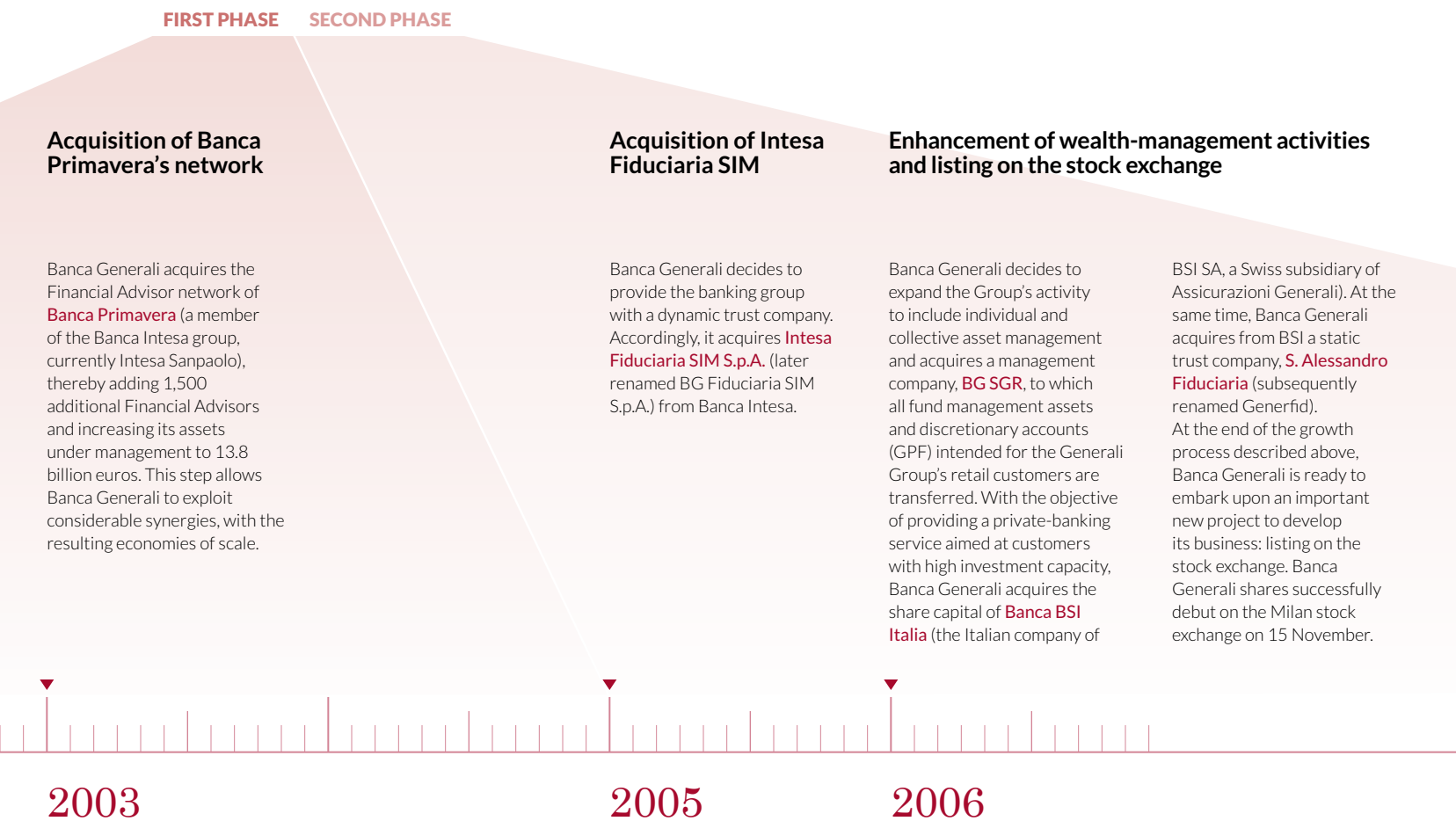
While the process of integrating and reorganising the previously acquired companies continues, Banca Generali sets up **Simgenia SIM**. The new Group company is charged with the task of supporting the Generali Group's agent networks to develop a policy for cross-selling the bank's financial products and services to the Generali Group's portfolio of insurance clients in Italy.

1998-2000

2000

2001

2002



Creation of BG Investment Luxembourg

In order to enhance the wealth-management hub, at the beginning of the year Banca Generali transfers its private-banking assets to Banca BSI Italia to complete the segmentation of its organisational model into three networks, one for each customer type. At the end of November, the new subsidiary **BG Investment Luxembourg S.A.** is formed to manage the Luxembourg SICAVs of the Banca Generali Group.

Acquisition of Banca del Gottardo Italia approved

Banca Generali approves the acquisition of **Banca del Gottardo Italia S.p.A.** by the subsidiary **Banca BSI Italia**.

Disposal of Simgenia SIM and creation of Generali Fund Management

The controlling interest in **Simgenia SIM S.p.A.** is sold to Assicurazioni Generali S.p.A. The process of developing asset management continues with the creation of **Generali Fund Management S.A.**, the Generali Group's asset management product factory in Europe, 51% owned by Banca Generali and 49% by the Generali Group. The new company is created through the merger of the management companies of Banca Generali (BG Investment Luxembourg) and Generali Investments (Generali Investments Luxembourg).

Banca Generali Private Banking is created

Banca Generali Private Banking is created, completing the process of developing private-banking operations that began in 2006 with the acquisition of Banca BSI Italia and continued in 2008 with the acquisition and subsequent integration of Banca del Gottardo Italia. Banca BSI Italia is merged into Banca Generali effective 1 January 2010 to become the company's autonomous private-banking division.

Resolution authorising the sale of the Italian mutual funds and merger of BG SGR into Banca Generali

BG SGR authorises the sale of the Italian mutual funds to Generali Investments Italy in accordance with the Banking Group's strategy of focusing its business on individual portfolio management within the Italian market. Its merger into the parent company, Banca Generali, is subsequently authorised.

2007

2008

2009

2010

2011

Sale of Italian mutual funds and merger of BG SGR into Banca Generali

BG SGR sells the Italian mutual funds to Generali Investments Italy in accordance with the Banking Group's strategy of focusing its business on individual portfolio management within the Italian market. Accordingly, its merger into its parent company, Banca Generali, is subsequently implemented.

Banca Generali Financial Planner is created

Banca Generali completes the process of enhancing its network of Financial Advisors with Banca Generali Financial Planner, its new division capable of meeting all customers' needs, with long-term investment planning and effective 11 tools for safeguarding households' savings.

Acquisition of the Italian private-banking unit of Credit Suisse

In 2014, Banca Generali completes the acquisition of the Italian affluent and upper-affluent private-banking unit of Credit Suisse, resulting in the inflow of new assets under management totalling 2 billion euros. The deal is a sign of the strength and quality of Banca Generali's services and draws the attention of major national media. During the year, Banca

Generali also completes the acquisition of the Simgenia SIM unit, resulting in the addition of 70 new Financial Advisors and the inflow of total assets under management of 600 million euros. AUM reach a new record of 36.3 billion euros, up by more than 10 billion euros in three years from 26.2 billion euros at the end of 2012.

2012

2013

2014

Business model and strategic guidelines for development and sustainability

The Banca Generali Group places the client's needs at the heart of its approach to offer financial and retirement services.

This is not a marketing slogan, but rather a constant commitment to building a long-term relationship that yields benefits for both the customer and the bank, with a special focus on the affluent and private banking segments. The Banca Generali Group's business model is based on an advisory approach aimed at optimising the satisfaction of such needs.

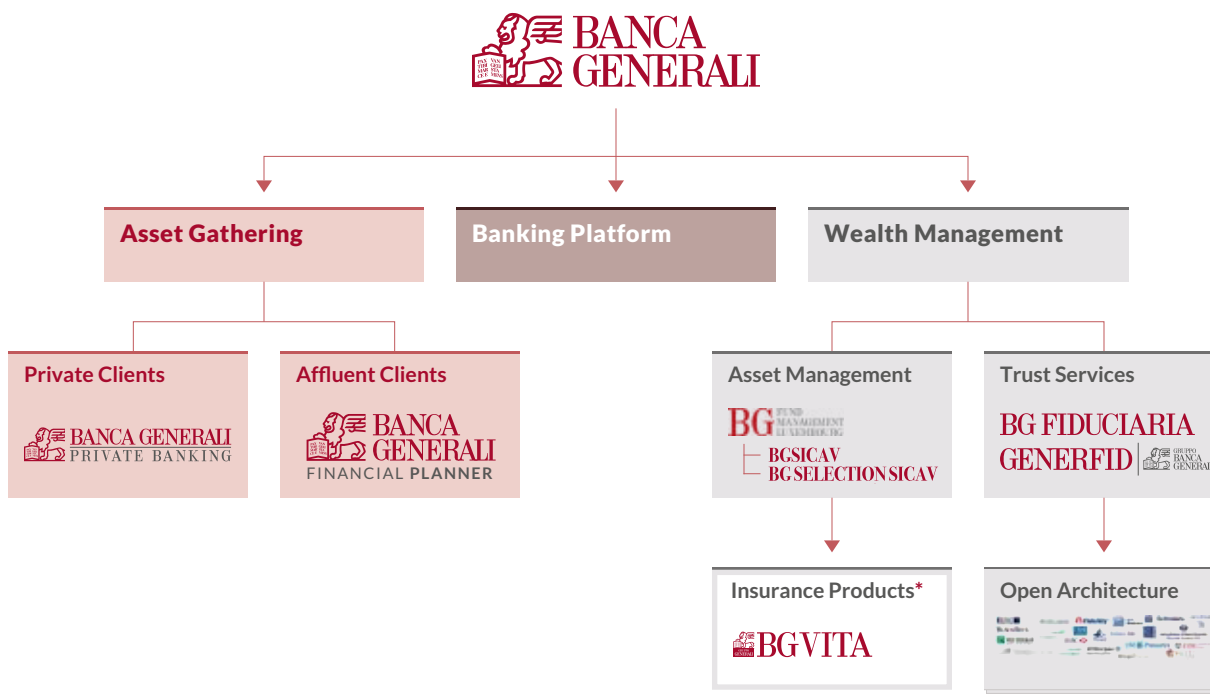
This decision meant making certain innovative decisions from the very beginning of its history. First and foremost among the prerequisites for this model is the need to offer a wide range of financial products, including those of third parties, according to the **open-architecture** model. The extension of such offering – which includes the products of major international investment houses – is essential to enabling the qualified advisory service provided by the Banca Generali Group's Financial Planners and Private Bankers, inasmuch as it allows for more effective identification of the solutions that are best suited to clients' needs and characteristics. This arrangement also allows a valid, balanced response to be provided to problems relating to possible conflicts of interest that might come about between customers and service providers, where the solutions available to the service providers are limited only to "in-house" products.

Therefore, the Banca Generali Group decided to introduce to Italy this new model, which was firmly established on the world's most advanced financial markets and has gradually spread over the past few years. With reference to the Banca Generali Group, the model has already yielded appreciable results in terms of customer satisfaction and the development of Banca Generali's business. Furthermore, the European Union's Markets in Financial Instruments Directive (MiFID) issued in 2004 (as further amended), which recognises and promotes advisory as an investment service, is proof that Banca Generali has succeeded in anticipating market trends and supports the consistent application of said guidelines. In this regard, the Company is committed to continuing to implement its investment and innovation policy with the aim of decisively strengthening a business model that has set aside mere placement to evolve into a sophisticated, integrated customer service model directed towards all aspects of investing and retirement planning issues.

Within this general view, supported by consistent and innovative decisions made over time, there are some traits that identify the

Banca Generali Group's approach to its business:

- the heart of the Group's offerings is a professional **advisory** service that, **through its Financial Planners and Private Bankers**, allows customers' financial and retirement-planning needs to be identified and met to the fullest possible extent, with a focus on the long term, not only as a more general approach but also through specific and advanced methodologies and instruments (eg., BG Personal Advisory service);
- centring distribution on the role played by Financial Planners and Private Bankers, in accordance with the primary segment of the market served by the Bank (affluent and private), also entails promoting their **constant specialised professional improvement through all necessary investments** for their training and education, allowing them to offer a tailor-made, ongoing professional service throughout Italy (also thanks to a complete network of offices and branches);
- another fundamental condition for the Group's quality offerings is access to a **full line of banking and investment products and services**, provided both by the Group and leading Italian and international firms, so as to achieve consistency between the concepts of optimal solution and tailor-made personalisation of products and services;
- this approach, aimed at improving the quality of the range of products and services, is complemented by a focus on maintaining important **management expertise** in the financial field and pursuing **constant product innovation** benefiting the customer;
- gradually, in support of the network and customers, a **number of technological services** have been developed, in addition to an extended possibility of inbound and outbound contacts aimed at striking an optimal balance between competence and personalisation, on the one hand, and convenience and efficiency in access to the range of services, on the other, according to a multi-channel model with a constant focus on top market developments. Toward this end, a key factor is constant attention to all of the **innovations** that modern **technology** offers to operators and customers to increase the level of efficiency, operating simplicity, transparency and extensive information. A high level of investment supports this development strategy;



* BG Vita is the trademark of GenertelLife focussing only on life products of Banca Generali and Banca BSI Italia.

- finally, this approach seeks to summarise an extremely dynamic and innovative perspective and maximise the characteristics inherent in the Generali brand, which is synonymous with reliability, solidity and competence.

Banca Generali's financial products and services cover a wide range of needs: from mutual funds to discretionary accounts and insurance and retirement products. A total of more than 1,300 products are offered, including those of several dozens of third-party companies.

The presence of several Group wealth management companies, alongside those of third parties, not only permits the diversification of business beyond advice and distribution, but also provides access to the specialist management expertise indispensable to providing the Group's Financial Advisors with an in-depth understanding of the economic scenario within which customers' investment decisions are made.

The Group's offering is facilitated and rounded out by access to a banking platform with a wide range of products and services that allows Banca Generali's clients to meet the full spectrum of their savings and investment needs, in an integrated manner

with liquidity management and day-to-day payments. This in addition to the attractiveness of a combined range of investment and financing services with especially effective characteristics.

The Banca Generali Group has two networks devoted to different customer types so as to better meet its customers' varying needs and evolve beyond an undifferentiated approach to the market:

- the Division devoted to affluent customers (defined by access to a high level of current or prospective financial resources, primarily focused on the medium/long term, and with an evolved cultural mindset) which is managed by the Bank's Financial Planner (agents) network;
- the Division devoted to private customers (who are characterised by an even greater level of available resources and sophistication of the required financial approach), advised by the Bank's Private Banker (agents) and Relationship Manager (employees) networks.

Various Generali Group companies make use of Banca Generali's products and services, with clear mutual benefits.

Strategic development guidelines

The Banca Generali Group's growth prospects are founded on precise guidelines:

- enhancing the brand and reputation in line with the Generali Group's tradition of solidity, competence and reliability;
- constantly developing the open architecture, thus maintaining a significant lead over the competition (banks and Financial Advisor networks), in part through sophisticated product innovation;
- gradually developing advisors' skills and abilities, both through an intensive training and educational programme and providing specific analytical and advisory tools capable of improving customer service;
- placing a strong focus on technological developments that allow more extensive and effective use of services by customers, as well as an improvement in the process of communicating with the network and a greater efficiency of placement activities;
- ensuring the ability to achieve excellent results for customers even in difficult market conditions by containing risks and volatility. This outcome is the result of the three previous points and a benefit for the company's primary external stakeholder, its clients;
- placing a strategic focus on company profitability by increasing recurring revenues, gradually uncoupled from the volatility of financial markets, while also containing costs by constantly striving to optimise processes and investing in technology. The main beneficiaries of such profitability are the company's direct stakeholders, namely its personnel and its shareholders (the latter of whom have thus far been the

recipients of a considerable share of net profits);

- emphasising sustainable strategies (see the next chapter) aimed at the Bank's stakeholders.

The increasing volume of assets under management, gradually achieved over the years, in part through the mergers and acquisitions that have made the Group a market leader, remains a top priority for the company. Indeed, it yields extensive benefits: for example, the bank's organisation can achieve significant economies of scale with the ensuing benefits for overall profitability. The expansion process follows a variety of approaches. First, one may cite organic growth, which is achieved by directly acquiring new quality customers motivated by the contagious satisfaction of existing customers and specific training and marketing initiatives carried out throughout the country. All this also benefits from the ongoing development of electronic tools for relations between the bank and its customers, useful to facilitating and increasing market penetration.

In addition, there is also the process of non-organic growth, which takes the form of acquiring highly regarded professionals both from other Financial Advisor networks and the banking world, drawn by the peculiarity of the Banca Generali model.

Finally, Banca Generali is the only company that can combine a record of successful experience in corporate acquisitions with the financial strength to implement them. In a market undergoing gradual consolidation, it is a prospect that nonetheless must meet with quality opportunities suitable for enhancing both the company's competitive positioning and profitability in the medium term.

Sustainability strategy

The sustainability strategy of the Banca Generali Group is characterised by the following main priorities:

- the above illustrated strategic development guidelines are designed to pursue sustainable growth over time, with entrepreneurial actions aimed at achieving stable and satisfactory long-term economic and commercial results, minimising risks related both to the volatility of the economic-financial scenario in which the bank operates, and the inadequate planning of objectives, due to short-term needs;
- valorising the people who work for the Group, encouraging the constant development of skills and professionalism among collaborators and acknowledging the contribution of individuals to the success of the organisation;
- being sensitive to the Group's social context, participating in charitable, cultural and sports initiatives;

- favouring the reduction of direct and indirect environmental impacts by taking steps to minimise the consumption of energy, paper and water, and pollutant emissions.

The Banca Generali Group's commitment to social and environmental issues has grown over time, triggering an ongoing learning process that involves all company components through an array of initiatives. These range from the promotion of events supporting volunteer associations and institutions to the direct collection of funds to provide aid to areas affected by natural disasters and support charitable organisations, the sponsorship of local sports initiatives, and the in-depth education of all members of the Group concerning policies for managing individual and company resources in order to protect health and the environment (for example, through careful sorted waste disposal).

Communication strategy

Banca Generali pursues a communication strategy aimed at sending clear, transparent messages that, in line with the principles of social responsibility, define the Banking Group's codes of conduct. Dialogue between the Bank and the financial community is ensured through a complete and constant flow of information via several media, the website and dedicated meetings.

The Bank's commitment and social awareness – among the values that permeate its communications and the Generali Group as a whole – may be seen in its concrete initiatives in society aimed at supporting talent and excellence in local communities. The enhancement process takes the form of support for charitable, athletic, cultural, musical and artistic endeavours, with a focus on unconventional ideas and opportunities for original reflection. Through its graphical design, the Sustainability Report illustrates the Bank's efforts to support Italian artistic excellence, as shown by the images of the important 2014 exhibition *The Power of Colour* by Mario Arlati at the private banking office in Milan, which received considerable critical acclaim and press coverage, as well as by the evocative monuments that call attention to the Bank's support for the Italian Environmental Fund (FAI) during its Days of Spring events.

In 2014, Banca Generali published the new version of its institutional website, www.bancagenerali.com, featuring a revamped graphical design and content aimed at keeping it abreast of industry best practices and making browsing simple and immediate. Banca Generali's institutional website, www.bancagenerali.com, is intended as a point of reference for shareholders, investors and all others who need access to information regarding the company. This is why it is constantly updated, so as to maintain its essential qualities of rationality and usability unchanged. Within the site, users may consult the full range of documents concerning Banca Generali's activities, mandatory disclosures and the calendar of institutional events, along with the latest news, initiatives and new products. The site also includes a new section dedicated solely to sustainability, with immediate access to key information and the inclusion of the HTML version of the Sustainability Report. The new site was launched along with BG Investor, an app dedicated to investors, available for Apple and Android devices, capable of providing immediate access to share performance, periodic reports, financial highlights and much more content.

The commercial site www.bancagenerali.it, focuses more closely on customers' needs, thanks to a style geared towards user-friendliness and support for new features for users. The site of the subsidiary BG Fund Management allows the returns on Banca Generali's investment products to be consulted in real time. Finally, the Banking Group also benefits from the websites of its two trust companies: BG Fiduciaria and Generfid. These

websites are currently being restyled and new versions will be launched in 2015. The considerable investments in increasingly transparent and accessible digital communication have not gone unnoticed. In 2014, Banca Generali received the prestigious Best Home Banking of the Year award in the rankings drawn up by the independent analysts at the Financial Monitoring Centre (OF – Osservatorio Finanziario), which recognises the top ten Internet banking services in Italy.

Transparency, accessibility, clarity and respect for regulations are the principles guiding Banca Generali's communications with the media, an activity to which the company devotes great attention in an attempt to provide the greatest possible amount of information. The tools used to achieve this goal are press releases, interviews, meetings, events and relations between the Company's top management and financial journalists. In 2014, a total of over 30 press releases were distributed and the Banca Generali Group was the subject of more than 1,000 articles appearing in Italy's major publications, websites and specialised media.

Banca Generali is strongly committed to transmitting the values in which it believes, an activity that it pursues in part through the use of endorsements. In 2014, sponsorship agreements were renewed with well-known athletes Alessandro Del Piero, a great football champion who also has strong social commitments, and Italian ski champion Federica Brignone. During the year, endorsements accompanied the Bank's internal athletic initiatives, product advertising campaigns and commercial events. In particular, Alessandro Del Piero was the big star of 2014 National Prevention Day, drawing over 1,500 participants to the Italian Stock Exchange in Milan and receiving coverage from major Italian sports and generalist media. In late 2014, the Company struck a partnership with Davide Oldani, the famous Michelin-starred chef who went on to feature in an institutional advertising campaign and a series of events in 2015.

The image of Banca Generali supporting the positive values of sport such as discipline, integrity, integration and respect was further reinforced and emphasised by the initiative "Banca Generali Un Campione per amico" (Banca Generali: A Champion for a Friend). For the fifth consecutive year, the large travelling initiative held in squares in ten Italian cities saw the participation of over 10,000 children from elementary and secondary schools, involved into the respective disciplines of the four star champions (Adriano Panatta, Andrea Lucchetta, Jury Chechi and Ciccio Graziani). Italy's main newspapers, magazines and television stations followed events with huge interest, resulting in significant resonance for the brand and the commitment to spreading awareness of the values of sport and the educational approach of the initiative.

In 2014, the Company also began to collaborate with the Italian Environmental Fund (FAI), as sponsor of FAI's Days of Spring, an annual event that each year provides an opportunity for hundreds of thousands of people to appreciate the beauty of Italy's artistic and cultural heritage. The 2014 edition involved over 650,000 Italians thanks to the over 750 locations opened throughout Italy, many of which are generally closed to the public, such as parks, monuments, churches, buildings, villas and gardens.

In summer 2014, the evocative exhibition *The Power of Colour* was also opened to the public at the private-banking office located at Piazza Sant'Alessandro 4 in Milan. The exhibition took visitors on a journey through the chromatic universe of Mario Arlati, compared with previous great masters such as: Guido Reni, Ales-

sandro Magnasco, Carlo Cignani, Gianbattista Crosato, Antoon van Dyck. The exhibition met with such great success with the public and critics that it was extended until March 2015.

In addition, the initiative "Banca Generali - A Champion for a Friend" was accompanied by a creative advertising campaign featured in local newspapers covering the ten stops of the itinerant event that travelled throughout Italy in April and May. In conjunction with the exhibition *The Power of Colour*, an ad-hoc advertising campaign was developed to raise interest in the event. Lastly, during the year the institutional presence was assured through efforts aimed at evoking the brand and the bank's excellence in conjunction with several events of significant strategic interest.

Organisational structure

The Banca Generali Group operates essentially in Italy in the sectors of banking activity, investment services and asset management.

Corporate structure, management and collaborators

Coordination of the banking group's activities is the responsibility of the Parent Company, Banca Generali, which is charged with providing general guidance, governance and control. In addition, the Parent Company's duties also include: maximising the efficacy and efficiency of the activities performed; safeguarding company assets; and ensuring the stability of results over time and constant compliance with external and internal rules.

Sales activity is entrusted to the network of Financial Planners and Private Bankers, who operate out-of-branch under agency agreements without the power of representation, and to bank branches, staffed by employees.

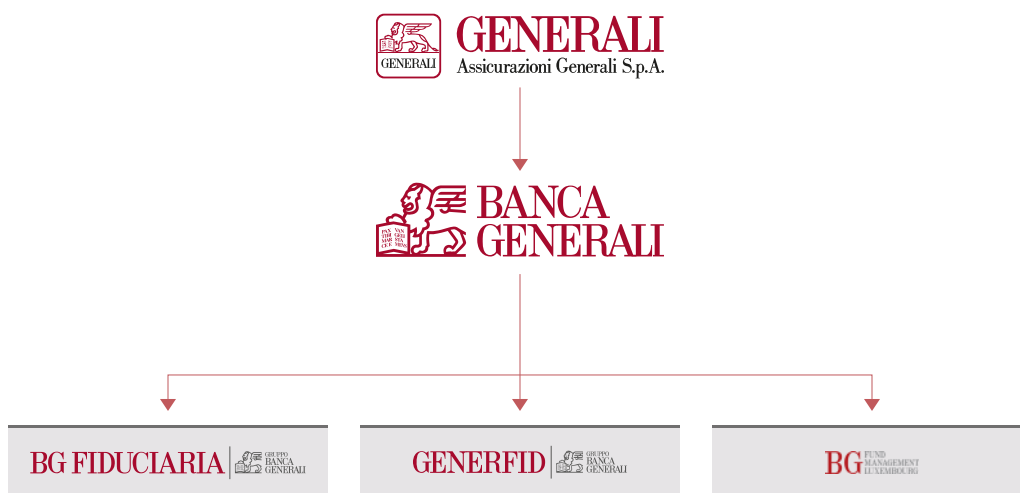
In addition, the Group operates through specific Product companies that perform specialised activity in conceiving investment products and services, as well as in asset management.

The Banca Generali Banking Group's entities include:

- **Banca Generali S.p.A.:** Parent Company of the Banking Group, it offers integrated financial, banking and insurance

products for retail customers, through its Financial Planner networks, as well as a complete range of highly customised solutions to private banking customers through the networks of Relationship Managers (employees) and Private Bankers;

- **BG Fiduciaria SIM S.p.A.:** 100% owned by Banca Generali and specialised in portfolio management services, in respect of investments in both securities and funds, primarily as a trustee;
- **Generfid S.p.A.:** 100% owned by Banca Generali and specialised in the supply of static trust services, i.e., the administration of securities held by the company under trusteeship, and the execution of the orders and instructions imparted by the grantor;
- **BG Fund Management Luxembourg S.A.:** a management company under Luxembourg law dedicated to managing the banking group's SICAVs, 100% owned by Banca Generali.



In 2014, the portfolio of corporate projects extended to a wide range of company areas, with a focus on the efficacy of the services offered to both customers and distribution network professionals, the efficiency of internal processes and compliance with legal and regulatory requirements. In designing new services and revamping existing solutions, ample room was dedicated, where possible, to leveraging process and technological innovation. Major initiatives may be broken down between the Parent Company, Banca Generali, and its subsidiaries as follows, specifically:

Banca Generali:

- a. with regards to sales network services, in the context of application platforms dedicated to the Financial Planner and Private Banker distribution channel, strived for constant development of its products, enhancing both the content of the application platform operating on traditional personal computers and innovative apps for tablets featuring a cutting-edge graphometric digital signature solution; the developments of the advanced application dedicated to consulting services — BG Personal Advisory — were particularly important;
- b. in the area of customer services, further enriched its Internet banking platform with new features and ancillary services that allow customers to make increasingly extensive and complete use of the potential offered by the direct channel; All these initiatives, in line with the process initiated over the past few years, were highly welcomed by customers and Banca Generali's Internet banking website won the award as best Italian Internet Banking website in 2015;
- c. dedicated a significant attention to the development of business intelligence and data management systems in the context of the planning and control area, risk management and loans with significant impacts on governance and decision-making processes;
- d. finally, in the area of initiatives deriving from changes of a

regulatory nature, implemented the necessary adjustments regarding banking processes and internal organization as a whole. The most significant initiatives in terms of size and scope were in the FATCA, SEPA — end date, Money Laundering and Privacy areas as well as a series of initiatives related to Bank of Italy Circular 263 on the “New Prudential Supervisory Provisions Concerning Banks.

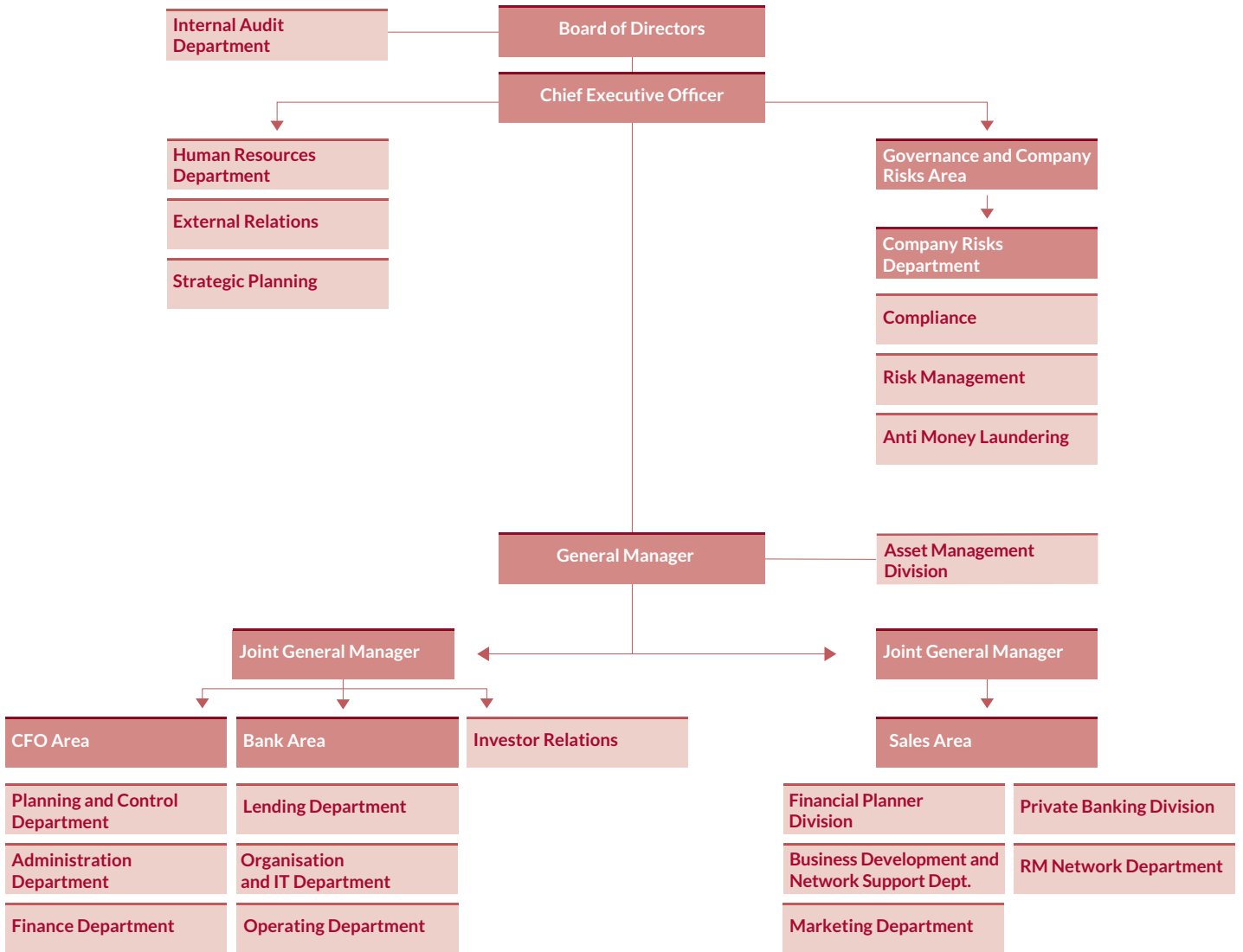
Subsidiaries:

- e. for BG Fund Management Luxembourg, activity in the areas of organisation and applications focused on the automation of operating processes for the provision of investment services and risk management application solutions;
- f. for BG Fiduciaria SIM, the work done during the year related to scheduled developmental maintenance and compliance with industry regulations;
- g. for Generfid, the work done during the year related to scheduled developmental maintenance and compliance with industry regulations.

