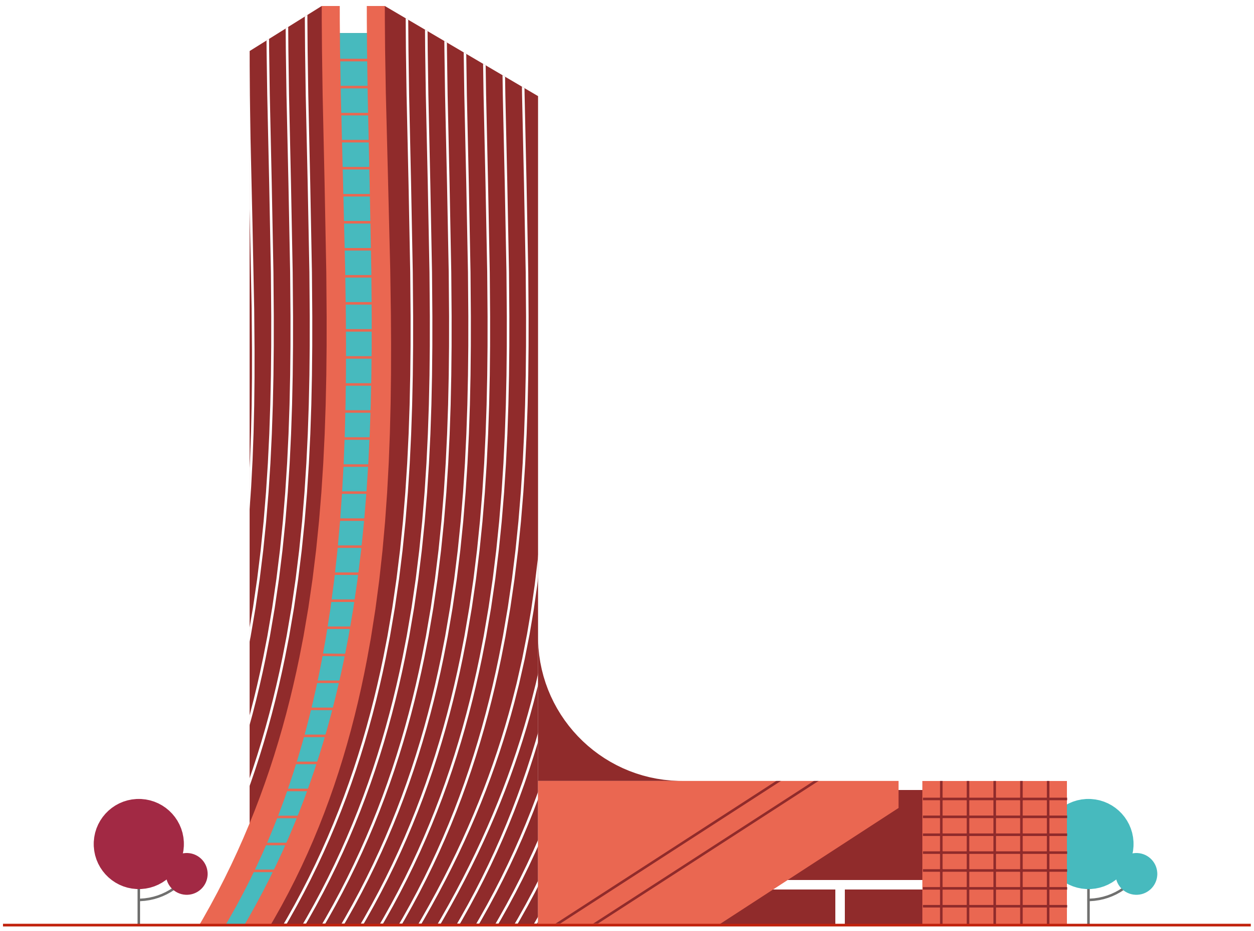
May 2019

Green Bond Framework



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GENERALI

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Introduction

1. Introduction

1.1. Background

Generali is a major player in the global insurance industry – a strategic and highly important sector for the growth, development and welfare of modern societies. Over almost 200 years, Generali has built a multinational group that is present in 50 countries, with more than 400 companies and more than 70,000 employees. Generali Group aims to become the standard bearer and industry leader in the European retail insurance market.

