



The images illustrating this Sustainability Report are from Fabrizio Plessi's "Digital Wall" exhibition, hosted for a few months in Banca Generali's Private Banking headquarters in Milan. The photos selected represent the installations of the great contemporary artist set in the Bank's premises, some of his preparatory drawings and moments from the exhibition's inauguration. For Banca Generali, making an active contribution to the growth of the community in which it operates also means making available to all, free of charge, the works of a leading protagonist of 21st century art.

COVER PHOTO:
Cascades of light (detail)

Banca Generali S.p.A.

Sustainability Report

2015

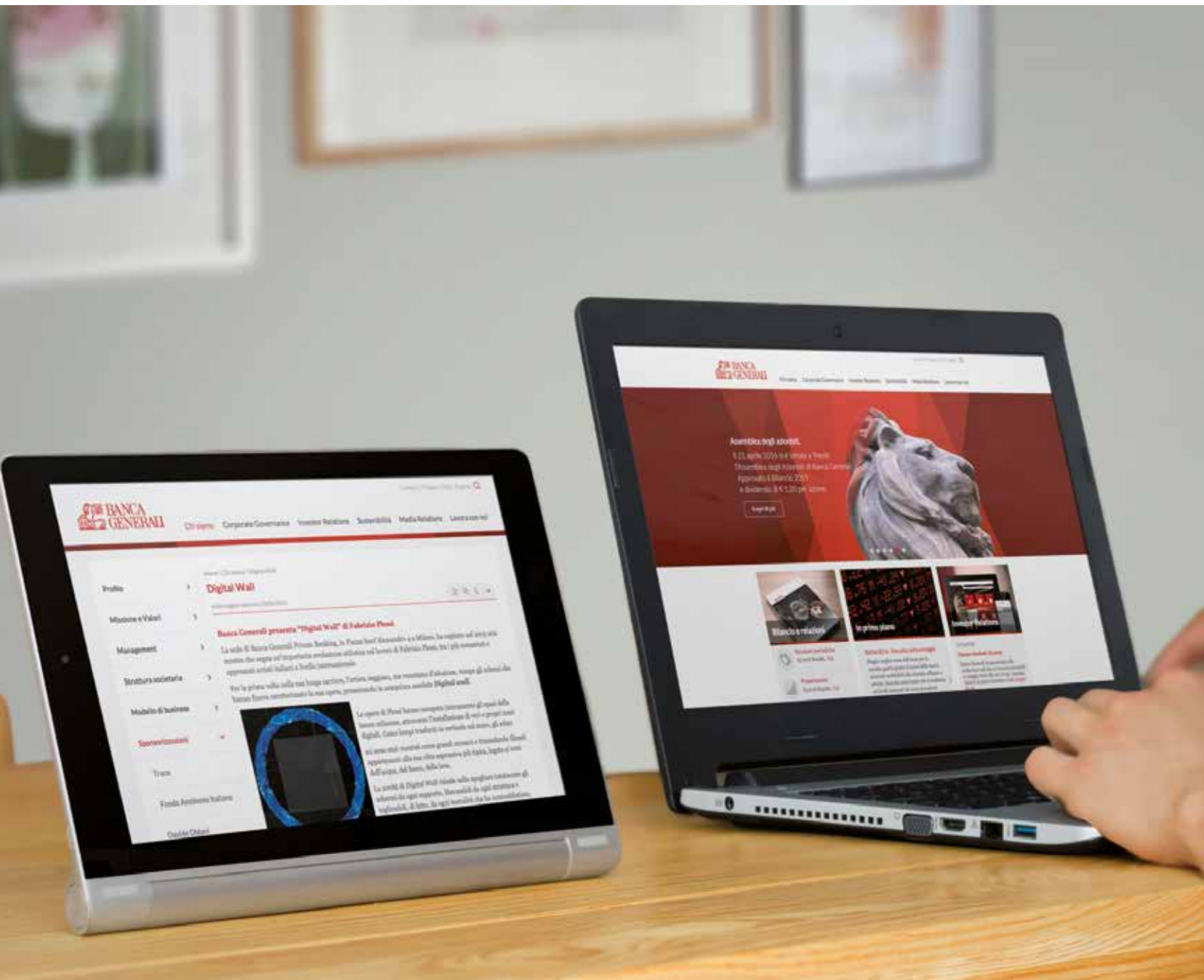


Sustainability Report 2015

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Letter to Stakeholders



The year 2015 was particularly satisfactory for Banca Generali. The Bank recorded its best results ever in business, financial and capital terms, despite a complex economic context and volatile financial markets. Great efforts have been made to develop new investment solutions consistent with the Bank's vision in order to protect and enhance customers' assets, and in the awareness that the Bank is operating in a strategic sector — asset management — for the wellbeing and peace of mind of households.

Although 2015 was punctuated with successes and awards for Banca Generali, many challenges and concerns emerged on the geopolitical, social and environmental front. It is for this reason that the Bank considers it important to intensify its action and commitment to social responsibility issues and promote the principles of sustainable development in the areas in which it operates and has a direct influence.

More specifically, the Bank is wholly committed to promoting 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. The Bank has also committed to observing the significant themes identified in Generali's Charter of Sustainability Commitments.

Among said commitments, Banca Generali considers one of the most important issues to be the focus on service and customer satisfaction, supported by the development of mobile technology and the Internet which are also radically changing household habits in the savings and investment fields.

Equal importance is attached to the focus on the Bank's workforce as a whole — financial advisors and employees — through actions that encourage ongoing professional development, training and the dissemination of a unified and shared corporate culture.

The ever-present threat of climate change and the need to reflect on the new demographic and social dynamics make it even more important to confirm Banca Generali's prime commitment to promoting actions to defend and protect the environment, as well as supporting initiatives in favour of the community in which it operates.

We undertake to continue with our growth path, whilst at the same time helping to improve the life and environment surrounding us.

Giancarlo Fancel
Chairman

Banca Generali 2015 Highlights

Net inflows

4,640 MILLION EUROS

Total AuM

41,605 MILLION EUROS

Net profit

203.6 MILLION EUROS

Dividend per share

1.20 EUROS

CET1

14.1%

Retail bonds

0

Capital increases

0

Employees

837

Financial Advisors

1,715

Customers

249,135

Indirect and property taxes

42.5 MILLION EUROS

Income taxes for the year

34.7 MILLION EUROS

Charitable gifts

70,000 EUROS

Greenhouse-gas emissions-9.74% VS 2013 (OVER 1,786 TONS CO₂e)

Statement of Methods

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

The document is divided into three main sections:

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

Criteria and principles

The contents of this document have been prepared referring to the guidelines of the Global Reporting Initiative (GRI), adopting the "In accordance - Core" option, and to the GRI's Financial Services Sector Supplements. The GRI guidelines inspired the selection of contents (materiality, inclusiveness, sustainability context and completeness) and the definition of the criteria of informative quality (balance/neutrality, comparability, accuracy, timeliness, clarity and traceability).

Report scope, reporting and measurement process

The Sustainability Report is published annually. The information presented hereinafter refers to financial year 2015, compared with 2014 where possible. The scope of the Sustainability Report extends to all companies within the Banking Group, namely the Parent Company, Banca Generali, and its subsidiaries BG Fund Management Luxembourg S.A., BG Fiduciaria SIM and Generfid.

All of the corporate structures contribute to defining the contents of the Sustainability Report and activities aimed at dialoguing with stakeholders. Data were gathered at the offices of the Administrative Department, which already oversee the financial and capital 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 accuracy of the specific figure.

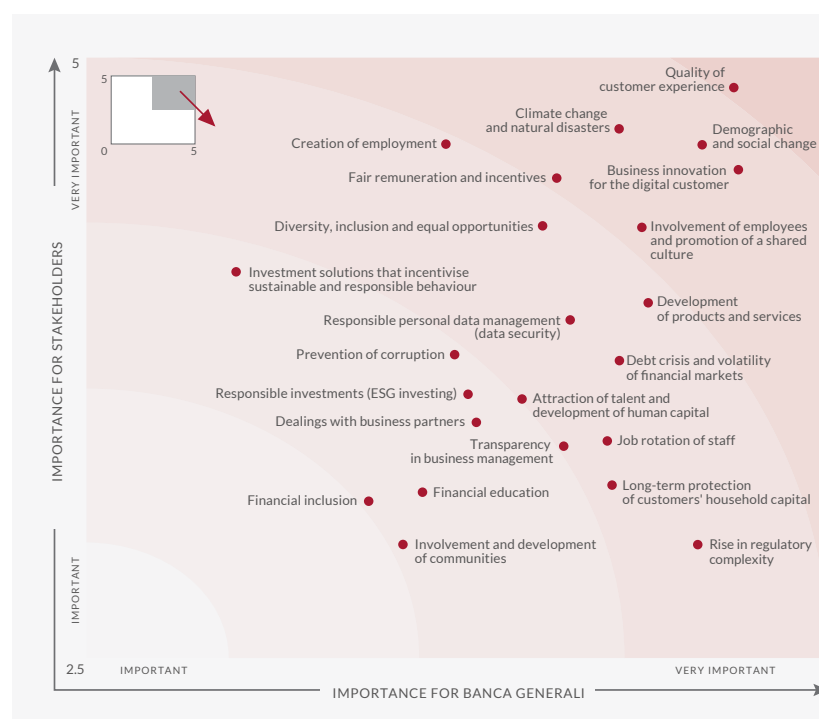
In addition, as from this year, a number of icons have been included in the body of the document to highlight the link between the Bank's commitments and work with some of the 17 Sustainable Development Goals launched by the United Nations in September 2015 in order to involve Governments, enterprises and the society in global action in the various areas of sustainable development.



The Materiality Matrix and Listening Process

The Generali Group has implemented a structured scheme to involve and listen to its stakeholders and has identified a number of significant issues with which to engage, including initiatives carried out with all its subsidiaries. Banca Generali has also undertaken to embrace and observe the themes identified, seeking to determine which actions from those described below may be appropriate for the issues indicated in the materiality table. This brings the Bank's activities as far as possible in line with these guidelines which are driven by social macro trends and ensure that the company stays in tune with its time and the context in which it operates.

The issues are identified based on the analysis of the context, namely companies in the insurance sector or other sectors with significant experience in the field of corporate responsibility, and on the dialogue with Generali's top management. Since 2015, this dialogue has been extended to certain external stakeholders, selected due to their authority and knowledge of the sector or their ability to provide original and innovative points of view. The listening process for the materiality matrix is described in the attachment.



As financial advisors, it is in our nature to adopt a future-oriented approach because assuring long-term sustainable wellbeing is important for us. Therefore, we listen to all our stakeholders to understand their real needs and match them to our business objectives. Being excellent in the personal financial advisory market cannot exclude creating value for the community in which we operate and for all the key stakeholders — shareholders, employees, customers and suppliers — with whom we are in daily contact.

We are convinced that sustainable long-term growth can only be achieved with harmonised and balanced development.

Description of material topics

Attraction of talent and development of human capital. In an increasingly competitive and selective market, it is crucial to be able to rely on expert and motivated resources who are able to meet the challenges of the sector.

Rise in regulatory complexity. At global level, increasingly stringent regulatory obligations, affecting various areas of interest, are being introduced.

Climate change and natural disasters. Climate change is already taking place and natural disasters are on the rise, representing a serious threat to the world economic development. In this scenario, climate risk mitigation and compliance strategies are key factors in boosting the resilience of communities at global level.

Demographic and social change. Migratory flows, new family structures and population ageing, due to the fall in fertility and prolonging of average lifespan, could have implications on public finance (both in social security and healthcare management) and the propensity of people to savings.

Involvement of employees and promotion of a shared culture. Boosting employee motivation and commitment to achieve objectives is important if a unified and shared corporate vision is to be maintained.

Involvement and development of communities. The development of the 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.

Creation of employment and responsible management of reorganisations. The topic of employment, together with economic instability, has a major impact on the manner in which company reorganisations are managed.

Debt crisis and volatility of financial markets. The sovereign debt crisis within the Euro Area and market volatility pose serious risks for the solidity of enterprises operating in the market.

Diversity, inclusion and equal opportunities. The highest international standards require the utmost respect for diversity, in its various meanings, non-discrimination and equal opportunities.

Financial education. The growing production of regulations, the distinctive nature of financial products and the uncertainty of market dynamics require training/reporting schemes to be disseminated to raise customer awareness.

Responsible personal data management (data security). The quantity and quality of personal data available today require diligent and professional management to ensure data confidentiality.

Fair remuneration and incentives. A remuneration system based on internal equity, competitiveness, cohesion and meritocracy, by directly linking commitment and recognition of merit, allows long-term value to be created at all levels of the organisation.

Financial inclusion. Fragmentation of the social context increases the risk of excluding certain sections of the population from access to insurance services, impeding their economic advancement.

Business innovation for the digital customer. The internet and mobile technology continue to spread and consumer attitudes are changing.

Job rotation of staff. An effective response to the needs emerging from the Engagement Survey requires the creation of conditions to encourage job rotation with a view to broadening professional and horizontal development experience.

Responsible investments (ESG investing). The environmental, social and corporate governance (ESG) dimension of investments is becoming increasingly important for future sustainable development.

Prevention of corruption. In a trust-based sector such as finance, 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.

Long-term protection of customers' household capital. The relationship that our advisors establish with their customers must allow them to offer investment solutions that preserve the value of household capital over time and provide for generational transfer with products/services able to seize market opportunities without suffering market volatility excessively.

Quality of customer experience. 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.

Dealings with business partners. In a context where customers use multiple channels to proactively gather information on financial proposals, relationships with business partners / financial advisors cover a key role in service delivery.

Investment solutions that incentivise sustainable and responsible behaviour. Private sector initiatives supplement and promote public policies supporting a healthier and more sustainable lifestyle, also in view of the demographic changes impacting on the pensions sector.

Development of products and services. Customer needs and requests are changing and evolving constantly in response to the possibilities offered by technology.

Transparency in business management. 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 trusted relationships.



Digital lava flows

1



1.

Identity and Governance

Vision



**Trusted professionals always by your side,
developing and looking after your life plans**

Mission

Banca Generali's mission is to be the No. 1 private bank in terms of service value and innovation, offering services and developing its leadership on the Italian market of Personal Financial Services, thanks to a comprehensive and innovative range of banking, insurance and managed investment products.

Banca Generali Group's goal is to work through its network of Financial Advisors to meet each customer's investment and savings needs according to his or her financial profile and timeline. In conducting these activities, Banca Generali Group undertakes to promote the ethos of sustainability through economic development that also takes social environmental aspects into account, respecting the values underlying the company's strategic vision and work.

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

Values

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

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

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

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

Team spirit: together we succeed, proud of being part of a large Group that acts responsibly both internally and externally, sharing its successes and growth strategy at all levels.

Professional responsibility: those who work at Banca Generali Group strive daily to ensure excellence in all areas within their purview and with respect to customers and shareholders.

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

Value of people

We know how to listen: we know how to listen and **explore explicit and latent needs**. We know how to understand Customers' **needs** and their **family and financial complexities**.

We are reliable: we are the solid mainstay to which Customers can confidently **entrust their wealth** and on which they can **rely for the various needs** of their households.

We are authoritative: **our skills are up-to-date and sound**, and we also benefit from the **skills of our specialist partners**, which complement the services offered by Banca Generali.

A distinctive approach

Every day we are committed to offering our customers excellent **Products, Tools and Services** that allow us to stand out on the market.

Consultancy

We are well-prepared and conscientious advisors because we approach each customer with a comprehensive knowledge of the **market and economic context** in which we operate, the services offered by the **competition** and the **rules and regulatory context** in which we intend to work.

The Group's History

A history of non-organic growth before Stock Exchange listing, in 2006, and rapid growth with the creation of a wealth management and private banking hub since then. In 2015, Banca Generali established itself as one of the key players in its Industry and one of the main hubs for attracting the most experienced professionals in the financial consultancy field.

1998-2000

A new bank

Banca Generali starts 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.

2001

Acquisition of Altinia SIM and INA SIM

Acquisition of another two securities brokerage firms from the Generali Group, namely **Altinia SIM** and **INA SIM**. In 2003, along with Prime Consult SIM, the two companies merge into a single network under the Banca Generali brand.

2005

Acquisition of Intesa Fiduciaria SIM

Acquisition of **Intesa Fiduciaria SIM S.p.A.** (later renamed BG Fiduciaria SIM S.p.A.) from Banca Intesa.

2007

Creation of BG Investments Luxembourg

Banca Generali transfers its private-banking assets to Banca BSI Italia. At the end of November, the new subsidiary **BG Investment Luxembourg S.A.** is formed to manage the Luxembourg Sicavs of the Banca Generali Group.

2000

Merger with Prime and creation of the multi-channel bank

Banca Generali merges with **Prime S.p.A.** and acquires its subsidiary **Prime Consult SIM** from Assicurazioni Generali. It starts to operate as an integrated multi-channel banking group with its own network of Financial Advisors.

2003

Acquisition of Banca Primavera's network

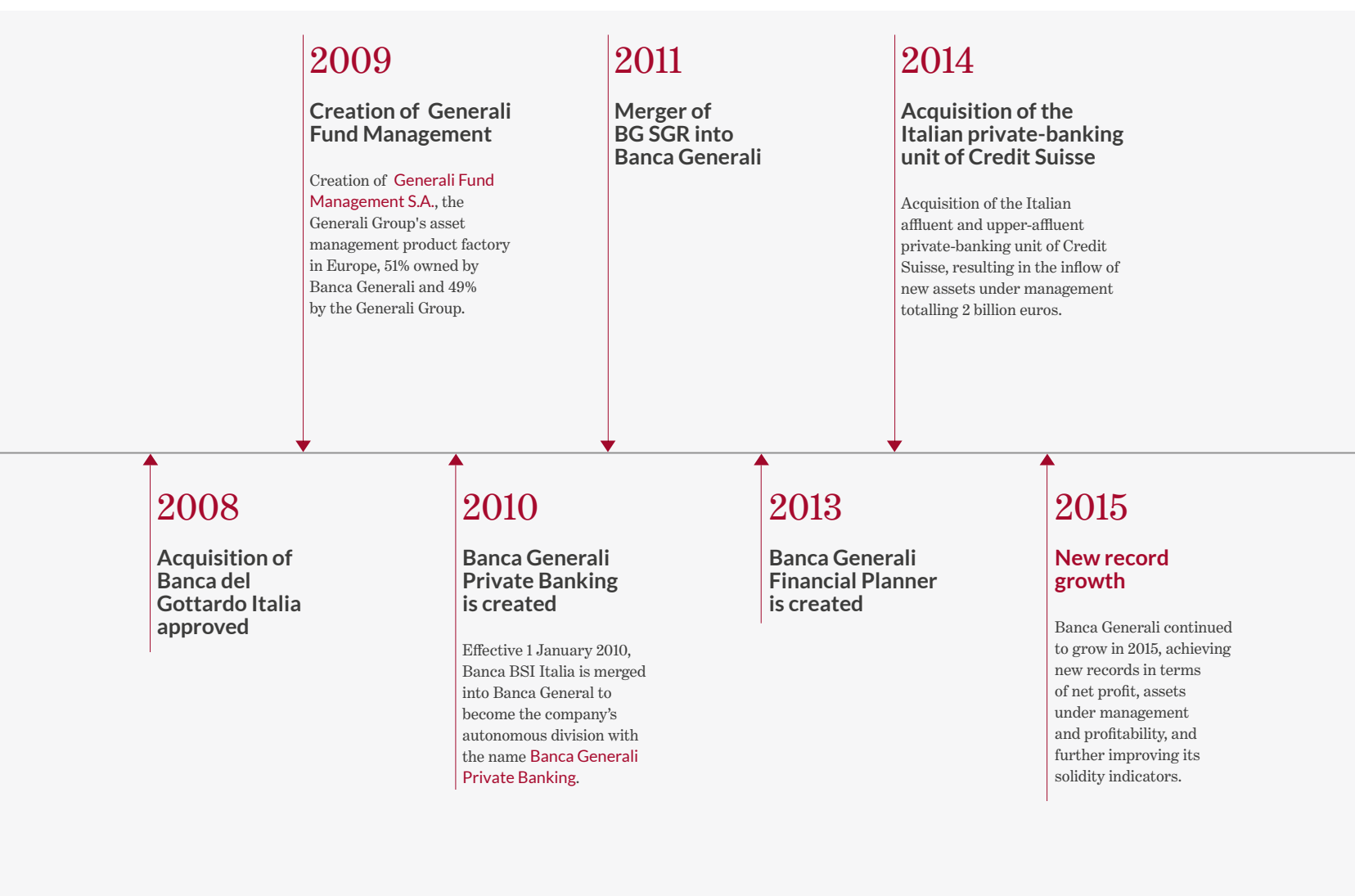
Banca Generali acquires **Banca Primavera's** Financial Advisor network (company of the Banca Intesa group, now Intesa Sanpaolo). It incorporates another 1,500 advisors and assets under management increase to 13.8 billion euros.

