

188th year

Group Annual Integrated Report 2019



Group Annual Integrated Report 2019

Corporate bodies

at 12 March 2020

Chairman

Gabriele Galateri di Genola

Vice-Chairmen

Francesco Gaetano Caltagirone

Clemente Rebecchini

Managing Director and Group CEO

Philippe Donnet

Board members

Romolo Bardin

Paolo Di Benedetto

Alberta Figari

Ines Mazzilli

Antonella Mei-Pochtler

Diva Moriani

Lorenzo Pelliccioli

Roberto Perotti

Sabrina Pucci

Board of Statutory Auditors

Carolyn Dittmeier (Chairwoman)

Antonia Di Bella

Lorenzo Pozza

Francesco Di Carlo (Alternate Auditor)

Silvia Olivotto (Alternate Auditor)

Board secretary

Giuseppe Catalano

Assicurazioni Generali S.p.A.

Company established in Trieste in 1831

Registered office in Trieste, piazza Duca degli Abruzzi, 2

Share capital € 1,569,773,403 fully paid-up

Fiscal code and Venezia Giulia Companies' Register no. 00079760328

VAT no. 01333550323

Company entered on the Register of Italian insurance and reinsurance companies under no.1.00003

Parent Company of the Generali Group, entered on the Register of insurance groups under no. 026

Pec: assicurazionigenerali@pec.generaligroup.com

ISIN: IT0000062072
Reuters: GASLMI
Bloomberg: G:IM



Contacts available at the end of this document



Comments and opinion on the Report can be sent to integratedreporting@generali.com

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pursuant to legislative decree of 30 December 2016, no. 254 as amended

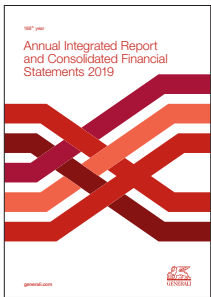
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The integrated overview of our reports

Our sustainable value creation story is moving forward on the basis of the integrated thinking. It started in 2013, when the first integrated report was published, and then developed using the Core&More reporting approach. The **Annual Integrated Report** is the **Core** report of the Group, centred on material financial and non-financial information. All other **More reports and channels of communication** include further information, some of which targets a specialized audience.



Annual Integrated Report and Consolidated Financial Statements

It expands the content of the Group Annual Integrated Report, providing details of its financial performance in compliance with national and international regulations.



Corporate Governance and Share Ownership Report

It outlines the corporate governance system of Assicurazioni Generali and its ownership structure.



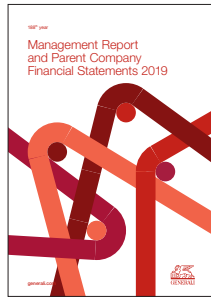
Group Annual Integrated Report

It provides a concise and integrated view of the Group's financial and non-financial performance, also pursuant to legislative decree 254/2016 (leg. decree 254/2016).



Report on Remuneration Policy and payments

It provides specific information on the remuneration policy adopted by the Group and its implementation.



Management Report and Parent Company Financial Statements

It provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.



generali.com

for further information on the Group.



¹ The Core&More approach developed by Accountancy Europe provides for a core report, including a summary of all key information required to evaluate and understand a company, and more reports, presenting more detailed information. www.accountancyeurope.eu/ for further information.

About the Annual Integrated Report

This Annual Integrated Report carries the Group's financial and non-financial performance and explains, through our value creation process, the connections between the context in which we carry on our business, our strategy called Generali 2021, the corporate governance structure and our remuneration policy.

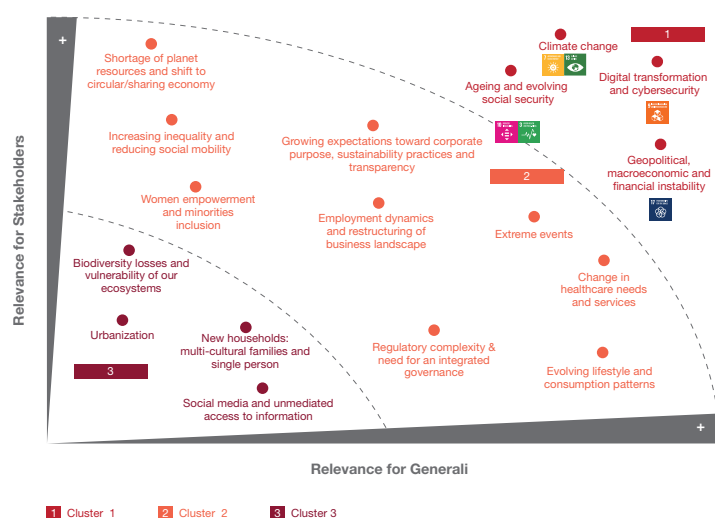
The information contained in the Annual Integrated Report refers to the topics classified as significant through a **materiality analysis process**, in line with the criteria of the International <IR> Framework issued by the International Integrated Reporting Council (IIRC)².

Materiality contributes to ensuring that the Group's strategic choices, their implementations and the resulting reporting take into account both the more significant economic, environmental and social impacts that our activities generate, and the social and environmental factors that might affect the Group in creating value to a greater extent. Since 2014 we have been periodically, at least quarterly, conducting a materiality analysis process considered as a tool to use to bring into focus priorities on which we should concentrate our sustainability action and reporting.

Taking also into consideration the new Group strategy and the adoption of the Sustainability Policy, in 2019 we developed the methodology of this process and strengthened its ability to support a strategic interpretation of the operations context in a long-term perspective, to organically consider the expectations of the various stakeholders

and to integrate the risk assessment in the corporate processes.

The Group's new materiality matrix, approved by the Board of Directors on 6 November 2019, shows three materiality clusters for the so-called mega trends for which both their potential impact on Generali and the possibility that they are influenced by us were considered, also through our value chain, consistent with the perspective of the double materiality introduced by the Guidelines on non-financial reporting of the European Commission and afterwards picked up by ESMA⁴. More information on the process and its results are described in the Consolidated Non-Financial Statement.



The Report is drafted in compliance with currently effective regulations. In particular, the environmental, social, employee-related, respect for human rights and anti-corruption and bribery information forming the content of the Consolidated Non-Financial Statement (NFS) provided for by leg. decree 254/2016 is clearly identified through a specific infographic (NFS), in line with the presentation method of the prior edition.



Consolidated Non-Financial Statement, p. 85



Notes to the Report, p. 98 for the criteria of the International <IR> Framework and selected indicators

Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali is responsible for the Annual Integrated Report, which is presented also in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework. The Board, through its competent Committees, and the Board of Statutory Auditors are regularly engaged by the management in specific meetings aiming at sharing the approach to the preparation and presentation of the Report.

² The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.

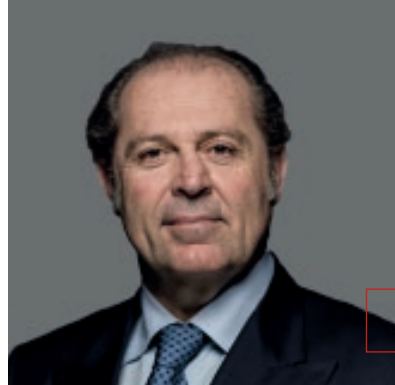
³ The "Guidelines on non-financial reporting: supplement on reporting climate-related information" were published in June 2019. They are available on ec.europa.eu/info/publications/non-financial-reporting-guidelines_en#climate.

⁴ European common enforcement priorities for 2019 annual financial reports is available on www.esma.europa.eu.

Letter from the Chairman and the Group CEO



Gabriele Galateri di Genola
Chairman



Philippe Donnet
Group CEO

Dear reader, dear Generali shareholder,

2019 was, first of all, the year that saw the start of the execution of Generali 2021: Leveraging Strengths to Accelerate Growth, the ambitious three-year strategic plan based on three pillars: profitable growth, capital management and financial optimization, innovation and digital transformation.

During these first 12 months, we have already achieved several important results that are in line with the targets announced to investors.

We strengthened our leadership role in Europe, becoming the second largest company in Portugal in the P&C segment thanks to the acquisition of Seguradoras Unidas and also acquiring AdvanceCare, a services platform operating in the health sector, scalable in other countries. Other important acquisitions were successfully finalised in Poland and Slovenia.

We further extended our insurance offer, launching innovative solutions such as Arte Generali and implementing our pan-European mobility platform. In line with the Group's objectives, we continued to grow in the asset management business, carrying forward the development of our multi-boutique platform that today numbers 16 boutiques that allow us to cover an ever-growing number of asset classes.

We also overachieved the financial optimization targets we had set for 2021 by considerably reducing our outstanding financial debt and related interest expenses. Lastly, we launched a number of important initiatives aimed at transforming the Group from a cultural and operational standpoint. This will allow us to turn the challenges posed by the digital revolution into opportunities, and to reach the ambition of becoming a Life-time Partner to our customers, creating a long-term bond with them based on trust and on the ability to offer prevention, protection and assistance in all areas and in a proactive and personalized way.

Generali closed the year with a record operating result at € 5.2 billion. This was made possible thanks to the contribution of all the business segments with diversification of the sources of profit. In fact, profitable growth was recorded both in the Life and P&C segments, the latter continued to be distinguished by technical excellence with the best combined ratio among peers. The contribution of asset management further increased.

