

PRINCIPLES FOR SUSTAINABLE INSURANCE

Progress Report



generali.com

Highlights

The Generali Group is one of the most significant actor in the global insurance and financial products market with a 2015 total premium income of € 74 billion and with over 76,000 employees. The Group's Parent Company is Assicurazioni Generali, founded in 1831 in Trieste.

Today Generali is Italy's market leader and one of the leading insurance groups in Europe. Characterized from the outset by a strong international outlook and now present in more than 60 countries, Generali has consolidated its position in mature markets and is developing rapidly in high-growth economies.

Reporting on sustainability

The 2015 Sustainability Report of the Generali Group outlines the actions, the initiatives aimed at meeting the challenges of the modern world. It describes our commitment to promoting the ten principles of the Global Compact and our support to the Sustainable Development Goals which, launched in 2015, define a program of universal actions to tackle 17 priorities for the sustainable progress of our society.

On occasion of the 21st Conference on climate change held, in Paris, the 2015 Sustainability Report provides a particular focus on our commitment to combating climate change, a responsibility that not only regards our direct impact on the climate but also the indirect impact of our products and investment choices.

From our perspective, sustainable insurance also means innovating and stimulating the business world, identifying and collaborating with the most dynamic companies, investing in start-ups and creating lasting partnerships with centres of excellence. We do this while taking account of the general context, continuously analysing the biggest economic and social trends, dialoguing with our stakeholders and asking them to help us identify the most relevant issues.

Above all else, we are an insurer. As such, we take a prudential professional approach: we consider risks before they become dangerous. And our line of business can be summed up by the Generali Group vision: protect and improve people's lives. In this regard, in recent years we have launched a significant process to transform our working methods. We pursue excellence, in both the design of insurance products and in our long-term relations with our clients, taking action on the basis of their real needs.

Please see the [2015 Sustainability Report](#) of the Generali Group for an overview on key facts and figures.

Principle 1	
We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.	
Company strategy	
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	<ul style="list-style-type: none"> • The Board of Directors appointed the Corporate Governance, Environmental & Social Responsibility Committee . The committee performs a consultative, recommendatory and preparatory role in favour of the Board and formulates opinions and proposals on the decisions to be taken regarding the corporate governance. The committee is also tasked with providing suggestions and performing supporting advice for the board in relation to environmental and social sustainability matters. • Responsibility for implementing the sustainability strategies and policies established by the Board of Directors at Group level is attributed to the Group CEO. • At the Group Head Office (GHO), specific bodies and dedicated functions have also been established to ensure we systematically take into account social and environmental aspects related to business activities, as well as economic ones: <ul style="list-style-type: none"> - Group CSR Committee - Country CSR Committee - Group Social Responsibility • In 2015 we defined a new strategy, launched with the aim of becoming the leading insurance group in Europe. Our goal is to be simpler and smarter, providing straightforward and efficient solutions that allow us to meet the real needs of our clients. • Being a leader means taking a long-term view, listening to our stakeholders and focusing on tangible issues through projects and actions that are able to take advantage of the resources, know-how and relations that a group like Generali is able to vaunt. For us, the creation of value must necessarily be a responsible and a long-term process. Our leadership is closely related to the well-being of our stakeholders and our ability to contribute to growth and prosperity of the communities we serve. • In 2015 we also updated our Materiality Matrix. Thanks to the involvement of the Top management as well as other internal and external stakeholders, materiality analysis has enabled us to identify a number of relevant issues about which we are committed to developing concrete actions and consistent initiatives. <p><u>For further details and references see:</u> Corporate Governance and Share Ownership Report 2015 p. 19, 41,71, 75 2015 Sustainability Report, p. 14-15, 18-19</p>
Dialogue with company owners on the relevance of ESG issues to company strategy	<ul style="list-style-type: none"> • Intensive relational activities are performed with institutional investors and proxy agencies, in liaison with Investor Relations and with the active involvement of the Group HR&Organization function and the Group Communication & Public Affairs (Group Social Responsibility) function. These activities focused on subjects relevant to the financial community relating to the 3 pillars of our corporate governance which, in addition to corporate governance strictly so called, include remuneration and CSR. They are designed to convey our corporate governance decisions and receive feedback, which provides useful input for the continuous internal evaluation and review process. The contacts initiated were also designed to calibrate the financial community's perception of our organizational structure. • We maintain ongoing relationships with analysts, investors and rating agencies focused on sustainability issues, mainly through calls, video conferences and requests to complete questionnaires. We respond to numerous requests from specialist ESG analysts regarding group governance and social and environmental policies and performance, working towards our inclusion in various sustainability indexes. We also manage requests from SRI investors to assess whether we satisfy their socially