2006

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

Banca Generali acquires a management company, BG SGR. All the fund management assets and discretionary accounts (GPF) of the Generali Group are transferred to BG SGR. Banca Generali acquires the share capital of Banca BSI Italia (the

Italian company of BSI S.A.). Banca Generali acquires from BSI a static trust company, **S. Alessandro Fiduciaria** (subsequently renamed Generfid). Banca Generali shares debut on the Milan stock exchange on 15 November.



Business Model and Strategic Guidelines for Development and Sustainability

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

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

Therefore, the Banca Generali Group decided to introduce to Italy this new model, which was firmly established on the world's most advanced financial markets and has gradually spread over the past few years. With reference to the Banca Generali, the model has already yielded appreciable results in terms of customer satisfaction and the development of Banca Generali's business. Furthermore, the European Union's Markets in Financial Instruments Directive (MiFID) issued in 2004 (as further amended), which recognises and promotes advisory as



OUR BUSINESS APPROACH

- > The heart of the offering is a professional **advisory service through its Financial Planners and Private Bankers**. Identifying and meeting customers' financial and retirement-planning needs, particularly in the long term and in the best way possible, by adopting specific and advanced methodologies and instruments (e.g., BG Personal Advisory service).
- > Promoting the **ongoing specialist improvement of Financial Planners and Private Bankers**, through major investment in training and education. This places them in a position where they can offer a personalised and ongoing professional advisory service, through the significant investment in training and education that this requires.
- > Access to a **full line of banking and investment products and services** – provided by both the Group and the leading Italian and international firms.
- > Maintaining expert **managerial know-how** in the financial field and pursuing **constant product innovation** to the customer's advantage.
- > Developing **multiple technological and communication services**, according to a multi-channel model. A focus on high levels of investment in all technological innovations in order to raise the level of effectiveness, simplicity, transparency and extensive information.
- > Finally, this approach seeks to summarise an extremely dynamic and innovative perspective and maximise the characteristics inherent in the Generali brand, which is synonymous with reliability, solidity and competence.
- > Dynamism and innovation in the Generali name, which is synonymous with reliability, solidity and expertise for 184 years.

an investment service, demonstrates how Banca Generali has been able to anticipate market developments and supports the consistent application of said guidelines. In this regards, the Company is committed to continuing to implement its investment and innovation thereby confirming the business model that has set aside mere distribution to evolve into a sophisticated, integrated customer service model directed towards all aspects of investing and retirement planning issues.

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

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

The offering is rounded out by access to a banking platform with a wide range of products and services that allows Banca Generali's customers to meet the full spectrum of their savings and investment needs, in an integrated manner with liquidity management and day-to-day payments. This in addition to the attractiveness of a combined range of investment and financing services with especially effective characteristics.

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

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

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

Strategic development guidelines

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

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

ficiaries of such profitability are the company's direct stakeholders, namely its personnel and its shareholders (the latter have thus far been the recipients of a considerable share of profits);

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

The increasing volume of assets under management continues to be a primary objective for the company.

The expansion process follows a variety of approaches. First, one may cite organic growth, which is achieved by directly acquiring new, high quality customers. This also benefits from the ongoing evolution of the offering of remote tools for relations between the Bank and its customers, also useful to facilitating and increasing market penetration.

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

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

Sustainability strategy



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

- > 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 the inadequate planning of objectives, due to short-term needs;
- > valorising the people who work for the Group, encouraging the constant development of skills and professionalism and acknowledging the contribution of individuals to the success of the organisation;
- > being sensitive to the Group's social context, participating in charitable, cultural and sports initiatives;
- > the reduction of direct and indirect environmental impacts by taking steps to minimise the consumption of energy, paper and water, and lower pollutant emissions.

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

Communication strategy



39	Press releases
556	Press articles
+900	Online articles
+40	Broadcast radio and TV reports
10	Institutional events

Banca Generali pursues clear and transparent communication, in line with the principles of social responsibility followed by the Generali Group for more than 180 years. The dialogue between Banca Generali and the financial community, guided by precise procedures for disseminating information, particularly price sensitive information, is guaranteed by a constant and full flow of information on the various media, its own website and through dedicated meetings. During 2015, Banca Generali distributed overall more than 30 corporate press releases and was the subject of more than a thousand articles appearing on Italy's major newspapers and magazines, TV, websites and specialised media that focused on the growth strategies, expansion of the range of services on offer and the projects supported by the Bank.

Banca Generali's propensity for innovation and digital development is also manifested in its style of communication. In fact, 2015 saw the graphic restyling of the subsidiaries' websites, with the release of new versions of the websites of the Group's two trust companies, BG Fiduciaria (www.bgfiduciaria.it) and Generfid (www.generfid.it). The new websites stand out for their practicality and speed of consultation also thanks to the responsive functionalities that allow them to be used immediately with smartphones and tablets as well. This graphic restyling of the websites belonging to the Banking Group companies is due to be completed in 2016, with the new version of www.bgfml.lu, the portal dedicated to BG Fund Management Luxembourg.



Banca Generali's social commitment and sensitivity have been reflected in the numerous initiatives organised throughout the year, with its support of charitable, sporting and cultural activities, in the music and artistic fields, encouraging original approaches and new moments for reflection.

Banca Generali's commitment in conveying the values in which it believes is also manifested in its use of ambassadors. Sponsorship agreements continued in 2015 with the young Italian ski champion, Federica Brignone, and the former Italy's National team and Juventus club football player, Alessandro Del Piero.

The team of ambassadors has been enriched with the addition of the famous Michelin-starred chef Davide Oldani, who has lent his face to an advertising campaign that has received appreciation from advertising experts and appeared throughout the year on all the Italy's main media, in both traditional print and Web formats.

The campaign, constructed around the claim "Qui mi trattano come farei io" (They treat me here just as I would do), focuses on how Banca Generali and Davide Oldani have a shared understanding of the concept of professionalism, where commitment and dedication to excellence are the factors that drive work on a day-to-day basis.



Staff engagement

We believe that internal communications and dialogue with our staff are key tools for encouraging motivation and engagement.

On the Generali Group's portal "We Generali" we can find global news, information and initiatives, whilst the "Country Italia Portal" contains information on domestic operations. Our Bank helps to create Country Italia Portal content by publishing news regarding its events and initiatives, but also updates on the development of strategy and information on economic and commercial performance.

Other forms of dialogue

The main opportunities for dialogue between the Bank's top management and all the employees are the two meetings (one in Milan and one in Trieste) which are held annually. These are important occasions on which the top managers take stock of the previous year and illustrate the strategy and main projects that are to characterise the coming year.

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

Organisational Structure

Corporate structure, management and collaborators

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

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

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

The Group avails of "Product companies" that perform specialised activity in conceiving investment products and services, as well as in asset management.

The Banca Generali Banking Group's entities include:

- > **Banca Generali S.p.A.:** Parent Company of the Banking Group, it offers integrated financial, banking and insurance products for retail customers, through its Financial Planner networks, as well as a complete range of highly customised solutions to private banking customers through the networks of Private Bankers and Relationship Managers (employees);
- > **BG Fiduciaria SIM S.p.A.:** 100% owned by Banca Generali and specialised in portfolio management services, in respect of investments in both securities and funds, primarily as a trustee;
- > **Generfid S.p.A.:** 100% owned by Banca Generali and specialised in the supply of static trust services, i.e., the administration of securities held by the company under trusteeship, and the execution of the orders and instructions imparted by the grantor;
- > **BG Fund Management Luxembourg S.A.:** a management company under Luxembourg law dedicated to managing the Banking Group's Sicavs, 100% owned by Banca Generali.



In 2015, Banca Generali undertook a significant reorganisation with the aim of ensuring increasingly effective alignment of the development strategies for the services offered, business processes and internal structure.

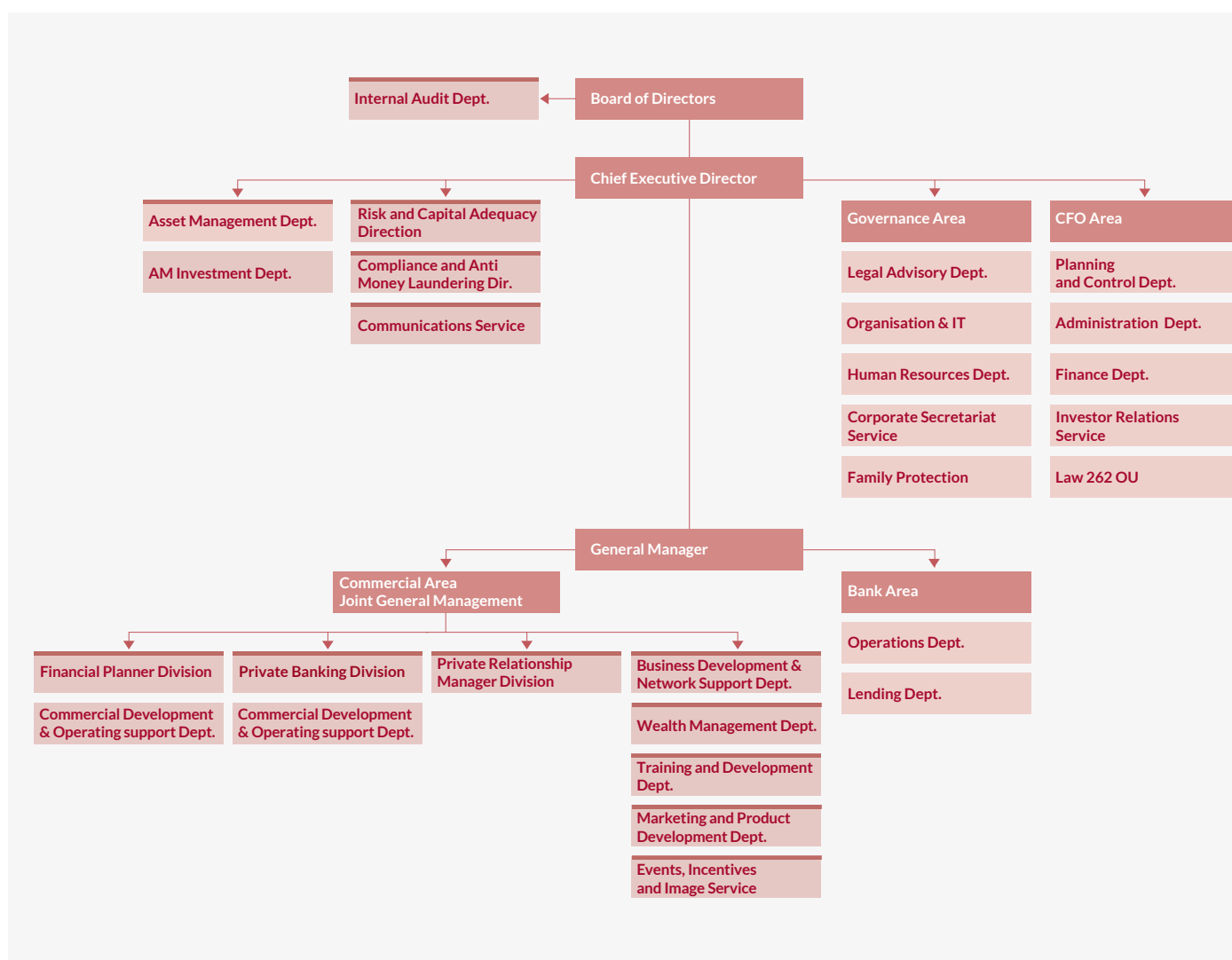
The reorganisation was primarily aimed at ensuring that governance and control dynamics are consistent with the increasingly significant growth enjoyed by the Bank and with future strategic positioning choices, also taking account of the industry best practices.

This organisational model allows the various structures to achieve effective management of sales activities and the quality of services offered. The improvement in market coverage — segmented by type of customer — ensures that commercial objectives are achieved increasingly more effectively.

The organisational structure of the Parent Company, Banca Generali, as of 31 December 2015 consisted of a Top Management with:

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

The organisational chart of the Parent Company Banca Generali, as at 31 December 2015, is illustrated below.



Corporate Governance

Bodies, committees, meetings

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

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

In adopting an organisational structure consistent with this legal framework, Banca Generali pursues the following objectives:

1. clear and distinctly defined functions and responsibilities;
2. appropriate balance of powers;
3. balanced composition of corporate organs;
4. an effective, comprehensive system of controls;
5. corporate risk management;
6. remuneration mechanisms in line with risk management policies and long-term strategies;
7. ensuring appropriate reporting mechanisms.

Banca Generali's governance system is based on criteria of efficiency, transparency and balanced representation: in fact, our system is a business governance system designed to create long-term sustainable value, in line with best international practices and evolving legislation, and meets the needs of our stakeholders with whom we enjoy a constant dialogue.

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

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

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

Sustainable Development Boards

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

The Sustainability Committee is the decision-making body responsible for setting and reviewing social and environmental policies at the Banking Group level. The Committee identi-

* Data at 31.12.2015

ifies opportunities, risks, common objectives and goals, areas for improvement and the content and reporting methods associated with sustainability. The Committee comprises the Heads of the Administration Department, who convene and chair the Committee's sessions, the Marketing and Product Development Department, Operations Department, Human Resources Department and Communications Service. The Head of the Risk and Capital Adequacy Department may also attend the Committee's meetings as observer.

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

Voluntary Codes

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

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

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

The Code is published on the company's Intranet in order to ensure it is duly circulated among all recipients concerned.

Formulation of the Code implies the existence of further specific codes, regulations, guidance procedures and company policies issued to deal with any industry regulatory requirements or for any Bank decisions to comply with best practices for the sector. These include, for example:

- a. the Whistleblowing Procedure that defines and formalises the principles and criteria adopted by Banca Generali regarding the reporting by Bank employees of deeds or actions that could constitute a breach of rules governing banking activity and the resultant handling of such reports;
- b. the Policy for managing money-laundering and financing of terrorism designed to regulate the manner in which obligations relating to anti-money laundering and anti-terrorism legislation are managed through the adoption of suitable organisational control mechanisms;
- c. the Environmental Policy of the Generali Group, implemented by Banca Generali, which makes reference to what the Internal Code of Conduct states on environmental preservation, with a view to identifying the aims to be achieved by the Group and the commitments undertaken in this field;
- d. the Conflict of Interest Policy, adopted by Banca Generali in 2007 following the entry into force of the Italian legislation adopting MiFID into national law, its most recent update which has been in effect since 12 May 2016. That Policy lays down the approach taken to identify actual and potential conflicts of interest, describes circumstances that may give rise to conflicts of interest, defines the measures to be used to manage such circumstances and specifies the organisational model for managing conflicts of interest, the purpose of which is to ensure that conflicts are managed efficiently over time. The Conflict of Interest Policy has been approved by the Board of Directors;
- e. the Code of Ethics for the Generali Group's suppliers, adopted by Banca Generali, which lays down the principles of conduct and the resulting behaviour which its contractual partners (consultants, suppliers, etc.) are expected to follow when they act on the Group's account.

Internal Control System

The three levels of control, risk management and 262 Oversight Function

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

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

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

- > the first (operating) level is performed by production or back-office company areas and organisational units, with the support of information technology procedures, where envisaged, and takes the form of hierarchical or line checks;
- > the second level is the responsibility of specific functions tasked with monitoring the risk management system (Risk Management Function), preventing the risk of non-compliance with laws and regulations governing the provision of services and monitoring the activity of the distribution network (Compliance Function) and combating transactions involving money-laundering and financing of terrorism (the Anti-Money Laundering Function). Functions charged with these controls, distinct from production ones, contribute to the definition of risk governance policies and the risk management process;
- > the third level, or internal audit, is aimed at identifying anomalous situations and violations of procedures and regulations, and risk trends, as well as independently and periodically assessing the functionality, adequacy, completeness and reliability of the overall internal control system and procedures, and is assigned to the Internal Audit Function.

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

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

In 2015, the fraud-prevention activities were further implemented and activities aimed at preventing the commission of the offences set forth in Decree No. 231/01 also continued.

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

Structures in charge of internal control and risk management system:

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

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

The Group 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 its business model, its own risk appetite, the internal control system, system of delegated powers defined by the Board of Directors and provisions of the Supervisory Authority.

In the area of operating, compliance and reputational risks, a special emphasis is placed on corruption, fraud, money laundering and financing of terrorism, offences punished under Italy's national legislation. Each Banking Group company has adopted principles and procedural rules — including through appropriate codes and policies — aimed at preventing and detecting such unlawful conduct that are applicable to all affected organisational units and are brought to the attention of all parties involved.

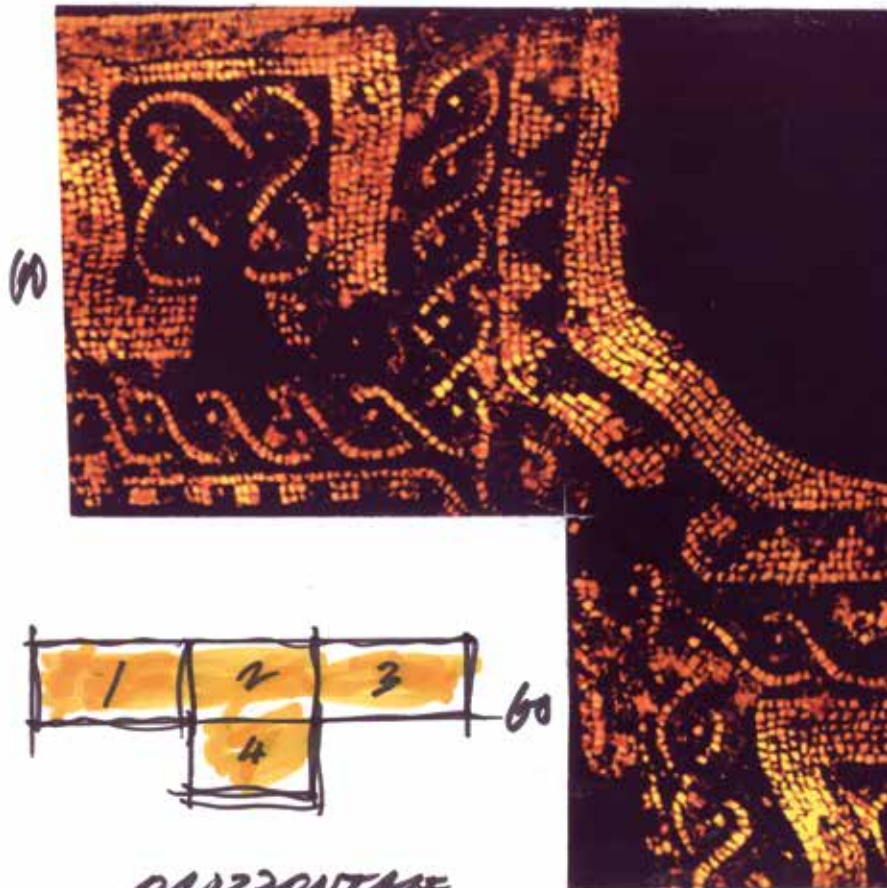
In particular, the issue of corruption is dealt with by the Banca Generali Internal Code of Conduct, in which a commitment is explicitly made to take all measures required to combat corruption.

Anti-corruption provisions have been extended to all affected units and spread to all parties involved. All distribution network personnel and employees have received training in this area.

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

On the subject of money laundering and financing of terrorism, it bears noting that the Banking Group was not involved in any events entailing such criminal offences in 2015.