The organisational structure of the Parent Company, Banca Generali, consists of a Top Management with:

- a **Chief Executive Officer** vested with overall responsibility for the Bank;
- a **General Management** consisting of the General Manager, entrusted with responsibility for the Bank's operational management, **two Joint General Managers**, as well as high-level managers vested with delegated powers, such as the **Central Managers**, each responsible for a specific Bank's area.

This organisational model allows the various structures to achieve effective management of sales activities and the quality of services offered, improving coverage of the market, divided into segments by client type (affluent and private).



Organization chart

Corporate governance

In addition to the committees dedicated to the Company management, Banca Generali has set up a committee on sustainability that defines and re-examine the social and environmental policies of the Group.

Bodies, committees, meetings

As a public limited company subject to Italian law, and a bank subject to the Consolidation Law on Banking (TUB), Banca Generali has set up a governance system firmly grounded on the said principles.

Against this background, with a view to reinforcing minimum standards of corporate organisation and governance, and ensuring “healthy and prudent management” (Article 56 of TUB), by Circular Letter No. 285/2013 entitled “*Supervisory Provisions Concerning Banks*” – most recently amended by the first update of 6 May 2014 – the Bank of Italy established a regulatory framework under which organisation is to play a central role in strategic corporate policy-making and risk assessment and management within the banking and financial industry.

In adopting an organisational structure consistent with this legal framework, Banca Generali pursued the following objectives: (i) a clear definition of functions and responsibilities; (ii) the appropriate balancing of delegated powers; (iii) the balanced composition of corporate organs; (iv) an integrated and effective internal control system; (v) comprehensive risk assessment and management; (vi) a remuneration structure in line with risk-management policies and long-term corporate strategy; and (vii) adequate reporting systems and information flows.

Banca Generali’s organisational structure is made of the following main corporate boards and officers:

- A. Board of Directors;
- B. Chairman of the Board of Directors;
- C. Chief Executive Officer;
- D. Remuneration Committee;
- E. Nomination Committee;
- F. Internal Audit and Risk Committee;
- G. General Shareholders’ Meeting;
- H. Board of Statutory Auditors.

Other corporate boards and officers include the General Management, and persons vested with powers of representation pursuant to the provisions of the Articles of Association.

The Company’s organisational structure is based on the traditional model of corporate governance.

Responsibility for the strategic supervision of the company lies with the Board of Directors.

Pursuant to Article 15 of the Articles of Association, the Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the General Shareholders’ Meeting after determination of the number of members. The members of the Board of Directors hold office for a maximum of three financial years. Their term ends on the date of the meeting called to approve the financial statements for the last financial year of said term and they are eligible for reappointment.

In accordance with the indications contained in the Report drafted by the Board of Directors pursuant to the Bank of Italy’s Circular Letter No. 285/2013 and Article 2 of the Corporate Governance Code for Listed Companies concerning the optimal qualitative and quantitative composition of the Board of Directors, the Board of Directors currently consists of nine members, of whom three are executive and six non-executive directors, including five independent Directors (as defined in Article 37, paragraph 1, letter d, of the Regulation adopted by Consob in Resolution No. 16191 of 29 October 2007, as subsequently amended and extended).

The composition of Banca Generali’s directors by age is as follows: six directors between 51 and 60 years and three directors between 41 and 50 years. Moreover Banca Generali, as per the first-time adoption of Italian Law No. 120 of 12 July 2011, which, in a manner similar to other European legal systems, introduced “gender quotas” for the composition of the boards of directors and boards of statutory auditors of listed companies in Italy as well, appointed, through a resolution of the Shareholders’ Meeting of 23 April 2015, two directors belonging to the less represented gender, Anna Gervasoni and Annalisa Pescatori.

The directors must be chosen according to criteria of professionalism and competence, stated in their *curricula vitae*, and must meet specific requirements of integrity and, in some cases, independence, the latter of which is also periodically reviewed by the Board of Statutory Auditors. Appointments to the Board may only be accepted after the appointees have determined that they are in a position to devote the time required to ensure the dili-

gent performance of their tasks and duties as Board members, especially in light of the number of directorships or auditorships they may hold within other corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations, as well as their other professional activities. There is no general prior authorisation to depart from the prohibition on competition.

In addition, considering the provisions of:

- application criterion 1.C.1, letter g), of the Corporate Governance Code of Listed Companies (adopted by Banca Generali effective October 2006), which requires the Board of Directors to conduct an annual assessment of the size, composition and functioning of the Board of Directors itself and its committees, also considering factors such as the professional characteristics, experience, including managerial experience, and nature of its members, as well as their length of service; and
- the 1st update of 6 May 2014 of the Circular Letter No. 285/2013 of the Bank of Italy "Supervisory Provisions Concerning Banks" issued to bring the previous provisions (effective from March 2008) in line with the new guidelines of the Directive 2013/36/EU (so-called CRD IV) and the guidelines EBA of September 2011, Title IV, Chapter I, Section IV, "Composition and appointment of Company Boards", which require that the fitness of board members to discharge their duties in terms of professionalism, available time and, where necessary, independence fall within the scope of the assessments conducted by the board in question, which must establish and ensure such fitness in an ongoing manner. Pursuant to the above-mentioned regulation, the Board of Directors also has to constantly determine and assess the number of positions of similar nature filled by its members, placing an emphasis on those that demand greater involvement in the ordinary course of company business.

In February 2015, Banca Generali's Board of Directors conducted the assessment mandated by the Corporate Governance Code of Listed Companies and expressed an opinion containing no remarks concerning (i) the size and functioning of the Board of Directors of Banca Generali S.p.A., the bodies to which the Board of Directors has delegated powers and the internal Board Committees instituted, (ii) the fitness of its members to discharge their duties, from the standpoint of professionalism, available time and, where applicable, independence and (iii) the adequacy and efficacy of the provisions set forth in the Articles of Association governing the functioning of the Board of Directors.

In compliance with the aforesaid requirements of the Bank of Italy (Circular Letter No. 285/2013), the Rules governing the Proceedings of the Board of Directors specifically regulates the procedures through which the Chairman of the Board is to discharge

his coordination and oversight functions aimed at ensuring the smooth functioning of the Board of Directors and the constant flow of information amongst Board members.

Accordingly, in addition to the powers vested in Banca Generali's Chairman of Board of Directors by law and the Articles of Association, and in accordance with the Bank of Italy Circular Letter No. 285/2013, which states that the Chairman is to play a non-executive role and may not perform managerial duties, even on a factual basis, without prejudice to the option to allow the Chairman to stand in for executive members in exceptional circumstances, the Board of Directors and Chairman have been granted powers pertaining to the coordination of the activities of company boards, verification of the execution of the resolutions passed by the Shareholders' Meeting and Board of Directors and of the determinations made by the Chief Executive Officer and supervision of the Company's business performance and compliance with strategic guidelines.

Responsibility for company management lies with the Chief Executive Officer and General Manager.

Appointed Committees may act solely in a consultative and advisory capacity.

The Remuneration Committee, consisting of three non-executive directors, all independent, expresses opinions and submits non-binding proposals to the Board of Directors pertaining to (i) the determination of the remuneration of the Chairman of the Board of Directors and the Chief Executive Officer, as well as of any other executive directors, expressing opinions also on the setting of performance targets linked to the variable component of remuneration, and (ii) the determination of the remuneration of personnel, whose remuneration and incentive systems are decided by the Board of Directors – in accordance with statutory and regulatory provisions in effect from time to time, as well as with the Remuneration and Incentivisation Policy adopted by the Company – expressing opinions also on the setting of performance targets linked to the variable component of remuneration.

The Nomination Committee, consisting of three non-executive directors, all independent, expresses opinions and submits non-binding proposals to the Board of Directors pertaining to appointments and is accordingly vested with the authority and independence of judgment required to assess the appointments on which it is asked to express an opinion.

The Audit and Risk Committee, consisting of four non-executive and independent Directors, is tasked with assisting the Board of Directors in laying down the guidelines of the internal control system and the Risk Appetite Framework, periodically checking that said system is adequate to the bank's characteristics and risk profile, reviewing its effective functioning and also ensuring that the major company risks have been identified, adequately measured, managed and monitored, as well as determining the

degree to which such risks are compatible with management of the enterprise in accordance with the strategic goals identified, in liaison with the responsible company functions. Moreover, the Internal Audit and Risk Committee expresses its opinion regarding transactions with related parties and connected parties, in accordance with the terms and conditions set forth in the Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance approved by Banca Generali pursuant to applicable laws and regulations, in addition to assisting the Board of Statutory Auditors in discharging its statutory auditing duties in accordance with the provisions of Legislative Decree No. 39 of 27 January 2010.

The General Shareholders' Meeting passes resolutions expressing the intentions of the shareholders. Resolutions approved by the Shareholders' Meeting pursuant to statutory provisions and the Articles of Association are binding on all the Company's shareholders, including those abstaining or dissenting.

All holders of ordinary shares of Banca Generali stock, including employees, may exercise their voting rights and participate in Shareholders' Meetings, provided that they prove their standing to do so in the legal forms.

The Board of Statutory Auditors, appointed by the Shareholders' Meeting for a term of three years, is tasked with overseeing compliance with statutory requirements and the Articles of Association, as well as with monitoring company management.

With reference to remuneration, the Articles of Association state that each member of the Board of Directors is entitled to fixed gross annual remuneration in addition to reimbursement of out-of-pocket expenses for participating in meetings.

A report on the remuneration policy for the personnel of the Company and the Group has been submitted to and approved by the Shareholders' Meeting pursuant to the 7th update of the Bank of Italy Circular Letter No. 285 of 17 November 2013, and the Consob Regulations which streamlined currently applicable instructions on transparency and the disclosure of the remuneration of management level executives of issuers of listed securities.

In general, Banca Generali's remuneration policy is aimed at promoting – in the interest of all stakeholders – the implementation of remuneration and incentivisation systems that are in line with long-term corporate objectives and strategies, linked to corporate performance but appropriately corrected to reflect all risks, commensurate with the capital and liquidity levels required to cover ongoing business operations, and in any event, designed to avoid distorted incentives that could lead to regulatory violations and excessive risk-taking by individual banks and within the whole system.

To better pursue this goal, as of 2010, remuneration policies have been updated in light of the recommendations issued by

the Governor of the Bank of Italy concerning "Remuneration and Incentive Systems" issued in Order No. 321560 of 28 October 2009. In this context, the bonuses of executives and the main network managers were aligned with a view to ensuring the uniform application of the new regulatory principles to all the Banking Group's key personnel.

In this context, and without prejudice to the more stringent provisions applicable to Key Personnel, all employees, as well as the Banking Group's network managers who accrued within the financial year a bonus in excess of 75,000.00 euros, are subject to deferral of the payment of a part of the variable component equal to a 40% portion of the bonus accrued. In further detail, 60% of the amount owed shall be paid in the following financial year, after the Board of Directors verifies the earnings and capital solidity results for the year in question, whereas 20% will be paid in the following year and the remaining 20% after an additional year, in both cases after having verified that the pre-set access gate has been reached.

For Key Personnel and the main network managers, 25% of the variable remuneration linked to short-term objectives, if exceeding the 75,000.00 euros threshold, is paid in Banca Generali shares, according to the following assignment and retention mechanism:

- 60% of the bonus will be paid up-front during the year after that of reference, 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- 20% of the bonus will be deferred for one year: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year;
- the remaining 20% of the bonus will be deferred by two years: 75% in cash and 25% in Banca Generali shares, which will be subject to a retention period of one year.

If the actual bonus accrued, also by Key Personnel, is below the indicated threshold of 75,000.00 euros, it will be paid in full up-front during the year after that of reference, in cash, once the Board of Directors has verified P&L performance during the year of accrual and satisfaction of the access gates.

Moreover, in order to link even more closely the variable remuneration of Key Personnel, other managers, as well as that of all employees, the network managers and the Financial Advisors to multi-year performance indicators, and to take due account of current and potential risks, interest rates and the cash flow required to cover the business operations, the payment of the bonus is linked not only to the results actually achieved by each manager, but also to the attainment of the Banking Group access gate.

All employees qualifying for variable remuneration based on the Management by Objectives and/or on a discretionary basis, and

the Banking Group's network managers and Financial Advisors, are subject to malus and claw-back mechanisms, in accordance with the regulatory applicable provisions. Moreover, remuneration and incentive systems for sales staff are designed to ensure compliance with the principle of propriety in customer relations, as well as to contain legal and reputational risks, through the implementation of policies entailing the application of specific, formally stated, quantifiable and verifiable rules and parameters (e.g., number of complaints) which have an impact on the right to collect the incentivisation.

The company has established a cap mechanism, applicable to its Key Personnel, as defined in the Provisions of the Bank of Italy cited above, to ensure the ratio of total variable to total fixed remuneration (including all forms of payment or benefit disbursed, directly or indirectly, in cash, financial instruments, or assets in kind not linked to the achievement of individual or company performance results, or the award of which is subject to annual qualitative assessment or other parameters, such as term of service). The cap mechanism ensures that the ratio of total variable remuneration paid in a given year (including both up-front and deferred payments) to total fixed remuneration in that same year does not exceed 1:1 (or, where expressly authorised, 2:1). Each year, the Board of Directors determines a total bonus pool, in keeping with the remuneration policies, according to a bottom-up approach, to be disbursed provided that the necessary financial stability and liquidity conditions have been satisfied and the requirements for each position have been met.

Once again in 2014, high-level management and professional po-

sitions were assessed and "weighed" using the HAY point-factor job evaluation method, and the results were used to enhance the monitoring of remuneration patterns, including with regard to reference markets.

The fixed components served to remunerate employees' managerial and technical skills used to perform the roles assigned to them, in order to ensure managerial continuity and pursue effective and fair internal remuneration policies that are competitive in respect of the external market. The aim of the recurring variable components of remuneration and long-term incentives (such as long term incentive plans, stock option plans and deferred bonus systems), on the other hand, is to balance directly the interests of the shareholders and those of management.

The Management by Objectives mechanism, consistent with the achievement of the earnings and financial results indicated by the budget for the reference year and with indicators reflecting the weighting of business risks, is used for the Chief Executive Officer, the General Manager, as well as for all Key Personnel. The Management by Objectives system is linked to the Balanced Scorecards principle. This tool is intended to translate the strategies set forth in the Group's industrial plan into a set of operating objectives that are able to materially influence the Group's overall performance.

Remuneration of the Directors holding special offices and of those that are members of the board committees is set within the framework of the guidelines established by the above-mentioned remuneration policy approved by the General Shareholders' Meeting.

Sustainable development boards

At the level of the Banking Group, responsibility for sustainability falls to the Joint General Manager, who implements the strategies defined by the Parent Company's Board of Directors, which in turn sets the fundamental guidelines.

The Sustainability Committee is the decision-making body responsible for setting and reviewing social and environmental policies at the Banking Group level. In addition, the Committee also identifies opportunities, risks, common objectives and goals, areas for improvement and the content and reporting methods associated with sustainability. The Committee comprises the

Heads of the Administration Department, who convene and chair sessions, the Marketing and Product Development Department, Operations Department, Human Resources Department and External Communications Service. The Head of the Company Risks Department may also attend the Committee's meetings as observer.

The Committee meets twice a year to analyse the results presented in the Sustainability Report and discuss progress in reaching goals, the challenges encountered and ongoing problems. The Sustainability Committee was instituted in 2011.

Internal Control System

Fifteen types of risk identified, three organizational levels for an up-to-date control system.

Three tiers, risk management and 262 Oversight Function

The internal control system is a set of rules, procedures and organisational structures aimed at ensuring compliance with Company strategies, while also seeking to achieve:

- the efficiency and effectiveness of work processes;
- the reliability, efficacy and efficiency of control procedures;
- the safety of the company's assets and protection against losses;
- the reliability and integrity of accounting and operating information;
- operational compliance with the law, supervisory regulations, policies, plans, regulations and internal procedures;
- the dissemination of a culture of control involving training initiatives for the various levels; and
- the updating of the organisational framework in light of developments in corporate strategy and/or changes in the prevailing context.

The Banca Generali Banking Group has designed an internal control model consistent with best practices at the national and international levels, minimising the risks of inefficiency, overlapping of roles and sub-optimal system performance. Internal Control procedures have been structured according to three levels:

- the first (operating) level is performed by production or back-office company areas and organisational units, with the support of information technology procedures, where envisaged, and takes the form of hierarchical or line checks;
- the second level is the responsibility of specific functions tasked with monitoring the risk management system (Risk Management Function), preventing the risk of non-compliance with laws and regulations governing the provision of services and monitoring the activity of the distribution network (Compliance Function) and combating transactions involving money-laundering and financing for terrorism (the

Anti-Money Laundering Function). Functions charged with these controls, distinct from production ones, contribute to the definition of risk governance policies and the risk management process;

- the third, or internal audit, level is aimed at identifying anomalous situations and violations of procedures and regulations, and risk trends, as well as independently and periodically assessing the functionality, adequacy, completeness and reliability of the overall internal control system and procedures, and is assigned to the Internal Audit Function.

The circulation of information amongst and within Corporate Bodies and control functions allows to meet the targets of efficient management and effective internal controls, thus representing a fundamental condition for the integrated Internal Control System.

In addition to the above-mentioned procedures, the *262 Oversight Function* acts as a point of reference, orienting and coordinating the management of all the Banking Group's administrative and accounting risks, for the intents and purposes of Law No. 262/2005.

In 2014, the fraud-prevention activities were further implemented and activities aimed at preventing the commission of the offences set forth in Decree No. 231/01 also continued.

This system, defined as per the directives issued by the Banca Generali Banking Group, is an integral part of the company and supervises all of its sectors and structures, involving all resources, each according to his or her level of competence and responsibility, with the aim of ensuring constant, effective risk coverage. All departments and functions have their own roles in checking transactions according to their various degrees of responsibility.

Structures in charge of internal control system and risk management:

BODY	TASKS
Board of Directors	bears the final responsibility in the system establishes guidelines periodically assesses system appropriateness and efficiency
Top Management	carries out strategic guidelines checks the ongoing appropriateness of the system
Board of Statutory Auditors	oversees the adequacy and compliance with the system and its concrete functioning
Internal Audit and Risk Committee	supports the Board of Directors discharging investigative, consultative and recommendatory duties
Risk Committee	ensures coordinated coverage of the system for managing and controlling risks addresses specific operating issues with decision-making powers relating to risk containment measures
262 Oversight Function	guides and coordinates administrative and accounting risk management activities provides support to the Executive in charge, within the meaning of Article 154 of the finance consolidation law (TUF)
Risk Management	identifies, measures, assesses and monitors all types of risk to which the Banking Group is exposed, with the exception of non-compliance risk
Compliance Function	assesses the adequacy of company processes and procedures in order to prevent non-compliance risk supervises the distribution network's actual behaviour
Anti Money Laundering Function	prevents and combats money laundering and terrorist financing transactions
Internal Audit Function	oversees and assesses the efficiency and effectiveness of Internal Control System examines risk management procedures, overseeing the implementation of risk-containment plans

The Board of Directors, charged with strategic supervision and policy definition, identifies the goals, strategies, profile and risk levels and defines company policies and the policies of the enterprise's risk management system; it periodically verifies the proper implementation and consistency thereof with the development of company activity.

The Top Management, in light of its delegated powers and pursuant to the guidelines approved by the Board of Directors, implements corporate policies, as well as policies of the business risk-management system, and checks on an ongoing basis the adequacy of the risk management system.

The Board of Statutory Auditors, within its institutional supervisory functions, oversees the adequacy of the risk control and management system and its regulatory compliance. Moreover, the Board of Statutory Auditors oversees compliance with the law and the Articles of Association, observance of fair management principles, adequacy and functionality of the Company's organisational, administrative and accounting structure.

Pursuant to the Corporate Governance Code of Listed Companies, the Audit and Risk Committee is tasked with supporting the Board of Directors, discharging investigative, consultative and

recommendatory duties towards the latter with regard to internal controls and risk management.

The Risks Committee is the body charged with enduring coordinated coverage of the system for managing and controlling the risks assumed by the Group and, within these functions, it bears specific responsibility for monitoring the Group's risks. Moreover, it is in charge of discussing and addressing specific operating issues pertaining to the management of risk containment measures and is also vested with decision-making powers for identifying and implementing risk containment measures.

The 262 Oversight Function is responsible for liaising with, guiding and coordinating the entire Banking Group in the area of managing administrative and accounting risk pursuant to Law No. 262/2005, supporting in this regard the Executive in Charge pursuant to Article 154 of the Consolidation Law on Finance, who is entrusted with managing the risk of non-compliance with financial statements preparation requirements in terms of administrative and accounting procedures and the associated key controls. Effective 2007, the Parent Company also implemented a control model (known as FARG - Financial Accounting Risk Governance) to support the Executive in Charge and aimed at compliance with Law No. 262/2005, through the mapping of the

primary administrative and accounting processes of the Group's relevant companies, with the ensuing surveying, formalisation and review of the adequacy and efficacy of the control systems established for those processes.

The Risk Management function is tasked with identifying, measuring/evaluating and monitoring all the types of risks (excluding the risk of non-compliance) to which the Banking Group is exposed in terms of its own assets, as well as providing relevant information and actively contributing to risk management with a view to maintaining risk levels within the limits indicated in the exposure profile and strategies established by the Board of Directors. Moreover, it collaborates to the RAF definition and implementation and the related risk governance policies.

The Compliance Function is responsible for assessing the adequacy of procedures, processes and the internal organisation, with the aim of preventing non-compliance risk, defined as the risk of incurring penalties, financial losses or reputation or image damages deriving from the violation of external provisions (laws, regulations and instructions from supervisory authorities) and internal provisions (e.g., articles of association, codes of conduct, internal disciplinary codes).

This risk is spread throughout the company's organisation. Accordingly, proper management of that risk represents a highly relevant issue with deep ties to current operations, and particularly with customer relations.

In addition, the compliance function is also responsible for verifying any action carried out by the distribution network.

The function adheres to the mandate issued by the administrative body, set out in what are known as the Compliance Policy and the Compliance Regulations.

The Anti Money Laundering Function is the independent control body responsible for preventing and combating money laundering and terrorist financing transactions. This function, in accordance with legislative requirements, has qualitatively and quantitatively adequate resources, reports directly to the governing bodies and has access to all Bank activities, as well as to all information relevant for the performance of its duties.

The Internal Audit Function performs third-level internal audit activity and is thus an independent unit, the purpose of which is, on the one hand, to monitor operational regularity and risk performance, including through onsite checks, and, on the other, to assess the adequacy, completeness, functionality and reliability of the organisational structure and the other components of the internal control system, as well as to inform the Board of Directors and top management of possible improvements to the Risk

Appetite Framework, risk management policies, risk measurement and control instruments and procedures. The auditing system and related guidelines are subject to approval by the Board of Directors.

In particular, on the basis of an operating programme approved by the Board of Directors, Internal Audit is in charge of:

- checking and assessing the Group's overall internal control system with a view to ensuring that it is appropriate, effective and fully operational;
- examining risk management procedures, overseeing the implementation of risk-abatement plans, as well as expressing an opinion on the extent to which the internal control system is effective in containing overall risk exposure within acceptable limits.

The Banca Generali Group has implemented a risk management system that aims to identify, assess and control the most significant risks to which the Group is exposed, i.e., those risks that, with their consequences, may threaten the Group's solvency or constitute a serious obstacle to the achievement of company objectives. That system strives to achieve and maintain an acceptable level of the identified risks, with the aim of ensuring both the optimisation of the financial resources required to deal with those risks, and the improvement of the Group's profitability taking account of those risks. In terms of capital adequacy, in accordance with the provisions of the Basel Committee and Community regulations, and in compliance with the supervisory instructions issued by the Bank of Italy (cf. Bank of Italy, Circular Letter No. 263 of 27 December 2006, New Prudential Supervisory Provisions for Banks), the Group has defined an internal process (ICAAP – Internal Capital Adequacy Assessment Process) for independently assessing its capital adequacy, that is to say, the adequacy, in current and prospective terms, of the overall capital at its disposal to meet the relevant risks to which it is exposed and support its strategic decisions. That process presupposes a solid corporate governance system, a clear, appropriate organisational structure and the definition and implementation of all processes required for the effective identification, management, monitoring and reporting of risks and the presence of adequate internal control mechanisms.

The Group may be exposed to the following categories of risks:

- **credit risk:** it is defined as the possibility that a counterparty may become insolvent, or the likelihood that a debtor may fail to fulfil its obligations or fulfil its obligations on a delayed basis with respect to predetermined due dates. In further detail, credit risk arises from the possibility that an unexpected variation in the creditworthiness of a counterparty to which the bank has an exposure may result in a corresponding un-

- expected variation in the market value of the loan position;
- **counterparty risk:** it is the risk associated with the possibility that a counterparty to a securities transaction may default before said transaction is settled. Counterparty risk is a sub-category of credit risk that generates a loss where the transactions undertaken with a given counterparty have a positive value at the moment of default. However, as opposed to the credit risk generated by a loan, where the possibility of loss is unilateral, inasmuch as it is held solely by the lender, counterparty risk is typically bilateral;
 - **operating risk:** it can be defined as the possibility of loss resulting from the inadequacy or failure of processes, human resources or internal systems, or from external events. This category includes losses deriving from fraud, human error, interrupted operations, system breakdown, breaches of contract, and natural catastrophes. The legal risk is included in operating risk (including the money laundering risk), whereas strategic and reputational risks are not included;
 - **market risk:** it is represented by the possibility to suffer losses due to variations in the value of a security or a portfolio of securities associated with unexpected variations in market conditions (share prices, interest rates, exchange rates, the prices of goods and the volatility of risk factors);
 - **interest rate risk – banking portfolio:** it is due to potential fluctuations of the interest rates. This risk is generated by the gaps between the maturities and time required to reset the interest rate on the Group's assets and liabilities. Where such gaps are present, fluctuations in interest rates result in variations of net income, and therefore projected profit, as well as variations in the market value of the assets and liabilities, and therefore net equity;
 - **liquidity risk:** it is manifested in the form of the breach of payment obligations, which may be caused by an inability to procure funding (funding liquidity risk) or the existence of limits on the divestment of assets (market liquidity risk). Liquidity risk also includes the risk of fulfilling payment obligations at above-market costs, incurring a high cost of funding, or (and, in some occasions, simultaneously) incurring capital losses on the divestment of assets;
 - **concentration risk:** it is the risk arising from exposures to counterparties, groups of related counterparties, and counterparties operating in the same business segment, engaging in the same activity, or based in the same geographical area;
 - **residual risk:** the risk that the recognised credit risk mitigation techniques used prove less effective than foreseen;
 - **reputational risk:** the current or prospective risk of a decrease in profits or capital arising from a negative perception of the corporate image by clients, counterparties, shareholders, investors or regulatory authorities;
 - **strategic risk:** the current or prospective risk of a decrease in profits or capital arising from changes in the operating context or poor company decisions, the inadequate implementation of decisions, or insufficient reaction to changes in the competitive scenario;
 - **compliance risk:** the risk of incurring legal or administrative penalties, significant financial losses or damages to reputation due to breaches of compulsory provisions (of laws or regulations) or self-imposed rules (e.g., articles of association, codes of conduct, internal disciplinary codes);
 - **country risk:** risk of losses caused by events occurring in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it refers to all exposures, regardless of the nature of the counterparties, therefore including individuals, enterprises, banks or public administration bodies;
 - **transfer risk:** the risk that a bank with an exposure to a party that obtains financing in a currency other than that in which it collects its main sources of income may sustain losses due to difficulty by the borrower in converting its currency into the currency in which the exposure is denominated;
 - **equity investment risks:** risk of overly illiquid assets as a result of equity investments in financial and non-financial companies;
 - **risks related to risk assets and conflicts of interest with connected parties:** these provisions are aimed at containing the risk that the closeness of certain persons to the bank's decision-making centres could compromise the objectivity and impartiality of decisions pertaining to the approval of loans and other transactions involving the said persons, and potentially give rise to distortions in the resource-allocation process, expose the bank to risks that are not adequately measured or contained, and/or result in harm and losses to depositors and shareholders.
- The Group has formally defined a policy for each of the above risks that lays down: the general principles, roles and responsibilities of the company bodies and functions involved in risk management and risk management guidelines on its business model, the risk appetite, the internal control system, the system of delegated powers established by the Board of Directors and the instructions of supervisory authorities.
- In the area of operating, compliance and reputational risk, a special emphasis is placed on corruption, fraud, money-laundering and terrorist financing, offences punished under Italy's national legislation. Each Banking Group company has adopted principles and procedural rules – including through appropriate codes and policies – aimed at preventing and detecting such unlawful con-

duct that are applicable to all affected organisational units and are brought to the attention of all parties involved.

In particular, the issue of corruption is dealt with by the Banca Generali Internal Code of Conduct, in which a commitment is explicitly made to take all measures required to combat corruption. Anti-corruption provisions have been extended to all affected units and spread to all parties involved. All distribution network personnel and employees have received training in this area.