In line with the plan's targets, the adjusted net profit went up by 6.6% and the Group was able to strengthen its Solvency position despite the persistently low interest rates. All of these results allow us to distribute an increased proposed dividend at € 0.96 to shareholders.

At the macroeconomic level, 2019 was a year marked by low - and in many cases negative - interest rates, world GDP growth at the slowest pace of the last ten years, significant tensions at geopolitical level and in international trade and, last but not least, persistent doubts surrounding the solidity of the Italian economy.

To this regard, it is important to emphasize that the Group prepared to tackle a scenario of persistent low interest rates well in advance.

Already when executing the 2015-18 strategic plan, we successfully implemented a set of measures aimed at overcoming this challenge: focusing on low capital absorption solutions, reducing the exposure to high-guarantee products and pursuing growth in the P&C segment and in the health and protection lines.

These measures are still being implemented today in the execution of Generali 2021.

The insurance and asset management sectors play a crucial role in supporting companies and the entire economic system, on the one hand by reducing risks and on the other by backing growth through long-term investments.

Consistent with this role, Generali operates with a sustainable and long-term vision, summed up in our purpose: to help people to shape a safer future by caring for their lives and dreams.

Generali has embraced the global challenges of our era - climate change, geopolitical instability, ageing of the population and digital transformation - by including them in its materiality matrix, which was approved by the Board of Directors at the end of 2019.

The matrix represents the premise for tangibly integrating sustainability in our business. Generali applies a governance, management and reporting model that guarantees alignment with the ESG principles by placing them at the core of its decisions on a daily basis. We create sustainable value for the real economy by proposing responsible insurance solutions and managing our investments according to the criteria of our Responsible Investment Guideline. By 2021, we will have allocated € 4.5 billion in sustainable investments.

In 2019, Generali became the first European insurance company to issue a green bond. It was confirmed in the Dow Jones Sustainability World Index and included for the first time in the Dow Jones Sustainability Europe Index.

Creating long-lasting value also means sharing it with the most disadvantaged people and striving for a fairer society. Generali puts this commitment into practice by playing an active role in the communities where it operates through The Human Safety Net, the project dedicated to developing human potential in the frailest social contexts.

2019 was a year of transformation and success for Generali, reflecting once again the strength of our Group and its proven ability to successfully meet its goals.

This is made possible by the talent and passion of our almost 72 thousand employees and over 156 thousand distributors. Every day, they contribute to making the winged Lion fly high all over the world, and we sincerely thank them for this.

Gabriele Galateri di Genola



Philippe Donnet






We, Generali

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Group's highlights¹

 Glossary available at the end of this document

 www.generali.com/who-we-are/history

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in 50 countries through more than 400 companies.

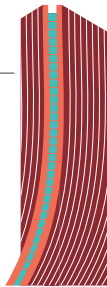
GROSS WRITTEN PREMIUMS

+4.3%

€ 69,785 mln

NFS

of which € 15,224.3 mln **PREMIUMS FROM SOCIAL AND ENVIRONMENTAL PRODUCTS** (+19.8%)²



OPERATING RESULT

+6.9%

€ 5,192 mln

NET PROFIT

+15.7%

€ 2,670 mln



ADJUSTED NET PROFIT³

without one-off liability management

+6.6%

€ 2,379 mln

Adjusted net profit including one-off liability management amounted to € 2,191 mln.

PROPOSED DIVIDEND PER SHARE

+6.7%

€ 0.96

PROPOSED TOTAL DIVIDEND

+7.1%

€ 1,513 mln

TOTAL ASSETS UNDER MANAGEMENT (AUM)

+29.0%

€ 630.1 bln

REGULATORY SOLVENCY RATIO

+8 pps

224%

NFS

of which € 311.7 bln **DIRECT INVESTMENTS TO WHICH THE RESPONSIBLE INVESTMENT GUIDELINE IS APPLIED⁴** (+7.7%) and € 35.5 bln **SUSTAINABLE AND RESPONSIBLE INVESTMENTS⁵** (+6.9%)

NEW GREEN AND SUSTAINABLE INVESTMENTS⁶

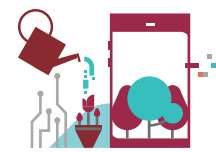
€ 2,667 mln

NFS

TOTAL EMISSIONS

-20.1% vs base year 2013

t 96,784 CO₂e



¹ All changes in this Report are calculated on 2018, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. Operating result, Assets Under Management and Life technical provisions exclude entities under disposal or disposed of in the period. The scope for non-financial indicators included in the NFS is reported in the chapters dedicated to them.
² Social and environmental products are products which, due to the type of customer protected or coverage supplied, have specific social or environmental characteristics.
³ Adjusted for impact of gains and losses related to disposals.
⁴ The Responsible Investment Guideline is the document that codifies responsible investment activities at Group level.
⁵ Sustainable and Responsible Investments (SRI) are assets managed according to Generali Insurance Asset Management's SRI proprietary methodology both on behalf of Group insurance companies and third-party clients (two funds and three mandates).
⁶ They are investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

www.generali.com/our-responsibilities/performance/Ethical-indices
**OUR PEOPLE**

+1.7%

71,936**DIVERSITY AND INCLUSION INDEX⁸****77%****OUR CUSTOMERS¹¹**

n.m.

61 mln**GLOBAL ENGAGEMENT SURVEY⁷**

+2 pps vs 2017

82% engagement score**RESKILLED EMPLOYEES⁹****19.7%****OUR DISTRIBUTORS¹²**

+0.9%

156 thousand

+3 pps vs 2017

89% response rate**ORGANIZATIONAL ENTITIES WITH SMART WORKING¹⁰****62%****RELATIONSHIP NPS¹³****+3****NFS****LIFE**

Good performance: both net inflows and gross written premiums increased.
Operating result grew.

LIFE NET INFLOWS

+19.6%

€ 13,632 mln**NEW BUSINESS VALUE (NBV)**

-2.2%

€ 1,777 mln**OPERATING RESULT**

+2.0%

€ 3,129 mln

Gross written premiums € 48,260 mln
(+4.5%)

**PROPERTY & CASUALTY
(P&C)**

Premiums increased in both lines of business.
Operating result grew; CoR confirmed at excellent level.

GROSS WRITTEN PREMIUMS

+3.9%

€ 21,526 mln**COMBINED RATIO (COR)**

-0.4 pps

92.6%**OPERATING RESULT**

+3.3%

€ 2,057 mln

7 The Generali Global Engagement Survey (GGES) is launched every two years. During the year when it is conducted, the data monitored are the engagement score and the response rate while the subsequent year the percentage of local actions implemented after the GGES is reported.

8 The index is calculated as an average that differently weighs, according to our priorities, a series of indicators related to gender, age, culture and inclusion.

9 It represents the percentage of employees participating in We LEARN, the Group training programme.

10 They are the organizational entities where smart working is applicable in accordance with local laws and regulations.

11 They are either physical persons or legal entities that hold at least one active insurance policy and pay a premium to Generali accordingly, a banking product or a pension fund product.

12 They represent the sales force within traditional distribution networks.

13 The Relationship Net Promoter Score (NPS) is based on customer research data and calculated deducting the percentage of detractors from the percentage of promoters. The RNPS is not expressed as a percentage but as an absolute number.

2019 key facts

www.generali.com/media/press-releases/all

January

Sale of Generali Belgium, launched in April 2018, **completed**; the Group remains present in Belgium through its Global Business Lines, continuing to provide insurance and assistance solutions.

AM BEST confirmed the Generali's Financial Strength Rating (FSR) at A (Excellent) and upgraded its Long-Term Issuer Credit Rating (ICR) from "a" to "a+." The Long-Term ICR outlook was modified from positive to stable, while the FSR outlook remained stable.

A € 500 million **subordinated bond issue was successfully placed** with institutional investors, for the partial refinancing of € 750 million in subordinated debt of the Group, with the first call date in 2019. The issue received orders from roughly 450 investors for a total in excess of € 6.5 billion, 13 times the amount offered. The rating agencies Fitch, Moody's and AM Best rated that issue "BBB", "Baa3" (hyb) and "a-", respectively.

Option of **early redemption** announced **on all outstanding perpetual subordinated notes** belonging to ISINs XS0415966786 and XS0416148202 for a total nominal amount of € 700 million (redemption dates on 4 and 6 March, respectively). The exercise of this option was authorized by the Italian insurance regulatory agency (IVASS) and will take place with respect to all notes outstanding, in compliance with the respective terms and conditions.

February

Europ Assistance **acquired Trip Mate**, the leading company in the market of travel insurance for tour operators in the United States.

NFS

Closed the acquisition of the majority stake in Sycomore Factory SAS, started in September 2018. The strategic partnership, that is another step forward in the execution of Generali's asset management strategy, will allow to enrich the offering with innovative investment solutions and to strengthen focus and capabilities on sustainability and responsible investments for clients.

Closed the acquisition of Adriatic Slovenica and its subsidiaries, that provide a full suite of pension, P&C, health and life products.

March

Following an agreement signed in July 2018, **closed the sale of the entire shareholding in Generali Worldwide Insurance Company Limited**, that has its headquarters in Guernsey and specializes in offering Life-insurance-based wealth management and employee benefit solutions to a global audience, **and in Generali Link**, an Irish company providing shared services in fund and policy administration. Generali Worldwide will continue to act as the partner of the employee benefits network of Generali and the latter will manage its health portfolio.

