



**SUSTAINABILITY REPORT 2017**

NON-FINANCIAL STATEMENT (PURSUANT TO LEGISLATIVE DECREE 254/2016)



## RESILIENZA: BANCA GENERALI FOR CHRISTIAN BALZANO

"Resilienza" is the title of the new exhibition dedicated to Livornese artist Christian Balzano at Banca Generali premises in Milan, Piazza Sant'Alessandro, running from December 2017 until spring 2018. The exhibition follows in the footsteps of the Bank's previous cultural efforts intended to promote novel and original cultural initiatives and related thought-provoking insights. The conceptual strength of his pieces, drawing on the figure of the bull as a metaphor for existence, convey a sense of power and élan that is immediately

apparent to the viewer. The bull metaphor, referring to the animal's ancestral strength and meanings in various cultures, expresses hope and desire, a desire that becomes a call to take control of our destiny and an invitation to turn challenges into opportunities, looking at change enthusiastically. It is an ode to optimism for Italy, with its resources and potential, during a time of recovery and progress, offered by the city of Milan.

Front cover



p. 2



p. 4-5



p. 10



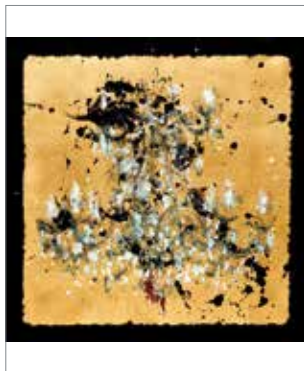
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p. 30



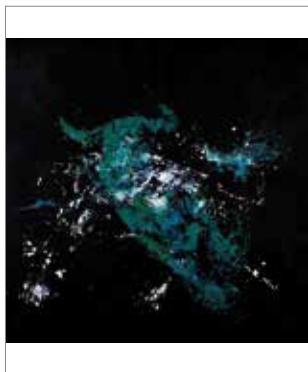
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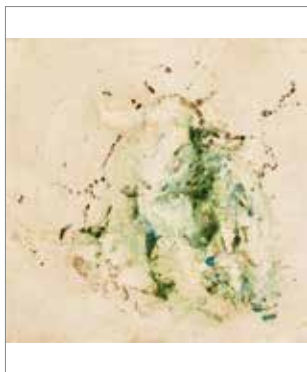
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Front cover image:  
**CHRISTIAN BALZANO**, *Io siamo Dubbio*  
Mixed technique on canvas, 185x152 cm

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**CHRISTIAN BALZANO**, *Io siamo Negligenza* | Mixed technique on canvas, 75 x 75 cm

## Letter to stakeholders



“

**Our growth is centred on economic, environmental and social sustainability, to protect and safeguard the wealth of households and of all of our stakeholders over time**

*2017 was yet another year of excellent results, achieved thanks to our commitment to customer service quality, and respect for all of our stakeholders. This success has been enabled by a responsible and careful operational strategy, without sacrificing our focus on innovation in the search for distinctive solutions which reflects the path chosen by Banca Generali to assure an increasingly prominent role for itself in the Italian asset management industry.*

*In a year in which there was renewed competition in investment management from traditional banks, our Company further picked up the pace of progress by offering new solutions for managing our customers' wealth and defining life projects for their households. The pursuit of a comprehensive approach to wealth management advisory met with strong approval from customers, enabling the Bank to further strengthen its position and responsibilities within the Italian socio-economic scenario.*

*Accordingly, the Company's Global Added Value (GAV) increased by 21.9% to €748.8 million. The sharp rise in the total value created for the community was made possible by even stronger P&L and balance sheet figures. Recurring revenues — which bear witness to the solidity and sustainability of the Bank's business model — showed a 19% increase in management fees and a 29% increase in other key indicators. Net profit rose by 31% to €204.1 million and total assets reached €55.7 billion. The balance sheet registered a further 14% increase in net equity, and capital ratios also improved, rising far above the levels mandated by the Bank of Italy, as further proof of the Bank's outstanding solidity.*

*The growth in 2017 was accompanied by a human resource policy centred on the value of resources and focusing on employee training and development in particular for young employees, who benefit from the ambitious internal and external development programme implemented by Banca Generali. Initiatives aimed at honing skills and providing new opportunities for dialogue were promoted among staff, with positive results in terms of feedback and participation.*

*Even more intense dialogue with the local community and society continued, raising awareness of financial education and the values of integrity in sport among children, alongside the commitment to preserve and protect Italy's artistic heritage and to promote novel and original cultural activities.*

*Banca Generali's close relationship to the community is built not only on the valuable contributions of its Financial Advisors and their interactions with local stakeholders. All is accompanied by the day-to-day strategic choices driven by input from the Generali Group's Codes of Environmental Policies, Ethics and Conduct in its Charter of Sustainability Commitments. Participation in the Generali Foundation's The Human Safety Net project, which aims to support research and help disadvantaged members of society, confirms the Bank's shared values and common social commitment. The Sustainability Report is also based on the Parent Company's paradigm, in the form of the ten principles of the Global Compact for the respect of human rights, protection of the environment, the importance of labour and the fight against corruption promoted by the UN. We are resolutely convinced that the Bank's responsibility must extend beyond a commitment to protecting wealth to encompass the sustainable development of the entire community in which it operates. We are thus committed to promoting ethics and shared values as part of a strategy based on trust that takes account of the needs of all of our stakeholders.*

Giancarlo Fancel  
Chairman



## 2017 HIGHLIGHTS

**AUM**  
at 31.12.2017

**55.7**  
€ BILLION

**NET  
INFLOWS**

**6,866**  
€ MILLION

**DIVIDEND  
PER SHARE**

**1.25**  
€

“  
**Looking after our  
customers’ needs  
before they feel  
the needs**

**OWN FUNDS**

**518.6**  
€ MILLION

**TOTAL CAPITAL  
RATIO**

**20.2%**

**TIER 1**

**18.5%**

**CHRISTIAN BALZANO**, *Io siamo Indulgenza*  
Mixed technique on canvas, 75 x 75 cm



**GLOBAL ADDED  
VALUE**

**748.8**

€ MILLION



**INDEFINITE TERM  
EMPLOYEES**

**93.8%**



**NET PROFIT**

**204.1**

€ MILLION



**EMPLOYEES**

**873**

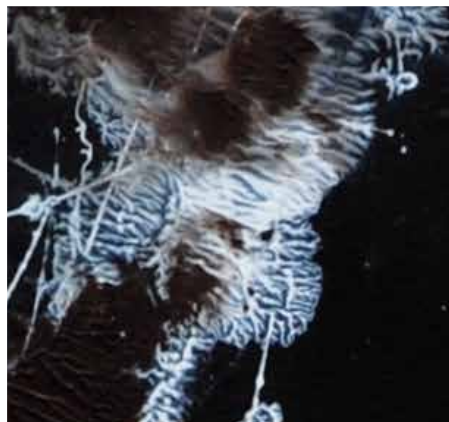
(49.5% WOMEN)



**GHG EMISSIONS**

**-16%**

(2013-2017)



“  
Our key words:  
**dynamism,**  
**innovation,**  
**reliability,**  
**soundness** and  
**competence**”

## STATEMENT OF METHODS

On the strength of more than seven years of non-financial reporting, which has garnered a public award for best practices in transparency in corporate communications (2017 Oscar for Financial Reporting), Banca Generali is publishing its ninth edition, which voluntarily complies with the requirements of Legislative Decree No. 254/2016, as a further step towards increasingly complete, integrated and thorough communication with all stakeholders and the financial community.

The Italian government enacted Legislative Decree No. 234/2016 to transpose European Directive No. 2014/95 on disclosure of non-financial and diversity information by certain large undertakings and groups (so called “consolidated non-financial statement”), with particular regard to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

Although by law Banca Generali qualifies for an exemption as a member of a group that prepares a consolidated non-financial statement (Assicurazioni Generali Group), by agreement with the Parent Company it was deemed appropriate for Banca Generali to draw up its own non-financial statement, in compliance with the content and obligations set out in Legislative Decree No. 234/2016, as summarised below:

1. using a national or international reporting standard: Banca Generali uses the GRI international standards to prepare its Sustainability Report; the level of application of the GRI Standards corresponds to the “core” mode (see page 78 - GRI Guideline Table);
2. covering the matters indicated above and being subject to a compliance certification by an authorised external auditor; Banca Generali decided to produce a Sustainability Report, approved by the Board of Directors on 1 March 2018, to which it makes explicit reference in the section “Consolidated non-financial statement” of the Report on Operations.

The Banca Generali’s Sustainability Report for the year ended 31 December 2017 has been therefore drawn up in compliance with the provisions set forth in Italian Legislative Decree No. 254 and is not included in the Report on Operations. It is however an integral part of the documentation concerning the 2017 Financial Statements.

The Sustainability Report is available on the corporate website, section “Sustainability” (<http://www.bancagenerali.com/site/en/home/sustainability.html>).

### Report Scope, Reporting and Measurement Process

This document is published annually. The figures refer to 2017 and, where possible, are compared with 2016. The reporting scope includes all the companies of the Bank (the parent company Banca Generali, the subsidiaries BG Fund Management Luxembourg S.A., BG Fiduciaria SIM, Generfid), with the exception of environmental data.

All of the corporate structures contribute to defining the contents of the Sustainability Report and activities aimed at dialoguing with stakeholders. Data have been gathered at the offices of the Administrative Department, which also oversee 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.

- Some icons indicate the relationship between the Bank’s commitments, and its activities, and some of the United Nations **17 Sustainable Development Goals**.





# MATERIALITY MATRIX

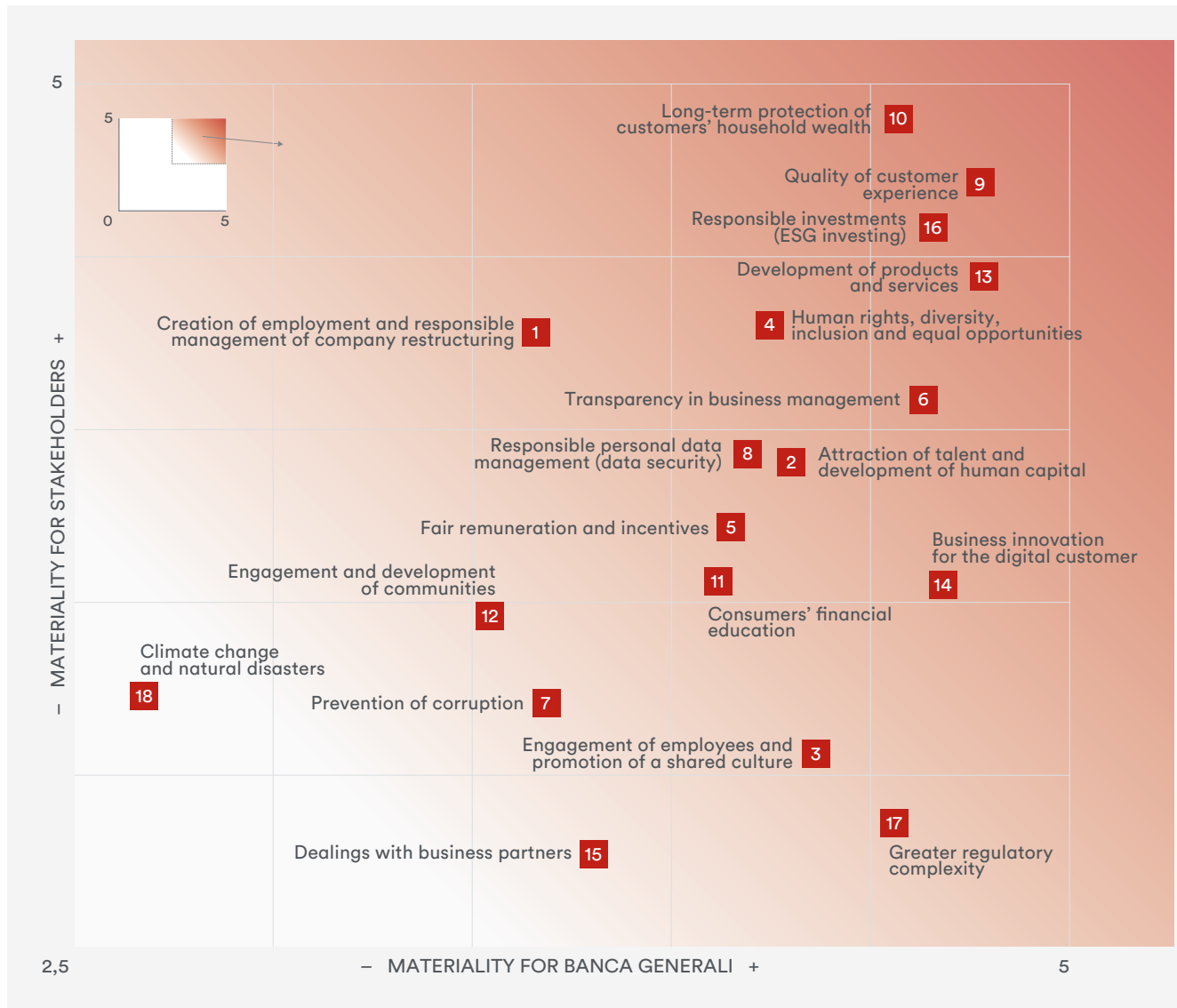
## The responsibility to think long-term

It forms part of the DNA of the Bank's wealth protection service based on a long-term view. Therefore, we promote sustainable development that listens to all the different stakeholders, seeking to understand their real needs and matching them to the company's business objectives. Excellence in the wealth advisory market cannot ignore the focus on value creation for all those participating in and interacting with that market: shareholders, financial advisors, employees, customers, suppliers — with whom the Bank has daily contact.



The Bank aims at **contributing to quality economic and social development based on respect for fundamental human and labour rights and protection of the environment**

The materiality matrix, in line with the Generali Group's guidance, identifies a number of material aspects that are pursued with concrete actions, for sustainable growth that does not lose sight of the social function that every responsible enterprise must have.



The following table provides the relationship between materials issues and GRI aspects, highlighting their internal/external impact. It also shows the related policies adopted by Banca Generali. The organisational model for the management of these aspects, the results obtained and the related non-financial performance indicators can be found in the sections reported in the last column.

AREA	MATERIAL ISSUES AND RELATED MAJOR RISKS
Social and personnel-related themes	<p><b>1. Creation of employment and responsible management of company restructuring</b> The topic of employment, together with economic instability, has a major impact on the manner in which company reorganisations are managed.</p> <p><b>2. Attraction of talent and development of human capital</b> In an increasingly competitive and selective market, it is crucial to rely on expert and motivated resources who are able to meet the challenges of the sector. It is also important to manage the risk of a lack of interaction and the proper organisational balance.</p> <p><b>3. Engagement of employees and promotion of a shared culture</b> Boosting employee motivation and commitment to achieve objectives is important in order to maintain a common and shared corporate vision.</p> <p><b>4. Human rights, diversity, inclusion and equal opportunities</b> The highest international standards require the utmost respect for human rights, and in particular for diversity, in its various meanings, non-discrimination and equal opportunities. The risks related to these issues are assessed in all corporate activities.</p> <p><b>5. Fair remuneration and incentives</b> A remuneration system that is based on internal equity, competitiveness, cohesion and meritocracy, by directly linking commitment and recognition of merit, and allows long-term value creation at all levels of the organisation.</p>
Responsible management topics	<p><b>6. Transparency in business management</b> In a context where it is increasingly easy to access information and the rate of dissemination is ever faster, transparency in conducting business is an essential condition for building long-term relationships of trust.</p> <p><b>7. Prevention of corruption</b> In a trust-based sector such as banking, the promotion of business ethics and the prevention of corruption play a fundamental role in protecting a company's reputation and credibility, business efficiency and fair competition.</p> <p><b>8. Responsible personal data management (data security)</b> The quantity and quality of personal data available today require diligent and professional management to ensure data confidentiality.</p> <p><b>17. Greater regulatory complexity</b> At Italian and European level, increasingly stringent regulatory obligations, affecting various areas of interest, are being introduced.</p> <p><b>15. Dealings with business partners</b> In a context where customers use multiple channels to proactively gather information and often prefer a direct interaction with their Financial Advisors, relationships with business partners are key to service delivery.</p> <p><b>12. Engagement and development of communities</b> The development of communities in which we operate is related to the business but also to the activities and exchanges that take place with enterprises, associations and other organisations located in the area.</p>
Topics relating to customer management	<p><b>9. Quality of customer experience</b> An essential feature of the relationship with the customer is the ability to offer a unique and distinctive experience, maintaining and strengthening the trust on which the key moments of the relationship are based.</p> <p><b>10. Long-term protection of customers' household wealth</b> The relationship that our Financial Advisors establish with their customers must allow them to offer investment solutions that preserve the value of household wealth over time and provide for generational transfer with products/ services able to seize market opportunities without suffering market volatility excessively.</p> <p><b>11. Consumers' financial education</b> The growing production of regulations, the distinctive nature of insurance and financial products and the uncertainty of market dynamics require training/reporting schemes to be disseminated to raise customer awareness.</p> <p><b>13. Development of products and services</b> Customer needs and requests are changing and evolving constantly in response to the possibilities offered by technology.</p> <p><b>14. Business innovation for the digital customer</b> The Internet and mobile technology continue to spread and consumer attitudes are changing.</p> <p><b>16. Responsible investments (ESG investing)</b> The environmental, social and corporate governance (ESG) dimension of investments is becoming increasingly important for future sustainable development.</p>
Environmental topics	<p><b>18. Climate change and natural disasters</b> Climate change is already taking place and natural disasters are on the rise, representing a serious threat to world economic development. In this scenario, climate risk mitigation and compliance strategies are key factors in boosting the resilience of communities at global level.</p>

TOP SPECIFIC GRI STANDARDS	SCOPE OF IMPACTS		POLICIES	MANAGEMENT MODEL (PAGE)
	INTERNAL TO BG	EXTERNAL TO BG		
Market Presence (GRI 202) Employment (GRI 401)	All companies	Community, Investors, Final customers, Future generations	Generali Group's Code of Ethics Banca Generali's Internal Code of Conduct	55, 56, 61
Employment (GRI 401) Training and Education (GRI 404)	All companies	Community	The European Social Charter of the Generali Group 10 Principles of Global Compacts (Generali Group)	50, 55, 61
General Disclosure (GRI 102-16)	All companies			12
Diversity and Equal Opportunity (GRI 405) Non discrimination (GRI 406)	All companies			57-59
Market presence (GRI 202) Diversity and Equal Opportunity (GRI 405) Training and Education (GRI 404)	All companies			50, 56, 57, 59
General Disclosure (GRI 102)	All companies	Final customers, Suppliers, Investors, Institutions	Charter of Sustainability Commitments (Generali Group) Banca Generali's Internal Dealing Code	16, 19
Anti-corruption (GRI 205)	All companies	Customers, Suppliers, Institutions, Community	Code of Ethics for the Generali Group's suppliers, adopted by Banca Generali	
Customer Privacy (GRI 418)	All companies	Final customers, Suppliers, Investors	Organisational and management model pursuant to Leg. Decree No. 231 IT security policy (Intranet)	
Environmental Compliance (GRI 307) Socioeconomic Compliance (GRI 419)	All companies	Investors, Community		
General Disclosure (GRI 102-9)	All companies	Suppliers, Investors		
Local Communities (GRI 413)	All companies	Community		
General Disclosure (GRI 102)	All companies	Final customers	Banca Generali's Internal Code of Conduct Charter of Sustainability Commitments (Generali Group)	40
	All companies	Community, Future generations, Customers	Principles for Sustainable Insurance (Generali Group) Commercial Policy (Intranet)	14, 38
Local Communities (GRI 413)	All companies	Community, Final customers, Future generations	Group's Policy for the Environment and Climate, adopted by Banca Generali	39
	All companies	Final customers, Investors		37
	All companies	Final customers, Investors		36
	All companies	Investors, Customers, Community		15, 39
Energy (GRI 302) Emissions (GRI 305)	All companies	Community, Future generations, Investors	Group's Policy for the Environment and Climate, adopted by Banca Generali	72, 74





**CHRISTIAN BALZANO**, *Io siamo Appartenenza* | Mixed technique on canvas, 56 × 56 cm

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**1.**  
**IDENTITY AND**  
**GOVERNANCE**



## MISSION

To be the **No. 1 Private Bank** in terms of **service value and innovation**



## VISION

Trusted professionals always by the **Customers' side, developing and looking after their life plans**



## VALUES

Banca Generali Values are in line with those of the Generali Group.

### DELIVER ON THE PROMISE

We want to build a long-term relationship of trust with people: employees, customers and stakeholders. The objective of our work is to improve our customers' lives, turning a promise into reality.

We give value to people, promote diversity and invest in encouraging ongoing learning and professional growth to create an environment that is transparent, collaborative and accessible to all.

### VALUE OUR PEOPLE

### LIVE THE COMMUNITY

We are proud to belong to a Group that operates throughout the world with a major focus on social responsibility matters. We feel at home in all markets.

We are curious, proactive and dynamic people with open, diverse minds that want to look at the world from another viewpoint.

### BE OPEN



## BANCA GENERALI HISTORY

A history of growth marked by a mix of skills stimulated by internal innovation and an ability to incorporate external realities. Prior to listing, there was a period of expansion and mergers of various companies and networks of Financial Advisors. Since the Company's listing on the stock exchange in 2006, there has been an increase in business efficiency, a focus on the highest end of the market and the development of a wealth management hub. Over the years, Banca Generali has established itself as one of the main players in its industry, a benchmark in wealth advisory services.