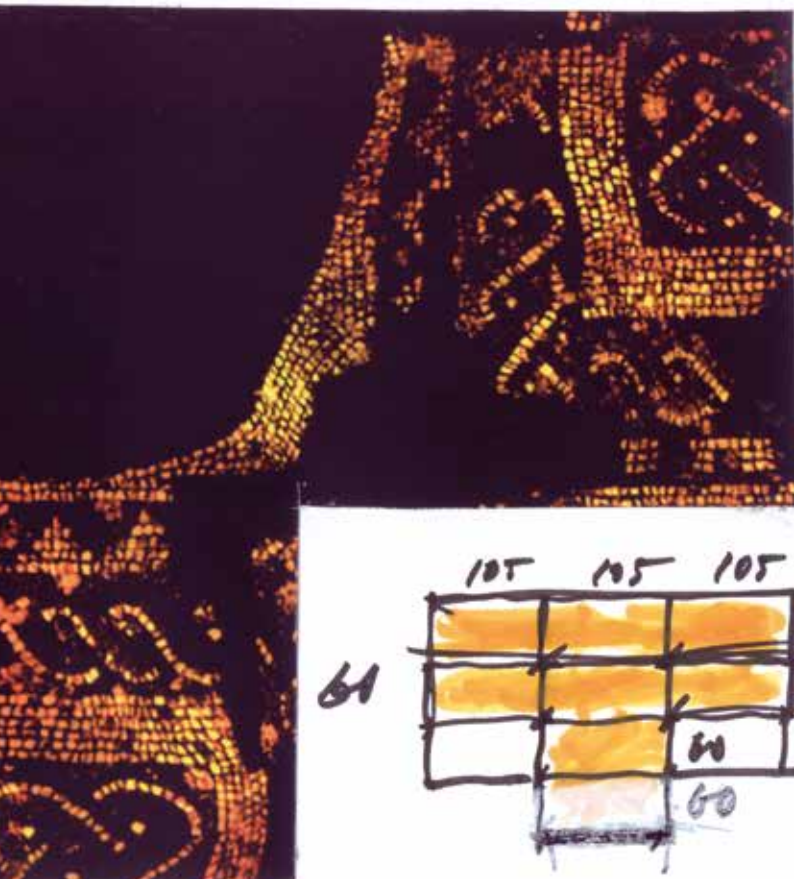
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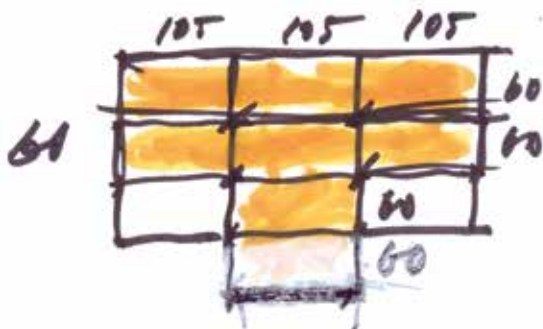
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2.

Financial Reporting

Key Financial Indicators

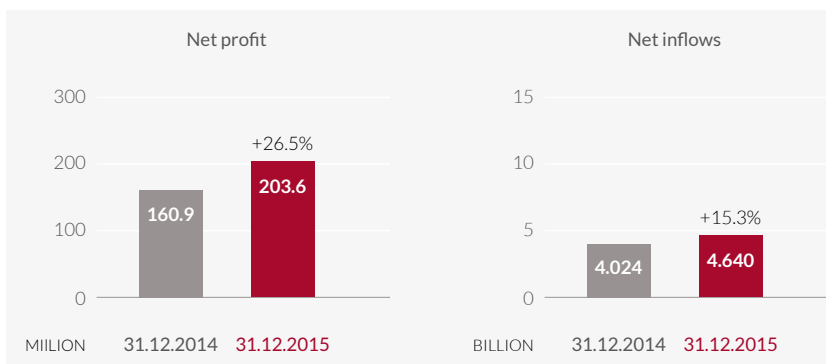
Consolidated income indicators

(€ MILLION)	31.12.2015	31.12.2014	CHANGE %
Net interest income	66.2	107.0	-38.1
Net fees	370.8	257.3	44.1
Net income (loss) from trading activities and dividends	28.9	54.9	-47.4
Net banking income	465.9	419.2	11.1
Staff expenses	-80.9	-74.2	9.1
Other general and administrative expense	-134.0	-128.5	4.3
Amortisation and depreciation	-5.3	-4.4	20.1
Other operating income	44.7	41.3	8.4
Net operating expenses	-175.6	-165.8	5.9
Operating result	290.3	253.4	14.6
Provisions	-45.6	-40.3	13.2
Adjustments	-6.5	-11.0	-41.1
Profit before taxation	238.2	202.1	17.9
Net profit	203.6	160.9	26.5

PERFORMANCE INDICATORS	31.12.2015	31.12.2014	CHANGE %
Cost/Income ratio	36.5%	38.5%	-5.1
EBTDA	295.7	257.8	14.7
ROE	50.3%	44.5%	12.9
EPS - earning per share (€)	1,757	1,394	26.0

Net Inflows

(€ MILLION) (ASSORETI DATA)	31.12.2015	31.12.2014	CHANGE %
Mutual funds and Sicavs	869	555	56.6
Asset management	-168	71	-336.6
Insurance / Pension funds	3,394	3,563	-4.7
Securities / Current accounts	545	-165	430.3
Total	4,640	4,024	15.3



Asset Under Management & Custody (AUM/C)

(€ BILLION) (ASSORETI DATA)	31.12.2015	31.12.2014	CHANGE %
Mutual funds and Sicavs	10.9	10.0	9.7
Asset management	3.6	3.8	-4.7
Insurance / Pension funds	17.3	13.7	26.1
Securities / Current accounts	9.8	9.1	7.5
Total	41.6	36.6	13.8

Solvency ratios

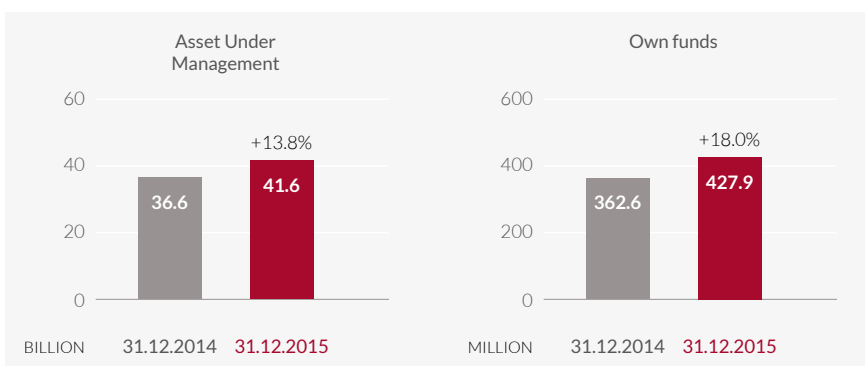
(€ MILLION)	31.12.2015	31.12.2014	CHANGE %
Consolidated net equity	636.8	536.3	18.7
Consolidated own funds	427.9	362.6	18.0
Excess capital	212.8	157.6	35.0
Tier 1 Ratio (Tier 1 capital/Risk-weighted assets)	14.3%	12.2%	17.2
Total Capital Ratio (Total own funds/Risk-weighted assets)	15.9%	14.2%	12.0

Personnel efficiency indexes

	31.12.2015	31.12.2014	CHANGE %
Number of employees	837	817	2.4
No. of Financial Advisors/Private Bankers/Relationship Managers	1,715	1,645	4.3
Net banking income / no. of employees (€ million)	0.56	0.51	8.5
Asset under management (AUM) / no. of Financial Advisors (€ million)	24.26	22.23	9.2
Assets under management (AUM) / no. of employees (€ million)	49.71	44.75	11.1

Social and environmental highlights

	31.12.2015	31.12.2014	CHANGE %
Global added value (€ million)	661	557	18.7
Headcount	837	817	2.4
No. of Financial Planners/Private Bankers	1,715	1,645	4.3
Per-capita consumption of electric power (kWh)	2,670	2,952	-9.5
Paper consumption (tons)	32.8	40.1	-18.1



Economic Performance for 2015



The Banca Generali Group closed the 2015 financial year with a net profit of 203.6 million euros, an absolute record in the Banking Group's history, and a major progress for all the profitability and capital ratios.

This performance was the result of the internal efforts that in the past four years led to a nearly threefold increase in net inflow levels, a 60% rise in AuM and constant growth in the number of top professionals who chose the bank as the place to practice their professions.

The reporting year was characterised by particularly complex market conditions: a robust bull stock market in the first half of the year, followed by extreme volatility in the second half, exacerbated by a number of hotbeds of uncertainty, and the emergence of the unprecedented new scenario of negative interest rates.

Since the beginning of the year, expectations for the launch of quantitative easing (QE) by the ECB have resulted in a sharp reduction in interest rates of different maturities all along the curve, in addition to triggering a sustained financial market rally.

Since the second quarter of the year, however, the tensions generated by the re-emergence of the Greek crisis (Grexit) and then by the significant crisis in the Chinese financial markets, the collapse of oil and commodities prices, the slowdown in the international economic situation, the uncertainties in the banking sector linked to the first bail-in procedures and, finally, also by geopolitical factors (Middle East, migrants crisis), generated a highly volatile situation which led to a marked correction in the markets in the third quarter.

In this context in which yields of Government bonds, previously a safe haven for Italian investors, dropped sharply towards zero, the Banking Group was able to establish itself as a solid mainstay for meeting the strong demand for asset management and advisory services in response to the complex financial situation.

At year-end, net inflows thus exceeded 4.6 billion euros, with a strong performance even in the fourth quarter (1.6 billion euros), characterised by high volatility and persistent stock market uncertainty.

Customers continued to show interest in the versatility of managed solutions, especially the multi-line policy BG Stile Libero, which registered net inflows of over 2.2 billion euros, and the Sicav segment promoted by the Banking Group (+0.8 billion euros).

Net banking income rose to 465.9 million euros, with a sizeable increase of 46.7 million euros compared to 2014 (+11.1%), driven both by the non-recurring components, which particularly influenced the first quarter of the year, and the strong performance of asset management fee income. The latter rose by over 99.5 million euros (+27.7%), in line with the growth reported in the Banking Group's average AuM invested in assets management and insurance products.

Favourable market conditions also led to an excellent result of trading activities and dividends (28.9 million euros), which nonetheless did not replicate the record results reported for the first half of 2014. By contrast, as forecast, net interest income continued to decline (-38.1%), due to both the persistent scenario of lower interest rates induced by the QE and the decrease in average assets resulting from the end of LTROs.

Net operating expenses amounted to 175.6 million euros, marking a more moderate increase (+5.9%), essentially due to the mandatory contributions to the new Resolution and Deposit Protection Funds required by European directives (8.7 million euros), which this year also included the extraordinary contributions levied on the Bank at year-end.

Provisions and net adjustments stood at 52.1 million euros, a moderate increase of 0.8 million euros compared to 2014 due to the lower level of adjustments on non-performing exposures, offset by greater collective adjustments to the portfolio of financial assets and higher net provisions, primarily due to a plan promoted in the context of the company restructuring programme aimed at bringing the new organisational structure into line with the banking Group's strategic objectives.

At 31 December 2015, the total value of the Group's AUM — reference figure for Assoreti reports — amounted to 41.6 billion euros, up 13.8% compared to year-end 2014, placing the Group at the top of the market of reference, with a share of 13.9% of net inflows and 9.6% of total assets under management.

In addition, managed assets also included 1.4 billion euros in deposits of assets under administration of companies of the Generali Group and 1.4 billion euros in funds and Sicavs distributed directly by management companies, for an overall total of 44.4 billion euros.

Determination and Distribution of Value Added

Calculation method

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

The stakeholders include the network of Financial Advisors and human resources, who receive part of this Value Added in the form of direct or indirect compensation. A significant role is also played by shareholders, who expect a return from the financial means they have committed to the business, and by the State, i.e., the central and local administrative bodies as a whole, to which a significant part of the wealth that is produced is conferred in the form of direct and indirect taxes.

Great attention has also been paid to the needs of the community and the environment through charitable initiatives, as well as social and cultural works.

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

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

The statements for the determination and distribution of Value Added, presented below, were thus prepared based on the information recognized in the 2015 Consolidated Financial Statements, using the ABI guidelines as a reference.

The distribution of value added

In 2015, Banca Generali Group's net revenues amounted to 791.4 million euros, up by 95.8 million euros (+13.8%) compared to 2014, whereas consumption decreased by 11.3 million euros. The remarkable revenue increase was driven by the rise in the fee aggregate which offset the strong decline of interest income and, albeit to a lower extent, net income from trading activities.

The trend of consumption was instead mainly attributable to the decrease in general and administrative expense, as a result of the absence of non-recurring charges incurred in the previous year, the lower impact of provisions and adjustments, and the reduction in interest expense.

During the process of allocating Value Added, the new contributions paid to the Resolution and Deposit Protection Funds were classified according to the interpretation that construes them as taxes.

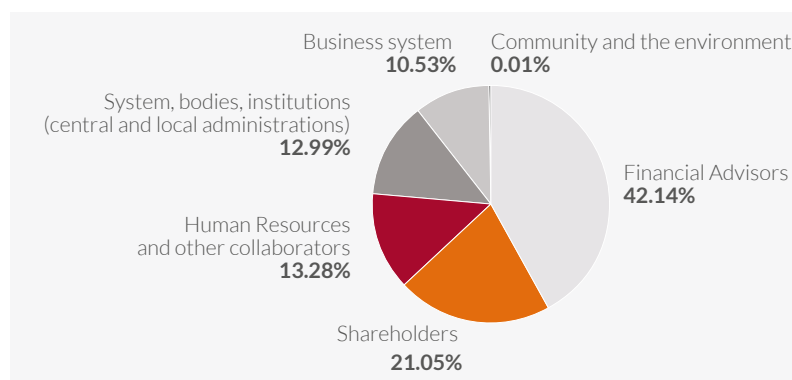
Similarly, the net provisions for incentives and indemnities for the network of Financial Advisors, recoveries of expenses and indemnities charged to Financial Advisors and net provisions for staff were classified as staff expenses during the allocation process.

Therefore, gross GAV reached 661.5 million euros and was broken down as follows:

- > Human Resources (employees and other categories of workers): approximately 13.3% of gross GAV, for a total of 87.9 million euros, including 10.2 million euro provisions for the restructuring plan (13.1% in 2014);
- > Financial Advisors: 42.1% of gross GAV, for a total of 278.8 million euros, inclusive of net provisions for incentives, recruitment plans and other contractual indemnities of 34.3 million euros (up from 41.8% in 2014);
- > Shareholders: 21.0% of gross GAV, a slight increase from 20.3% in 2014, due to the rise in the dividend approved from 0.98 euros to 1.20 euros;
- > State: approximately 10.5% of gross GAV, or 85.9 million euros, essentially in line with the previous year, due to the combined effect of the lesser estimated income tax burden and new contribution charges.

The business system retained, in the form of undistributed profits, depreciation and amortisation, an overall amount of 69.6 million euros, or 10.5% of GAV (9.3% in 2014). 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.

Distribution of Global Added Value



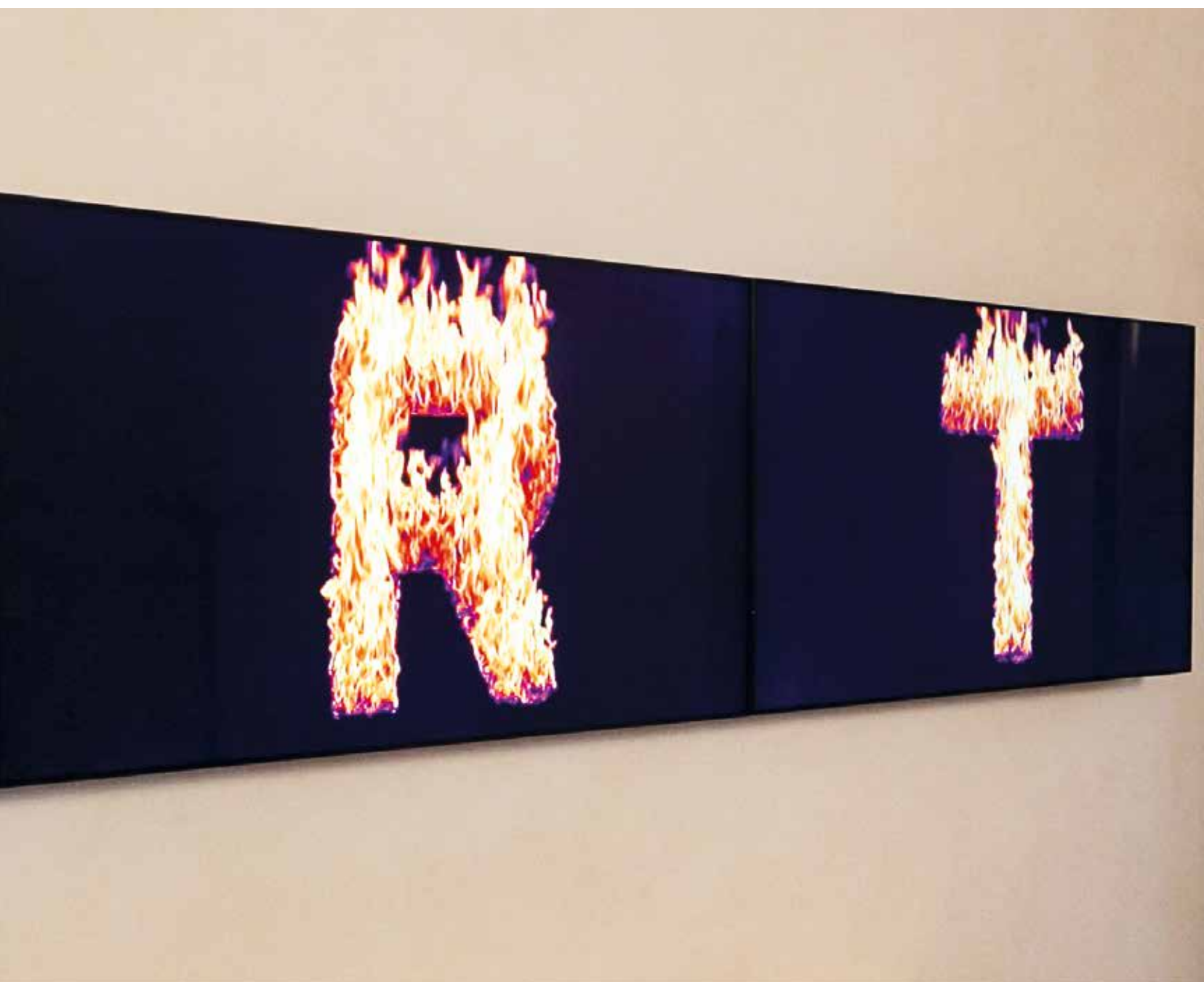
Breakdown and Distribution of Gross Global Added Value

ITEMS (€ THOUSAND)	2015	2014 ⁽²⁾	CHANGE
A. Total net revenues	791,414	695,663	95,751
B. Total consumption	-129,915	-141,264	11,349
C. Net result from insurance operations	-	-	-
D. Gross core added value	661,499	554,399	107,100
E. Global gross added value	661,493	557,432	104,061
Divided among:			
1. Shareholders	139,237	113,431	25,806
Private shareholders (1)	139,237	113,431	25,806
Minority interests (+/-) for the year	-	-	-
2. Human resources	366,623	305,959	60,664
Employee expense; expense for indefinite- and fixed-term contracts	85,865	71,153	14,712
Financial Advisor expense, including net payments on account	278,751	233,137	45,614
Expense for other collaborators	2,007	1,669	338
3. System, entities, institutions (central and local administrations)	85,931	85,923	8
Indirect and income taxation	42,538	41,639	899
Expense for contribution to Resolution and Deposit Protection funds	8,711	-	8,711
Income taxes for the year	34,682	44,284	-9,602
4. Community and the environment	70	225	-155
Charitable gifts	70	225	-155
5. Business system	69,632	51,894	17,738
Change in reserves	64,322	47,474	16,848
Amortisation and depreciation	5,310	4,420	890
Global gross added value	661,493	557,432	104,061

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

⁽²⁾ 2015 layout, restated.