In this respect, Banking Group companies have adopted and implemented an organisation and management model pursuant to Legislative Decree No. 231/01, as amended, that aims to prevent conduct contrary to the principles of propriety, legality and transparency in the handling of affairs by personnel, with the additional goal of avoiding the attribution of administrative liability to companies for offences committed by personnel in the interest or to the benefit of those companies. The proper understanding and divulgation of the content and underlying principles of that model is ensured by specific training initiatives provided through e-learning systems targeted at all employees and Financial Advisors. In 2014, there were no ascertained episodes that fall within the scope of application of the above legislation.

The foregoing organisation and management model also contemplates fraud, albeit as limited to information technology fraud, as well as money-laundering and terrorist financing.

On the subject of money-laundering and financing for terrorism, it bears noting that the Banking Group was not involved in any money-laundering or terrorist financing events in 2014.

With regards to other efforts aimed at monitoring and containing operational risks (and the resulting possible financial losses and damages to its reputation), the Group pursues the primary goal of ensuring the continuity of critical processes and an optimal level of customer service in the event of accidental interruptions of operations due to internal or external factors of an exceptional nature.

To the above end, in accordance with Bank of Italy regulations the Group has drawn up a Business Continuity Plan (BCP) aimed at supporting a swift, appropriate response to exceptional events of a gravity sufficient to compromise the Group's activity.

In detail, the Plan aims to ensure:

- the restoration of business-critical functions;
- compliance with contractual obligations;
- maintenance of the trust of customers and partners; and
- internal and external communications.

It should be noted that this document generally presents information referring to 31 December 2014. Circumstances occurring after that date have only been referenced where deemed effectively relevant to the purposes of this document.

Voluntary codes

In pursuing its growth objectives, the Banca Generali Group remains faithful to the fundamental principles that characterise its ethics, such as transparency, fairness and impartiality.

These principles are reiterated in the Internal Code of Conduct of the Bank, which is in line with the rules of conduct reported in the Generali Group's Code of Conduct.

The Internal Code of Conduct defines the minimum rules of conduct to be observed in dealings between colleagues, as well as with customers, financial advisors, competitors, suppliers and the Group's other stakeholders and contains specific provisions governing the promotion of diversity and inclusion, protection of company assets, conflicts of interest, bribery, financial information and the processing of insider information, the prevention of money laundering, financing for terrorism and international sanctions. The Code is applied to all Group personnel, including members of administrative bodies. In addition, the Group expects that third parties (consultants, suppliers, etc.) adhere to the principles enunciated in the Code when they act on the Group's account.

The Code shall be published, *inter alia*, on the company's Intranet in order to ensure it is duly circulated among all recipients concerned.

The drafting of the Code implies the existence of specific codes that – complying with the rules, practices and culture of each country – provide more detailed regulation of relations between the main stakeholders and Group companies in all the countries where the Banca Generali Group operates.

Other codes include:

- a. the Environmental Policy of the Generali Group, implemented by Banca Generali, which makes reference to what the Internal Code of Conduct states on environmental preservation, with a view to identifying the aims to be achieved by the Group and the commitments undertaken in this field;
- b. the Conflict of Interest Policy, adopted by Banca Generali in 2007 following the entry into force of the Italian legislation adopting MiFID into national law (in particular with reference to the aforementioned Bank of Italy and Consob Regulation), its most recent update which has been in effect since 2 January 2015. That Policy lays down the approach taken to identify actual and potential conflicts of interest, describes circumstances that may give rise to conflicts of interest, defines the measures to be used to manage such circumstances and specifies the organisational model for managing conflicts of interest, the purpose of which is to ensure that conflicts are managed efficiently over time. The Conflict of Interest Policy has been approved by the Board of Directors;
- c. the Code of Ethics for the Generali Group's suppliers, adopted by Banca Generali, which lays down the principles of conduct and the resulting behaviour which its contractual partners (consultants, suppliers, etc.) are expected to follow when they act on the Group's account.



Villa Panza, Varese
© Giorgio Majno, photographer



2

FINANCIAL REPORTING

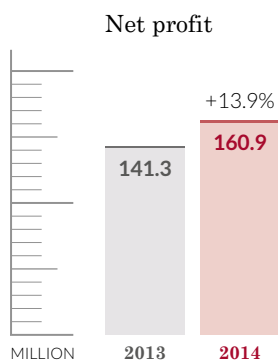
Key financial indicators

Consolidated P&L highlights

(euro MILLION)	2014	2013	CHANGE %
Net interest income	107.0	121.8	-12.2
Net fees	257.3	226.4	13.6
Net income (loss) from trading activities and dividends	54.9	19.0	189.5
Net banking income	419.2	367.2	14.2
Staff expenses	-74.2	-69.5	6.8
Other general and administrative expense	-128.5	-105.2	22.1
Amortisation and depreciation	-4.4	-5.0	-12.4
Other operating income/expense	41.3	31.2	32.4
Net operating expenses	-165.8	-148.6	11.6
Operating profit	253.4	218.6	15.9
Provisions	-40.3	-22.9	75.9
Adjustments	-11.0	-6.1	81.0
Profit before taxation	202.1	189.6	6.6
Net profit	160.9	141.3	13.9

Performance indicators

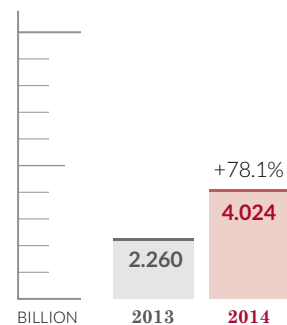
(EURO MILLION)	31.12.2014	31.12.2013	CHANGE %
Cost income ratio	38.5%	39.1%	-1.5
EBTDA	257.8	223.7	15.3
ROE	46.2%	48.7%	-5.3
ROA	2.6%	2.1%	22.5
EPS - Earning per Share (euro)	1.394	1.238	12.6



Net inflows

(EURO MILLION)(ASSORETI DATA)	31.12.2014	31.12.2013	CHANGE %
Mutual funds and Sicavs	555	1,489	-62.7
Asset management	71	13	446.2
Insurance / Pension funds	3,563	1,266	181.4
Securities / Current accounts	-165	-508	67.5
Total	4,024	2,260	78.1

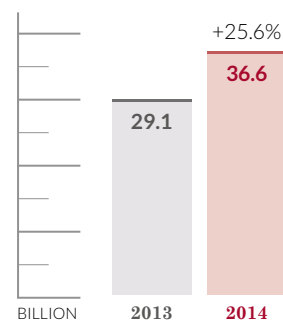
Net inflows



Assets Under Management & Custody (AUM/C)

(EURO BILLION)(ASSORETI DATA)	31.12.2014	31.12.2013	CHANGE %
Mutual funds and Sicavs	10.0	8.4	18.2
Asset management	3.8	3.2	20.8
Insurance / Pension funds	13.7	9.7	41.5
Securities / Current accounts	9.1	7.9	15.8
Total	36.6	29.1	25.6

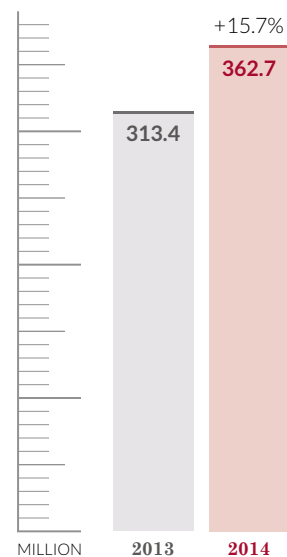
Assets Under Management



Net equity

(EURO MILLION)	31.12.2014	31.12.2013	CHANGE %
Net equity	536.3	469.1	14.3
Own funds (*)	362.6	313.4	15.7
Excess capital (*)	157.9	144.3	9.4
Total capital ratio (*)	14.17%	14.83%	-4.4

Own funds



Personnel efficiency indices

	31.12.2014	31.12.2013	CHANGE %
Number of employees (*)	817.0	809.0	1.0
Number of Financial Planners/Private Bankers	1,645.0	1,475.0	11.5
Net banking income / number of employees (euro million) (*)	0.51	0.46	12.2
Assets under management (AUM) / number of Financial Advisors (euro million)	22.2	19.7	12.6

Social and environmental highlights

	2014	2013	CHANGE %
Global added value (euro million)	523.7	447.8	17.0
Per-capita electrical energy consumption (kWh)	2,951.7	3,008.9	-1.9
Paper consumption (quintals)	400.7	401.6	-0.2

(*) Own funds and capital ratios at 31 December 2013, calculated in accordance with the previous Basel 2 rules. Comparison data at 31 December 2013 restated pursuant to IFRS 5.

Economic performance for 2014

In 2014, the Banking Group has continued to grow with constantly increasing intensity. Total net inflows since the beginning of the year reached the new peak of 4.0 billion euros, an all-time-record annual performance for the Group.

This result allows Banca Generali to strengthen its position at the top of the industry rankings, while gaining market share and increasingly showing its competitive edge, consisting of a specific high-quality set of products, network and service.

In this context, net profit for 2014 amounted to 160.9 million euros, up 14.0% compared to the already excellent 2013 results. This performance was achieved despite significant investments to foster external growth, through the acquisition of the Credit Suisse business unit and the successful recruitment activity, and internal growth, by developing a new service model and the Bank's new digital platform.

Net banking income rose to 419.2 million euros, with a considerable increase of 52.0 million euros compared to 2013 (+14.2%), driven both by the non-recurring components and the strong performance of asset management fee income.

The latter rose by approximately 63 million euros (+21.4%), in line with the growth reported in the Banking Group's AUM.

Attention should also be drawn to the excellent result of financial operations (+35.9 million euros), thanks to the ability to exploit the favourable market conditions tied to the reduced spread on Italian government debt and the sharp rise in performance fees,

which achieved their all-time high, far exceeding the very high amount reported in 2013 (+24.6%).

In contrast, net interest income continued to decline (-12.2%), impacted by the macroeconomic context marked by deflationary pressure and low interest rates.

Net operating expenses grew slightly to 165.8 million euros (+11.6%), mainly due to the merger costs incurred for the acquisition of Credit Suisse business unit, the significant commitments undertaken for the implementation of the New Service Model, and the constant upgrading of the Bank's digital platform. Provisions and net adjustments amounted to 51.3 million euros, up 22.3 million euros compared to 2013, chiefly as a result of higher provisions for incentives, development and contractual indemnities of the Financial Planner network. In addition, prudential adjustments were also made to non-performing loans to customers and impairment losses were recognized on the AFS equity securities portfolio.

At 31 December 2014, the total value of the Group's AUM - reference figure for Assoreti reports - amounted to 36.6 billion euros, up 25.6% compared to year-end 2013, placing the Group at the top of the market of reference.

Determination and distribution of value added

Calculation method

Value added represents the difference between total revenues and total costs for goods and services (i.e. consumption). Consequently, it expresses the wealth that the Group has produced and can thus distribute to the stakeholders with which it interacts as part of its everyday operations.

The stakeholders include, first and foremost, the network of Financial Advisors and human resources who receive part of this value added in the form of direct or indirect remuneration.

A significant role is also played by shareholders, who expect a return from the financial means they have committed to the business and by the State, i.e. the central and local administrative bodies as a whole to which a significant part of the wealth that is produced is conferred in the form of direct and indirect taxes. Great attention has also been paid to the needs of the community and the environment through charitable initiatives, as well as social and cultural works.

The distribution of value added

In 2014, Banca Generali Group's net revenues amounted to 698.5 million euros, up by 99.2 million euros (+16.6%) compared to 2013, whereas consumption expanded more moderately (up 21.8 million euros). The remarkable revenue increase was driven by the rise in the fee aggregate and net income from trading activities which offset the strong decline of interest income.

The trend of the consumption aggregate was instead mainly attributable to the increase in administrative expense, as a result of the non-recurring charges incurred and the increase in provisions and adjustments, net of the reduction in interest expense. Therefore, gross GAV reached 523.7 million euros and was broken down as follows:

- Human Resources (employees and other workers): approximately 14.2% of gross GAV generated, totalling 72.5 million euros (15.5% in 2013);
- Financial Advisors: 37.8% of gross GAV generated, in the

Lastly, the Group – when considered as a “business system” – must be able to rely on adequate resources to be allocated to production investments and everyday operations. This is essential to guarantee the Group's economic growth and stability in order to ensure the creation of new wealth benefiting all stakeholders.

From a methodological standpoint, value added is obtained through the restatement of entries to the Profit and Loss Account that is part of the Consolidated Financial Statements, with the aim of highlighting the process involved in the formation of value added, in its various formulations, as well as its distribution.

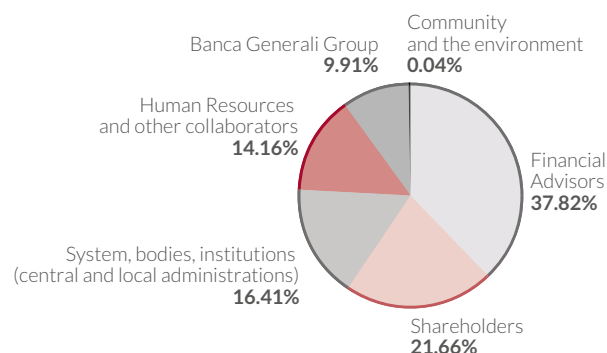
The statements for the determination and distribution of value added, presented below, were thus prepared based on the information posted in the Consolidated Financial Statements for 2014 and using the ABI guidelines as a reference.

amount of 198.1 million euros (up compared to 33.3% in 2013);

- Shareholders: 21.7% of gross GAV, down compared to 25.5% in 2013, but nonetheless able to maintain the payout level of the Bank among the highest of the sector;
- State: approximately 16.4% of gross GAV, equal to 85.9 million euros, down compared to 17.3% in 2013, due to the combined effect of the elimination of IRES one-off surtax and higher stamp duty charges.

The Banca Generali Group retained, in the form of undistributed profits, depreciation and amortisation, an overall amount of 51.9 million euros, or 9.9% of GAV (8.2% in 2013). The amount is to be regarded as an investment that the other categories of stakeholders make each year in order to keep the company in efficient condition and foster its development.

	2014	2013
Shareholders	21.7%	25.4%
Human resources and other collaborators	14.2%	15.9%
Financial Advisors	37.8%	33.2%
State, bodies, institutions (central and local administrations)	16.4%	17.4%
Community and the environment	0.04%	0.04%
Banca Generali Group	9.9%	8.1%
	100%	100%



Breakdown and Distribution of Global Gross Added Value

ITEMS (EURO THOUSAND)	2014	2013 RESTATED ⁽²⁾	CHANGES
A. Total net revenues	698,537	599,314	99,223
B. Total consumption	-177,821	-156,041	-21,780
C. Net result from insurance operations	-	-	-
D. Gross core added value	520,716	443,273	77,443
E. Global gross added value	523,749	447,830	75,919
Divided among:			
1. Shareholders	113,431	114,308	-877
Private shareholders ⁽¹⁾	113,431	109,623	3,808
Minority interests (+/-) for the year	-	4,685	-4,685
2. Human resources	272,276	218,825	53,451
Employee expense; expense for indefinite- and fixed-term contracts	72,513	67,755	4,758
Expense for Financial Advisors	198,094	149,342	48,752
Expense for other collaborators	1,669	1,728	-59
3. System, entities, institutions (central and local administrations)	85,923	77,840	8,083
Indirect and income taxation	41,639	29,575	12,064
Income taxes for the year	44,284	48,265	-3,981
4. Community and the environment	225	178	47
Charitable gifts	225	178	47
5. Banca Generali Group	51,894	36,679	15,215
Change in reserves	47,474	31,633	15,841
Amortisation and depreciation	4,420	5,046	-626
Global gross added value	523,749	447,830	75,919

(1) Figures take into account the official dividend approved.

(2) The 2013 statement was restated, pursuant to IFRS 5, in order to take into account the de-merger of the BGFML business unit.

Statement of determination of the Global Added Value

ITEMS (EURO THOUSAND)	2014	2013 RESTATED ⁽⁵⁾	CHANGES
10. Interest income and similar revenues	117,712	144,492	-26,780
40. Fee income	484,619	404,675	79,944
70. Dividends and similar income	2,570	915	1,655
80. Net income (loss) from trading activities	4,584	-2,538	7,122
90. Net profit from hedging	-	-	-
100. Gain (loss) from sale or repurchase of:	47,786	20,603	27,183
a) receivables	3,120	1,710	1,410
b) AFS financial assets	44,666	18,903	25,763
c) HTM financial assets	-	-10	10
d) financial liabilities	-	-	-
110. Net income (loss) from financial assets and liabilities at fair value	-	-	-
220. Other operating expense/income	41,266	31,167	10,099
240. Gain (loss) of equity investments	-	-	-
A. Total net revenues	698,537	599,314	99,223
20. Interest expense and similar charges	-10,707	-22,650	11,943
50. Fee expense ⁽¹⁾	-29,257	-28,945	-312
180.b Other general and administrative expense ⁽²⁾	-86,594	-75,474	-11,120
130. Net adjustments/reversals due to impairment of:	-10,995	-6,073	-4,922
a) receivables	-7,530	-4,915	-2,615
b) AFS financial assets	-3,035	-1,299	-1,736
c) HTM financial assets	-286	141	-427
d) other financial operations	-144	-	-144
190. Net provisions for liabilities and contingencies	-40,268	-22,899	-17,369
200. Net adjustments/reversal of property and equipment (excluding amortisation and depreciation)	-	-	-
210. Net adjustments/reversal of intangible assets (excluding amortisation and depreciation)	-	-	-
260. Adjustments of goodwill	-	-	-
B. Total consumption	-177,821	-156,041	-21,780
C. Net result from insurance operations	-	-	-
D. Gross core added value	520,716	443,273	77,443
250. Net result of fair value measurement of tangible and intangible assets	-	-	-
270. Gains (loss) from disposal of investments	-18	-4	-14
310. Income of disposal groups, net of taxes	3,051	4,561	-1,510
E. Global gross added value	523,749	447,830	75,919
Amortisation and depreciation	-4,420	-5,046	626
F. Net global added value	519,329	442,784	76,545
180.a Staff expenses ⁽³⁾	-272,276	-218,825	-53,451
180.b Other general and administrative expense: indirect taxation ⁽⁴⁾	-41,639	-29,575	-12,064
180.b Other general and administrative expense: charitable gifts ⁽⁴⁾	-225	-178	-47
G. Pre-tax result	205,189	194,206	10,983
290. Income taxes for the year on operating activities	-44,284	-48,265	3,981
330. Minority interests (+/-) for the year	-	-4,685	4,685
H. Profit (loss) of the parent company for the year	160,905	141,256	19,649

(1) This figure differs from that included in the profit and loss account in the Financial Statements, as the remuneration for the Financial Advisor network have been reclassified to "Staff expenses".

(2) This figure differs from that included in the profit and loss account in the Financial Statements, due to the exclusion of indirect and direct taxes and charitable gifts (which have been stated in the related specific item).

(3) This figure differs from that included in the profit and loss account in the Financial Statements, as it includes remuneration of the Financial Advisor network.

(4) This figure is stated as a specific item in the statement of determination of Added Value.

(5) The 2013 statement was restated, pursuant to IFRS 5, in order to take into account the de-merger of the BGFML business unit.



Exhibition "Potenza del Colore" held at Banca Generali Private Banking headquarter, Piazza S. Alessandro 4 in Milan





3

SOCIAL REPORT

Stakeholders

The Banca Generali Group acknowledges as stakeholders all those who, in various ways, contribute to achieving the goals of the Group, influencing its activities and allowing it to compete on the market.

The stakeholders that are decisive for developing activities and the long-term growth of the Group can be classified as follows, based on the type of interest and relationship with the company:

- direct stakeholders, including employees, sales networks and shareholders who, for different reasons, are part of the Group structure;
- competitive stakeholders, i.e. customers and suppliers who, for different reasons, have an impact on business results;
- social and environmental stakeholders, i.e. the community and the environment in which the Group operates.

The involvement of and dialogue with the various categories of stakeholders are essential for achieving the established objectives and ensuring sustainable development of all of the banking group's activities, both within the organisation, as well as those targeting the reference market.

An awareness of the central role played by its stakeholders in the process of sustainable growth has led the Banca Generali Group to engage in various forms of dialogue and discussion with the stakeholders.

Direct dialogue with individual categories of stakeholders continued, with employees involved in satisfaction surveys, focus groups and thematic discussion sessions.

Forms of dialogue with the sales force included meetings, focus groups and conventions aimed at surveying the networks' satisfaction with the support provided by companies, improving products and services and sharing company strategies.

By contrast, road shows, meetings and industry conferences represented the main channels for dialogue with the financial community. In addition, shareholders were also able to communicate directly with the Parent Company through the Investor Relations section of the Group's website.

A range of customer surveys was also conducted in order to monitor the level of satisfaction with the service received and understand customers' needs and behaviour with the aim of developing and improving products and services.

For more information on the type, frequency, results and criticalities of this involvement and dialogue, see the sections illustrating relations with the individual stakeholders.



Mario Arlati, *Azul y Blanco*



3.1 CUSTOMERS

1. Clientele characteristics

Size and characteristics of clientele

There were substantial increases in both total assets under management (+26%) and the number of customers served (+7%) in 2014. The lower percent weight of customer segments with very

limited assets invested with the Group was offset by the increase in customers in segments with greater AUM.

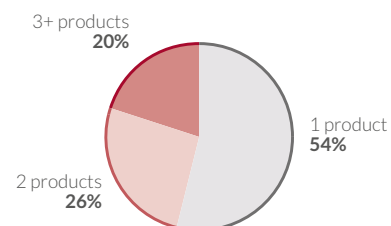
Total customers and AUM

	2014	2013	CHANGE %
No. of customers	243,418	228,137	+7%
Assets Under Management (euro billion)	36.6	29.1	+26%

Breakdown of customers by number of products underwritten with the banking group

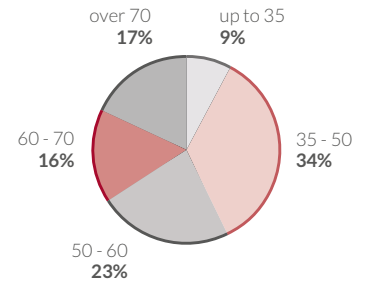
CROSS SELLING	2014	%	2013	%
1	132,243	54%	127,096	56%
2	61,870	26%	55,025	24%
3+	49,305	20%	46,016	20%
Total	243,418	100%	228,137	100%

There was a constant increase in the number of customers who have subscribed at least two products with Banca Generali, both in absolute terms and as a percentage of the total number of customers, bearing witness to the satisfaction and appreciation for the level of consulting and service offered.



Breakdown of customers by age bracket

AGE	2014	%	2013	%
Up to 35	22,052	9%	17,751	8%
35 - 50	81,716	34%	78,338	35%
50 - 60	53,703	23%	51,484	23%
60 - 70	39,240	16%	36,723	16%
Over 70	41,382	17%	39,415	18%
Total*	238,093	100%	223,711	100%



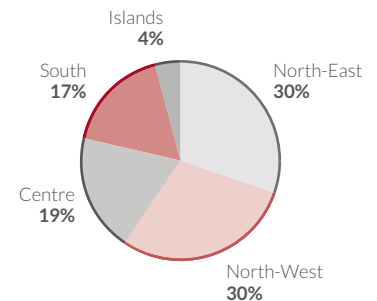
* The number of total customers differs from previous tables as age information is unavailable for several customers.

There was an increase in the youth segment and a slight decrease in customers over 70 (as a percentage of total customers) in 2014. Customers within the age bracket 35-60, i.e., the segment

of the population that earns income and has assets (securities and real-estate), remained clearly predominant.

Breakdown of customers by geographical area

GEOGRAPHICAL AREA	2014	%	2013	%
Abroad	745	-	694	-
Centre	46,146	19%	43,507	19%
Islands	10,323	4%	9,813	5%
North-East	71,901	30%	66,386	29%
North-West	73,234	30%	68,422	30%
South	41,069	17%	39,315	17%
Total	243,418	100%	228,137	100%



The geographical distribution of customers continues to show strong roots in Northern Italy (collectively, 60% of the total), where the distribution of the country's wealth is greater.

Breakdown of customers by gender

GENDER	2014	%	2013	%
W	98,832	42%	91,831	41%
M	139,261	58%	131,880	59%
Total*	238,093	100%	223,711	100%

* The number of total customers differs from previous tables as gender information is unavailable for several customers.

The breakdown of customers by gender was substantially unchanged: 58% were men and 42% women.

2. Customer relations

Product and service policies

Banca Generali aims to be an innovative company capable of adapting rapidly to changes in the market and communicating in a timely, clear manner new solutions and services aimed at meeting the needs of its customers and investors generally, drawing its inspiration from the principles of Banca Generali Internal Code of Conduct.

- Propriety in company behaviour: the Group conducts its business in accordance with the law, internal regulations and professional ethics, which are binding upon its employees, Financial Planners and Private Bankers throughout Italy.
- Corporate social responsibility: the Group wishes to contribute concretely to economic and social development based on respect for fundamental human rights and labour and environmental protection, while promoting the culture of sustainability in all of its spheres of influence, especially in its dealings with its Personnel, customers and suppliers.
- Personal data and privacy: personal data are processed properly in a manner respectful of privacy rights, while ensuring they are inaccessible to third parties, except for justified company reasons or in the presence of a specific external mandate.
- Conflicts of interest: the Group has adopted a specific internal policy to avoid any conflicts of interest and, where it is not possible to do so, to manage them in such a way as not to result in harm to the Group or its customers.
- Free competition and antitrust: the Group recognises free competition as the fundamental factor for the development of company business and results.
- Financial disclosures: the Group has always focused on providing comprehensive and accurate financial disclosures, as well as information on its products and services, so that customers can make informed decisions.
- Fight against corruption and bribery: the Group condemns and fights against all form of corruption and bribery.
- Anti money laundering: the Group is committed to the international struggle against money-laundering and financing for terrorism, combating all forms of behaviour that may be construed as support for these criminal phenomena.

- Customer relations: customer satisfaction is a key factor in the Group's strategic vision, as it enables the Group to strengthen and improve its leading position.

In the respect of the general principles laid out above, in 2014 the innovation offered by the products and services of Banca Generali Group showed a particular focus on the following issues.

Absence of conflicts of interest in an open platform and architecture through:

- the constant development of BG Selection SICAV, the fund-of-funds platform of BG Fund Management Luxembourg, Banca Generali's flagship product for more than six years and leader of the Italian asset market in terms of innovation. The platform allows customers to choose among the best international managers and the most innovative investment strategies using a single product. In 2014, five new sub-funds of BG Selection Sicav were launched, four of which belonging to the new Real Assets family – multi-asset strategies exploiting a complete approach against inflation risks – bringing the total number of sub-funds up to 44, differentiated by investment strategy, asset class and risk profile, with the possibility of investing in a single instalment or through a periodic plan;
- the strong development of BG SICAV, the asset management solution of BG Fund Management Luxembourg, which was transformed into a platform for developing securities-based management products, in line with the main offering trends, and complementary to the fund-of-fund range of BG Selection SICAV. In 2014, 13 new sub-funds were launched, consisting of seven equity sub-funds and six bond sub-funds, managed by prestigious international partners, for a total of 24 sub-funds;
- the ongoing growth of the multibrand range, in particular following the acquisition by Banca Generali of the business unit of Credit Suisse Italia S.p.A. During the year, the Bank started the placement of six new asset management companies, for a

total of 17 Sicavs. At the end of 2014, the overall Banca Generali range included more than 1,800 products managed by 31 Italian and international companies;

- the launch in February 2014 of “BG Stile Libero”, the new multi-line policy which is amongst the most innovative on the Italian market and intended to serve as an innovative solution combining financial investment, tax optimisation, insurance cover and customisable services. BG Stile Libero allows investors to choose between a range of investments comprising more than 800 sub-funds managed by 46 Italian and international asset managers and offers customers a broad diversification by asset class, management style and geographical area.

Protecting households’ investments through:

- BG Stile Libero, an insurance wrapper including death cover according to age, accident cover and increased cover in the event of capital losses, allowing policyholders to protect their investments and guarantee peace of mind to their families. This multi-line policy complements the capital guarantee offered by the Ri.Alto segregated account (which can form 5% to 30% of the investment);
- the guarantee of invested capital and the annual consolidation of accrued returns through investment in the Generali Group’s segregated portfolios, even where the customer needs to divest prior to maturity. In particular, in 2014 the Bank launched BG Stile Garantito, the new single-premium, whole-life insurance policy that invests in the Ri.Alto segregated portfolio (2014 certified return: 4.01%). This product complements BG Cedola Più, which – through annual payment of returns generated by segregated accounts – allows customers to safely supplement their income, without being affected by the volatility of financial markets;
- periodic investment plans with payments of small amounts and monthly/intra-annual frequency, both in asset management and insurance products, in order to allow small sums to be set aside when planning household cash flows, with the flexibility to suspend, modify or interrupt payments;
- the protection of the household’s future against unforeseen events with the policy BG Tutela, owing to the payment of capital to the designated beneficiaries;
- the safeguarding of household’s assets with Genertel’s home policies for protecting the home and family life with a guarantee of cover in the event of damages caused to third parties, damages to the structure or its contents;
- the protection of children’s futures with the policy BG 18 Anni, a savings plan with a 5% loyalty bonus at the maturi-

ty of the contract that can be used to finance education or contribute to life’s first big expenditures such as a car and a home.

Development of banking services for households and the neediest segments of the population through:

- flexible services that allow supplemental income streams to be credited to an account in the course of the year, with either the policy “BG Cedola Più” or the draw-down and coupon services of the multi-line policy “BG Stile Libero” launched in early 2014;
- the service “Bilancio Familiare”, that allows families to keep track of their budgets quickly and easily and always to be informed of credits and debits to their accounts;
- the launch of the new Mobile POS service, which allows all of BG’s freelance professional customers to accept electronic payments on the go, and thus to comply with the new provisions included in the 2014 “Thousand Extensions” Decree concerning the use of ATM terminals for the acceptance of card payments;
- an offering of prepaid cards, available for all types of current accounts in the catalogue. In 2014, the annual credit limit was increased for the card BG Cash;
- the account card BG GO!, a product designed for a young customer target that, with a reduced annual fee, provides all of the main services associated with a bank account;
- the mini-site BGnext.it, aimed at presenting and illustrating the commercial products and initiatives designed for the youngest customers. In particular, in 2014 BGnext was the digital showcase for the event A Champion for a Friend, publishing full updates on the stages of the event, in which over 10,000 children enjoyed a day of play with four “coaches”;
- the offering of mortgages and loans of major third-party financial institutions to promote and protect the residential real estate investments of our customers;
- the offering of current accounts with ad-hoc conditions for associations of families whose members include people with disabilities or associations supporting scientific research on rare diseases (e.g., AISM – the Italian Multiple Sclerosis association);
- the offering of the Basic Account, with operations limited to payments by bank transfer and debit card, in line with the initiatives pursued by the Italian government (as part of the 2012 so-called “Save Italy” Decree) in the area of limiting the use of cash and promoting electronic payment instruments.