In recent years Generali has been through a major strategic reorganization that has allowed us to bring in greater focus on our core business, greater discipline in the management of our assets, and simpler, more transparent governance. This process has led us into a new phase, based on more efficient business models, innovative commercial strategies, and a stronger, more global brand.

Since the very beginning, our strong international vocation has set us apart and is one of our greatest strengths. Generali is geographically diversified with a balance between mature markets in Western Europe, markets with high growth prospects (Eastern Europe), and emerging markets in Asia and Latin America. Generali is the largest insurer in Italy, the second largest in Germany, and in France ranks eighth in both life and P&C segments. In Central and Eastern Europe, Generali is an undisputed leader in terms of profitability, with a combined ratio among the best in the sector, and occupies top three positions in the Czech, Hungarian and Slovakian markets. Generali also has a significant presence in Asia, especially in China, India and Indonesia, where the Group is pursuing further growth and commercial development. The Group is one of the largest foreign insurance operators in Latin America.

Over time, the Group has broadened its activities from the insurance business to the complete range of savings management, real estate and financial services. The Banca Generali group is a key player in the Italian personal financial services market. The Generali Group is also involved in the real estate sector via Generali Real Estate S.p.A. (“GRE”). GRE is one of the world’s leading real estate asset managers. GRE’s portfolio – consisting of a unique mix of historical and modern buildings – is located throughout Continental Europe, the UK, Asia and the USA. By leveraging the expertise of 500 talented professionals, GRE deploys best-in-class skills in the fields of technological innovation, sustainability and urban redevelopment.

1.2. Generali’s Sustainability and Environmental Objectives

1.2.1 Generali’s ambition for sustainability

Generali is conscious of its strategic role and responsibility in promoting the growth, development and welfare of modern societies. Sustainability therefore constitutes the foundation of Generali’s long-term vision for success.
It is about “enabling people to shape a safer future by caring for their lives and dreams”, a major purpose at Generali’s.

The Charter of Sustainability Commitments was approved by the Board of Directors in 2017.
More recently, the three-year strategic plan Generali 2021 has set specific goals that tighten the link between sustainability and Generali’s core business. Generali has committed to increase premiums from social and green products by 7%-9% and allocate € 4.5 billion to green and sustainable investments between 2018 and 2021.

As part of our sustainability strategy, Generali launched The Human Safety Net in 2017, a set of initiatives to empower disadvantaged people in the communities where the Group operates. It aims to activate both financial and technical resources, as well as the skills of Generali’s employees and agents. It is designed to share goals, favour the interaction with local communities and ultimately build long-term changes and benefits for the beneficiaries.

With respect to the environment, the Group plays an active role in supporting the transition towards a more sustainable economy and society and contributes to keeping global warming below 2°C through its products, services and investments. Dialogue and collaboration with Governments and sector associations are an additional element of engagement, consistent with the declarations of the Group Policy for the Environment and Climate.

1.2.2 Climate Strategy

In February 2018 the Board of Directors of Assicurazioni Generali approved the Strategy on climate change. This includes specific investment and underwriting targets and identifies the involvement of our stakeholders as a major tool to facilitate the transition towards a society with a low environmental impact.

As for investments, the Group will not make any new investment in coal-related companies. The outstanding exposure to such entities is estimated at around € 2 billion at the beginning of 2018. Generali is completing the disposal of its equity investments and is gradually reducing the fixed income exposure by proactively disposing of bonds before their maturity, if and when market conditions are favourable. The green and sustainable investment objectives set for 2018 were successfully met. As expected, the Group decided to revise its initial commitment of € 3.5 billion in new investments by the end of 2020 up to € 4.5 billion by the end of 2021.

In terms of underwriting, in 2018 the Group did not increase its minimal insurance exposure to coal-related businesses, which represent roughly 0.1% of all P&C premiums, also reflecting the commitment not to insure any new coal customer or any new mine or coal-fueled power plant construction. In the renewable energy sector, where Generali already has a strong presence, the Group is defining concrete actions to transfer knowledge and best practices in all geographical areas. It is also considering the possibility of defining a dedicated industrial practice. In line with the Just Transition principles, the Group actively engages with counterparties associated with the coal sector in countries highly dependent on coal. Of the 120 companies identified as Top Coal Plant Developers by the German NGO Urgewald, a classification currently taken as a reference, the Group has exposure to six companies and is evaluating their transition plans to decide whether to continue or suspend the business.