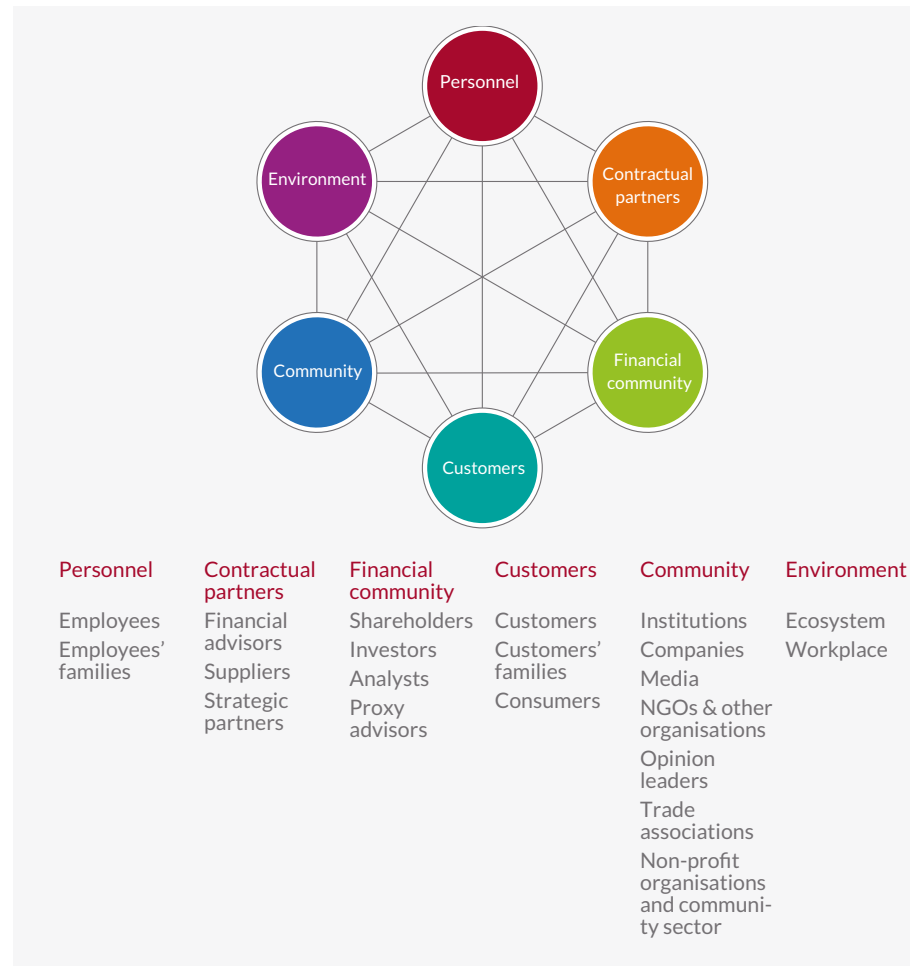


3.

Social Report

Stakeholders

The following chart provides a visual representation of the main categories of internal and external stakeholders. We have included both those to whom the bank has responsibilities and those who may contribute to or influence our performance.



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

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

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

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

STAKEHOLDERS	CHANNELS FOR DIALOGUE	PAGE	MAIN ISSUES IDENTIFIED
PERSONNEL	- Engagement survey	77	- Merit-based, customer-centric performance culture
	- Individual performance evaluation interviews and joint determination of development goals	79	- Increased employee responsibility and autonomy through various levers
	- Roundtables with unions and workers' representatives	81	- Diversity & inclusion
	- Portal, newsletters, and house organ	23	- Information about organisational change
	- Annual meeting with all employees	23	
CONTRACTUAL PARTNERS	- Roadshows with sales networks	105	- Development of products and services
	- Meetings and conventions	70	- Digital support
	- Workshops	70	- Regulatory training
	- Dedicated communications channels (portal, newsletter, apps)	55	
FINANCIAL COMMUNITY	- General Shareholders' Meeting		- Greater transparency on several CSR issues
	- Meetings and interviews with analysts, investors and proxy advisors	95	
	- Company points of contact dedicated to relations with financial investors	22	
CUSTOMERS	- Surveys on the level of satisfaction	57	- Innovative products
	- Market researches		- Improvement of services
	- Communications channels devoted to customers (website, e-mail, toll-free number)	55	
COMMUNITY	- Meeting with representatives of NGOs, institutions and associations of the civil society	102	- Innovation
	- Local conventions on financial education		- Commitment to integrating sustainability into the core business and investments
	- Press conferences	95	- Commitment to education, integration and scientific research
	- Company points of contact dedicated to media and institutional relations	22	
ENVIRONMENT	- Multi-stakeholder meetings	56	- Environmentally sustainable products
	- Website and apps for mobile devices	22 55	

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

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

A range of customer surveys was also conducted in order to monitor the level of satisfaction with the service received and understand customers' needs and behaviour with the aim of developing and improving products and services, carried out by the sales networks including with financial education aims.

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



Lava

3.1

Customers

1. Knowing the Customer

Banca Generali strives to become the number-one 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 (+13.7%) and the number of customers served (+2.3%) in 2015. The lower percent weight of customer segments with limited assets invested was offset by the increase in customers in segments with greater AUM.

Number of customers and AuM

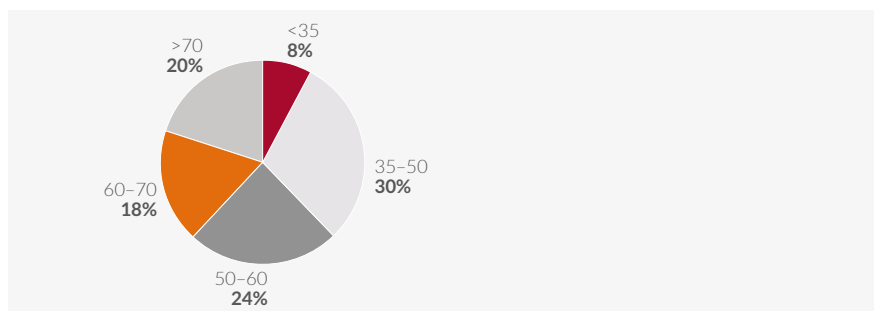
	2015	2014	CHANGE
No. of customers	249,135	243,418	+2.3%
Asset Under Management (€ billion)	41.6	36.6	+13.7%

There was a slight decrease among both Millennials (under 35 years of age) and Generation X customers (35-50 years of age), but an increase among Baby Boomers (50-70 years of age) and those over 70, in the percentage of customers with high levels of income and assets.

Breakdown of customers by age bracket

AGE	2015	%	2014	%
Up to 35	20,507	8%	22,052	9%
35 - 50	73,171	30%	81,716	34%
50 - 60	58,777	24%	53,703	23%
60 - 70	43,083	18%	39,240	16%
Over 70	47,407	20%	41,382	17%
Total*	242,945	100%	238,093	100%

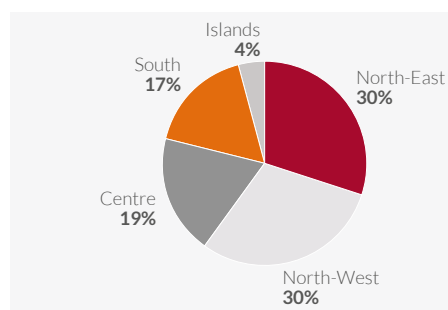
* The number of total customers differs from previous tables as age information is unavailable for several customers.



Breakdown of customers by geographical area

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

GEOGRAPHICAL AREA	2015	%	2014	%
Abroad	882	0%	745	0%
Centre	46,387	19%	46,146	19%
Islands	10,069	4%	10,323	4%
North-East	74,914	30%	71,901	30%
North-West	75,709	30%	73,234	30%
South	41,174	17%	41,069	17%
Total	249,135	100%	243,418	100%



Breakdown of customers by gender

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

GENDER	2015	%	2014	%
Women	102,650	42%	98,832	42%
Men	140,295	58%	139,261	58%
Total*	242,945	100%	238,093	100%

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

2. Relations with Customers

Through constant innovation, Banca Generali seeks 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 more generally, in a manner inspired by the principles of the Generali Group's Code of Ethics.

The Internal Code of Conduct sets out the principles with which to comply in relations with customers:

- > conducting business in compliance with 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 its 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

Risk control and customer support

Innovation is a fundamental driver in the strategies that banks — above all in a complex, highly variable scenario such as the current one — must implement to remain competitive on the market and meet customers' changing needs in order to create value in the long term.

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 interests, financial and not only.

Banca Generali assigns an initial financial profile to all customers based on completion of a specific exploratory questionnaire included in the "Customer Relations Charter" and identifies the risk profile of all investment products offered, through assessment by an independent firm. Through a specifically developed IT procedure, which assesses the adequacy and appropriateness of individual products, the Bank only distributes investment products whose risk/return profiles match each Customer's financial profile.

In order to offer customers a comprehensive view, the new Service Model BG Personal Advisory has been implemented, which aims to increase their knowledge in terms of total assets, generational transfer and risk appetite, in addition to building an integrated approach in managing customers' risks. An advisory platform has been created in support of the Service Model and, for management of the non-financial components, commercial agreements have been reached with a series of exclusive partners who aid financial advisors in analysing the needs and risks of customers and their families.



A product range free of conflicts of interest

Seeking out the in-house or third-party expertise suited to managing complex markets characterised by a low level of directionality, widespread volatility and an increasingly difficult search for returns, Banca Generali adopts a multi-manager approach, offering a range of solutions from which clients can select individual products or wrappers of managed products:

- > BG Selection Sicav and BG Sicav, the asset management solutions offered by BG Fund Management Luxembourg consisting of a total of 74 sub-funds, 54 of which are managed by leading international investment firms; they were expanded in 2015 to include both traditional strategies and more innovative approaches suited to today's markets, such as the Liquid Alternative approach;
- > the multi-manager platform has been further expanded and at the end of 2015 to include over 1,800 products managed by 31 Italian and international companies;
- > the multi-manager approach has also characterised development of portfolio management services, with the launch of GPM Real Estate Top Portfolio, which allows the most sophisticated customers (so called Professional Customers) to invest in the real-estate financing sector, thus ensuring diversification beyond traditional real-estate investment;
- > BG Stile Libero, the multi-line policy that combines financial investment, tax optimisation, insurance cover and customisable services, has expanded the range of available investments to include ETFs and segregated accounts in foreign currencies (USD), once again confirming its role as the most innovative wrapper of products on the market.



2.2 Creating value through protection

Over time, Banca Generali has created solutions aimed at protecting customers and preserving their interests, with respect to both the financial component and safeguarding households and specific customer segments.

Investment protection

Protecting its customers' investments is a key priority for Banca Generali, which it pursues through:

- > guarantees for invested capital, independent of financial market volatility, through the Generali Group's segregated accounts, with both annual consolidation of returns and dividend streams that allow customers to supplement their incomes;
- > BG Stile Libero, an insurance wrapper including pure life cover based on age, accident cover and increased cover in the event of capital losses, allowing policyholders to protect their investments and guarantee peace of mind to their families. During 2015, Banca Generali implemented the possibility for Customers to double the capital loss on the amount invested;
- > the protection of the household's future against unforeseen events with the policy BG Tutela, owing to the payment of capital to the designated beneficiaries in case of death of the insured;

Solutions for specific categories of customers



- > periodic investment plans with payments of small amounts at a monthly/intra-annual frequency, both in asset management and insurance products, in order to allow small sums to be set aside when planning household cash flows, with the flexibility to suspend, modify or interrupt payments;
- > Genertel home policies providing insurance cover for the home and family activities in case of injury caused to third parties, damage to the building and its contents;
- > insurance cover associated with current accounts to protect withdrawals and purchases made using ATM cards, launched in 2015 in collaboration with Europ Assistance.

Over the years, Banca Generali has designed solutions dedicated to specific customer segments:

- > **for young adults**, both the BG 18 Anni policy, an investment policy that parents can use to finance their children's education or contribute to their first major expenses, and the BG GO! account card, which, in return for a reduced annual fee, provides access to all of the main services associated with current accounts, the prepaid cards and the BG 10+ deposit account, without management costs, thus providing the youngest customers with an account in which to place their savings;
- > **for couples**, the offering of mortgages and loans of major third-party financial institutions to promote and protect the residential real-estate investments;
- > **for people with disabilities**, current accounts with ad-hoc conditions for associations of families whose members include people with disabilities or associations supporting scientific research on rare diseases (e.g., AISM – the Italian Multiple Sclerosis association);
- > **for retirees**, the "Conto di Base", a current account with limited features dedicated to investors with modest banking needs;
- > **for entrepreneurs**, BG Business, a current account launched in 2015, specifically intended for small companies, self-employed professionals, artisans and business owners that offers all of the services necessary to optimal business management at highly favourable conditions.

2.3 Creating value through communications

The banking sector is undergoing a period of great transformation. The evolution of society is driving radical change in bank-customer interactions, in the direction of a renewed dialogue focused on engagement and transparency, and a "digital revolution" that is identifying new needs and ways to access services.

Clarity and transparency

For purposes of an increasingly complete and accurate disclosure, in 2015 Banca Generali invested in simplifying and clarifying the information sent to customers. The review programme has been completed for all documents, both in terms of content and the graphic and illustrative aspects, and a dedicated focus prepared for subscribers to the new GPM Real Estate Top Portfolio. Work has also been carried out on the production and mailing optimisation for all documents, so as to reduce their receipt times.



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 and the Bank and the Customer, according to an “omnichannel” approach:

- > the Personal Advisor Page is a portal where Customers can find full professional information about their Financial Advisors, contact them directly from the webpage and keep abreast of financial news. In 2015, it was expanded to include features aimed at making this tool increasingly interactive:
 - sharing the Bank’s sales materials with its Customers;
 - providing the latest financial news and the main services;
 - inviting Customers to events organised by the Bank;
 - for Customers, sharing their Financial Advisors’ pages on social networks;
- > in order to extend its analogue and digital communication, the Bank accompanied its traditional print communications (e.g., annual statements of policies or management accounts) with dedicated minisites, which are also accessible by scanning the QR codes included in print documents, with undeniable advantages in terms of decreased paper use and more timely updates;
- > considerable attention has always been devoted to IT security, with all customers provided access to the strong authentication service in 2015 for confirming online orders, in accordance with recent European industry regulations. Using “Secure Call”, customers can authorise transactions by making a toll-free call from their smartphones and then entering a one-time password; alternatively, to simplify confirmation of transactions with a lower risk profile, the Bank has also introduced “Secure Code”, a password chosen by the customer that allows for even faster authorisation of investment transactions that do not involve the outflow of funds from the Bank through digital channels;
- > complementary to the Internet channel is the telephone support service provided by the Banca Generali Contact Centre, which customers use for information concerning banking transactions and to submit orders. In 2015, operators handled approximately 180,000 calls out of a total of over 298,000 calls received (partly handled by interactive voice response systems), with response times at less than 25 seconds and percentage of calls dropped near to zero (figures in line with 2014).



2.4 Creating value through education



Social and environmental sustainability



Financial 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.

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.

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 2015, there were 49 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@line, enhanced in late 2015 to manage all communications, including those concerning the Bank's discretionary accounts management services;
- > favourable terms in order to promote healthy lifestyles and a greater focus on health, such as the lower premium 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.

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 2015, over 5,000 customers and prospects took part in the events organised by Banca Generali throughout Italy, marking a notable increase compared to the previous year and thus confirming the Bank's capability to draw the public attention onto economic-financial issues, as well as to increase interest towards these matters.

The Bank also proposes initiatives of an educational nature devoted to young people: the campaign "Un Campione per Amico", which is touring 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.

Indicators

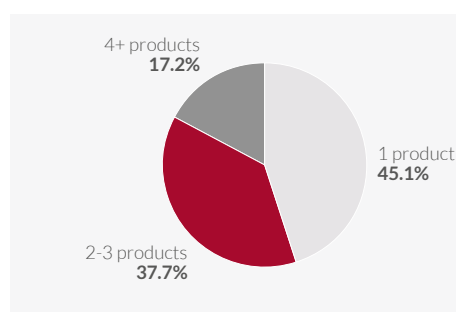
To analyse the level of customer satisfaction, Banca Generali has prepared a series of indicators based on data concerning the customer base. The comparison with 2014 indicates that customer loyalty has improved in terms of both the retention rate and the average duration of the relationship with the Bank. Customers' perceptions of the financial services offered have also improved: single-product customers declined, whereas customers benefiting from multiple product categories increased.

Customer satisfaction

	2015	2014	CHANGE
Customer retention rate	95.5%	93.5%	+2.1%
Average duration of the agreement	13 years and 10 months	13 years and 5 months	+3.1%
Cross selling*			
1	45.1%	47.2%	-4.4%
2-3	37.7%	35.9%	+5.0%
4+	17.2%	16.9%	+1.8%

* Compared to the 2014 Sustainability Report, the number of product categories has increased (from 4 to 8).

% of cross selling in 2015



4. Security and Privacy

In keeping with Italian regulations, the Banca Generali Group has adopted technical, organisational and operating measures designed to guarantee the confidentiality and security of personal data, including sensitive information, of potential and current customers, as well as other stakeholders (collaborators, suppliers, etc.). The Group acquires only the personal information strictly necessary for performing requested services and achieves the aims declared in the specific privacy policy given to all interested parties, paying special attention to sensitive data.

Employees and sales networks are informed about the basic principles and their responsibilities in protecting the handled data. This is achieved through:

- > **training**, through e-learning courses and, for several specific areas, classroom courses;
- > **information**, through instruction manuals;
- > **updates**, through specialist newsletters.

Banca Generali also followed the negotiations on the new European data protection regulation, which culminated in the publication of Regulation (EU) No. 2016/679 of 27 April 2016. The new Regulation will introduce stricter rules for protecting European citizens' privacy starting in 2018, a need dictated by the constant evolution of those same concepts of protection of personal data, particularly as regards technological progress. In light to ensure constant monitoring of the international regulatory developments, the Bank is observing with interest the work to introduce the "Privacy Shield", an agreement aimed at regulating the circulation of personal data from Europe to the United States in replacement of the lapsed "Safe Harbour" agreement.

In order to guarantee a suitable level of security on data integrity, the reliability of the information and its confidentiality, the IT system of the Banca General Group is constantly monitored and has a disaster recovery plan designed to ensure ongoing operations. In recent years, numerous initiatives have been undertaken in order to improve security processes and increase the technologies, devices and protocols for implementing countermeasures that can address currently known risks.

With specific regard to the Home Banking system, cutting-edge technological solutions have been introduced for the customer website to protect data and ensure a high level of security, for example through the use of an attack-prevention protocol using encryption with a key size of up to 256 bits and certified by I.T. Telecom Global CA/GTE CyberTrust Global Root.

For customer accesses through computerised channels (the Internet and call centres), a system with two code levels has been adopted, envisaging the use, for the telephone channel, of an identification code and a customisable password combined with a security card with dynamic triplets to confirm transactions, and, for the online channel, of the Secure Call service, aimed at using customers' mobile telephones to verify transactions ordered via the Internet.

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

Private claims

Various types of privacy claims may be submitted to Banca Generali: complaints, the request for information and disclosure, the request for the erasure or anonymisation of information, and reports to the Privacy Authority. The requests received in 2015 in connection with the exercise of rights under Article 7 of the Privacy Code were 135; three complaints concerning the application of privacy regulations were received by the competent function at the level of the entire Banca Generali Group. They were rejected.

5. Management of Complaints

In accordance with sector-specific regulations, a Litigations and Complaints Unit has been set up with Banca Generali S.p.A. to handle and resolve customer's complaints regarding both investment services and banking products and services, by assessing whether they are justified under the applicable legislation.

Customers may lodge complaints in writing by post, fax, telegram, e-mail, certified e-mail or by hand-delivered letter addressed to the branches, private centres, as well as representatives or other offices of the Bank. All customers' complaints will be processed by the Litigations and Complaints Unit which is required to routinely update specific electronic registers to maintain a record of the related documentation, as well as to check and monitor the various phases of complaint management so as to identify the most significant sources of customer dissatisfaction. The Compliance function is tasked with providing the Bank's governance and control bodies periodic reports on the overall complaints situation.

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



Big circle of fire

3.2

Distribution Network

1. Main Features

The quality and efficiency of the sales network determine the customer satisfaction level. Our financial advisors play a very delicate role, since they work in a sector where reputation is the most valuable asset of an organisation. Our 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 our mission.

The utmost attention is dedicated to the human and professional profiles of the financial advisors at the service of our customers, inasmuch as, despite access to the most modern resources provided by technology and the multi-channel platform, the advisory relationship represents the heart of the services offered by Banca Generali since its reference customers have complex needs and 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 Group has gradually acquired high-profile professionals on the financial services distribution market, drawn by the Bank's business model.

2. Size and Composition

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

- > Financial Planners, who interact with affluent customers;
- > Private Bankers and Relationship Managers (369 PBs collaborating with the company as independent contractors and 54 RMs who are employees) part of the Private Banking Division, specialised in interacting with private-banking customers.

Type of personnel

	2015	2014
Financial Planner Division	1,292	1,244
Private Banking Division (PBs and RMs)	423	401
Total	1,715	1,645

One sign of the process of qualitative development of the network in 2015 was the significant increase in both Financial Planners and Private Bankers, as a result of the recruitment activity carried out during the year.