Announced the launch of Axis Retail Partners, a new real estate boutique focusing on shopping centre investments. The partnership is in line with the Generali's strategy to further increase its exposure to real estate, where it is already one of the world's leading investors through Generali Real Estate.

April

Signed an agreement to take over the insurance portfolios of three entities of ERGO International AG in Hungary and Slovakia, in line with the Group's strategy to further enhance its leading position in Europe.

Increased the share capital of Assicurazioni Generali to € 1,569,600,895 in execution of the Long-Term Incentive Plan approved by the Shareholders' Meeting in 2016.

Completed the sale of 89.9% of the shares of Generali Lebensversicherung and established the industrial partnership with Viridium Gruppe in the German insurance market, aimed at managing assets in the Life portfolio of Generali Lebensversicherung.



May

NFS

The **Shareholders' Meeting** approved the 2018 Parent Company Financial Statements, the Group's remuneration policy and Long-Term Incentive Plan (LTIP) 2019, and the share plan for the employees of the Generali Group aimed to promote the achievement of the strategic objectives, a culture of ownership and empowerment, as well as the employees' participation to the Group's sustainable value creation.

Some amendments to the Articles of Association were also approved, among which the removal of the age limits set for the appointment of the Board directors, the Chairman and the Managing Director. Elected the new Board of Directors that will be in office for three financial years, until the approval of the financial statements at 31 December 2021, and determined its remuneration. Appointed KPMG S.p.A. as independent auditor for the period 2021-2029, after the selection process coordinated by the Board of Statutory Auditors

Frédéric de Courtois, General Manager of the Generali Group, appointed as **vice-chairman of Insurance Europe**, the European insurance and reinsurance federation.

The Group announced its decision to not refinance € 1.25 billion of senior debt maturing in January 2020, in line with the debt reduction target included in the Generali 2021 strategic plan.

Signed an agreement for the sale of the Life run-off portfolio of its UK branch that will strengthen the Generali's capital position.

Fitch upgraded the Generali's Insurance Financial Strength (IFS) credit rating to "A" from "A-" and confirmed its Issuer Default Rating (IDR) at "A-". The outlook remained negative on both ratings.



June

Assicurazioni Generali will exercise the early redemption option on all outstanding perpetual subordinated notes belonging to ISIN XS0440434834 for a € 50 million nominal amount. The early redemption of all outstanding notes, which will take place in accordance with the relevant terms and conditions, was authorized by the Italian insurance regulatory agency (IVASS).

Completed the 100% acquisition of the Polish asset management company **Union Investment TFI S.A.**, launched in October 2018.

The Board of Directors of Assicurazioni Generali resolved to submit a 2019-2022 special stock plan for the Managing Director/ Group CEO to the approval by the next Shareholders' Meeting.



July

Increased the share capital of Assicurazioni Generali to € 1,569,773,403 in execution of the special stock plan for the Managing Director/Group CEO related to the 2016-2018 term in office, approved by the Shareholders' Meeting in 2017. The shares have a par value of € 1.00 each, including the additional so-called dividend equivalent shares, and will be subject to the so-called minimum holding period, as set forth in the plan rules.



2019 key facts

September

NFS


Generali confirmed in the **Dow Jones Sustainability World Index (DJSI)** for the second year running **and added**, for the first time, **to the Dow Jones Sustainability Europe Index (DJSI Europe)**. This important recognition is testament to the Group's commitment to sustainability, which plays a fundamental role in the Generali 2021 strategy.

 **The Generali 2021 strategy, p. 24**

Generali **successfully concluded the buyback of its subordinated bonds** for an aggregate principal amount of up to € 1 billion callable in 2022 **and the placement of its first green bond** for an amount of € 750 million. In line with the Generali 2021 strategy, this proactive approach to managing the debt contributes to the reduction in the external debt and its interest costs.

The green bond issue represents another important step in fulfilling the Group's sustainability commitments, which are part of our business model.

NFS

 **The Generali 2021 strategy, p. 24**
Debt and liquidity, p. 60

NFS

Generali ranked **first global insurance group according to Forbes**, on the basis of criteria of trustworthiness, social conduct, product and service quality, and treatment of employees.

October

NFS

During the 51st edition of the Barcolana Autumn Cup sailing regatta in Trieste, Generali promoted two projects on **diversity** and the **safeguarding the marine ecosystem**. Palazzo Berlam, the **new Generali Group Academy headquarter**, has been reopened to the public. The international training centre will support Generali in the management transformation processes, building and strengthening new leadership positions, facilitating career paths through skills development, and contributing to attracting, developing and retaining talent. All the spaces have been organised according to the Smart Workspaces guidelines of Generali; the restructuring work also involved seismic upgrading and energy efficiency measures, in line with the objectives to reduce environmental impacts set by the Group.

NFS

As for the support to sports activities and events that encourage a healthy lifestyle, aimed at improving the well-being of people, **Generali is the title sponsor of the Milan Marathon** for the second year running. The Group will be represented at the event, which will be held in April 2020, by The Human Safety Net, the initiative that unites the potential of the social sector with that of Generali on a global level, and which aims to have a long-term impact on the lives of the most vulnerable people and bring out their talents.

November

Presented **Arte Generali**, an innovative business unit aiming at becoming Life-time Partner to art collectors, offering prevention, protection and insurance solutions, integrated with unmatched services and cutting-edge technology. Arte Generali is inspired by the Group's aim to expand its value proposition to customers, as part of its Profitable growth pillar of Generali 2021.

 **The Generali 2021 strategy, p. 24**

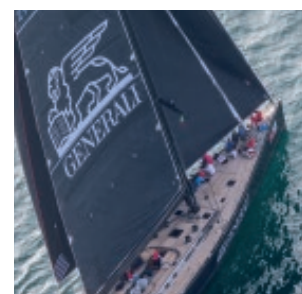


December

Stipulated an **advertisement agreement in Argentina** with Mercado Libre, the biggest e-commerce operator in South America, as to empower the non-life insurance business. The agreement makes it possible to strengthen the Group's digital transformation process, developing innovative B2B2C business models and opening new customer contact channels.

NFS

The **Royal Gardens of Venice** were reopened following thoroughgoing restoration promoted and carried out by the Venice Gardens Foundation, with Generali as its main partner. The Royal Gardens' cultural activities are closely connected to the aims of The Human Safety Net, whose central office will be located in the Procuratie Vecchie.



Significant events after 31 December 2019 and 2020 corporate event calendar

January

Completed the acquisition in Portugal of 100% of the company Seguradoras Unidas and the service company AdvanceCare. The transaction announced in July 2019 represents an important step in the execution of the Group's three-year strategy which aims to strengthen Generali's leadership in Europe.

NFS

Generali included in the Corporate Knights' 2020 ranking Global 100 Most Sustainable Corporations, consisting of the world's 100 most sustainable corporations. This recognition highlights the evolution of Generali's sustainability journey, which is an integral part of the Generali 2021 strategy.

NFS

Generali joined the United Nations-convened Net-Zero Asset Owner Alliance, a group of 18 pension funds and insurers, committed to decarbonize their portfolios to net-zero emissions to avoid a global temperature increase above the 1.5°C Paris target. The Alliance will closely work with companies in portfolios as to change their business models, adopting climate friendly practices and ideally setting a net-zero target based.

NFS

Energy Hub launched in the Generali Tower in the CityLife district of Milan, an innovative space dedicated to stimulating the physical and mental energy of all employees and promoting a healthy and sustainable lifestyle. Designed in line with Ministry of Health guidelines as part of a preventive health approach, Energy Hub is the latest stage in a true welfare journey for Group employees.

February

Bank of Italy authorized ThreeSixty Investments to operate as an asset manager (Società di Gestione del Risparmio) under the Italian law. The first Italian boutique of Generali, announced in April, aims to offer highly diversified multi-asset investments and solutions, with an innovative integrated investment approach across a wide range of asset classes.

NFS

In line with the Group's sustainability and capital management strategy, Generali developed its first Framework for the Green Insurance Linked Securities, alternative mechanisms for the transfer of insurance risk to institutional investors.

March

12 March 2020
Board of Directors
Approval of the Annual Integrated Report and Consolidated Financial Statements, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report at 31 December 2019 and the Report on Remuneration Policy and payments

13 March 2020
Release of the results at 31 December 2019

April

30 April 2020
Shareholders' Meeting
Approval of the Parent Company Financial Statements at 31 December 2019 and the Remuneration policy as well as the other agenda items

May

20 May 2020
Board of Directors
Approval of the Financial Information at 31 March 2020

20 May 2020
First tranche* of dividend payout on the share of Assicurazioni Generali

21 May 2020
Release of the results at 31 March 2020

July

29 July 2020
Board of Directors
Approval of the Consolidated Half-Yearly Financial Report at 30 June 2020

30 July 2020
Release of the results at 30 June 2020

November

11 November 2020
Board of Directors
Approval of the Consolidated Half-Yearly Financial Report at 30 June 2020 and Board's verification of capital and regulatory requirements for the payment of the second tranche* of dividend payout on the share of Assicurazioni Generali

12 November 2020
Release of the results at 30 September 2020

18 November 2020
Investor Day

* As deliberated by the Board of Directors in April 10, 2020.