Generali will continue to monitor and reduce its direct impact on the environment, having identified the following priorities: management of company buildings and facilities (reduction of energy, water and paper consumption; more efficient waste management by higher separate collection rate); sustainable management of business travel via reduction in mileage, usage of video- and teleconferencing, e-learning.

The Group set the goal of cutting carbon emissions by 20% by 2020 (base year 2013).

In 2018 Generali declared its support for the Task Force on Climate-related Financial Disclosure (TCFD) and launched an internal process for the management of key aspects and the development of a reporting framework. We also participate in the UNEP FI Principles for Sustainable Insurance (PSI) work group on the implementation of the TCFD Recommendations by insurers and the Investor Leadership Network, promoted as part of the G7 Investor Global Initiatives, in which we also dig deep into the topic of climate change with the main financial sector operators.

1.3. Rationale for a Green Bond issuance

Generali is convinced that the financial industry has a key role to play in the transition to a low carbon economy and is willing to contribute to the development of a sustainable financial market.

In this context Generali has a comprehensive investment and funding sustainability strategy, that includes:

- Sizeable green and sustainable investments, with a target of € 4.5 billion in new green and sustainable investment over the 2018-2021 period;
- The renegotiation in 2018 of € 4 billion of revolving credit lines with sustainability features linked to the achievement of its green and sustainable investment target;
- Promotion of green investments in society and support to the Sustainability Strategy of the Group also through insurance-linked securities;
- The set up of a Green Bond Framework.

The Green Bond Framework is a complementary and consistent step, to further support the tangible development of the green bond market in Europe. Green funding provides an opportunity for Generali to further enhance its ability to finance green projects and to mobilise all its stakeholders around this objective.

Generali Green Bonds can be issued under this Framework by Assicurazioni Generali. The Generali Green Bond Framework is intended to accommodate unsecured and subordinated transactions in various formats and currencies. Further details will be provided in the applicable announcements and transaction documentation.

Generali Green Bond Framework

2. Generali Green Bond Framework

The Green Bond Principles are a set of voluntary guidelines which recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuing Green Bonds. In line with the ICMA Green Bond Principles, Generali's Green Bond Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2.1. Use of Proceeds

An amount equivalent to the net proceeds of the Green Bond issuance will be exclusively used to finance or refinance, in whole or in part, through project bonds or equity investments, Eligible Assets that meet the Eligibility criteria as outlined below.

- Financial Eligibility Criteria

Eligible Assets are assets for which the disbursement has occurred no more than two calendar years prior to the year of issuance of the Bond or assets acquired post issuance of the Bond.

- Exclusion Criteria

For the avoidance of doubt, financings related to the following activities are excluded from Green Bonds eligibility:
– Fossil-Fuel energy;
– Nuclear energy;
– Large Hydro > 20MW;
– Gambling;
– Tobacco;
– Alcohol;
– Weapons.

- Green Eligibility Criteria

1 GBP 2018: https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

Category 1: Green Buildings

Financings related to:

- The acquisition of green commercial and residential buildings, which meet regionally, nationally or internationally recognized standards of certifications such as LEED Gold or above, BREEAM very good or above, HQE Excellent or above, or any equivalent and recognized level of certification;
- Expenses in building retrofitting with an improvement in energy efficiency resulting in a minimum of 30% of energy savings.

Objectives:
Increase the portfolio of energy efficient buildings.

Environmental benefits:
Energy savings.

Contribution to SDG:
11 (Sustainable Cities & Communities).

SDG Targets:
11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials.

Category 2: Renewable Energy (Electricity and Heat Production)

Financings related to the acquisition, conception, construction, development and installation of infrastructures in renewable energy production units; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable energy sources include:

(i) On- and offshore wind energy;
(ii) Solar energy through facilities that generate no more than 15% of electricity from nonrenewable sources;
(iii) Geothermal facilities with direct emissions ≤ 100g CO2e/kWh;
(iv) Hydropower with a capacity up to 20MW; and with power density > 5W/m2; or emissions intensity < 100gCO2e/kWh subject to an assessment, based on recognized best practice guidelines, of environmental and social risks and measures to address such risks.

Objectives:
Increase of renewable energy production.

Environmental benefits:
GHG emissions reduction; Climate change mitigation.

Contribution to SDG:
7 (Affordable & Clean energy), 13 (Climate Action).