### 2003

Acquisition of Banca Primavera's network

### 2005

Acquisition of Intesa Fiduciaria SIM

### 2007

Incorporation of the product factory  
BG Investments Luxembourg

### 2009

Creation of Generali Fund Management

### 2011

Merger of BG SGR into Banca Generali

### 2017

**Merger of BG Fiduciaria**  
Creation of the Banca Generali Private trademark and three network divisions: Financial Planner, Private Banking and the new Wealth Management

### 1998 - 2000

#### A new bank

Banca Generali started operations 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

### 2000 - 2001

Merger with Prime and creation of the multi-channel bank.  
Acquisition of Altinia SIM e INA SIM

### 2006

#### Enhancement of wealth management activities and listing on the stock exchange

Acquisition of a management company, BG SGR. Acquisition of the share capital of Banca BSI Italia (the Italian company of BSI S.A.). Acquisition from BSI of a static trust company, **S. Alessandro Fiduciaria** (now Generfid). Banca Generali shares debut on the Milan stock exchange on 15 November

### 2008

Acquisition of Banca del Gottardo Italia

### 2010

Introduction of the Banca Generali Private Banking division

### 2014

Acquisition of the Italian private-banking unit of Credit Suisse.  
Creation of the new BG Fund Management Luxembourg

### 2016

Tenth anniversary of Banca Generali's listing on the Italian stock exchange

## BUSINESS MODEL AND STRATEGIC GUIDELINES FOR DEVELOPMENT AND SUSTAINABILITY

“**Looking after households’ needs through long-term relationships**”

Banca Generali occupies a unique position in Italy’s financial system due to the central role played by the wealth advisory service provided by its networks of professionals, who assist customers and their families in their choices regarding the planning and protection of personal life plans. The company offers a wide range of banking services and distinctive investment and wealth protection solutions, in addition to the high-end services that form part of a wealth management approach. The Bank’s innovation- and quality-oriented business model is sustainable over time as it offers households instruments and products that are typical of the private banking sector.

Banca Generali places the customers’ needs at the heart of its approach to the offering of financial and wealth-management services. In order to pursue this objective, the Bank has developed a strategy based on Banca Generali Private networks (Financial Planner, Private Banking, Wealth Management), with professionals who are highly qualified and able to meet the needs of all investors.

The Banca Generali’s growth prospects are founded on several precise guidelines:

- ▶ **Sustainable growth**, creating value for all of its stakeholders in accordance with their values;
- ▶ **Excellence in customer service**, keeping the concept of risk protection as a priority;
- ▶ **Development of its business model** based on an open architecture for the selection of asset managers;
- ▶ **Training and constant development of its Financial Advisors’ skill sets**, through both intense efforts to disseminate information and provide training, and access to the best analysis and advisory tools;
- ▶ **Digital Mindset** to ensure innovative tools and unique service solutions.

This strategy, focused on the support that the Financial Advisors offer the customers, leads to groundbreaking projects in terms of increased operating efficiency thanks to digitalisation and advanced advisory: “BG Allways Link to value” and “BG Personal Advisory”.

### BG Allways

BG Allways is the revised version of a “relationship” bank model, namely a model where financial advice and the trusted relationship with the customer govern the operations, and the contribution of technology provides high added value. The scheme represents the backbone around which the areas for operating development will be defined.

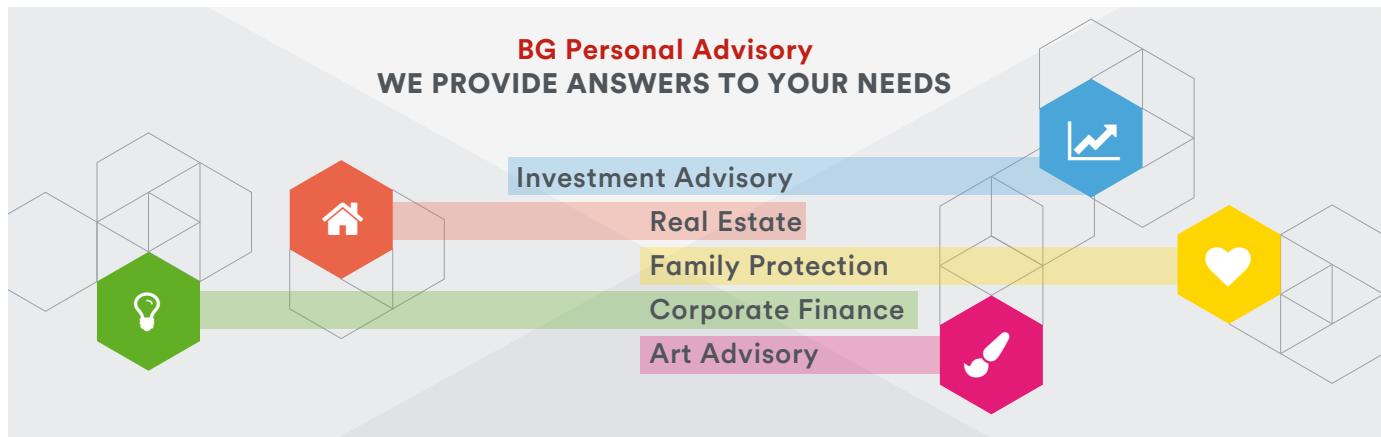
This is developed around four main points:

1. **BG Your way**: evolution of the **customer experience** at all the touch points of the **traditional channels**;
2. **BG Digital way**: evolution **through digital channels** of all the touch points used for **remote contact** between the Customer, the Financial Advisor and the Bank;
3. **BG Space way**: **evolution of all the physical touch points** allowing the **Customer/Financial Advisor/Bank to meet**;
4. **BG Easy way**: evolution of all the transverse tools allowing the **integration of processes among all areas of the Bank, by providing information** to Financial Advisors/Customers/ Bank that is always up to date and accessible.



## BG Personal Advisory

BG Personal Advisory is Banca Generali's new advanced advisory model, created to offer customers an integrated vision of their own wealth and define the most effective strategies based on changing needs and new market opportunities.



Innovative and personalised, BG Personal Advisory allows each customer's expectations to be met synergically, whether these be short, medium or long-term.

Thanks to the aggregate analysis and excellent partnerships in the sector, the Banca Generali Private Financial Advisor becomes a point of reference able to provide tailor-made responses not only with regard to the financial world, but also all the aspect of the customers' wealth, using a wealth-management approach that therefore turns into a distinctive feature of the Bank.

In this way, customers can manage their financial, real-estate, artistic or business assets, through analyses and forecasts that are both separate and aggregated, in line with their changing needs.

The support of innovative technologies enables constant monitoring of the portfolio risk and the degree of investment diversification.

## Economic Sustainability

The Bank's development — not only in terms of size, but also in its ability to create innovation and skills serving all its stakeholders — is a priority.

Growth of assets under management occurs primarily through the Bank's resources, thanks to the deep expertise of its Financial Advisors, who gather most net inflows. The ability to attract clients remains a focal point for Banca Generali, which in 2017 continued to expand its workforce by carefully selecting experienced new professionals who choose to partner the company to serve clients.

The financial targets are pursued through careful management of the company and by increasing revenues. These depend for the most part on the core activities, linked precisely to the management fees for the advisory service provided to customers. Growth in commercial networks and profitability enables the objectives of all the direct stakeholders to be met and also facilitates local initiatives and social commitment.

One of the strengths that emerges in Banca Generali's history regards its ability to consolidate and finalise extraordinary transactions effectively. In fact, over the years the Company has incorporated various entities within the networks, with very positive results in terms of financial parameters and the constructive development of a company spirit. In a gradually consolidating market, this factor represents an advantage in terms of future outlook.

## Sustainability strategy

Banca Generali's sustainability strategy is characterised by:

- ▶ 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, and any inadequate planning of objectives, due to short-term needs;
- ▶ people enhancement, encouraging the constant development of skills and professionalism



- and acknowledging the contribution of individuals to the success of the organisation;
- ▶ sensitivity to the social context, participating in charitable, cultural and sports initiatives;
- ▶ reduction of direct and indirect environmental impacts by taking steps to minimise the consumption of energy, paper and water, and to lower pollutant emissions.

As a result of these strategic choices, Banca Generali received by Standard Ethics a full investment grade sustainability rating of EE- for the third consecutive year.

## Communication strategy

Banca Generali adopts an open communication policy able to involve all internal and external stakeholders, with a view to supporting its development and sustainability strategies. Messages are intended to be as transparent and timely as possible in order to ensure the same access to information to various stakeholders. Sustainable growth, unique service, a distinctive business model and shared values among its people are among the contents of the Bank's communications plan.

Internal communications with staff aim to create constant dialogue to encourage exchange of views, constantly improve service and ensure motivation and engagement.

Dialogue with the financial community is ensured through a comprehensive, transparent and constant flow of information through several channels, the website, social media and dedicated meetings. In 2017, Banca Generali issued 37 institutional press releases, which generated more than 300 articles on Italy's leading media and 1,500 pages on the major websites.

Communications with customers and the community take place through specific websites, accessible from computers, tablets and smartphones, traditional media and profiles on the most popular social networks, as well as through events, sponsorships and advertising campaigns involving ambassadors from prominent public figures such as Federica Brignone, Guglielmo Bosca and Davide Oldani.

## Staff Engagement

With regard to information flows, engagement and interaction with personnel represent the guidelines underpinning the Bank's internal communication activities. The dedicated tools and initiatives allow an up-to-date and stimulating dialogue between the Bank — namely top management, activities and correlated events — and the employees.

StrumTools to help disseminate news and share strategies include:

- ▶ the Generali Group's **We Generali Portal**, with news and information about the Group's worldwide operations;
- ▶ **Italy's Country Portal**, with information on national activities to which Banca Generali contributes with content creation;
- ▶ **Prima Pagina monthly newsletter** and **BGPrivate Monthly News**, the first dedicated to employees and the latter to Financial Advisors, with coverage of the month's major news;
- ▶ **BGPrivate News weekly newsletter** dedicated to the Financial Advisor networks, which gives a summary of the major news;
- ▶ **Meetings** (one in Milan and one in Trieste) which take place annually between top management and all employees, as well as dedicated meetings on given occasions, and business strategy cascading initiatives organised by managers;
- ▶ **Engagement** in company events and in charity initiatives organised by associations/foundations;
- ▶ **Engagement Survey**, a feedback and company climate survey carried out by the Generali Group at a global level, with goal of assessing the level of motivation and engagement at Banca Generali compared to other Group companies and a group of peer companies in the financial sector;
- ▶ **Dialogue** through dedicated BG Open tools (suggestions box) to collect constructive ideas from personnel;
- ▶ **Conventions** (one at the beginning of the year and one in September) dedicated to the Financial Advisor networks and aimed at commercial training. Training for specific teams and reporting intended for individual business areas.

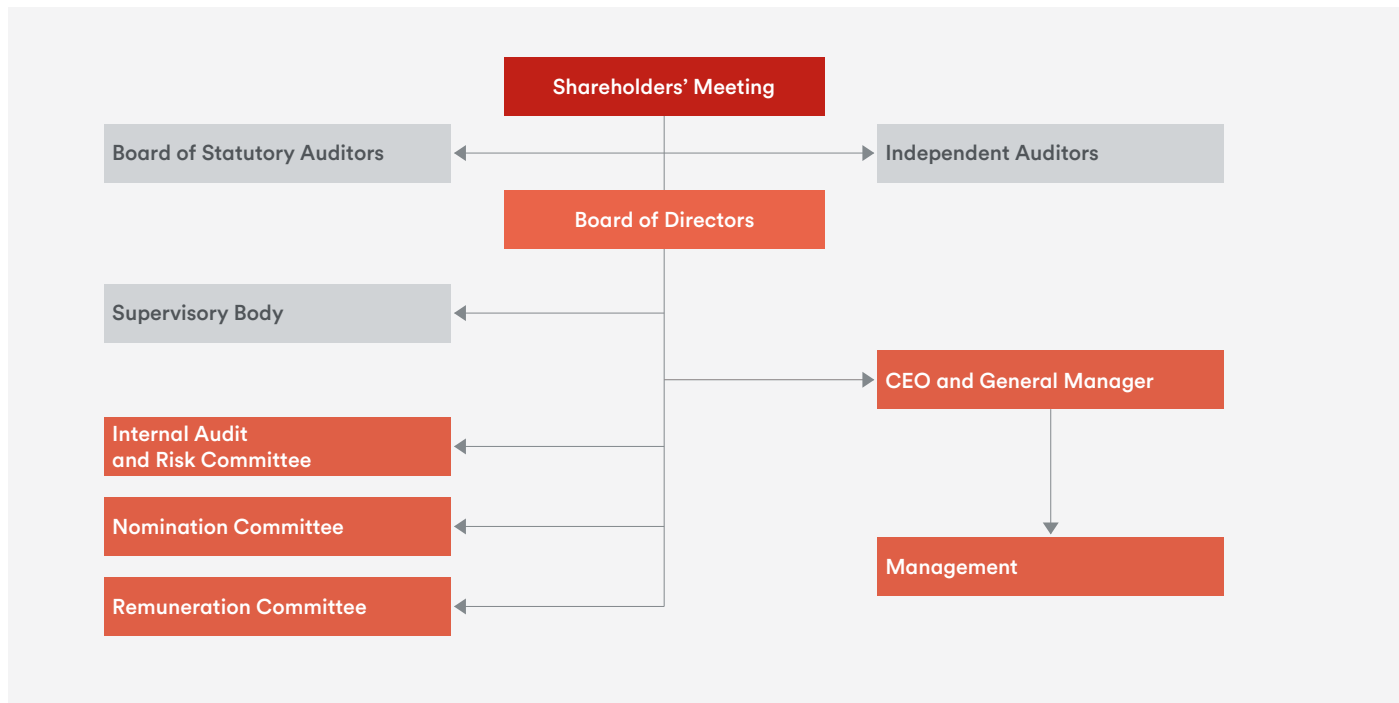
In accordance with the sustainability policies promoted by the Generali Group, the Bank involves its employees in matters of environmental awareness:

- ▶ appropriate sorting of waste;
- ▶ support to sustainable mobility with public transport season ticket benefits;
- ▶ incentivisation of green mobility with the provision of bike racks and locker rooms;
- ▶ careful travel management in terms of environmental sustainability, in addition to promotion of alternative tools such a videoconferencing;
- ▶ prudent use of individual energy plants.

“  
Clear, transparent  
and responsible  
communication

▲ For further information:  
[www.bancagenerali.it](http://www.bancagenerali.it)  
[www.bancagenerali.com](http://www.bancagenerali.com)  
[www.bgfml.lu](http://www.bgfml.lu)  
[www.generfid.it](http://www.generfid.it)

## ORGANISATIONAL STRUCTURE



At the level of Banca Generali, responsibility for sustainability falls to the Chief Executive Officer and General Manager, who implements the strategies defined by the Board of Directors, setting the fundamental guidelines. In this activity, the Board of Directors is supported by the Steering Committee.

“  
**At the level of the Banca Generali, responsibility for sustainability falls to the CEO and General Manager**

Every six months, the Steering Committee discusses sustainability themes, in a meeting run by the Head of Communications and External Relations, with particular reference to the social and environmental policies at Banca Generali level. In this context, the Steering Committee defines the opportunities, risks, common objectives, targets, areas for improvement, content and reporting methods connected with sustainability and analyses the results set out in the Sustainability Report, discussing the achievement of the objectives set, the difficulties encountered and the problems still unresolved. The Head of the Administrative Department is also invited to attend these meetings but has no voting right.

## INTERNAL CONTROL SYSTEM

### The three levels of control and risk management

It is composed of the set of rules, functions, structures, resources, processes and procedures that aim, through an adequate process of identification, measurement, management and monitoring of the main risks, to ensure that the following goals are achieved, in accordance with sound, prudent management:

- ▶ verification of the implementation of company strategies and policies;
- ▶ containment of risk within the limits indicated in the framework of reference for determining the Bank's risk appetite (Risk Appetite Framework or RAF);
- ▶ safeguarding the value of assets and protecting against losses;
- ▶ effectiveness and efficiency of corporate processes;
- ▶ reliability and security of company information and IT procedures;
- ▶ prevention of the risk that the Bank may be involved, voluntarily or involuntarily, in unlawful activities (with particular regard to activities relating to money-laundering, usury and financing of terrorism);
- ▶ operational compliance with the law, supervisory regulations, policies, internal rules and procedures.

Banca Generali has designed an internal control model consistent with best practices at the national and international levels, aimed to minimise the risks of inefficiency, overlapping of roles, sub-optimal system performance and loss of system efficiency.

The Internal Control System of Banca Generali S.p.A. is defined and updated from time to time by the Company's Board of Directors in accordance with any intervening changes in the law and the Bank's operations.

The internal control structure is divided into the following three levels:

# 1

FIRST-TIER CHECKS

## LINE CHECKS

Organisational areas and units, operations and back office

Aimed at ensuring that operations are conducted properly. These are carried out by the operating structures themselves (e.g., hierarchical, systematic and sample-based checks), including through units dedicated solely to control duties that report to the heads of operating structures, or by back-office company areas and units; to the extent possible, line checks are incorporated into IT procedures.

# 2

SECOND-TIER CHECKS

## RISKS AND COMPLIANCE CHECKS

Dedicated functions: Risk Management, Compliance, Anti Money Laundering

Performed by functions not involved in production and broken down as follows.

1. Risk management checks: these are part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating functions, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for specific types of risk.
2. Compliance checks: these focus on the compliance of operations with laws, measures by supervisory authorities and the Bank's self-regulation provisions; checks of the operation of the Financial Advisor distribution network fall into this category.
3. Anti-money laundering checks: these assess compliance of operations and safeguards aimed at ensuring full knowledge of the customer, the traceability of financial transactions and the identification of suspicious transactions with laws and provisions by supervisory authorities concerning money-laundering and prevention of financing of terrorism, and the Bank's resulting self-regulation provisions.

## 3

## THIRD-TIER CHECKS

## INTERNAL AUDIT

Assurance on risks monitoring and consultancy on emerging risks

Performed with the aim of providing assurance that the risks identified are appropriately monitored, while offering advice on emerging risks, including those resulting from the use of new technologies. The Internal Audit function collaborates and communicates with the second-tier control structures to implement a holistic vision of risks and the compliance system, while also promoting a culture of risk. Moreover, Internal Audit checks are aimed at detecting breaches of rules and procedures, in addition to periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and information system.

The Internal Control System is completed by:

- ▶ the *Law 262 Organisational Unit*, which acts as a point of reference, orienting and coordinating the management of all the bank administrative and accounting risks, for the intents and purposes of Law No. 262/2005;
- ▶ the *Supervisory Board*, set up pursuant to Legislative Decree No. 231/2001.

The structure of the Bank's Internal Control System is intended:

- ▶ to ensure appropriate control oversight of all of the bank's activities and proper disclosure on this subject, in pursuit of the values of substantive and procedural fairness and transparency;
- ▶ to ensure the efficiency, traceability and auditing of transactions, and more in general all management activities; the reliability of accounting and management data; compliance with laws and regulations, and the protection of the integrity of the Company's assets, especially in order to prevent fraud against the Company and the financial markets;
- ▶ to promote an informed attitude in risk management;
- ▶ to provide assurance and adequate protection of client information;
- ▶ to facilitate processes of innovation.

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 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. 285 of 17 December 2013, "Supervisory Provisions for Banks"), Banca Generali 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.

Banca Generali has formally defined a policy for each of the risks identified that lays down:

- ▶ the general principles, roles and responsibilities of the company bodies and functions involved in risk management;
- ▶ the guidelines regarding risk management in accordance with the business model, the risk appetite, the internal control system, system of delegated powers defined by the Board of Directors and provisions of the Supervisory Authority.



## Structures in charge of internal control and risk management system

BODY	TASKS
Board of Directors	Body charged with strategic supervision of the Bank's Parent Company
Chief Executive Officer and General Manager	Person with a management role responsible for implementing strategic guidelines
Board of Statutory Auditors	Body with a control role that also serves as Supervisory Body pursuant to Legislative Decree No. 231/01
Internal Audit and Risk Committee	Body in charge of providing advice and putting forward recommendations; it assists the Board of Directors in the discharge of the tasks entrusted to the latter in respect of the Internal Control System, and, more specifically, in assessing the efficiency and appropriateness of the said system
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.
Manager in Charge of preparing the Company's financial reports	Defines and maintains an organisational and control model focusing on the bank's financial information, with a view to ensuring the reliability and accuracy of accounting and management data. In this activity, this function is supported by the Law 262 Unit
Risk and Capital Adequacy Department	Responsible for second-tier checks, as risk management function
Compliance and Anti Money Laundering Department	Responsible for second-tier checks, with the Compliance Service as regulatory compliance function and with the Anti-Money Laundering Service as anti-money laundering function
Internal Audit	Responsible for third-tier checks, as internal audit function
Heads of company structures (Areas, Departments, Services, Organizational Units, Branches, etc.)	They are charged with implementing the line checks required under existing procedures or necessary for the effective monitoring of the risks associated with the business operations effected within each organisational unit

In order to prevent conduct contrary to the principles of propriety, legality and transparency in the handling of operations 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, Banca Generali has adopted and implemented an Organizational and Management Model, pursuant to Legislative Decree No. 231/01 as amended.

