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Generali Group Tax Transparency Report 2021



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1. Introduction

In recent years, unprecedented crises – such as the Covid 19 pandemic as well as the recent war in Ukraine – have challenged governments to a massive response in terms of public resources. Fair, effective and stable **tax payments** are a fundamental part of **government funding**, not only to cope with these health and humanitarian emergencies, but also to provide essential public services such as healthcare, security, education, pensions and infrastructures.

The **Generali Group** is well aware of the great importance of its contribution in terms of **taxes paid** (borne and collected) in the countries where it operates as a **lifetime partner** for its customers and, more in general, for the whole society.

For Generali, **sustainability** does not only mean doing business as to maximize value creation for the Company in the long run, but also taking into consideration the needs of the territories to which the Group belongs. Generali is a life partner for its customers as a result of the very nature of its products, and also in terms of how the Group invests assets and acts as a responsible member of the communities where it operates.

In the framework of its sustainable actions, Generali has made significant donations to cope with the Covid 19 pandemic and also to mitigate the impact of the ongoing war in Ukraine. But a key and fundamental factor is, more generally, effective and transparent **tax compliance**.

Being aware of the crucial **role of taxes paid**, Generali has designed its **Tax Strategy** based on principles that fully recognize the importance of taxation in its sustainability goals. These principles have been approved by the Board of Directors which is accountable for tax governance, management and control system in the Generali Group.

Additionally, considering comprehensive **tax reporting** as an enabling factor in its approach to taxation, Generali has promptly supported the initiatives developed at OECD level to promote **tax transparency**. It fully complies with any relevant regulations in the countries where it operates and it has been submitting its Country-by-Country Reporting to the Italian Tax Authority since reporting year 2016.

Taking a step forward, with its first **Tax Transparency Report**, Generali provides an overview of the Group commitment to its tax responsibilities in the financial year 2021. The Report describes the pillars of Generali sustainable tax outcomes and details the Group **Total Tax Contribution of € 8,5 billion** for the year 2021, including taxes borne and taxes collected.

The Generali Group shares its Tax Transparency Report with its stakeholders, describing:

- the **Tax strategy and principles** on taxation (par. 2);
- the **Tax governance, management and control** system, i.e. how the above tax principles are embedded in the Group and in the relations with its stakeholders (par. 3-4);
- the **Tax Reporting** (par. 5) with both: i) the **Total Tax Contribution**, detailing the breakdown by tax jurisdictions of taxes directly paid on its business (Taxes Borne) and of taxes withheld and transferred to governments (Taxes Collected) and ii) the **Country-by-Country Data**, providing a clear overview of Total income, Profit before income taxes, Income tax accrued, Income tax paid and Number of employees, aggregated by jurisdiction of tax residence (i.e., the jurisdiction in which the entities are resident for tax purposes).

The Generali Group, anticipating the introduction of a public CbCR and in line with S&P Global guidance for the Dow Jones Sustainability Indices, has chosen to disclose the above mentioned figures on the basis of OECD rules on CbCR. Therefore, to some extent, such figures may differ from equivalent figures disclosed in the Annual Integrated Report and Consolidated Financial Statements of the Generali Group (a reconciliation is provided).

Today, a **journey** has begun and Generali plans to continue working to improve the quality of the Tax Transparency Report and to keep it updated to include any further future developments at European level.



Cristiano Borean
Group Chief Financial Officer

2. Generali Group Tax Strategy and Principles

2.1. The Group Tax Strategy

Generali Group **Tax Strategy** defines its overall sound and prudent management of the tax variable for Generali Group Entities.

More specifically, Assicurazioni Generali S.p.A. (Assicurazioni Generali), as parent company of the Generali Group, has defined a common Group Tax Strategy to manage compliance with tax provisions with a view to pursuing the long-term growth of corporate assets and protecting the corporate reputation in the long term, in the interest of its shareholders.

The Group Tax Strategy is based on Generali **sustainability** principles, as tax revenues account for a significant contribution to the economic and social development of the communities in which the Group operates.

The Group Tax Strategy has the following **Tax Objectives**:

- to be compliant with any tax requirements and the relevant payment of taxes (**Tax compliance**);
- to be in control of, manage and mitigate the risk of breaching tax regulations or abusing any principles or aims of any applicable tax regulations (**Tax risk management**).

The Group Tax Strategy has been approved by the **Board of Directors** of Assicurazioni Generali, which is in charge of its application together with the promotion of its approach and principles.



The Tax Strategy is also available to the public on the website of Assicurazioni Generali

2.2. Group Tax Principles and Guidelines

The Group Tax Strategy is based on specific **Tax Principles** which reflect the core values underpinning the Group effort in the **sustainable management** of the tax affairs.