	<p>responsible investment criteria.</p> <ul style="list-style-type: none"> • A total of 3% of our share capital is held by socially responsible institutional investors, who make investment decisions using strict criteria that combine financial considerations with environmental, social and corporate governance (ESG) factors. • We also support the Climate Change Programme run by the CDP, the prestigious British organization representing 822 investors across the world for a total of \$ 95,000 billion of assets managed, which aims to improve environmental risk management by leveraging on the transparency of information. <p><u>For further details and references see:</u> Corporate Governance and Share Ownership Report 2015, p. 54 2015 Sustainability Report, p. 18-19, 40-41</p>
<p>Integrate ESG issues into recruitment, training and employee engagement programmes</p>	<ul style="list-style-type: none"> • We want all of our people to carry out their daily activities and to interact among themselves and with others according to values, expectations and ethical principles that we have shared in our Code of Conduct. We continue to disseminate our ethical principles internally and to improve people's understanding of the various issues covered in the Code of Conduct through articles published on the Group and local intranets. A series of cartoons and articles called 'Let's talk ethics' and 'Our Code in Brief' were published each month to allow people to go in-depth and improve the understanding of the specific issues covered in our Code. • All employees must take the introductory e-learning course to the Code of Conduct. Another course is held for employees that work in at-risk areas, such as those that manage relations with suppliers for the procurement of goods and services, particularly with regard to conflicts of interest, corruption and the treatment of confidential information. We also provide suitable and continuous training to employees who are more likely to come into contact with the corrupt practices and phenomena that can be seen in the insurance sector. The objective is to provide them with the necessary information to identify and manage activities that are potentially connected with fraud, money laundering and the financing of terrorism. • In the first week of November 2015 we launched Integrity week, a global campaign with initiatives (meetings at the cafe, signage, training videos etc.) aimed at acquainting people with our Code. • In general, our People Strategy is founded on four priorities: <ul style="list-style-type: none"> - promote engagement and empowerment - strengthen our leadership and talents - build an agile organisation and new capabilities - shift mindset toward customer centricity. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 60-77 Code of Conduct (http://www.generali.com/info/download-center/sustainability/documenti.html)</p>

Risk management and underwriting	
<p>Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions</p> <p>Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics</p>	<ul style="list-style-type: none"> • The Group is reviewing its underwriting policy, so as to explicitly incorporate Environmental, Social and Corporate Governance (ESG) criteria into the underwriting process. The analysis of the sustainability aspects is integral part of the underwriting process and therefore the sustainability profile of a prospect insured shall be considered before quoting or binding an account. • The Group policy for the assumption of property and liability risks requires for example that clients presenting a high risk under the social and environmental profile be carefully assessed and provides preventive advice with the aim of assisting clients to implement safety measures to reduce risk exposure. Premiums may be increased when formal and/or substantial shortfalls are found in the prevention measures adopted, and, in more serious cases, the Group may refuse to provide insurance cover. With reference to the assessment of social impacts in underwriting practices, Generali is continuously conducting researches related to aging populations and urbanization. These are some of the topics developed at present which are very important for the Generali Group for the risks assessment and for product pricing since they affect mortality experience and type of clients purchasing an insurance product. Referring to the assessment of environmental impacts in underwriting practices, Generali mitigates its risks and promotes environmental awareness by involving, in the corporate sector, clients in its effort to comply with existing environmental protection legislation and in the prevention of risks, making insurance cover subject to minimum measures being adopted and adapting the price in relation to the measures adopted. • Generali is actively working towards identifying and quantifying main long-term factors that could significantly affect the business and capacity of the Group to create value. Emerging risks and market trends are discussed within dedicated network, led by Group Risk Management with participation of Business Functions and relevant market papers (e.g. World Economic Forum, Geneva Association) are used, in particular, the CRO Forum Risk Radar is used as benchmarking. Risk Function also liaises with Business Strategy team to identify main strategic risks and scenarios. Main ESG risks, identified and integrated into the internal risk model, are: <ul style="list-style-type: none"> - Demographic and social change - Environmental challenges - Increased regulatory constraints - Uncertain financial and macro-economic landscape - New customer needs <p><u>For further details and references see:</u> Annual Integrated Report 2015, p. 25-31 Corporate Governance and Share Ownership Report 2015, p. 99 http://www.generali.com/investors/reports-and-presentations/report-archive.html</p>

