Generali Group

SUSTAINABILITY GROUP POLICY

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EXECUTIVE SUMMARY

The Sustainability Group Policy (the “Policy”) sets the framework for the Group to identify, evaluate and manage the risks related to Environmental, Social and Governance Factors (“ESG factors”) in coherence with its goal to foster the sustainable development of business activities and generate value lasting over time.

In particular, this Policy sets the rules to:

- identify, evaluate and manage ESG factors that may pose risks and opportunities for the achievement of business objectives;
- identify, evaluate and manage the positive and negative impacts that business decisions and activities may have on the external environment and on legitimate interests of stakeholders.

This Policy is aimed at integrating into business processes the Group sustainability model as outlined in the “Charter of Sustainability Commitments”, approved by the Board of Directors of Assicurazioni Generali on the 15th March 2017, which states, in line with the principles set out by the Generali Group Code of Conduct and main related Group Rules, the strategic long term goals to run a responsible business and live the community, supporting the creation of a healthy, resilient and sustainable society.

For this purpose, the Policy outlines a process, articulated in three main phases, for which roles and responsibilities are identified.

1. Glossary and Definitions

Acronym	Explanation
AG	Assicurazioni Generali S.p.A.
AG BoD	The Board of Directors of AG
BUSINESS OWNER	For the purpose of this Policy the term includes the Group CEO, the General Manager and their direct reports at Group Head Office level, and the equivalent positions at Business Unit and Group Legal Entity level
ESG FACTOR	Environmental, Social and Governance factor as described in chapter 3.1 “Definition of ESG factor”
GROUP CEO	Group Chief Executive Officer
GROUP	The Generali Group whose ultimate parent Company is Assicurazioni Generali S.p.A.
GROUP LEGAL ENTITY	Any company belonging to the Group and falling within the scope of application of this Group Policy. Any reference to local level shall be intended as to Group Legal Entity level
GROUP MATERIALITY MATRIX	Matrix which pinpoints relevant ESG factors that can significantly influence the Group’s value creation and/or can substantively influence the stakeholders’ assessments of Group’s activities
SDGs	The Sustainable Development Goals deriving from the “2030 Agenda for Sustainable Development”, signed by all UN member states in 2015, setting 17 global priorities, 169 associated targets, and 232 indicators, including where possible a baseline and targets

2. Introduction

2.1 Objectives

Generali, as a responsible Group that aims to create long lasting value over time for its stakeholders, has made public voluntary commitments, including the Global Compact (2007), the Principles for Responsible Investment (2011), the Principles for Sustainable Insurance (2014) and the Paris Pledge for Action (2015), in the belief that this choice falls within its fiduciary duties.

The Group has summarized this level of ambition in its purpose: “To enable people to shape a safer future by caring for their lives and dreams” and has defined a sustainability model in the “Charter of Sustainability Commitments” that is articulated in two pillars:

- **run a sustainable business** focusing on excellence in internal business processes;
- **live the community**, playing an active role where the Group operates, going beyond day-to-day business.

In particular, the Group is committed to ensure that the strategic choices and their execution are guided by the following criteria:

- **multi-stakeholder approach**, aimed at generating value for shareholders, for all those contributing to the realization of the Group’s goals and for those who influence or are influenced by the choices or activities of the Group, including employees, clients, agents and other distributors, contractual partners, the financial community and the wider society, as well as the environment;
- **long term perspective**, generating value in the present without compromising the capabilities to create value in the future;
- **continuous improvement and innovation**, with the ambition of pursuing excellence and sustaining the systematic development of economic, environmental and social performances, and the reputation of the Group.

To ensure the full realization of this sustainability model, this Policy defines the process, the roles and the responsibilities to:

- identify and prioritize the ESG factors relevant for the business activities or on which the Group can significantly impact;
- manage the risks and opportunities related to relevant ESG factors;
- monitor and report the risks and opportunities related to relevant ESG factors.

2.2 Approval

The Sustainability Group Policy was approved by AG BoD upon proposal of the Group CEO.

2.3 Effective date and implementation deadline

The Effective Date of the Sustainability Group Policy is 22 March 2019.

3. Process and main responsibilities

3.1 Definition of ESG factor

An ESG factor is defined as any environmental, social and governance aspect that can have an impact on the achievement of the Group's strategic goals and on its own system of governance or that the Group conversely can influence with its activities or choices.

It is acknowledged that the width of phenomena, trends and events that fall within this definition does not allow for definitive list of ESG factors and therefore it is not possible, nor appropriate, to define a complete or final one. Any such list would inevitably be incomplete and would be continuously revised to take into account the evolution of the context in which the Group operates and the changing legitimate interests of its stakeholders. Nonetheless, the table below provides guidance examples of ESG factors from the Reporting Framework of Principles for Responsible Investing of United Nations and from the Italian Legislative Decree no. 254/2016:

Category of the factor	Example of factor
E – Environmental	Aspects related to the quality and to the functioning of the environment and natural systems, including: greenhouse effect and climate change; the availability of natural resources, including energy and water; changes in the use of soil and urbanization; quality of the air, water and soil; the production and management of waste; the protection of natural habitats and biodiversity.
S – Social	Aspects related to the rights, well-being and legitimate interests of people and local communities, including: human rights, diversity and promotion of equal opportunities; demographical changes; occupation and the right to decent working conditions, including child and forced labor, as well as occupational health and safety; the distribution of wealth and inequalities within and among countries; migrations; education and human capital development; digital transformation, artificial intelligence, internet of things and robotics; health and access to social assistance and healthcare; consumer safety; power diffusion and the crisis of traditional intermediate bodies.
G – Governance	Aspects related to government of the companies and organizations, including: transparency; ethics and integrity in business practices and compliance with laws; corruption; tax responsibility; board structure, independence and diversity; mechanisms to incentivize the management; shareholders and stakeholders rights, protection/distortion of competition.