The proper understanding and dissemination of the content and underlying principles of that model are ensured by specific training initiatives provided through e-learning systems targeted at all employees and Financial Advisors.

In 2017, 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. In this regard, it bears noting that Banca Generali was not involved in any activity entailing money-laundering, usury or financing terrorism.

Banca Generali views the security of its customers' data and information as a distinctive factor. The Bank devotes particular attention to ensuring that its customers can order electronic payments in a fully secure manner.

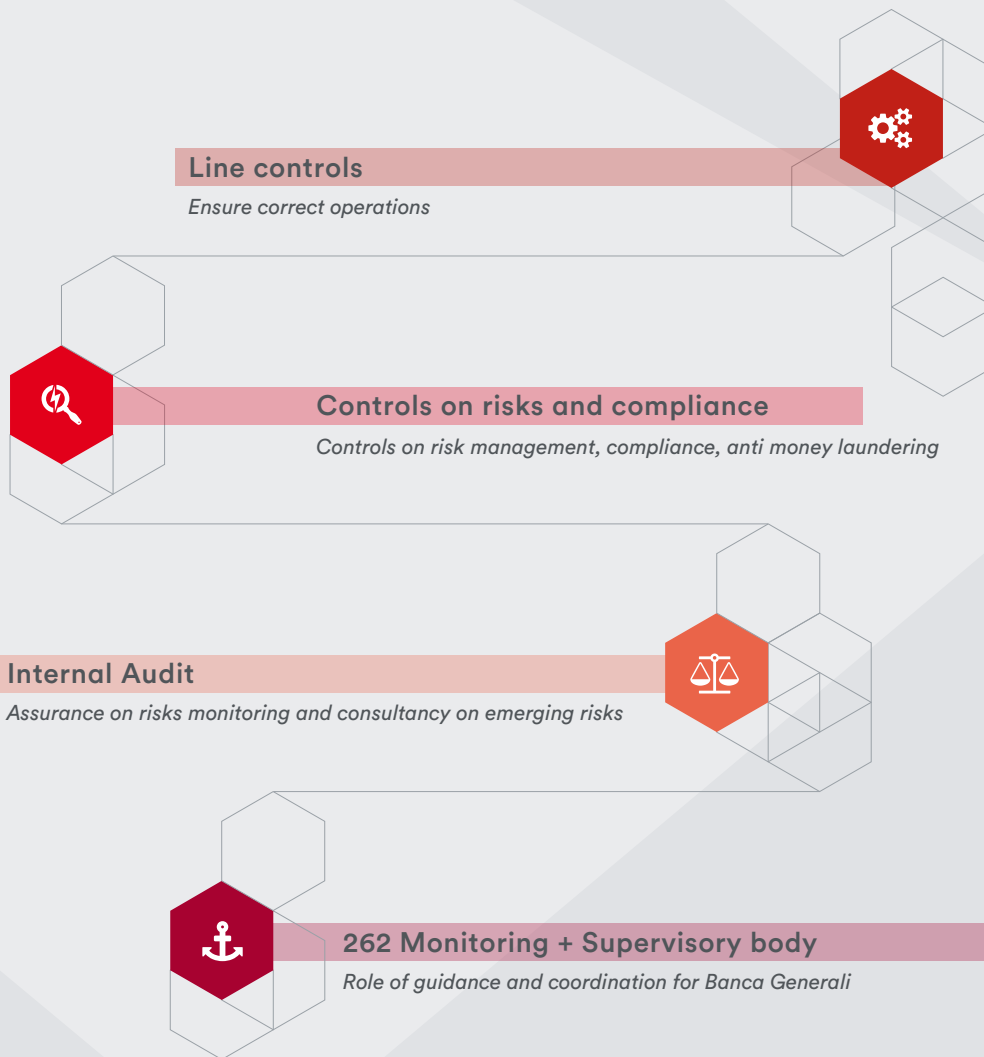
First of all, Banca Generali offers a protected, secure channel for communications with customers and home banking. Internet orders are authorised by secure call, the strong authentication system identified by the Bank to safeguard online activities. With this system, when confirming an order, customers must use their mobile telephone to call a dedicated toll free number and enter the one-time password (OTP) dynamically generated by the system and displayed on the screen of the Internet or mobile banking application. In addition, all customer Internet activity is subject to monitoring. As a result, Internet fraud, which has always been limited in scope, is on the decline.

Electronic payments made by customers using cards are also subject to monitoring and controls. Customers can receive prompt notification of orders placed online or payments made using cards via the SMS Alert service.

Despite its ongoing expansion in the private banking sector and strong focus on digital innovation, Banca Generali devotes considerable efforts to security governance and compliance through initiatives aimed at always ensuring the optimal levels of protection of information.

The Bank also promotes specific measures targeting customers with the aim of raising awareness of secure use of payment services (such as emphasising the need to protect passwords and data, to manage device security properly, etc.).

## Risk management INTERNAL CONTROL SYSTEM





**CHRISTIAN BALZANO**, *Io siamo Robustezza* | Mixed technique on canvas, 36 × 36 cm

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## **2. FINANCIAL REPORTING**



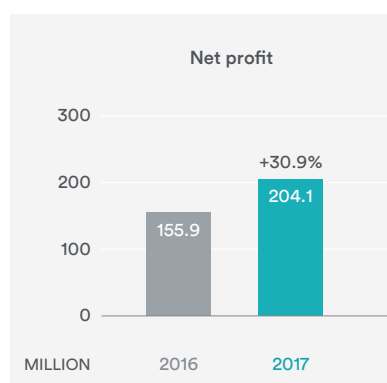
## MAIN FINANCIAL HIGHLIGHTS

### Consolidated figures

(€ MILLION)	2017	2016	CHANGE %
Net interest income	61.4	58.7	4.7
Net fees	370.5	285.4	29.8
Net income (loss) from trading activities and dividends	18.1	34.7	-47.9
<b>Net banking income</b>	<b>450.0</b>	<b>378.7</b>	<b>18.8</b>
Staff expenses	-84.8	-80.5	5.4
Other general and administrative expense	-97.6	-97.8	-0.2
Amortisation and depreciation	-8.1	-5.9	37.1
Other operating income/expenses	2.8	2.3	22.4
<b>Net operating expenses</b>	<b>-187.9</b>	<b>-182.0</b>	<b>3.2</b>
<b>Operating result</b>	<b>262.2</b>	<b>196.7</b>	<b>33.2</b>
Provisions	-18.0	-11.1	62.2
Adjustments	-5.4	-0.8	599.4
<b>Profit before taxation</b>	<b>238.6</b>	<b>184.8</b>	<b>29.1</b>
<b>Net profit</b>	<b>204.1</b>	<b>155.9</b>	<b>30.9</b>
PERFORMANCE INDICATORS			
	31.12.2017	31.12.2016	CHANGE %
Cost/Income ratio	39.9%	46.5%	-14.1
EBTDA	270.3	202.7	33.4
ROE <sup>(a)</sup>	39.9%	33.7%	18.3
ROA <sup>(b)</sup>	0.38%	0.34%	10.2
EPS - earning per share (€)	1.751	1.343	30.4

(a) Net return on equity, excluding net profit (share capital, share premium, reserves, valuation reserves, treasury shares) at the end of the reporting year and the previous year.

(b) Return on assets calculated on the average of Assoreti quarterly AUM.



## Net inflows

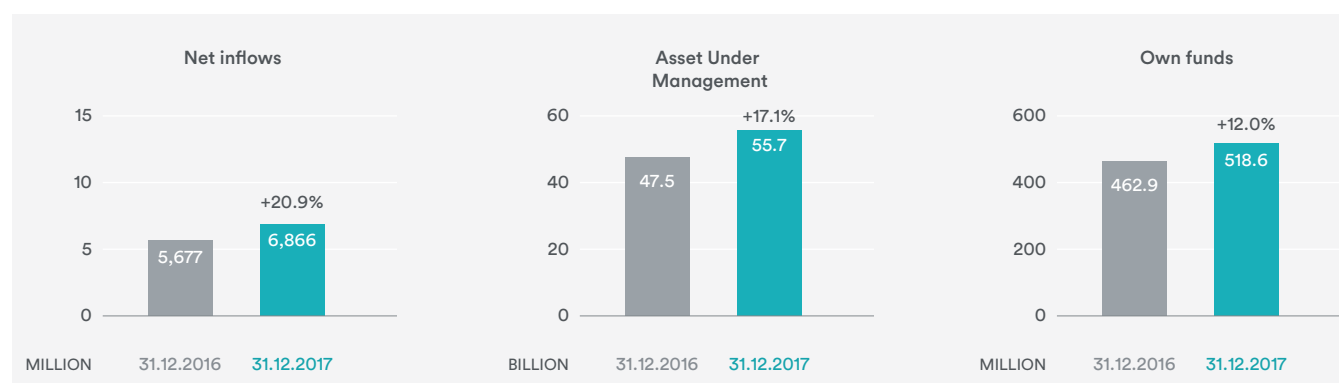
(€ MILLION) (ASSORETI FIGURES)	31.12.2017	31.12.2016	CHANGE %
Mutual funds and Sicavs	1,906	198	n.s.
Asset management	2,289	1,020	124.4
Insurance / Pension funds	1,770	2,749	-35.6
Securities / Current accounts	901	1,710	-47.3
<b>Total</b>	<b>6,866</b>	<b>5,677</b>	<b>20.9</b>

## Asset Under Management & Custody (AUM/C)

(€ BILLION) (ASSORETI FIGURES)	31.12.2017	31.12.2016	CHANGE %
Mutual funds and Sicavs	13.6	11.2	21.7
Asset management	7.1	4.7	51.8
Insurance / Pension funds	22.2	20.2	9.7
Securities / Current accounts	12.8	11.5	11.5
<b>Total</b>	<b>55.7</b>	<b>47.5</b>	<b>17.1</b>

## Net equity

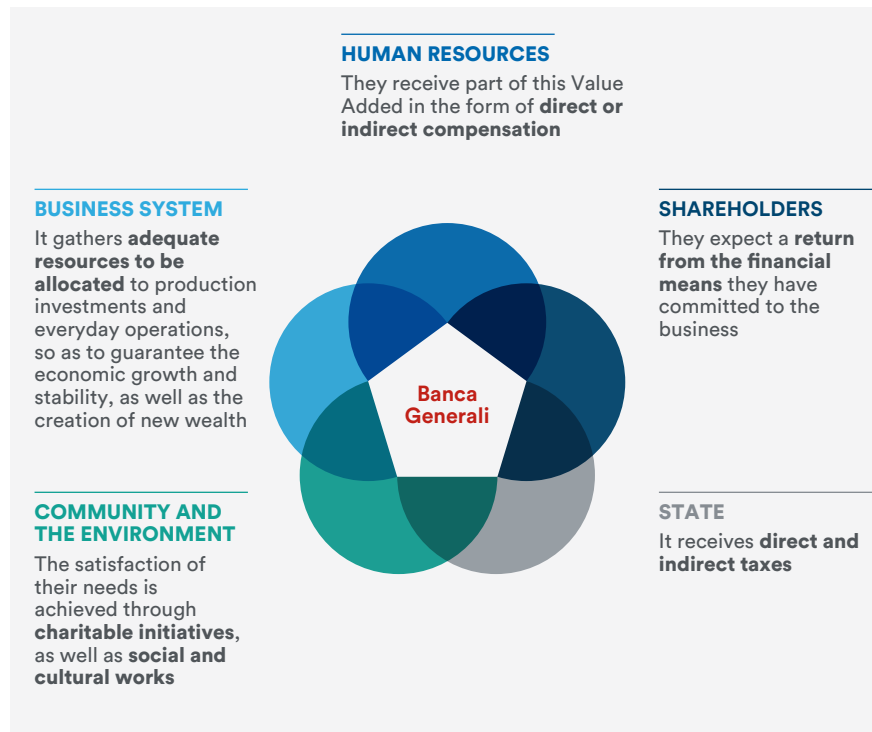
(€ MILLION)	31.12.2017	31.12.2016	CHANGE %
Net equity	736.1	646.5	13.9
Own funds	518.6	462.9	12.0
Excess capital	313.5	261.9	19.7
Total Capital Ratio	20.2%	18.4%	9.8



## DISTRIBUTION OF GLOBAL VALUE ADDED

The following is a summary of the 2017 results in the various areas of the Bank's social responsibility. In particular, the profit and loss figures for the year have been restated according to the GAV (Global Value Added) method. GAV represents the wealth that the Bank has generated and distributed to the various classes of stakeholders in its daily operations such as, first and foremost, shareholders, Financial Advisor networks and human resources. GAV is equal to the difference between total revenues and total costs of goods and services (so-called "consumption").

**Global Value Added:** difference between **Total revenues** and **Total costs of goods and services** (so-called "consumption")



A significant role is 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.

This aggregate also includes the various charges incurred in support of the banking system, which in recent years have become increasingly significant.

Great attention is also paid to the Bank as a "business system" that must be able to rely on adequate resources to allocate to production investments and everyday operations. This is essential to guarantee the Bank's economic growth and stability and, consequently, ensure the creation of new wealth for all stakeholders.

Lastly, there are the needs of the community and the environment, pursued through charitable initiatives, as well as social and cultural works.

From a methodological standpoint, Value Added has been obtained by reclassifying items of the Profit and Loss Account 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 were prepared based on the figures reported in the Consolidated Financial Statements for 2016 and 2017 and using the ABI guidelines as a reference.

**2017 net revenues**  
**€895.0 million**

### The distribution of Value Added

In 2017, Banca Generali reported net revenues of €895.0 million, up by €154.0 million (+20.8%) compared to the previous year, whereas consumption increased by €19.3 million (+15.23%).

## Statement of determination of the Global Value Added

ITEMS (€ THOUSAND)	2017	2016	VAR.
10. Interest income and similar revenues	65,011	61,778	3,233
40. Fee income	760,489	604,689	155,800
70. Dividends and similar income	2,745	1,963	782
80. Net income (loss) from trading activities	4,924	2,383	2,541
100. Gain (loss) from sale or repurchase of:	11,474	30,371	-18,897
a) receivables	1,041	2,204	-1,163
b) AFS financial assets <sup>(1)</sup>	10,433	28,151	-17,718
c) HTM financial assets	-	16	-16
220. Other operating expenses/income <sup>(2)</sup>	50,549	39,897	10,652
240. Gains (losses) from equity investments	-151	-75	-76
<b>A. TOTAL NET REVENUES</b>	<b>895,041</b>	<b>741,006</b>	<b>154,035</b>
20. Interest expense and similar charges	-3,590	-3,115	-475
50. Fee expense <sup>(3)</sup>	-42,749	-33,889	-8,860
180.b Other general and administrative expense <sup>(4)</sup>	-91,500	-88,023	-3,477
130. Net adjustments/reversals due to impairment of:	-2,468	-778	-1,690
a) receivables	-316	1,921	-2,237
b) AFS financial assets <sup>(1)</sup>	-604	-2,865	2,261
c) HTM financial assets	-1,490	101	-1,591
d) other financial transactions <sup>(1)</sup>	-58	65	-123
190. Net provisions for liabilities and contingencies <sup>(5)</sup>	-5,902	-1,077	-4,825
<b>B. TOTAL CONSUMPTION</b>	<b>-146,209</b>	<b>-126,882</b>	<b>-19,327</b>
<b>C. CORE GROSS VALUE ADDED</b>	<b>748,832</b>	<b>614,124</b>	<b>134,708</b>
270. Gains (losses) from disposal of investments	-15	22	-37
<b>D. GLOBAL GROSS VALUE ADDED</b>	<b>748,817</b>	<b>614,146</b>	<b>134,671</b>
Amortisation and depreciation	-8,144	-5,940	-2,204
<b>E. NET GLOBAL VALUE ADDED</b>	<b>740,673</b>	<b>608,206</b>	<b>132,467</b>
180.a Staff expenses <sup>(6)</sup>	-439,814	-371,274	-68,540
180.b Other general and administrative expense: indirect taxation <sup>(7)</sup>	-53,415	-43,692	-9,723
180.b Other general and administrative expense: charges for the National Resolution and Interbank Deposit Protection Funds <sup>(7)</sup>	-8,763	-8,281	-482
180.b Other general and administrative expense: charitable gifts <sup>(7)</sup>	-112	-123	11
<b>F. PRE-TAX RESULT</b>	<b>238,569</b>	<b>184,836</b>	<b>53,733</b>
290. Income taxes for the period on operating activities	-34,464	-28,942	-5,522
<b>G. NET PROFIT (LOSS) OF THE PARENT COMPANY FOR THE YEAR</b>	<b>204,105</b>	<b>155,894</b>	<b>48,211</b>

(1) This figure differs from that included in the Financial Statements as it was modified to exclude the charges related to the Bank's commitment to contribute to the Interbank Deposit Protection Fund (FITD) aimed at supporting the Italian banking system, restated under a specific item.

(2) This figure differs from that included in the Profit and Loss Account in the Financial Statements, due to the exclusion of expenses recovered from Financial Advisors and staff contingencies (which have been stated in the related specific items).

(3) This figure differs from that included in the Profit and Loss Account in the Financial Statements, as the compensation for the Financial Advisor network has been reclassified to "Staff expenses".

(4) 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, contributions to the National Resolution and Interbank Deposit Protection Funds and charitable gifts (which have been stated in the related specific items).

(5) This figure differs from that included in the Profit and Loss Account in the Financial Statements, due to the exclusion of net provisions for incentives and indemnities in favour of the Financial Advisor network and net provisions for personnel.

(6) This figure differs from that included in the Profit and Loss Account in the Financial Statements, as it includes remuneration paid to the Financial Advisor network and the relevant provisions.

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

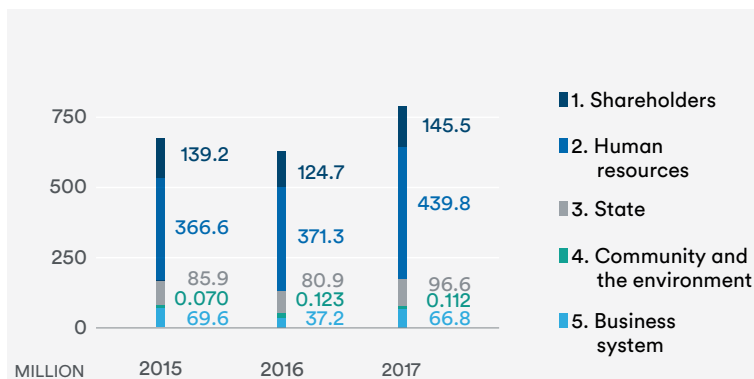


## Breakdown and Distribution of Global Gross Value Added

ITEMS (€ THOUSAND)	2017	2016	VAR.
A. Total net revenues	895,041	741,006	154,035
B. Total consumption	-146,209	-126,882	-19,327
D. Core gross value added	748,832	614,124	134,708
<b>E. GLOBAL GROSS VALUE ADDED</b>	<b>748,817</b>	<b>614,146</b>	<b>134,671</b>
Divided among:			
<b>1. Shareholders</b>	<b>145,474</b>	<b>124,674</b>	<b>20,800</b>
Private shareholders <sup>(1)</sup>	145,474	124,674	20,800
<b>2. Human resources</b>	<b>439,814</b>	<b>371,274</b>	<b>68,540</b>
Employee expense; expense for indefinite- and fixed-term contracts	81,157	78,415	2,742
Financial Advisor expense, including net payments on account	357,311	290,852	66,459
Expense for other collaborators	1,346	2,007	-661
<b>3. System, entities, institutions (central and local administrations)</b>	<b>96,642</b>	<b>80,915</b>	<b>15,727</b>
Indirect and income taxation	53,415	43,692	9,723
Charges in support of the banking system	8,763	8,281	482
Income taxes for the year	34,464	28,942	5,522
<b>4. Community and the environment</b>	<b>112</b>	<b>123</b>	<b>-11</b>
Charitable gifts	112	123	-11
<b>5. Business system</b>	<b>66,775</b>	<b>37,160</b>	<b>29,615</b>
Change in reserves	58,631	31,220	27,411
Amortisation and depreciation	8,144	5,940	2,204
<b>Global gross value added</b>	<b>748,817</b>	<b>614,146</b>	<b>134,671</b>

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

## 2015-2017 Value Added evolution



**2017 Global Value Added**  
**€748.8 million**

Revenues performance was primarily influenced by the sharp growth in fee income (+€155.8 million) driven by the increase in both recurring fees from asset management (+€94.8 million) and performance fees (+€47.9 million), and only partly offset by the marked decline in net income from trading activities and dividends (-€15.6 million).

The increase in consumption (+15.2%) was primarily attributed to higher fee expense and greater impact of provisions and adjustments due to the increase in provisions for Alitalia litigation and default.

During the process of allocating added value, charges in support of the banking system — inclusive of contributions to the National Resolution and Interbank Deposit Protection Funds, for a total of €4.7 million — and charges incurred for the bail-outs implemented by the Voluntary Scheme of the Interbank Deposit Protection Fund amounting to €4.0 million were classified according to the view that they are a form of taxation.

The net provisions for incentives and indemnities for the Financial Advisor network, recoveries of expenses and indemnities charged to Financial Advisors and net provisions for personnel were classified as staff expenses during the Value Added allocation process.