In detail, Generali Tax Principles are:

- **Values.** Assicurazioni Generali business is based on the values of honesty and integrity in the tax management, considering that taxes borne and taxes collected are a key mechanism for the Group to contribute to the economies and to the social development of the countries where Generali operates.
- **Legality.** Assicurazioni Generali is committed to comply with any local tax regulations in the countries where it operates and it interprets them in a manner that responsibly manages the tax risk to serve the interests of its stakeholders and to generate a positive impact on its reputation.
- **Tone at the top.** The Board of Directors is called upon to define the tax strategy, to ensure its implementation and to promote a corporate attitude based on the Group values. The top management is involved in major and complex tax issues to ensure full awareness of the management of tax risks.
- **Transparency.** Assicurazioni Generali has a co-operative and transparent approach with any relevant tax authorities, so that the latter can be fully aware of any facts and circumstances to which tax provisions apply.
- **Shareholders' Value.** As it complies with regulations on taxation, Assicurazioni Generali operates with a view to pursuing the primary interests of value creation for its shareholders in the mid-long term.

The Group Tax Strategy includes detailed **Tax Guidelines** aiming at ensuring the implementation of the above Tax Principles.

Two key Tax Guidelines are aligned with the Tax Objectives described in the Group Tax Strategy:

- **Tax Compliance**
 - Proper **application** of the local tax regulation in the countries where the Group operates.
 - Reasonable **interpretation** of the applicable tax regulation in the event of any interpretation issues with the competent tax authorities (so called: *agree to disagree*).
- **Tax risk management**
 - Design and implementation of an **internal regulatory procedural framework** (Tax Control Framework or TCF) that aims to properly identify, measure, manage and control Tax Risks in line with OECD guidelines on the cooperative compliance regime, as transposed by the Italian Tax Authority.
 - Progressive deployment of the TCF to key entities in the different jurisdictions where the Group operates in a way that encompasses the organizational commitments and safeguards compliance with any local tax regulations, ensuring the delivery of **sustainable tax outcomes** in terms of timeliness and correctness of the collection of taxes.

The other Tax Guidelines included in the Group Tax Strategy are also perfectly aligned with the Tax Principles:

- **Tax Transparency:** Assicurazioni Generali fully cooperates with Tax Authorities to ensure accurate and prompt disclosure.
- **Tax planning:** Assicurazioni Generali does not engage in any conducts or operations resulting in purely artificial arrangements which do not reflect its business and which may reasonably generate any illegitimate tax advantages that are contrary to the aims and the rationale of any relevant tax regulations.
- **Soft Controls:** Assicurazioni Generali promotes the Group tax culture and values to be fully compliant with any applicable tax regulations.
- **Intercompany transactions:** Cross-border intra-group relations are regulated, for tax purposes, on the basis of market conditions (arms' length principle), as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines).

3. Tax Risk Management and Internal Governance

3.1. Tax Risks and Tax Risk Management

Tax Control Framework

As a general rule, the Generali Group cannot avoid **compliance and operational risks** which are intrinsically linked to its business, either directly or indirectly.

However, the Generali Group has developed and implemented policies, processes, procedures and methodological approaches, in line with international best practices, to:

- identify risk categories to which the Group Entities are exposed to;
- measure and assess these risks;
- apply an effective risk management approach on the basis of the actual strategy, risk appetite and tolerances.

As taxation plays a vital role in achieving sustainable goals for the Group, its stakeholders and in the economies where it operates, the Generali Group **tax risk appetite** is **low** and **tax risks** (i.e., breaching tax rules or manipulating the tax system) are **detected** and **managed** with adequate governance and appropriate processes and procedures, including IT tools ensuring consistency of figures underpinning tax calculations.

More specifically, the Generali Group has designed a specific framework that is being implemented progressively across the Group to properly identify, measure, manage and control any Tax Risks (**Tax Control Framework - TCF**).

The TCF is defined and implemented in the wider context of the requirements of the **co-operative compliance** regime between taxpayers and Tax Authorities, as defined at international level by the OECD and transposed into the Italian legislation.

TCF Safeguards

The Generali TCF ensures:

- a clear definition of **roles and responsibilities** in the different areas of the Group and local organizations involved in tax management;
- the implementation of effective **procedures** on Tax Risks detection, measurement, management and control, with the support of specific **IT tools** enabling effective management of data among the stakeholders involved in the process;
- the integration with the internal control system over **tax criminal offences** risks, in relation to which Assicurazioni Generali conducted the risk assessment to identify the specific control measures and implemented the whistleblowing procedure (pursuant to Italian Legislative Decree no. 231/2001);
- the implementation of effective procedures to **remedy** any possible shortcoming in its operation and any relevant remediation measures;
- an adequate engagement of the **Top Management** on tax risks and compliance issues.

Jurisdictional Tax Risks

The Generali TCF ensures centralized tax monitoring and a pre-clearance process in the responsibility of the Head Office Tax Team for the incorporation and acquisition of foreign entities (including permanent establishments), in low tax jurisdictions and in non-cooperative jurisdictions for tax purposes.