<p>Product and service development</p>	<ul style="list-style-type: none"> • The Group is aware of playing a pivotal role in tackling the challenges posed by the dramatic demographic changes (i.e. the aging of the population, new family structures, migration in a context of reducing welfare state benefits) through the offering of insurance solutions that can both provide an answer to social needs and create business value for Generali in a logic of shared value. Through its portfolio of life insurance solutions, Generali delivers a response to the pension and protection needs of customers and it has together a significant positive impact on the company bottom line. Currently life segment represents 72% of the gross written premiums equal to Euro 53,399 million. Among this segment more than € 1.5 billion products has a specific social value, being linked to socio-demographic changes and the gradual reduction of public services. • The life/health insurance products with particular social value include: the Dread Disease and Long Term Care policies, which involve the payment of a lump sum or annuity in the event of serious illness or to cover the cost of care as a result of the loss of self-sufficiency; policies associated with medical prevention, such as those that set regular check-ups as incentives for health protection; policies that meet the needs of specific categories of clients, such as young people, the elderly, the disabled, immigrants, the unemployed, young business owners and people involved in volunteer activities. • Generali has also strengthen his commitment to fight climate, incentivizing the clients to adopt environmentally-sustainable behavior through awareness-raising and price incentives, i.e discounted third party liability policies for clients insuring 'green' vehicles or for low annual mileage and policies offering specific coverage for renewable energy production plants. Other products with particular environmental value for companies are important: third-party liability policies for pollution to cover the reimbursement of costs for emergency or temporary measures to prevent or limit compensable damages; policies for financial losses as a result of pollution damage; policies covering equipment for the production of renewable energy; discounted prices to companies that are certified under EMAS and ISO14001. • Generali Performance Globale: program to offer small and medium-sized enterprises (SMEs) an innovative consulting service to support them in the assessment of business risk, which goes beyond traditional loss prevention services, integrating elements such as financial results and intangible assets like reputation and brand. • To meet the growing demands from clients and the international market, for several years we have also offered investment products that meet SRI (Socially Responsible Investment) criteria. The value of assets managed with the ESG analysis methodology, which constitute the Group's SRI products, increased in 2015 to € 28.6 billion. In particular the SRI Ageing Population Fund has been created to investing both in finance companies offering health/pension policies and in securities active in the field of the treatment of age-related diseases and personal services. € 10 million has been invested in Tera Neva, an equity-linked bond issued by the European Investment Bank designed to finance renewable energy and energy efficiency projects. • 963.700 people are covered by microinsurance policies. In Colombia: low-income or irregular income workers; in Guatemala people covered by life and accident insurance policies distributed in partnership with Fundea a microfinance cooperative; in India people on low incomes covered by health, accident insurance and livestock insurance policies distributed in partnership with IFMR Rural Channel & Services, Satin Credit Care & Network, ESAF Microfinance, Muthoot Fincorp, Cashpor Microcredit, United Telecom Ltd, Arohan Financial Services, Bullock Carts Workers Development Association and Growing Opportunity). <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 24-31, 44</p>
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<p>Develop or support literacy programmes on risk, insurance and ESG issues</p>	<ul style="list-style-type: none"> Information and insurance/financial literacy programmes have been implemented by the majority of Group companies, by issuing newsletters and information leaflets to clients and consumers to make it easier to understand the terminology related to the industry, main types of insurance cover, basic financial instruments and new regulations. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 35, 88</p>
<p><i>Claims management</i></p>	
<p>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</p> <p>Integrate ESG issues into repairs, replacements and other claims services</p>	<ul style="list-style-type: none"> In 2015 we implemented a simpler and smarter approach in all countries in which we operate, defining common guidelines for the claims management, i.e. the Group Claims Management Guidelines. This ensures a more uniform approach that facilitates the delivery of a quality service to our policyholders. Bora Project: anticipating the regulatory framework through a client-centric approach. The goal is to analyse the new regulations on the distribution of insurance products and to develop concrete actions aimed at anticipating changes and refining processes, strategies and services for clients. The Group Claims Experience Program has been developed along three main lines: <ul style="list-style-type: none"> identify the critical moments in the stages following a claim through client feedback define the procedure to be followed as the result of a claim implement local solutions based on innovation. In Italy, Generali plays a particularly active role in the Psychological support for victims of road accidents project launched by the Foundation of Associazione Nazionale fra le Imprese Assicuratrici (ANIA). This three-year initiative seeks to provide a psychological support service for the victims of major accidents and their relatives, also with the aim of reducing the number of disputes in this sector. Moreover, we are engaged in defining guidelines to help companies manage these tragic events. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 32, 34, 37, 82</p>
<p><i>Investment management</i></p>	
<p>Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)</p>	<ul style="list-style-type: none"> In 2015 the Responsible Investment Guideline document, which codifies the various responsible investment activities at Group level, was approved. In particular, we identify, assess and monitor the investments that are most exposed to social, environmental and corporate governance risks for all our portfolios where the investment risk is borne by us or shared with the investor. The value of assets managed with the ESG analysis methodology, which constitute the Group's Sustainable and Responsible Investment (SRI) products, increased in 2015 to € 28.6 billion. In 2015, Generali Investments Europe voted in 243 general meetings for a total of over 3,300 resolutions, expressing a negative opinion in 24% of cases, demonstrating its constant attention to social responsibility issues and with the goal of encouraging greater levels of awareness in corporate management. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 42-45</p>