SDG Targets:
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Category 3: Energy Efficiency

Financings related to:
(i) Improved infrastructure (e.g. LED street lighting);
(ii) Energy storage;
(iii) Smart grid investments for more efficient transmission and distribution of energy or reduction of demand;
(iv) Smart Meters.

Objectives:
Fostering energy efficient infrastructure.

Environmental benefits:
Energy savings; GHG emissions reduction.

Contribution to SDG:
7 (Affordable & Clean energy).

SDG Targets:
7.3 Double the global rate of improvement in energy efficiency by 2030.

Category 4: Clean Transportation

Financings related to the development, construction, acquisition, operation, maintenance, and upgrades of low-energy and low-carbon transport assets, including:
(i) Transportation infrastructure for mass transportation (expansion of train/metro networks, projects in relation to capacity improvement, station upgrade);
(ii) Electric passenger & freight vehicles Dedicated charging to foster the development of electric vehicles.

Objectives:
Participating to the development of low carbon transport.

Environmental benefits:
GHG emission reduction, pollutant emission reduction.

Contribution to SDG:
9 (Industry, Innovation, Infrastructure);
11 (Sustainable cities and communities).

SDG Targets:
9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Category 5: Sustainable Water Management

Financings related to the development, construction, acquisition, installation, operation, and upgrades of sustainable water management projects, including:

(i) Drinking water treatment and distribution systems;
(ii) Water recycling systems, wastewater treatment facilities;
(iii) Flood prevention, flood defence or storm-water management such as green roofs;
(iv) Wetlands, retention berms, reservoirs, lagoons, sluice gates, drainage systems, tunnels and channels;
(v) Other water related projects including irrigation, etc…

Objectives:
Contributing to the building of sustainable water infrastructure.

Environmental benefits:
Safe drinking water, improving water resources management practices.

Contribution to SDG:
6 (Clean water and sanitation);
11 (Sustainable cities and communities).

SDG Targets:
6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and waste management.

Category 6: Recycling, re-use & waste management

Investment related to waste management, circular economy, pollution prevention and control related to:

(i) Facilities for collection, sorting; and material recovery;
(ii) Facilities for the recycling/reuse of materials;
(iii) Facilities for the production of compost/ biogas from organic waste;
(iv) Waste to energy plants with a 25% minimum conversion rate and emissions intensity of $\leq$100gCO_2e/kWh for electricity generation and of $<$18.8 gCO_2e/MJ for heat generation.

Objectives:
Implementing waste management infrastructure and promoting circular economy.

Environmental benefits: Energy savings; GHG emissions reduction.

Contribution to SDG:
11 (Sustainable cities and communities);
12 (Responsible consumption and production).

SDG Targets:
11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

2.2. Process for asset evaluation and selection

Generali ensures that eligible assets comply with official national and international environmental and social standards and local laws and regulation on a best effort basis. Asset selection also complies with all Generali Group's internal ESG policies and guidelines such as:
- Group Sustainability Policy;
- Code of Conduct;
- Responsible Investment Guideline.

As an integral part of its governance for Green Bonds, Assicurazioni Generali will set up a Green Bond Committee, bringing together various departments within the Group to supervise the activities following the potential issuance of the Green Bonds, the selection and monitoring of the pool of the Eligible Green Assets and to ensure the compliance of the Green Bonds with best practices.

More specifically, the role of the Green Bond Committee will be:
- To review and validate the existing pool of Eligible Green Assets;
- To review and validate the new investments/financing to be included in the pool of Eligible Green Assets;
- To manage any future updates of the Framework;
- To monitor any on-going evolution related to Green Bond market practices in terms of disclosure/reporting, harmonization.

The Green Bond Committee will meet on a semi-annual basis and will be chaired by the Head of Group Debt and Treasury function.

Members of the Green Bond Committee will include the following departments:
- Group Debt and Treasury: in charge of coordinating the different teams involved in the process, taking the decision of new issuance, investing the unallocated proceeds;
- Corporate Sustainability and Social Responsibility team: responsible for ensuring the consistency between the characteristics of the eligible assets and the broader Generali Group Sustainability strategy;
- Group Investment Governance team: responsible for ensuring that the eligible assets are consistent with the Group Responsible Investments guidelines and in charge of providing updates on the investment/financing activity performed in the sustainable infrastructure category;
- Generali Real Estate team: responsible for providing semi-annual updates on the investment/financing activity performed in the Green Buildings category;
- Group Integrated Reporting team: to validate the annual reporting for investors and to review the appropriate external independent auditors' report and address any issues arising;
- Group Investor Relations team: responsible for liaising with external parties within the analysts and investor communities.