Transfer Pricing Risks

Generali is keen on focusing and coordinating the Transfer Pricing affairs at Group level to properly monitor that transfer pricing outcomes are better aligned with the Group value creation in line with the arm's length principle pursuant to OECD Transfer Pricing Guidelines.

The Group Transfer Pricing documentation approach is fully aligned with the OECD three-tiered documentation standards (Masterfile, Local file and Country-by-Country Report).

3.2. Tax Internal Governance

Assicurazioni Generali has explicitly documented the Tax Control Framework through the **Group Tax Strategy**, which is a fundamental element of Generali tax risk management system, and the **Tax Group Guideline**, which defines a common framework for the Group to achieve both updated and detailed tax procedures and a responsible involvement of the senior management in the decision-making process that might impact on the tax burden.

More specifically, the main **roles and responsibilities** in tax risk management activities are allocated among the Group and its business units in line with the "**tone at the top**" principle:

- The **Board of Directors** of Assicurazioni Generali is in charge of the approval of the Tax Risk Management activities scope and is called upon to provide an adequate budget for the planning of these activities.
- The **Group Chief Executive Officer** is responsible at a high level for the decision making process on Tax Risk Management and Tax Strategy implementation.
- The **Group Chief Financial Officer** is accountable for any Tax Risk Management activities and for any internal regulations related to the TCF implementation at Group level.
- The **Group Tax Manager** is the main actor involved in the management of Tax Risk matters for the Group.

All tax issues and tax compliance processes are managed by **tax experts** working in structured teams with multidisciplinary and diverse tax skills. In this framework, the Generali Group provides customizable advance training to human resources in the tax department to increase and update their technical skills.

Additionally, regular national and international meetings facilitate the continuous **interaction** between the tax Group team and business units at local level to ensure the management of compliance with tax provisions.

All the Tax Risk Management activities are annually formalized in a **Report** presented to the Risk and Control Committee of Assicurazioni Generali, with specific regard to the testing activities that are planned and performed during the year, in terms of test of design and test of effectiveness of the controls mapped through the tax processes, in line with a risk-based approach.

4. Tax Compliance and Stakeholder Engagement

4.1. Relations with Tax Authorities

The Generali Group has always engaged in relations based on **cooperation** and **transparency** with tax authorities, both in Italy and in each tax jurisdiction where its business is carried out.

Assicurazioni Generali has entered the **co-operative compliance regime** in Italy. Therefore, starting from the fiscal year 2020, the local Tax Authority has been informed in regular and *ad hoc* meetings of potential tax-relevant aspects of the business development; a transparent approach results into the engagement of a detailed discussion on the underlying facts to find an agreement over the appropriate tax treatment.

Besides joining the co-operative compliance regime, the Generali Group has always tried to reach the previous **clearing** from the relevant Tax Authority to ensure certainty on relevant tax matters and achieve transparency.

As for **Transfer Pricing**, the Generali Group has put in place different advance pricing agreement procedures with the competent authorities, including ones of a multilateral nature.

4.2. Stakeholder Engagement

The Generali Group has close relations with its stakeholders to identify and better meet their information and dialogue needs. In this framework, Assicurazioni Generali has regular meetings with **investors**, **analysts** and **rating agencies**. It interacts with **Regulators** as well as European and International **Institutions** to keep good relations and share authoritative and updated information to properly interpret and apply any new regulations.

The Generali Group is committed to transparency in its relations with European public authorities as well. In 2014, the Group joined the **Transparency Register**, a joint initiative of the European Parliament and the European Commission with the aim of informing the public about how Generali represents its interests.

The Generali Group, directly or through its subsidiaries, is also a member of business and insurance **associations**, including ANIA, Assogestioni, Assonime and ABI in Italy, GDV in Germany, FFSA in France and Insurance Europe, at EU level. As members of such associations, Generali advocacy is to support the development of fair tax systems and transparent tax disclosure.

Generali has been confirmed in the **Dow Jones Sustainability World Index** and in the **Dow Jones Sustainability Europe Index**, strengthening its ranking also with particular regard to the scoring relating to sustainable tax issues.



Generali commitment to its stakeholders is also available in the website of Assicurazioni Generali

5. Tax Reporting

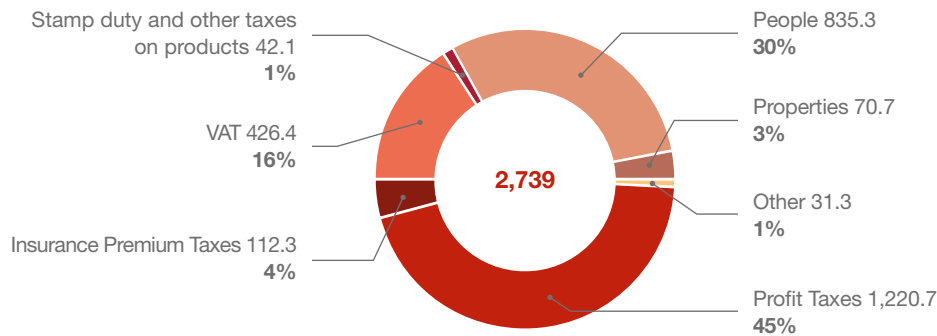
5.1. Generali Group Total Tax Contribution 2021 - Taxes Borne and Taxes Collected - Overview