Principle 2	
<p>We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.</p>	
Clients and suppliers	
<p>Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues</p> <p>Provide clients and suppliers with information and tools that may help them manage ESG issues</p> <p>Integrate ESG issues into tender and selection processes for suppliers</p> <p>Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework</p>	<ul style="list-style-type: none"> • We think of the relations with those that distribute our products and with our suppliers as long-term partnerships, founded on trust and transparency, against the backdrop of clearly-defined and shared regulations. Through our sales network and our suppliers we have a positive impact on the communities, leading to the job creation and an increase in our partners' business volumes. • In the Ethical Code for suppliers of the Generali Group we have defined how the risks and opportunities related to the relationships with our partners should be managed in order to ensure their integrity in accordance with the Group's principles regarding human and labour rights, the fight against corruption and respect for the environment. We ask our suppliers to align their business practices with the Group policies and to ensure compliance also at all levels of their respective supply chains. • To improve transparency and communications with our suppliers, in 2015 we created new channels for communications relating to supplies of goods and services and for providing specific indications regarding the reporting of violations or suspected violations for incorrect procurement practices. • We encourage our clients to adopt virtuous and environmentally-sustainable behavior through prevention, awareness-raising and incentives. We provide discounted tariffs to companies that present lower environmental risks. As for motor policies, we reward drivers with low mileage and we grant discounts to those that drive low-emission vehicles or electric, hybrid or gas-powered cars. In order to promote well-being and healthy lifestyles, Generali has developed innovative products such as the "living age solutions" i.e. insurance products linked to lifestyle. The most important in this area is Vitality, the new insurance solution focused on promoting and rewarding customers' healthier lifestyle according to personalized schedules and price incentives. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 36, 38, 39, 83, 91, 92, 93, 111</p>
Insurers, reinsurers and intermediaries	
<p>Promote the adoption of the Principles</p> <p>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</p>	<ul style="list-style-type: none"> • We are regularly involved in advocacy activities, through which we promote and support reflection and analysis about the sustainability challenges facing our industry and concrete solutions to tackle them. We work with several organizations and industry associations, including the CRO-Forum, The Geneva Association and the European Financial Services Round Table (EFR), with which we have signed important statements of intent on environmental matters, favouring an in-depth analysis of the various regulatory issues and their potential impact. • We join voluntary initiatives supported, among others, by the United Nations, which encourage the adoption of sustainable principles that we are committed to sharing and implementing as part of our business activities. Examples include PSI and Principles for Responsible Investment (PRI). <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 80-81</p>