Therefore, Gross Value Added (GVA) reached €748.8 million, up €134.7 million compared to the previous year (+21.9%), and was broken down as follows:

**1. Human Resources**, broken down as:

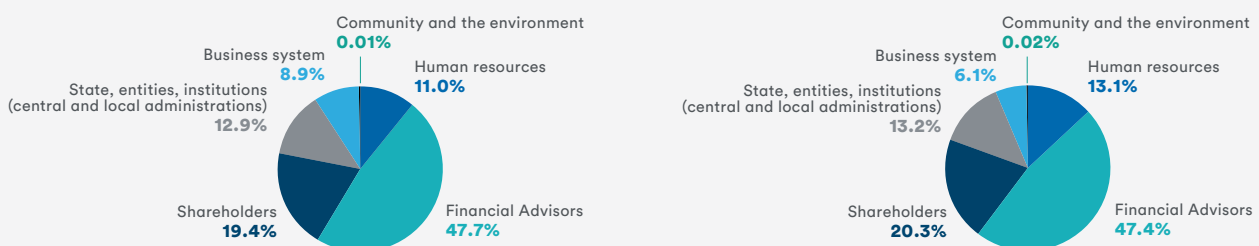
- **Employees and other collaborators**: approximately 11.0% of gross GVA, for a total of €82.5 million, slightly down compared to the previous year (13.1%), as a result of the more moderate growth reported by the aggregate compared to that of GAV;
- **Financial Advisors**: 47.7% of gross GAV, for a total of €357.3 million, inclusive of net provisions for incentives, recruitment plans and other contractual indemnities of €54.1 million, in line with the previous year (47.4%);

**2. Shareholders**: 19.4% of gross GAV, a slight decrease from 20.3% in 2016, due to the modest growth in the dividend approved from €1.20 to €1.25;

**3. State**: approximately 12.9% of gross GAV, or €96.6 million, down compared to 13.2% for the previous year;

**4. Business system**: it retained, in the form of undistributed profits, depreciation and amortisation, an overall amount of €66.8 million, or 8.9% of GAV, sharply up compared to 6.1% in 2016. 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.

2016 - 2017 breakdown of Value Added





**CHRISTIAN BALZANO**, *Io siamo Accortezza* | Mixed technique on canvas, 75 x 75 cm

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## **3. SOCIAL REPORT**



## DIALOGUE WITH STAKEHOLDERS

Banca Generali's main internal and external stakeholders.

### INSTITUTIONS, BUSINESSES, MEDIA, NGOs AND OTHER ORGANISATIONS, OPINION LEADERS, PROFESSIONAL ASSOCIATIONS, NON-PROFIT ORGANISATIONS AND THE WELFARE INDUSTRY

#### CHANNELS FOR DIALOGUE

- Local conventions on financial education
- Press conferences
- Company points of contact dedicated to media and institutional relations
- Meetings with institutions and NGOs
- Multistakeholder meetings
- Website and mobile apps
- Social activities in favour of community

### SHAREHOLDERS, INVESTORS, ANALYSTS, PROXY ADVISORS

#### CHANNELS FOR DIALOGUE

- General Shareholders' Meeting
- Media news
- Meetings and interviews with analysts, investors and proxy advisors
- International roadshows
- Company points of contact dedicated to relations with financial investors
- Digital channels and social media

### SUPPLIERS, STRATEGIC PARTNERS

#### CHANNELS FOR DIALOGUE

- Meetings with Bank and Networks
- Working groups on common projects
- Participation in local meetings
- Media
- Events

COMMUNITY

FINANCIAL  
COMMUNITY

CONTRACTUAL  
PARTNERS



## EMPLOYEES

### EMPLOYEES AND THEIR FAMILIES

#### CHANNELS FOR DIALOGUE

- Engagement survey (every two years)
- Individual performance evaluation interviews and joint determination of development goals
- Roundtables with unions and workers' representatives
- Portal, internal newsletters and house organ
- Annual meeting with all employees
- Events and initiatives
- Internal meetings and cascading activities
- Outdoor training meetings

### CUSTOMERS, CUSTOMER FAMILIES, CONSUMERS

#### CHANNELS FOR DIALOGUE

- Surveys on the level of satisfaction
- Market researches
- Dialogue with consumer associations
- Communications channels devoted to customers (website, e-mail, toll-free phone number)
- Media
- Dedicated events
- Advertising campaigns
- Periodic documentation and in-depth reporting
- Social support activities
- Social media

## FINANCIAL ADVISORS

### FINANCIAL ADVISORS AND THEIR FAMILIES

#### CHANNELS FOR DIALOGUE

- Dedicated portal
- Dedicated conventions
- Eurisko survey on the level of satisfaction
- Website and mobile apps
- Media
- Training
- Local events
- Social media

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## 3.1 CUSTOMERS



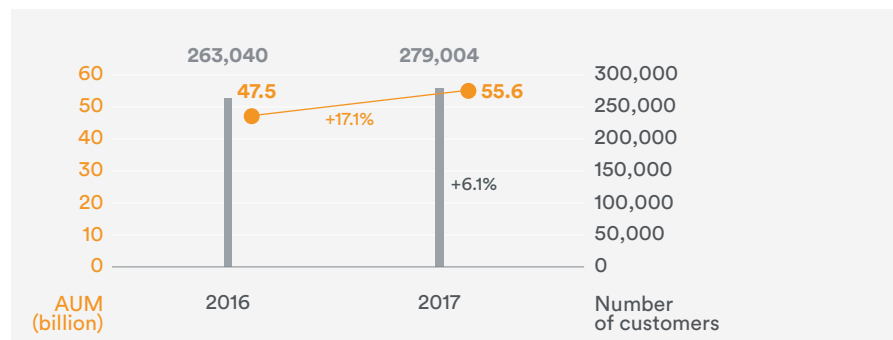
**CHRISTIAN BALZANO**, *Io siamo Esclusività*  
Mixed technique on metal sheets, 56 × 56 cm

# 1. KNOWING THE CUSTOMER

Banca Generali strives to become the No.1 private bank in terms of level of service and innovation. To achieve this goal, it is essential that the bank have full knowledge of its Customers, so that it can satisfy their investment and protection needs in a specific way.

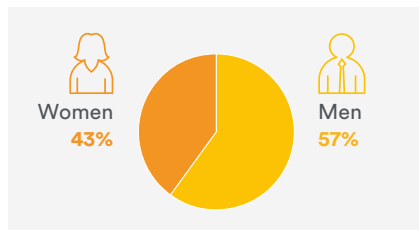
Knowledge of the Bank's Customers is based on direct relationships with the Financial Advisors, trend analysis and more general indicators transversal to the entire customer base.

There were increases in both total assets under management (+17.1%) and the number of Customers served (+6.1%) in 2017. The lower percent weight of client segments with limited assets was offset by the increase in Clients in clusters with greater invested AUM.



There was a slight decrease among Generation X customers (35-50 years of age), whereas Baby Boomers (50-70 years of age) remained stable and those over 70, in the share of customers with high levels of income and assets, increased.

## Breakdown of customers by gender

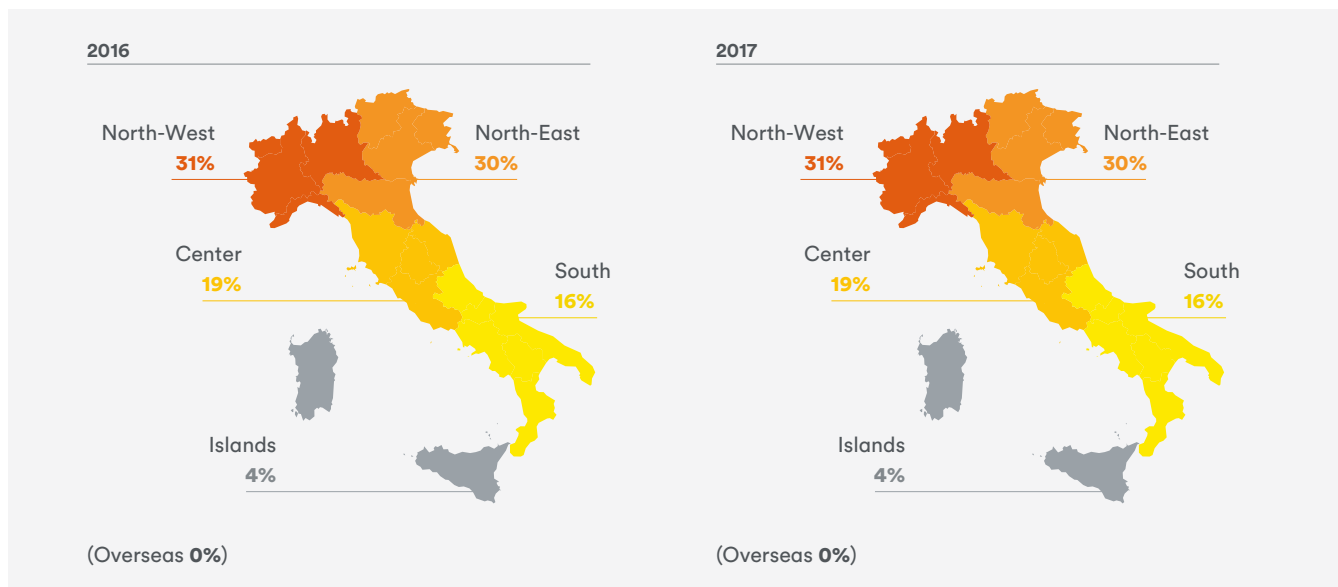


## Breakdown of customers by age bracket

AGE	% 2016	% 2017
< 35	8	9
35-50	28	26
51-60	25	24
61-70	18	19
> 71	21	22
<b>Total</b>	<b>100</b>	<b>100</b>

The geographical distribution of customers shows strong presence in Northern Italy (collectively, 61% of the total).

## Breakdown of customers by geographical area



## 2. CUSTOMER RELATIONS

The current customer communication process allows Banca Generali to adapt rapidly to market changes and ensure timely, clear communication of new solutions and services aimed at creating value for its customers and investors in general.

Drawing its inspiration from the principles enshrined in the Code of Ethics of the Generali Group, the principles guiding customer relations are:

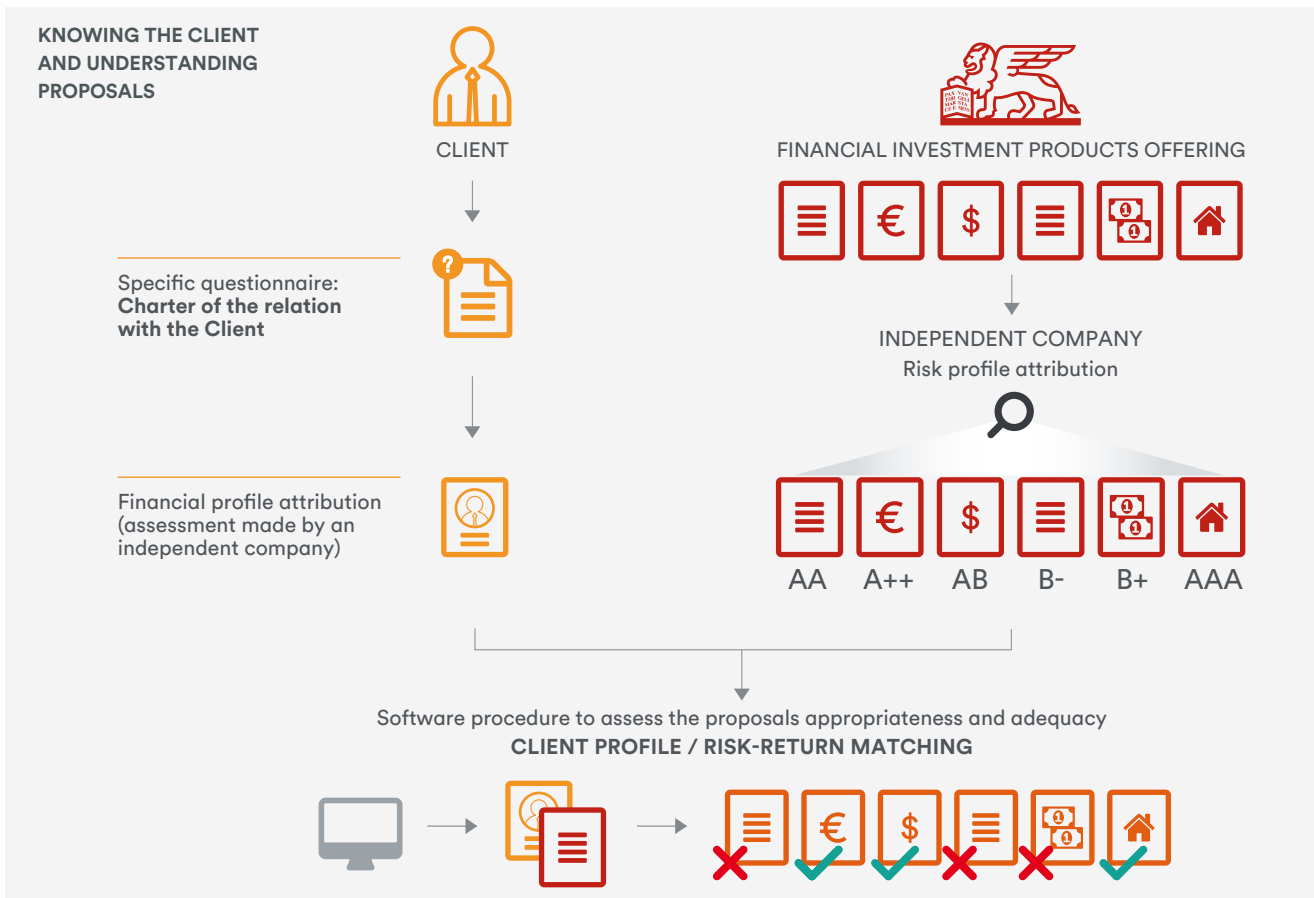
- ▶ conducting business in compliance with the law, internal regulations and professional ethics;
- ▶ promoting the culture of sustainability in all of its spheres of influence to contribute concretely to economic and social development based on respect for fundamental human rights and labour and environmental protection;
- ▶ processing personal data 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;
- ▶ avoiding any conflicts of interest and, where it is not possible to do so, managing them in such a way as not to result in harm to the Bank or its customers;
- ▶ guaranteeing free competition, a fundamental factor for the development of company business and results;
- ▶ providing comprehensive and accurate financial disclosures, as well as information on products and services, so that customers can make informed decisions;
- ▶ combating all forms of bribery and corruption;
- ▶ opposing any conduct that could be intended as supportive of money laundering and financing of terrorism;
- ▶ pursuing customer satisfaction, a key factor in the Bank's strategic vision.

### 2.1 Creating value through innovation

Banca Generali recognises innovation as a fundamental driver to remain competitive on the market and meet the customers' changing needs in order to create value in the long term.

#### Risk control and customer support

The first level of innovation on which the Bank focuses concerns the implementation of procedures and solutions for monitoring risks and supporting customers in managing their financial interests and any other need.





# BG Personal ADVISORY

Capable of meeting constantly evolving needs in a synergistic manner, BG Personal Advisory can be used by customers to **analyse and manage**, together with their Financial Advisors, not only their **financial investments**, but also other **important aspects of their wealth**, such as real-estate, family and business assets.

BG Personal Advisory allows customers to **make the most of their wealth**, monitoring it constantly over time and taking action at any time through measures and strategies suited to their specific, constantly evolving needs.

## A product range free of conflicts of interest

Banca Generali adopts a **multimanager open architecture** and selects asset management skills to manage **complex markets** characterised by an increasingly difficult search for returns, geo-political risks and lack of correlations. The investment solutions proposed by Banca Generali are **à la carte** solutions or **wrappers of products**.

### À-LA-CARTE SOLUTIONS



The **multimanager platform** belongs à-la-carte solutions: furtherly expanded and at the end of 2017 included over 5,400 products.

### WRAPPERS OF PRODUCTS



#### ► BG Selection Sicav and BG Sicav

At the end of 2017, the asset management solutions offered by BG Fund Management Luxembourg consisted of 77 sub-funds, 58 of which were managed by leading international investment firms. During the year, development activity focused on BG Sicav, with the launch of:

- two flexible bond strategies formulated according to a global approach and a pre-established duration, the goal of which is to provide a periodic coupon stream in addition to generating returns;
- an active equity strategy focused on Italian small and mid caps to benefit from the tax relief provided by individual savings plans (so called PIRs).

The new strategies take advantage of partnerships with major players with deep expertise in their respective areas of investment.

#### ► BG Alternative Sicav and BG Next

In 2017, specific investment vehicles were developed for professional customers, offering highly innovative alternative strategies involving both SICAVs and discretionary management:

- BG Alternative Sicav is the new solution offered by BG Fund Management Luxembourg that allows investment to be diversified into

multiple sub-funds specialised in specific, hard-to-access segments of the market;

- BG Next is the new discretionary management service with a multi-line structure. Within the service, an investment line was launched that protects a part of a portfolio from volatility over a time horizon of three years, exploiting asymmetry of information and niches of opportunity in European capital markets.

#### ► BG Solution and BG Solution Top Client

Launch of two new lines of investment, capable of seizing opportunities by both exploiting a global approach and focusing investment on the foreign exchange market with the objective of both expanding the range of investments and increasing the level of personalisation.

#### ► BG Stile Libero

Multi-line policy that combines financial investment, tax optimisation, services and insurance cover, accompanied by **BG Stile Libero Private Insurance**, the version dedicated to the private segment that offers deeper personalisation of asset allocation, and **BG Stile Libero Special**, the version that offers a 5% bonus on the subscription of the UCITS component.



## New technologies

Starting with a Service Model centred on the role of the Financial Advisor, the Bank seeks to develop all possible points of contact between the Financial Advisor/Bank and the Customer, according to an “omnichannel” approach:



- ▶ in order to extend its analogue and digital communication, the Bank continued to accompany its traditional print communications (e.g., annual statements of policies or management accounts) with dedicated minisites, with undeniable advantages in terms of decreased paper use and more timely updates (Sustainable Development Goal No. 12). The Web portal devoted to Banca Generali's new Advanced Advisory model was launched in 2017. The dedicated website, [www.bgpersonaladvisory.bancagenerali.it](http://www.bgpersonaladvisory.bancagenerali.it), provides all Customers with an innovative digital showcase that emphasizes the importance of an Advanced Advisory model, no longer based on financial wealth alone, but also extending to real estate, family protection, corporate matters and art advisory;



- ▶ with the aim of further simplifying the Customer-Financial Advisor relationship, during the year Banca Generali significantly expanded the operations that can be managed using Digital Collaboration, the service that allows customers to view and finalise investment proposals agreed on with their FAs, using their smartphones and tablets, with numerous advantages for managing commercial relationships, such as simpler confirmation of investment transactions, significantly faster order processing times and elimination of all paper documentation (Sustainable Development Goal No. 12). All operations relating to order receipt, post-sales for insurance products, changes of personal particulars, updates of MiFID and due diligence questionnaires and credit transfers became available in Digital Collaboration in 2017, in addition to an expansion of the third firms that can be managed and the ability to use Digital Collaboration also on PCs;

- ▶ the telephone support service provided by the Banca Generali Contact Center complements the Internet channel; the service, which is intended above all to allow customers to access information about the bank's operations and to execute transactions, in 2017 saw operators field approximately 164,000 calls, of a total of over 288,000, with response times of less than 28 seconds and a dropped-call rate of near zero (figures in line with 2016).

## 2.4 Creating value through education

Banca Generali wishes to contribute concretely to economic and social development based on respect for fundamental human rights and environmental protection, while promoting the culture of sustainability in all of its spheres of influence. Moreover, out of an awareness of the role that financial education plays in the process of strengthening the bonds of trust between banks and citizens, Banca Generali continues to invest in creating and spreading financial culture.

### Social and environmental sustainability



The Bank encourages socially and environmentally friendly behaviour by developing and distributing solutions with social and environmental value:

- ▶ "socially responsible" investment products, UCITS that adopt investment strategies that, in their evaluations of companies and institutions, supplement financial analysis with analysis of environmental, social and governance factors. In 2017, there were 91 sub-funds of third Sicavs in the Banca Generali range that invested according to the criteria of socially responsible investing;



- ▶ technologies and digital services aimed at reducing the use of paper, such as Doc@online;



- ▶ favourable terms in order to promote health lifestyles and a greater focus on health, such as the 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.

### Financial education



Banca Generali promotes “Aperitivi Finanziari” events throughout Italy. These free meetings, open to all customers and 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 2017, over 5,000 customers and prospects took part in the events organised by Banca Generali throughout Italy, a figure in line with the previous year, which confirmed the Bank's capability to draw the public attention onto economic-financial issues, as well as to increase interest towards these matters.



The Bank also proposes initiatives of an educational nature devoted to young people: the campaign "Un Campione per Amico/A Champion for a Friend", which tours the Italian major cities with the help of four sports champions, aims to involve young people in financial education through sports and play.

### 3. ENSURING CUSTOMER SATISFACTION

Customer satisfaction is a key factor in Banca Generali's strategic vision. Periodically monitoring customer satisfaction allows the Bank to measure its ability to meet customers' needs and expectations with the aim of reinforcing its leading position.

The level of satisfaction is measured directly with Customers through the use of quantitative indicators, and indirectly through the level of satisfaction of Financial Advisors, who manage relationships with Customers personally.

#### Customers

To analyse the level of customer satisfaction, Banca Generali has prepared a series of indicators based on data concerning the customer base. A comparison with 2016 shows that customer loyalty is virtually stable, with a retention rate up slightly and customers' average period with the Bank remaining stable. Customers' perceptions of the financial services offered improved: the number of single-product customers declined.