In further detail, in 2015 Banca Generali added 126 new, carefully selected professionals with solid experience in the field, who, through the vast array of investment opportunities offered by the Bank, were able to meet investors' different needs, in accordance with their individual risk profiles. As a result, despite natural network turnover, the number of advisors in the Banca Generali network increased by 4.3% compared to the previous year.

The increase in the number of Financial Advisors operating within the network, the leadership of Banca Generali within the Assoreti market both in terms of net inflows and per-capita AUM are also to be regarded as a clear sign of the qualitative development of the network, which is an essential condition to effectively satisfy the needs of our customers and a key factor to Banca Generali's commercial success.

Customers' assets

	2015	2014	CHANGE	
Average number of customers per Financial Advisor FP / PB	145	148	+2.1%	
Average assets per FP/PB (€/000)	24.3	22.2	+3.1%	<div> <div style="width: 100%;"></div> <div style="width: 100%;"></div> </div> 2014 22.2 2015 24.3
Average net inflows per FP/PB (€/000)	2,706	2,446	+1.8%	<div> <div style="width: 100%;"></div> <div style="width: 100%;"></div> </div> 2014 2,446 2015 2,706

3. Network's Organisational Structure

The organisation may be subdivided into four types of professional roles:

PROFESSIONAL ROLES	2015	2014
1 st level managers	25	22
2 nd level managers	44	44
Executive managers	61	46
Financial Advisors/Private Bankers	1,585	1,533
Total Banca Generali Group	1,715	1,645

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

Banca Generali's network management structure represents one of the distribution network's strengths and an avenue for merit-based career development.

The distribution network is thus one of the possible career paths, although not the primary option, given the high level of professionalism of financial advisors.

We believe that the customer/financial advisor relationship is one of our strengths, which is why we are focusing on further development of the sales network channel in harmony with our customers' new needs in an increasingly competitive market. In this regard, we are honing our financial advisors' expertise and improving all of the tools used in providing advisory service, not just of a financial nature, but according to a comprehensive approach that reflects customers' needs (family protection, corporate advice, property and real estate management and family office), in addition to commercial and operational support.

In 2015, Banca Generali's efforts were focused on the consolidation phase of the Service Model (BG Personal Advisory), which led to the completion of the advisory platform and its subsequent gradual release to the 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.

The new advisory platform was released gradually in 2015, supported by an extensive training plan.

4. Geographical Breakdown by Gender and Age

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 network (15% of the total) still remains modest and this is partly due to the fact that the profession of Financial Advisor has seen an increase in the number of women only in recent years.

Following the recruitment activity carried out in the past years, the female presence in Banca Generali's commercial network has constantly increased, 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 careers in the financial advisory business.

FP	PB	TOTAL	% WOMEN	AVERAGE AGE			AVERAGE LENGTH OF SERVICE*		
				M	W	TOTAL	M	W	TOTAL
1,292	423	1,715	15%	52.0	49.9	50.9	12.4	10.6	11.5

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

The average length of service of the Banca Generali network is slightly less than 12 years, which implies a high level of network retention. The average age of network personnel is slightly above 50 years.

5. Multi-channel Nature of the Service

Banca Generali has 45 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 142 Financial Planner and Private Banker offices that are home to the network's administrative, training and informational activity and represent another possible point of reference for customers. In the last year, the number of branches and offices slightly increased.

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

6. Sales Policies

The Group regards customer satisfaction as an issue of fundamental importance, which it pursues by applying high quality standards both to the personnel in charge of customer relations and the products and services it offers and by constantly adjusting those products and services to suit new needs and expectations. To that end, the Group also continually strives to achieve constant improvement in its internal procedures and develop cutting-edge information-technology solutions, which it continually tests for efficacy and efficiency. In further detail, there was extensive development of online access by both customers and advisors to applications used for both consultation and transactions. In addition, specific projects are being developed with the aim of permitting increasingly effective management of the sales relationship with customers through the use of suitable information media, with a view towards direct execution of contractual activities (electronic signature and digital collaboration), thereby eliminating print media.

Customer relationship management is a crucial part of ensuring customer satisfaction. In this area, as mentioned above, the Financial Advisors from the various networks (i.e., including Financial Planners, Private Bankers and Relationship Managers) play a key role in the phases of promoting and distributing products in an advisory context which is established by organising specific training programmes (see next chapter) that include classroom and e-learning sessions. In addition, communications tools, such as websites, Intranet sites, periodic publications and circulars containing guidelines for behaviour in conducting business, were implemented. The foremost aim of such guidelines is to require compliance with financial intermediation legislation, and the adequacy principle in particular. Reference is also made to the Banca Generali's Internal Code of Conduct, requesting the networks to apply the principles set forth in the Code. Sales departments are also responsible for monitoring the application of guidelines, periodically supporting Financial Advisors in verifying that business is conducted in accordance with laws and regulations.

Contractual relations and communications with customers must be guided by the principles of integrity, honesty, professionalism, transparency and cooperation in the search for the solutions best suited to their needs. The information provided during pre-contractual negotiations must be complete, transparent and comprehensible so as to allow the customer to make informed purchasing choices based on both the quality of the products and services offered and the customer's goals. In this regard, a scrupulous, thorough application of MiFID — Markets in Financial Instruments Directive, a EU directive aimed at harmonising the rules governing the activities of brokers and financial markets — with the related completion of informational questionnaires and the systematic, automated review of proposed solutions, provides the guidelines for the brokerage and advisory activity carried out by Financial Advisors for customers.

In this context, surveying properly and thoroughly the customer's expectations and characteristics is crucial to formulating a proposal that is adequate to the requirements reported and the needs expressed. Relationships must be based on trust and transparency so that customers are aware of contents, costs and any risks before purchasing. In this regard, it should be noted that an important project aimed at an overall revamping of the customer advisory model is currently being completed and is planned to result in a comprehensive expansion of customer service so as to cover all of a customer's assets, including real estate, thus providing support that is not aimed solely at maximising income performance, but also at protection, succession issues, taxation and so forth.

In their work, Financial Advisors must also act in an objective and balanced manner in 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 deemed appropriate, such as when complaints have been received from customers, recommendations concerning the conduct in which to engage are reiterated to individual collaborators and responsible management personnel. Agency agreements contain clauses allowing contracts to be terminated in cases of irregularities or breaches of rules of conduct, laws or regulations.

7. Incentivisation, Development and Training



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

Since almost all the network's personnel (97%) 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, a 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 goal. Any incentivisation programmes, which in the industry are typically a critical factor, do not make any reference to the placement of specific products, but rather, where appropriate, reward the ability of those involved in increasing the scope of offerings in general terms, for example by acquiring new customers or developing existing customers, with the aim of ensuring that service is genuinely aimed at satisfying customers' needs. In addition, the disbursement of incentives is contingent upon the satisfaction of the general requirements in customer relations, namely 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.

In accordance with the Bank's strategic positioning, training remains a key driver for the development and professional growth of the Sales 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 customers' evolving needs, the transformation of the market and the digital world in which we live.

Managerial training has been structured so as to consolidate the leadership of various managerial figures in a dynamic, challenging and constantly evolving professional scenario. The theme of leadership has its roots in the ability to listen, empathy and the ability to establish relationships based on trust.

In particular, a programme dedicated to top network managers, designed together with prestigious business schools, continued. The three modules "**Leadership of Change, Self Empowerment and Self Management**" focused on the issues of stress management, the ability to execute and emotional intelligence for encouraging and motivating individuals. Specific induction processes have been designed for new managerial roles created within the organisation, with a particular focus on assessing the necessary skills and the creation of local team-coaching processes.

The authoritativeness and reliability of the Sales Network were further reinforced through the commercial training initiatives dedicated to the **BG Personal Advisory approach**.

Through an approach that stands apart on the market due to its products, services and tools, BG Personal Advisory extends the scope of advice from traditional portfolio planning to advice concerning a household's total wealth. On the basis of a comprehensive vision of the regulatory, market and customer framework and applying a customer-centric perspective, training on Finance, Family Protection and Real Estate further explored issues relating to succession planning and the proper allocation of the total assets in each customer's household.

The special **induction process** for recently recruited Financial Advisors at Banca Generali continued. The two-day "**Welcome Program**" serves to deepen the knowledge of operating processes and key roles within the Bank's main Departments, thus fostering engagement and a sense of belonging among the newly recruited Financial Advisors.

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.

8. Management of Litigation

A total of 66 disputes, each involving legal proceedings by (36) or against (30) Banca Generali S.p.A., were underway in 2015, in connection with the agency agreements entered into with Financial Advisors.

Most of the disputes pertained to agency contracts that were terminated and entailed legal proceedings brought both by Financial Advisors on a variety of grounds relating to the agency relationship (alleged non-payment of severance indemnities or unlawful termination) and by the Bank in respect of a judicial declaration and therefore possible recovery of amounts due from Financial Advisors for sundry reasons (such as by way of indemnity in lieu of notice or refundable advances, but also compensatory damages for harm arising from unlawful conduct or behaviour in breach of sector-specific regulations).

9. Dialogue with Sales Networks

Banca Generali provides its network of Financial Advisors with various tools to facilitate dialogue and allow for ongoing communication with management personnel devoted to organising and managing the distribution network. Network management personnel represent the essential connection between central management and the periphery, capable of supporting the flow of communication in both directions. To that end, meetings are organised with the first-level management personnel for the various networks, followed by meetings with peripheral personnel.

These meetings are an opportunity to listen to the requests of personnel most directly in contact with the market, and illustrate and discuss the major initiatives to be proposed to conduct business in the course of the year. This constant exchange of communication allows for constant, effective dialogue.

Banca Generali's sales network has access to a specific Front End Consulenti application, which presents news and dedicated circular letters. This tool, which reports all changes in laws and regulations, as well as advisory and customer management initiatives, allows for best practices to be shared. The top-priority use of the channel is to send notices regarding the use of new products and provide updates regarding sales-related initiatives.

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

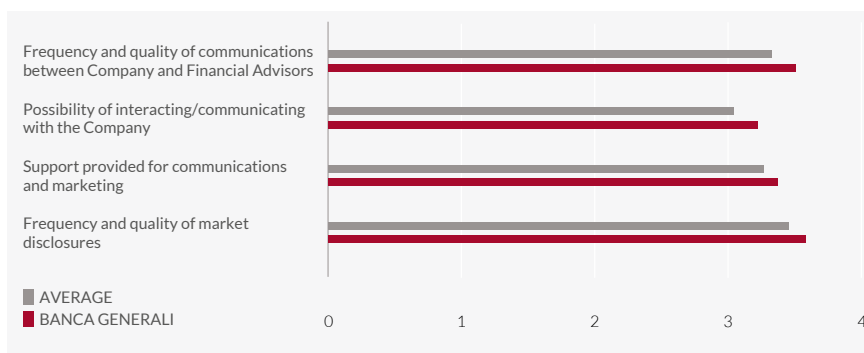
There is also a call centre dedicated to Financial Advisors, available for them to access during extensive hours of operation, which serves the above purposes while also providing a broader information service concerning customers' positions, new products, remuneration and other matters.

One of the most significant initiatives bearing on the "state of health" of the networks consists of a thorough statistical inquiry conducted each year by an independent research company (GfK Eurisko).

These surveys, which refer to a highly competitive market, allow those segments of the market in which investment and improvement may be appropriate or necessary to be identified. This constant attention dedicated by the Bank in recent years has brought it to the top of the market of reference in terms of the degree of satisfaction of its financial advisors. The results of the analysis carried out refer to 2015 and concern approximately 2,000 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, who were called upon to express their level of satisfaction with the line of products, services, tools and training provided to them to serve customers as best as possible.

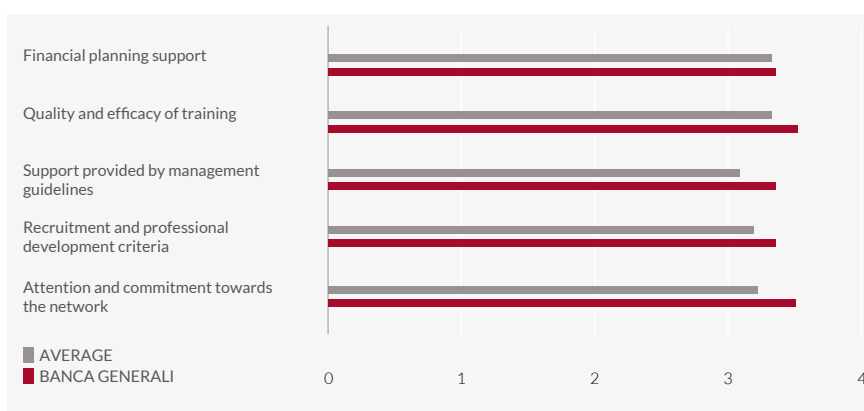
The figures for 2015 — resulting from the telephone interviews of 248 Banca Generali's Financial Planners and Private Bankers — confirmed the network's general level of satisfaction, with an overall high average assessment, placing Banca Generali in first place amongst the different financial advisory networks, and proving the attention dedicated to customers.

Communications



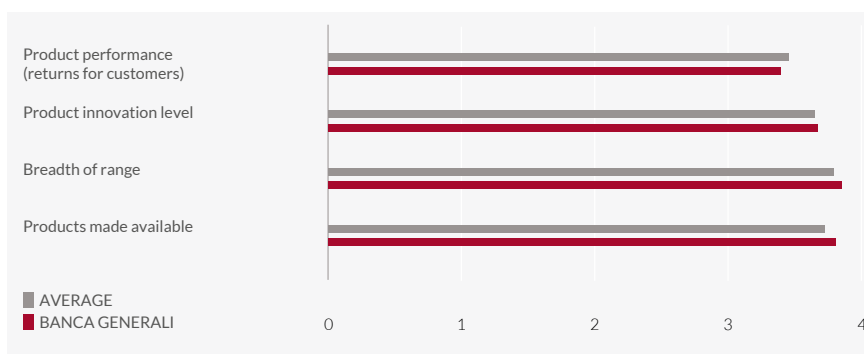
Communications are perceived as a well-covered field at all levels, with all extremely positive values above the average.

Professional development



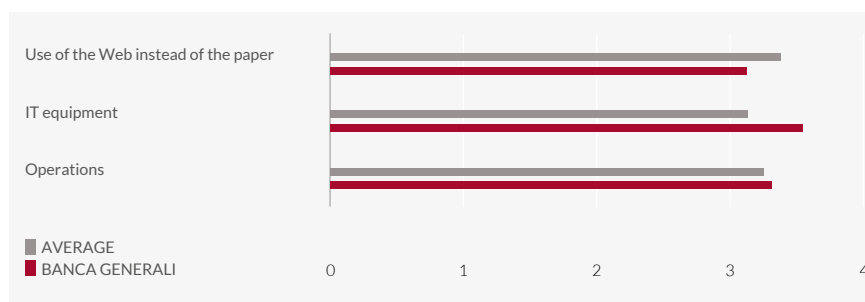
Banca Generali presented values among the highest on the market for the items relating to professional development, in further improvement compared to the past. This section of the survey is particularly important because the company's focus on the professional development of its collaborators, as well as the perception about it by the latter, is confirmed.

Products



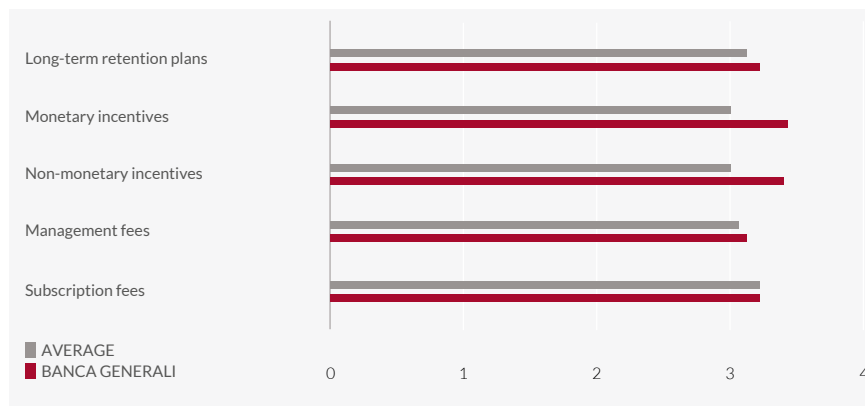
In general, it may be remarked that while overall satisfaction was very high (on average higher than 3.5 on a rising scale from 1 to 4), Banca Generali is within or very close to the average for the best companies represented. The perception of product performance is influenced by market trends, which were particularly 'volatile' in recent years, and thus shows an overall less positive assessment, which was below the average but nonetheless satisfying.

Operating support



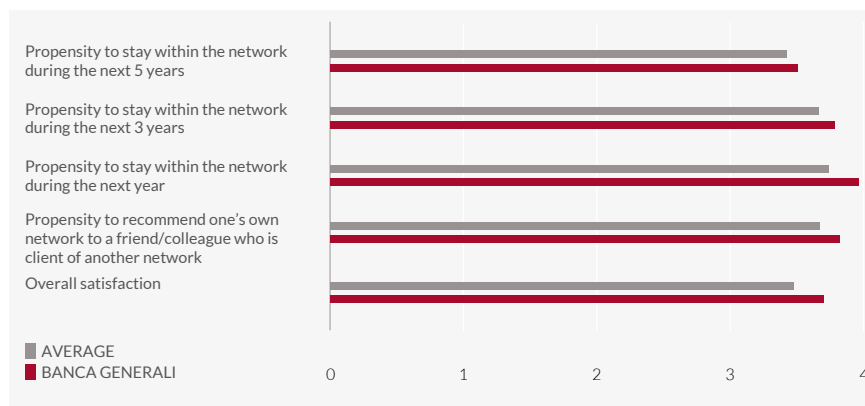
Operations and information technology equipment provided to Financial Advisors recorded an increase compared to the previous year, and higher assessment than the average for the top competitors. This is related to significant, specific investments that involved both the internal management of administrative relations with customers (e.g., the process designated “Integrated Contract Management” allowed bureaucratic processes tied to the processing of contractual relations with customers to be simplified and automated to a decisive extent) and the supply of information technology tools to the network, with the ensuing improvement in all related processes, up to the use of biometric signature.

Remuneration



On the subject of remuneration, a good result compared to the average was confirmed also in 2015. This positive assessment was influenced by additional monetary and non-monetary remuneration, related to meritocratic parameters, and it was due to an assessment that optimised the system of services and support offered to Financial Advisors and entailed clear economic effects.

Loyalty index



Due to remarkably high overall satisfaction in absolute terms (score of 3.7 out of 4), above the average for the best companies on the market, the surveys pointed out a very high loyalty index for the Bank, markedly above the average value of reference, despite the turnover typical of this market. The high overall satisfaction index is even clearer with regard to the propensity to recommend the choice of Banca Generali to friends and colleagues of other companies.



3.3

Human Resources

1. Our Team

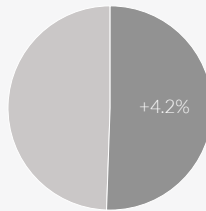
Overview



837
Employees

+3.6%
Indefinite-term
contracts

Men
49.3%



Women
50.7%

Strategy

Our People Strategy is founded on four priorities, adopted from the Generali Group:

Promoting engagement and empowerment

Reinforcing the skills of our leaders and talents

Building an agile organisation and creating new skills

Fostering a customer-centric culture

Training courses have been developed in support of leadership and development of the Banca Generali Group's resources
(*Invest in our people, Women's hub and Women's Mentoring Programme*)

Organisational analyses were launched in the third and fourth quarters and completed in 2016, with the aim of constantly aligning the organisational structure with business needs

The Generali Group's "*simpler and smarter*" philosophy has been formally applied, in the form of the particular attention devoted to customers in view of constant improvement of the service offered (Fostering a customer-centric culture)

GENERALI GLOBAL ENGAGEMENT SURVEY: HAVE YOUR SAY

In 2015, we participated in the first Generali Group's **Global Engagement Survey**, conducted in collaboration with an independent external consultant, which involved leaders and managers with the aim

of measuring the level of internal engagement and awareness of the Generali Group's objectives and the role of individuals in contributing to achieving those objectives.