Principle 3	
<p>We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.</p>	
<p><i>Governments, regulators and other policymakers</i></p>	<p>Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues</p> <p>Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions</p> <ul style="list-style-type: none"> • Through Generali France, Generali was one of the official sponsors of COP21 and worked to promote the positive outcome of the Conference. Moreover, we signed the Paris Pledge for Action and participate in the Working Group of the Italian Ministry of Environment and UNEP on the theme 'Greening Finance'. • We join voluntary initiatives supported, among others, by the United Nations, which encourage the adoption of sustainable principles that we are committed to sharing and implementing as part of our business activities. Examples include PSI, PRI, UN Global Compact, Transparency International Italia. • We hold regular talks with legislators and the European institutions maintaining a constructive working relationship, sharing and updating the information necessary for the proper interpretation and application of new regulations. • We also offer our expertise and contribute to public consultations to define new legal measures and industry regulations by providing concrete indications based on our own experience. At a local level, we actively participate in research and debate on specific national issues, such as the natural disasters one in Italy. <p>For further details and references see: 2015 Sustainability Report, p. 80-81, 97</p>
<p><i>Other key stakeholders</i></p>	<ul style="list-style-type: none"> • Thanks also to the involvement of our stakeholders, materiality analysis has enabled us to identify and to share with them a number of relevant ESG issues about which we are committed to developing concrete actions and consistent initiatives. The identified issues are the result of an analysis of the scenario, the companies of the insurance sector or other sectors, the dialogue with the Generali top management and also with a number of external stakeholders, chosen for their authority and knowledge of the insurance sector or for their ability to provide original and innovative perspectives. • We financed 'The economic assessment of natural disasters in Italy', an interdisciplinary research project, in partnership with three institutes of the Italian National Research Council, the Milan section of the National Geophysics Institute and an inter-university centre for research into the economics of resources and the environment. • We signed an agreement with ICTP, the Abdus Salam International Centre for Theoretical Physics (UN), the first and more important scientific institute in the world in the area of research and the transfer of knowledge to emerging and developing countries. It is an innovative partnership focused on supporting a 3-year project to study, analyse and prevent seismic phenomena. • At COP21, we promoted the positive outcome of the Conference through continuous news and video content on its corporate websites, interviews, articles, conferences and public debates. Moreover, we signed the Paris Pledge for Action, an initiative that represents an opportunity for the private sector to work towards implementing the Paris COP21 agreement. <p>Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise</p> <p>Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies</p> <p>Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business</p> <p>Dialogue with media to promote public awareness of ESG issues and good risk management</p>

	<ul style="list-style-type: none"> • We work with several organizations and industry associations, including The Geneva Association and the European Financial Services Round Table (EFR), with which we have signed important statements of intent on environmental matters, favouring an in-depth analysis of the various regulatory issues and their potential impact. • We are members of the CRO Forum, ERI – Working Group on Water Risks. <p><u>For further details and references see:</u> 2015 Sustainability Report, p. 15-17, 80-81, 112-113</p>
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Principle 4 We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.	
<p>Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly</p> <p>Participate in relevant disclosure or reporting frameworks</p> <p>Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles</p>	<p>Our main tools to publicly disclose about our progress in implementing the Principles, are:</p> <ul style="list-style-type: none"> • 2015 Sustainability Report • www.generali.com/our-responsibilities • Annual Integrated Reporting 2015 • GRI Content Index (online tool also available at http://sustainabilityreport2015.generali.com/en/#start) • Communication on Progress UN Global Compact • UN PRI Transparency Report • ISO 14064 Certification (GHG Inventory)