CUSTOMER SATISFACTION	NO. OF PRODUCTS	2016	2017	VAR. %
Customer retention rate		94.8%	94.6%	-0.2%
Average duration of the agreement*		12 years and 4 months	12 years and 4 months	-
Cross selling	1	44.1%	41.6%	-2.5%
	2-3	38,8%	40.0%	+1.2%
	4+	17.1%	18.4%	+1.3%

\* The figures refer to persons who have been Banca Generali customers for at least one year.

#### Financial Advisors

With the support of a leading external company, approximately 2,400 Financial Advisors and Private Bankers belonging to the various networks operating within the banking market, chosen by the external company in an entirely anonymous fashion, are called upon each year 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.

Once again, Banca Generali is in first place amongst the different financial advisory networks: the figures for 2017, resulting from telephone interviews to 229 Financial Planners and Private Bankers, confirmed the network's general level of satisfaction and the attention dedicated to customers.

### 4. MANAGEMENT OF COMPLAINTS

Banca Generali's Litigations and Complaints Unit receives customer complaints regarding both investments services and banking products and services. Customers may lodge complaints in writing by post, fax, telegram, e-mail, certified electronic mail or by hand-delivered letter addressed to the branches, private centres, as well as representative or other offices of the Bank.

Complaints are managed in compliance with applicable laws and regulations. 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. ADR offers extrajudicial dispute resolution procedures.

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## 3.2 DISTRIBUTION NETWORK



**CHRISTIAN BALZANO**, *lo siamo Tolleranza*  
Mixed technique on canvas, 36 × 36 cm



## 1. MAIN FEATURES

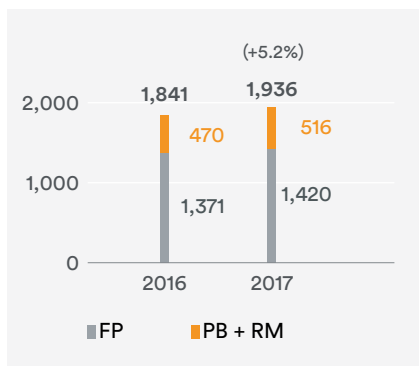
The quality and efficiency of the sales network determine the customer satisfaction level. Since they work in a sector where reputation is the most valuable asset, Financial Advisors play a very delicate role. The range of products and services, supported by advice from qualified professionals, places affluent and private customers (i.e., customers who have more advanced needs due to the amount and quality of their assets) at the heart of Banca Generali's mission.

The utmost attention is dedicated to the human and professional profiles of these customer service professionals. Despite the use of the most modern technology and the multi-channel platform, the advisory relationship represents the heart of the services offered by Banca Generali to meet increasingly complex needs that require customised solutions. This is why a special focus is placed on Financial Advisor selection and their subsequent professional growth.

Banca Generali's distribution network is the result of the aggregation of various networks of Financial Advisors and private banks over the years. In parallel to the launch of the integration process, the Bank has gradually recruited highly-skilled professionals on the financial services distribution market, drawn by the Bank's business model.

## 2. SIZE AND COMPOSITION

Type of personnel



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

- ▶ Financial Planners (FPs), who interact with Affluent customers;
- ▶ Private Bankers (PBs) and Relationship Managers (RMs) (452 PBs collaborating with the company as freelance professionals and 64 RMs who are employees) part of the Private Banking Division, specialised in interacting with private-banking customers.

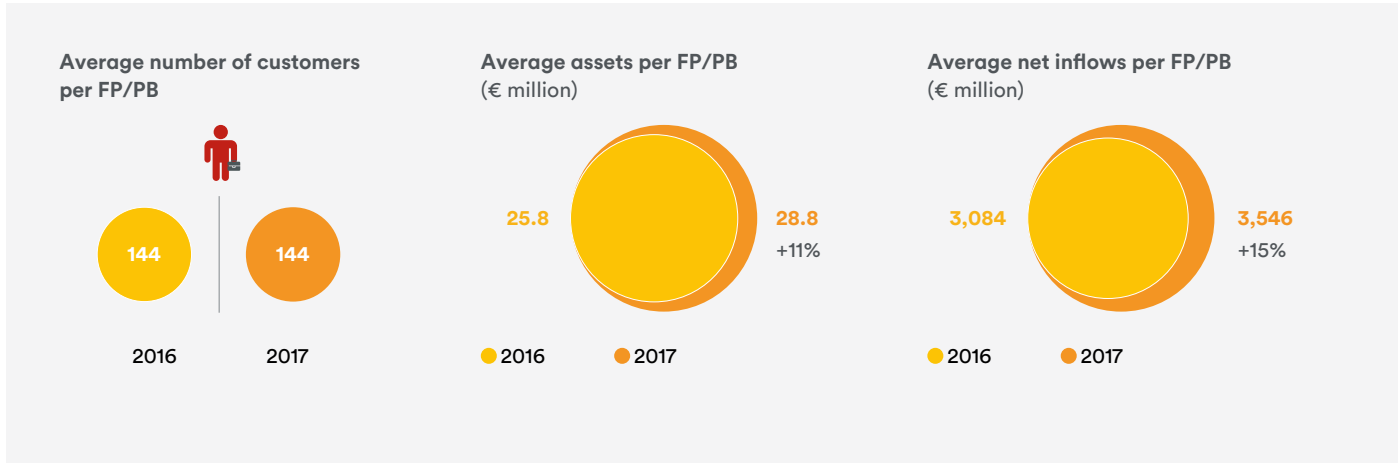
In 2017, recruiting activities led to a significant increase in the number of both Financial Planners and Private Bankers. A total of 153 new professionals with sound experience in the sector joined Banca Generali. Despite normal network staff turnover, which has always been very modest, the number of Financial Advisors of the Banca Generali's network grew by 5.2% compared to the same period of 2016.

The increase in the number of Financial Advisors operating within the network and Banca Generali's leadership within the Assoreti market, both in terms of net inflows and per-capita AUM, can also be seen as a clear sign of the improvement in network quality.

### Customers' assets

	2016	2017	VAR. %
Average number of customers per Financial Advisor FP/PB	144	144	-
Average assets per FP/PB (€ million)	25.8	28.8	+11%
Average net inflows per FP/PB (€ million)	3,084	3,546	+15%

Banca Generali's distribution network has undergone a significant reorganisation with effect from 1 January 2018. The networks of non-employed Financial Advisors have been revised according to specialisation and reorganised into two macro-divisions on the basis of the total AUM managed by each Financial Advisor, with the introduction of the new Wealth Management network, which brings together Financial Advisors in the highest asset bracket (i.e., with AUM of more than €50 million). The other Financial Advisors are included in the PB/FP Division and are divided into segments based on total AUM, according to the brackets of 50 to €15 million for Private Bankers and less than €15 million for Financial Planners.

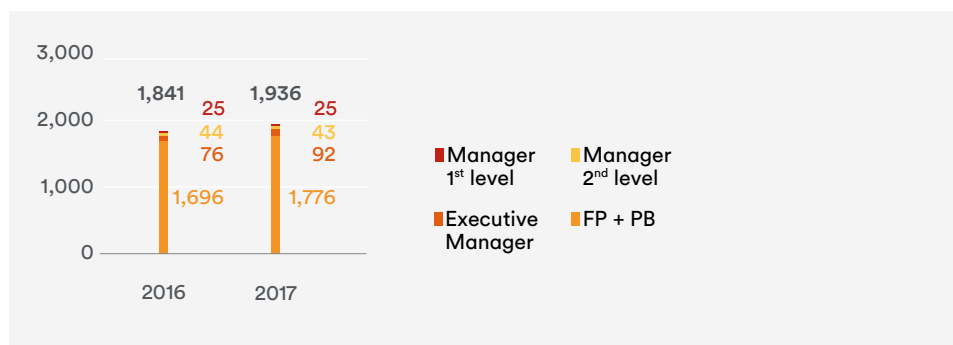


### 3. NETWORK'S ORGANISATIONAL STRUCTURE

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

Banca Generali's network management 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.

In 2017, Banca Generali's sophisticated advisory model (BG Personal Advisory) was fully implemented through the release of the platform to the sales network. Banca Generali's Service Model aims to increase knowledge of the Customer in terms of total assets, family situation and risk appetite, with the goal of offering an integrated, balanced approach to managing customers' assets and risks.



## 4. GEOGRAPHICAL BREAKDOWN BY GENDER AND AGE

👉 The female presence in the commercial network is **constantly increasing**, both as a percentage and in absolute terms

The network is broadly distributed throughout Italy, with a greater concentration in the regions of the Centre-North than in the Centre-South, in accordance with the distribution of Italian population's wealth.

The female presence in Banca Generali's network (17% of the total) still remains modest, due to the fact that the profession of Financial Advisor has seen an increase in the number of women only in recent years. However, following the recruitment activity carried out in the past years, the female presence in the commercial network is constantly increasing, both as a percentage and in absolute terms. 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 financial advisory careers.

FP	PB	TOTAL	% WOMEN	AVERAGE AGE (YEARS)			AVERAGE LENGTH OF SERVICE (YEARS)*		
				M	W	TOTAL	M	W	TOTAL
1,420	516	1,936	17%	53.3	51.0	52.1	12.3	9.9	11.1

\* Length of service also contemplates service rendered to Companies acquired by the Banca Generali (e.g., Prime, Altinia SIM, etc.).

“ The network **retention rate** is particularly high, as the **average length of service** of Banca Generali network is **11.1 years** ”

## 5. MULTI-CHANNEL NATURE OF THE SERVICE

Banca Generali has 46 bank branches which ensure customers enjoy direct access to certain banking services. Bank branches also host employed Private Bankers (Relationship Managers), who assist private-banking clients alongside the other Private Bankers. In addition to the bank branches, there are 160 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 clients. In 2017, the number of branches and offices slightly increased. Financial Planners / Private Bankers generally engage in typical "off-premise" activity directly at the customers' residence.

Lastly, completing the multi-channel approach is the availability of online and call-centre services.

BRANCHES			OFFICES			TOTAL
FP	PB	TOTAL	FP	PB	TOTAL	
40	6	46	113	47	160	206

**46 bank branches**

**160 PB and FP offices**

## 6. SALES POLICIES

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Customer satisfaction is pursued by applying **high quality standards** both to the **personnel** in charge of customer relations and the **products** and **services** offered, and by constantly adjusting those products and services to suit new needs and expectations

**BG Personal**  
ADVISORY

“

Extending the sphere of advice beyond a simple financial approach



It is for this reason that the Bank pays constant attention to improving internal procedures and developing sophisticated information technology. Tools such as the electronic signature and digital collaboration enable the sales network to complete contractual tasks without using paper media. Dedicated communication tools are available to support the work of Financial Advisors. These include websites, the Intranet, periodic publications and circular letters containing behavioural directives for performing the work, with a particular focus on legislation relating to financial intermediation, 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 therein. Sales departments also monitor 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 to allow the customer to make informed 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.

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 the product/service. In this regard, it bears recalling that now the entire sales network has available the sophisticated **BG Personal Advisory** model. This extends customer advice service to include all the customer's assets (financial and real-estate) and provide support that goes beyond the maximisation only of aspects relating to income, protection, succession, tax and so forth.

Financial Advisors must also act in an objective and balanced manner in dealing 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 necessary, 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, DEVELOPMENT AND TRAINING

☛ The recognition of **individual contributions** to a company's success is a fundamental part of proper personnel relations

97% of collaborators are freelance professionals listed on the Register of Financial Advisors authorised to make off-premise offers and tied to the company under an agency agreement. Remuneration, paid in accordance with the quantity and quality of their work and based on market-driven parameters, is the best way to achieve this enhancement goal. The incentive programmes, which in the industry are typically a critical factor, do not make any reference to the placement of specific products, but rather, reward the ability of those involved in increasing the scope of offerings in general terms, for example by acquiring a new customer or developing existing customers. The disbursement of incentives is contingent upon the satisfaction in

customer relations of the general requirements 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.

Against this background, training is therefore a key driver for the development and professional growth of the commercial network through:

- ▶ **Managerial training** in support of the role of Financial Advisors and for developing the skills and behaviour that set them apart from the rest of the market;
- ▶ High-profile **technical/commercial and institutional training** that takes account of the customers' evolving needs, to develop and look after their life plans.

**Managerial training** has been structured so as to consolidate the leadership of the various managerial figures, guiding them through training programmes aimed at ensuring their ongoing development and reinforcing their knowledge, competencies and behaviour, to keep step with a dynamic, challenging and constantly evolving environment.

A new training programme, the **Value of Consulting**, has been created to support the distinctive commercial approach of Advanced Advisory: this outstanding programme aims to provide support for the evolving Role of Financial Advisors and to understand the needs of Customers through a process of raising participants' awareness of the professional identity of Financial Advisors and the FA-Customer relationship.

**Individual business coaching and team coaching programmes** have continued to be held at the local level for managers, in addition to **Leadership Programmes** intended to increase the professional efficacy of the Financial Advisors who make up the network.

Finally, **development programmes** have been launched for specific managerial roles, with a particular focus on analysing the skills and behaviour needed to align managerial abilities and the tools essential to fulfilling their roles.

The network's authoritative and reliability have been further reinforced by **commercial training** initiatives dedicated to the "**BG Personal Advisory**" consulting approach. These training programmes began with an overview of the legislative, market and client scenario, according to a customer-centric vision, and went on to explore all of the distinctive content of the Advanced Advisory offered by Banca Generali.

The prestigious international convention "**Wealth Management Behavioral Finance**", reserved solely for the network's top Financial Advisors, featured Professor Werner DeBondt, one of the world's foremost experts in this field, to emphasise that financial advisors play an increasingly important role in seeking to temper excessive enthusiasm or fear in the minds of investors.

The special **induction process** for recently recruited Financial Advisors at Banca Generali continued through a two-day **Welcome Program**.

**Compulsory training** related to the annual IVASS professional refresher course concerning insurance products and the new legal framework involved all the Network through special training on products and courses via e-learning focused on insurance products and succession planning.

October saw the launch of **BG Lab, the consolidated digital training channel** where Financial Advisors can find all of the new developments and content relating to their training. BG Lab is a way of ensuring optimal adoption of the ongoing training approach, based on physical/digital integration that takes full advantage of all training opportunities, through engagement focused on learning and self-study.

## 8. LITIGATION MANAGEMENT

With reference to the agency relationship of Financial Advisors authorised to make off-premises offers of Banca Generali S.p.A., in 2017 there were 39 disputes, each involving legal proceedings. In 2016 there were 54 disputes.

Most of the disputes pertained to agency contracts that have been terminated and mainly entailed financial issues related to the termination of the relationship.





**CHRISTIAN BALZANO**, *lo siamo Sostanza*  
Mixed technique on canvas, 75 × 75 cm

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### 3.3 HUMAN RESOURCES

# 1. PEOPLE STRATEGY

The People Strategy, inspired by the Generali Group's four priorities, has three major themes:

- ▶ **Boost the Culture:** implementing projects and initiatives to boost Banca Generali's culture leveraging communication, closer relationships between departments, personal accountability, a stronger managerial culture at all levels and streamlined organisational complexity.
- ▶ **Live the Organisation:** increasing the organisational and business awareness of the people working at all levels of the Bank through frontal communication and training initiatives, increased efficiency of exchange between departments, investment in diversity and inclusion projects and development of faster execution to keep pace with an increasingly dynamic business.
- ▶ **Nurture Talents & Develop Digital Mindset:** supporting the already deeply rooted customer-centric culture with a more digital approach consistent with Banca Generali's business strategy, involving the organisation's best people in network and Bank events, developing talent with a digital focus and making the most of internal resources through a job rotation policy based on a combination of personal evaluation and position weightings.

As anticipated, these three pillars come together in the Bank's People Strategy, which in turn is based on the following four priorities:



	<p><b>1. REINFORCING THE SKILLS OF OUR LEADERS</b></p> <p>Developing training courses in support of leadership and development of the Banca Generali Group's resources</p>	<p><b>2. PROMOTE ENGAGEMENT AND EMPOWERMENT</b></p> <p>Implementing projects and initiatives starting from opportunities for improvement identified by colleagues</p>
	<p><b>3. BUILDING AN AGILE ORGANISATION AND CREATING NEW SKILLS</b></p> <p>Organisational analyses with the aim of constantly aligning the organisational structure with business needs</p>	<p><b>4. FOSTERING CUSTOMER CENTRICITY</b></p> <p>Adoption of the Generali Group's "simpler and smarter" philosophy, in the form of the particular attention devoted to Customers in view of constant improvement of the service offered (favouring a customer-centric culture)</p>

## 1. 2017 Generali Global Engagement Survey: Have Your Say

On the basis of the second Global Engagement Survey conducted by the Generali Group, as done following the previous edition, at the end of last year Banca Generali identified 4 + 1 priority areas of intervention in which to develop improvement projects over the next two years.

More specifically:

1. *Enablement:* increasing production efficiency and employee performance, starting with the needs identified.
2. *Supervision:* developing a comprehensive vision and fostering the sharing of information.
3. *Career/Training & Development:* increasing the amount of training provided and supporting individual development.
4. *Efficiency:* facilitating the understanding of company culture and knowledge of the Banca Generali "system".
5. *Energy:* improving individual physical and emotional wellbeing by developing interpersonal relationships.

Initiatives in the above areas will be given concrete form in 2018/2019, along with others to be developed at the level of the Investments Division.

In particular, they will relate to the following three areas:

1. *Strategy Cascading & Communication:* projects that seek to reinforce internal communication through an app to provide a clear vision of the company's goals.
2. *Development & Recognition:* projects that seek to reinforce the company culture based on merit and recognising the best performances.
3. *Agility:* projects that seek to reduce bureaucracy and the number of approvals and to support decision-making processes in order to achieve the required goals in a timely manner.



A series of initiatives targeting the company population, and specifically employees' families, were also carried out in 2017, in keeping with the company's mission.

Within Banca Generali, we make it our goal to support families with their life projects. In view of this goal, in May we launched the first edition of **Kids at the Office 2017 – Working Moms and Dads Day**. For Banca Generali, this was the first pilot edition, held at the central offices in Trieste and Milan, in which the doors were thrown open to children.

In further family-centric efforts, a **Talent Day** was organised for children of Banca Generali employees in November. This daylong event at the bank's offices was dedicated solely to coaching activities for young people about to enter the workforce. Children of employees from 16 to 27 years of age were welcomed with the aim of providing them with concrete responses to their most frequent concerns relating to entering the workforce from a comprehensive standpoint. The event was also used as an opportunity to explore financial education, an issue that is particularly dear to Banca Generali.

In continuity with the previous year, Banca Generali has continued to develop initiatives in two main areas: communications and work-life balance.

The **communications** aspect led to the development of **Prima Pagina**, a digital newspaper that reports on all the Bank's events during the month.

In addition, the first edition of the **BG Open** programme came to an end, resulting in the identification of 35 project proposals based on suggestions submitted by all employees of Banca Generali, BG Fiduciaria, Generfid and BG Luxembourg Fund Management on how to optimise internal processes, improve the quality of company life, develop innovative products and create more synergies between offices. A rating process is used to select the projects to be developed by Banca Generali, based on staff suggestions.

## 2. Reinforcing the skills of our leaders

### Development

32 Individual Development Centers dedicated to top managers were held in 2017

As an integral part of our People Strategy, Banca Generali regards focusing on people and working on their development as a cornerstone of its strategy.

Job rotation and filling managerial positions while privileging internal growth are made possible by the individual development projects implemented at Banca Generali: personalised action plans are defined, starting with a structured individual Development Centre.

A total of 32 Individual Development Centres dedicated to top managers were held in 2017 to hone managerial skills and consolidate leadership. Individual Development Centres aimed:

- ▶ to create a **personalised development plan** for each manager involved, consistent with the development needs identified;
- ▶ to effectively launch the **people development project** at Banca Generali;
- ▶ to ensure a **management pipeline** ready for new challenges and more complex positions.

The project will continue in 2018 with the activation of individual development plans.

Business coaching and mentoring programmes dedicated to people in key positions hone the managerial and strategic skills needed by managers to support the Bank in its growth.

Some managers were also involved in development projects proposed by the Generali Group.

### Training

In accordance with Banca Generali's strategic positioning, involving employees in training activities is a fundamental means of driving company engagement and empowerment.

Training activities identify the value offered by people and help them become independent in carrying out their duties, confident in their resources and aware of their professional journey. In 2017, there were two **off-site** events dedicated to top managers (45 people), at which the Bank's strategic ideas were shared and elaborated in an expanded format.

The project "**Animate the Map**" – the core project for 2017 – was organised following the April 2017 off-site event. This cascading initiative was intended to spread awareness of Banca Generali's strategic map. All employees felt involved, were made aware of the direction in which the Bank is headed, heard a unique version of the company's story and had an opportunity to reflect on how each person's work affects the Bank's growth.

Opportunities for outdoor **experiential training** for top managers and specific departments enabled reflection and collective action on key issues such as trust, group cohesion and having a common goal.

“  
**Training activities  
 give value  
 to people**

The "Self Leadership" training programme has also continued. It is dedicated to women in management posts and places a particular focus on issues most relevant for them, such as Self Empowerment and Assertiveness, Communication and personal relations, as well as Self Management.

In 2017, a great deal of attention was dedicated to the theme of **wealth management** through participation in master's degree programmes at prestigious business schools and educational institutions in order to have increasingly competent and skilled specialists in this field.