The value creation process

EXTERNAL CONTEXT

Geopolitical, macroeconomic and financial instability

Digital transformation and cybersecurity

OUR PURPOSE

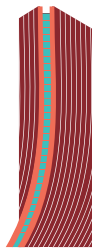
Enable people to shape a safer future by caring for their lives and dreams

VALUES

- Deliver on the promise
- Value our people
- Live the community
- Be open

 www.generali.com/who-we-are/our-culture

THE GENERALI 2021 STRATEGY, p. 24



Being a Life-time Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

OUR GOVERNANCE, p. 38

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best

OUR BUSINESS MODEL



We develop simple, integrated, customized and competitive Life and Property&Casualty **insurance solutions** for our clients: the offer ranges from savings, individual and family protection policies,



We distribute our products and we offer our services based on a **multi-channel strategy**, while also relying on new technologies: not only through a global



The premiums we receive from our clients to enter into insurance contracts are responsibly



The premiums collected are managed through appropriate asset-liability management policies as to guarantee the **payment of claims and benefits**

FINANCIAL CAPITAL
HUMAN CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL
INTELLECTUAL CAPITAL
MANUFACTURED CAPITAL
NATURAL CAPITAL

 Glossary available at the end of this document

Challenges and opportunities of the market context, p. 18

Climate change

Aging and evolving social security

OUR CULTURAL TRANSFORMATIONAL AREAS



Ownership



Innovation



Simplification



Human touch

BRAND



Communities of Practice They represent one of the building blocks of our strategy. The communities promote a collaborative approach among colleagues, by removing any functional and geographical barriers; they share knowledge and work together also for the identification and scale-up of best practices in the Group. Thanks to their new way of working, based on collaboration and co-creation, they accelerate the implementation of innovative ideas in an inclusive environment, in full alignment with strategic initiatives.

international practices - is adequate for effectively pursuing our strategy of creating value for all stakeholders in the medium-long term.

unit-linked policies, as well as motor third-party liability (MTPL), home, accident and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies.

network of agents and financial advisors, but also through brokers, bancassurance and direct channels.

invested in high quality assets.

to our policyholders or their beneficiaries after death, accidents or the occurrence of the insured event.

FINANCIAL CAPITAL, p. 47
MANUFACTURED CAPITAL, p. 60
HUMAN CAPITAL, p. 29
SOCIAL AND RELATIONSHIP CAPITAL, p. 32
INTELLECTUAL CAPITAL, p. 26
NATURAL CAPITAL, p. 33

Challenges and opportunities of the market context

NFS

From the analysis of the context in which we operate and after listening to the parties affected by our activities, we have identified and itemised below the four most material mega trends that present significant risks and opportunities for the Group, for its value chain and for the stakeholders. We systematically assess the risks and guarantee that they are adequately monitored, and we also define our strategies and manage the activities while taking into account these challenges to protect our ability to create value over the years.



Risk Report, p. 101 in the Annual Integrated Report and Consolidated Financial Statements 2019 for more detailed information on the risk management model and on the capital requirement

Geopolitical, macro-economic and financial instability

The slowdown in **global growth** that began in 2018 continued throughout 2019, while showing signs of improvement towards the end of the year. The World Bank pointed out a context of increasing risks due to the renewed trade tension between China and the USA that eased off towards the end of the year, economic weakness in the industrialised countries, and the downturn in global trade and the strength of the US dollar. The complex management of the Brexit continues in Europe, following the formal country's withdrawal from EU occurred at the end of January 2020. The beginning of 2020 was also characterized by the spread of a pandemic generated by the Covid-19 Coronavirus, initially developed in China. The Eurozone was affected by a combination of endogenous uncertainties and weaker global growth, with a recession in the manufacturing sector, fewer produc-

tion expectations and a resulting drop in investments. In the United States, GDP grew by 2.3% in 2019 against a backdrop of trade tensions, slowdown in domestic consumption and greater contraction in investments.

In this context, the Federal Reserve (Fed) and European Central Bank (ECB) adopted accommodating policies. The Fed cut rates by 75 base points while the ECB re-launched quantitative easing, with consequent possible inflation increases over the mid-term.

With reference to the **insurance sector**, the downtrend distinguishing the European Life segment since 2015 is less noticeable, although it continues to be influenced by the long-term weakness of the government yields and, as a result, by the switching from traditional to unit-linked and hybrid products. Despite the not particularly dynamic macro-economic scenario that distinguished 2019, in the P&C market premiums in the main Eurozone countries grew at a good pace, above all with good performance in the health business, mostly in Italy and France.

and our management

The **asset allocation strategy** is still mostly guided by market expectations and the Group's profitability and solvency objectives. The regulatory system and the continued low interest in a global context of continuing uncertainty render it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. Geographical diversification and selective focus on alternative investments (private equity and private debt) and real assets (real estate assets and/or infrastructural assets, both direct and indirect) continue to be important factors in current investment activities which aim to contain portfolio risks and sustain current profitability.

The development of a **multi-boutique insurance asset managers platform** is part of the strategy to enhance the investment capacity in these market sectors.

We are exposed to the **market risks** arising from the value fluctuations of the investments and to the **credit risks** linked to the risk of counterparties' non-fulfilment as well as to expansion of the credit spread. We are handling these risks by following principles of sound and prudent management, in line with the Prudent Person Principle and with the Group Investment Governance Policy and risk guidelines. We measure financial and credit risks using the Group's Partial Internal Model, which offers us a better representation of our risk profile.

Digital transformation and cyber security

We are facing a **profound change** guided by the interaction and the cumulative effects of various developments in technology: Internet of Things, cloud services, cognitive computing, advanced analytics, Robotic Process Automation (RPA), artificial intelligence and the development of mobile networks are elements that contribute to creating a renewed environment in which to operate in order to optimise efficiency, operations and proximity with our customers. We are particularly witnessing the spread of public and context data, the progressive digitalisation of customers, the growing appetite for personalised products and the computing power available at low prices that doubles one year after the next. These elements allow insurance companies to

transform their way of doing business and to step into the so-called world of ecosystems, where the borderlines between businesses at one time different and distinct are becoming fainter and fainter in order to offer customers a service in addition to a product.

Technological evolution also involves exponential growth in **cyber** threats, such as attacks aimed at stealing information or blocking operational processes. Adequate management of this risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data which are frequently sensitive. The issue is also increasingly relevant for regulators which have in recent years introduced specific safety measures as well as reporting processes in the case of security incidents (for example, **General Personal Data Protection Regulation**).

and our management

The analysis, enhancement and governance of data are increasingly part of the DNA of the Group's production processes, from the systems for improving fraud identification to personalisation of the offer, from the automation of processes to anticipating customers' needs. The formulations and analyses necessary to enrich customer relations are carried out - while guaranteeing anonymity - both by the single business units on their own and with the Group's support through specific tools and skill sets. The increasing internal culture has made it possible to consolidate platforms that let us leverage synergies coming from the **RPA** and the **cognitive** technologies, thus allowing increasingly complex processes to be automated which increases quality and efficiency.

Our goal is now to extend the successful cases achieved in the analytical and technological area by some of our companies to the entire Group, in this way realizing scale economies.

The strength of internal sharing is the many Communities of Practice that catalyse the interests of sector and business experts, making the sharing and orchestration of investments effective.



The value creation process, p. 16

In the perspective of ongoing improvement and exploring new opportunities, we are continuing to scout platforms

both based on traditional integration technologies (API) and the Blockchain/Distributed Ledger type that lead the way to new digital ecosystems.

We are in step with the new technologies and are protecting ourselves from the new threats. We are continuing to **enhance our ability to prevent, detect and respond to potential cyber attacks** while implementing the most innovative security solutions and constantly improving our response processes. Through the Security Operation Center (SOC), we are able to monitor all events recorded by our security solutions 24 hours a day, detect potential incidents and step in with containment and restoration actions. SOC's performance are monitored in a structured manner through specific indicators, that are not reported due to security reasons. In agreement with the operational risk management model, we have adopted an intervention assessment and prioritisation framework supported by an IT tool available to our countries. The **regulatory corpus concerning security** at Group level, which is in line with the major reference standards (NIST, ISO 27001, etc.) and with the sector's best practices, has been further reinforced with a specific Security Policy. Lastly, we are busy consolidating the security ethos in the Group via many communication and training initiatives, including internal phishing simulation campaigns.

We are measuring **operational risk** following the regulatory standards and with qualitative and quantitative models that allow us to grasp our most important exposures and to define the adequacy of the existing controls.

Climate change

Climate change is a material risk with potential more limited effects over the short term, however potentially catastrophic over the long term. Associated with this risk is a high degree of uncertainty in accurately determining a time frame and magnitude of the impacts, especially at the local level. The identified impacts can be classified as physical risks and transition risks (from which litigation risks might emerge) and opportunities.

The **physical risks** are determined by the change or intensification of weather phenomena, including extreme natural events such as storms and cyclones, flooding, floods, fires and a rise in sea level. For the insurance sector, these phenomena above all affect pricing risk and natural catastrophe risk in the P&C segment, impacting - conditions being equal - on the number and cost of the claims and their management expenses, as well as reinsurance costs. The Life segment might also be impacted. The intensification of the heat waves and the expansion of the habitats suitable for hosting carriers of tropical diseases indeed might worsen the expected mortality and morbidity rates.

Furthermore, the physical risk caused by climate change, which worsens the living conditions of the population and increases damages not covered by insurance, might lead to a deterioration of socio-political stability and the macro-economic and geopolitical conditions, with cascade effects on the overall economy and on the financial system. In the case of insufficient infrastructural and organisational measures to prevent and mitigate physical risk caused by climate change, in order to strengthen the resilience of the territories, the insurance sector might be subject to reputation risk tied to the tendential reduction in its ability to offer the population adequate insurance coverage at accessible economic terms and conditions.