Risk control and customer support in investment management through:

- knowledge of the customer to arrive at a concrete, specifically oriented definition of the suitability of the products distributed to meeting the associated investment needs;
- the development and distribution of a commercial offering based on knowledge of the customer target. The selection of products offered takes account not only of the distribution of customers across the six financial profiles (low, medium-low, medium, medium-high, high and very high) determined by the Banking Group according to the precise responses provided by customers and deriving from the application of algorithms used to profile customers, but also of other elements such as personal criteria (age and gender) and social and demographic criteria (profession, education and geographical distribution). The customer knowledge profile is also further supplemented by information regarding the assets invested with Banca Generali, in terms not only of the amount of assets but also the number and type of products selected;
- advance assignment of a financial profile to all customers on the basis of a specific exploratory questionnaire contained in the Customer Relations Charter, updated and supplemented in a timely fashion as a function of new legislation;
- the assignment of a risk profile to all investment products offered. The assessment in question, conducted by an independent company, is prepared by using various items of information relating to the market, counterparty and liquidity risk associated with the product at issue and is summarised in the form of a concise numerical risk index;
- the offering to customers of investment products whose risk-return profiles are consistent with their financial profiles. Adequacy and appropriateness are assessed through a specifically developed supporting computer procedure that has been further implemented to include specific controls for the distribution of “illiquid” products (i.e., products that present “liquidity risk¹” such as unlisted-linked policies or structured bonds). When assessing the adequacy of a product offered, the stated holding period for that product is taken into particular consideration. To ensure greater protection of the customers’ interests, an assessment is conducted whenever customers provide all the information required for the analysis and not just where expressly required by law;

- the assistance of the distribution network, which supports customers in identifying the product/service best suited to their needs by illustrating their characteristics and providing precise information regarding the level of protection associated with each service;
- the implementation of the New Service Model, which will result in the creation of a new integrated advisory platform that will be distributed to the sales network beginning from 2015. The New Service Model aims to increase knowledge of the customer in terms of total assets, generational transfer and risk appetite, with the goal of offering a comprehensive approach, in addition to building an integrated approach in managing customers’ risks.

Focus on clarity and transparency in communication with customers through:

- the launch of the new method of viewing home banking passwords and PINs for e-commerce ATM cards, with films to be removed by the customer (scratch security label technology), with the aim of simplifying and increasing the security of access to the data concerned;
- the launch of the new method of sending customers PINs for e-commerce ATM cards and home banking passwords, which makes sending such codes more secure through the use of the new scratch security label technology (with “scratch-and-win” type films to be removed);
- finalisation of the communication project for the new product BG Stile Libero, involving the preparation of all types of information sent to customers and the annual report, in an unambiguous style and using clear, comprehensible language;
- planning of projects involving the revision of all communication in the insurance arena, completing the revision launched in 2013 in the asset management and administration and custody area;
- the introduction of the Top Customer segment, with the development of products and communication services dedicated to this customer segment.

Focus on environmental and citizens’ health issues through:

- the offering of “socially responsible” products¹ (namely investment funds and SICAVs that invest only in companies

¹ Definition drawn from Consob Notice 9019104 of 2 March 2009, “The duty of the intermediary to act with due correctness and transparency on distribution of illiquid financial products” (illiquid products are defined as those that present the investor with obstacles to or limitations on divestment within a reasonable period of time, with significant price conditions, i.e., conditions that directly or indirectly reflect a range of interests in buying or selling. Such products include, but are not limited to, bank bonds, insurance policies and over-the-counter derivatives, which for legal or practical reasons are considered products with a specific “liquidity risk” resulting from the legal or practical inability to disinvest).

and enterprises that meet certain ethical, social and governance requirements). In 2014, there were 37 sub-funds of third-party SICAVs that invested in companies that excel in corporate governance, respect the environment or invest in the green economy;

- the launch and improvement of technologies and digital services aimed at reducing paper use:
 - the Secure Biometric Signature feature, launched in 2014, which allows customers to sign contracts and authorise transactions directly from their financial advisors' tablets;
 - the Doc@nline service, expanded during the year to include post-sale documentation for SICAVs;

- the BG Stile Libero digital communication service, created in 2014 through collaboration between Banca Generali and Genertellife, which allows customers to access documentation concerning their insurance positions through a password-protected area of the Company's website;
- the availability of a more attractive tariff for non-smokers in the temporary life-insurance policy BG Tutela (which pays a lump-sum benefit to the designated beneficiaries in the event of the policyholder's death), with the aim of providing an incentive for health lifestyles and a greater focus on health.

Close relationships with customers

Banca Generali's business model combines a wide array of investment solutions and banking services with a qualified advisory service provided by Financial Planners and Private Bankers so that customers can choose the products that best meet their needs and characteristics.

As a "network bank" that operates in a market scenario in which the role of Financial Advisors and their customer relations are of crucial importance, Banca Generali was the first in Italy to choose to invest in a new digital tool in support of its customers and Financial Advisors.

Banca Generali's customers now have a portal always available to them where they can find full professional information about their advisors, contact their advisors directly using the website and keep abreast of financial news.

Banca Generali provides customers visiting its website with a selection of breaking news stories and follow-up articles by ANSA that illustrates the financial scenario and provides a constantly up-to-date view of the international markets.

By visiting his or her advisor's Web page, the customer thus accesses a personalised portal offering:

- a wealth of financial services;
- a dedicated product showcase;
- direct home-banking access; and
- advanced advisor contact features.

Development work on Advisor Personal Page in 2015 will make

this tool increasingly interactive and integrated with the Bank's systems and allow customers to enjoy increasingly simple and frequent relationships with Banca Generali and their Financial Advisor.

Moreover, in line with the strong growth of mobile banking in Italy, Banca Generali reviewed the graphic concept and layout of its App for smartphones and tablets, included the possibility to make payments by simply reading the barcode of the postal payment slip, to manage their contacts directly from the App and viewing all available documents in Doc@nline also on the move.

In light of all the above significant new products, Banca Generali was also awarded first place in the prestigious ranking drawn up by Osservatorio Finanziario, which recognises the top ten Internet banking services.

Alongside the Internet channel, the telephone support service provided by the Banca Generali Contact Centre, which customers use for information concerning banking transactions and to submit orders, also performed very well in 2014. The number of calls handled by interactive voice response (IVR) systems amounted to 444,943. Of this total, 61.4% of calls were satisfied by the automated services, whereas the remaining 38.6% requested the assistance of an operator. Response times to the 172,021 calls handled by operators stood at approximately 23 seconds during the year (16 seconds in 2013), with less than 1% of calls dropped (in line with 2013).

² Analysis of Morningstar data, socially-conscious investments category.

Financial education

Banca Generali contributes pro-actively to transparency and clarity in its communications with customers and consumers concerning the offering of financial products and financial subject matter generally, participating directly in the financial education and communications projects promoted by the Patti Chiari Consortium, of which it has been a member since 2005. As part of this partnership, the Bank promoted the initiative “Commitments to Quality”, which involved the Banking Group’s entire distribution network in training activity since 2010. The training plan of Banca Generali ensures that the networks of Financial Planners, Private Bankers and Relationship Managers is kept constantly up-to-date, allowing them to be advocates of the projects and objectives pursued by the Consortium for end

customers.

Banca Generali also promotes “Aperitivi Finanziari” events throughout Italy. These free meetings, open to all customers and consumers or the public generally, organised in collaboration with its network and leading asset management firms, are intended to illustrate macroeconomic scenarios and the financial market situation, as well as development and innovation of investment solutions. In 2014, over 2,800 customers and prospects took part in the events organised by Banca Generali throughout Italy, marking an increase compared to the previous year and thus confirming the Bank’s capability to draw the public attention onto economic-financial issues, as well as to increase interest towards these matters.

Dialogue with customers

Customer satisfaction

Banca Generali is committed to engaging in constant dialogue with its customers regarding their needs and satisfaction with the level of service received.

Given the Bank’s business model, the primary channel for surveying customers’ opinions is the network of Financial Planners and Private Bankers, which each year are involved at various levels in activities aimed at surveying the level of satisfaction.

With the support of a leading external company, Eurisko, each year approximately 2,000 Financial Advisors and Private Bankers belonging to the various networks operating within the banking market, chosen by Eurisko in an entirely anonymous fashion, are called upon to express their level of satisfaction with the line of products, services, tools and training provided to them to serve customers as best as possible.

The figures for 2014 – resulting from the telephone interviews of 248 Banca Generali’s Financial Planners and Private

Bankers – confirmed the network’s general level of satisfaction, with an overall high average assessment, placing Banca Generali in first place amongst the different financial advisory networks, and proving the attention dedicated to customers.

Marketing communications

Banca Generali’s marketing communications comply with the above-mentioned principles enshrined by the Group and the directives of the Supervisory Authorities. The Compliance Policy of the Banca Generali Group is designed to promote a corporate philosophy aimed not only at respecting the provisions of these standards but also their spirit, in order to ensure strict observance of the applicable regulatory and self-regulatory provisions. In 2014, there were no cases of non-compliance with regulations or voluntary codes in reference to the marketing communications of Group companies.

3. Security and privacy

The management of security policies and privacy is fundamental to Banca Generali to protect the privacy of its customers.

In keeping with various Italian regulations, the Banca Generali Group has adopted technical, organisational and operating measures designed to guarantee the confidentiality and security of personal data, including sensitive information, of potential and current customers, as well as other stakeholders (collaborators, suppliers and others). The Group acquires only the personal information strictly necessary for performing requested services and achieves the aims declared in the specific privacy policy given to all interested parties, paying special attention to sensitive data, which are obtained and handled only in the event that it is effectively and demonstrably impossible to use common or anonymous personal data.

All employees and sales networks are informed about the basic principles and their responsibilities in protecting the handled data. Various training, information and updating methods are used: instruction manuals, newsletters, self-taught courses through e-learning and classroom updates, and specific and constantly updated privacy sections on Intranet sites.

In order to guarantee a suitable level of security on data integrity, the reliability of the information and its confidentiality, the IT system of the Banca General Group is constantly monitored and has a disaster recovery plan designed to ensure ongoing operations even in the event of significant environmental instability.

In recent years, numerous initiatives have been undertaken in order to improve security processes and increase the technologies, devices and protocols for implementing countermeasures

that can address currently known risks.

In the specific area of the Home Banking system, the customer website benefited from the adoption of cutting-edge technological solutions and the best data protection systems to ensure a high level of security. At each access to the operating platform, a connection is activated between the customer's computer and the bank system, guaranteed by the use of an attack-prevention protocol using encryption with a key size of up to 256 bits and certified by I.T. Telecom Global CA/GTE CyberTrust Global Root. Already since 2010 specific services were also launched with the aim of preventing fraudulent attacks on the customer website.

For customer accesses through computerised channels (the Internet and call centres) a system with two code levels has been adopted, envisaging the use of an identification code and a customisable password combined with a security card with dynamic triplets to confirm transactions. In April 2012, the Secure Call service was launched, aimed at using customers' mobile telephones to verify transactions ordered via the Internet: to confirm orders, customers will use their mobile telephones to call a dedicated toll-free number and enter, from their mobile telephones, a confidential password generated from time to time by the system and viewed on the website.

In the management and control of system administrator activities, the Group can rely on specific internal regulations aimed at permitting accurate tracing of the procedures through which all personnel are authorised to conduct operations.

Privacy claims

Various types of privacy claims may be submitted to Banca Generali: complaints, the request for information and disclosure, the request for the erasure or anonymisation of information, and reports to the Privacy Authority.

- Complaint: detailed report listing what happened, the provisions that were violated and the requested measures; it can be filed without specific formalities.
- Request for information and disclosure: requests to verify

the existence of information in the databank.

- Request for the erasure or anonymisation of information: these requests render the data unusable for purposes that are not strictly related to banking operations.
- Reports to the Privacy Regulator/requests from the Privacy Regulator: recourse to the authority responsible for protecting personal data or the lowest-level courts and/or requests for information provided to companies by the Privacy Regulator.

The following is a breakdown of the requests received in connection with the exercise of rights under Article 7 of the Privacy Code in 2014:

TYPE OF REQUEST	NUMBER
Data access requests	2
Data erasure requests	10
Commercial revocations	171
Total	183

During 2014, one complaint concerning the application of privacy regulations was received by the competent function at the level of the entire Banca Generali Group.

4. Legal disputes

As at 31 December 2014, the Group was involved in 123 litigations, whether as plaintiff or defendant, in respect of its banking business, compared to 100 litigations outstanding as at 31 December 2013.

Banca Generali did not receive fines from the national or European antitrust authorities or the Italian banking authority.

5. Management of complaints

In accordance with sector-specific regulations, a Litigations and Complaints Unit has been set up with Banca Generali S.p.A. to handle and resolve customers complaints regarding both investment services and banking products and services.

The applicable regulations are set forth in:

1. Joint Bank of Italy and Consob Rules of 29 October 2007;
2. the Banking Law Ombudsman's Rules for the processing of claims and complaints related to investment services and activities;
3. Rules of the Banking and Financial Arbitrator;
4. Rules and Procedures for Conciliation Adopted by the Banking and Financial Arbitrator;
5. Bank of Italy Alternative Dispute Resolution Rules for Banking and Financial Services and Transactions of 18 June 2009;
6. Bank of Italy Order of 29 July 2009 on the transparency of banking and financial services and transactions, and the propriety of relationships between intermediaries and customers;
7. the Interministerial Committee on Credit and Savings Resolution No. 275 of 29 July 2008 on "Rules for the Alternative Resolution of Disputes with Customers within the meaning of Article 128^c of Legislative Decree No. 385 of 1 September 1993, as further amended";
8. Legislative Decree No. 385 of 1 September 1993 - Consolidation Law on Banking;
9. Consob Regulation No. 16763 of 29 December 2008;
10. Legislative Decree No. 28 of 4 March 2010 and Ministry of Justice Regulation No. 180 of 18 October 2010;
11. Legislative Decree No. 11 of 27 January 2010 - PSD (Payment Services Directive);
12. Law No. 262 of 28 December 2005 (Provisions for the protection of investors and for regulating financial markets);
13. Law Decree No. 1 of 24 January 2012, converted into Law No. 27 of 24 March 2012 (Law converting the Decree on deregulations);
14. Legislative Decree No. 179 of 8 October 2007 (concerning the Consob Mediation and Arbitration Chamber and related procedures);
15. Law No. 62 of 18 May 2012, enacting, with amendments, Legislative Decree No. 29 of 24 March 2012 (restoration of the bank fees that had been abolished by the Deregulation Legislative Decree).

Customers may lodge complaints in writing by post, fax, telegram, e-mail or by hand-delivered letter addressed to the

branches, private centres, as well as representatives or other offices of the Bank. All customers' complaints will be processed by the Litigations and Complaints Unit which is required to routinely update specific electronic registers to maintain a record of the related documentation, as well as to check and monitor the various phases of complaint management so as to identify the most significant sources of customer dissatisfaction. The Compliance function is tasked with providing the Bank's governance and control bodies periodic reports on the overall complaints situation. In 2014, the Banking Group received 364 customer complaints (as against 348 in 2013) including 201 regarding investment and ancillary services and 163 regarding banking and financial transactions and services.

The mean time for (consumer and investor) complaint processing by the Banking Group was 39 days. The mean time for processing complaints by investors was 58 days, whilst for customers' complaints the processing mean time was 20 days.

The Bank of Italy laid down rules and procedures governing the alternative dispute resolution system known as Banking and Financial Arbitration [Arbitro Bancario Finanziario (ABF)] introduced by the Interministerial Committee on Credit and Savings' CICR Resolution No. 275 of 29 July 2008, and covered by a mandatory implementation obligation binding on all banks and financial intermediaries.

Banking and Financial Arbitration must be made available to customers free of charge save for a portion of the costs.

During 2014, 14 petitions were filed with the Banking and Financial Arbitrator. Six of those petitions were granted. The remaining eight are still pending before the Arbitrator.

12 out of 14 petitions submitted for decision by the Panel concerned disputes involving the execution of banking transactions. Of the said 12 petitions: five regarded the reversal of bank transfers ordered through the online banking system ("phishing"); two related to transactions in connection with the termination of current account contracts; one concerned the improper execution of fund transfer instructions; three petitions referred to missing amounts subsequent to the theft of ATM cards, and one to the alleged cloning of an ATM card. Two additional petitions submitted for decision by the Panel related to the management of banking and investment services: one concerned the contrac-

tual conditions applied and the other the charge of capital gains tax on the transfer of financial instruments upon death. On the basis of the decisions reached by the Banking and Financial Arbitrator, the Bank paid the sum of 18,248.77 euros.

With a view to improving customer service and constantly monitoring areas in which action may be taken to streamline relationships and contacts with users, Banca Generali has become a member of Conciliatore Bancario Finanziario – an association for Alternative Dispute Resolution (ADR) focusing specifically on banking, financial and corporate matters. The association offers three types of alternative dispute resolution procedure:

- adjudication by the Banking Law Ombudsman;
- negotiated settlement service;
- arbitration.

Customers who are not satisfied with how their complaints were treated by the Bank's Complaint Unit may avail of alternative dispute resolution, free of charge, through the Banking Law Ombudsman. As of 15 October 2009, the Ombudsman's jurisdiction extends solely to complaints related to investment services and activities and all the other types of transactions not subject to banking transparency regulations and therefore falling outside

the scope of the alternative dispute resolution system known as Banking and Financial Arbitration (ABF). The procedures for lodging complaints with the Banking Law Ombudsman are available at the website: www.conciliatorebancario.it/ombudsman.html.

By contrast, the conciliation service specialises in mediating disputes involving banking and financial transactions and may launch a procedure to be concluded in four months anywhere in Italy. Such mediation activity is conducted by an impartial third party and aims to assist banks and their customers in seeking to settle their disputes amicably and in formulating the associated settlement proposals.

No customer complaints were lodged with the Banking Law Ombudsman against the Bank in 2014.

Lastly, 30 mediation applications were submitted to the Bank during the year. The foregoing petitions targeted: i) the actions of Financial Advisors (21 cases); ii) the delayed execution of orders placed by customers (four cases); iii) the loss incurred on investments in securities (two cases); iv) the inadequacy of information received upon investment (two cases); v) the reimbursement of sums stolen through phishing (one case).

6. Stakeholder engagement

Over the past two years, Banca Generali's stakeholder engagement activities have pursued the priority of identifying initiatives capable of supporting and encouraging Italy at a time that continues to be marked by the worst economic crisis after the Second World War.

Following internal evaluations, we identified three categories, among the many possibilities, on which to focus our commitment: entrepreneurs, households and the younger generations. In this regard, we note that we drew considerable inspiration from the association *E.D.I.V.A - Etica, Dignità e Valori Onlus*, which for years has pursued an awareness-raising campaign on the subject of support for households and the younger generations.

Support for entrepreneurs and families is intended as a concrete signal for the present, whilst the initiatives benefiting the younger generations are aimed primarily at conveying a message of optimism for the future.

In 2013, Banca Generali continued to support its customers from the standpoint of credit, with a particular focus on direct and indirect assistance for small and medium enterprises, a sector that for some time has been negatively affected by an increasingly challenging economic situation and a credit crunch.

As proof of this commitment – albeit in proportion to companies' size – approximately 360 million euros of new lines of credit was approved in support of entrepreneurs and, indirectly, of all families of workers who depend on them, along with an additional 270 million euros for enterprises associated with our customers. In 2014, we confirmed and revitalised various initiatives relating to the theme of the protection and wellbeing of households through a broad series of insurance products (besides protection in the event of the death of the head of the household, protection of family members and assets in the event of death of the policyholder and insurance for the protection of the family home) and banking services, among which special mention should be made of the offering of bank accounts with ad-hoc conditions for associations that bring together families with disabled members or support scientific research concerning very rare illnesses, as well as the offering of mortgages and loans from leading third financial institutions aimed at fostering real-estate investment.

The Bank responded to the need expressed by its freelance professional customers for tools allowing them to accept payments on the go by launching its new Mobile ATM system. In addition, the annual spending limit for the prepaid card BG Cash was increased to satisfy customers with an increasing focus on online purchases. In view of the goal of protecting households' investments, attention should be drawn to the offering of insurance policies with guaranteed capital even in the event of disinvestment before maturity, and in particular BG Cedola Più, which allows periodic income streams to be obtained, and BG Stile Garantito, a solution launched in 2014 that ensures the annual consolidation of accrued returns. 2014 also witnessed the launch of BG Stile Libero, an insurance wrapper including death cover according to age, accident cover and increased cover in the event of capital losses, allowing policyholders to protect their investments and guarantee peace of mind to their families.

For the younger generations, over the past years we have developed specific solutions: these range from dedicated investment products, such as the policy BG 18 Anni, which can be used to set up assets intended for children and projects for their future, to BGnext.it, the mini-site conceived as an environment for marketing commercial products and new content and initiatives to young people, to the account card BG GO!, a product designed for a young customer target with a reduced annual fee that provides all of the main services associated with a bank account.

Alongside these products and services, it was deemed important to move forward with initiatives of a cultural and educational nature for young people concerning the theme of financial education and the importance of saving. In this regard, we continued to support to the A Champion for a Friend campaign, which is touring the Italian major cities with the help of four sports champions, particularly aiming to involve young people in financial education through sports and play.



Mario Arlati, Luz y Sombra

3.2

DISTRIBUTION NETWORK

1. Main features

Banca Generali, whose mission includes successfully interpreting and managing the financial and retirement needs of its affluent- and private-banking customers (i.e., customers who have more advanced needs due to the amount and quality of their assets) through the offering of financial products and services, supported by the advisory activity of qualified professionals (Financial Planners and Private Bankers), places its advisor networks at the centre of its distribution model.

Accordingly, the utmost attention is dedicated to the human and professional profiles of these customer service providers, inasmuch as, despite access to the most modern resources provided by technology and the multi-channel platform (remote services and call centres, in addition to the numerous offices and branches throughout the country), the advisory relationship represents the heart of the services offered by Banca Generali since most of

its target customers have complex needs and require customised solutions. This is why a special focus is placed on advisor selection and their subsequent professional growth.

Banca Generali's distribution and advisory network is the result of a process that has involved the aggregation of various networks of Financial Advisors and private banks over the years. In parallel to the launch of the integration process, the Group embarked upon a thorough selection process that resulted in the gradual elimination of professionals less well adapted to the model pursued, gradually offset by the simultaneous acquisition of highly-skilled professionals on the financial services distribution market, drawn by the Bank's business model.

Banca Generali's distribution network currently represents a point of reference in the Financial Advisory market.

2. Size and composition

The Banca Generali Group's distribution network consists of two divisions corresponding to two types of collaborators:

- Financial Planners, best suited to interact with affluent customers;
- Private Bankers (some of whom collaborate with the com-

TYPE OF COLLABORATORS:	2014	2013
Financial Planner Division	1,244	1,141
Private Banking Division	401	334
Total Banca Generali	1,645	1,475

One sign of the process of qualitative development of the network in 2014 was the significant increase in both Financial Planners and Private Bankers as a result of the recruitment activity carried out during the year, as well as of the integration of 51 additional Private Bankers following the acquisition of the Credit Suisse Italia business unit.

In further detail, in 2014 Banca Generali added 102 new, carefully selected professionals with solid experience in the field of banking industry, who, through the vast array of investment opportunities offered by the bank, were able to meet investors'

pany as independent contractors – 346 – while others are salaried employees – 55 Relationship Managers), part of the Private Banking Division, specialised in interacting with private-banking customers.

different needs, in accordance with their individual risk profiles. As a result, despite natural network turnover, the number of advisors in the Banca Generali network increased by 11.5% compared to the same period of the previous year. At 5%, the turnover rate (the number of outgoing advisors compared to the average number of advisors) of the Banca Generali banking network, due in part to retirement or change of business, is very low, highlighting Banca Generali's capacity to retain the financial advisors currently in its networks and ability to attract new ones from the market.

Assets under Management

Despite the complex economic situation in Italy and internationally, assets under management increased in 2014, closing the year at 36.6 billion euros, up by 26% from 29.1 billion euros in 2013. In a highly complex scenario, Banca Generali remained among the absolute market leaders by net inflows (4,024 million euros) and number-one in the Assoreti ranking by per-capita portfolio of its FPs/PBs (22.2 million euros, compared to 19.7 million euros in 2013). The excellent performance of the Banca Generali network is even clearer if one considers both assets under management and insurance assets, which in 2014 exceeded

by 50% the already excellent results achieved in 2013 (4,189 million euros compared to 2,768 million euros). It was precisely in such complex market situations that the asset management and insurance instruments available to the sales network reached their full potential. In particular, 2014 marked the launch of the new family of multi-line policies, BG Stile Libero, which provides customers with a wide range of investment solutions, in addition to a vast array of in-house and third-party products, within the open architecture model.

ASSETS AND CUSTOMERS	2014	2013
Average number of customers per Financial Advisor FP / PB	148	155
Average assets per FP/PB (euro/million)	22.2	19.7
Average net inflows per FP/PB (euro/000)	2,446	1,532



In consideration of the market scenario described above, the strong progress indicated by the figures (sharp growth, along with consolidation of customers from a qualitative standpoint) is also to be regarded as a clear sign of the qualitative development

of the network, an essential condition to effective satisfaction of the needs of target customers, a key factor to Banca Generali's commercial success.

3. Network organisational structure

In describing the network as a whole, considering that its two divisions operate under a shared common organisational philosophy, its organisation may be subdivided into four types of professional roles:

PROFESSIONAL ROLES	2014	2013
1 st Level Manager	22	20
2 nd Level Manager	44	49
Executive Manager	46	44
Financial Advisors/Private Bankers	1,533	1,362
Total Banca Generali Group	1,645	1,475

At Banca Generali, managers, narrowly defined (1st and 2nd Level managers, i.e., those who perform roles of administration and coordination of the professionals dedicated solely to customer relations), make up approximately 4% of the total network.

Banca Generali's network management structure, in the service of a highly professional operating structure, represents one of the distribution network's strengths and an avenue for merit-

based career development.

It is thus one of the possible career paths, although not the primary option, given the high level of professionalism of financial advisors. Access to management positions is thus exclusively granted on the basis of the quantity and quality of the work done, the results achieved, the possession of specific management skills and a strong orientation towards guidance.

4. Geographical breakdown by gender and age

The network is broadly distributed throughout Italy, with a greater concentration (about 75% of the workforce) in the regions of the Centre-North than in the Centre-South, in accordance with the distribution of national wealth. The female presence in Banca Generali network, at 14.2% of the total, still remains modest and is partly due to the fact that the profession of Financial Advisor has seen an increase in the number of women only in recent years. Despite the overall increase in the FPs/PBs in the network, the percentage of female members remained unchanged compared to 2013. This means that in 2014 female recruits came primarily from the traditional banking industry which, given the

current crisis in the sector, now represents an important pool from which to draw female professionals who are interested in continuing their careers in the financial advisory business.

The average length of service of the independent contractors in the Banca Generali network is slightly less than 12 years, which implies a high level of network retention, while also considering increased recruiting in recent years. The average age of network personnel is above 50, however in line with the average for the reference market, above all in light of the high level of professionalism and the portfolios managed by the units concerned.

REGION	FP	PB	TOT.	% ON TOT.	% WOMEN	AVERAGE AGE			AVERAGE LENGTH OF SERVICE*		
						M	W	TOT.	M	W	TOT.
Piedmont	75	60	135	8.2%	18.5%	51.5	49.5	51.2	10.4	9.9	10.3
Valle d'Aosta	-	2	2	0.1%	-	50.3	-	50.3	8.7	-	8.7
Lombardy	222	115	337	20.5%	16.3%	51.1	48.7	50.7	11.2	9.6	11.0
Trentino Alto Adige	20	-	20	1.2%	5.0%	50.0	37.7	49.4	7.7	2.5	7.5
Veneto	134	45	179	10.9%	9.5%	52.4	48.2	52.0	11.4	6.0	10.9
Friuli Venezia Giulia	64	6	70	4.3%	10.0%	51.1	52.5	51.3	11.8	9.5	11.6
Liguria	48	52	100	6.1%	17.0%	54.3	51.6	53.9	12.9	11.2	12.6
Emilia-Romagna	167	28	195	11.9%	21.0%	52.5	50.5	52.1	13.4	11.3	12.9
Tuscany	61	33	94	5.7%	8.5%	52.5	49.5	52.2	10.9	9.3	10.8
Umbria	23	-	23	1.4%	13.0%	53.6	45.3	52.5	18.2	7.5	16.8
Marche	50	-	50	3.0%	14.0%	49.4	49.0	49.4	13.9	16.4	14.3
Lazio	83	40	123	7.5%	22.8%	51.1	50.0	50.8	10.0	14.1	10.9
Abruzzo	26	-	26	1.6%	7.7%	52.7	58.5	53.1	11.7	7.3	11.4
Molise	1	-	1	0.1%	-	45.8	-	45.8	1.1	-	1.1
Campania	123	9	132	8.0%	3.8%	49.3	45.2	49.1	12.5	12.1	12.5
Puglia	64	7	71	4.3%	11.3%	50.2	43.3	49.4	13.7	11.3	13.4
Basilicata	1	-	1	0.1%	-	49.3	-	49.3	6.8	-	6.8
Calabria	23	3	26	1.6%	15.4%	48.3	53.3	49.0	12.2	15.6	12.7
Sicily	49	-	49	3.0%	4.1%	47.7	46.9	47.6	11.2	8.4	11.0
Sardinia	10	1	11	0.7%	36.4%	47.3	50.8	49.2	14.0	14.7	14.3
Total	1,244	401	1,645	100.0%	14.2%	51.3	49.4	51.1	11.8	10.7	11.7

*Length of service also contemplates service rendered to companies acquired by the Banca Generali Group (e.g., Prime, Altinia Sim, etc.).