**Informational and training workshops** on the customer-centric approach to advisory known as "BG Personal Advisory" continued for office staff, with the aim of facilitating and reinforcing the sharing of technical knowledge within Banca Generali. Ongoing training activities on banking and financial issues are continuing to strengthen the culture of the Bank's personnel in these areas.

**Language training** was expanded in line with the internationalisation of the Generali Group.

Training concerning binding legislation is constantly provided in accordance with the legal indications. All mandatory web-based courses for new recruits, under both indefinite- and fixed term contracts, are provided through the e-learning platform.

Training programmes on **safety** issues are provided on an ongoing basis.

Training on General Worker Safety continued, with the organisation of physical classroom and e-learning sessions for both managers ("Safety Training – Managers") and the rest of the population ("Safety – General worker training").

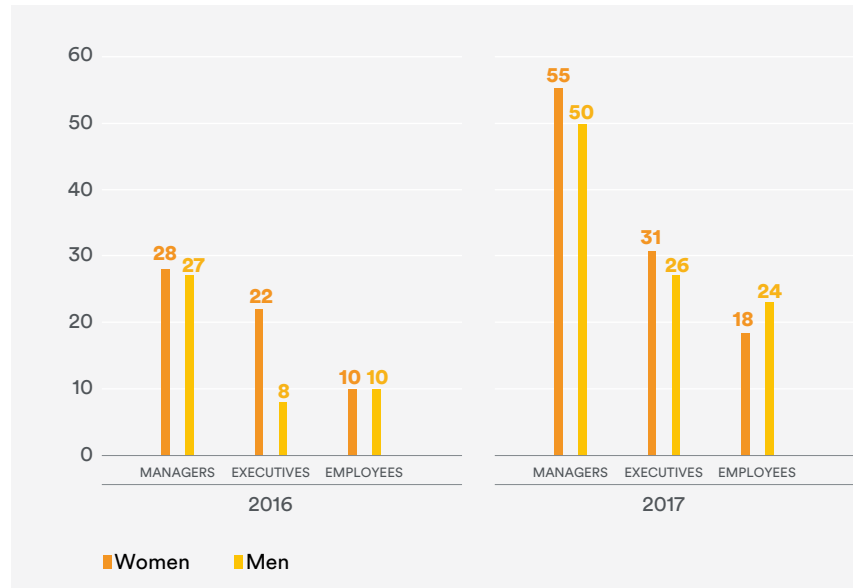
Regarding safety, classroom training consisted in courses for first-aid providers, safety personnel, in addition to the re-training of emergency teams, which also includes the use of defibrillator.

In 2017, Banca Generali provided over 21,000 training hours, including distance learning courses.

	HEADCOUNT BY LEVEL AND GENDER			HOURS OF TRAINING			MAN-HOURS OF TRAINING BY LEVEL AND GENDER		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managers	13	36	49	715	1,814	2,529	55	50	52
Executives	99	163	262	3,061	4,264	7,325	31	26	28
Employees	329	227	556	5,947	5,450	11,398	18	24	20
<b>Overall total</b>			<b>867</b>			<b>21,251</b>			<b>25</b>

**+63%**  
**hours of training in 2017**

## Training (man-hours)



Banca Generali participates constantly in training projects promoted by the parent company. Specifically, in 2017 selected employees were involved in two projects:

- ▶ **MAP Managerial Acceleration Program:** a project aimed at developing and strengthening managers' leadership, starting with the guidelines provided in the GEM Generali Empowerment Manifesto;
- ▶ **GATE Generali Advanced Technical Education:** an international programme that seeks to consolidate, refresh and innovate the technical and business skills that are a part of Generali's DNA and culture.

### 3. Building an Agile Organisation and Investing in New Skills

Changing business needs are driving the search for a more functional and efficient structure, and the performance of analyses aimed at identifying areas for organisational and process improvement. All this resulted in the Bank's structure being significantly streamlined at the end of 2017, when a new organisation was approved.

C Concurrently with the launch of Banca Generali's new products and services, there was a phase of analysis and redesigning of processes of the Bank's operating and support structures.

### 4. Fostering Customer Centricity

Banca Generali has always promoted Customer centricity in its organisation, by listening to the customer's needs and providing a quick and effective response. It is within this framework, and in order to strengthen such centricity even more, that work has continued on the Banca Generali team to create a simpler and smarter organisation, following three driving principles: **promptness, availability and reactivity.**

In order to make this culture even more deeply entrenched, cascading meetings were organised between top management and employees, after which the following strategic actions in the customers' interest were drawn up:

- ▶ a new wealth management approach;
- ▶ a new platform for evaluating, planning and controlling financial resources, generational transfer and tax optimisation methods;
- ▶ risk analysis and personalisation of investment solutions;
- ▶ a partnership with the main international players specialised in corporate finance and real-estate advice.

This is the spirit that animates the continuing meetings with Banca Generali's management, which allow the Bank's employees to interact directly with the Bank's CEO and Deputy General Managers, thus ensuring a closer relationship with top management. In turn, the General Manager becomes aware of points of view and proposals directly related to the business.



## PROCEDURES FOR EVALUATING HUMAN RESOURCES

In 2017, a great deal of emphasis was placed on evaluating skills. The theme was introduced through training dedicated to managers responsible for performing evaluations and their subjects, honing the skills needed to perform this important task as well as possible.

**Feedback on each employee's job performance is considered essential for the employee's development and growth.** For this reason, every year a feedback session is organised for appraising the previous year's performance by applying a top-down approach, thereby laying down the basis for the next year's development plans. This session, which involves all human resources belonging to the employee and executive categories employed for at least six months, is also an opportunity for attendees to express their willingness to engage with enriching professional experiences, including the possibility of functional and/or geographical mobility. The same also represents a highly useful parameter for a thorough analysis of training needs, as well as for identifying the most deserving resources to which to assign one-off incentivisation measures (e.g., bonuses) or permanent incentivisation measures (permanent personal productivity bonuses or promotions).

One change in 2017 was the introduction of another point of view: in addition to evaluations by the direct superior and Human Resources, a **pilot project** in which co-workers chose Banca Generali's top performers was carried out.



"Who among your co-workers do you think excels?". This challenging question launched **Talent Scout**, an initiative that allowed all Banca Generali employees to identify three colleagues who "make a difference" in day-to-day activities.

For the first time, a contest was held among employees with the aim of raising awareness of the value of human resources among all employees and thus further strengthening the recognition of professionalism and meritocracy in the Banca Generali's collective conscience. Through a voting programme, supported by an external platform — to ensure full anonymity — each employee had the opportunity to nominate up to three employees, one from his or her own department and two from other departments.

## 2. EMPLOYMENT

### Recruitment and hiring policies

“

**The human factor is a key resource of Banca Generali**

The human factor is a key resource of Banca Generali. Accordingly, the Company has striven to select and retain particularly qualified personnel by basing its selection and hiring processes on the principles of integrity and impartiality.

During the selection process, priority is given both to internal professionals already working at the Bank, through the BG Posting programme, which allows current employees with indefinite-term contracts to apply for vacant positions (whether of the same or a higher level) within Banca Generali and the Generali Group, through the infra-Group mobility programme, in which Banca Generali also participates.

If no internal profile meets the requirements for the positions to be filled, the search is opened to the market.

To locate and attract the top professionals on the market, Banca Generali takes part in career days, sponsors initiatives and collaborates with universities and institutions.

Searches are primarily conducted by publishing announcements on the main specialised search and selection sites, or by collaborating with top head-hunting companies for positions for which particular professional skills are required.

Resources are selected by assessing the candidates of greatest interest from a technical standpoint, with a strong academic background, master's degrees in their areas of specialisation, proficiency in foreign languages, pertinent job experience, where applicable, strong analysis and problem-solving skills, ability to work in a team, flexibility, adaptiveness and organisational leadership. Once hired, new recruits are offered training programmes aimed at fostering both integration and business knowledge.

The key factors that bring talented young people to Banca Generali include: reputation, ethics and culture, innovation, creativity, policies aimed at reconciling job and family, mobility, dynamic growth through training, career opportunities, financial incentives, fringe benefits, clear objectives and workplace safety.

### Industrial and trade union relations

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

At the end of 2017, the rate of union membership (employees registered with unions vs the total workforce in Italy) was 34.5% (vs 35.3% in 2016). 97.3% of employees are subject to social and national legislation, and the provisions of the National Collective Labour Agreement (Credit Managers). The sole exceptions are the employees of BG FML, to which the local legislation applies. The national collective agreement (CCNL Credito) 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).

During mergers, acquisitions and de-mergers involving the Bank in the past few years, the companies affected launched the procedures for dialogue with unions established at both the legislative and contractual level. These are aimed at a preliminary search for solutions acceptable to both parties to handle the organisational consequences for employees. The parties have 45-50 days to reach an agreement. Failing an agreement in the above period, the Company may make decisions unilaterally. On 30 June 2016, the economic conditions of the supplementary contract for employees (white-collar workers and executives) of Banca Generali (Italy area) were extended until 30 June 2019. Specially noteworthy conditions were maintained, also from a social standpoint, in the area of healthcare – with the increase of maximum coverage for oncological expenses, 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). As of 2018, the Company has started to provide life, permanent and total disability, and dread disease cover for its employees.

The provision concerning the collective company bonus is particularly innovative. In 2016-2018, it will be available to employees not only in the traditional cash format, but also as “welfare”, i.e. reimbursement of the expenses incurred on behalf of family members (spouses, children and relatives up to the second degree) for education, training, school books, summer and winter camps, educational vacations, language or computer courses and care for family members with severe disability or family members over age 75.

Since it is the result of collective bargaining, it applies to all employees in the categories of white-collars and executives. The sole exception pertains to staff under fixed-term contracts, for whom the ability to benefit from discounts on home mortgages or personal loans is not provided.

Moreover, in implementation of the National Collective Labour Agreement, the activity of Fondazione Prosolidar, which is involved in solidarity projects at an international level, was promoted. In 2017, approximately 400 employees participated, paying in the established contribution, followed by a similar contribution by the company.

## The European Social Charter of the Generali Group

The European Social Charter of the Generali Group is a key document in Banca Generali's human resource management policy, as it 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.

## Remuneration

👉 **See also:**  
Table *Remuneration men/women*, page 59

Without distinction by gender, Banca Generali offers remuneration in line with the market and additional benefits and incentivisation systems aimed at improving the quality of life of those who work at the Bank and rewarding, on the basis of merit, performance and achievement of specific objectives. The remuneration package of indefinite-term employees (full-time and part-time) is tied to the National Collective Labour Agreement or local laws and regulations and the Company Supplementary Agreement. It includes supplementary pension plans, insurance coverage (including voluntary supplementary insurance), healthcare, product discounts, performance bonuses and other bonuses and benefits such as reimbursement of childcare costs, laundry services, parking for expecting mothers and agreements with medical centres and local institutions for special service offers (Trenord, ATMs, etc.). Further information is provided in the 2017 Annual Report and the 2017 Remuneration Report.

## Health and safety

👉 In order to always ensure a rapid response, there are **emergency teams** formed of volunteers with specific training.

Banca Generali considers the physical safety of its workers to be a priority; therefore it guarantees working conditions in a safe, healthy environment, in accordance with existing health and safety legislation.

Banca Generali complies with and implements national legislation governing differently abled employees, in view of guaranteeing equal opportunities within the company. To this end, in order to ensure that they enjoy the best environmental conditions, the Bank's buildings are constantly inspected to ensure that they meet law requirements (architectural restrictions and workstations), such as parking spaces reserved for differently abled people in the immediate vicinity (e.g., two parking spaces reserved for employees with significantly reduced motor ability in the courtyard of the Trieste office).

At 31 December 2017, Banca Generali had 45 differently abled employees, 27 of whom were women (60.0% of the total).

In areas at risk of attacks, specific crime prevention measures and deterrents are implemented, such as access control systems, alarms and video surveillance at the Milan and Trieste offices. The banking branches have also implemented active and passive security systems (interlocking entrance doors, cash in-out) and organisational measures including devices to protect deposits, safes, keys, systems, and other security equipment. 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 for emergency management purposes.

In 2017, personnel eligible for health supervision underwent medical examinations according to the protocol established in current legislation for the associated risk group. In total, 388 medical examinations were carried out (215 men and 173 women), involving nine different offices.

The results showed clearly that most (80%) 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, wedge pillow, etc.), the latter is promptly required to the relevant body and provided to the concerned personnel.

#### ABSENTEEISM RATE FOR ILLNESS

**2.54%**

GENERALI GROUP (2016): 4.3%



#### ABSENTEEISM RATE FOR ACCIDENTS

**0.04%**

GENERALI GROUP (2016): 0.09%



## Work-life balance

Company activities are generally organised in such a way as to allow employees to avail of flexible hours as concerns both entry and exit times. Moreover, there was a great sensitivity towards requests for part-time hours/shorter hours and/or flexibility for serious reasons related to employees or their families.

In further pursuit of job flexibility, Banca Generali recognises the importance of the “hour bank”. Besides the right to take periods of leave as set forth by law or contract, it entitles all employees — irrespective of gender — to paid leave for health reasons and at their discretion, in addition to the mandatory maternity leave for female personnel and parental leave.

## BACK TO WORK

Dedicated to personnel returning after a long absence, Banca Generali provides a number of ad-hoc benefits aimed primarily at women who have taken maternity leave. In particular, new mothers employed by the company have the right to change their full-time contract to part-time (for an overall period that cannot extend beyond the child's seventh birthday). In addition, Banca Generali has entered into agreements with four day-care facilities (two in Trieste and two in Milan) to help mothers return to work, providing discounted rates for employees, as well as payment of annual subscription fees.

## Diversity and Equal Opportunity

### Diversity & Inclusion

Banca Generali bases its success on the enhancement of human resources, attention and commitment towards collaborators, respect for human dignity, freedom and equality, and equal opportunity in the workplace and on career paths, without any kind of discrimination. In the light of these key principles, the guarantee of equal treatment between men and women and the protection of differently abled and foreign-national employees in the selection process, training, career advancement and remuneration are accompanied by the ambition to build a culture that values diversity of thought, considered to be an essential resource for company development and growth.

“

**At Banca Generali companies, 98% of managers are local**

However, reflecting the diversity of the company's workforce, total equality between male and female employees, particularly at top management level, is preserved and promoted. Banca Generali guarantees equal treatment for men and women, both during the selection processes and in terms of remuneration.

In 2017, Banca Generali continued to participate actively in Elle Active, the second Italian edition of the forum dedicated to "Women and Work": two days with a wealth of interactive workshops, seminars, motivational programmes and more, to support female professionals.





### 3. NUMBER AND TYPE OF HUMAN RESOURCES

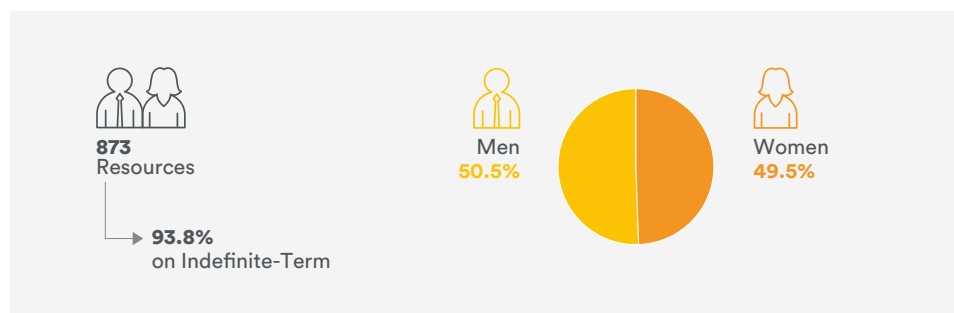
#### Personnel

	2017			2016		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Banca Generali	417	417	<b>834</b>	411	400	<b>811</b>
BG Fiduciaria	4	6	<b>10</b>	5	7	<b>12</b>
Generfid	4	1	<b>5</b>	4	0	<b>4</b>
BG FML	7	17	<b>24</b>	7	15	<b>22</b>
<b>Total</b>	<b>432</b>	<b>441</b>	<b>873</b>	<b>427</b>	<b>422</b>	<b>849</b>

There was a net increase in the workforce of 24<sup>1</sup> resources compared to 2016:

- ▶ an increase of 25 people with indefinite-term contracts (of whom 1 executive) due to:
  - increase (+6) in staff hired to replace employees on maternity leave and various other types of leave;
  - increase (+7) in employees given indefinite-term contracts starting on 01/01/2018;
  - increase (+12) in fixed-term resources, mainly as a support during peak workloads linked with special projects and activities;
- ▶ a temporary decrease in indefinite-term employees of one resource, for which the replacement process is still ongoing.

	2017			2016			VAR.
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
Italy	425	424	<b>849</b>	420	407	<b>827</b>	3%
Luxembourg	7	17	<b>24</b>	7	15	<b>22</b>	9%



## 24 new resources in 2017

<sup>1</sup> Difference in period-end figures as at 31.12.

Breakdown of personnel by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2017	2016	2017	2016	2017	OF WHICH FT	2016	OF WHICH FT	2017	2016	2017	2016
		48	47	262	260	563	53	542	28	873	849	65
% ratio	5.5	5.6	30.0	30.6	64.5	6.1	63.8	3.3	100	100	7.4	7.5

As a result of professional growth programs, 2017 saw also an increase in the absolute number of managers (+1) and executives (+2), against a decrease of employees under indefinite-term contract (510 in 2017 vs 514 in 2016). The employees category grew in absolute terms, following the increase in definite-term resources included in this category.

Women by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2017	2016	2017	2016	2017	OF WHICH FT	2016	OF WHICH FT	2017	2016	2017	2016
		13	12	90	90	329	19	325	11	432	427	14
% ratio	3.0	2.8	20.8	21.1	76.2	4.4	76.1	2.6	100.0	100.0	3.2	3.0

On average, women represent 49.5% of total personnel, virtually in line with last year (50.3%). The percentage of women who serve in positions of responsibility (managers and executives) remained unchanged from 2016 (33.2%)<sup>1</sup>.



Breakdown of workforce by type of contract

	FULL-TIME IT		FULL-TIME FT		PART-TIME IT		PART-TIME FT		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		762	761	51	27	57	59	3	2	873
% ratio	87.3	89.6	5.8	3.2	6.5	7.0	0.4	0.2	100	100

Indefinite-term personnel make up 93.8% of the total.

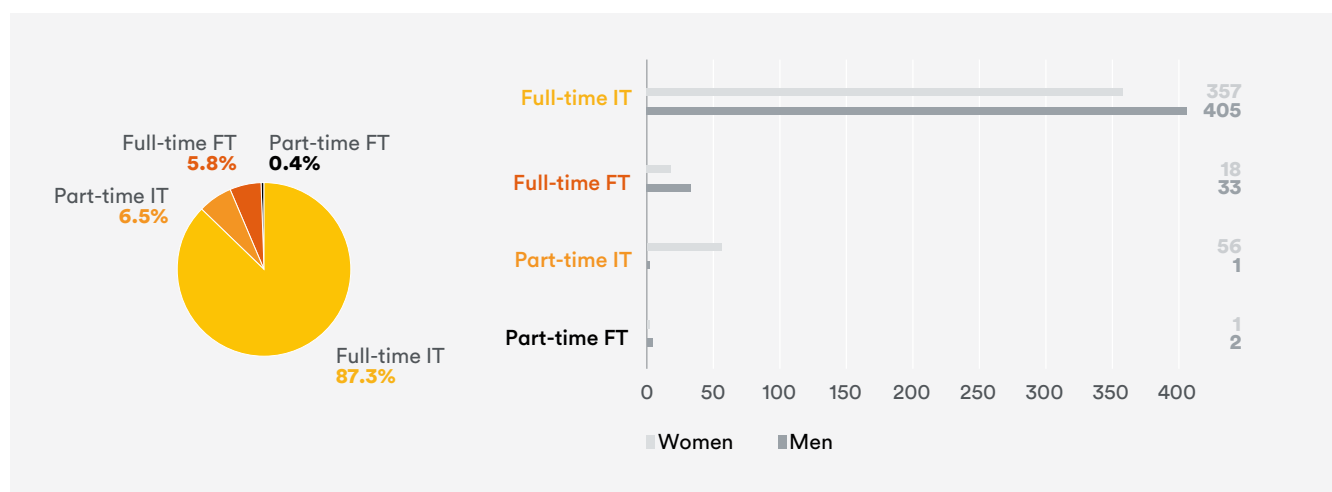
There are 60 part-time employees (6.9% of the total, 7.2% in 2016). Those choosing to work part-time are mainly women who are more involved in managing and caring for a family: in 2017, women represented 95% of part-time employees (97.4% in 2016).

The Bank makes use of temporary or project-based contracts or professionals for limited periods (two at 31.12.2017) in response to peak demand or specific projects.

In 2017, the Bank continued to encourage access to the job market by young people through the launch of training projects (internships). At 31.12.2017, there were eight interns (six women and two men).

Among employees, there continues to be an increase in those who have undergraduate and graduate degrees (58.0% in 2017 vs 53.5% in 2016).

<sup>1</sup> (No. of women manager + No. of women executive in 2017)/(Total No. of managers + total No. of executives in 2017) x 100 = (13+90)/(48+262)x100 = 33.2%.