SURVEY HIGHLIGHTS



1 Group



1 global survey



71,000 employees



+170 legal entities



80 questions



42 countries



29 languages

ENGAGEMENT MODEL: 16 THEMES IN 80 QUESTIONS

ENGAGEMENT SUSTAINABILITY

ENABLEMENT

Perception that the tools and organisation support productivity

ENERGIA

Commitment at the personal and team level applied in the workplace

16 ENGAGEMENT THEMES

Generali Group Senior Leadership Team
Top Management of Banca Generali
Supervision
Results & Objectives
Company Image
Career, Training & Development
Performance Management
Communication
Customer Focus / Competitiveness
Change
Collaboration
Remuneration & Benefits
Values & Diversity
Work/Life Balance
Efficiency & Authority
Maintenance

THE RESULTS OF THE SURVEY AT BANCA GENERALI

RESPONSE RATE

93%

Out of a total of **793** Banca Generali employees participating in the Parent Company's survey

ENGAGEMENT RATE

82%

+7% vs. industry benchmark
+3% vs. Italian companies benchmark

More than eight out of ten individuals feel a strong sense of **belonging** and are **proud** to work for Banca Generali and the Generali Group. In addition, they promote Banca Generali as a good place to work and are committed to contributing to reach its goals.

RESULTS AND ACTIONS

PRIORITIES IDENTIFIED

WORK/LIFE BALANCE

Developing a stimulating, dynamic environment, with an opportunity for interaction and solutions formulated to meet our people's needs.

COMMUNICATION

Spreading increasingly effective, thorough communication that fosters listening and dialogue at various levels. Promoting greater circulation of ideas and suggestions that inspire the values of our resources and the perception of the Bank's excellence.

ACTION

On the basis of the priorities identified, the Company has worked in a timely manner through concrete, simple initiatives such as special parking spaces for expecting mothers, agreements with childcare nurseries in the Trieste and Milan areas, laundry service at the Trieste and Milan head offices, where new break areas have also been set up.

2. Investing in Our People

Our strategy



Development

The Banca Generali Group believes that it is of prime importance to invest in its human resources by encouraging internal growth rather than recruiting from the market to cover strategic positions in its structure. Towards this end, Banca Generali establishes suitable development paths (such as individual or group business coaching paths, mentoring, etc.) to integrate managerial skills, where necessary. In addition, the development and professional growth of people already holding key positions or currently on a career path are ensured also by participation in specialisation and post-graduate training programmes at qualified academic institutions, as well as courses aimed at consolidating managerial skills. Following the same logic, the Banca Generali Group has considered it essential to continue to develop the Talent Pool project, presenting the second edition of the "Nuovi occhi per il futuro/New Eyes for the Future" development programme. This is aimed at young staff who have demonstrated good technical-managerial skills and so are deemed to have all the requisites for occupying increasingly responsible roles in the short-term, if shadowed by proper management support.

Training

In keeping with Banca Generali's strategic positioning, training in 2015 once again represented a fundamental lever for supporting the engagement and empowerment of the Bank's people.

The theme of **collaborative leadership**, which builds on each person's skills and qualities and blends their diversity, has been the key theme in management training programmes. It is within this framework that outdoor experiential training initiatives have been designed for top and middle managers to enable them to reflect on and experience collaborative leadership together, recognising the importance of teamwork. 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.

To further support our people's development, selected staff have been offered **Advanced Training courses and/or Post-graduate Master's Degree programmes** with major Universities and training institutions. Particular mention should be made of the first course in Italy dedicated to "Wealth management and generational transfer", designed in collaboration with the University of Brescia.

To create engagement with the Bank's strategic guidelines, customer centricity has continued to be supported by **info-training workshops** on the BG Personal Advisory approach, dedicated to head office staff.

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

There are no training, refresher or assistance programmes for employees who are approaching retirement or have terminated their employment.

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.

Average training hours by employee



	MANAGERS	OFFICERS/ EXECUTIVES	EMPLOYEES
Men	31	18	16
Women	33	35	12
Average	32	24	13



PEOPLE MANAGER TRAINING

A managerial path dedicated to the development of people managers, helping them to consolidate people management and development skills; team coaching is

applied to analyse specific topics and enable them to perform their roles effectively.

PROCEDURES FOR EVALUATING HUMAN RESOURCES

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 middle manager 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).

Global Leadership Program Step Up

The Banca Generali Group continues to take part in the Global Leadership Program promoted by the Parent Company, which over the past year adopted the Step Up initiative, targeted at senior managers. The course, designed in collaboration with the International Institute for Management Development (IMD) Business School, is based on the self-analysis of leadership style and aims to provide tools for building individual and group skills, involve and give responsibility to teams, increase their own awareness as leaders, strengthen performance and ability to lead a team, as well as implement the leader-centricity strategy promoted by the Generali Group.

Fostering a customer-oriented culture

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, so as to provide a more complete service.

3. Employment

Recruitment and hiring policies



In keeping with the orientations of the Generali Group, the human factor is a key resource of the Banca Generali Group. Consequently, also in collaboration with the Group's structures, the company recruits and strives to maintain particularly qualified employees. The selection and hiring policies are based on the principles of fairness and impartiality. By encouraging people already working in the Group and collaborating with Universities, specialist head hunting companies and using recruitment search engines, human resources are selected appraising the most interesting candidates with good academic qualifications, specialist post-graduate qualifications, knowledge of foreign languages, any experience in companies within the same sector, good analysis and problem solving skills, ability to work as a team, flexibility and ability to adapt and organisational leadership. Once hired, new recruits are offered training programmes aimed at fostering both integration and business knowledge.

In order to meet and attract talented young people capable to supporting its employer branding, for some years the Banca Generali Group has been developing a dedicated plan targeted at the Talent Pool, attending career days, sponsoring initiatives and collaborating with universities and other bodies. The key factors that bring talented young people to the Banca Generali Group include: reputation, ethics and culture, innovation, creativity, policies aimed at reconciling job and family, mobility, dynamic growth through training, career opportunities, financial incentives, fringe benefits, clear objectives, workplace safety, and the positive atmosphere of the workplace.

Industrial and trade union relations



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

At the end of 2015, the rate of membership (percentage of employees registered with unions vs the total workforce in Italy) was approximately 34.2%. 97.1% of employees is 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.

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

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

Alongside such opportunities to share information, in response to the frequent mergers, acquisitions and de-mergers involving the Banking Group (refer to the chapter History of the Group), the companies affected launched the procedures for dialogue with unions established at both the legislative and contractual level. Those procedures, aimed at a preliminary search for solutions acceptable to both parties (companies and unions) for handling the organisational consequences for employees, last for 45-50 days, the period within which agreements are to be reached with unions. Failing an agreement in this period, the Company may make decisions unilaterally. In this regard, it should be noted that it was possible to reach useful, consistent union agreements in essentially all cases. With regard to their impact on the workforce, these corporate transactions are also handled in accordance with the principles of the Generali Group Code of Conduct and European Social Charter (referred to above), and in line with the good practices adopted by the Generali Group, which in particular require that consequences for human resources must be avoided and/or limited to the fullest possible extent by adopting measures such as secondment, internal mobility between positions with equivalent responsibilities, turnover freezes and redundancy incentives.

The supplementary agreement for employees and middle managers of the Banca Generali Group (Italy area) formally expired on 31 December 2014 and is still applied de facto. In parti-

cular, the supplementary agreement governs both the subject matters delegated to the company level by the national collective contract (performance bonus, healthcare, supplementary pension and, under certain conditions, position classifications) and the other issues typical of industry practice or attributable to rules — where applicable — established by the Parent Company, Assicurazioni Generali. As part of the renewal, specially noteworthy conditions were maintained for employees, also from a social standpoint, in the area of healthcare, supplementary pensions (increase in the contribution paid by the company and the option of accessing the Generali Group's closed-end pension fund), flexible service conditions and leave for medical examinations or clinical tests, as well as on distributed products (first-house mortgage and personal loans). Since such bargaining takes place at a collective level, the beneficiaries are all employees in the categories of employees and middle managers, without distinction of gender or type of working schedule. The sole exception pertains to personnel under definite-term contracts, for whom, due to the particular type of contract, the ability to benefit from discounts on home or personal loans is not provided.

Moreover, in implementation of the provisions of the National Collective Labour Agreement, the activity of Fondazione Prosolidar, which is involved in solidarity projects at an international level, was promoted. In 2015, approximately 400 employees participated, paying in the established contribution, followed by a similar contribution by the company.

Within the Banca Generali Group, all employees are free to terminate their employment agreement, provided that they observe the notice period established by the contract.

The European Social Charter of the Generali Group



In line with the orientations and methods of the Generali Group, the companies of the Banca Generali Group have adopted policies that make human resources the focus of corporate activities, in strict compliance with the applicable legislation. The European Social Charter of the Generali Group represents a fundamental document since 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

Without distinction by gender, the Banca Generali Group offers market remuneration and additional benefits and incentivisation systems aimed at improving the quality of life of those who work at the Group and rewarding performance, as well as achieving specific objectives on the basis of merit.

The remuneration package offered to our indefinite-term employees, on both a full-time and part-time basis, is tied to the National Collective Labour Agreements, or local laws and regulations, and the Company Supplementary Agreement, and 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.).

For further, more detailed information concerning remuneration policies for the personnel, please refer to the Annual Financial Report and the Remuneration Policy: Banking Group's Remuneration Policies and Report on the Application of Remuneration Policies in 2015, published after the General Shareholders' Meeting held in April 2016.

Health and safety



The Banca Generali Group considers the physical safety of its workers to be a priority, and to protect that safety it guarantees working conditions that respect personal dignity in a safe, healthy environment, in accordance with existing health and safety legislation.

The Banca Generali Group complies with and implements national legislation governing differently abled employees, in view of equal opportunities within the company. To this end, with the aim to guarantee them the best possible environmental conditions, the buildings housing the Group companies are checked constantly to ensure that they are brought up to standards in order to meet requirements on architectural rules and workstations. The main workplaces have parking facilities in the immediate vicinity reserved for differently abled people: for example, two parking spaces have been set aside for employees with considerably reduced motor capacity within the internal courtyard of Banca Generali's Trieste offices.

At 31 December 2015, the Banking Group had 46 differently abled employees, 27 of whom were women (equal to 58.7% of total differently abled personnel).

Specific crime prevention measures and deterrents are implemented in areas at risk of attacks to staff, the public, or property. These measures include access control systems, alarms and video surveillance at the Milan and Trieste offices. In addition to the above, the banking branches have also implemented active and passive security systems, such as: interlocking entrance doors, cash in-out and organisational measures including devices to protect deposits, safes, keys, systems, and other security equipment. In some branches, reinforced glass was installed around the register operator's counter; in some single-employee branches, a "panic button" linked to a surveillance and rapid response centre was provided, and an emergency management operating protocol was formalised.

In order to always ensure a rapid response, the two head offices in Milan and the one in Trieste, as well as the Private Banking Centres with more than 10 employees, have their respective "emergency teams" formed of volunteers with specific training on first aid and fire safety, as well as on the use of semi-automatic defibrillator (for Milan and Trieste offices).

In 2015, personnel eligible for health supervision underwent examinations according to the protocol established in current legislation for the associated risk group: video terminal user, contact centre staff member, branch operations staff member, use of company cars. In total, 300 check-ups were carried out on employees and collaborators of the Banking Group (159 men and 141 women) in 11 Italian regions.

The results of those check-ups 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), the latter is promptly required to the relevant body and provided to the concerned personnel.

Moreover, in 2015 the implementation of the breast-cancer screening programme for female employees based in Trieste continued, involving the participation of 64 employees out of a total of 168 (38%).

Employees at the Trieste, Milan, Mogliano Veneto, Rome and Turin offices enjoy access, during working hours, to the services made available in the multipurpose nursing centres set up by the Generali Group: in all these offices, in 2015 as well, the company provided employees who voluntarily elected to participate with the ability to receive the influenza vaccines provided for by the Ministry of Health in the winter season.

Safety training programmes are held on an ongoing basis through both e-learning and classroom sessions. All employees are trained and kept updated on risk prevention, laws and regulations, and recommended procedures in the case of a fire or other emergency through publicity materials (available on the Country Italia portal).

Specific, ad-hoc training is also provided to the figures expressly envisaged in Legislative Decree No. 81/2008 (Executives, Managers, Emergency staff, Prevention and Protection Service staff and Worker Safety Representatives).

ABSENTEEISM RATE
FOR **ILLNESS**

2.50%



ABSENTEEISM RATE
FOR **ACCIDENTS**

0.08%



Work-life balance



67 Part-time employees

In order to allow work commitments and personal and family needs to be reconciled as fully as possible, company activities are organised in such a way as to allow employees to avail of flexible hours as concerns both entry and exit times. Moreover, the company shows great sensitivity towards requests for part-time hours/shorter hours and/or flexibility for serious reasons related to employees or their household.

The Banca Generali Group recognises the importance of the "hour bank" as an additional means of providing job flexibility. 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 due to female personnel and parental leave.

BACK TO WORK

Under the Back to Work scheme, dedicated to personnel returning after a long absence, the Banca Generali Group provides a number of ad-hoc benefits aimed primarily at women who have taken maternity leave. In particular, the criteria agreed grant new mothers the right to change their full-time contract to part-time (for an overall period that cannot extend beyond the child's seventh birthday, as per Company Supplementary Agreement). In addition, the Banca Generali Group 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.

The Banca Generali Group is also committed to the payment of full salary, supplementing the benefits paid by Italian national security institute (INPS), in the event of early maternity leave prescribed by the competent public authorities.

4. Diversity and Equal Opportunity

Diversity & inclusion



Banca Generali Group 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 Group 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 Group guarantees equal treatment for men and women, both during the selection processes and in terms of remuneration.



WOMEN'S HUB AND WOMEN'S MENTORING PROGRAMME

The Banca Generali Group shares the underlying values of and participates in the Global Leadership Program – Women's Hub, implemented by the Parent Company. This is a programme dedicated to women, designed in collaboration with one of the world's most prestigious Business Schools: the International Institute for Management Development (IMD). Participants were led through a learning and transformational experience involving moments for self-appraisal, discussions, experiential learning and executive coaching, to develop their further leadership potential and improve job performance, so that they can take on more responsible roles. More specifically, the programme's main objectives were: to support women in their career development, improve their awareness and skills and give them greater visibility. This initiative provided a

unique opportunity for creating a community of women that will serve as a model for other colleagues, thereby achieving a constantly improving gender balance.

In the same way, the Banca Generali Group was involved in the Women's Mentoring Programme organised by the Parent Company. The programme, which came to a successful conclusion in Milan in June 2015, developed over nine months and involved ten women belonging to the Global Leadership Group (GLG) acting as mentors for twelve female colleagues. Participants received the tools to identify their own development needs, whilst mentors were supported by dedicated coaches who helped them to perform their roles effectively and achieve the objectives set.

5. Number and Type of Human Resources

Personnel

	2015			2014		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Banca Generali	409	387	796	394	383	777
BG Fiduciaria	4	7	11	4	6	10
Generfid	5	1	6	4	-	4
BG FML	7	17	24	6	20	26
Group Total	425	412	837	408	409	817

There was a net increase in the workforce of 20 resources compared to 2014. Specifically, there were:

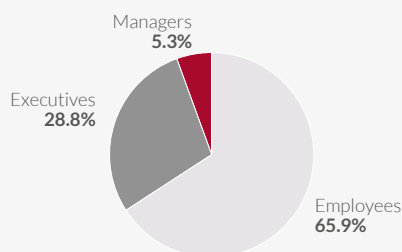
- > an increase of 28 people with indefinite-term contracts due to:
 - the entry of new sales personnel;
 - the inclusion of specialised, experienced professionals within business supporting structures especially in the sales area;
 - the hiring of current staff to replace outgoing employees in previous periods;
- > a decrease of 8 resources on fixed-term contracts, partly attributable to a decline in the number of resources hired to replace staff on leave for maternity or other reasons (-3), as well as the above-mentioned hiring of some resources already working at the company.

	2015			2014			CHANGE
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
Italy	418	395	813	402	389	791	3%
Luxembourg	7	17	24	6	20	26	-8%

The number of resources in Italy rose by 22, whereas that in Luxembourg decreased by 2.

Breakdown of personnel by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2015	2014	2015	2014	2015	OF WHOM, FIXED-TERM	2014	OF WHOM, FIXED-TERM	2015	2014	2015	2014
	44	45	241	228	552	22	544	30	837	817	60	55
% ratio	5.3	5.5	28.8	27.9	65.9	2.6	66.6	3.7	100	100	7.2	6.7



The distribution of the total workforce by level was substantially in line with that of the previous year. Also as a result of professional growth paths, the increase of middle managers (0.9%) continued, against a slight decrease of managers (-0.2%) and employees (-0.7%). This year as well, the overall number of managers and middle managers increased slightly (+0.7%). The number of resources under fixed-term contract to total personnel declined both as a percentage and in absolute terms.

Women by level

	MANAGERS		EXECUTIVES		EMPLOYEES				TOTAL		OF WHOM, SALES PERSONNEL	
	2015	2014	2015	2014	2015	OF WHOM, FIXED-TERM	2014	OF WHOM, FIXED-TERM	2015	2014	2015	2014
	10	9	82	79	333	12	320	7	425	408	12	9
% ratio	2.4	2.2	19.2	19.4	78.4	2.8	78.4	1.7	100	100	2.8	2.2

On average, women represent 50.8% of the Group's total personnel, increasing compared to the previous year (49.9%).

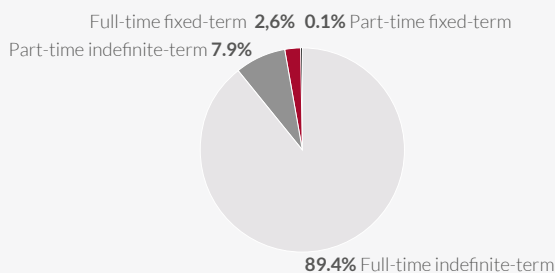
On the other hand, the percentage of women who serve in positions of responsibility (managers and middle managers) rose slightly, going from 32.3% in 2014 to 32.2%.

Breaking down female workforce by category (in percentage terms), a 0.2% increase was reported in the number of women pertaining to executives, while that of managers declined by 0.2%. The category of women employees remained stable.

Most women (78.4%) continued to work on an employee level, in line with 2014.

Breakdown of workforce by type of contract

	FULL-TIME INDEFINITE-TERM		FULL-TIME FIXED-TERM		PART-TIME INDEFINITE-TERM		PART-TIME FIXED-TERM		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	748	719	22	28	66	67	1	3	837	817
% ratio	89.4	88	2.6	3.4	7.9	8.2	0.1	0.4	100	100



In the reporting year as well, the Group's personnel with an indefinite-term contract increased, going from 96.2% in 2014 to 97.3% in 2015.

There are 67 part-time employees, representing 8% of the total (8.6% in 2014). Those choosing to work part-time are mainly women who are more involved in managing and caring for a family: in 2015 women represented 97% of part-time employees (94.3% in 2014).

On a limited basis, Group companies also use temporary employees or those hired for specific projects (four at 31 December 2015, equal to 0.5% of total personnel, compared to six in 2014, equal to 0.7%), in order to handle work peaks or for specific projects.

In 2015, Group companies continued to encourage access to the job market by young people through the launch of training projects (internships). At 31 December 2015, ten interns (five women and five men) were in training.

Among employees, there continues to be an increase in those who have undergraduate and graduate degrees (52.5% in 2015 compared to 50.9% in 2014).

Breakdown of female personnel by type of contract

	FULL-TIME INDEFINITE-TERM		FULL-TIME FIXED-TERM		PART-TIME INDEFINITE-TERM		PART-TIME FIXED-TERM		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	349	335	11	7	64	66	1	-	425	408
% ratio	82.1	82.1	2.6	1.7	15.1	16.2	0.2	-	100	100

- > Of the Group's female personnel, 97.2% have indefinite-term contracts (98.3% in 2014).
- > There are 65 part-time female employees, representing 15.3% of total women (16.2% in 2014).

Remuneration men/women

	MANAGERS		EXECUTIVES		EMPLOYEES	
	OVERALL REMUNERATION*	BASE REMUNERATION**	OVERALL REMUNERATION*	BASE REMUNERATION**	OVERALL REMUNERATION*	BASE REMUNERATION**
Italy	0.79	0.85	0.80	0.91	0.94	0.98
Luxembourg	1.40	1.30	1.61	1.48	0.72	0.79

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

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

For 2015, the table shows the ratio of overall gross annual remuneration of women to that of men and the ratio of base gross annual remuneration of women to that of men for the various classification levels.

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.

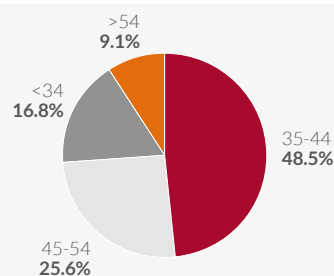
Among managers, the total remuneration of men in Italy is greater than that of women because this category includes most of Banca Generali's sales personnel — a large portion of whom are men — who benefit from a MBO bonus system.