5. Multi-channel nature of the service

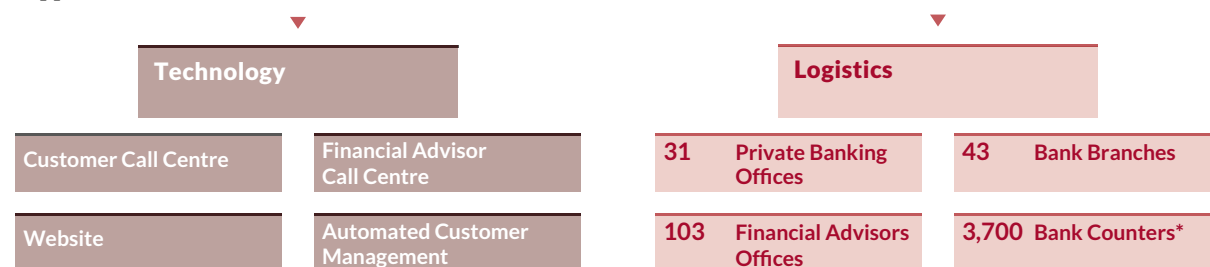
The Bank's logistical situation calls for 44 Branches in the main cities to ensure customers enjoy direct access to certain banking services. Bank branches also host employee Private Bankers (Relationship Managers), who assist private-banking customers alongside the other Private Bankers. In addition to the bank branches, there are 140 Financial Planner and Private Banker offices that are home to the network's administrative, training and informational activity and represent another possible point of

reference for customers. In the last year the number of branches and offices slightly increased.

As mentioned several times, the true point of contact for the customer is the Financial Planner/Private Banker, who generally engages in typical "out-of-branch" activity at the customer's residence. Lastly, completing the multi-channel approach is the availability of online and call centre services.

31.12.2014	BRANCHES			OFFICES			OVERALL TOTAL
	FP	PB	BRANCHES TOTAL	FP	PB	OFFICES TOTAL	
Abruzzo	1	-	1	1	-	1	2
Calabria	1	-	1	2	1	3	4
Campania	3	1	4	10	2	12	16
Emilia Romagna	4	-	4	14	4	18	22
Friuli Venezia Giulia	2	-	2	3	1	4	6
Lazio	1	1	2	3	3	6	8
Liguria	4	1	5	6	5	11	16
Lombardy	4	2	6	14	5	19	25
Marche	-	-	-	3	-	3	3
Piedmont	3	1	4	6	9	15	19
Puglia	2	1	3	6	2	8	11
Sardinia	-	-	-	1	-	1	1
Sicily	1	-	1	4	-	4	5
Tuscany	3	1	4	10	2	12	16
Trentino A. Adige	-	-	-	2	-	2	2
Umbria	1	-	1	2	-	2	3
Valle d'Aosta	-	-	-	-	1	1	1
Veneto	6	-	6	14	4	18	24
Total	36	8	44	101	39	140	184

Support to the activities of Financial Advisors/Private Bankers



* Banca Generali has entered into service agreements with a total of 3,700 bank counters operated by Intesa Sanpaolo and BNL BNP Paribas.

6. Sales policy

The Group regards customer satisfaction as an issue of fundamental importance, which it pursues by applying high quality standards both to the personnel in charge of customer relations and the products and services it offers and by constantly adjusting those products and services to suit new needs and expectations. To that end, the Group continually strives to achieve constant improvement in its internal procedures and develop cutting-edge information-technology solutions, which it continually tests for efficacy and efficiency. In further detail, there was extensive development of online access by both customers and advisors to applications used for both consultation and transactions. In addition, specific projects are being developed with the aim of permitting increasingly effective management of the sales relationship with customer through the use of suitable information media, with a view towards direct execution of contractual activities (electronic signature), thereby eliminating print media. Customer relationship management is a crucial part of ensuring customer satisfaction. In this area, as mentioned above, the Financial Advisors from the various networks (i.e., including Financial Planners, Private Bankers and Relationship Managers) play a key role in the phases of promoting and distributing products in an advisory setting, which is established by organising specific training programmes (see next chapter) that include classroom and e-learning sessions. In addition, communications tools, such as websites, Intranet sites, periodic publications and circulars containing guidelines for behaviour in conducting business, were implemented. The foremost aim of such guidelines is to require compliance with financial intermediation legislation, and the adequacy principle in particular. Reference is also made to the Banca Generali's Internal Code of Conduct, requesting the networks to apply the principles set forth in the Code. Sales departments are also responsible for monitoring the application of guidelines, periodically supporting Financial Advisors in verifying that business is conducted in accordance with laws and regulations. Contractual relations and communications with customers must be guided by the principles of integrity, honesty, professionalism, transparency and cooperation in the search for the solutions best suited to their needs. The information provided during pre-contractual negotiations must be complete, transparent and comprehensible so as to allow the customer to make informed purchasing choices based on both the quality of the products and

services offered and the customer's goals. In this regard, a scrupulous, thorough application of MIFID – Markets in Financial Instruments Directive, a EU directive aimed at harmonising the rules governing the activities of brokers and financial markets – with the related completion of informational questionnaires and the systematic, automated review of proposed solutions, provides the guidelines for the brokerage and advisory activity carried out by Financial Advisors for customers.

In this context, surveying properly and thoroughly the customer's expectations and characteristics is crucial to formulating a proposal that is adequate to the requirements reported and the needs expressed. Relationships must be based on trust and transparency so that customers are aware of contents, costs and any risks before purchasing. In this regard, it should be noted that the use of a software programme specifically created in collaboration with a global leading financial information provider, MorningStar, has been extended to the entire network, allowing an analysis of a customer's entire wealth to be conducted with the aim of providing objective, personalised advice supported by a specific print report. In addition, an important new project aimed at an overall revamping of the customer advisory model is currently being completed and is planned to result in a comprehensive expansion of customer service so as to include all of a customer's assets, including real estate, thus providing support that is not aimed solely at maximising income performance, but also at protection, succession issues, taxation and so forth.

In their work, Financial Advisors must also act in an objective and balanced manner in dealings with potential customers and prevent personal gain from influencing their conduct or independent judgment. Sales network management personnel not only assess sales activity in the field, but are also responsible for conducting timely reviews of complaints from customers as part of their ordinary operational support duties and sample-based inspections. Where deemed appropriate, such as when complaints have been received from customers, recommendations concerning the conduct in which to engage are reiterated to individual collaborators and responsible management personnel. Agency agreements contain clauses allowing them to be terminated in cases of irregularities or breaches of rules of conduct, laws or regulations.

7. Incentives, training and recognition

The recognition of individual contributions to a company's success is a fundamental part of proper personnel relations. Since almost all the network's personnel (96%) are freelance professionals listed on the Register of Financial Advisors and tied to the company under a mandate agreement, a salary paid in accordance with the quantity and quality of their work, and based on market-driven parameters, is the best way to achieve this goal. Any incentive programmes, which in the industry are typically a critical factor, do not make any reference to the distribution of specific products, but rather, where appropriate, reward the ability of those involved in increasing the scope of offerings in general terms, for example by acquiring a new customer of developing existing customers, with the aim of ensuring that service is genuinely aimed at satisfying identified needs. In addition, the disbursement of incentives is contingent upon the satisfaction of the general requirements in customer relations of professionalism, propriety, containment of risks and diversification of investments. These are in addition to specific prerequisites, such as not being subject to disciplinary measures and the

achievement by the Bank of certain financial ratios, in the interest of safeguarding more general consistency between individual and collective results.

The 2014 Training Plan, that is a concise, exhaustive account of all training initiatives scheduled for the entire year, illustrating guidelines, contents, intended participants, schedules, venues (classroom, e-learning and on-the-job training), financeability and organisational feasibility (man-days), focused on the following areas:

- **Managerial Training:** activities aimed at enhancing managerial leadership skills with an eye primarily towards managing and developing resources and motivating teams;
- **Commercial training:** initiatives aimed at consolidating and aligning professionalisation standards for network resources with respect to the technical and commercial skills required;
- **Institutional training:** activities aimed at consolidating the legally mandated specialised skills of Financial Advisors and specific programmes promoting cooperation and building relationships among network advisors and employees.

Managerial training area

Both sales divisions (Private Bankers and Financial Planners) embarked upon a new training process focusing on the subjects of Leadership and Change, developed in collaboration with prestigious firms offering change management services. The purpose of this type of training is to support the first lines of management in successfully navigating the daily practice and conduct of their profession in a constantly evolving world.

In the first half of the year, the subject of change was considered by the Financial Planner Network through a course intended for 50 managers, broken down into six editions organised by Area Teams and spread across three days of training.

In the second half of the year, the District Managers team, broken down in three, geographically diversified groups, continued the training with two days dedicated to supporting managers in bringing about cultural changes and to strengthening their leadership role, through effective communication tools and coaching techniques aimed at facilitating and encouraging the professional growth of their collaborators.

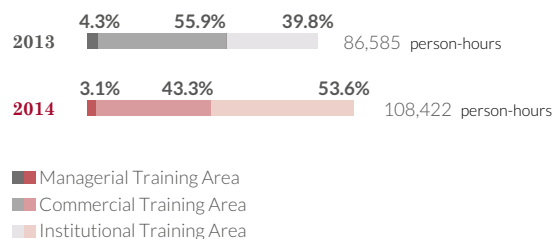
The Area Managers also began an important individual coaching path focused on two steps: the first, dedicated to analysing and

defining a development plan and the second, targeted to personal and professional growth.

Private Banker Managers took part in a two-day collective edition, aimed at encouraging reflection on guiding and involving the team under a continuous improvement approach, trying to convey the sense of change that is being implemented by the Bank.

The management team represented by the heads of Private Centres took part in an innovative training programme primarily intended to guide participants through a process of development at both a personal level and in terms of responsibility in their managerial roles: four days on the subject of teamwork, aimed at providing commercial guidance for the team in the territory.

In the following six months, 30 Relationship Managers attended a training course organised in three modules of two days each. The objective of this type of training was to refocus the managers' professional identity through self-motivation in order to encourage a more maker-oriented approach and strengthen the mix of skills and tools in line with the changing internal and external environment.



Commercial training area

In 2014, commercial training activities were focused exclusively on issues relating to BG Personal Advisory, Banca Generali's New Service Model.

In February 2014, Banca Generali extended its range of products through an innovative tool: "BG StileLibero", the multi-line policy that combines the security of segregated management with the investment opportunities provided by the underlying assets and a wide range of insurance cover. In February, before the launch of the product, training was provided (through the course "The Value of Insurance Products") to the entire management team, which in turn passed that training down to the departments under their remit.

February 2014 also saw the completion by the entire network of the course "The Value of Diversification" (started in 2013), the aim of which was to explore how the portfolio diversification process is more important than ever before in a financial market characterised by increasing volatility and positive correlations between asset classes.

In the first half of the year, approximately 50 selected Financial Advisors from both of the sales divisions were involved in an ambitious training project on the subject of the Family Office, which allows advisors to extend their analysis to a household's entire

portfolio, including assets held with third-party banks, as well as to approach alternative investment specialists and embark upon training processes useful to the functions of generational transfer or portfolio supervision.

Coinciding with the launch of the Secure Biometric Signature, an innovative service for managing contracts and transactions via electronic channels, the end of February saw the launch of training leading up to the activation of the service for all network managers and approximately 800 Private Bankers, Financial Planners and Relationship Managers, with the aim of exploring the main advantages and potential benefits.

June saw the launch of the "Generational Transfer" course, through which training was provided to the management and approximately 80 Private Bankers, Financial Planners and Relationship Managers, with the goal of helping them become familiar with generational transfer issues, as well as of developing a commercial approach to aspects of protecting and transferring a household's total wealth, in support of advisory activity. In 2014, the entire network participated in the course, organised in collaboration with prestigious, well regarded industry professionals.

Institutional training area

In the second half of the year, all members of the network had access to the 2014 Ivass update through the online course "Insurance tools and succession planning strategies" which further explored the concepts covered in class on succession planning.

In 2014, a specific induction process was designed for Financial Planners and Private Bankers who have recently joined Banca Generali. As part of the process, the two days of the **Welcome Program** allow newly hired advisors to visit and get to know the main Departments at the Milan and Trieste Offices. In 2014, five editions involved about 60 newly recruited Financial Planners and Private Bankers, and three editions devoted to the about 50 Financial Planners of Credit Suisse who joined Banca Generali.

In the first half of the year, the entire network was invited to

complete the compulsory e-learning course, "Anti Money Laundering Basic & Experience", updated to account for the new regulatory provisions.

Finally, the first six months of 2014 saw the launch of **BG People**, a project aimed at "improving Listening skills to create Value." Through a series of initiatives, such as focus groups, workshops and cultural events, the goal is to give voice to the specific needs of the various populations of financial advisors and create a series of specific services and informational measures aimed at each target.

The following table provides a breakdown of the number of participants, man-hours, and man-days by type of training:

TYPE OF COURSE	TOTAL PARTICIPANTS			TOTAL PERSON-HOURS			TOTAL PERSON-DAYS		
	2014	2013	CHANGE %	2014	2013	CHANGE %	2014	2013	CHANGE %
Managerial Training Area	200	50	300%	3,332	3,752	-11%	418	469	-11%
Commercial Training Area	1,632	1,477	10%	46,941	48,385	-3%	5,868	6,048	-3%
Institutional Training Area	1,632	1,477	10%	58,149	34,448	69%	7,269	4,306	69%
Total				108,422	86,585	25%	13,555	10,823	25%

8. Litigation

A total of 57 disputes, each involving legal proceedings by (36) or against (21) Banca Generali S.p.A., were underway in 2014, in connection with the agency agreements entered into with Financial Advisors.

Most of the disputes pertain to agency contracts that were terminated and entailed legal proceedings brought by Financial Advisors on a variety of grounds relating to the agency relationship

(alleged non-payment of severance indemnities or unlawful termination) and by the Bank in respect of a judicial declaration and therefore possible recovery of amounts due from Financial Advisors for sundry reasons (such as by way of indemnity in lieu of notice or refundable advances, but also compensatory damages for harm arising from unlawful conduct or behaviour in breach of industry-specific regulations).

9. Dialogue with sales networks

Banca Generali provides its network of Financial Advisors and Private Bankers with various tools to facilitate dialogue and allow for timely, up-to-date communication with management personnel devoted to organising and managing the sales network. Firstly, highly professional network management personnel represent the essential connection between central management and the periphery, capable of supporting the flow of communication in both directions. To that end, monthly meetings are organised with the first-level management personnel for the various networks, followed by cascading meetings with peripheral personnel organised in districts and offices. These meetings, which are attended not only by sales managers but also by rotating representatives of all company departments periodically involved in specific initiatives addressed to advisors, are an opportunity to listen to the requests of personnel most directly in contact with the market and illustrate and discuss the major initiatives to be proposed to conduct business in the course of the year. This constant exchange of communication allows for constant, effective dialogue that also serves the purpose of providing ongoing training regarding laws, operating methods, rules and behaviour to be adopted in customer relations in order to facilitate product distribution and improve customer service.

In addition, plenary meetings are organised at least twice a year. At these meetings, which are directly attended by most or all Financial Advisors, top management gives an authoritative presentation of the Bank's strategies and the specific initiatives (in the areas of marketing, products, information technology, training, etc.) in support of those strategies.

Banca Generali's sales networks have access to a specific company Intranet (in addition to that used to publish information of interest to employees) that includes several sections dedicated

specifically to Financial Advisors, which present dedicated, constantly updated news and bulletins and the operational applications needed to meet customers' needs, for example by allowing for timely, up-to-date reporting. This tool, which is used to give notice of changes in laws and regulations, as well as sales and customer management initiatives, is a way for Banca Generali to ensure that its sales networks are also directly involved in achieving the Company's goals and allows for best practices to be shared. The top-priority use of the channel is to send notices regarding the use of new products and provide updates regarding sales-related initiatives. Banca Generali provides and manages e-mail accounts for its Financial Advisors in order to allow timely two-way communication and daily updates.

In the area of network communication and service, it should also be noted that Financial Advisors can add notes to a specific section of the Company's Intranet concerning any anomalies or similar issues detected in performing administrative activity relating to customers or their own personal data (fees, etc.). Responses to such notes are delivered swiftly, within a fixed period of time, via the same channel, and allow developments involving solutions to report issues to be monitored on a daily basis.

There is also a call centre dedicated to Financial Advisors, available for them to access during extensive hours of operation, which serves the above purposes while also providing a broader information service concerning customers' positions, new products, compensation and other matters.

Finally, new technologies are available and further developed with the aim of allowing increasingly broad and easy access to data, including from portable workstations (computers and iPads).

Personnel Engagement

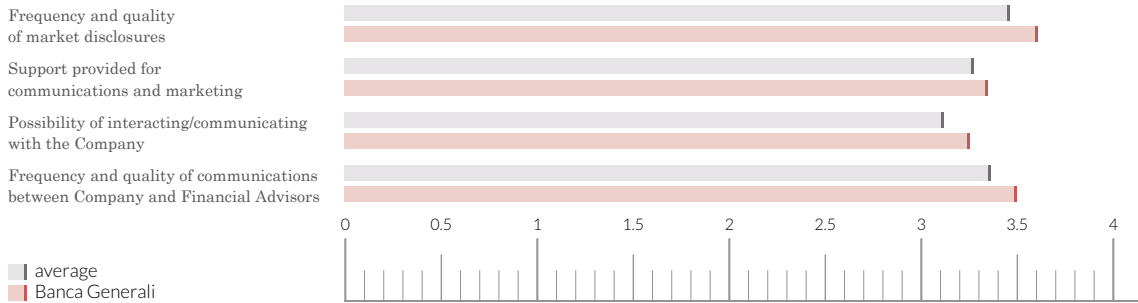
One of the most significant initiatives in the area of dialogue with the network is represented by a broad statistical survey targeting the network. Each year in fact an independent research firm (GfK Eurisko) conducts a specific survey of a panel of companies representing a major share of the financial services and advisory market.

Eurisko selects 165 Financial Advisors (10% of agency network) within Banca Generali so as to establish a significant survey sample, to which it submits an extensive questionnaire. That survey may be used to infer both the overall level of satisfaction of Banca Generali's sales network, measured in comparison to the market of reference, as well as the degree of appreciation of specific

initiatives or characteristics of the company. In addition, these surveys, which refer to a highly "mobile" and competitive market, also allow those segments of the market in which investment and improvement may be appropriate or necessary to be identified. This constant attention dedicated by the Bank in recent years has brought it to the top of the market of reference in terms of the degree of satisfaction of its financial advisors. The following analysis, which refers to 2014, is therefore also to be interpreted in this light, considering that remaining at the top of an assessment is certainly more challenging and meritorious than climbing the rankings from lower positions.

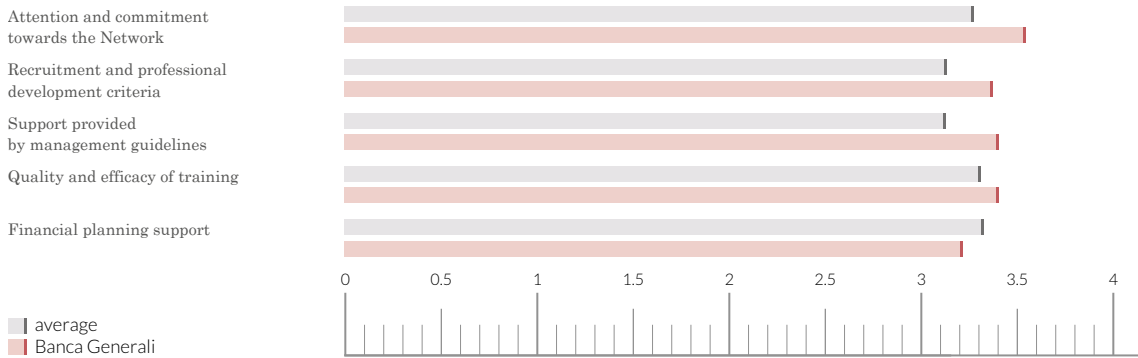
Results of the survey

Communications



Communications are perceived as a well covered field at all levels, with positive or extremely positive values above the average.

Professional development

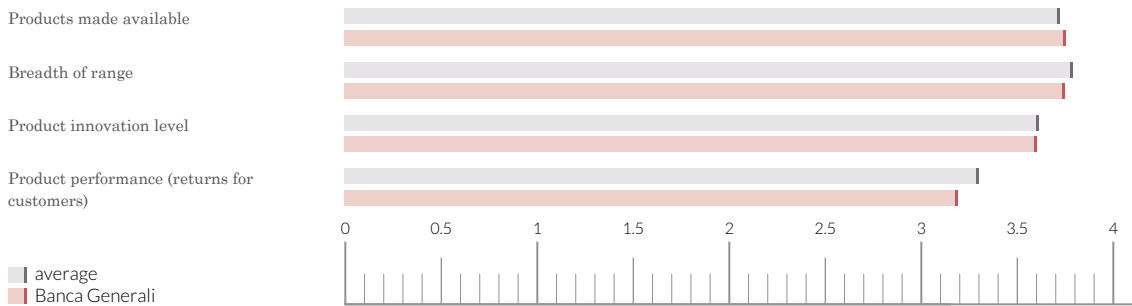


Although Banca Generali already presented values among the highest on the market for the items relating to professional development, some components underwent further improvement compared to 2013. The only element that recorded a lower degree of appreciation with respect to the average value (financial planning support) nonetheless recorded a very good score. In any event, a strategic project for the Bank is currently being completed with the aim of implementing an innovative service

model, not just for financial advice, but also for comprehensive customer service, with solid support from specific tools and training for the sales network.

This section of the survey is particularly important because in a highly “delicate” field which involves Financial Advisors’ perceptions, the company’s focus on the professional development of its collaborators is confirmed.

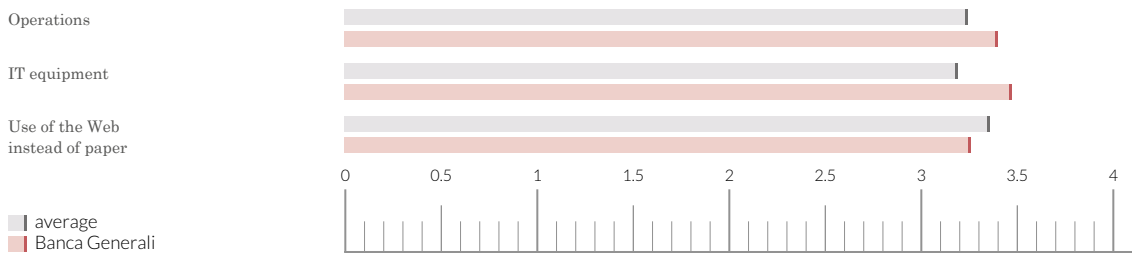
Products



In general, it may be remarked that while overall satisfaction was very high (on average higher than 3.5 on a rising scale from 1 to 4), Banca Generali is within or very close to the average for the best companies represented. The perception of product perfor-

mance is influenced by market trends, which were particularly volatile in recent years, and thus shows an overall less positive assessment, which was below the average but nonetheless satisfying.

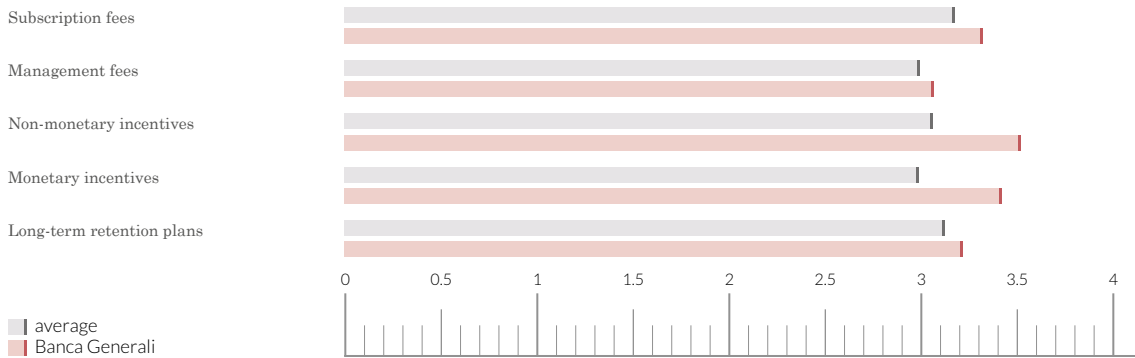
Operating support



Operations and information technology equipment provided to Financial Advisors recorded an increasing assessment, higher than the average for the top competitors. This is related to significant, specific investments that involved both the internal management of administrative relations with customers (e.g., the process designated “Integrated Contract Management” al-

lowed bureaucratic processes tied to the processing of contractual relations with customers to be simplified and automated to a decisive extent) and the supply of information technology tools to the network, with the ensuing improvement in all related processes, up to the use of biometric signature.

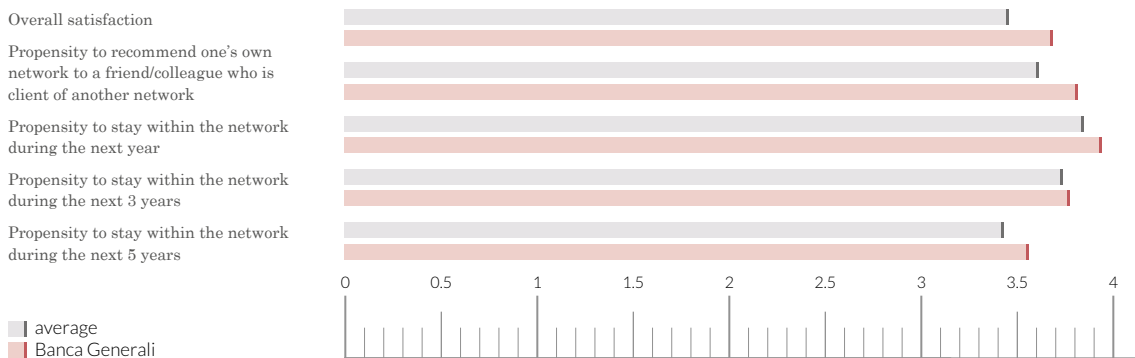
Remuneration



On the subject of remuneration, also in 2014 a good assessment compared to the average was confirmed for all components included in this section of Eurisko survey. This positive assessment was influenced by additional monetary and non-monetary remuneration, related to meritocratic parameters, and it was due to an assessment that optimised the system of services and support offered to Financial Advisors and entailed economic effects.

neration, related to meritocratic parameters, and it was due to an assessment that optimised the system of services and support offered to Financial Advisors and entailed economic effects.

Loyalty index



Due to remarkably high overall satisfaction in absolute terms (score of 3.7 out of 4), above the average for the best companies on the market, the surveys pointed out a very high loyalty index for the Bank (scores of 3.5 to 3.9 out of 4), in all circumstances markedly above the average value of reference, despite the turnover typical of this market. The high overall satisfaction index is even more clear with regard to the propensity to recommend

the choice of Banca Generali to friends and colleagues of other companies. In this case as well, the figure is at the top of both absolute and relative levels (score of 3.8 out of 4) and may be regarded as the true concise indicator of the satisfaction of the Financial Planners and Private Bankers networks with respect to their professional relationships with the Bank.



Mario Arlati, *Trapos*

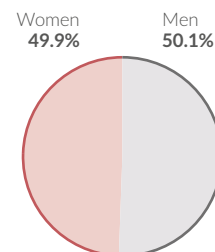
3.3

HUMAN RESOURCES

1. Number and type of personnel

Personnel

	2014			2013		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Banca Generali	394	383	777	391	373	764
BG Fiduciaria	4	6	10	4	5	9
Generfid	4	-	4	4	-	4
BG FML	6	20	26	10	22	32
Group Total	408	409	817	409	400	809



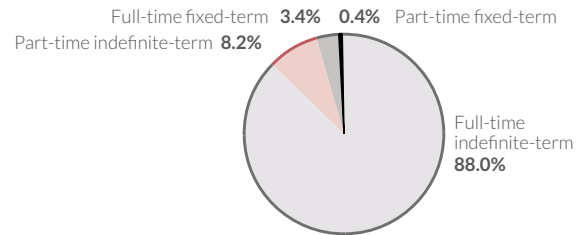
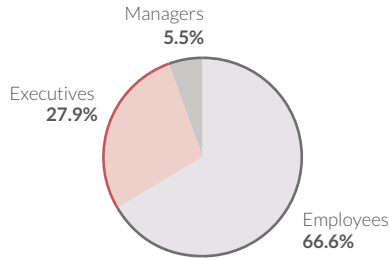
There was an increase in the workforce of eight resources compared to 2013. Specifically, net of the exit of six resources due to the de-merger of the business unit from BG FML, there were:

- an increase of 12 people with indefinite-term contracts due to:
 - the acquisition of Credit Suisse Italia's business unit;
 - the inclusion of specialised, experienced professionals within business supporting structures especially in the sales area;
- a decrease of four resources on fixed-term contracts, mainly attributable to a decline in the number of resources hired to replace staff on leave for maternity or other reasons.
 - the reinforcement of support and control structures;
 - the hiring of staff to replace outgoing employees in previous periods, also through the reinforcement of the staff in place;

	2014			2013			CHANGE%
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
Abruzzo	2	-	2	2	-	2	-
Calabria	1	1	2	1	1	2	-
Campania	5	6	11	5	8	13	-15%
Emilia-Romagna	4	4	8	4	6	10	-20%
Friuli Venezia Giulia	158	163	321	165	161	326	-2%
Lazio	10	15	25	10	13	23	9%
Liguria	6	5	11	5	5	10	10%
Lombardy	189	176	365	184	166	350	4%
Piedmont	11	8	19	9	8	17	12%
Puglia	2	2	4	2	1	3	33%
Sicily	1	-	1	1	-	1	-
Tuscany	2	4	6	2	4	6	-
Umbria	-	1	1	-	1	1	-
Veneto	11	4	15	9	4	13	15%
Italy	402	389	791	399	378	777	2%
Luxembourg	6	20	26	10	22	32	-19%

From a geographical standpoint, the number of resources in Italy rose by 14 resources, whereas that in Luxembourg decreased by

six, due to the de-merger of the business unit from BG FML. With regard to the distribution in Italy, it should be noted that



the situation remained essentially in line with the previous year, except for the Lombardy region, where the central coordination structures for the commercial area and the structures support-

ing business are located. In the reporting period, all these structures were strengthened through the recruitment of specialised profiles.

Breakdown of personnel by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2014	2013	2014	2013	OF WHOM, 2014		OF WHOM, 2013		2014	2013	2014	2013
					FIXED-TERM	FIXED-TERM	FIXED-TERM	FIXED-TERM				
	45	46	228	217	544	30	546	34	817	809	55	59
% ratio	5.5	5.7	27.9	26.8	66.6	3.7	67.5	4.2	100	100	6.7	7.3

The distribution of the total workforce by level does not show particular discrepancies compared to the previous year. There was, also as a result of professional growth paths, an increase of executives (1.1%), against a slight decrease of manag-

ers (-0.2%) and employees (-0.9%). Overall, the number of managers and executives increased slightly (+0.9%). The number of resources under fixed-term contract to total personnel declined both as a percentage and in absolute terms.