The ESG factors shall be evaluated taking into account:

- **desirability of the impacts**, to distinguish the positive impacts that generate opportunities from the negative impacts generating risks;

- **direction of their impacts**, to distinguish the impacts generated from the Group from those that the Group has to face.

The effective management of the impacts related to ESG factors within business model of the relevant Group Legal Entity requires proper consideration of both opportunities and risks, faced and generated by the Group Legal Entity, as illustrated in the figure below:

ESG factor-related risks incurred by the Group typically do not constitute an autonomous risk category, since such risks tend to be linked to the current risk categories identified by the Group Risks Map as provided for by the Risk Management Group Policy. Nonetheless, it is important to consider that risks related to ESG factors require to take into account the impacts on a “medium-long” term perspective.

To this end, some risks related to ESG factors may be considered emerging risks, while others could be already “emerged” through risk categories such as the financial, credit, insurance, operational, strategic and reputational ones. The management of risks deriving from ESG factors is therefore an integral part of the overall Group risk management process, as already defined in Risk Management Group Policy without prejudice to the need to refer to a longer time horizon for the appropriate assessment of some risks related to ESG factors.

3.2 Sustainability management process

The process described by this Policy is composed of the three following phases:

- identification and prioritization of relevant ESG factors;
- management of risks and opportunities related to relevant ESG factors;
- monitoring and reporting of risks and opportunities related to relevant ESG factors.

3.2.1 Identification and prioritization of relevant ESG factors

This phase is aimed at identifying and prioritizing ESG factors that could determine risks or opportunities, as defined in the scheme in chapter 3.1.

This phase presents a considerable complexity since it requires the integrated consideration of a vast repertoire of continuously evolving factors, with impacts on the Group's activities that are not always immediately identifiable and easily measurable, especially in the short term.

The identification and prioritization of ESG factors takes into consideration a broad set of internal and external sources and relevant documentation, such as:

- the Group strategic plan and other pertinent documents relating to the strategic objectives of the Group, approved by AG BoD, including the Charter of Sustainability Commitments;
- the results of the risk assessment processes;
- the results of internal and external audit concerning ESG factors;
- the reporting on alleged breaches of the Generali Group Code of Conduct gathered through whistleblowing mechanisms;
- stakeholders' engagement activities;
- shareholders', ESG rating agencies', ESG analysts', proxy advisors' and investors' requests, including disclosure requirements of international accountability standards;
- public analysis documents on megatrends and on the achievement of the SDGs drafted inter alia by governments and international organizations, industrial associations, think-tanks, consulting firms, forums and multi-stakeholders' initiatives in which the Group participates;
- media and web monitoring;
- benchmarking activities with companies active in the same business areas as the Group.

The output of this phase is the Group Materiality Matrix, which pinpoints relevant ESG factors that can significantly influence the Group's value creation and/or can substantively influence the stakeholders' assessments of Group's activities.

It is recognized[1] that climate change represents an ESG factor with relevant, pervasive and cross-cutting implications for the achievement of the Group's objectives and for the fulfillment of legitimate interest of the stakeholders, therefore it is considered a permanent component of this selection.

[1] As at the date of issuing this Policy, EIOPA - in the Consultation Paper on Technical Advice on the integration of sustainability risks and factors in the delegated acts under Solvency II and IDD - acknowledges that currently the assessment of environmental factors, in particular climate change, is most advanced in theory and practice, highlighting that "it has become clear, over the past years, that sustainability risks and in particular climate-change risks will affect insurance and reinsurance undertakings."

3.2.2 Management of risks and opportunities related to relevant ESG factors

This phase is aimed at managing risks and opportunities related to relevant ESG factors.

The Group Business Owners, according to the activities for which they are accountable, are responsible for:

- identifying the impacts of the relevant ESG factors, with reference to the risks generated and incurred – linking them to the risk categories in the Group Risk Map – and to the opportunities generated or seized; in the case of uncertainty in the identification of the impacts generated by the Group's activities, these can be derived considering their effects on the Group's reputation;
- prioritizing the impacts according to their relevance;
- assessing – regarding the impacts considered relevant – if responsibilities are clearly assigned and a proper management system is defined, verifying the adequacy of the measures in place and adopting possible adjustments or integrations. These measures can include control mechanisms, training and allocation of responsibilities, which must be designed taking into account the relevance of the impacts and the operational environment. Such measures should be embedded into each relevant business, and support processes.

3.2.3 Monitoring and reporting of risks and opportunities related to relevant ESG factors

In this phase the Business Owners identify the sets of necessary information, the tools for obtaining them, the communication channels, the responsibilities and the escalation mechanisms which must be in place to monitor the effectiveness of the system outlined for managing the risks and opportunities related to the relevant ESG factors and to provide timely, accurate and reliable communication to internal stakeholders.

The Business Owners are also responsible for contributing to the external disclosure on risk and opportunities related to ESG factors, as well as on how they are managed and the consequent outcomes, which complies with regulatory obligations, without prejudice to any confidentiality constraints or specific legal prohibitions. The Group recognizes the benefits, including reputational, deriving from the choice of giving public disclosure of these aspects as a lever to strengthen transparency, build trust, support the decision-making process of the interested parties and demonstrate the Group's capacity to create long lasting value.