The **transition risk** is associated with the decarbonisation of the economy: changes in domestic and international

public policies, in technologies and in consumer preferences might affect the value of investments linked to activities, sectors or countries having a high carbon footprint (so-called stranded assets). A good portion of the impact of these risks depends on the speed to come into line with stricter environmental standards and on the public support that will be guaranteed for reconversion. The transition risk is therefore influenced by factors marked by a high degree of uncertainty, such as political, social and market dynamics and technological changes. Even though the speed of transition and its risks are hard to determine today, they will probably have wide-ranging consequences, especially in several sectors such as energy.

One transition risk is **reputation risk** that comes from trade relations with companies of the coal sector, which are subject to increasing censure by public opinion.

Lastly, the climate change mitigation and adaptation strategies present **opportunities**. A connected increase in demand for protection through specific solutions is plausible as weather phenomena and extreme natural events change or intensify. The new regulations in Europe aimed at creating incentives for transition to a green economy, together with the changes in consumer preferences, are also supporting the market of insurance products tied to the renewable energy sector, and this strengthens the demand for investment products linked to green finance by both institutional investors and the retail segment, and boosts demand for insurance solutions that accompany the customer in adopting sustainable lifestyles.

Lastly, the decarbonisation of the economy and, more specifically, the large-scale spread of systems producing energy from renewable sources require substantial investments that are only partly covered with public funds, in this way increasing investment opportunities for private parties.

and our management

We have defined **processes and tools to mitigate the risks and to seize the opportunities arising from climate change**.

These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanisms, periodical analysis of the investments, product and service innovation processes, dialogue with the stakeholders and development of partnerships in the sector to share knowledge and identify system solutions. Particularly noteworthy is our participation in the UNEP-PSI TCFD¹⁴ work group, the PRI (Principles for Responsible Investments) Climate Action 100+ network, in the PRI and LSE (The London School of Economics and Political Science) Investing in a Just Transition, and the Investors Leadership Network.

We manage short-term **physical risk** by adopting a risk monitoring and underwriting strategy optimisation process with the use of actuarial models that are periodically updated in order to estimate potential damage, including natural catastrophe damage, influenced by climate change. We turn to reinsurance contracts and alternative risk transfer instruments, such as the issue of insurance securities protecting against natural catastrophe risk (cat bonds). Furthermore, in order to reduce exposure to the physical risk of our corporate customers in the Property & Casualty segment, we provide engineering consulting services to introduce technical-organisational improvements capable of increasing the protection of the insured assets even from natural calamity events, and we define claim prevention programmes and periodically monitor them. Lastly, we have set up special procedures to speed up damage appraisal and claims settlement in the case of natural catastrophes and extreme events so as to strengthen the resilience of the territories struck and to facilitate the post-emergency assistance and return to normality phase.

As regards the management of **transition risk**, we are reducing the already limited exposure of the investment portfolio to issuers of the coal and tar sand sectors. For the insurance activities, the Group no longer underwrites any risk tied to the construction of new coal-fuelled power plants or coal mines.

In those countries where coal accounts for over 45% of the domestic electricity mix¹⁵, to limit the negative social impacts deriving from our decision to quit this

sector, we are carrying out engagement activities with the companies with whom we have trade relations to implement the principle of just transition that combines the need to protect the climate with minimisation of consequences for local employment and energy procurement. The engagement activity is focused on monitoring emission reduction, worker protection and retraining, and community support plans by analysing their costs and investments allocated for these purposes. Lastly, to demonstrate consistency with the commitments requested of our customers, issuers and trade partners, we are monitoring the greenhouse gas emissions generated by our direct activities and implementing progressive reduction strategies, also by purchasing energy produced by renewable sources.



A continuous commitment to sustainability, p. 33

In order to seize the opportunities arising from mitigation and adaptation to climate change, we have developed and promoted the distribution of insurance solutions to protect customers from natural catastrophe damage, including damage influenced by climate change, to support customers in adopting sustainable lifestyles and coverage for the renewable energy sector. We are also expanding the offer of thematic investment products linked to green finance for the retail segment.



Group's performance, p. 49



Our main markets: positioning and performance, p. 65

In order to seize the opportunities linked to the decarbonisation of the economy and to carrying out measures to strengthen the resilience of the territories to meet climate change, we are increasing our investments in green bonds and in sustainable infrastructure projects. We also issued our first green bond to finance or refinance projects relating to, for example, the improved energy efficiency of the Group's real estate assets in 2019.



Debt and liquidity, p. 60

¹⁴ The TCFD (Task force on Climate-related Financial Disclosures) was established in 2015 by the Financial Stability Board (FSB) aiming at formulating a set of recommendations on reporting climate change-linked risks in order to guide and encourage companies to align the information disclosed with the expectations and needs of investors..

¹⁵ Data provided by the International Energy Agency.

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Ageing and evolving social security

Modern communities continue to be influenced by distinct demographic and social phenomena with a strong impact on their socio-economic balances.

In the more mature European economies, we are witnessing a continual process of **population aging**, driven by an **increase in life expectancy** and a **decrease in birth rates**. The international **migration phenomena** only partially counter-balance this trend, which is in any case otherwise influenced by socio-political initiatives adopted locally. Outside of Europe, we are noticing similar phenomena, though of a diversified scope and in any case significant on a broader time horizon.

In the most European countries, the younger age groups are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system. The result is increasingly unbalanced communities where higher post-retirement

pension and healthcare requirements are no longer properly financed and covered by the public system.

The **healthcare need** naturally evolves towards increasingly sophisticated, hence costlier, supplies and services. At the same time, an enhanced awareness of the bond between health, lifestyles and the environmental context is developing thanks to both public social initiatives and greater proactiveness and promotion from private market.

Erratic local political choices are weighing on the solidity of the welfare systems. A greater perception of uncertainty impacts the coverage of the immediate healthcare and public welfare access requirement, so it is altering system balances that can only take shape over a long-term horizon.

In the context described above, the limited financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.

Lastly, the matter of human rights grows in importance, especially in the less mature economies, where labour law is under development.

ARTIFICIAL AGING
 MARKETS INTELLIGENCE
 INTEREST RATES MIGRATIONS
 HEALTHCARE SYSTEM INCLUSION
 SMART WORKING DIGITALIZATION
 CLIMATE MACROECONOMIC TECHNOLOGY
 CHANGE CONTEXT

and our management

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. This is why we develop and offer **flexible and modular pension and welfare solutions** for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We are committed to become a **Life-time Partner** to our customers, strengthening the dialogue with individuals during their entire period of interaction with our companies through new, streamlined services accessible 24/7. We are focused on **digitalization** both as a communication channel and as a lever of efficiency of services to our customers, as well as to our distribution network. In particular, we are focusing on the senior customers segment with modular solutions that combine savings, protection and services in a welfare perspective. We provide customers with **complete and easily accessible information on products and services** while helping them to understand the primary factors that may affect their income capacity and quality of life, and aiding them in accurately assessing their capacity to save as well as identifying their current and future needs. We believe that insurance coverage is the most appropriate tool to forecast and meet potential needs for people of all ages

with the required advance notice; we therefore formulate, and present offers even in the case of market contexts with little knowledge and low individual propensity for insurance solutions.

Life and Health products, including pension and welfare products, imply Generali's acceptance of **biometric underwriting risks**, typically mortality, longevity and health. We therefore need to manage them through underwriting processes that are based on an updated assessment of the socio-demographic conditions of the population whose purpose is to understand their relative trends. We also have solid **pricing and product approval processes** that offer a preliminary analysis of the cases regarding the biometric factors, in line with Local Product Oversight Governance Policies. Such processes are part of a structured governance defined in the **Group Policy on Life underwriting**. Lastly, we measure the mortality, longevity and health risks using the Group's Partial Internal Model. We also commit ourselves to and monitor the respect of human rights thanks to the Group's guidelines and policies, including the Code of Conduct, the Responsible Investment Guideline and the Responsible Underwriting Guideline.



Our rules for running business with integrity,
p. 36

CONSUMPTION
WOMEN REGULATORY **PATTERNS**
EMPOWERMENT DEVELOPMENTS **PENSION**
CYBERSECURITY SYSTEM
FINANCIAL **BIG DATA** **NATURAL CATASTROPHES**
INTEGRATED GOVERNANCE **DECARBONIZATION**
LIFESTYLE **INEQUALITY**

The Generali 2021 strategy

Being a Life-time Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Profitable Growth

STRENGTHEN LEADERSHIP IN EUROPE:

reinforce #1 market position¹⁶

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:

15%-25% earnings CAGR 2018-2021 depending on country/segmentv

Capital Management and Financial Optimization

INCREASE CAPITAL GENERATION:

> **€ 10.5 billion** cumulative capital generation 2019-2021

ENHANCE CASH REMITTANCE:

+35% cumulative cash remitted to holding 2019-2021 compared to period 2016-2018

Innovation and Digital Transformation, p. 26

BECOME LIFE-TIME PARTNER TO CUSTOMERS, p. 27

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION, p. 27

about € 1 billion total investment in internal strategic initiatives 2019-2021

Three key enablers which drive the execution of the strategy:

1. Our people, p. 29

2. A strong brand, p. 32

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

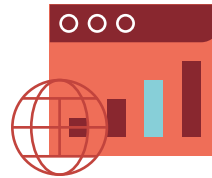
DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM:
15%-20% earnings CAGR
2018-2021

REDUCE DEBT LEVEL AND COST:
€ 1.5-2.0 billion debt reduction
by 2021;
€ 70-140 billion reduction in
annual gross interest expense
by 2021 vs 2017

TRANSFORM AND DIGITALIZE OPERATING MODEL, p. 28

Generali 2021 – Financial Targets

 Our performance, p. 47



GROWING EARNINGS PER SHARE:

6%-8%

EPS CAGR range¹⁷
2018-2021



GROWING DIVIDEND:

55%-65%

dividend payout range¹⁸
2019-2021



HIGHER RETURN FOR SHAREHOLDERS:

> 11.5%

average return on equity¹⁹
2019-2021



3. A continuous commitment to sustainability, p. 33

¹⁷ 3 year CAGR; adjusted for impact of gains and losses related to disposals.