Women by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2014	2013	2014	2013	OF WHOM, 2014		OF WHOM, 2013		2014	2013	2014	2013
					FIXED-TERM	FIXED-TERM	FIXED-TERM	FIXED-TERM				
	9	10	79	74	320	7	325	12	408	409	9	11
% ratio	2.2	2.4	19.4	18.1	78.4	1.7	79.5	2.9	100	100	2.2	2.7

On average, women represent 49.9% of the Group's total personnel, down slightly compared to last year (50.6%).

On the other hand, the percentage of women who serve in positions of responsibility (managers and executives) is on the rise, going from 31.9% in 2013 to 32.2%.

Breaking down female workforce by category, a 1.3% increase was reported in the number of women pertaining to executives, while that of managers and employees declined by 0.2% and 1.1%, respectively.

Most women (78.4%) continued to work on an employee level, with an over 1% reduction compared to 2013 (79.5%).

The female presence remains preponderant in call centres, although down compared to the previous year (58.5% compared to 64.2% in 2013).

The reduction reported in sales staff was attributable to the choice of some women to be reallocated within the networks of Financial Planners and Private Bankers.

Breakdown of workforce by type of contract

	FULL-TIME INDEFINITE-TERM		FULL-TIME FIXED-TERM		PART-TIME INDEFINITE-TERM		PART-TIME FIXED-TERM		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		719	707	28	29	67	67	3	6	817
% ratio	88.0	87.4	3.4	3.6	8.2	8.3	0.4	0.7	100	100

- In the reporting year as well, the Group's personnel with an indefinite-term contract increased, going from 95.7% in 2013 to 96.2% in 2014.
- There are 70 part-time employees, representing 8.6% of the total (9.0% in 2013). Those choosing to work part-time are mainly women who are more involved in managing and caring for a family: in 2014 women represented 94.3% of part-time employees (97.3% in 2013).
- On a limited basis, Group companies also use temporary employees or those hired for specific projects (six at 31 December 2014, equal to 0.7% of total personnel, compared to four in 2013, equal to 0.5%), in order to handle work peaks or for specific projects.
- In 2014, Group companies continued to encourage access to the job market by young people through the launch of training projects (internships). At 31 December 2014, 11 interns (of which six women and five men) were in training.
- In 2014, the number of call-centre staff reached 65, representing 8.0% of the total workforce and 11.9% of white-collar employees.

Among employees, there continues to be an increase in those who have undergraduate and graduate degrees (50.9% in 2014 compared to 50.7% in 2013).

Breakdown of female personnel by type of contract

	FULL-TIME INDEFINITE-TERM		FULL-TIME FIXED-TERM		PART-TIME INDEFINITE-TERM		PART-TIME FIXED-TERM		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		335	331	7	7	66	66	-	5	408
% ratio	82.1	81	1.7	1.7	16.2	16.1	-	1.2	100	100

- Of the Group's female personnel, 98.3% has indefinite-term contracts (97.1% in 2013).
- There are 66 part-time female employees, representing 16.2% of total women (17.3% in 2013).

Remuneration men/women

	MANAGERS		EXECUTIVES		EMPLOYEES	
	OVERALL REMUNERATION*	BASE REMUNERATION**	REMUNERATION OVERALL*	BASE REMUNERATION**	OVERALL REMUNERATION*	BASE REMUNERATION**
Italy	0.83	0.81	0.82	0.92	0.94	0.98
Luxembourg	1.40	1.30	1.50	1.32	0.87	0.93

* Annual amount paid by the group to employees, which includes the amount established by the national collective labour agreement and supplementary agreement, in addition to any other types of additional remuneration, such as seniority of service, overtime, bonuses, allowances and benefits.

** Amount pertaining solely to the national collective labour agreement for the industry, not including any type of additional remuneration.

For 2014, the table shows the ratio of total gross annual remuneration of women to that of men and the ratio of base gross annual remuneration of women to that of men for the various classification levels.

Compared to 2013, a decline in the remuneration gap between men and women was recorded in Italy.

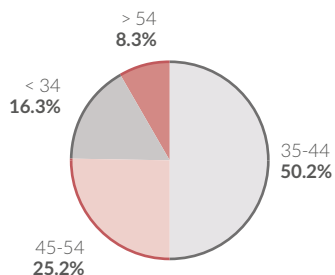
For managers, the total remuneration of women is still lower than that of men because there are more men in strategic responsibility roles, which entail considerably greater remuneration. Moreover, men have more seniority of service on average.

Among managers, the total remuneration of men in Italy is greater than that of women because this category includes most of

Banca Generali's sales personnel – a large portion of whom are men – who benefit from a MBO bonus system.

Among employees, the gap between the total remuneration of women and that of men is due to the presence of part-time contracts (almost fully related to women) and parental leave, during which reduced remuneration is provided. The gap between the total remuneration of women and men may be attributed to factors associated indirectly with part-time work, such as meal vouchers and overtime.

In Luxembourg, for the category of executives and middle managers, the ratio is different than in Italy, given the strong component of female personnel serving in key positions.



Workforce by age

	UPTO 34		35-44		45-54		OVER 54		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	133	150	410	396	206	204	68	59	817	809
% ratio	16.3	18.5	50.2	48.9	25.2	25.2	8.3	7.3	100	100

With regard to workforce's age, the most populous bracket is still 35-44 years of age (50.2% compared to 48.9% in 2013). Overall, 66.5% of employees is under 45, and the average age

is 42.1. Like last year, the smallest age range is that of employees over the age of 54 (8.3%), up compared to the previous year (7.3% in 2013).

Female personnel by age

	UPTO 34		35-44		45-54		OVER 54		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	50	64	234	231	104	97	20	17	408	409
% ratio	12.3	15.6	57.4	56.5	25.5	23.7	4.8	4.2	100	100

The breakdown of female personnel by age essentially reflects that of personnel as a whole. The largest segment is that of women between 35 and 44 of age, which encompasses about half of the female population (57.4%). Overall, 69.7% of women

is under the age of 45. Women over the age of 54 represent 4.8% of female population, increasing compared to the previous year (4.2%).

Turnover

	PERSONNEL AT 31.12.2013	CHANGE	2014 TERMINATIONS	2014 HIRINGS	PERSONNEL AT 31.12.2014
	809	8	93	101	817
of whom women	409	-1	33	32	408

Turnover figures include not only hirings and terminations for fixed-term contracts (including replacements for maternity leaves), but also transfers to and from other companies that are part of the Generali Group, the acquisition of Credit Suisse Italia's business unit and the de-merger of a business unit from BG FML.

Within the Banca Generali's turnover, 35.5% of terminations and 31.7% of new hires involved female personnel.

In 2014, the overall turnover rate, calculated as (hirings plus terminations)/[personnel at year-start + personnel at year-end]/2], was 0.24 (0.22 in 2013).

In 2014, the turnover attributable to Luxembourg accounted for: 3% of hirings and 9.7% of terminations, also following the de-merger of a business unit from BG FML.

In 2014, terminations occurred in the same year as the hirings related to 40 employees (of which 11 women). The cases in question involved mainly employees under fixed-term contracts of short duration.

Turnover figures do not include the conversion, during the year, of 11 fixed-term contracts into indefinite-term contracts.

Number of terminations by age range and gender

	UP TO 34 YEARS	BETWEEN 35 AND 54 YEARS	OVER 54 YEARS	TOTAL
	61	26	6	93
of whom women	20	10	3	33

- Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the incidence of the latter on the total number of terminations during the year amounted to 66.7%, and chiefly refers to severance due to expiry of contracts with young people under 35 years of age (down compared to 71.6% in 2013).
- Terminations of personnel with indefinite-term contracts accounted for 33.3% of the total (up compared to 28.4% in 2013), also following the de-merger of a business unit from BG FML.
- The negative turnover rate, calculated as the total number of terminations in 2014/(total personnel at the beginning of the year x 100) amounted to 11.5%, up compared to 9.4% in 2013, also due to the de-merger of the business unit from BG FML.
- 62.4% of terminations related to the aforementioned expiry of fixed-term contracts, 7.5% was attributable to transfers to other Group companies, 6.5% to the exit of resources due to the de-merger of the business unit from BG FML, 5.4% to the transfer of sales personnel into the Financial Planners and Private Bankers' network, while the remaining 18.2% to resignations and other residual reasons.
- The incidence of severance decreases with age: the figure falls from 65.6% for personnel under 35 years of age, affected in particular by terminations of fixed-term contracts, as well as the natural propensity for younger staff to change jobs, to 6.5% for those over 54.

Number of hirings by age range and gender

	UP TO 34 YEARS	BETWEEN 35 AND 54 YEARS	OVER 54 YEARS	TOTAL
	75	25	1	101
of whom women	19	13	0	32

- Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the incidence of the latter on the total number of hirings during the year amounted to 68.3% and chiefly refers to young people under 35 years of age (up compared to 63.3% in 2013).
- Hirings of personnel with indefinite-term contracts accounted for 31.7% of the total (down compared to 36.7% in 2013).
- The positive turnover rate, including the personnel that joined the Group following the acquisition of Credit Suisse Italia's business unit - calculated as the total number of hirings on the total workforce at the beginning of the year x 100 - amounted to 12.5%, in line with the previous year.
- 31.7% of hirings related to women, of whom 59.4% were under 35 years of age.

Personnel by seniority

	< 10 YEARS		> 10 YEARS		TOTAL		AVERAGE SENIORITY	
	2014	2013	2014	2013	2014	2013	2014	2013
Total	508	529	309	280	817	809	9	8
% ratio	62.2	65.4	37.8	34.6	100	100		

Most of the personnel continue to have a seniority of less than 10 years. This is due to the fact that the company commenced operations at the end of 1997. The percentage is lower than last year, also due to the shift to a higher bracket of part of the col-

laborators. Employees with a seniority of over 10 years have mainly come from companies merged into Banca Generali.

2. Employee policies

In close connection with the orientations and methods of the Generali Group, the companies of the Banca Generali Group have adopted policies that make human resources the focus of corporate activities.

In general terms, Banca Generali complies with provisions of law of a constitutional level (among which attention should be drawn to Article 3 of the Italian Constitution concerning the principle of equality), ordinary level and regulatory level, as well as the collective provisions, contractual provisions (national and company) and regulatory provisions that govern employment.

The fundamental rights of workers are set forth in the Generali Group's Code of Conduct, introduced in the Generali Group's companies as of 14 December 2012. The corresponding document adopted by the Banca Generali Group is the Internal Code of Conduct, approved by the Board of Directors on 7 May 2013. Personnel are hired with regular work contracts, as no form of illegal work, exploitation, or forced or child labour is tolerated. Collaborators receive clear and specific information on regulatory and remunerative aspects when they are hired and during

their employment. Furthermore, throughout their employment they are given indications that allow them to understand the nature of their assignment and carry it out appropriately. The European Social Charter of the Generali Group stresses recognition of the fundamental rights of workers, also establishing the aims of developing issues related to the protection of human resources and of those representing Group employees.

At the industry level, it should be noted that Banca Generali and its subsidiaries also apply the Protocol for Sustainable, Compatible Development of the Banking System signed by the Italian Banking Association and labour unions at a national level on 16 June 2004.

Furthermore, in keeping with banking practices and the Self-Regulatory Code promoted by ABI (Italian Banking Association), the Banca Generali Group has adopted an Internal Code of Conduct. This document states that relations among colleagues and collaborators must always respect the principles of loyalty, fairness and solidarity.

Recruitment and hiring policies

In keeping with Generali Group's approach, the human factor is a key resource of the Banca Generali Group. Consequently, also in collaboration with the Group's structures, the company is committed to recruiting and retaining particularly qualified employees.

The recruitment process follows the principles of fairness and impartiality: the professional profiles of the candidates are evaluated exclusively for the purpose of pursuing the interests of the company.

If an outside junior profile is to be recruited, the first candidates to be taken into consideration are the interns working for the Banca Generali Group, then applications submitted to the company in response to announcements published on major recruiting browsers, and the suggestions of universities and post-graduate institutes.

For the recruitment of managers and industry experts, the company relies on specialised headhunters firms, the publication of ads in newspapers and on financial websites, as well as the active search through recruiting platforms and databases.

In filling vacant positions, on a like-for-like skill basis, priority is given to people who are already employed by the Group, who may apply for the position (job posting) or be nominated by the offices in charge of mobility.

The selection process involves, both for junior and senior profiles, an assessment centre with certified evaluators, in addition

to final individual interviews with line managers.

The expertise and skills required and sought for include: solid academic preparation with a high final grade and/or established experience in sector companies; good knowledge of foreign languages; good analysis and problem-solving skills; teamwork, flexibility, ability to adapt; organisational leadership. A post-graduate master's degree is preferred for positions with high added value.

In order to meet and attract young people of value and support its employer branding, the Banca Generali Group:

- participates, also in partnership with other Generali Group companies, in career days, company presentations and recruiting days in which it illustrates the employment and professional development opportunities offered by its different companies, also on an international level;
- sponsors initiatives and collaborates with universities and bodies that organise post-graduate programmes (master's degrees) in the field of economics and finance.

Training programmes are organised for new recruits in order to both help them become integrated within the company and gain a better awareness of its business.

The key factors that bring talented young people to the Banca Generali Group include: reputation, ethics and culture, innovation, creativity, policies aimed at reconciling job and family, mo-

bility, dynamic growth through training, career opportunities, financial incentives, fringe benefits, clear objectives, workplace safety, and the positive atmosphere of the workplace.

In 2011, a specific talent pool plan was developed. The plan, based on maximising merit and building knowledge and skills, is structured in several training sessions and project management activities. The project is in addition to advanced training initiatives (e.g., post-graduate master's degree programmes, advanced

courses with prestigious academic institutions and coaching programmes), national and international mobility and cultural, sport and experiential events organised by the Bank, aimed at motivating and retaining the most talented professionals.

No Banca Generali Group employees are less than 18 years of age. Companies verify their employees' age upon hiring in order to comply with this restriction.

Remuneration and incentive policies

The base remuneration for all non-executive employees is tied to national collective bargaining agreements (CCNL) and the integrative corporate contract.

Newly hired male and female indefinite-term employees within the Banca Generali Group (Italy area) are normally classified to the third professional area, first level of remuneration, with the gross annual remuneration established by national collective labour agreement for the financial sector for that classification. Such remuneration is in line with the average remuneration within other industry companies.

On average, for new employees the ratio between the standard wage rate (understood as the salary envisaged in the CCNL, plus the greater benefits as provided for by the supplementary agreement) and the national wage rate is 112%.

In all companies of the Banking Group, the entry-level salary for each category of workers is the same for both genders (i.e., the ratio between women's entry-level salary and that of men is 1).

Within the Banca Generali Banking Group – in line with the policy in effect within the Generali Group – the assignment of a score according to the HAY method for executive positions and certain officers and middle managers allows the implementation of remuneration policies that take account of the needs of internal fairness and competitiveness. A bonus system is in place that involves the assignment of objectives to executives according to the Balanced Scorecard scheme.

The tools currently in use for the Banking Group's Chief Executive Officer and top management are the assignment of balanced scorecards for short-term variable remuneration and the long-term incentive plan for long-term variable remuneration.

For further, more detailed information concerning remuneration policies for the personnel, please refer to the Annual Financial Report and the Remuneration Policies document: Banking Group's Remuneration Policies and Report on the Application of Remuneration Policies in 2014, published after the General Shareholders' Meeting held in April 2015.

For both full- and part-time employees, there are also fringe benefits and incentive systems designed to valorise – on the basis of merit – performance and the achievement of specific objectives. Banca Generali Group's supplementary contract – applied to all employees of the Banca Generali Group in Italy in the categories of managers and employees – expired on 31 December 2011 and, after the so-called extended validity regime, was renewed on 30 May 2014 (with term expiring on 31 December 2014) and is still *de facto* applied until the next renewal; the related negotiations are expected to begin by 2015. In further detail, the supplementary contract provides for the following collective mechanisms with economic effects:

- complementary pension plans: through implementation of the legislative provisions that, since 1993, have placed growing importance on complementary pension plans alongside mandatory ones, employees have the right to join company pension funds, to which the employer contributes, as of 1 January 2010, 4.1% of the remuneration items ascribable to the CCNL. Upon the aforementioned renewal, it was convened to disburse one-off incentives on a differentiated basis for the three-year period 2012-2014 depending on the length of participation into the complementary pension funds;
- health coverage: plans differ between the category of the professional areas (administrative employees) and the executive levels. There is an array of health guarantees (the premium for which is exclusively the employer's responsibility) in place covering a significant part of the following services: major surgery, hospitalisation, specialist visits, diagnostic tests, dental expenses, eyewear and medicines (the latter only for executives). These guarantees are also extended to the employee's dependants based on specific regulations and, under certain conditions, also to family members who are not dependants. Furthermore, employees can opt to extend these guarantees in terms of services/maximum cover-

age by paying an additional premium. The company also covers all the costs for work-accident insurance;

- special rates on financing products: in keeping with practices in the credit sector, there are special terms for financing the purchase of a first home, considered an asset of primary importance on a social level. Furthermore, the employee may request facilitated loans for the purchase of other assets and for family needs. Due to their nature, home mortgages and personal loans are reserved for indefinite-term employees;
- Bonus for results: this is an institution shared by all company production sectors and its aim is to redistribute – based on financial indicators – part of the company's profit results. This institution is currently tied to two parameters: profitability (operating results) and efficiency (cost/income ratio). It should be noted that this specific mechanism was subject to two union bargainings, the first signed on 3 June 2013 for

the year 2012 and the second on 30 May 2014 for the year 2013. On 4 June 2015, the union agreement for the payment of the company bonus for the year 2014 was reached;

- discounts on asset management and insurance products: discounts are available for asset management and insurance products in the form of the reduction or the elimination of the subscription or management fees or premiums normally applied.

A scheme featuring an extensive system of benefits based on the gradual harmonisation of treatment with similar measures implemented at the level of the Generali Group has been adopted for executive-level personnel at the Company's initiative. The Generali Group's various policies (e.g., assignment of cars for mixed company-and-personal use) also apply to this class of employees.

Social and recreational activities

The Banca Generali Group places a premium on the spirit of belonging, social and recreational activities through different initiatives, as well as the activity of the staff club of the Generali Group. In particular, parties and meetings are organised that inspire solidarity initiatives towards the less fortunate (see the "Community" section).

The traditional Children's Party organised by the Generali Group offers the parents involved the opportunity to donate to charity all or part of the amounts the company allocated to gifts for their children. This year, sharing the Christmas holiday with those experiencing hardship took the form of the collection of food and

other necessities, which were delivered to the Banco Alimentare (Food Bank) Association.

During the meeting between the Bank's top management and collaborators at the end of each year, employees who have achieved landmark year of service levels and those retired during the year are celebrated.

The Generali Cup Football Tournament figures among the initiatives that better mirror the pride of belonging to the Generali Group and the values of teamwork and cohesion expressed by the practice of sport. Banca Generali presented to the event one team, consisting of both employees and Financial Advisors.

Procedures for evaluating human resources

In implementing the relevant provisions as provided for by the CCNL for the Credit sector, the management annually – by 30 April of the next year – evaluates the qualitative performance of their employees under indefinite-term contracts who have been in service for more than six months through a quality sheet, which is adopted for conducting an assessment of basic behavioural competencies, according to a scheme based on performance and respect for the Group's values, as well as for updating the annual development plan in support of performance. This occasion for dialogue is also fundamental to understanding any desire by resources to express themselves professionally in other

contexts through functional and/or geographical mobility.

In order to provide those responsible with all the tools they need to conduct assessments of resources in an appropriate manner, each year advanced training programmes are held concerning the assessment process.

Such assessment tools, among others, contribute to providing a highly useful parameter for identifying the most deserving resources to which to assign one-off incentive measures (e.g., bonuses) or permanent incentive measures (permanent personal productivity bonuses or promotions).

3. Equal opportunity

The Group strives to valorise people, recognising how differences can contribute to the organisation. The Code of Conduct of the Generali Group and the corresponding document adopted within the Banca Generali Group confirm the attention and commitment towards collaborators – considered the strategic capital on which the Group bases its success – respect for human dignity, freedom and equality, and equal opportunity in the workplace and on career paths, without any kind of discrimination due to nationality, gender, race or ethnic origin, religion, political convictions, age, sexual orientation, disabilities or health conditions. The Group's company agreements provide examples of rules designed to guarantee equal treatment between men and women in the selection, training, career advancement and remuneration process.

In accordance with the provisions of Legislative Decree No. 198/2006, Article 46, by 30 April 2014 Banca Generali sent its biannual report for 2012-2013 on equal opportunity for men and women to the Regional Councillors for Equality of Lombardy and Friuli Venezia Giulia, as well as to company union representatives. It should be noted that this obligation extended solely to the legal entity Banca Generali S.p.A., as the company in the Banking Group that exceeds the quantitative threshold for application of the statute concerned. The biannual report also contains a detailed analysis of various employment trends relating to the Milan and Trieste offices, inasmuch as the staff working at those offices requires that further details be obtained relating to the data supplied on a general basis for the entire Bank. The first biannual report will refer to the years 2014-2015 and will be sent to the Councillors for Equality by 30 April 2016.

In 2014, female managers and executives accounted for 32.2% of total personnel within the two categories, up compared to the previous year (31.9%). This increase was due to the combined

effects of personal development plans and the engagement of specialised professionals, which had a positive impact on the ratio, despite the choice of several female members of the sales force to transition to the Financial Planner and Private Banker networks.

Banca Generali's workforce consists almost entirely (99%) of Italian personnel. In any event, employees of all nationalities are offered equal opportunities for professional and career growth, owing in part to policies that foster mobility within the Group. At Banca Generali Group companies, 98% of managers are local. With regard to equal opportunities for the differently abled, national regulations safeguarding this category are respected and implemented.

In particular, at the Trieste production unit of the parent company, Banca Generali, a convention has been established in 2014 with the responsible public agency for the specific recruitment of differently abled employees in order to create the conditions for a better and more proactive work position respecting the problems of the people involved.

In general terms, the buildings housing the Group companies are checked constantly to ensure that they are brought up to required standards in order to meet requirements on architectural rules and workstations. The main workplaces have parking facilities in the immediate vicinity reserved for the differently abled. Two parking spaces have been set aside for employees with considerably reduced motor capacity within the internal courtyard of Banca Generali's Trieste offices.

At 31 December 2014, the Banking Group had 44 differently abled employees, 25 of whom were women (equal to 56.8% of the total). This category showed an increase of 3 units compared to the previous year. The first months of 2015 already witnessed an increase of resources falling within this category of personnel.

Policies to reconcile job and family

In order to allow work commitments and personal and family needs to be reconciled as fully as possible, company activities other than those involving direct, daily contact with customers are organised in such a way as to allow employees to start work at flexible hours, with a related shift in exit times.

A full-time working week is 37.5 hours, which decreases to 36 hours for shift-based arrangements.

It should be noted that the Contact Centre organisational unit presents some peculiarities in that it employs a staff of approximately 60 tasked with online management of orders and/or requests for information submitted by customers and the distribution network of Financial Advisors.

The organisational unit is available for end customers from 8:00

AM to 10:00 PM Monday to Friday (and 8:00 AM to 2:00 PM on Saturdays) and for Financial Advisors from 8:30 AM to 6:35 PM Monday to Friday.

Each employee assigned to the organisational unit has a full-time working week of 36 hours and is assigned to monthly rotating shifts according to the aforementioned service availability hours, whose early determination allows employees to better reconcile work commitments and personal needs, also in the long term. Shifts number approximately 30 and are organised to provide the best possible coverage of the service and allow employees to handle various operational and business issues.

Given the characteristics of the company population in terms of gender and age, in 2005 a detailed agreement was established

with union organisations to grant part-time hours for the birth or adoption of children. The company shows great sensitivity towards requests for part-time hours/shorter hours/flexibility for serious personal and family reasons. Such approach was reiterated in conjunction with the extension of the supplementary agreement for the Banca Generali Group and is still *de facto* applied until the next renewal.

The company day-care facilities known as “I Cuccioli del Leone”, inaugurated at the offices in Mogliano Veneto, Trieste and Rome and dedicated to children between three months and three years of age, represent a concrete measure offered to employees to allow them to reconcile family and professional responsibilities.

All employees of the Banca Generali Group have the right to request work leave according to the terms provided for by law and by national and company agreements. It must be noted that, through union agreements, the company has granted workers paid leave for health services (testing or medical visits) that cannot be used outside regular working hours.

The “hour bank” is also an important instrument for work flexibility. This institution, provided for by the CCNL for the credit sector, envisages that the first 50 hours of overtime on an annual basis may be recovered – following advance notice – without any need to specify the reason. This limit may be raised to 100 hours annually at the employee’s discretion. Any overtime hours above these limits are remunerated. The aforementioned extension of the supplementary agreement also resulted in the inclusion of an ameliorative provision according to which the hour bank is now calculated according to the higher service figures determined in minutes and no longer in “blocks” of half-hours and then quarter-hours. Likewise, the hour bank is now also calculated in minutes during the “hour recovery” phase.

Group employees may be granted discretionary periods of leave – with or without the right to compensation – for personal/family reasons or serious private concerns.

Employees are also entitled to leave (paid and/or unpaid) as set

forth by law or contract for reasons such as: marriage, three days’ paid leave for the death of a family member, pregnancy and nursing, maternity/paternity, unpaid leave for a child’s illness, medical examinations and treatment and leave to assist family members with serious handicaps.

All employees, regardless of their gender, may take parental leave (former optional maternity leave), in addition to the compulsory leave to which female personnel are entitled.

In 2014, a total of 75 employees (of whom 74 in Italy and one in Luxembourg) took parent leave, of whom 69 women (of whom one in Luxembourg) and six men (up compared to four in the previous year).

At 31 December 2014, of the 75 people who took parental leave in 2014:

- 58 people (of whom 52 women and six men) had ended their leave and regularly returned to service;
- 17 people (all women) are still on parental leave.

All employees who had returned to service following parental leave were still in service 12 months after their return.

The rate of absenteeism is calculated as the number of days of absence, either total or for the various causes identified, compared to the number of working days during the year (days in the year less non-working days such as Saturdays, Sundays and holidays), multiplied by the number of employees in the workforce at year-end. Absences from work due to illness, workplace injuries and unpaid absences are taken into consideration.

In 2014, the rate of absenteeism was 1.99% (1.87% in 2013), up compared to the previous year, chiefly due to needs relating to the reconciliation of professional and family life. The rate is broken down as follows:

- 0.39% (0.15% in 2013) due to unpaid leave (a category that includes types of unpaid leave that reflect needs relating to the reconciliation of professional and family life); and
- 1.56% for illness (1.68% in 2013) and 0.04% for accidents (unchanged compared to 2013).

4. Health and safety in the workplace

The Banca Generali Group considers the physical safety of its workers to be a priority, and to protect that safety it guarantees working conditions that respect personal dignity in a safe,

healthy environment, in accordance with existing health and safety legislation.

Divisions and duties

The HR Processes, Risk Prevention and Workplace Safety function of Generali Business Solutions, for the activities/processes specifically attributed to it under the service agreement between the companies concerned, is responsible for identifying and assessing all risks present at the Generali Group's offices on the basis of its knowledge of the company organisation. One of the tasks of this division is to propose adequate preventive measures to fully implement the provisions of the Legislative Decree No. 81/2008 (the Italian Health and Safety Act).

Four Banca Generali employees were appointed as RLS (workers' representatives for safety matters). The workers' safety representatives for Banking Group companies have been trained and involved on the subject matters and issues set forth in Legislative Decree No. 81/2008 at the Company and Parent Company levels.

Specific classroom training for safety managers at the Banking Group also continued in 2014.

The two head offices in Milan and Trieste also have their respective "emergency teams", staffed in relation to the size of each office and formed of volunteers with specific training on first aid and fire safety, as well as on the use of semi-automatic defibrillator. Considering the number of resources present, an emergency team, whose staff was trained in accordance with regulatory provisions, is present also at the Private Banking Centres of Rome, Turin and Bergamo.

All central and branch offices are equipped with first-aid kits or sets. In addition, at the executive offices in Milan and Trieste there are special evacuation chairs to be used in the event that an emergency requires personnel to vacate the premises, with the aim of facilitating egress by handicapped personnel.

The activity of the competent physicians appointed is periodically monitored. Such physicians are required to conduct inspections of workplaces both at central and head offices and peripheral offices; any reports of suggested improvements are addressed.

All employees are trained and kept updated on risk prevention, laws and regulations, and recommended conduct in the case of fire or other emergency (e-learning courses, and Company Intranet).

Staff at all the banking branches attend a specific training programme, which covers the following areas: company policy on how to act during and after a robbery, the Italian Banking As-

sociation's brochure on the safety of front-office staff and the risk of robbery (available on the Group Intranet), the handbook *Antirapina - Guida alla sicurezza per gli operatori di sportello*, also published by ABI (Italian Banking Association), and an e-learning course on how to act in the event of a robbery.

In August 2014, all employees operating in branches and those charged with cash management/front office staff within branches/private banking centres received an ABI monograph on robbery prevention (*"Antirapina - guida alla sicurezza per gli operatori di sportello"*, 2014 edition), while all new recruits in the Branch service attended an e-learning training course on bank robberies.

Smoking is prohibited in all offices, by law.

Physical safety

Specific crime prevention measures and deterrents are implemented in areas at risk of attacks to staff, the public, or property. These measures include access control systems, alarms and video surveillance at the Milan and Trieste offices.

In addition to the above, the banking branches have also implemented active and passive security systems, such as: interlocking entrance doors, cash in-out, and organisational measures including devices to protect deposits, safes, keys, systems, and other security equipment.

Cashiers within banking branches placed on the ground floor, and/or in particular geographical areas at a higher risk of robbery (OSSIF-ABI statistics), carry out cash management activity through "Cash-in/Cash-out" devices which effectively eliminate the "cash drawer" containing the cash required for operations, typically a place exposed to immediate targeting in the event of a robbery.

With regard to "robbery risk", crime prevention measures at the banking offices are considered adequate when there are at least five security devices or systems, as indicated in the Memorandum of understanding on the prevention of bank crime, signed by the authorities responsible for public safety, ABI, and the banks. Banca Generali participates in periodic renewals of the anti-crime protocols of the Italian provinces in which its branches are present, in view of collaborating with law enforcement, intended to raise awareness on local crime and identify the best way to fight it.

To this end, ABI recently made the Geocrime Analyst Service

available from the portal of OSSIF (ABI's Anticrime Security Research Centre). The application allows the monitoring, throughout Italy, on the basis of georeferenced maps, of the level of risk of bank employees in Italy and the various types of criminal events that affect the branches of banks participating in OSSIF over time, with monthly updates.