Generali Tax Reporting provides a comprehensive and straightforward overview of the **Group overall contribution**, in terms of economic and social impact, to the tax jurisdictions where it operates through the taxes paid. The principle adopted to disclose the taxes paid in line with the Total Tax Contribution (“TTC”) methodology is the **cash criterion**: TTC data take into account the amount of tax paid during the relevant reporting year.

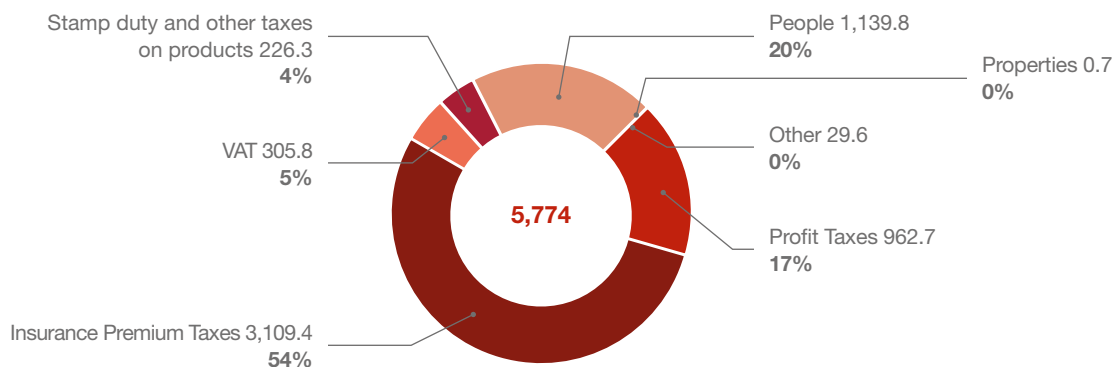
Taxes paid by the Generali Group are divided in **taxes borne** and **collected**, in line with international standards on tax transparency to highlight the importance of the role played by taxpayers, both as “contributors” of taxes that are a cost (Taxes borne) and as “collectors” (withholding agent) of taxes from third parties on behalf of governments (Taxes collected).

The Total Tax Contribution of Generali in 2021 amounted **€ 8,513 million**: **32%** accounts for **taxes borne** and **68%** accounts for **taxes collected**.

TAXES BORNE (€ mln)



TAXES COLLECTED (€ mln)