Any other teams deemed necessary to be represented may also be included.

The process for evaluation and selection of Eligible Assets reflects the integration of sustainability criteria within the Group's investment process:
1) Analysis of eligibility: the persons in charge of Real Estate and Infrastructure investments/financings are trained, within each selected area, to evaluate from the inception of each project its compliance with the criteria for Eligible Assets;
2) Confirmation of eligibility: the identified assets are then subject to a second analysis with respect to their conformity to the criteria. This examination is carried out by the Green Bond Committee;
3) Allocation decision: the Green Bond Committee takes the final decision on the allocation of designated assets to the bonds. The Committee also examines twice per year the pool of assets already allocated to verify their continued compliance and absence of significant controversy. The occurrence of a potential controversy regardless of its nature can lead to a retraction, temporary or permanent, of a project from the list of Eligible Assets. A new asset would then be suggested as a substitute in case the pool of Eligible Assets is lower than the amount of proceeds raised through the issuance of Green Bonds.

2.3. Management of proceeds

In accordance with the evaluation and selection process presented above, an amount equivalent to the Green Bond net proceeds will be allocated to disbursements for Eligible Assets and managed by Generali's Green Bond Committee.

Generali commits on a best effort basis to reach full allocation within one year following Green Bond issuance. The Group will monitor and track the net proceeds through its internal accounting system. Pending full allocation, unallocated proceeds may temporarily be invested in accordance with Generali's investment guidelines in cash, deposits and money market instruments or SRI Investment.

Generali intends to designate sufficient investments in Eligible Assets to ensure that the outstanding balance related to the portfolio of Eligible Assets is always equal to or higher than the total balance of Green Bond proceeds. If any Eligible Assets exit Generali's Portfolio or cease to fulfil the Eligibility Criteria, Generali will strive to substitute those assets with replacement Eligible Assets that comply with the Eligibility Criteria, as soon as reasonably practicable.

2.4. Reporting

In accordance with market best practices such as the Joint International Financial Institution communication on a Harmonized Framework for Impact Reporting, Generali will endeavour to produce a reporting annually until full allocation and to update it upon any material changes that would affect the portfolio of Eligible Assets.

The reporting will include allocation and impact reporting sections as follows:

Allocation reporting

- Amount of Green Bond net proceeds;
- Balance of unallocated proceeds at reporting end-period (if any);
- Share of financing versus refinancing;
- Breakdown of total amount of Eligible Assets per category;
- Breakdown by country – or any other relevant geographic area.

Impact reporting

Generali commits on a best effort basis to report on relevant impact metrics, which may include:

Eligible Categories	Impact Metrics
1. Green Buildings	– Annual energy savings (MWh) – Estimated annual GHG emissions reduced/avoided (in tons of CO_2 equivalent)
2. Renewable Energy	– Breakdown of Renewable Energy loans by energy type Installed renewable energy capacity (MW) – Expected annual renewable energy generation (MWh) – Estimated annual GHG emissions reduced/avoided (in tons of CO2 equivalent) – Number of schools having access to renewable energy
3. Energy Efficiency	– Type of projects – Country – Smart meters: number of installed points – Estimated energy saved (MWh)
4. Clean Transportation	– Length of rail construction – Number of electric vehicle charging points installed – Estimated annual GHG emissions reduced/avoided (in tons of CO2 equivalent)

5. Sustainable Water Management	– Amount of wastewater treated, reused or avoided before and after the project – Volume of water saved – Volume of wastewater treated for reuse – Number of people provided with safe and affordable drinking water – Irrigated surface – Area covered by water resources management practices
6. Recycling, re-use & waste management	– Waste that is prevented, minimised, reused or recycled before and after the project – Number of people benefitting from selective collection of recyclables – Materials sourced sustainably or recycled – Avoided emissions to air

The allocation and impact reporting will be made available via Generali's website (www.generali.com).

External review

3. External review

Second-Party Opinion

Prior to issuance, Generali has commissioned Sustainalytics to conduct an external review of its Green Bond Framework and issue a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Green Bond Principles.

The Second-Party Opinion will be made available on Generali's website (www.generali.com).

Verification of the reporting

Generali will request on an annual basis, starting one year after issuance and until full allocation, an assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor (EY or any subsequent external auditor).