¹⁸ Adjusted for impact of gains and losses related to disposals.

¹⁹ Based on IFRS Equity excluding OCI and on total net result.

During 2019, we launched a number of initiatives to guarantee implementation of the new transformation strategy based on its ambition to become a Life-time Partner for our customers.

The **strategic initiatives** are applied to both the corporate functions and the Group's geographies throughout. They therefore involve all the business units and are focused on implementing the priorities identified in Generali 2021, such as the creation of a European platform for developing mobility, the launching of a new range of modular products and the transforming the operational model.

The strategic initiatives actively involve hundreds of colleagues throughout the Group, and their goal is to accompany the business units on their paths to meeting the objectives of the strategic plan by promoting an agile and entrepreneurial work method, by increasing the level of involvement and sharing between all employees.

We have also developed another tool supporting the strategy called FastBoard. It is a dashboard that summarises the performance of the key indicators functional for carrying out the Generali 2021 strategy, and it is used to both monitor progress and as a tool for communicating and sharing with all Group employees.

NFS



Innovation and Digital Transformation

Investments in internal strategic initiatives

2019 in line with 2021 target, amounting to about € 1 billion

The third pillar of Generali 2021, based on innovation and digital transformation, has the following objectives :

- make Generali Life-time Partner for its customers;
- support the digital transformation of its distributors;
- transform the operational model in order to make it more digital-oriented.

We therefore launched a number of projects oriented toward the creation of innovative solutions to develop business and aimed at making Generali an important player in the field of innovation and digitalisation. The launch of the Pan-European platform for mobility and development of the new digital strategy are examples of this.

More specifically, the strategic initiative concerning implementation of the **mobility platform** sets the goal of developing digital services for the integrated mobility market in both the retail and corporate areas by leveraging innovative solutions defined by Jeniot, the new services company created in Italy. We are aiming at developing an offer at European level, starting from the markets where the Group is mostly present. In 2019, we signed an agreement aimed at developing traditional and connected insurance business with FCA in Italy, Germany, France and Poland.

As far as the **new digital strategy** is concerned, we are aiming at offering excellent experiences to our customers, distributors and employees, by transforming Generali into a data-based agile organisation and by leveraging innovation and collaboration with technological start-ups (for example, partnerships with Plug and Play and HITS - House of Insurtech Switzerland).

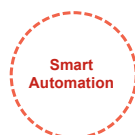
We have singled out **five key enablers**:



give inspiration and methods to best exploit new business and technological opportunities



reinvent customer journeys, customer knowledge, touchpoints, transparency and interactions



accelerate process automation thanks to re-engineering and adoption of new technologies



guide business decision-making process and enhance competitive advantage through data, analytics and artificial intelligence



a lean, flexible and empowered organisation will enable us to move more quickly



Glossary at the end of the document

**BECOME LIFE-TIME
PARTNER TO CUSTOMERS****ENABLE DIGITAL
TRANSFORMATION
OF DISTRIBUTION**

Life-time Partner is our transformation strategy. It's an operational and cultural transformation that combines simplicity and innovation with empathy and care at all touchpoints and channels.

For customers, it is about making them feel that we are not only the trusted partner for their insurance needs, but that we are always accessible, that we care for their needs, that we are proactive, and that we can offer protection, prevention and assistance in every field that is relevant for them (family, home, mobility, health, safety etc.). In other words, that we can stand by them over the course of their entire lives.

It's a journey that started listening to our customers and distributors, understanding their needs and acting based on their feedback. Now key role in this journey is played by 8 **Hallmarks**. We have identified four customer hallmarks, distinguishing traits that we want our customers to experience in their relationship with us, and four distributor hallmarks, which will allow our distributors to better meet all client needs.

Customer Hallmarks to become Life-time Partners to our customers

n.m.

61 million customers²⁰**Human & caring
experience**

Our mission is to ensure Human & Caring experiences are perceived everywhere in the customer journey, across all channels and touchpoints, in the language we speak, in our products, in our attitude.

B1 language

We want to write all our documents in B1 language, a language level that 95% of the population understands. Our documents and daily communications must be clear and transparent, avoiding complicated sentences and jargon.

**Differentiating
value propositions
propositions**

Our aim is to offer personalized solutions that help our customers to get the best out of their life's, every day. We add value added services such as prevention, protection, assistance to all our products in order to strengthen the relationship with our customers.

**Seamless
omnichannel
experience**

Our goal is to build the best digital omnichannel experience for all our customers around the world and continuously improve it. We want our tools to become the easiest and fastest channel of interaction for our customers 24 hours a day, offering value and inspiration, fostering engagement and loyalty through seamless digital interaction.

²⁰ The number of customers refers to all insurance entities, banks and pension funds (line-by-line consolidated entities, few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings, and relevant direct B2C - Business to Consumer - business of Europ Assistance in Belgium, Italy, France, Spain and USA).

Distributor Hallmarks for our Life-time Partner distributors

+0.9%

156 thousand distributors²¹

Digital visibility



80% of consumers start their search online when they seek product or service information. That is why our first hallmark is for our 156 thousand distributors to be present online, including social media..

Management of generated leads



We will generate and manage leads with a data driven and performance focused approach, in order to boost conversion. An always-on, targeted marketing paired with digital tools to enhance the distribution of leads will activate sales in the most efficient way, creating a positive impact on our distribution network.

Needs'-based advisory



Our distributors will gain access to a tool with a 360° view of customer data so that they can advise their customers and find the best solutions matching their goals and lifestyle. Products will be modular and data will allow for a high level of personalization.

Paperless



We want to be a sustainable Group. We want to be efficient. Part of this means providing an increasingly digital experience and reducing our use of paper documents. This will allow for e-signatures, make it easier to store information and cut down on waste

TRANSFORM AND DIGITALIZE OPERATING MODEL

The **digital transformation** of the operational model is systemic.

In Generali, it passes through the revision and radical reappraisal of **processes, computer systems, procedures and roles** of the entire Group structure.

We are particularly redesigning the processes using the design thinking methodology, involving both experts of the sector and direct interesting parties and leveraging the new technologies such as automation. We are developing Artificial Intelligence technology-based tools and are introducing new tools to manage, in mobility or totally digital, customer relations, and we are also creating innovative products based on data generated by Internet of Things sensors.

We also believe that it is necessary to adapt and expand **knowledge and skills** of our people. GPeople Strategy is planning a specific training programme for reskilling and upskilling that will affect 50% of our employees over the next two years, so that they can perform activities with more effective tools while relying on information and records generated by evolved analysis systems.



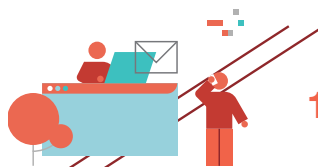
Our people, p. 29

Digital transformation also has a significant external impact, first and foremost on the offer to our customers and in the experience of our agents. We undertake to create and consolidate **digital access points** able to guarantee the use of the information and the services with a rich, simple and quick experience using many digital channels. We are also continuing down our **technology observation and testing** journey to support the digitalisation of the operating model and ecosystem in which we operate. New platforms, like those made possible by Blockchain and Distributed Ledger, automatic image analysis tools and biometric technologies are allowing processes, even those that are highly complex, involving Group customers, partners and companies to be transformed.

²¹ The number of distributors refers to all insurance entities with relevant traditional distribution networks (line-by-line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).

Three key enablers of our strategy which drive its execution:

NFS




1. Our people

+1.7%

71,936 employees

The acquisitions during 2019 led to an increase in the number of employees, that was higher than the reduction due to the disposals of German and Belgian businesses.


 +0.2 pps
51%

 -0.2 pps
49%

In line with the launch of the new strategic plan and business priorities, in 2018 we developed the new Generali People Strategy, **GPeople 2021**, which will guide the Group's priorities and initiatives in 2019-2021. This strategy was defined through a co-creation process involving more than 400 of the Group's people at various organizational levels. The result was the definition of **five lines of transformation**:

- promote a culture of innovation, customer-centricity and inclusion;
- build and develop key competencies for the digital age;
- favour the development of leaders and global talent;
- leverage excellence and the creation of sustainable value;
- become a simple, agile and efficient organization..

All the lines of transformation are supported by specific global and local initiatives and targets defined and monitored in line with Generali 2021.



Promote a culture of innovation, customer-centricity and inclusion

Generali encourages an environment where people are open and inclusive, supporting genuine values, consistent behaviours and a common purpose.