In some branches, reinforced glass was installed around the register operator's counter; in some single-employee branches, a "panic button" linked to a surveillance and rapid response centre was provided, and an emergency management operating protocol was formalised.

In 2014, there were no cases of robbery at bank branches.

Programmes

In 2014, personnel classified to the health supervision category underwent health supervision examinations according to the protocol established in current legislation. The check-ups in question include a medical examination, visual screening and functional assessment of the spine, in application of the health protocol for each risk group (video terminal user, contact centre staff member, and branch operations staff member). In total, 249 preventive and routine check-ups were carried out on banking personnel. The results of those check-ups showed clearly that most staff were fit to work without any limitations and/or special precautions. In the event that the competent physician prescribes a specific improvement (e.g., high-backed ergonomic chair, footrest, etc.), the latter is promptly required to the relevant body and provided to the concerned personnel.

During 2014, in implementation of the individual prevention and protection measures for the use of company cars, a new health supervision protocol was applied with the aim of detecting cases of alcoholism, involving the performance of specific annual tests, as outlined in the provisions of Article 41, paragraph 4, of Legislative Decree No. 81/2008, for personnel who voluntarily opt to participate in the protocol.

In 2014 as well, the company provided employees who voluntarily elected to participate with the possibility to receive the influenza vaccine provided for by the Ministry of Health in the winter season. In addition to the customary locations in Milan and Trieste, the service was also available to employees based at the Genoa and Turin offices. In 2014, a breast-cancer screening programme was also implemented for female employees based in Rome and Milan, involving the participation of a total of 98 employees. The programme will continue in 2015, in order to offer the same opportunity to female workers in the other cities. Safety training programmes are held on an ongoing basis. In fur-

ther detail, the e-learning course Safety – General Worker Training was completed by 63 employees (for a total of 240 hours) and the specific course Safety Training – Executives by five executives (for a total of 80 hours). The Agreement between the Central Government and Regions regarding safety training also results in the need to provide integrated training, and thus, in addition to e-learning, 50 individuals also received classroom training, for a total of 196 hours, as part of the course Safety – Specific Working Training.

Moreover, classroom training consisted in courses for first-aid providers (60 hours), safety personnel (232 hours), in addition to the refresher sessions for emergency teams which also include the use of defibrillator (272 hours), as well as specific courses and seminars for workers' safety representatives (40 hours), for a total of 122 people involved in the above-mentioned activities. In addition, training programmes on the use of evacuation chairs (44 hours) were attended by 22 employees assigned to the emergency teams at the headquarters.

The risk prevention section of the Group Intranet and the downloadable brochure allows all staff to receive training and information on safety-related behaviours, and the correct posture to adopt while working.

With the assistance of consultants, the Generali Group is continuing its review of ergonomics in the workplace, in order to protect the safety of staff in all offices, make working conditions more comfortable, and increase the efficiency and reliability of the man-machine systems.

The total cost incurred by the Banking Group in 2014 to protect workers' health and safety, which includes the costs of health monitoring (preventive and routine check-ups, inspections, screening programme and the activity of the Risk Prevention Service), amounted to approximately 70,000 euros (except for training wholly provided by the Learning&Development Unit in 2014). During 2014, a total of 4 incidents occurred (all on the road), none of which caused death, serious or permanent injury, or an occupational illness to the members of staff involved.

In 2014, accidents, all occurred in Italy, related to 3 women and 1 man.

During 2014 the rate of absenteeism due to accidents, calculated as the percentage ratio between the days of absence for that reason and the total number of working days in a year multiplied by the total workforce at year-end, was 0.04% (unchanged compared to 2013). The rate for accidents in the workplace (excluding the road incidents) amounted to 0.00% in 2014 (unchanged compared to 2013).

5. Industrial and trade union relations

The Group always observes trade union rights and the freedom of association, with regard to corporate and local unions and the rights of individual employees.

At the end of 2014, the rate of membership (percentage of employees registered with unions vs the total workforce in Italy) was approximately 36.16%. 96% of employees are subject to social and Italian legislation, and the provisions of the National Collective Labour Agreement (Credit Managers). The sole exceptions are the employees of BG Fund Management.

With regard to trade union activities, a particular mention should be given to the national collective agreement "CCNL Credito", which provides for a series of annual or six-monthly trade union meetings, during which the company can meet with the union representatives to discuss the following aspects:

- strategic prospects (economic and business performance, key balance sheet data, new markets and products);
- structural aspects (data on total workforce and the principal occupational/operational dynamics);
- quality of human resources (data/information about performance appraisals, rewards and training).

Alongside such opportunities to share information, in response to the frequent mergers, acquisitions and de-mergers involving the Banking Group (refer to the chapter History of the Group), the companies involved launched the procedures for dialogue with unions established at both the legislative and contractual level. Those procedures, aimed at a preliminary search for solutions acceptable to both parties (companies and unions) for handling the organisational consequences for employees, last for 45-50 days, the period within which agreements are to be reached with unions. Failing an agreement in the above period, the Company may make decisions unilaterally. In this regard, it should be noted that in essentially all cases it was possible to reach useful, consistent union agreements. Within this framework, on 9 October 2014 a union agreement was reached, bringing to a positive conclusion the legal and contractual procedure relating to the acquisition of the Credit Suisse business unit.

With regard to their impact on the workforce, these corporate transactions are also handled in accordance with the principles of the Generali Group Code of Conduct and European Social Charter referred to above, and in line with the good practices adopted by the Generali Group, which in particular require that consequences for human resources must be avoided and/or limited to the fullest possible extent by adopting measures such as

secondment, internal mobility between positions with equivalent responsibilities, turnover freezes and redundancy incentives.

As mentioned above, the supplementary agreement for employees and executives of the Banca Generali Group (Italy area) was formally renewed on 30 May 2014 for the period 2012-2014; its term has expired on 31 December 2014 and is still applied *de facto*. In particular, the supplementary agreement pertains both to the subject matter delegated to the company level by the national collective contract (performance bonus, healthcare, supplementary pension and, under certain conditions, position classifications) and the other issues typical of industry practice or attributable to rules – where applicable – established by the Parent Company, Assicurazioni Generali. On 30 May 2014, the union agreement concerning company bonuses for the year 2013 was also signed.

As part of the renewal, particularly noteworthy conditions were retained for employees, also from a social standpoint, in the area of healthcare, supplementary pensions (increase in the contribution paid by the company and the option of accessing the Generali Group's closed-end pension fund), flexible service conditions and leave for medical examinations or clinical tests, as well as on distributed products (first-house mortgage and personal loans). Since such bargaining takes place at a collective level, the beneficiaries are all employees in the categories employees and executives, without distinction of gender or type of working schedule. The sole exception pertains to personnel under definite-term contracts, for whom, due to the particular type of contract, the ability to benefit from discounts on home or personal loans is not provided.

In 2014, the joint company committee responsible for the subject of part-time work (as concerns Italian Group companies) continued to carry out its activity.

Moreover, in implementation of the provisions of the National Collective Labour Agreement, the activity of Fondazione Pro-solidar, which is involved in solidarity projects at an international level, was promoted. In 2014, approximately 400 employees participated, paying in the established contribution, followed by a similar contribution by the company.

There are no cases of forced, compulsory or otherwise irregular labour within the Banca Generali Group. All employees are free to terminate their employment contracts provided that they observe the notice period established by the contract.

Disputes with Employees

In the general process of managing disputes, responsibility for which is assigned to resources meeting the requirements of specific competence and appropriate professional experience, special attention is devoted to disputes with employees, given the peculiar nature of labour disputes, including from a procedural standpoint.

Of the six disputed employee positions at Banca Generali S.p.A. in 2014, most of which referred to previously terminated contracts, three involved executive-level positions and three related to executives and employees. Pending disputes may be attributed to various kinds of causes, for example: claims relating to

the fixing of the term for definite-term contracts, circumstances surrounding termination of employment or the way in which employment contracts were managed.

In further detail, four out of six positions were opened at the employee's initiative and the Company, forced to defend itself against legal claims, has always assessed whether to seek to settle the disputes, while also conducting a consistent, compelling defence of the Company's rights.

The total amount claimed by the counterparties is 1.7 million euro, of which 800 thousand euros is associated with just one position.

6. Training

In 2014, the Bank provided nearly 14,000 hours of training, involving the participation of 95% of the company population, owing in part to distance learning courses.

Average training hours by category

	2014	2013
Managers	27	32
Executives	25	27
Employees	17	23

Average training hours by gender

	2014	2013
Women	16	20
Men	23	30

Investments in training

	2014	2013
Average annual expense per employee (euro)	694	672
Average training hours per employee	19	20
Average hourly cost of training (euro)	43	52

In recent years, training supported the Bank's efforts towards excellence and accompanied the spread of new strategic objectives through quality processes aimed in particular at individuals occupying key positions.

Accordingly, courses focusing on developing managerial and soft skills took on increasing importance, alongside technical and specialist courses. These courses, which are always planned internally, are in some cases run directly by the Bank, and in some others conducted with the aid of the Learning & Development unit of the Generali Group, in addition to those held with the assistance of independent consulting firms of high standing. Advanced training courses are conducted at prestigious academic institutions.

In recent years, there has been a significant increase in business coaching amongst training methods, in view of the efficacy of this method. Managerial level personnel, and top management in particular, participated in this type of programme, through a sophisticated, innovative project.

Managerial level personnel also continued to benefit from courses focusing on managing and developing human resources in a motivating environment, in which almost all those responsible for managing personnel at the Bank participated. The spread of

the main concepts of human resource management at all levels of people management allowed a uniform culture to be established in this delicate area, and thus laid the foundations for a community aimed at exchanging experiences.

The community itself gave rise to an innovative programme, Managerial Growth Workshops, half way between training and team-coaching, which allowed participants to delve further into several human resources management issues.

Another cutting-edge programme was launched in 2014 focusing on personal leadership and work/life balance, in which women in management positions were the main elective participants. Libera Università Carlo Cattaneo (LIUC) of Castellanza (Varese) partnered with the Bank in a complex training programme dedicated to individuals showing potential, organised into various modules focusing on the themes of innovation. The success of the experience, which was brought to a conclusion in April, supported the continuation of the project also in 2015.

Some selected resources were offered advanced training courses and/or post-graduate master's degree programmes at Università Ca' Foscari of Venice, Università Cattolica of Milan and Fondazione ISTUD.

The workshops dedicated to the spread of the strategic guidelines that are to support the Bank in the coming years through the "New Service Model" continued to show strong voluntary participation. The goal of these sessions is to raise awareness of the vision that drives the Bank's development amongst all personnel, including those at the most operational levels.

Language training offerings were further expanded, owing in part to heightened international collaboration within the Generali Group.

Specialist professional and advanced training in the various fields is conducted internally, with university professors as teachers, or provided in the form of external courses.

Training concerning binding legislation is also constantly provided as a function of the Bank's particular sensibility to this issue, and, in any event, in accordance with the legal indications. In this regard, anti-money laundering legislation is deserving of mention. In 2014, the entire company population completed a new e-learning course organised into two levels according to the degree of exposure to the risk in question. In addition, follow-up classroom sessions were organised for those with the greatest contact with customers. Also as part of further efforts to combat money-laundering, branch employees were offered an e-learning course on cash management.

In implementation of the Bank's Business Continuity Plan, various refresher sessions were organised, involving all those who in the event of an emergency occupy positions of key importance in assuring the continuity of customer service.

All further mandatory web-based courses for new recruits, under both indefinite- and fixed-term contracts, are provided through the e-learning platform.

7. Personnel involvement

Internal communications and dialogue between the Company and its personnel is supported by various initiatives and tools that allow information to be disseminated effectively and feedback to be gathered. In particular, all employees have access to the Generali Group's We Generali informational portal, in addition to the Generali Italia Hub Portal, which collect and spread

information about company strategy, news concerning events and projects and news regarding organisational changes at the level of the Group and Banca Generali. In addition, all employees may receive *Il Bollettino*, the Generali Group's print house organ, by request.

Surveys and Other Forms of Dialogue

The main opportunities for dialogue between the Bank's top management and all employees are the two meetings (one in Milan and one in Trieste) held on an annual basis. These are important occasions on which the Chief Executive Officer takes stock and illustrates the strategy and main projects that are to characterise the coming year. Usually, a guest is invited each year from amongst the celebrities who have provided endorsements for the Bank in its various social promotion activities in local communities. This conveys the Bank's commitment towards all of its stakeholders to all of its employees.

In planning training programmes and communications initiatives, focus groups are organised, allowing feedback to be gathered and suggestions to be heard straight from employees' mouths.

In accordance with the sustainability policies promoted by the Generali Group, the Bank involves its employees in matters of environmental awareness through a series of concrete initiatives. Among these, mention should be made of the sorting of waste, attentive management of business travel in terms of environmental sustainability and informed use of individual heating and cooling systems.

Staff involvement and participation also take the form of company volunteering initiatives, such as tending sales counters for products the proceeds of which are donated to the Italian Multiple Sclerosis Association, with which the Bank has had a heartfelt partnership for years.



Mario Arlati, Oro y Blanco

3.4

SHAREHOLDERS AND INVESTORS

1. Introduction

Investor relations activity has always been oriented towards ensuring the utmost transparency and constant dialogue between the Bank and financial community. The main guiding principles of communication with investors are transparency and timeliness of communication. Great attention is also dedicated to emphasising the distinctive traits of the Bank's management, and in particular its ability to generate sustainable results over time and ensure an adequate, constant return for its shareholders.

2. Shareholders

At 31 December 2014, the share capital of Banca Generali amounted to 115,667,006 ordinary shares, each with a par value of 1.00 euro.

During the year, the number of shares issued slightly increased due to the partial exercise of the stock-option plans issued for employees and Financial Advisors at the time of the initial public offering and then again in 2010. At the end of 2014, 1,206,187

stock options were still outstanding (1.0% of outstanding shares), of which 422,343 were already eligible for exercise, while the remainder are exercisable in 2015-2017 according to the limits envisaged at the date of issuance of the plans concerned.

Authorised share capital at 31.12.2014

	2011	2012	2013	2014
Number of issued shares	111,693,843	112,937,722	114,895,247	115,667,006
Number of outstanding shares at year-end*	111,663,772	112,927,651	114,885,176	115,667,077
Treasury shares	30,071	10,071	10,071	10,071

* Net of treasury shares.

The Generali Group was the controlling shareholder with a 51.0% interest. Major shareholders include Threadneedle Asset Management, with an interest of 2.175%. Institutional investors are estimated to account for approximately 80% of the total free float (up from 73% in the previous year).

3. Stock performance: ordinary listing and dividends distributed

Banca Generali shares have been listed on Borsa Italiana (now the LSE Group) since 15 November 2006. Specifically, the stock is included in the FTSE Italia All-Share and FTSE Italia Mid Cap indices.

The ordinary listing

Banca Generali's stock performance should be viewed against the backdrop of high volatility that characterised the Italian equity market in 2014. The Italian benchmark index, the FTSE MIB, after growing sharply in the first half of the year, lost ground in

the second half, closing essentially at break-even (+0.2%). The index of medium-capitalisation companies (FTSE MID CAP) declined by 3.9%.

Performance of main stock indices

(CHANGEN %, Y/Y)	2011	2012	2013	2014
Banca Generali	-20.6%	79.3%	74.4%	2.4%
FTSE MIB	-25.2%	7.8%	16.6%	0.2%
FTSE Italia Mid Cap	-26.6%	-0.4%	48.8%	-3.9%
FTSE Italia Banks (All Shr)	-45.1%	-0.02%	33.1%	6.8%
DJ EuroStoxx 600	-11.3%	14.4%	17.4%	4.4%
DJ EuroStoxx 600 Banks	-37.6%	12.0%	25.9%	-4.9%
MSCI World	-4.7%	11.2%	18.8%	17.3%
S&P 500 (USA)	3.1%	11.4%	24.0%	26.9%
DAX 50 (Germany)	-14.7%	29.1%	25.5%	2.7%
CAC 40 (France)	-17.0%	15.2%	18.0%	-0.5%
CSI 300 (China)	-19.1%	6.7%	-9.0%	68.5%
IBOV (Brazil)	-25.3%	-4.1%	-29.9%	-1.8%

Note: Changes in euro.

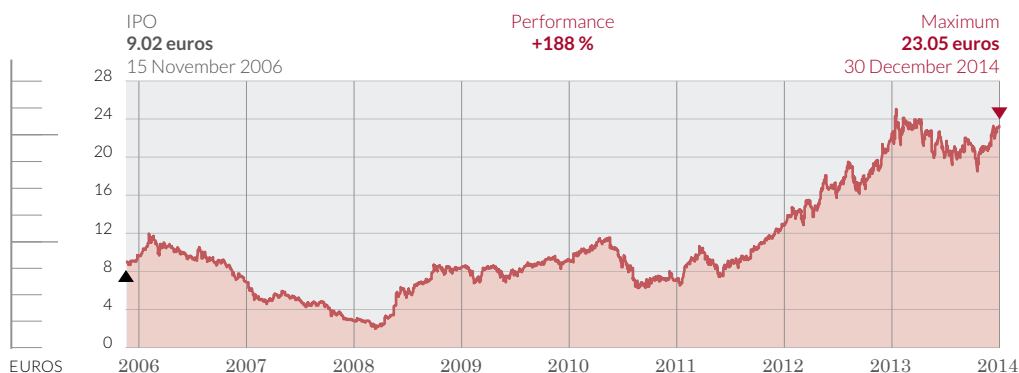
In this context, Banca Generali shares showed a strong performance that was all the more appreciable given the sharp rise in share price over the previous two-year period 2012-2013. Banca Generali shares, with a value of 22.76 euros at the beginning of the year, reached a high of 25.11 euros, to then close at 23.05 euros, with a performance conditioned by the decline in the entire market in the second half of the year. The overall increase was 2.4%, a value that increases to 7.14% if dividends dis-

tributed (Total Return Ratio) are taken into account. As already illustrated, it should be noted that in the two-year period 2012-2013 Banca Generali shares had already shown an increase of 213%, one of the best results of any Italian and international financial stock. If the contribution of the dividend paid is also considered (Total Return Ratio), the return for shareholders over the two-year period 2012-2013 increased to 253% (source: Bloomberg).

Market prices of Banca Generali shares – Summary

(EURO)	2011	2012	2013	2014
Maximum	11.560	13.000	22.510	25.110
Minimum	6.265	6.540	12.920	18.580
Average	8.798	9.640	16.940	21.810
Year-end	7.200	12.910	22.510	23.050
Market capitalisation (euro million)	804	1,458	2,586	2,668

Note: Banca Generali shares have been listed on Borsa Italiana (now the LSE Group) since 15 November 2006. Specifically, the stock is included in the FTSE Italia All-Share and FTSE Italia Mid Cap indices.



At the end of 2014, the Bank's capitalisation reached 2.7 billion euros, placing the Bank in ninth place amongst the major Italian listed banks.

It should be noted that, since the IPO on 15 November 2006,

Banca Generali shares have yielded a compound average annual appreciation of 14.1%, which rises to 18.9%, including the dividend paid to shareholders (Total Return).

Shareholder return: dividends distributed

The Shareholders' Meeting approved a dividend of 98 eurocents (95 eurocents in the previous year), for a total amount of 113.4 million euros.

On the basis of the closing price for the year, the dividend yield was 4.3%, essentially in line with the arithmetic mean calculated since the IPO (4.5%).

Dividends distributed

	2011	2012	2013	2014
Dividends distributed (euro million)	61.4	102.5	109.6	113.4
Pay-out Ratio ⁽¹⁾	84%	79%	79%	70%
Unit dividend per share (euro)	0.55	0.90	0.95	0.98
Dividend Yield ⁽²⁾	7.6%	7.0%	4.2%	4.3%
Dividend Yield ⁽³⁾	6.3%	9.3%	5.6%	4.5%

Source: company data, Bloomberg Notes

(1) Dividends distributed/profit for the year

(2) Unit dividend/price on ex-dividend date

(3) Unit dividend/average price.

4. The Investor Relations Office

The Bank has always been committed to pursuing constant, transparent dialogue with the financial community.

In 2014, there was a significant increase in interest from the financial community in Italy and internationally in the Bank and the asset management sector in Italy as a whole. The rapid decline in bond yields resulted in a significant increase in demand for specialised financial advice from Italian investors, which was reflected in a significant boost for growth in the sector.

In detail, the Bank doubled the number of industry conferences in which it took part, represented by top management and the Investor Relations service. The number of investors met at the roadshows held in major international markets and at the Bank's headquarters was also particularly high. On the whole, the Bank

met with over 300 investors, with an increase of 50% compared to the previous year.

Also noteworthy are the constant efforts to maintain dialogue and follow up with sell-side analysts from top Italian and international brokerage firms. As in the previous year, sell-side analyst recommendations at year-end 2014 confirmed a marked prevalence of positive recommendations (buy/outperform) at 67% of total coverage, no negative recommendations, and the remaining 33% consisting of recommendations of a neutral nature (hold/neutral).



Mario Arlati, *Palabra de Hombre*



3.5 SUPPLIERS

1. Purchasing policies

In 2014, the Banca Generali Group engaged in dealings with 1,424 suppliers, for total costs of 92 million euros. Supplier rationalisation activity reduced the number of active suppliers by 245 compared to 2013, whereas total expenditure increased by approximately 15%.

While maintaining an autonomous purchasing policy, the Banca Generali Group acts in accordance with the Generali Group's principles, which call for a commitment in dealings with contractual partners to adhere to principles of integrity, impartiality and transparency and choose suppliers solely on the basis of criteria relating to competitiveness and the quality of the services and products offered.

In accordance with the Generali Group's aforementioned principles, the process of selecting suppliers is based on clear, certain and non-discriminatory procedures, through the exclusive use

of objective, documentable and transparent parameters tied to the quality of the products and services offered; considerable attention is dedicated to ensuring that suppliers adhere to the principles of the Code of Ethics that Banca Generali has adopted and promotes with conviction.

The rules of conduct for dealings with suppliers are set forth in the internal Code of Conduct approved in 2013. The Banca Generali Group has insurance coverage, as well as adequate clauses covering damages caused by providers of infrastructure and services.

	2014	2013
Number of suppliers	1,424	1,669
Expenditure / supplier (euro/000)	91,804	80,096

2. Purchasing practices

The Banca Generali Group issued a specific circular entitled Purchasing Management governing the procedures applicable to its procurement process.

In selecting suppliers, the Banca Generali Group privileges national suppliers, and in particular companies able to supply goods and/or services throughout Italy.

In some cases, the criteria applied in selecting suppliers reflect a particular focus on the environment through green procurement (e.g., certified paper) and or “kilometre-zero” purchases/services.

The expenditure on national suppliers in 2014 amounted to 83.5 million euros (90.90% of the total), whereas the expenditure on foreign suppliers was limited to 8.3 million euros (9.10% of the total).

This policy is also positively reflected in the social and economic fabric of the communities in which Group companies are based, creating jobs and promoting economic growth.

Supplier selection falls to the manager responsible for the area in question, in concert with the corporate functions charged with purchasing, and purchases are made both through specific Generali Group service companies and suppliers identified according to the principles enunciated above.

Breakdown of suppliers by geographical area

REGION	2014	2013
Abruzzo	7	10
Basilicata	-	-
Calabria	10	10
Campania	41	41
Emilia-Romagna	101	129
Friuli Venezia Giulia	75	110
Lazio	108	133
Liguria	46	61
Lombardy	535	620
Marche	17	20
Molise	-	-
Piedmont	105	119
Puglia	28	42
Sardinia	5	5
Sicily	21	26
Toscana	78	74
Trentino Alto Adige	13	17
Umbria	11	10
Valle d'Aosta	5	10
Veneto	98	108
Total Italy	1,304	1,545
Total abroad	120	124
Total	1,424	1,669



Mario Arlati, *Potenza del Colore*



3.6

COMMUNITY

1. Community relations

Banca Generali's corporate culture is based on development policies in support of the communities with which the Bank interacts and its investment in their growth. These values may be seen in its sponsorships, donations, events and partnerships with entities and associations.

The Bank's institutional commitment accompanies and reinforces the commitment of its network of advisors so as to promote a consistent, broad-based activity throughout Italy.

Coordination and development of initiatives is the responsibility of the Incentive and Image Events Service, which in interaction with the Company's various divisions and functions coordinates and ensures that community action processes are internally consistent.

The areas of intervention towards which Banca Generali orients its activity are mainly four:

- **Social Area:** this area includes all initiatives aimed at developing and improving community in all of its aspects; from caring persons in difficulty to supporting academic research and education;
- **Volunteer work:** this area includes all activities that the Bank's personnel perform in support of society. Such initiatives take the form of fund-raising and participation in volunteer work;
- **Sports:** this area includes athletic activities at both a professional and an amateur and youth level to best convey healthy principles and fundamental values;
- **Culture:** the goal is to support cultural activities with the aim of optimising the enjoyment of the artistic heritage by citizens.

In 2014, Banca Generali strengthened its relationships with several non-profit associations, thanks to the solidarity shown by employees and network personnel, who dedicated their efforts and resources to raising funds and supporting associations in completing charity projects.

The Bank reaffirmed its commitment to the Italian League for the Fight against Tumours (LILT) and, as in previous years, contributed to the organisation of a concert at the La Scala theatre in Milan. The event aimed at raising funds to guarantee constant assistance services to grown-ups and children.

In addition, Banca Generali continued its longstanding support of the Italian Multiple Sclerosis Association (AISM), through

the sale of honey from the Basilicata region, all proceeds of which were donated to the foundation. Sales corners, set up at the Bank's offices during the Christmas period, were managed through company volunteer efforts that also involved employees.

Finally, the Bank participated in the 2015 Milan Solidarity Tournament, organised by the CAF Association, which through its efforts aids a large number of minors and victims of serious mistreatment and abuse. In addition, it sponsored the Adriano Panatta Tennis Invitational event, during which a sum was donated to the Bambino Gesù Paediatric Hospital in Rome.

In 2014 as well, the banking institution stood out for its support for athletic initiatives.

For the fifth consecutive year the event "Banca Generali - A Champion for a Friend" was organised with the aim of fostering positive values related to sports. The travelling tour in April and May involved over 8,000 children, without any distinctions by skill level, in a day of play and leisure activities with four great Italian sport champions. The event conveyed the values of respect, discipline, fair play and integration.

In 2014, the Bank also struck a partnership with the Italian Environmental Fund (FAI) and then put its commitment into practice by sponsoring the Days of Spring event.

The event, which involved over 600,000 visitors, was held in over 700 Italian municipalities, with the aim of opening and raising awareness of artistic and environmental sites otherwise inaccessible or closed to the public.

The commitment to culture continued, involving stronger bonds with the art world, through the exhibition *The Power of Colour*, held at the office located on Piazza Sant'Alessandro in Milan. The exhibition presented the general public with a selection of works by the Milanese artist Mario Arlati, in an artistic dialogue with masterpieces of great past masters such as Guido Reni, Alessandro Magnasco, Carlo Cignani, Gianbattista Crosato, Antoon van Dyck and others in an innovative process of reflecting on colour.



Exhibition "Potenza del Colore" held at Banca Generali Private Banking headquarter, Piazza S. Alessandro 4 in Milan



3.7

ENVIRONMENT

1. Environmental policy

As stated in the Group's Policy for the Environment and Climate, safeguarding the environment as a primary good is one of the values pursued by the Generali Group, which is committed to directing its decisions in such a way as to ensure compatibility between economic initiatives and environmental concerns.

The Banca Generali Group, which is part of the Generali Group, is well aware that the conduct of its business in very diverse social, environmental and cultural settings entails a commitment to pursue a common goal of sustainable economic development with regard to the direct repercussions of its operations, as well as its areas of influence.

The Banca Generali Group is committed to a project aimed at introducing an Environmental Management System (EMS) in order to manage the most significant environmental issues and implement the Group's Policy for the Environment and Climate, in compliance with the requirements of the ISO 14001 standard and the guidelines indicated by the Generali Group.

As part of the project to implement the System, the Group's Environmental and Climate policy defines the objectives and undertakings that guide the Group's choices and actions in order to make a positive contribution to sustainable development. The objectives that have been identified refer not only to the direct environmental impacts attributable to the Group's insurance

and financial operations, but also indirect impacts connected with the procurement, planning and distribution of insurance and financial products, as well as corporate investment activities. In order to identify the significant impacts of the Company's activity on the environment, an environmental analysis was conducted for the main offices at Via Ugo Bassi 6 in Milan and Corso Cavour 5/a in Trieste.

The facilities in question host 630 employees, accounting for 77% of the Banca Generali Group's workforce.

With the aim of implementing and upholding the goals stated in the Group's Environmental and Climate policy, the Banca Generali Group has also conformed to the Group's environmental improvement goals and targets. The Banca Generali Group's initial values, to which the targets that have been set refer, are those surveyed at 31 December 2013. The following table presents a summary of the Group's objectives and targets in the area of direct environmental impact.