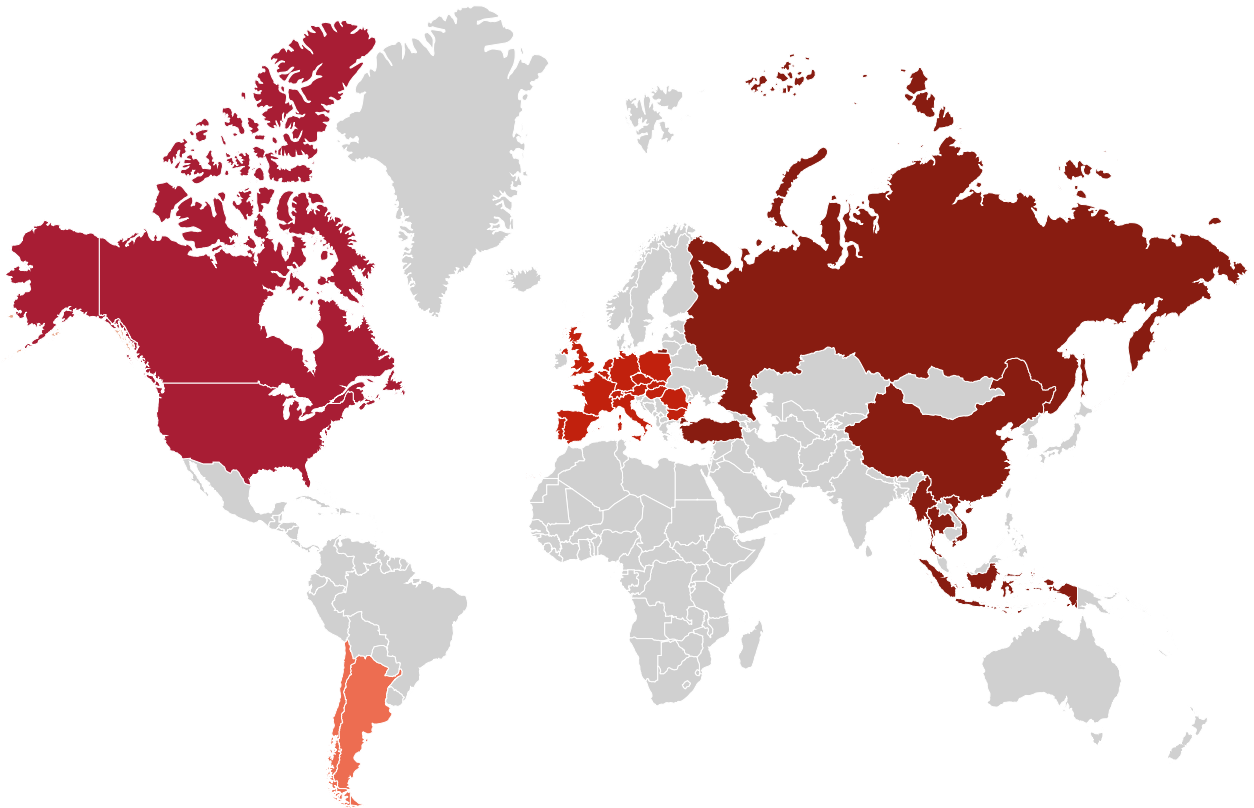


The **taxes borne** paid by Generali in 2021 amounted to **€ 2,739 million**. The main component refers to **profit taxes**, which accounts for **45%** of the total taxes borne. Other important categories are **people taxes** that account for **30%** and **VAT** for **16%**.

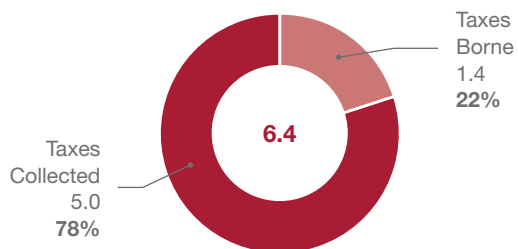
The **taxes collected** paid by Generali in 2021 amounted to **€ 5,774 million**. **Insurance Premium Taxes** accounts for **54%** of taxes collected. The high incidence of such taxes compared to other categories is due to the specific nature of the insurance activity.

5.2.1. Generali Group Total Tax Contribution 2021 - Area View

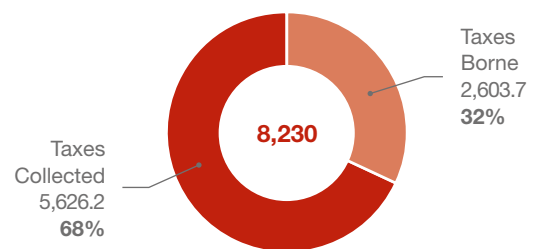
Generali Total Tax Contribution by geographic area is concentrated in Europe (95% of total taxes borne and 97% of total taxes collected), in line with the geographic distribution of the Total income and Profit before income tax of the Group, which in Europe accounts for 95% of the total.



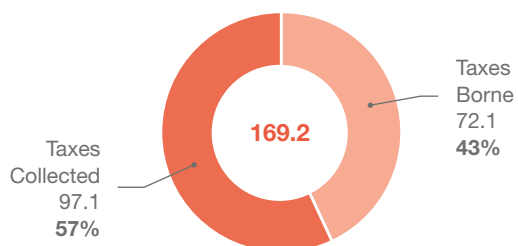
NORTH AMERICA (€ mln)



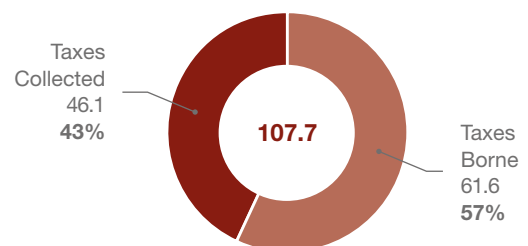
EUROPE (€ mln)



LATIN AMERICA (€ mln)