Life-time Partner - Behaviours

In order to promote a culture of innovation and become the **Life-time Partner to our customers**, the adoption of four new behaviours is key: **ownership, simplification, innovation** and the **human touch** in everything that we do.

In 2019, a training experience called **Behaviours in action experience** was designed. It allowed over 9,800 people working at the various Group companies to experience these four behaviours. The objective was to train all our people through this format provided both in the classroom and through an e-learning platform.

Managerial Acceleration Program (MAP)

In 2017, we launched the **Managerial Acceleration Program (MAP)**, dedicated to all people managers of the Group. It is based on the eight **Generali Empowerment Manifesto (GEM)** behaviours and its aim is to encourage a people empowerment-based managerial culture. In 2019, the programme was updated in line with Generali 2021, and the remaining managers were trained, which contributed toward the goal of training 100% of our people managers.

The MAP is held by our managers who are properly prepared with training and ad hoc coaching (207 managers trained for the MAP trainer role).

NFS

Generali Global Engagement Survey

As to measure and promote the engagement of our people, in June 2019 we carried out the third edition of the **Generali Global Engagement Survey**, a managerial tool for continuous improvement.

89% (+3 pps vs 2017)

response rate

+62,000 employees

+170 organizational entities

+33,460 open comments received

82% (+2 pps vs 2017)

engagement score



more than 8 out of 10 of us fell engaged

The engagement score is based on the average percentage of favourable responses collected, based on the following items:

I strongly believe in the goals and objectives of my Company

82% favourable responses

I am proud to work for the Generali Group

86% favourable responses

I am willing to work beyond what is required to help my Company succeed

87% favourable responses

I fully support the Values for which the Generali Group stands

86% favourable responses

I would recommend the Generali Group as a place to work

82% favourable responses

My Company inspires me to do my best work

71% favourable responses

We want to accelerate towards excellence, leveraging on our current strengths and acting quickly upon our main opportunities for improvement. **Three global priorities** were identified on the basis of the results achieved:

- eliminate bureaucracy to boost efficiency and decision making;
- unlock people potential fostering transparent meritocracy, recognition and growth;
- nurture an inclusive environment to embrace diversity.

More than 430 local actions were identified to be communicated and launched as from January 2020.

Diversity & Inclusion Strategy

The Group sped up the advancement of both an environment and an organisation culture that are inclusive, that promote all diversities. We implemented the **Diversity & Inclusion index (D&I index)**, a tool that monitors the progress on **four priorities**: gender, age, culture and inclusion.

Many initiatives were launched on a global scale: the **From unconscious bias to conscious inclusion** programme aimed at raising the awareness of business leaders on the subject of unconscious bias, the **Lioness Acceleration Program** to develop the feminine pipeline, the **gender pay gap** analysis and related mitigation actions. Preparatory work is also underway to recognize and enhance the LGBT (Lesbian, Gay, Bisexual and Transgender) ecosystem, which will result in concrete actions during 2020. People's engagement is at the basis of the creation of the first **D&I Community**, that leverages the collective intelligence of employees to launch and spread new initiatives.

In 2019, the Group renewed its commitment to combat all forms of discrimination and harassment, including sexual harassment, by focusing on greater transparency and communication and araising awareness on the use of the internal helpline and the publication of dedicated articles and videos. The Group and the European Works Council endorsed the joint Diversity & Inclusion Declaration. Borsa Italiana gave us the **Best D&I Employer award at the Women In Finance - Italy award** for our governance and measures implemented.

77% D&I index²²

Full Performance Management Framework

Increasing the accountability of our people also means boosting a performance culture. Through **Group Performance Management** we focus our efforts on spreading this culture while also strengthening transparency and meritocracy in line with what our people asked in the Generali Global Engagement Survey. In 2019, 99%²³ of our people was engaged in the performance management process. The framework is divided into different phases: objectives' definition, performance assessment, feedback and individual development plans.

²² The index refers to all relevant Group business units and countries where applicable on the basis of the priorities which are part of the index itself.

²³ The data refer to Group companies, equal to 57,438 employees (80% of the total), that are included in the scope of the Group Performance Management process.



Build and develop key competencies for the digital age

The trends of the sector, our ambition to become the Life-time Partner of our customers and the new technologies demand the development of new skills. We will provide our people with the skills to continue to grow and to assert themselves in the digital age, and to support the strategic business priorities.

A methodology has been defined and spread throughout the Group in order to identify in advance how the roles and skills of the future will evolve. On the one hand, it helps identify the roles and skills most widely exposed to change and, on the other, it helps establish the initiatives to fill the personnel training gap consistently with the strategy. As regards the latter, the We LEARN programme is of basic importance.

We LEARN aims to carry out **reskilling for 50% of the employees by the end of 2021**. It breaks down into **3 training components** - Foundation, New Skills for Evolving Roles and New Role Schools (mini-master) - and a **new, innovative, interactive Group digital platform** that enable to develop new business, technical, technological and behavioural skills.

19.7% reskilled employees²⁴

In 2019, taking into consideration the overall training available to Group's employees, 97.7% of them were involved in at least 1 training programme. The training investment totalled € 60.3 million and 2.4 million training hours were supplied.

+6.4%

36.4 average hours of training per capita



Favour the development of leaders and global talent

Guiding and implementing our strategy requires strong leadership capabilities. Our future leaders must guide the organisation to transformation, have a global mentality and be an example with behaviour for becoming the Life-time Partner for our customers.

We stimulate sharing and local cascading of the Group strategy and **we support the development of leaders and global talent** with personalised training courses, including:

- **Leading the Lifetime Partner transformation - the role of the CEO:** 46 CEOs, 3 days at the London Business School;
- **Leading the Lifetime Partner transformation:** 38 Senior Leaders, 3 days at the London Business School;
- **Global Leadership Program - Take Off:** 36 Group Talent Managers, 3 days at Insead and 5 weeks online;
- **Global Mentoring Program:** 41 Senior Leaders and 41 Group Talent Managers.



Leverage excellence and the creation of sustainable value

Our ambition is to foster a meritocratic environment, where the performance of our people is recognised and rewarded. This is possible through our Group Reward Strategy, which encourages alignment with the strategic objectives and the participation of all our people in the value creation process. Therefore, we have conceived and launched **We SHARE, the first share plan of its kind for Group employees**, with the goal of involving the highest number of people around the world to become Generali shareholders.

In line with Generali 2021, We SHARE acknowledges the crucial role that our people play in achieving strategic objectives through an ownership culture, one of the basic behaviours for reaching our ambition of becoming the Life-time Partner for our customers.

We SHARE was launched in 35 countries for approximately 60,000 employees. 21,430 of them joined the plan, with a **participation rate of 35.3%**. That is proof of both the important level of engagement of our people and the strong commitment to the Group's strategy. Related to the plan, over € 420,000 were assigned to The Human Safety Net Foundation thanks to the donations of employees and that of Generali for each participant.

²⁴ The indicator refers to Group employees, except for sales force.



Become a simple, agile and efficient organization

Our objective is to strengthen our ability to adapt to change, to focus our attention on the customer and to instil responsibility in our people through simpler and more flexible organisations. We will adopt new work methods in order to leverage our collective intelligence. The Group's organization is a fundamental asset for ensuring the proper execution of the strategy and the achievement of business objectives. We believe in a clear and simple organisational model that also encourages **new methods of working that are more streamlined** in order to facilitate speed, collaboration, accountability and innovation. Within this context, **we support smart working**, which will be extended to the entire Group by the end of 2021.

62% of organizational entities²⁵ with smart working



Glossary available at the end of the document

Confirming the centrality of people in our strategy, we held 11 meetings with the European Works Council - the representative body for Group employees - at the permanent forum dedicated to social dialogue.

We developed a framework for the assessment and management of **operational risks** inspired by international best practices and consistent with the requirements of the Solvency II directive. As part of the assessment conducted every year by the Group companies, the risks that could impact areas concerning our people were identified and precisely analysed, and the initiatives implemented with a view to mitigating such risks were evaluated. The areas of analysis regarded the following specific categories:

- employment relationships, with a particular focus on matters relating to key people and business ethics;
- safety at work;
- discrimination, diversity and inclusion.

In 2019, a new risk was added to the catalogue of operational risks. It is about the possibility to fail in the acquisition of new skills and competences for the execution of the Group strategy.

The assessment is satisfactory, also in light of the initiatives implemented within the Generali People Strategy described and the centrality of our people within the Group strategy.



2. A strong brand

We strive towards our brand ambition to become a Life-time Partner to our customers aligned with the Generali 2021 strategy.

The goal is to shift Generali from a product seller to an integrated solutions provider demonstrating our core values of simplicity, innovation with empathy and care. Together with technology, we must connect the human aspect helping people to live a better life, while creating value beyond policy.

It's key to focus on customer experience and building deeper relationships, integrating protection with prevention and assistance, creating tailor-made products and services.

We aim to provide a seamless omnichannel experience, both in the digital and physical world: our strong network made up of 156 thousand distributors²⁶ worldwide is at the very heart of our transformation. Data and technology

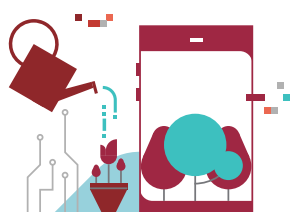
²⁵ Where applicable in accordance with local laws and regulations.