### Breakdown of female personnel by type of contract

	FULL-TIME IT		FULL-TIME FT		PART-TIME IT		PART-TIME FT		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	357	358	18	9	56	58	1	2	432	427
% ratio	82.6	83.8	4.2	2.1	13.0	13.6	0.2	0.5	100	100

Of the Bank's personnel, 95.6% of women have indefinite-term contracts.  
There are 57 part-time female employees, representing 13.2% of the total women.

### Remuneration women/men

	MANAGERS		EXECUTIVES		EMPLOYEES	
	OVERALL REMUNERATION*	BASE REMUNERATION**	OVERALL REMUNERATION*	BASE REMUNERATION**	OVERALL REMUNERATION*	BASE REMUNERATION**
Italy	0.73	0.77	0.80	0.91	0.96	0.98
Luxembourg	1.35	1.46	1.50	1.37	0.85	0.88

Ratio of women's base and total salaries to those of men in the same category, broken down according to the main places of business.

\* Annual amount paid by the Bank 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.

In Italy, the total remuneration of women managers is still lower than that of men because there are more men in strategic responsibility roles, which entail considerably greater remuneration.

Among executives, 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.

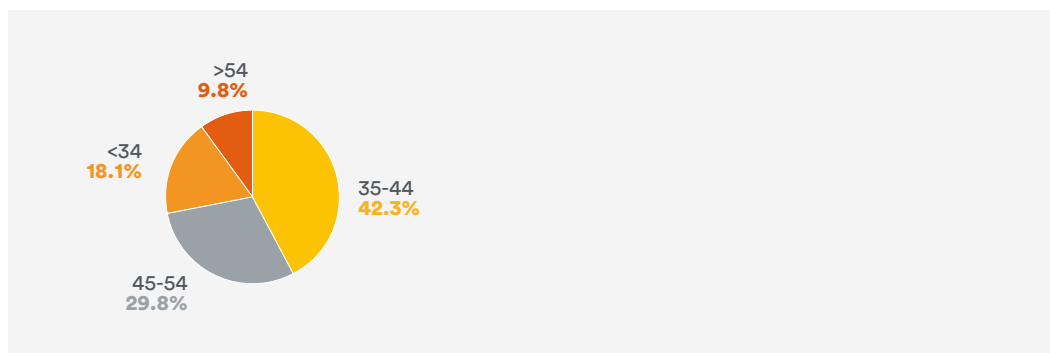
Among employees, the gap between the total remuneration of women and that of men is due to the presence of part-time contracts (almost fully related to women).

In Luxembourg, for the category of managers and executives, the ratio is influenced by the strong component of female personnel serving in key positions.

Workforce by age

	UP TO 34		35-44		45-54		OVER 54		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	158	148	369	398	260	223	86	80	873	849
% ratio	18.1	17.4	42.3	46.9	29.8	26.3	9.8	9.4	100	100

The most populous bracket is still 35-44 years.  
Like last year, the smallest age range is that of employees over the age of 54 (9.8%).



“ **60.4%** of personnel is under the age of 45

**42.9 years**  
the average age

Female personnel by age

	UP TO 34		35-44		45-54		OVER 54		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	63	62	210	230	131	109	28	26	432	427
% ratio	14.6	14.5	48.6	53.9	30.3	25.5	6.5	6.1	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 years of age, which encompasses about 48.6% of the female population. Overall, 63.2% of women is under the age of 45.

## Turnover

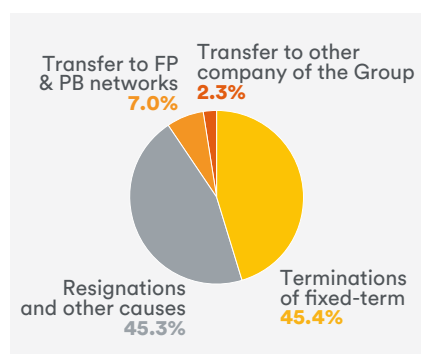
	PERSONNEL AT 31.12.2016	TERMINATIONS 2017	HIRINGS 2017	PERSONNEL AT 31.12.2017
	849	86	110	873
of whom women	427	35	40	432

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.

In 2017, 40.7% of terminations and 36.4% of new hires involved female personnel. The overall turnover rate, calculated as (hirings plus terminations)/[personnel at year-start + personnel at year-end]/2], was 0.23 (0.18 in 2016). In 2017, the turnover attributable to Luxembourg accounted for 2.3% of hirings and for 3.6% of terminations.

Terminations in the same year as hiring affected 32 employees (of whom 17 women), mainly under fixed-term contracts of short duration. Turnover figures do not include the conversion, during the year, of 7 fixed-term contracts into indefinite-term contracts.

## Terminations causes



## Number of terminations by age range and gender

	UP TO 34 YEARS	BETWEEN 35 AND 54 YEARS	OVER 54 YEARS	TOTAL
	45	19	22	86
of whom women	19	9	7	35

Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the ratio of the latter to the total number of terminations during the year amounted to 54.7%, and chiefly refers to the expiry of contracts with young people under 35 years of age (down compared to 57.1% in 2016).

Terminations of personnel with indefinite-term contracts accounted for 45.3% of the total.

The negative turnover rate (total number of terminations / total personnel at the beginning of the year x 100) amounted to 10.1%, up compared to 8.4% for the previous year.

The majority of terminations continued to refer to the under-35 employee age bracket, which accounted for 52.2% of total terminations. This age bracket is particularly affected by termination of fixed-term contracts, in addition to the natural greater propensity of younger workers to change jobs.

45.4% of terminations related to the aforementioned expiry of fixed-term contracts, 2.3% was attributable to transfers to other companies of the Bank, 7.0% to the transfer of sales personnel into the Financial Planners and Private Bankers' network, while the remaining 45.3% to resignations and other residual reasons.

## Number of hirings by age range and gender

	UP TO 34 YEARS	BETWEEN 35 AND 54 YEARS	OVER 54 YEARS	TOTAL
	81	26	3	110
of whom women	33	7	-	40

Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the ratio of the latter to the total number of hirings during the year amounted to 71.8%, and mainly refers to young people under 35 years of age.

Hirings of personnel with indefinite-term contracts accounted for 28.2% of the total.

The positive turnover rate (total number of hirings / total workforce at year-start x 100) was 13.0%, up compared to the previous year (9.8%).

36.4% of hirings related to women, of whom 82.5% were under 35 years of age.

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## 3.4 SHAREHOLDERS AND INVESTORS



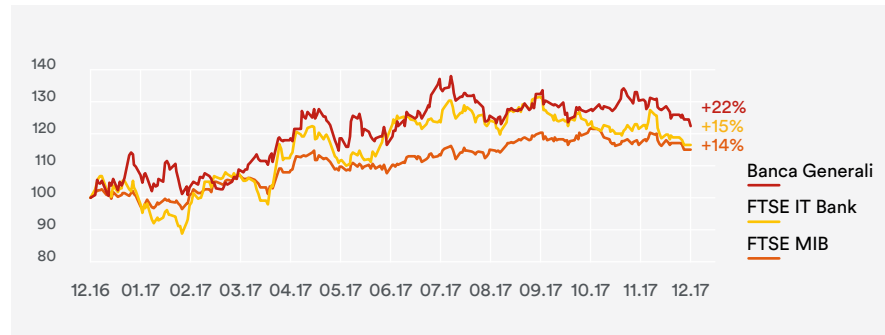
**CHRISTIAN BALZANO**, *Io siamo Sicurezza*  
Mixed technique on canvas, 36 × 36 cm



## SHAREHOLDERS AND FINANCIAL COMMUNITY

**International equity markets enjoyed a positive year** in 2017. Specifically, the Italian stock market outperformed the rest of Europe (excluding Greece): the FTSE MIB posted gains of 13.6% and the FTSE Italia Mid Cap rallied +32.3%, driven by the launch of the individual savings plan scheme (PIR). The Bank's shares increased in value by 22.4%, resulting in a TRR of 27.1%, including dividends. The stock's performance was supported by investors' appreciation for the company's strategic vision, growth and sustainability from a MiFID II standpoint.

TRR  
**27.1%**



In this extremely favourable scenario, **Banca Generali further strengthened dialogue with the Italian and international financial community**. The total number of meetings with investors and analysts at dedicated roadshows and industry conferences increased further compared to the previous year's already strong results (333 compared to 299 in 2016), for a total of 150 different asset management firms (130 in 2016). Compared to previous years, there was greater involvement in the investor marketing process by the entire management team, with the goal of showcasing the team's standing and of encouraging greater openness on matters of specific interest and value.

Banca Generali decided that it was important to devote a day to exploring the new Directive on financial market instruments known as "MiFID II" given its significant implications for the financial services and asset management sector. **Banca Generali thus organised an Investor Day** on the subject in **London**. The event was greatly appreciated by the financial community, members of which attended personally and via webcast (for a total of 70 investors and analysts). The event was an opportunity to provide an interpretation of the Directive as it is relevant to the Bank's operations and the guidelines for its adoption within the Bank.



📌 In April 2017 Banca Generali was included in the FTSE MIB index

Finally, it should be noted that in April 2017 **Banca Generali was included in the FTSE MIB index**, supported by the strong rally in its share price from the low reached in July of the previous year. Its inclusion represented important recognition for the Bank, which over the years has become established as one of the most dynamic and growing companies in the asset management sector in Italy. In December 2017, Banca Generali's inclusion in the index was confirmed, despite the re-listing of Pirelli.

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## 3.5 SUPPLIERS



**CHRISTIAN BALZANO**, *Io siamo Scrupolosità*  
Mixed technique on metal sheets, 75 × 75 cm

## PURCHASING POLICIES AND PRACTICES

In 2017, Banca Generali engaged in dealings with 1,483 suppliers, for total costs of €93.7 million, broken down into €86.2 million (92.06 % of the total) paid to Italian suppliers and €7.5 million (7.94% of the total) to foreign suppliers.

	2017	2016
Number of suppliers	1,483	1,583
Expenditure/suppliers (€ thousand)	93,649	89,780

While maintaining an autonomous procurement policy and bargaining position in dealings with suppliers, Banca Generali adopts a conduct in line with the Generali Group's principles. Accordingly, it applies the principles of integrity, honesty, impartiality, and transparency and selects its suppliers based solely on criteria relating to the competitiveness and quality of the products and services offered. The process of selecting suppliers is based on clear, well-defined and non-discriminatory procedures, through the exclusive use of objective, documentable and transparent parameters tied to the quality of the products and services offered.

Banca Generali also promotes fair and sustainable competition amongst its suppliers and adopts a balanced approach, avoiding the creation and maintenance of positions of economic dependency. It works only with suppliers who conduct their business in rigorous compliance with national and international laws and regulations, safeguarding human rights and labour protection, and comply with the principles enshrined in the Code of Ethics adopted by the Bank. In selecting suppliers, Banca Generali privileges national suppliers, and in particular companies able to supply goods and/or services throughout Italy.

Banca Generali has issued a specific circular entitled "Purchasing Management" governing the procedures applicable to its procurement process. A special procedure is envisaged for related party transactions.

The Group's Policy for the Environment and Climate defines the objectives and undertakings that guide the Group's choices and actions, including procurement, in order to make a positive contribution to sustainable development.

Banca Generali has insurance covers, as well as adequate clauses covering damages caused by providers of infrastructure and services.

**1,483** suppliers **€93.7 million** total costs

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## 3.6 COMMUNITY



**CHRISTIAN BALZANO**, *lo siamo Natura*  
Mixed technique on metal sheets, 146 x 118 cm



## COMMUNITY RELATIONS

Banca Generali's initiatives aimed at supporting the local community from a social, cultural and athletic standpoint may be grouped into two general categories:

- ▶ philanthropic: social commitment with donations of funds, accompanied by company volunteer activities, supporting non-profit organisations and/or institutions;
- ▶ commercial: sponsorship of events and initiatives with a high cultural and sporting value.

### Social commitments and volunteer work



#### LILT (Italian League for the Fight against Tumours)

Banca Generali contributed to the organisation of a concert held at the La Scala theatre in Milan to raise funds to guarantee constant assistance services to grown-ups and children.

#### CAF (Aid Centre for Minors and their Families)

In the spirit of corporate volunteering, the Bank's employees organise dedicated desks to sell products, all the proceeds of which go towards funding this historic non-profit organisation in Milan which has been running projects to help disadvantaged minors and their families for years.

### Sporting initiatives

#### Banca Generali – Un Campione per Amico (a Champion for a Friend)



“Banca Generali - A Champion For a Friend” is a well-established initiative that combines sports promotion for all with financial education even for the very young. The event starred four legendary Italian athletes: Adriano Panatta, Jury Chechi, Francesco Graziani and Andrea Lucchetta, who in large open-air gyms, fitted out in the most beautiful Italian squares, teach elementary and middle school students what it means to experience sport through integration, respect for diversity, sharing and the right balance in eating and physical activity. These days are also an opportunity for the Bank to promote the value of saving and managing one's own resources properly, by means of an attractive comic book on the social function of banks.



#### Difficult children, winning prospects



This educational project, focused on children residing at the Santa Bona juvenile detention facility in Treviso, was run by the rugby association Ruggers Tarvisium. Banca Generali provided economic support for the project, which involves teaching children to play rugby, with the involvement of Serie A league coaches.

Dynamo Bike Challenge



In 2017, Banca Generali continued to sponsor Dynamo Team Challenge, a fun sporting event for charity to raise funds for Dynamo Camp.



Panatta Tennis Invitational “Memorial Motta” for the Santa Maria Annunziata di Firenze non-profit organisation



Banca Generali has organised an invitational tennis tournament run by champion Adriano Panatta with the aim of raising funds to support childhood-related research and treatment projects managed by the non-profit organisation Santa Maria Annunziata in the Spedale degli Innocenti hospital in Florence.

Cultural initiatives

FAI

A well-established partnership is in place with FAI – Fondo Ambiente Italiano in sponsoring the “FAI spring days”. Besides sponsoring the initiative, in 2017 Banca Generali made also an active contribution to its success opening Palazzo Pusterla, headquarters of Banca Generali Private Banking in Milan, to the public during the days of the event, receiving thousands of visitors.





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### Christian Balzano's solo exhibition

The exhibition “*Resilienza*” of the Tuscan artist Christian Balzano was inaugurated on 14 December 2017 at Banca Generali premises in Milan, Piazza Sant’Alessandro. It consists of small number of subjects in which the figure of the bull stands out as a metaphor for existence, conveying a sense of power and élan that is immediately apparent to the viewer. In addition to the exhibition, the Bank will donate a bronze sculpture to the city of Milan to adorn one of the urban squares.

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### Alassio photography show

*Confidence* is a series by Michele Alassio, specifically created to celebrate Banca Generali’s first ten years on the stock exchange. The shots chronicle the Bank’s journey from the IPO to the present and depict the notion of confidence, imagined as the harmony of the elements and a distinctive feature of Banca Generali. From 1 December 2016 to 31 August 2017, the show was hosted at Banca Generali premises in Milan, Piazza Sant’Alessandro, and since 12 September 2017, it has been exhibited at the Rome office, Via Vittorio Veneto.




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### Tax credit related to movie production

The commitment to supporting movie projects that promote national resources and artists has strengthened. In fact, the Bank is funding the production of film projects through the movie tax credit initiative. After supporting Silvio Muccino’s film “*Le leggi del desiderio*” in 2015, the reporting year saw Banca Generali giving its support to “*Piccoli crimini coniugali*” by Alex Infascelli, with Sergio Castellitto and Margherita Buy and to Gigi Roccati’s “*Babylon Sisters*”.

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### Galileo, Festival dell’innovazione (Innovation Festival)

For the second year running, Banca Generali has sponsored “Galileo – Festival dell’Innovazione”, promoted by Padua University.

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### Private Banking Observatory

Banca Generali and LIUC – Università Cattaneo have set up a permanent Observatory on the private banking sector. The aim is to create a renowned, top-level reporting structure. The Observatory’s activities started in March 2015.



## THE HUMAN SAFETY NET

### Our new approach to the community

In 2017 we refocused our work in the community by joining a major project promoted worldwide by the Generali Group, so that the resources, skills and people we make available can have a greater impact and each person's sense of belonging to the Group can be further reinforced. The project is also based on the conviction that the creation of communities of people who help other people can lead to change in the long-term.

The aim of the initiative, called The Human Safety Net, is to help disadvantaged people overcome their difficulties and change for the better their lives, the lives of their families and those of the communities in which they live. In particular, we wanted to tackle the topics most closely linked to socio-demographic change, in line with the corporate social responsibility strategy and Generali's Charter of sustainability commitments from which Banca Generali also draws inspiration.

More specifically, among the three programs of this initiative, Banca Generali decided to participate to The Human Safety Net for Families, with the intent to give people better life conditions in terms of education, food, healthcare, and sport.

### Creating opportunities for a better life

#### *A chain of people helping other people*

The Human Safety Net is based on the ("chain aid" idea, a concept whereby someone who receives support may in turn help someone else, creating a positive domino effect extending throughout the world, with limitless potential.

- MISSION** Unlocking the potential of disadvantaged people so that they can transform their own lives and those of their families and communities.
- VISION** We believe that everyone should have the opportunity to live a better life through a sustainable livelihood.
- APPROACH** The Human Safety Net is an accelerator that protects and supports disadvantaged people in creating opportunities that benefit themselves and the communities they live in. And the key words to do this are: protecting, mentoring, training and investing.
- PROGRAMS** The Human Safety Net has three programs:

FOR FAMILIES

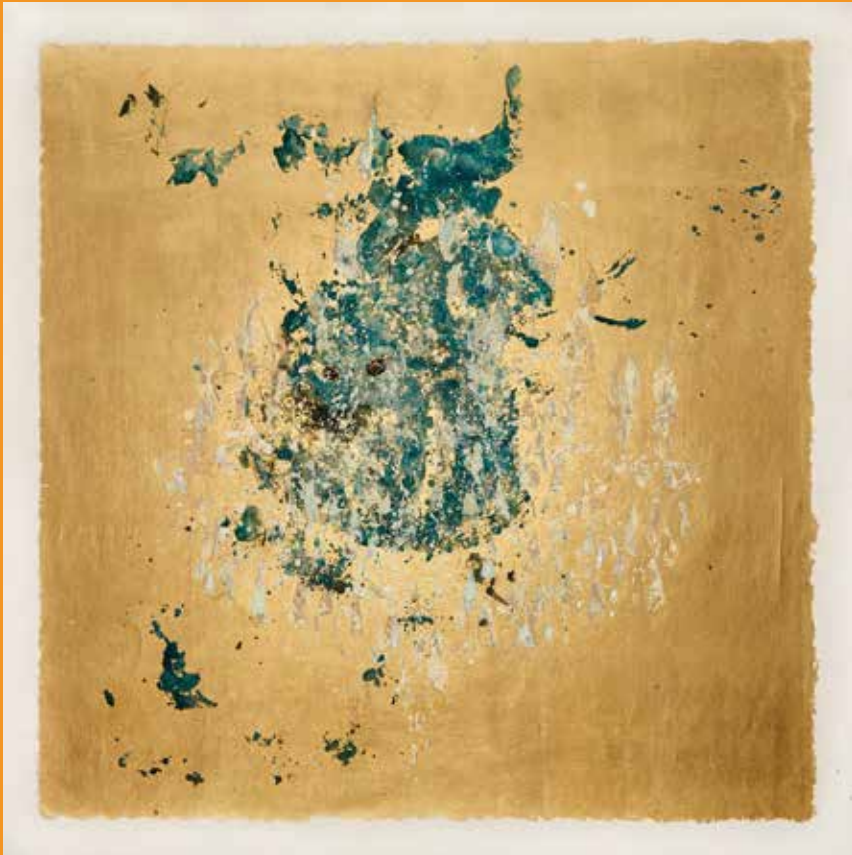
FOR REFUGEE START-UPS

FOR NEWBORNS

> [TheHumanSafetyNet.org](https://TheHumanSafetyNet.org)

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## 3.7 ENVIRONMENT



**CHRISTIAN BALZANO**, *Io siamo Prudenza*  
Mixed technique on metal sheets, 75 × 75 cm

## ENVIRONMENTAL POLICY

Safeguarding the environment as a primary good is one of the values pursued by Banca Generali, which fully complies with the Generali Group's policy and is committed to directing its decisions in such a way as to ensure compatibility between economic initiative and environmental concerns.

With commitment and determination, the Company operates in settings that are socially, environmentally and culturally multi-faceted with the aim of pursuing a common goal of sustainable economic development not only for its own stakeholders but also for the entire community.

It was within this framework that on 29 September 2010 the Board of Directors adopted the Generali Group's Code of Conduct, which regards environmental protection as a priority and defines efficient measures to foster the reduction of direct and indirect impacts associated with the value chain.

The Code of Conduct was then further developed and in 2014 the Generali Group approved its new Policy for the Environment and Climate. The document underlines the Group's commitment to safeguarding the environment and lays down the guiding principles that are to orient strategies and objectives in order to ensure:

- ▶ **environmental protection;**
- ▶ **prevention of pollution;**
- ▶ **protection and preservation of biodiversity;**
- ▶ **adequate response to the challenges posed by climate change.**

In order to implement the Policy and ensure constantly improving environmental performance, thereby contributing to the fight against climate change caused by greenhouse gas emissions, the Generali Group has identified the following areas of intervention, for which specific indicators and related targets have been identified:

- ▶ **reduction of the environmental impacts** of its business;
- ▶ **integration of environmental and climatic aspects** into its investment strategies;
- ▶ **promotion and raising of awareness of environmental and climatic risks;**
- ▶ **public commitment to climate;**
- ▶ **reporting and transparency.**

The Environmental Management System is the tool that the Group uses to manage its environmental impacts and implement its policy.