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

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

Workforce by age

	UP TO 34		35-44		45-54		OVER 54		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	141	133	406	410	214	206	76	68	837	817
% ratio	16.8	16.6	48.5	50.2	25.6	25.2	9.1	8.3	100	100



The most populous bracket is still 35-44 years of age (48.5%, compared to 50.2% in 2014). Overall, 65.4% of employees is under 45, and the average age is 42.7. Like last year, the smallest age range is that of employees over the age of 54 (9.1%), up compared to the previous year.

Female personnel by age

	UP TO 34		35-44		45-54		OVER 54		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	60	50	235	234	105	104	25	20	425	408
% ratio	14.1	12.3	55.3	57.4	24.7	25.5	5.9	4.8	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 half of the female population (55.3%). Overall, 69.4% of women is under the age of 45. Women over the age of 54 represent 5.9% of female population, increasing compared to the previous year.

Turnover

	PERSONNEL AT 31.12.2014	2015 TERMINATIONS	2015 HIRINGS	PERSONNEL AT 31.12.2015
	817	80	100	837
Of whom women	408	26	43	425

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.

Within the Banca Generali' Group's turnover, 32.5% of terminations and 43% of new hires involved female personnel.

In 2015, the overall turnover rate, calculated as (hirings plus terminations)/[personnel at year-start + personnel at year-end]/2], was 0.22 (0.24 in 2014).

The turnover attributable to Luxembourg accounted for 2% of hirings and for 5% of terminations in 2015.

In 2015, terminations in the same year as hiring affected 37 Group employees (15 of whom were women). The cases in question involved mainly employees under fixed-term contracts of short duration.

Turnover figures do not include the conversion, during the year, of 27 fixed-term contracts into indefinite-term contracts.

Number of terminations by age range and gender

	UP TO 34 YEARS	FROM 35 TO 54 YEARS	OVER 54 YEARS	TOTAL
	58	17	5	80
Of whom women	18	6	2	26

Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the incidence of the latter on the total number of terminations during the year amounted to 67.5%, and chiefly refers to severance due to expiry of contracts with young people under 35 years of age (slightly up compared to 66.7% in 2014).

Terminations of personnel with indefinite-term contracts accounted for 32.5% of the total (slightly down compared to 33.3% in 2014).

The negative turnover rate, calculated as the total number of terminations in 2015/(total personnel at the beginning of the year x 100) amounted to 9.8%, down compared to the previous year.

63.8% of terminations related to the aforementioned expiry of fixed-term contracts, 3.8% was attributable to transfers to other Group companies, 6.3% to the transfer of sales personnel into the Financial Planners and Private Bankers' network, while the remaining 26.3% to resignations and other residual reasons. The incidence of severance decreases with aging: the figure falls from 70% for personnel under 35 years of age, affected in particular by terminations of fixed-term contracts, as well as the natural propensity for younger staff to change job, to 6.3% for those over 54.

Number of hirings by age range and gender

	UP TO 34 YEARS	FROM 35 TO 54 YEARS	OVER 54 YEARS	TOTAL
	76	23	1	100
Of whom women	34	9	-	43

Turnover also contemplates personnel under fixed-term contracts (including replacements for maternity leave). In particular, the incidence of the latter on the total number of hirings during the year amounted to 72% and chiefly refers to young people under 35 years of age (up compared to 68.3% in 2014).

Hirings of personnel with indefinite-term contracts accounted for 28.0% of the total (down compared to 31.7% in 2014).

The positive turnover rate, calculated as the total number of hirings on the total workforce at the beginning of the year x 100 amounted to 12.2%, substantially in line with the previous year (12.5%).

43% of hirings related to women, of whom 79.07% were under 35 years of age.

6. Training



In keeping with Banca Generali's strategic positioning, 2015 again saw training as an essential lever for supporting the engagement and empowerment of its people, with the aim of developing leaders and identifying talent in a meritocratic manner.

The theme of **collaborative leadership**, which builds on each person's skills and qualities and blends their diversity, was the theme underpinning the management training programmes, organised as follows:

- > **Business coaching:** individual coaching paths dedicated to selected managers and aimed at strengthening business skills as their roles evolve;
- > **People manager training:** managerial path dedicated to the development of people managers, helping them to consolidate people management and development skills; team coaching is applied to analyse specific topics and enable them to perform their roles effectively;
- > **Outdoor training:** outdoor experiential training initiatives for top and middle managers to enable them to reflect on and experience collaborative leadership together, recognising the importance of teamwork;
- > **Self leadership:** continuation of the training programme dedicated to women in management posts, where a particular focus is placed on issues most relevant for them, such as Self Empowerment and Assertiveness, Communication and personal relations, as well as Self Management;
- > **Innovation through change – New Eyes for the Future:** continuation of the training path dedicated to talented personnel with the aim of nurturing the talent pool; it is structured so that academic sessions at LIUC University alternate with innovation and leadership sessions and the completion of a project of strategic importance for the Bank.

Specialist technical training and mandatory training

To further support our people's development, selected staff have been offered **Advanced Training courses and/or Post-graduate Master's Degree programmes** with major Universities and training institutions. Particular mention should be made of the first course in Italy dedicated to "Wealth management and generational transfer", designed in collaboration with the University of Brescia.

To create engagement with the Bank's strategic guidelines, customer centricity has continued to be supported by **info-training workshops** on the BG Personal Advisory approach dedicated to head office staff.

Language training offering was further 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.

Safety training programmes are held on an ongoing basis. The course Safety - General Worker Training was provided both through e-learning and classroom sessions, while the specific course Safety Training - Executives through e-learning.

Moreover, 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.

Numbers

In 2015, the Bank provided over 16,000 hours of training, involving the participation of 95% of the company population, thanks to in part to distance learning courses.



Cascading lights

3.4

Shareholders and Investors

Shareholders and Investors



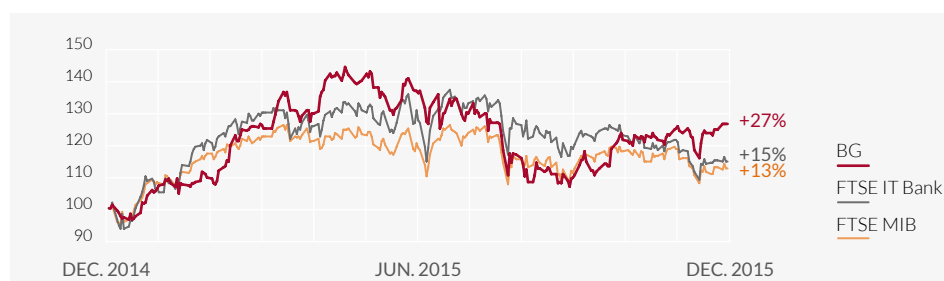
Investor Relations activity is oriented towards transparency and dialogue with the financial community, with the goal of ensuring visibility and feedback regarding the strategy for creating value in a sustainable manner over time.

During the year, the company, through its top management, presided over a packed schedule of conference calls and video conferences with shareholders, institutional investors and financial analysts in Italy and abroad. A great deal of emphasis was placed on participating in industry conferences organised by leading Italian and international brokers. As in the previous year, interest in Banca Generali continued to grow, as shown by the increase in the number of investors who visited its offices.

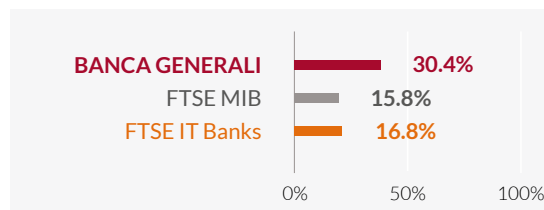
Opportunities for dialogue with the financial community were particularly important in the extremely volatile financial market scenario of 2015. After a particularly favourable beginning due to the expansionary measures taken by central banks, in the second half of the year financial markets were very cautious and uneven, particularly in the third quarter of the year, following signs of a slowdown in the Chinese economy and a persistent decline in oil prices.

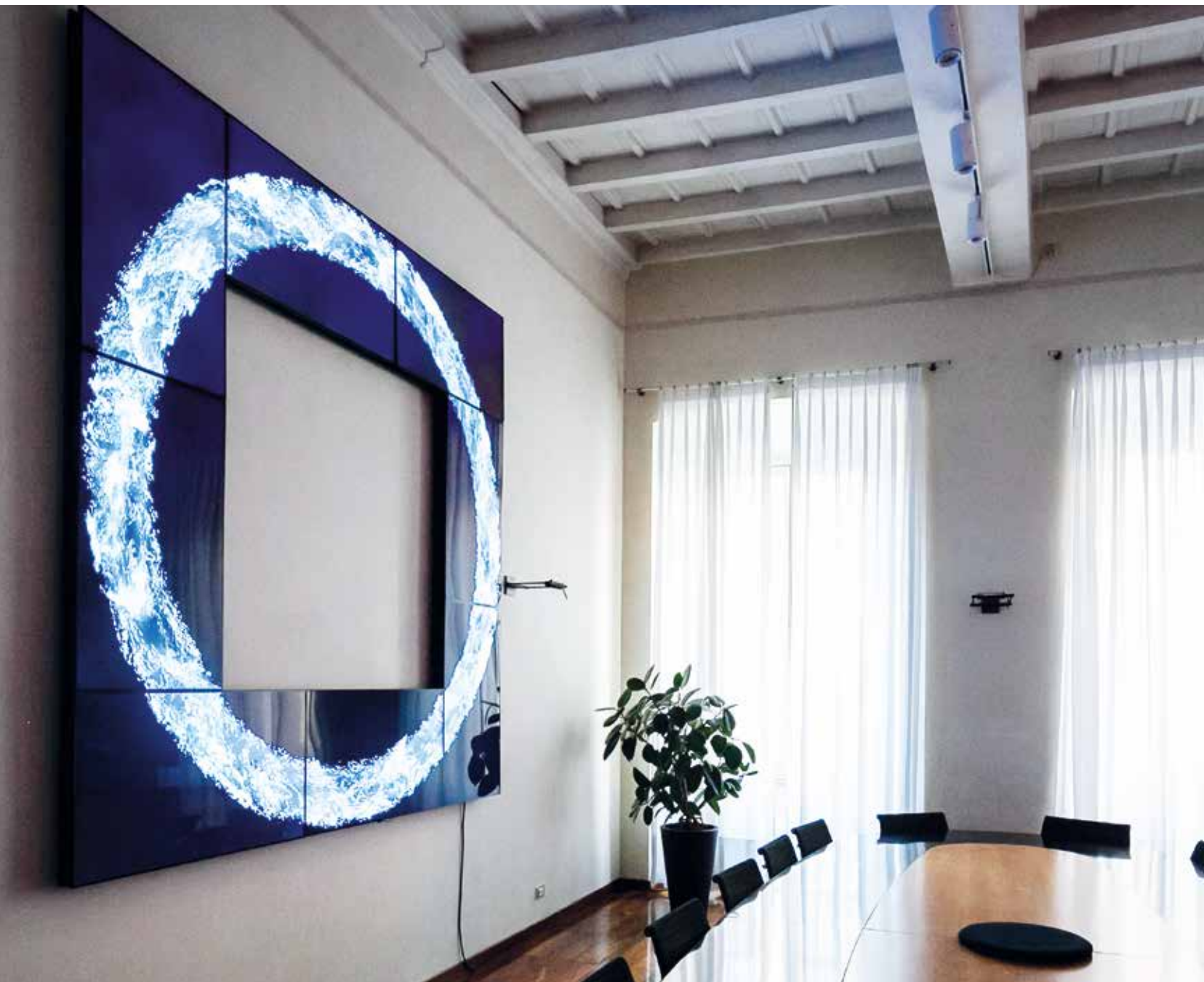
In this scenario, the Bank's focus on revenue sustainability, cost management and financial solidity were rewarded, to the benefit of its share performance. The stock rose from 23.05 euros at the beginning of the year to an all-time high of 33.36 euros in May, to then fall in keeping with market trends during the summer. The stock closed the year at 29.18 euros a share, up 27% during the period, outperforming the FTSE MIB (+12.6%) and FTSE Italia All-Share Banks (+14.8%), the index for the Italian banking industry. The value created was even more positive considering the dividends distributed during the year, which bring the total increase above 30%.

Relative performance



TRR - Total Return Rate 2015





Circle of water

3.5

Suppliers

1. Purchasing Policies

In 2015, the Banca Generali Group engaged in dealings with 1,589 suppliers, for total costs of 84 million euros.

	2015	2014
Number of suppliers	1,589	1,424
Expenditure/suppliers (€ thousand)	83,578	91,804

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

In accordance with the Generali Group's aforementioned principles, the process of selecting suppliers is based on clear, certain and non-discriminatory procedures, through the exclusive use of objective, documentable and transparent parameters tied to the quality of the products and services offered.

Considerable attention is also dedicated to ensuring that suppliers adhere to the principles of the Code of Ethics that Banca Generali has firmly adopted.

The Banca Generali Group 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 right and labour protection.

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

2. Purchasing Practices

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

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

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

The expenditure on national suppliers in 2015 amounted to 77.4 million euros (92.58% of the total), whereas the expenditure on foreign suppliers was limited to 6.2 million euros (7.42% of the total).

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

Supplier selection and purchases are made both through specific Generali Group service companies and suppliers identified according to the principles enunciated above.



Lava

3.6

Community

1. Community Relations

Banca Generali plays an active role as a corporate citizen, with the aim to be a privileged partner in the context of initiatives undertaken in support of local communities in social, cultural and athletic endeavours. Banca Generali's corporate culture and values may be seen in its sponsorships, donations, events and partnerships with entities and associations. The company's institutional commitment accompanies the commitment of its network of Financial Advisors, resulting in consistent, broad action.

Banca Generali's initiatives can be grouped into two macro categories based on the following objectives:

- > 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; events aimed at contractual partners such as the annual roadshow with the sales networks.

Social commitments and volunteer work

LILT



The Bank continued its commitment to the Italian League for the Fight against Tumours (LILT), which has been active in the fields of prevention, promotion of research, health education and assistance for oncological patients for many years. Once again, the Bank contributed to the organisation of a concert at the La Scala theatre in Milan. The event aimed at raising funds to guarantee constant assistance services to grown-ups and children.

AISM

2015 also saw Banca Generali alongside AISM — the Italian Multiple Sclerosis Association — in the sale of prized food products during the Christmas festivities. The money raised was donated in full to the foundation. In the spirit of company voluntary work promoted by the Generali Group, the Bank's employees have taken on responsibility for covering the dedicated sales desks.

UN CUORE UN MONDO ONLUS



In June 2015, Banca Generali organised an event on behalf of the "Un cuore un mondo" Association, set up by a group of parents of children with heart diseases with the aim of supporting families affected by the same experience. The Association is using the funds collected to finance multiple scientific and humanitarian projects and is involved with the training of medical personnel.

In the area of social commitment, the Bank has also supported the Parish of Sant'Alessandro Martire in Milan with a donation for refurbishing its precious antique organ, enabling the instrument to be played again for functions and benefit concerts organised in the church.

Sporting initiatives

Banca Generali – Un campione per amico (A Champion for a Friend)



Banca Generali promotes the positive values of sport such as discipline, fair play, integration and respect. This commitment continued during 2015, in particular through the support, for the sixth year running, of the "Banca Generali – Un Campione per amico" (Banca Generali — A Champion for a Friend) initiative, the road show that saw more than 8,000 children from primary and secondary schools, without any distinction as to ability, play and have fun in a morning together with four Italian sporting legends: Adriano Panatta, Andrea Lucchetta, Jury Chechi and Ciccio Graziani. The 2015 edition reached ten out of the most beautiful Italian cities: Frosinone, Cosenza, Bologna, San Benedetto del Tronto, Massa Carrara, Chiavari, Bassano del Grappa, Vigevano, Bergamo and Asti. Italy's main newspapers, magazines and television stations followed the events with great interest, resulting in significant resonance for the brand and the commitment to spreading awareness of the values of sport and the educational approach of the initiative.

3 GOOD HEALTH AND WELL-BEING



BANCA GENERALI – UN CAMPIONE PER AMICO (A CHAMPION FOR A FRIEND)

How old were you when you started to do artistic gymnastics? How long does it take to be as good as you in this sport? Dad says you need perseverance in sport, is that true? Where did your passion for volleyball come from? Did you ever think you wouldn't make it? Can I ask the man with the strange hair a question?

After invading the illustrious Circolo Aniene, the primary school children sat down quietly and curious. But then, they could no longer contain themselves. The press conference had just finished and already a barrage of questions was being fired at **Adriano Panatta, Jury Chechi, Francesco Graziani and Andrea Lucchetta** the four sporting stars of "Banca Generali – Un campione per amico". The kids then jumped up out of their seats and vied with one another to get autographs on their t-shirts.

The direct exchange between children and champions was the most heart-warming moment of the presentation of the 2015 "Banca Generali – Un Campione per Amico" event, hosted on Monday 13 April in Rome, in the historic Circolo Canottieri Aniene, surrounded by greenery on the banks of the Tiber river. **Also because the champions responded with the same enthusiasm.**

And so, Jury Chechi told the children how his passion for artistic gymnastics came about when he was 7 years old, when he became curious watching his oldest sister perform pirouettes. Adriano Panatta stressed the importance of perseverance and motivation for pursuing sporting and other goals. Ciccio Graziani told the children about the importance of sport and healthy eating. Andrea Lucchetta, after an amusing preamble about how, for one reason or another, none of the other sports were to his liking, explained how his passion for volleyball came about at school playing with his classmates, and that team spirit and commitment are essential ingredients for success and the achievement of personal goals.

Ultimately, the starring role was played by sport which bridged the generations, between youngsters (the primary and middle school pupils) and champions. Sport with its positive values of discipline, healthy eating and self-confidence. Sport that becomes a playful and fun experience in the most beautiful squares in Italy.



Cultural initiatives

FAI



In 2015, the Company continued its partnership with the Italian Environmental Fund (FAI), as sponsor of FAI's Days of Spring, an annual event that each year provides an opportunity for hundreds of thousands of people to appreciate the beauty of Italy's artistic and cultural heritage. The 2015 edition involved over 800,000 Italians thanks to the over 750 locations opened throughout Italy, many of which are generally closed to the public, such as parks, monuments, churches, buildings, villas and gardens.



**BANCA GENERALI SOSTIENE
LE GIORNATE FAI DI PRIMAVERA.
21-22 MARZO 2015.
SEMPRE PIÙ VICINI ALL'ECCELLENZA ITALIANA.**

Banca Generali è oggi al fianco del FAI per avvicinare milioni di italiani all'insostituibile patrimonio storico, artistico, naturalistico e culturale del nostro Paese. Perché solo grazie al sostegno di tutti, potremo continuare a fare dell'eccellenza il più grande valore condiviso. FAI dell'Italia un posto migliore, insieme a Banca Generali: ora è semplice. Iscriviti al FAI sul sito www.giornatefai.it

BANCA GENERALI E FAI. L'ITALIA DELLE MERAVIGLIE.



Fabrizio Plessi's "Digital Wall" Exhibition

It is in this context that initiatives such as Digital Wall have been developed. The exhibition-event of the great master of digital art, Fabrizio Plessi, adorned Banca Generali's Private Banking offices in Piazza S. Alessandro in Milan, between 21 May to 30 September 2015, achieving wide critical and public success.

FABRIZIO PLESSI – DIGITAL WALL

The universe that entered Banca Generali's world in 2015, in the offices of piazza San Alessandro 4 in Milan, belongs to **Fabrizio Plessi**, one of the most well-known and renowned Italian artists at international level. The artist from Reggio Emilia, who has made Venice his home — he has taught for years at Venice's Accademia di Belle Arti (Fine Arts Academy) — where he also studied, exhibited his works at the event hosted between 21 May and 30 September 2015 in Banca Generali. Where he presented (for the first time ever!) **Digital wall**.

A digital wall installation, assembled on the walls of the bank. A **bank** literally **occupied** by the artist's works, **with a series of digital screens** installed in the form of a huge and immense mosaic. Screens without any visible support transmitting videos of water, fire and lava. Screens as digital media used in an unusual way to construct grand expressive images through metaphorical references. To create worlds. Full of awe.

Sporting initiatives linked to social commitments

Milano Solidale Tournament



The Bank has reconfirmed its commitment towards the CAF Association by taking part in the "2015 Milan Solidarity Tournament", the main aim of which is fundraising for the work that the CAF Association carries out on a daily basis for the young guests of the Residential Communities and victims of serious mistreatment and abuse.