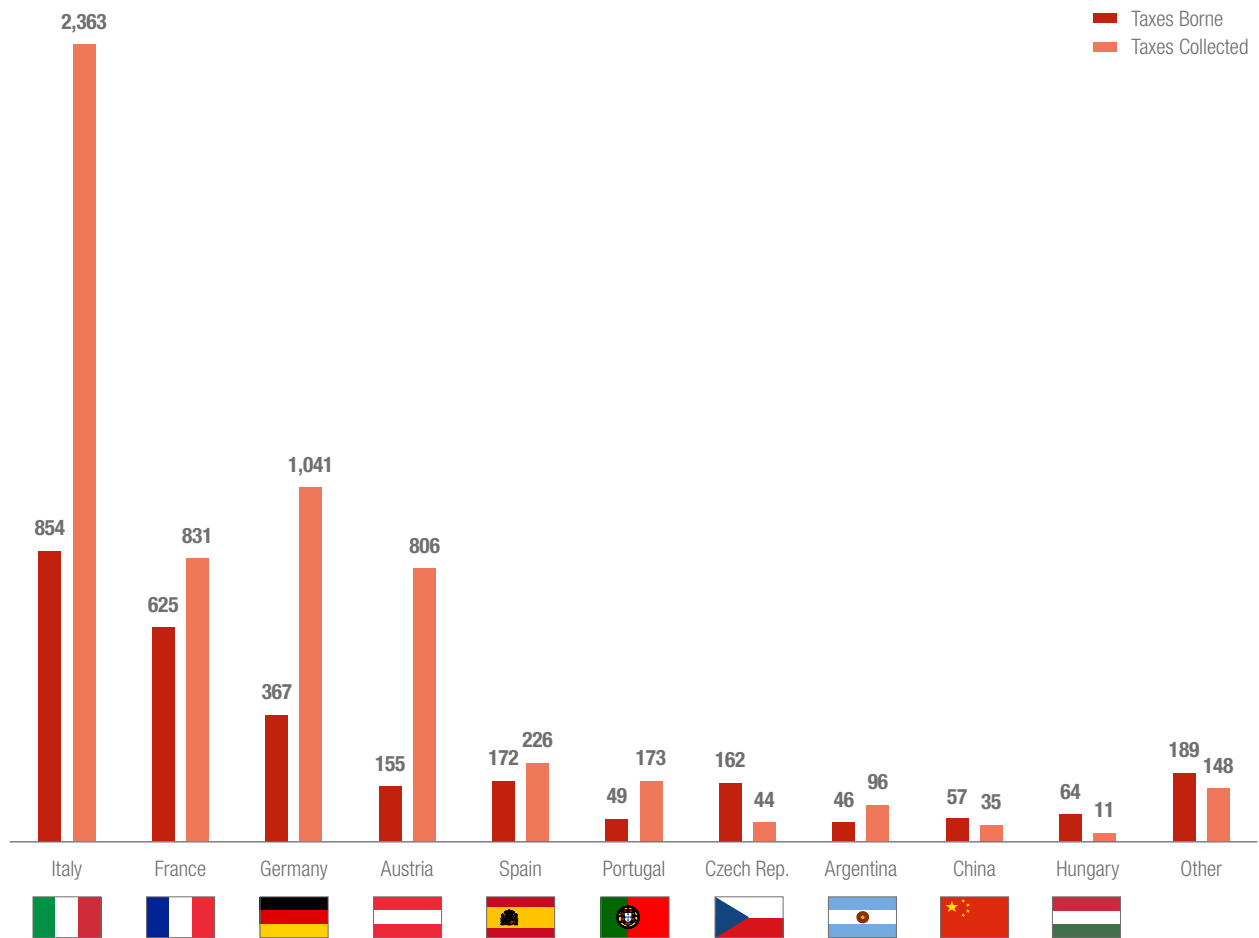
ASIA (€ mln)



5.2.2. Generali Group Total Tax Contribution 2021 - Country View

The following 10 countries account for **96%** of the **Group Total Tax Contribution** and **88%** of the **Group Total Income**.

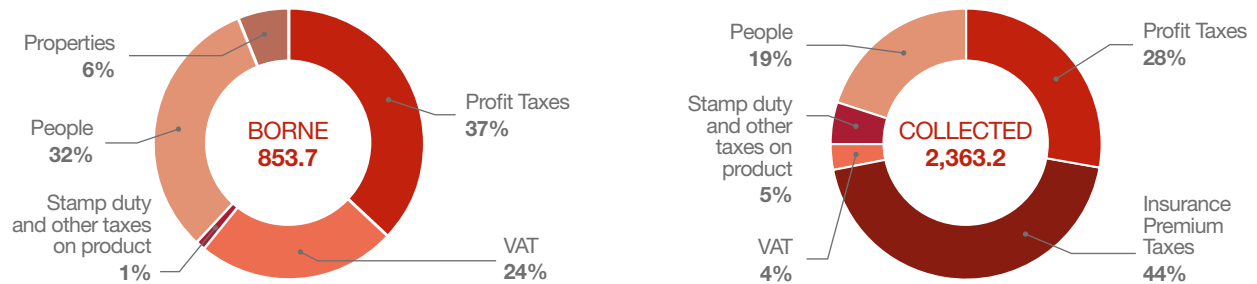
COUNTRY VIEW (€ mln)