Banca Generali is committed to a project aimed at implementing the Environmental Management System (EMS) compliant with the requirements of the ISO 14001 standard and the guidelines indicated by the Parent Company.

With the aim of implementing and upholding the goals stated in the Group's Policy for the Environment and Climate, the Bank has also committed to achieving the targets set for the period 2013-2020.

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

#### Direct impacts

##### 2020 TARGETS

- 25% per capita electrical power consumption
- 25% natural gas and diesel oil consumption
- 15% paper consumption
- 15% water consumption

**-20%**  
Total GHG  
emissions

## ENVIRONMENTAL IMPACTS

The Environmental Management System contemplates both direct impacts – i.e., those attributable to the conduct of business by Group companies – and indirect impacts, i.e., those associated with purchasing processes, planning and distribution of financial products and institutional investment activity.

### Direct impacts

The following have been identified as areas in which to take action:

- ▶ company building and facility management: such management increasingly occurs within a framework that combines constant improvement of the operational comfort of personnel with the efficient use of natural resources. The following are pursued with the aim of minimising adverse impacts on the environment:
  - reduced consumption of electrical power, water and paper;
  - more efficient management of waste, with an increase in waste sorting;
- ▶ corporate mobility management: in pursuit of sustainable management of the business travel needs of administrative personnel, the Group's Travel Policy envisages:
  - containment of travel through increasing use of audio and video conferencing, e-learning training courses, etc.;
  - preference for the use of public or collective transport (company shuttle buses, car pooling, etc.).

### Indirect impacts

We are aware we can encourage environmentally friendly behaviour by our stakeholders by involving them in protecting the environment through the adoption of appropriate measures. In particular, the main areas of activity in which we can exert such influence are relations with suppliers (procurement ecology), customers (product ecology) and issuers (investment ecology).

- ▶ Procurement ecology: to ensure the integrity of our supply chains, we have included in the Generali Group's prerogatives operational mechanisms (such as penalty clauses that, in the event of a breach, may result in the termination of the contracts) intended to ensure compliance by our suppliers and their procurement chains with applicable legislation on health and safety in the workplace and environmental protection, and with the Group's ethical principles.
- ▶ Product ecology: in order to encourage the adoption of environmentally friendly behaviour by our customers and by consumers generally, we intend to expand and enhance the range of insurance products and services offered, including through appropriate information and awareness-raising measures.
- ▶ Investment ecology: we have adopted an investment policy and laid down ethical guidelines that seek to prevent the risk of supporting companies involved in severe damage to the environment by investing in them.

### Organisational scope

In accordance with the Generali Group's policies, Banca Generali has also decided to use the control approach to quantify and report GHG emissions and apply it only to properties used as headquarters (included in the Generali Group's EMS) over which it has complete financial and operational control, including through the Parent Company's Facility Management functions.

The offices located in Milan at Via Ugo Bassi 6 and in Trieste at Corso Cavour 5/a have been included. These facilities host 677 employees, accounting for 78% of the Banca Generali's total workforce.

It was decided to exclude banking branches, due to their marginal contribution in terms of size and consumption, along with operations centres (Financial Advisors' offices): these are local logistics facilities to which the Bank applies various models of management and cost bearing/allocation with Financial Advisors that do not provide the Bank with full financial and operational control of the offices.

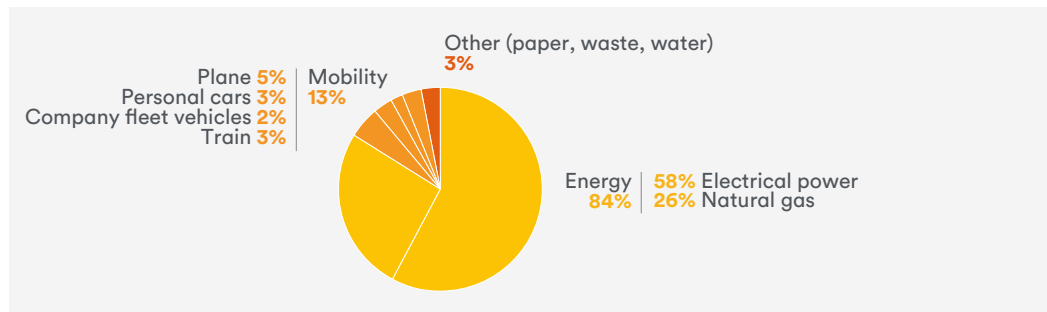
The performances achieved in 2017 are illustrated here below.

## DIRECT IMPACTS

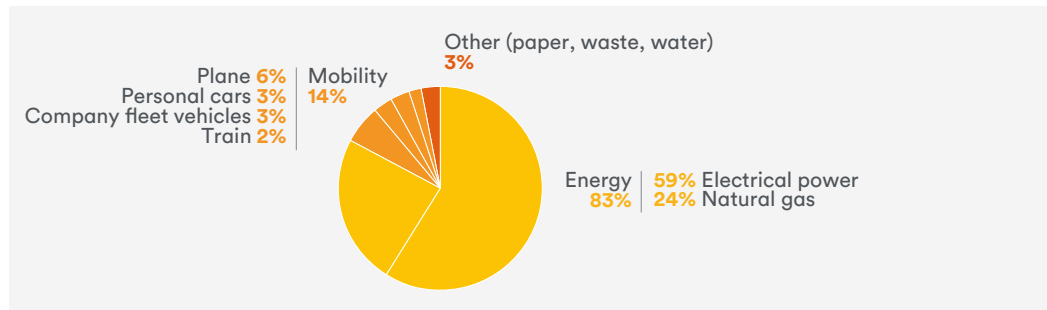
### Greenhouse-gas emissions



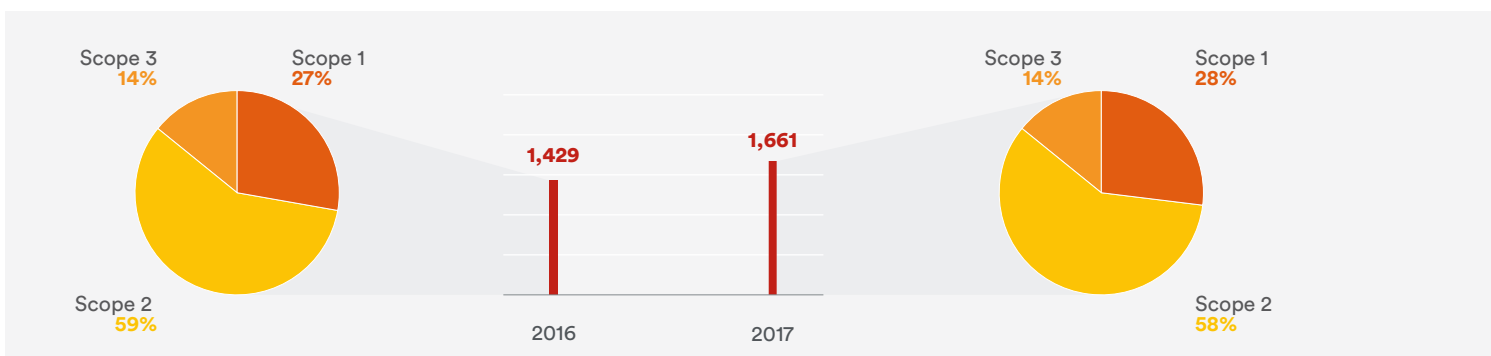
#### Breakdown of 2017 GHG emissions (%)



#### Breakdown of 2016 GHG emissions (%)



#### Breakdown of GHG emissions by Scope (t CO<sub>2</sub>e): 2016-2017



In accordance with international reporting standards, the Bank's GHG emissions have been divided into three categories:

	2013	2016	2017	CHANGE 2017/2016	CHANGE 2017/2013
Scope 1					
Direct emissions produced by heating fuels and the kilometres travelled by the fleet of company cars	593	384	472	23%	-20.42%
Scope 2					
Indirect emissions caused by power consumption associated with the use of electrical power and district heating	1,114	845	955	13%	-14.25%
Scope 3					
Other indirect emissions caused by power consumption associated with employees' business trips, paper and water consumption, as well as the waste disposal	272	200	233	17%	-14.17%
<b>Total</b>	<b>1,979</b>	<b>1,429</b>	<b>1,661</b>	<b>16%</b>	<b>-16.09%</b>

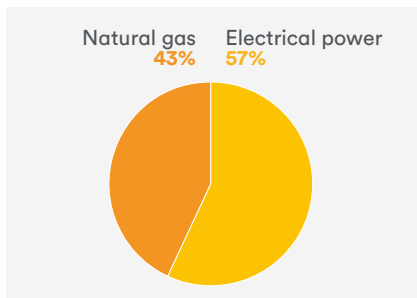


## Electrical power and fossil fuels consumption

In 2017, Banca Generali consumed a total of 12,445 GJ of energy. Energy consumption chiefly consists of electrical power consumption: the two offices involved in the EMS reported a consumption of 1,974,579 KWh (+9% compared to 2013), with a per-capita consumption of 2,917 KWh (-3% compared to 2013). The electrical power consumed is derived from renewable sources, thereby contributing to the preservation of natural resources.

Gas consumption amounted to 155,670 Sm<sup>3</sup> (-11% compared to 2013), with a per-capita consumption of 230 Sm<sup>3</sup> (-21% compared to 2013). At the site of Trieste, natural gas is used both for heating and cooling (so-called chilled beams system).

### Breakdown of energy consumption (%)



about **12,445 GJ** e (vs. **10,382 GJ** in 2016)

**18.4 GJ** per capita (vs. **15.9 GJ** in 2016)

**-17%**  
vs. 2013

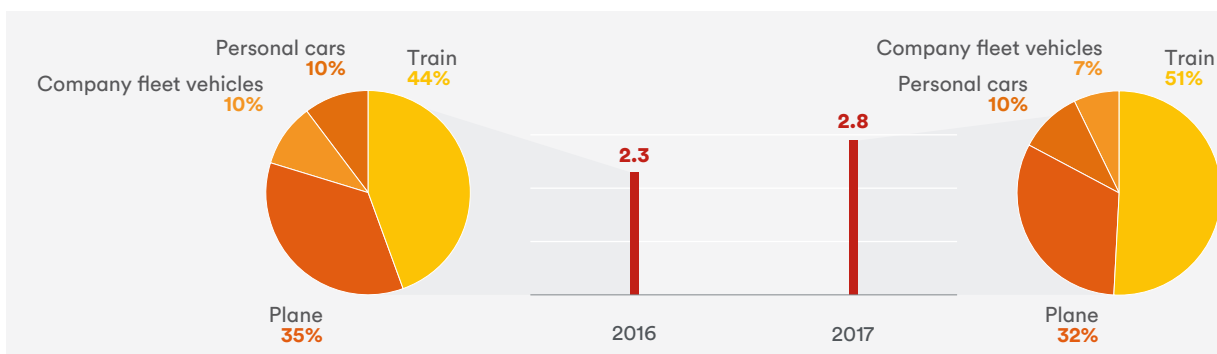
## Mobility management

**2.8 Mn km** travelled by car, train or plane  
(vs **2.3 Mn km** in 2016)

**4,286 km** per capita  
(vs **3,604 km** in 2016)

**+3%**  
vs. 2013

### Breakdown of km travelled by employees on business trips (million km): 2016-2017



The Bank aims to reduce GHG emissions through sustainable mobility management as well, encouraging travel by train which has less impact on GHG emissions for the same distance travelled.

In addition, the Company entered into agreements with the main public transport operators for the Province of Milan to reduce the cost of annual season tickets for public transport such as buses, trams, metro and trains. Banca Generali also encourages and promotes bicycle use for getting to work, providing reserved bicycle parking for the Bank's employees in several locations.

The Bank also invests in new technologies for reducing travel by its employees by promoting the use of video and audio conferencing from personal workstations.



**CHRISTIAN BALZANO**, *Testa di...rossa* | Resin, enamel, metal sheets on resin 100 × 80 × 68 cm

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## 4. ANNEX

## GRI GUIDELINE TABLE

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	PAGE	COMMENTS	
GRI 102: General Disclosures 2016 - Organizational profile	102-1	Name of the organisation	80	
	102-2	Activities, brands, products, and services	37-38	
	102-3	Location of headquarters	80	
	102-4	Location of operations	6, 13	
	102-5	Ownership and legal form	17, 80	
	102-6	Markets served	6, 13	
	102-7	Scale of the organisation	4, 24	
	102-8	Information on employees and other workers	57	
	102-9	Supply chain	65	
	102-10	Significant changes to the organization and its supply chain		None
	102-11	Precautionary Principle or approach	8	
	102-12	External initiatives	32, 33	
	102-13	Membership of associations	67, 68	
GRI 102: General Disclosures 2016 - Strategy	102-14	Statement from senior decision-maker	3	
GRI 102: General Disclosures 2016 - Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	12	
	102-17	Mechanisms for advice and concerns about ethics	18	
GRI 102: General Disclosures 2016 - Governance	102-18	Governance structure	17	
GRI 102: General Disclosures 2016 - Stakeholder engagement	102-40	List of stakeholder groups	32	
	102-41	Collective bargaining agreements	53	
	102-42	Identifying and selecting stakeholders	7, 32	
	102-43	Approach to stakeholder engagement	32	
	102-44	Key topics and concerns raised	7, 8	
GRI 102: General Disclosures 2016 - Reporting practice	102-45	Entities included in the consolidated financial statements	6	
	102-46	Defining report content and topic boundaries	6	
	102-47	List of material topics	8	
	102-48	Restatements of information	6	
	102-49	Changes in reporting	6	
	102-50	Reporting period	6	
	102-51	Date of most recent report	6	
	102-52	Reporting cycle	6	
	102-53	Contact point for questions regarding the report		
	102-54	Claims of reporting in accordance with the GRI Standards	6	
	102-55	GRI content index	78	
102-56	External assurance	81		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	6, 72	
	103-2	The management approach and its components	14	
	103-3	Evaluation of the management approach		
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	26	
	201-2	Financial implications and other risks and opportunities due to climate change	15	
	201-3	Defined benefit plan obligations and other retirement plans		
	201-4	Financial assistance received from government		
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		
	202-2	Proportion of senior management hired from the local community	56	
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported		
	203-2	Significant indirect economic impacts		
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	None	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	PAGE	COMMENTS
GRI 302: Energy 2016	302-1	Energy consumption within the organization	74
	302-2	Energy consumption outside of the organization	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	72
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	74
	305-2	Energy indirect (Scope 2) GHG emissions	74
	305-3	Other indirect (Scope 3) GHG emissions	74
	305-5	Reduction of GHG emissions	74
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	61
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55
	401-3	Parental leave	55
GRI 402: Labor/management relations 2016	402-1	Minimum notice periods regarding operational changes	
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	55
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	55
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	51
	404-2	Programs for upgrading employee skills and transition assistance programs	50
	404-3	Percentage of employees receiving regular performance and career development reviews	52
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	57
	405-2	Ratio of basic salary and remuneration of women to men	59
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	None
GRI 413: Local community 2016	413-1	Operations with local community engagement, impact assessments, and development programs	32, 67
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	65
GRI 417: Marketing and labeling 2016	417-1	Requirements for product and service information and labeling	38, 39
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaint
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	None

Since no significant reasons were found to omit the indicated information, the relevant column envisaged by the GRI Standard has been eliminated.

Lettera Rev

# INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Pursuant to Article 3, paragraph 10, of Legislative Decree No. 254/2016 and Article 5 of Consob

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*

To the Board of Directors of Banca Generali S.p.A.

Pursuant to Article 3, paragraph 10, of Legislative Decree No. 254 of December 30, 2016 (hereinafter the "Decree"), and Article 5 of Consob Regulation No. 20267, we have received a limited assurance engagement in respect of the consolidated non-financial statement of Banca Generali S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended December 31, 2017, drafted in accordance with Articles 4 and 7 of the Decree and approved by the Board of Directors on March 1, 2018 (hereinafter the "NFS").

## Responsibilities of Management and Those Charged with Governance for the NFS

Management is responsible for the preparation of the NFS in accordance with Articles 3 and 4 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards established in 2016 by the GRI – Global Reporting Initiative (hereinafter the "GRI Standards"), which management has identified as the reporting standards.

Management is also responsible, within the legal terms, for conducting that part of internal control that they deem necessary in order to permit the preparation of a NFS that are free from material misstatement, whether due to fraud or error.

Furthermore, management is responsible for determining the contents of the NFS, within the framework of the topics set out in Article 3, paragraph 1, of the Decree, taking account of the Group's business and characteristics and to the extent necessary to ensure an understanding of the Group's business, performance, results and impact.

Finally, management is responsible for defining the management and organisation model for the Group's business and, in respect of the topics identified and included in the NFS, setting the policies applied by the Group and identifying and managing the risks the Group generates or is exposed to.

Those charged with governance are responsible for supervising, within the legal terms, compliance with the provisions of the Decree.

## Independence of the independent auditors and quality control

We are independent, in accordance with the principles of ethics and independence of the Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants, based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional conduct. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1). Accordingly, we maintain a quality control system that includes documented directives and procedures on compliance with ethical and professional principles, as well as applicable laws and regulations.

## Auditor's Responsibilities

It is our responsibility to state a conclusion based on the procedures performed, as to whether the NFS complies with the Decree and the GRI Standards identified as the reporting standards. We carried out our work in accordance with the principle "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires that procedures be planned and executed to ensure a limited level of assurance that the NFS is free from material misstatement. Accordingly, our review entailed a more limited scope of work than required for a full review according to ISAE 3000 Revised (a "reasonable assurance engagement"), and it therefore does not permit us to be certain that we became aware of all material facts and circumstances that could be identified by conducting such a full review.

The procedures performed in respect of the NFS were based on our professional judgment and included interviews — primarily of company personnel responsible for preparing the informa-



tion included in the NFS — document analysis, recalculations and other procedures aimed at obtaining evidence deemed to be useful.

In particular, we carried out the following procedures:

1. an analysis of relevant topics in relation to the enterprise's business and characteristics as reported in the NFS, in order to assess the reasonableness of the selection process, in the light of Article 3 of the Decree, having regard to the reporting standard used;
2. an analysis and assessment of the criteria for identifying the scope of consolidation, in order to determine that it was compliant with the Decree;
3. a comparison between the financial data and information included in the NFS and the data and information included in the Group's Consolidated Financial Statements;
4. an understanding of the following aspects:
  - ▶ a management and organisation model for the Group's business, with regard to management of the topics indicated in Article 3 of the Decree;
  - ▶ policies applied by the enterprise relating to the topics indicated in Article 3 of the Decree, the results achieved and related fundamental performance indicators;
  - ▶ the main risks generated by the Group, or to which the Group is exposed, in respect of the topics indicated in Article 3 of the Decree.

With regard to these aspects, the information presented in the NFS has been checked and the verification described in point 5, letter a), below has been carried out;

5. an understanding of the processes underlying the generation, recording and management of material qualitative and quantitative information included in the NFS. In particular, we conducted interviews and discussions with the management personnel of Banca Generali S.p.A. and the Group and performed limited document review with the aim of gathering information on the processes and procedures used to collect, aggregate, process and transmit non-financial data and information to the function responsible for preparing the NFS. In addition, in respect to material information, in light of the Group's activities and characteristics:
  - ▶ at the level of the parent company and subsidiaries,
    - a) with regard to the qualitative information included in the NFS, and in particular the company model, policies applied and main risks, we conducted interviews and obtained supporting documentation to verify that it was consistent with the available evidence;
    - b) with regard to quantitative information, we carried out both analytical procedures and limited verification to determine, according to a sample-based approach, that the data had been properly aggregated;
  - ▶ in respect of the Milan and Trieste offices of Banca Generali S.p.A., which we selected on the basis of their activities, contributions to consolidated performance indicators and location, we conducted on-site visits during which we interfaced with the responsible personnel and obtained documentary evidence indicating that the procedures and calculation methods used for indicators had been properly applied.

## Conclusions

In the course of our work, we have not become aware of any elements that would indicate that the Banca Generali Group's NFS for the year ended on December 31, 2017 has not been prepared, in all material respects, in accordance with the requirements set out in Articles 3 and 4 of the Decree and the GRI Standards established in 2016 by GRI – Global Reporting Initiative.

## Other aspects

For the year ended on December 31, 2016, the Group has prepared the 2016 Sustainability Report, the data from which has been used in the NFS for comparative purposes. The 2016 Sustainability Report has not been audited in accordance with ISAE 3000.

Milan, March 20, 2018  
BDO Italia S.p.A.

(signed in the original)  
Rosanna Vicari  
Partner

# Banca Generali S.p.A.

Registered office  
Via Machiavelli 4  
I - 34132 Trieste

Share capital  
Authorised €119,378,836  
Subscribed and paid €116,851,637

Tax code, VAT No. and Trieste register  
of companies 00833240328

Company managed and coordinated  
by Assicurazioni Generali S.p.A.

Bank which is a member of the Interbank  
Deposit Protection Fund Registration  
with the bank register of the Bank of Italy  
under No. 5358  
Parent Company of the Banca Generali Banking  
Group registered in the banking group register  
ABI code 03075.9

*Board of Directors*  
*1 March 2018*

*The Chairman*

*This Sustainability Report has been translated from the one issued in Italy, from the Italian into the English language, solely for the convenience of international readers. The Italian version remains the definitive version.*



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