Bambin Gesù Paediatric Hospital

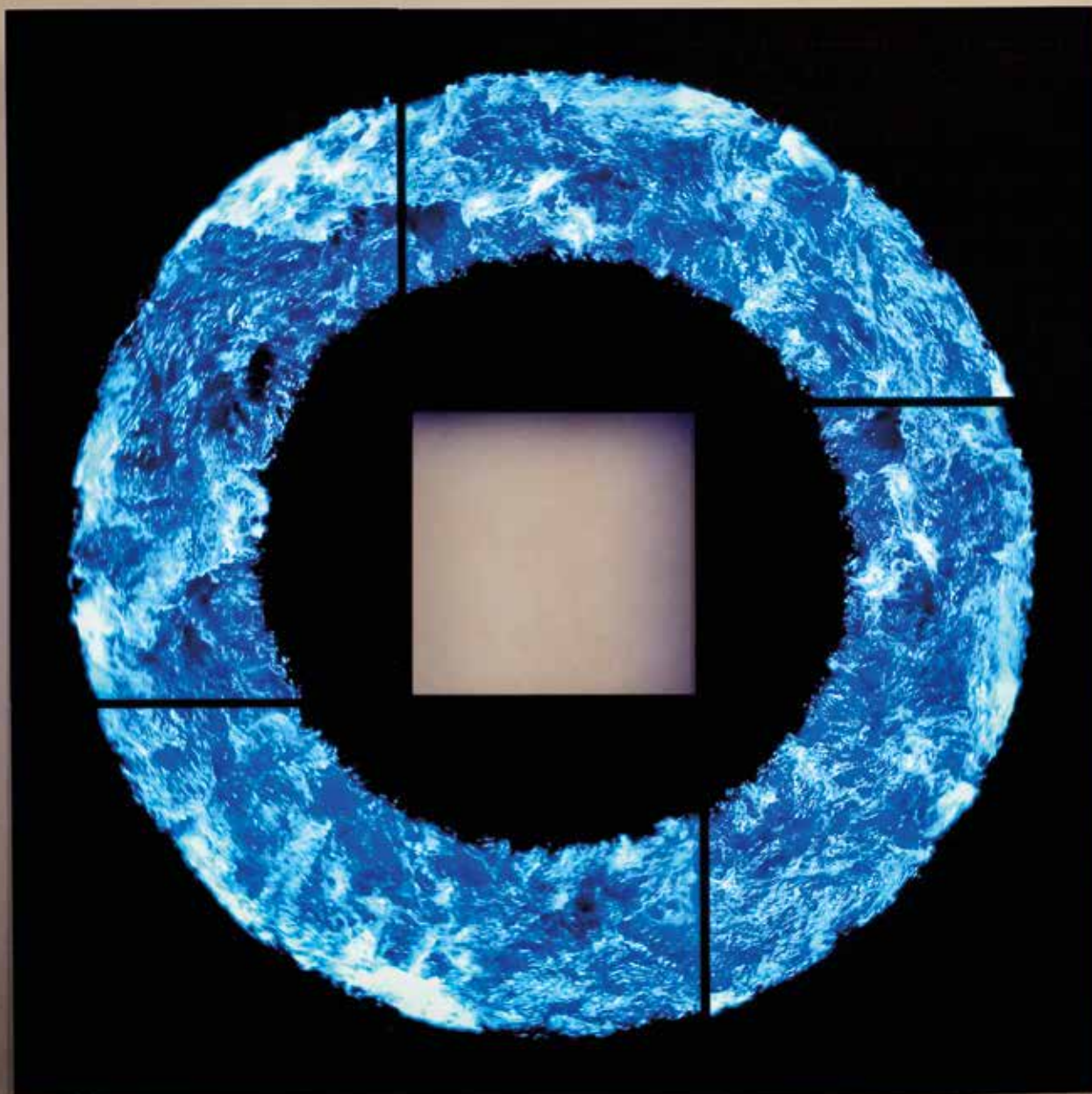


Also in the context of sports, Banca Generali once again sponsored the "Adriano Panatta Tennis Invitational" initiative, during which a sum was donated to Bambin Gesù Paediatric Hospital.

Initiatives devoted to contractual partners

Banca Generali Roadshow

In January, the year was launched with the usual roadshow devoted to our advisors' sales networks. Issues debated included top managers' strategic and commercial lines for 2015. The roadshow saw also the participation of asset management companies which are commercial partners of the Bank.



Small circle of water

3.7

Environment

1. Environmental Policy

In the course of its banking and financial activity, which has no perceivable impacts on the environment, Banca Generali is well aware of the need to pursue a common goal of sustainable economic development with regard to the **direct repercussions** of its operations, as well as its **areas of influence**.

Direct impacts

We want to reduce our greenhouse gas emissions by 20% by 2020.

Indirect impacts

We encourage the promotion of the sustainability of purchasing and investment decisions on the part of Customers.

We make sustainable investments.

We support environmentally-sustainable initiatives.

We encourage virtuous conducts within the supply chain.

Our Environmental Management System as a prevention tool

In order to manage the most significant environmental issues, prevent the environmental impact of our activities and implement the Group's Policy for the Environment and Climate, we introduced the **Group's Environmental Management System (EMS)**, in compliance with the requirements of the ISO 14001 standard. Said system has been implemented at our two main offices: in Milan, at via Ugo Bassi 6, and in Trieste, at Corso Cavour 5/a.

Coverage of the Environmental Management System (EMS)

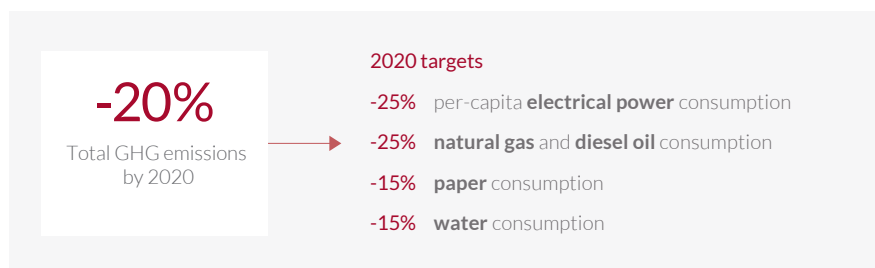
The facilities in question host 644 employees, accounting for 77% of the Banca Generali Group's workforce.

For further information on Environmental Management System, the reader may refer to: www.generali.com/it/ourresponsibilities/protectingtheenvironment/environmentalmanagement.

The System is supported by a dedicated organisational structure consisting of the Environmental Management System (EMS) Review Committee, the implementing body made up of top managers and that each year conducts the review of the System, and the EMS Committee, the operating entity charged with responsibility for achieving the Group's environmental goals. In compliance with the ISO 14001 standard, the proper implementation of the EMS and the specific achievement of the goals are ensured by periodic **internal audits**, constant **monitoring** and a **disclosure system** that calls for half-yearly reports and an annual report known as the Generali Group Inventory of Greenhouse Gas (GHG) Emissions, in which the Group's GHG emissions are clearly, thoroughly and transparently quantified, analysed and reported.

Since 2011, the Group has been certified by the certification provider RINA Services S.p.A., in accordance with ISO 14064-1 standard, for direct emissions deriving from the combustion of fossil fuels for heating, producing electrical and thermal energy, fuelling company fleet vehicles (Scope 1) and indirect emissions due to energy consumption (Scope 2). The emissions data for 2015 have been certified.

In order to implement and continue the objectives contained in the Group's Environmental and Climate Policy, the Banca Generali Group has also adopted the Group's environmental improvement objectives and targets which chiefly envisage a 20% reduction in GHG emissions. The Group intends to achieve said results through a set of targets concerning the most significant aspects of its activity.



The performances achieved by the Group in 2015 are illustrated here below.

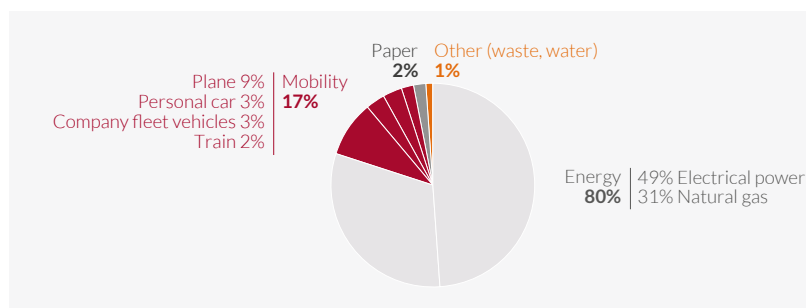
Direct impacts

Greenhouse-gas emissions

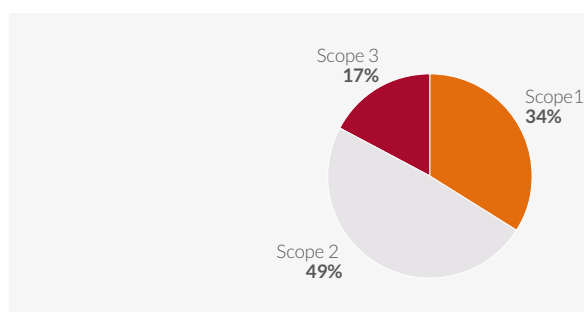


Regarding the impacts that can be directly related to the Company's business operations, for years Banca Generali has been committed, together with the Generali Group, to reducing energy, water and paper consumption, making waste management more efficient and improving company mobility by reducing travel, through an increased use of video and teleconferences and promoting the use of public transport or car-sharing initiatives. The Bank also promotes the use of eco-sustainable resources, such as energy from renewable sources and certified green paper. All the Generali Group's initiatives, including those of Banca Generali, aim to reduce greenhouse gas (GHG) emissions and achieve the 20% reduction goal.

Breakdown of GHG emissions (%)



Breakdown of GHG emissions by Scope (%)



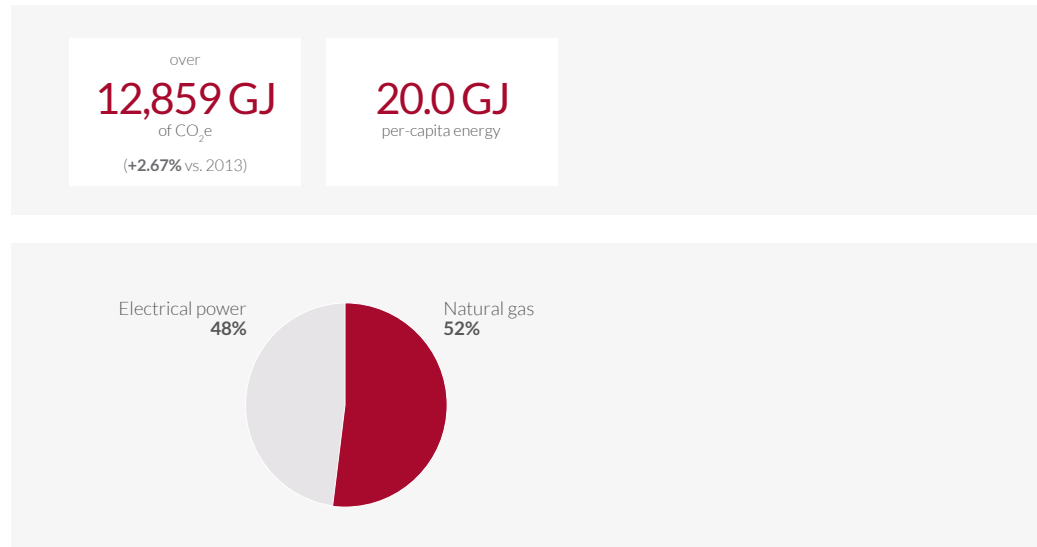
In 2015, GHG emissions amounted overall to 1,786 tonnes of carbon dioxide equivalents (CO₂e).

In compliance with the international reporting standards, we have broken down our GHG emissions into three categories:

GHG EMISSIONS (T CO ₂ E)		2015	2013	CHANGE 2015/2013 ON A LIKE-FOR-LIKE BASIS
Scope 1	Direct emissions produced by heating fuels and the kilometres travelled by the fleet of company cars	593	593	-0.07%
Scope 2	Indirect emissions caused by power consumption associated with the use of electrical power and district heating	859	1,114	-22.85%
Scope 3	Other indirect emissions caused by power consumption associated with employees' business trips, paper and water consumption, as well as the waste disposal	334	272	22.85%
Total		1,786	1,979	-9.74%

Electrical power and fossil fuels consumption

Breakdown of energy consumption (%)



In 2015, energy consumption totalled 12,859 GJ. Our energy consumption chiefly consists of natural gas: our two offices involved in the EMS reported a consumption of over 194 thousand m³ (+10.87% compared to 2013), with a per-capita consumption of 302.06 m³ (+3.47% compared to 2013).

At the office of Trieste, natural gas is used both for heating and for cooling in summer (so-called chilled beams system).

Electrical power consumption amounted to 1,719.64 GWh (-4.91% compared to 2013), with a per-capita consumption of 2,670.25 kWh (-11.25% compared to 2013).

As far as the energy consumption of buildings is concerned, the two sites monitored by the EMS are owned by the Generali Group and during 2015 underwent an energy diagnosis in keeping with the requirements of Legislative Decree No. 102 of 4 July 2014, implementing Directive No. 2012/27/EU on energy efficiency by end users.

During the diagnosis activity, a number of plant engineering and management measures to significantly reduce energy consumption were proposed to the owners and the Generali Group's Facility Management unit.

In 2015, Banca Generali consumed electrical power from renewable sources, helping to preserve natural resources.

Electrical power from renewable sources



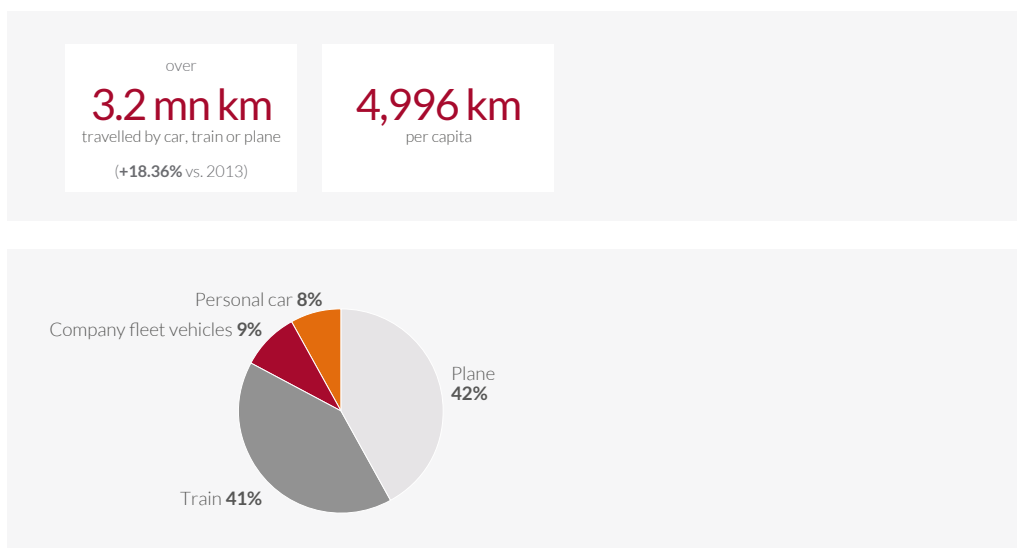
In order to reduce environmental impact, the Bank is committed to purchasing electricity from renewable sources. In fact, in Italy the electricity purchased is compensated with certificates that guarantee the renewable origin of the sources used by the plant.

Several energy efficiency measures have been adopted over the years:

- > presence of devices that automatically turn on/off lighting systems;
- > replacement of traditional bulbs with high-efficiency models;
- > presence of devices that automatically turn on/off or control air-conditioning systems;
- > communications campaigns targeted to employees with the aim of taking all virtuous measures that may reduce energy consumption;
- > introduction of multi-function printers and photocopiers with an active automatic energy-saving feature when idle;
- > replacement of a number of owned UPS devices with new high-efficiency equipment that have enabled Energy Efficiency Credits (EEC) to be obtained).

Mobility management

Breakdown of km travelled
by employees on business trips (%)



Banca Generali aims to reduce greenhouse gas (GHG) emissions through sustainable mobility management as well, encouraging travel by train which has less impact on GHG emissions for the same distance travelled.

Investments in new technologies have been made to reduce personnel travel, promoting the use of video and teleconferences. In 2015, the distance communication tools available were upgraded and new rooms were fitted out for tele and videoconferences. Banca Generali is also promoting the installation of dedicated devices, such as Microsoft Lync, which also allow videoconferences to be held from individual workstations.



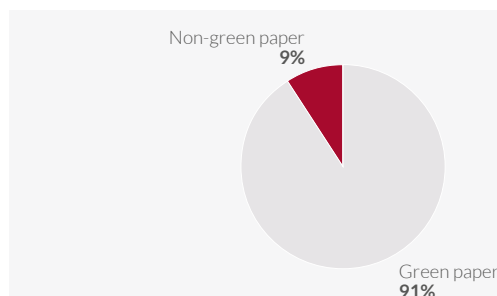
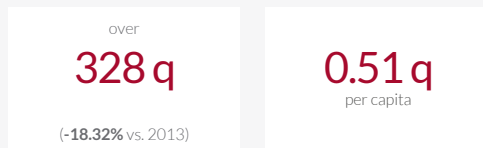
In addition, individual mobility sustainability initiatives were launched by the Generali Group through participation into:

- > Travel Policy, which encourages the use of public transport and defines travel and trip guidelines. In this context, the No Travel Week was introduced whereby business trips are avoided in the first week of every month;
- > car policy, which calls for maximum carbon dioxide limits for company;
- > car-pooling, which allows company or personal vehicles to be shared with other colleagues who for work-related reasons need to make the same trip on the same day.

In addition, agreements were entered into with the main public transport operators for the Province of Milan in order 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 a number of locations.

Paper consumption

Breakdown of paper consumption (%)



Paper is still today the main material used in banking and financial activities. It is for this reason that Banca Generali is committed to reduce its consumption of both white and printed paper. The decline in consumption over the years is the result of various initiatives: double-sided printing has become common practice, individual printers, photocopiers and faxes have been replaced in the main offices (EMS) with multifunction machines or printers centralised by floor or open space, and internal paper correspondence has been reduced.

Moreover, particular care and interest were dedicated to promoting the transfer to non-paper systems, such as email and SMSs, in correspondence between companies/agencies/customers.

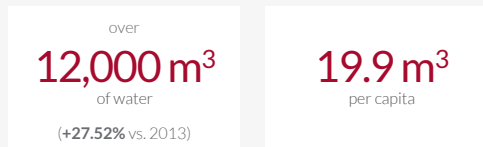
Customers who have subscribed to the Internet Banking Service are offered the option to sign up free of charge to the Doc@linei Service, which allows all documents to be received online in pdf format: easy to consult and file digitally, with no need to print.

Sales networks benefit from the Biometric Secure Signature service which allows Customers to sign contracts and main transactions directly from their Financial Advisor's tablet. No printing is required and the signed documentation can be filed immediately online.

Virtually all of the Bank's paper is recycled.



Water consumption



Water is used primarily for the purposes of hygiene and sanitation and to supply and cool air-conditioning systems. All the water that is consumed comes from municipal or state mains. The Banking Group generates, within its banking and financial activity, waste water that flows into city sewers.

Indirect impacts

We encourage our customers to engage in environmentally sustainable behaviours

We have developed and distribute products and services of investment funds and Sicavs that invest solely in companies and businesses that meet certain ethical, social and environmental standards.

In 2015, there were 49 sub-funds of third-party Sicavs that invested in companies that excel in corporate governance, respect the environment or invest in the green economy.



We provide sustainable financing

We set aside resources to finance initiatives in renewable energies and infrastructure that promote their use, and we do not invest in companies that are responsible for severe environmental damage or that adopt behaviour that is clearly not environmentally friendly.

In 2015, the Group disbursed over 4.2 million euros in financing to companies involved in the field of renewable sources.

We encourage virtuous behaviour in our supply chain

In procuring goods and services, we rely on the Generali Group's Procurement service, which has introduced several environmental variables to its evaluation of suppliers, with a preference for those with environmental policies or certifications.



Exhibition Vernissage

Annexes

GRI Guideline Table

G3 – Guidelines version 3.1

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Banca Generali S.p.A.

REGISTERED OFFICE

Via Machiavelli 4 – I - 34132 Trieste

SHARE CAPITAL

Authorised 119,378,836 euros

Subscribed and paid 116,140,435 euros

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

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