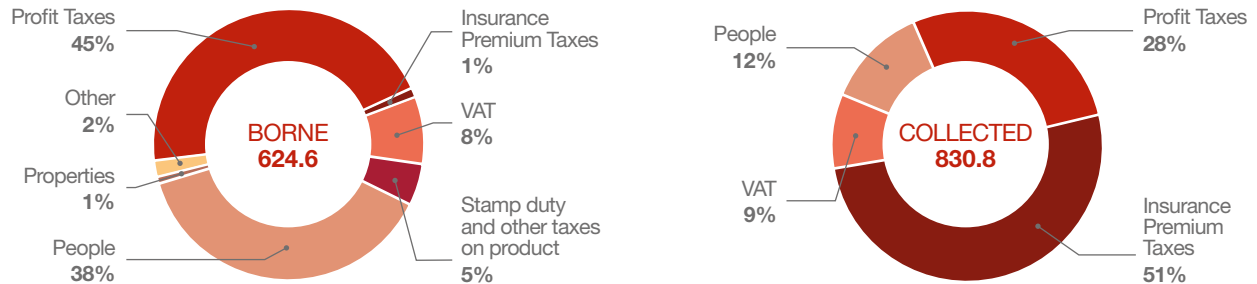
5.2.3. Generali Group Total Tax Contribution 2021 - Main Countries View

The breakdown of the Total Tax Contribution shows that it is concentrated for **83%** in **Italy, France, Germany** and **Austria**, which account for approx. **78%** of **Group Total Income**.

ITALY (€ mln)



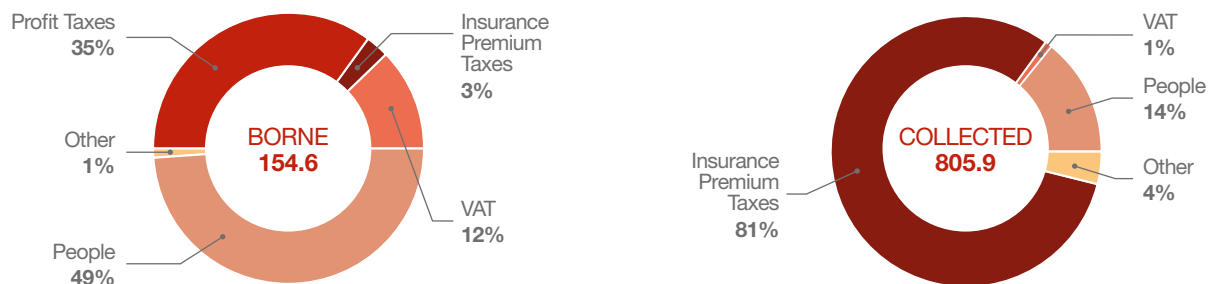
FRANCE (€ mln)



GERMANY (€ mln)



AUSTRIA (€ mln)



5.3. Country-by-Country Data

The table below shows an overview of the Total income, Profit before income taxes, Income tax accrued, Income tax paid and Number of employees in the main countries where the Group operates.

(€ mln)

Country	Total income	Profit before income taxes	Income tax accrued	Income tax paid	Number of employees (#)
Italy	39,411	1,501	573	312	20,730
Germany	23,748	735	192	143	9,578
France	22,077	524	129	281	9,510
Luxembourg	4,175	490	70	40	264
Austria	3,508	233	76	55	4,841
China	3,199	170	21	35	3,040
Spain	2,927	284	72	101	2,257
Czech Republic	2,523	493	60	111	4,415
Switzerland	2,021	-4	10	8	1,845
Bulgaria	1,305	219	18	15	421
Portugal	1,242	86	16	23	1,453
Poland	895	69	14	14	1,765
United Kingdom	744	63	3	3	278
Argentina	743	29	15	35	2,128
Hungary	678	32	7	9	1,742
Slovenia	563	24	5	2	1,319
Slovakia	517	198	26	8	613
Hong Kong	497	32	2	2	221
U.S.A.	369	-19	0	1	750
Greece	338	8	2	0	624
Other	2,027	76	24	23	6,827
TOTAL	113,509	5,242	1,336	1,221	74,621

The above figures are aligned with OECD instructions on Country by Country Reporting (“CbCR”) - as well as with the guidance on the Dow Jones Sustainability Indices (“DJSI”) - aggregated by jurisdiction of tax residence (i.e., the jurisdiction where entities are based for tax purposes). Therefore, these figures do not consider the consolidation adjustments equal to i) € 14,421 million (mainly referred to intercompany revenues) for Total income, ii) € 662 million for Profit before income taxes and iii) € 48 million for Income tax accrued. See the Table below for a reconciliation¹. Furthermore, Income tax accrued above do not include deferred corporate Income tax. For further details about the data definition included in the table, please refer to the Glossary.

¹ The difference between the above data of Income tax paid (equal to € 1,221 million) and the one reported in the Statement of Cash Flows of the Annual Integrated Report and Consolidated Financial Statements for FY 2021 of Generali Group (equal to € 1,176 million) is mainly due to the different methods of data computation: the former being consistent with the OECD framework on the CbCR, whilst the latter is based on international accounting standards.

Data disclosed in the report refer to all Consolidated line-by-line entities (“entities in scope”) in line with the fully-integrated method or proportional (or “pro-rata”) method. The list of entities including the relevant countries of tax residence and primary business activity is reported [here](#).