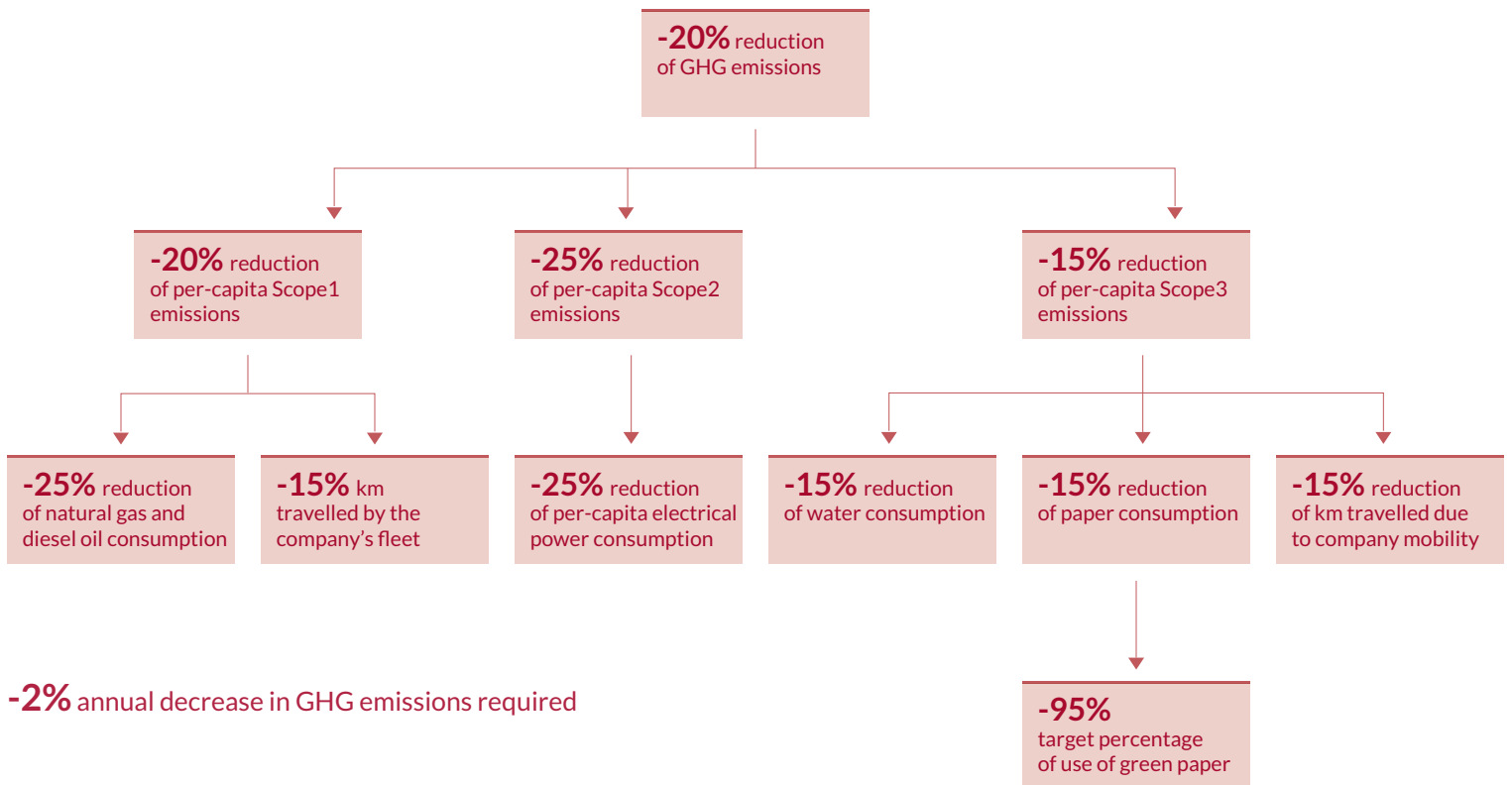
Group's environmental improvement goals and targets for 2013-2020

For further information on the Environmental Management System (EMS), the reader may refer to: www.generali.com/Generali-Group/Sustainability/environment/Environmental-Management-System/.

The System is supported by an organisational structure consisting of the EMS Review Committee and the EMS Committee. The EMS Review Committee is the implementing body that each year conducts the review of the System, on the basis of which it may propose changes to the Group's Environmental and Climate policy, the Group's goals and targets and other elements of the EMS consistent with the commitment to constant improvement. By contrast, the EMS Committee is the operating entity charged with responsibility for achieving the Group's environmental goals. It consists of the representative of the Group's EMS and the representatives of the EMS for the individual countries in-

involved in the project aimed at implementing an environmental management system within the Group.

The proper implementation of the EMS and the specific achievement of the goals are ensured by periodic internal auditing, constant monitoring and a disclosure system that calls for half-yearly reports and an annual report known as the Generali Group Inventory of Greenhouse Gas (GHG) Emissions, in which the Group's GHG emissions are clearly, thoroughly and transparently quantified, analysed and reported. The Group obtained certification of compliance with standard ISO 14064 of the Inventory of GHG emissions associated with direct emissions (Scope 1) and indirect emissions due to energy consumption (Scope 2) relating to the years 2013, 2012 and 2011 from the certification provider RINA Services S.p.A.



2. Environmental protection

Direct environmental impacts

Energy

In 2014, the offices of the Banca Generali Group included in the EMS consumed a total of 13.36 terajoules (TJ) of energy, with a 0.03% increase compared to the previous year, whereas per-capita consumption declined by 4.58%.

For the three-year period 2012-2014 energy consumption increased by 0.61 terajoule (TJ) (+4.75%), whilst the per-capita percentage dropped sharply by 9.38%.

Energy Consumption in terajoules – Per-capita consumption

(TJ)	2014	2013	2012	CHANGE % 2014/2012
Consumption	13.36	13.35	12.75	4.75%
Per-capita consumption	0.021	0.022	0.023	-9.38%

Direct consumption of natural gas, used to heat working environments, accounted for 50% of consumption, while the remaining 50% consisted of electrical power consumption. Consumption in per-capita terms, calculated as the ratio of total consumption to the total number of employees working at the offices monitored by the system, amounted to 0.021 terajoules.

The Banca Generali Group currently does not produce any of its own energy, which it thus purchases from suppliers or directly from producers.

Electrical power is used primarily for lighting, machinery functioning and air-conditioning.

Electrical power consumption

(KWH)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total consumption of electric power	1,859,543	1,808,345	2.83%	1,559,962	19.20%
Per-capita consumption of electric power	2,952	3,009	-1.90%	2,862	3.12%
Total consumption of electric power generated from renewable sources	1,859,543	1,808,345	2.83%	1,559,962	19.20%
Total consumption of electric power generated from non-renewable sources	-	-	-	-	-100%

In 2014, the electrical power consumed at the offices included in the EMS increased by 2.83% compared to the previous year, primarily due to the expansion of office spaces by approximately 1,000 square metres, leased in the fourth quarter of the year in the building at Via Bassi 6 in Milan.

On the other hand, per capita electrical power consumption decreased compared to the previous year, falling from 3,009 kWh to 2,952 kWh (-1.90%).

It should be noted that the electrical power consumed is entirely produced from renewable sources.

Natural gas consumption

(M³)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Natural gas consumption (methane)	170,828	175,456	-2.64%	182,951	-6.63%
Per-capita natural gas consumption	271.16	291.94	-7.12%	335.7	-19.22%

Turning to thermal power consumption, in 2014 a total of 170,828 cubic metres of natural gas was consumed at the offices monitored by the Environmental Management System. Compared to the previous year, there was a decline in natural gas consumption of 2.64%. **Compared to 2012 figures the decrease was 6.63%, for a total of 12,123 cubic metres less.** Per-capita

consumption showed a strong 19.22% decrease in the three-year period.

It also bears remarking that the offices in question are not heated using any other fuels, such as diesel oil, which is the most polluting, and that the Trieste office also uses the natural gas source for the required summer cooling ("chilled beam system").

Company building and facility management

The Banca Generali Group does not own any real estate. The offices monitored by the Environmental Management System are owned by the Generali Group and are governed by a Facility Management Agreement provided by Generali Business Solution S.p.A. of the Generali Group.

Main measures taken to improve energy efficiency include:

- presence of devices that automatically turn on/off lighting systems;
- replacement of traditional bulbs with high-efficiency models;
- presence of devices that automatically turn on/off or control air-conditioning systems;
- communications campaigns targeted to employees with the aim of taking all virtuous measures that may reduce energy consumption;
- introduction of multi-function printers and photocopiers with an active automatic energy-saving feature when idle.

Paper Consumption

(QUINTALS)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total paper consumption (white paper + print paper)	401	402	-0.21%	432	-7.15%
White paper	379	368	2.90%	347	9.04%
Green white ECF/TCF paper and FSC/PEFC certified paper	374	367	1.94%	347	7.91%
Print paper	22	34	-34.25%	84	-73.60%

In 2014, a total of 401 quintals of paper were consumed, down -0.21% compared to 2013. Total consumption included about 379 quintals of white paper (94%) and 22 quintals of printed paper (6%), i.e., paper acquired from suppliers for printing contractual documents, advertising materials, financial statements, etc. All white paper used by the Banca Generali Group is entirely environmentally friendly and certified by the FSC – Forest Stewardship Council, i.e., from sustainably managed forests.

Keeping total paper consumption stable at the levels of the previous year is nonetheless a considerable achievement given that the offices included in the EMS recorded an increase of 29 em-

ployees compared to those present in the same period of 2013. This result was achieved thanks to the consolidation of the use of a new printing system (Managed Print Services), the main characteristics of which include default printing in front/back mode, thereby increasing the efficiency of white paper consumption.

In 2014, the consumption of print paper continued to decrease markedly, owing chiefly to the extension of the use of information technology media for the sales activity of our sales units, which limit printing to the strictly necessary contractual aspects only.

Main measures taken to improve paper management are as follows:

- at the end of 2012, the Banca Generali Group introduced Managed Print Services, with the aim of reducing paper – printing is configured in front/back mode – and energy consumption. In practice, the company moved from a “distributive” system for printers, fax machines, copiers and scanners, to a “multifunctional areas” system”;
- exclusive use of low basis weight green paper;
- where possible, electronic storage;
- limitation of pre-printed forms for printing contractual documentation to actual needs only;
- use of alternative non-paper systems for communications between companies, branches, offices and agencies. The Bank’s sales network obtains commercial and customer information by accessing the dedicated online portal;
- a container that may be reused more than 30 times is employed when dispatching printed communications between the Bank’s offices;
- the launch of the Secure Biometric Signature feature, which allows customers to sign contracts and authorise transactions directly using their advisors’ tablets, and the expansion of the Doc@line service, involving an extension of its scope to all types of asset management schemes: two solutions that present clear advantages in terms of the environmental impact deriving from reduced paper use.

Toner cartridges consumption

(QUINTALS)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total toner cartridges	2.91	3.43	-15.29%	3.44	-15.49%
of which “compatible/green” cartridges	0.62	0.95	-34.46%	0.87	-28.36%

In 2014, the companies included in the Environmental Management System purchased 2.91 quintals of toner and cartridges, of which 21.44% “compatible/green”.

There was a strong decrease (-15.3%) compared to the previous year.

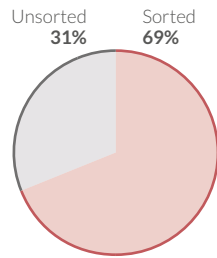
Water consumption

(M ³)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total water consumption	11,998	9,063	32.38%	9,314	28.82%
Per-capita water consumption	19	15	26.29%	17	11.44%
of which, from municipal/state mains	11,998	9,063	32.38%	9,314	28.82%

In 2014, total water consumption was 11,998 cubic metres, up by 2,935 cubic meters (+32.38%) compared to the previous year. The increase was attributable to a different consumption measurement provided by the Generali Business Solution’s Facility Management Department which – with regard to its share of consumption, and limited to the Milan offices at Via Ugo Bassi 6 – charged to Banca Generali also the water consumption used for the irrigation of the building’s shared garden. The per-capita consumption increase was instead less marked

(+26.29%) owing to the greater number of resources who occupy the buildings within the EMS.

Water is used primarily for the purposes of hygiene and sanitation and to supply and cool air-conditioning systems. All the water that is consumed comes from municipal or state mains. The Banking Group generates waste water that flows into city sewers. The Banca Generali Group does not recycle or reuse water.



Waste

(QUINTALS)	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Paper and cardboard	160	134	18.97%	215	-25.47%
Plastics and aluminium	15	66	-77.35%	21	-28.56%
IT waste (computers, etc.)	-	2	n.p.	-	n.p.
Toner cartridges bound for final disposal	5	4	51.48%	10	-45.94%
Toner cartridges bound for recycling	1	2	-46.95%	8	-89.44%
Other (glass)	-	1	-68.75%	1	n.r.
Total sorted waste	182	209	-12.94%	255	-28.77%
Total unsorted waste	82	74	10%	175	-53.34%

In 2014, the Banca Generali Group produced a total of 264 quintals of waste, of which 182 quintals (69%) was sorted and 82 quintals was incinerated or disposed of in dumps. Differentiated waste disposal refers to paper and cardboard, plastic and aluminium, electronics and toner.

Most sorted waste comprises paper and cardboard (88% of sorted waste).

Spent toner cartridges and hazardous waste (neon tubes, batteries, etc.) are collected and disposed of separately as appropriate, in accordance with applicable legislation, by specialised firms, while keeping the compulsory registers and documentation.

Figures for hazardous waste are not published inasmuch as such waste is handled directly by the supplier.

Greenhouse-gas emissions

For a banking and financial company, greenhouse gases released into the atmosphere as part of operations are chiefly attribut-

able to the consumption of electrical power and the energy used by heating/air-conditioning systems and mobility.

	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total kilometres travelled by employees (executives, employees, sales staff, etc.) on business trips by car, motorbike, etc.	671,465	664,503	1.05%	693,846	-3.23%
Total kilometres travelled by corporate vehicles (owned vehicles, long-term lease, operating lease, etc)	397,523	407,884	-2.54%	453,209	-12.29%

Owing to the various mobility management initiatives, the past three years saw a reduction in the number of kilometres travelled by employees on business trips by car of 3.23%, which in absolute terms entails a reduction of the number of kilometres travelled of over 22,000.

Turning to other mobility items, there was an increase compared to the previous year in the kilometres travelled by air (+14%), although still lower than the 2012 figure (-3%).

With regard to kilometres travelled by train, there was a strong decrease (-31%) compared to the previous year. Compared to 2012 figure, the decline was even more marked (-40%).

	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total kilometres travelled by air by employees on business trips	1,239,766	1,095,026	13%	1,276,850	-3%
of which ≤ 499 km	642,708	643,723	-	632,965	2%
of which 500-3,499 km	520,190	451,302	15%	517,556	1%
of which ≥ 3,500 km	76,869	-	n.p.	126,330	-39%
	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Total kilometres travelled by train by employees on business trips	662,180	958,568	-31%	1,106,987	-40%

The main measures taken to improve mobility are illustrated below:

- adoption of the Generali Group's travel policies, which privilege the use of public transport and promote the cleanest forms of transportation;
- adoption of the Generali Group's car policy, which calls for maximum carbon dioxide (CO₂) limits for company vehicles;
- introduction of car-pooling, which allows company or personal vehicles to be shared with other colleagues at the Group who for work-related reasons need to make the same trip on the same day;
- reduction of public transport costs for employees: reduction of the cost of annual passes for public transport systems (bus, tram, underground and railway) belonging to the Mil-

anese network;

- promotion of bicycle use: bicycle parking is available at the main offices.

Videoconferencing systems continued to be developed in 2014 with the aim of decreasing travel and also establishing visual links between the Banca Generali Group's various offices.

It should also be noted that webcams have been installed directly on the monitors of the personal computers of various employees, usually those who have the greatest need to interact with the other operating office (Milan with Trieste and vice versa). These webcams permit the use of one-to-one video calls, which in some cases are transformed into video conferences with a limited number of participants (average of four to five individuals).

Calculating emissions

In the area of greenhouse-gas (GHG) emissions caused by direct and indirect consumption of energy deriving from fossil fuels, estimates have been prepared for emissions deriving from the consumption of fuel for heating (natural gas), the electrical power purchased and company mobility, where company mobility is understood as the kilometres travelled by employees on business trips by car, train and airplane.

In 2014, total greenhouse gas emissions, consisting of carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄), amounted to 1,362.7 tonnes of carbon dioxide equivalents (CO₂e), obtained by converting the quantities of N₂O and CH₄ emitted at appropriate rates. Electrical power consumption accounted for 52.9% of such emissions, while 29.2% was due to thermal power and 17.9% to company mobility.

Compared to the previous year, emissions of carbon-dioxide equivalents (CO₂e) recorded an overall increase of 19.9 tonnes

(+1.48%). This increase was essentially due to the rise in electrical power consumption at the Milan headquarters, as a result of the greater square metres dedicated to office use and mobility. Heating fuel (natural gas) emissions, which are part of overall GHG emissions, declined by 2.6% compared to the previous year.

The following is an account of GHG emissions, grouped into three different categories (Scopes) according to the Greenhouse Gas Protocol approach.

Scope 1 – Direct emissions produced by heating systems and the fleet of company cars have been estimated at 398.4 tonnes of CO₂e. In particular, those resulting from natural gas consumption were estimated at 322.8 tonnes of CO₂e, while emissions directly produced by the company's fleet were estimated at 75.6 tonnes of CO₂e.

Scope 2 – Indirect emissions caused by power consumption associated with the use of electrical power generated using fossil fuels have been estimated to a total of 720.4 tonnes of CO₂e and derive essentially from the purchase of 1,859.54 GWh of electrical power.

Scope 3 – Indirect emissions other than power consumption associated with employees' business trips have been estimated to a total of 243.9 tonnes of CO₂e, of which 51.7 tonnes of CO₂e was associated with travel by car, 173.2 tonnes of CO₂e with travel by airplane and 19.1 tonnes of CO₂e with travel by train.

	2014	2013	CHANGES% 2014/2013	2012	CHANGE % 2014/2012
Scope 1 (tCO ₂ e)	398.4	409.1	-2.62%	431.9	-7.76%
Scope 2 (tCO ₂ e)	720.4	700.6	2.83%	604.3	19.21%
Scope 3 (tCO ₂ e)	243.9	233.1	4.63%	255.7	-4.61%
Total (tCO₂e)	1,362.7	1,342.8	1.48%	1,291.9	5.48%

Emissions have been estimated by adopting the guidelines of the Greenhouse Gas Protocol, prepared by the World Business Council on Sustainable Development (WBCSD) and World Resources Institute (WRI), as well as the emissions factors indicat-

ed in the calculation tools that accompany them. The Distance-based Methodology has been adopted for emissions associated with company mobility.

Initiatives aimed at reducing greenhouse-gas emissions

In addition to the measures described in the paragraph on energy, aimed at limiting the consumption of energy and thus emissions deriving from heating, cooling and lighting, and those in the paragraph on mobility, aimed at reducing greenhouse-gas emissions due to company mobility, the offices included in the Environmental Management System have implemented a procedure that monitors systems and their proper functioning (for which the Generali Group's Facility Management Service is responsible). In accordance with applicable legislation, this procedure involves periodic inspections by external firms and Group technicians, as well as all other measures required to ensure that systems are efficient and prevent the release of harmful emissions into the atmosphere.

Finally, it should be noted that since 2010 the Generali Group

has been participating in the **Climate Change Programme of the Carbon Disclosure Project (CDP)**, a British organisation representing 767 investors around the world with 92,000 billion dollars in assets under management. The Programme is aimed at divulging and assessing the measures taken by organisations to improve efficiency, reduce costs and maximise the business opportunities arising from the energy management, CO₂ emissions and climate change. In 2013, the Generali Group was included in the CDP Global 500 Climate Performance Leadership Index, created by the CDP for companies that stand out in reporting and making improvements in reducing their emissions.

In 2014, Banca Generali Group's figures were once again included in those of the Generali Group in order to be input into the CDP database.

Fines and penalties

Based on documentation available for 2014, the companies of the Banca Generali Group were not given any non-monetary fines or penalties for failing to respect environmental regulations and laws.

Biodiversity

Banca Generali Group companies do not operate in protected areas or areas with a high level of biodiversity.

Training and sensitisation measures

Under the conviction that education is of fundamental importance in spreading an environmentally compatible behaviour, the Banca Generali Group participates in the initiatives implemented by the Generali Group in this area.

The initiative "Anche al lavoro pensa all'ambiente" [Think of the environment at work too] was continued in 2014 as well. It regarded the following subjects:

- business trip management and travel policy;
- sorting of waste;
- switching-off of lights in conjunction with the entry into effect of the solar year;
- management of personal climate control;
- switching-off of electronic devices around the holiday period.

Indirect environmental impacts

The Banca Generali Group's activity also has indirect impacts on the environment, in particular through the process of purchasing, planning and providing banking and investment products and services.

In this regard, the Bank has not provided loans to companies that

engage in activities involving significant environmental risk (e.g., climate change).

Please refer to the chapter Suppliers for information regarding environmental issues relating to purchasing.

INDIRECT ENVIRONMENTAL ISSUES	OBJECTIVE	TARGET	INDICATOR
Product ecology	Promotion of the sustainability of purchasing and investment decisions on the part of customers	Expansion and optimisation of the range of "green" insurance products and services	<p>a) the offering of "socially responsible" products (namely investment funds and SICAVs that invest only in companies and enterprises that meet certain ethical, social and governance requirements). In 2014, there were 37 sub-funds of third-party SICAVs that invest in companies that excel in corporate governance, respect for the environment or invest in the green economy;</p> <p>b) the launch of the Secure Biometric Signature feature, which allows customers to sign contracts and authorise transactions directly using their financial advisors' tablets, and the expansion of the Doc@line service, involving an extension of its scope to all types of asset management schemes, both solutions presenting clear advantages in terms of the environmental impact deriving from a reduced paper use.</p>
Investment ecology	Promotion of environmentally sustainable behaviour by issuers	Exclusion of non-environmentally sustainable investments according to the Group's ethical guidelines	No non-environmentally sustainable investments were undertaken
Community environmental awareness	Heightened environmental awareness within the community	Launch of at least 1 initiative per year in each Country in order to raise awareness among communities on environmental issues	13,280,000 euros in financing disbursed in 2014 to companies involved in the field of renewable sources



Villa del Balbianello, Tremezzina (LC)
© Giorgio Majno, photographer

4

ANNEXES

GRI Guideline Table

G3 Guidelines versione 3.1

Profile

	PAGE
Strategy and Analysis	
1.01 Statement of most senior managers about the relevance of sustainability for the organisation and its strategy.	5
1.02 Description of the key impacts, risks and opportunities	5
Organisational Profile	
2.01 Name of the organisation.	137
2.02 Primary brands, products and/or services.	18
2.03 Operational structure of the organisation.	23
2.04 Location of the organisation's headquarters.	137
2.05 Number of countries where the organisation operates.	23
2.06 Nature of ownership and legal form.	103
2.07 Markets served.	23,24,25
2.08 Scale of the reporting organisation.	40
2.09 Significant changes during the reporting period regarding size, structure or ownership.	14,15,16 17,103
2.10 Recognitions/awards received during the reporting period.	-

Report parameters

	PAGE
Report profile	
3.01 Reporting period for information provided.	7
3.02 Most recent previous sustainability report.	7
3.03 Reporting cycle.	7
3.04 Contact point for questions regarding the report or its contents.	139
Report scope and boundary	
3.05 Process for defining report content.	7
3.06 Boundary of the report.	7
3.07 Statement of any specific limitations on the scope or boundary of the report.	7
3.08 Reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	7
3.09 Data measurement techniques and the bases of calculations.	7
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	7
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in this report.	7
GRI Content Index	
3.12 Table identifying the contents of the report.	130
Assurance	
3.13 Assurance	7

Governance, commitments, and engagement

		PAGE
Structure and Governance		
4.01	Governance structure of the organisation.	25
4.02	Chairman's executive functions.	27
4.03	Number of members of the highest governance body that are independent and/or non-executive members.	26
4.04	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governing body.	27,28
4.05	Linkage between compensation of the members of the highest governance body and managers, and the organisation's performance.	28
4.06	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	35
4.07	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social issues.	26
4.08	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance, and the status of their implementation.	12,35
4.09	Procedures of the highest governing body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and compliance with internationally agreed standards, codes of conduct and principles.	27,28
4.10	Processes for evaluating the performance of the highest governance body, particularly with respect to economic, environmental and social performance.	27
Commitments to External Initiatives		
4.11	Explanation of a whether and how the precautionary approach or principle is addressed.	5
4.12	Externally developed economic, environmental and social charters, principles and other initiatives to which the organisation subscribes or endorses.	5
4.13	Memberships in national and/or international industry associations.	59
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organisation.	51
4.15	Basis for identification and selection of main stakeholders with whom to engage.	51
4.16	Approaches to stakeholder engagement, including frequency of engagement by activity type and by stakeholder group.	51,59, 77,78
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting.	51,59, 77,78

Economic performance indicators

		PAGE
ASPECT: Economic Performance		
EC1. Core	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	43,44,45
EC2. Core	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	-
EC3. Core	Coverage of the organisation's defined benefit plan obligations.	90,91
EC4. Core	Significant financial assistance received from government.	43,44,45
ASPECT: Market Presence		
EC5. Additional	Range of ratios of standard entry level wage compared to the local minimum wage at significant locations of operation.	90
EC6. Core	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	110

		PAGE
EC7. Core	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	92
ASPECT: Indirect Economic Impacts		
EC8. Core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	114
EC9. Additional	Understanding and describing significant indirect economic impacts, including the extent of impacts.	

Environmental performance indicators

		PAGE
ASPECT: Materials		
EN1. Core	Materials used by weight or volume.	121
EN2. Core	Percentage of materials used that are recycled input materials.	121
ASPECT: Energy		
EN3. Core	Direct energy consumption by primary energy source.	120
EN4. Core	Indirect energy consumption by primary energy source.	120
EN5. Additional	Energy saved due to conservation and efficiency improvements.	120
EN6. Additional	Initiatives to provide energy-efficient or renewable energy-based products and services and reductions in energy requirements as a result of these initiatives.	-
EN7. Additional	Initiatives to reduce indirect energy consumption and reductions achieved.	120
ASPECT: Water		
EN8. Core	Total water withdrawal by source.	122
EN9. Additional	Water sources significantly affected by withdrawal of water.	122
EN10. Additional	Percentage and total volume of water recycled and reused.	122
ASPECT: Biodiversity		
EN11. Core	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	126
EN12. Core	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	126
EN13. Additional	Habitats protected or restored.	-
EN14. Additional	Strategies, current actions and future plans for managing impacts on biodiversity.	126
EN15. Additional	Number of species in the IUCN Red List and national conservation list species with habitats in areas affected by the organisation's operations, by level of extinction risk.	-
ASPECT: Emissions, Effluents and Waste		
EN16. Core	Total direct and indirect greenhouse gas emissions by weight.	123,124
EN17. Core	Other relevant indirect greenhouse gas emissions by weight.	123,124
EN18. Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved.	125
EN19. Core	Emissions of ozone-depleting substances by weight.	123,124
EN20. Core	NO _x , SO _x and other significant air emissions by type and weight.	125
EN21. Core	Total water discharge by quality and destination.	122
EN22. Core	Total weight of waste by type and disposal method.	123

		PAGE
EN23. Core	Total number and volume of significant spills.	-
EN24. Additional	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally.	123
EN25. Additional	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	-
ASPECT: Products and Services		
EN26. Core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	118
EN27. Core	Percentage of products sold and their packaging materials that are reclaimed by category.	-
ASPECT: Compliance		
EN28. Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	125
ASPECT: Transport		
EN29. Additional	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce.	124
ASPECT: Overall		
EN30. Additional	Total environmental protection expenditures and investments by type.	126

Social performance indicators

		PAGE
ASPECT: Employment		
LA1. Core	Total workforce by employment type, employment contract and region.	84,85
LA2. Core	Total number and rate of employee turnover by age group, gender and region.	87,88
LA3. Additional	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	90,91
ASPECT: Labour/Management Relations		
LA4. Core	Percentage of employees covered by collective bargaining agreements.	96
LA5. Core	Minimum notice period regarding significant operational changes, including whether it is specified in collective agreements.	96
ASPECT: Occupational Health and Safety		
LA6. Additional	Percentage of total workforce represented in formal joint management-worker health and safety committee that help monitor and advise on occupational health and safety programmes.	94
LA7. Core	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	95
LA8. Core	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	93
LA9. Additional	Health and safety topics covered in formal agreements with trade unions.	94
ASPECT: Training and Education		
LA10. Core	Average hours of training per year per employee by employee category.	74,75 98
LA11. Additional	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	74,75
LA12. Additional	Percentage of employees receiving regular performance and career development reviews.	91

		PAGE
ASPECT: Diversity and Equal Opportunity		
LA13. Core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	85
LA14. Core	Ratio of basic salary of women to men by employee category.	90

Society

		PAGE
ASPECT: Communities		
SO1. Core	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	-
ASPECT: Anti-corruption		
SO2. Core	Percentage and total number of business units analysed for risks related to corruption.	33,34
SO3. Core	Percentage of employees trained in the organisation's anti-corruption policies and procedures.	33,34
SO4. Core	Actions taken in response to incidents of corruption.	33,34
ASPECT: Public Policy/Institutions		
SO5. Core	Public policy positions and participation in public policy development and lobbying.	35
SO6. Additional	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	35
ASPECT: Anti-competitive Behaviour		
SO7. Additional	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	63
ASPECT: Compliance		
SO8. Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	63

Human rights

		PAGE
ASPECT: Investment and Procurement Practices		
HR1. Core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-
HR2. Core	Percentage of significant suppliers and contractors that have undergone human rights screening, and actions taken.	-
HR3. Additional	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	89
ASPECT: Non-discrimination		
HR4. Core	Total number of incidents of discrimination and actions taken.	35
ASPECT: Freedom of Association and Collective Bargaining		
HR5. Core	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	96,97
ASPECT: Child Labour		
HR6. Core	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	89,96

		PAGE
ASPECT: Forced and Compulsory Labour		
HR7. Core	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	96
ASPECT: Security Practices		
HR8. Additional	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	94
ASPECT: Indigenous Rights		
HR9. Additional	Total number of incidents of violations involving rights of indigenous people and actions taken.	-

Product responsibility

		PAGE
ASPECT: Customer Health and Safety		
PR1. Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	-
PR2. Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-
ASPECT: Product and Service Labelling		
PR3. Core	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	-
PR4. Additional	Total number of anomalies and incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	-
PR5. Additional	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	60
ASPECT: Marketing Communications		
PR6. Core	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	60
PR7. Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	60
ASPECT: Customer Privacy		
PR8. Additional	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	61,62
ASPECT: Compliance		
PR9. Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	63,64

Financial services sector supplement

Impact of products and services

	PAGE
ASPECT: Portfolio of products	
FS1	Policies with specific environmental and social components applied to business lines. 54
FS2	Procedures for assessing and screening environmental and social risks in business lines. -
FS3	Processes for monitoring customers' implementation of and compliance with environmental and social requirements included in agreements or transactions. -
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines. -
FS5	Interactions with customers/investees/business partners regarding environmental and social risks and opportunities. -
FS6	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector. -
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. -
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose. -
ASPETTO: Audit	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. -
ASPECT: Active Ownership	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues. -
FS11	Percentage of assets subject to positive and negative environmental or social screening. -
FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting. -

Social area

ASPECT: Community	
FS13	Access points in low-populated or economically disadvantaged areas by type. -
FS14	Initiatives to improve access to financial services for disadvantaged people. -
ASPECT: Product and Service Labelling	
FS15	Policies for the fair design and sale of financial products and services. 58
FS16	Initiatives to enhance financial literacy by type of beneficiary. 59



REGISTERED OFFICE
Via Machiavelli, 4
I - 34132 Trieste

MILAN HEADOFFICE
Via Ugo Bassi, 6
I - 20159 Milan
+39 02 6076 5411

TRIESTE HEADOFFICE
Corso Cavour, 5/a
I - 34132 Trieste
+39 040 7777 111

CALL CENTER
Toll free number
800 155 155