(€ mln)

Consolidated Financial Statement reconciliation	Total income	Profit before income taxes	Income tax accrued
Country By Country Data	113,509	5,242	1,336
Consolidation adjustments	-14,421	-662	48
Consolidated Financial Statement	99,088	4,580	1,384

5.4. Group Income Tax Rate and Effective Tax Rate

The consolidated Effective Tax Rate of the Generali Group as at 31 December 2021 is equal to 30.2%, which is computed as the ratio between the overall Income tax accrued (€ 1,384 million) and the consolidated Profit before income taxes (€ 4,580 million).



Please, see also the Income Taxes section of Annual Integrated Report and Consolidated Financial Statements of the Generali Group which is available in our website

6. Glossary

Total income

All revenues generated during the reporting period both from ordinary activities (e.g., services, interest, premiums) and non-ordinary activities (extraordinary income and gains). Total income includes all revenues from transactions with third parties and between entities that form part of the Generali Group (except for dividends which are excluded from the Total income).

Profit before income taxes

Profit (Loss) before income taxes generated during the reporting period, including all revenues and expenses both from ordinary and non-ordinary activities. Profit before income taxes includes all revenues and expenses from transactions with third parties and between entities that form part of the Generali Group (except for dividends which are excluded from the Profit before income taxes).

Number of employees

Total number of employees at the end of the reporting period on a full-time equivalent (FTE) basis.

Income tax paid

Income tax actually paid in the reporting period irrespective of the period to which the taxes refer, net of any refunds of income tax received during the same period. This includes Income tax paid by entities to the residence tax jurisdiction and to all other jurisdictions (e.g., withholding taxes incurred in other tax jurisdictions). Taxes similar to corporate income tax levied on income or profits are included as well. Income tax paid does not include taxes paid on dividends from entities that form part of the Generali Group.

Income tax accrued

Current income tax expense recorded on taxable profits or losses of the reporting period irrespective of whether or not the tax has been paid. Taxes similar to corporate income tax levied on income or profits are also included. Income tax accrued only reflects the relevant transactions in the reporting period and does not include deferred taxes or provisions for uncertain tax liabilities. Income tax accrued does not include taxes on dividends from entities that form part of the Generali Group.

Total Tax Contribution

Sum of Taxes borne and Taxes collected.

Taxes borne

Taxes paid in the reporting period, that are direct costs to Generali and impact the financial results. These are the taxes paid during the relevant reporting period to the governments of different tax jurisdictions.

Taxes collected

Taxes paid in the reporting period as a result of the economic activities carried out by Generali, but they do not affect the profit and loss account of Generali. In this case, Generali collects taxes from other parties on behalf of governments.

Profit Taxes

Taxes levied on net income, profits, or capital gains that may be:

- borne - i.e., income tax paid above defined; or
- collected by applying a withholding tax at source on payments to a third party or to a physical person (e.g., withholding tax on interest and royalties, withholding tax on annuities/pensions to policyholders).

Insurance Premium Taxes

Indirect taxes on insurance premiums paid by policyholders to the insurance company and remitted by the latter to the government. These taxes may be:

- borne in the case Generali acts as policyholder; or
- collected by Generali (in the case it acts as insurance company) only from third parties and individuals.

VAT

Consumption taxes charged on added value, irrespective of the method of deduction and when such taxes are levied. VAT may be:

- borne – i.e., non-recoverable input VAT on the purchases
- collected – i.e. the Net VAT position (the output VAT charged on the sale to customers minus the recoverable input VAT suffered on its purchases).

Property taxes

Taxes on the ownership, use or transfer of tangible or intangible property that may be:

- borne (e.g., taxes on the ownership and use of property, capital tax levied on share capital increase, transfer taxes on the acquisition or disposal of assets);
- collected (e.g., rental of business duty collected by the leaser).

People taxes

Any taxes and social contributions in relation to the employment that may be:

- borne (e.g., social security contributions, health insurance/pension/disability contributions and taxes on payroll and workforce) by Generali as the employer;
- collected (e.g., personal income tax or social security contributions) which are at the cost of the employees and collected by Generali as the employer.

Stamp duty and other taxes on products borne

Indirect taxes or duties levied on the production, sale or use of goods and services and taxes or duties levied on international trade and transactions which are not included in the tax categories labeled as Insurance premium taxes and VAT (e.g., stamp duties on insurance products, excise duties, custom duties and import duties). These taxes can be both borne and collected, on the basis of the definitions included above.

Other taxes

Any taxes that are not included in other tax headings, accounting for a residual tax category.

Currency

Figures (except for the Number of employees) are reported in euro (i.e., the functional currency of the Generali Group parent entity), based on the yearly average exchange rate.

Disclaimer

This Report has not been audited nor signed off by Group external auditors.

This Report is drawn up in euro, i.e. the functional currency used by the entity that prepares the Annual Integrated Report and Consolidated Financial Statements. The amounts are shown in million and rounded to the first decimal, unless otherwise reported. Therefore, the sum of each rounded amounts may sometimes differ from the rounded total.