²⁶ The number of distributors refers to all insurance entities with relevant traditional distribution networks (line-by-line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).

are crucial levers that will provide the opportunity to adapt products and services to suit the distributors' needs through mobile, web and in person interactions.

We are committed to strengthening our brand to **become 1st choice in the Relationship Net Promoter Score (RNPS) among our European international peers by 2021**, fostering change. We must get consumers to consider, prefer and acquire Generali, and connect them with our distributors. Our goal is to have a **higher brand preference than our market share**.

+3 RNPS²⁷



Glossary available at the end of this document

3. A continuous commitment to sustainability

Our commitment to sustainability is the third fundamental pillar of Generali 2021, and refers to the creation of long-term value for our stakeholders: not only shareholders, investors and customers, but also employees, suppliers, the environment, local communities and society in general.

The identified objectives are tied to our core business activities and to our commitment to the community.

Specifically, as regards our insurer activities, by the end of 2021 we undertake to:

- increase premiums from environmental and social products by 7-9%;
- allocate € 4.5 billion for new green and sustainable investments.

Objectives, metrics and results of managing climate change impacts

The Group initiated a process to assess the sustainability and resilience of its business model in the face of climate change, with particular focus placed on the investment, underwriting and customer and other stakeholder relations management activities.



Challenges and opportunities of the market context, p. 18

Following this analysis, we have defined objectives and metrics to mitigate the risks and to seize the opportunities arising from climate change and from a transition to a low environmental impact society.

Objectives and metrics to seize opportunities

2019 results

€ 4.5 bln new green and sustainable investments (2018-2021)

> € 2,667 mln new green and sustainable investments²⁸

Increase in premiums from environmental products

> +5.5%
€ 1,359.5 mln premiums from environmental products



Group's performance, p. 49

Sustainable finance

> Issue of a green bond worth € 750 mln



Debt and liquidity, p. 60

²⁷ The target audience span 20 markets where we operate in Europe and Asia.

²⁸ The new green and sustainable investments refer to the 2018-2019 cumulative data of Generali Insurance Asset Management and Generali Global Infrastructure. About 50% of these investments were made in 2019.

NFS

Objectives and metrics to mitigate risks

Exclusion of new investments in companies of the coal and tar sand and divestment of approximately € 2 bln

Exclusion of underwriting property coal-related risks for new customers of this sector and for the building of new coal capacity (coal plants)

Premiums from customers of the coal sector below the 0.1% threshold of P&C premiums

Engagement for a just transition of the eight companies of the coal sector operating in heavily coal-dependent countries, where the Generali Group has a primary presence as an investor and/or insurer. Six out of eight companies are identified by Urgewald in its Top 120 Coal Plant Developers' 2018 list

2019 results

- > No new investment and constant reduction of residual investments made up of run-off bonds
- > No new customers of the coal sector and no coverage for the building of new coal capacity (coal plants)
- > Lower insurance exposure, below the 0.1% threshold of P&C premiums
- > Interruption of investments and property underwritings with two companies, due to their unwillingness to confront the issue. Ongoing engagement with six companies, two of which are among the top 120 operators in the world by expansion of coal capacity, as identified in the Urgewald 2019 database

Objectives and metrics to reduce our direct impact

20% reduction in greenhouse gas emission tied to the Group's direct activities (2013-2020)

Increase in purchases of electricity from renewable sources

2019 results

- > The Group's carbon footprint²⁹ is t 96,784 CO₂e (-20.1% compared to 2013)
- > +11 pps
99% of the total purchases of energy from renewable sources²⁹

In addition to **EnterPRIZE** - an international award for the best sustainable SMEs created by Generali and for which in 2019 we started up a work group with the main European countries - here follow the other 2 strategic initiatives that fully integrate the sustainability of our process to create value:

Responsible consumer

Generali is drawing up a distinctive offer dedicated to responsible consumers who want to have a positive impact on the environment and society. The offer consists of **environmental and social products** and **sustainable investment solutions**.

In 2019, we started up the activities to identify the requirements and needs of the responsible consumer and we are studying insurance and investment solutions. The first sustainable investment solutions, consistent with these purposes, have been launched by Banca Generali and by Generali Italia, linking their offer to the United Nations Sustainable Development Goals.



Group's performance, p. 49



Glossary available at the end of this document

The Human Safety Net

Initiatives for the communities where the Group operates have been addressed to The Human Safety Net since 2017, with a view - provided in **internal guidelines** - to focusing on a smaller number of more similar and impactful initiatives compared to the past. It aims to **activate both financial and technical resources, as well as the network of people and the skills of Generali's employees and agents to meet shared goals**, favouring contact with local communities and making lasting change in the lives of recipients.

²⁹ The greenhouse gas emissions and purchases of electricity from renewable sources comprise the impacts generated by the employees working in offices managed by the Group in Austria, France, Germany, Italy, Czech Republic, Spain and Switzerland, equal to 42% of the total of our people. Total emissions are calculated according to the location-based method; we also report them according to the market-based method on our website. The base year 2013 was re-determined (now t 121,161 CO₂e, reduced by t 3,495 CO₂e compared to past disclosures) in line with the update of the new methodology used to calculate emissions from the corporate fleet of our people. The new methodology harmonised at Group level the criteria for dividing the use of the car for business reasons (70% of total journeys), included in the calculation of emissions, from its use for private reasons, excluded from the calculation of Group emissions (30% of total journeys).

For Families

We help parents nourish the first six years of their children's lives with the essential abilities for their future lives.

For Refugee Start-ups

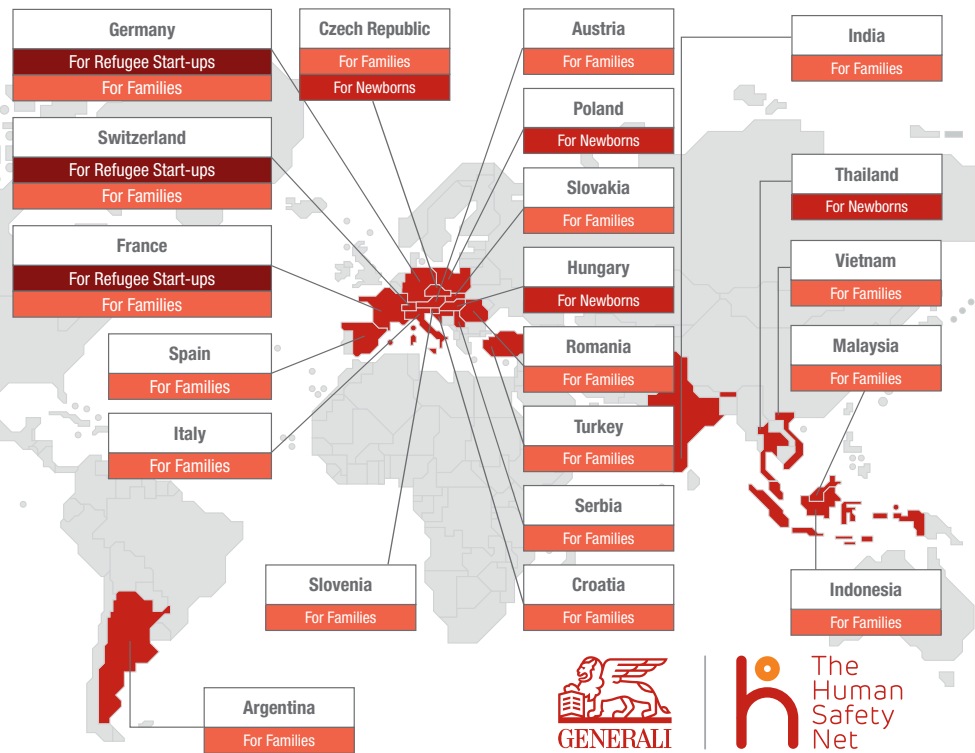
We support refugees start their businesses by promoting their social and economic integration in their host countries.

For Newborns


We improve care and support for premature newborns, or those with complications at birth such as neonatal asphyxia, so that they can survive and develop in the best way possible.

+16.7%
21 countries

+91.7%
46 partners



The Human Safety Net is active through three programmes with the shared mission of freeing the potential of disadvantaged people to enable them to improve the living conditions of their families and communities, by working alongside partners, like local social businesses and non-governmental organizations. Every country and business unit of the Group can choose to participate in one of these three programmes, identifying, conducting due diligence on and suggesting one or more partners to directly manage activities with beneficiaries. All of the activities and the results achieved are monitored through a measurement system based on the London Benchmarking Group's international standard.

 Glossary available at the end of this document

In the coming three years, our ambition is to further extend The Human Safety Net. We aim to achieve it by keeping high quality programmes that so far have characterized us, while enhancing initiatives where we are present through active engagement of employees and distributors, including volunteering activities, as well as of customers and other third-party organizations that share its approach and mission.

The revitalisation of the St. Mark's Square area in Venice is continuing. The project to restore the Procuratie Vecchie in St. Mark's Square, the future home and global Hub of The Human Safety Net.

Together with The Human Safety Net, we are helping people like Dima, an art teacher of Syrian origin intent on opening a creativity school for children in Saarbrücken, Germany, or Ana, an Indonesian mother who was able to give a positive change to her children's lives by improving the life of her family in the Jakarta suburbs.

 www.thehumansafetynet.org/newsroom/all to discover more information on the stories

 www.thehumansafetynet.org for further information on the initiative

NFS

Our rules for running business with integrity

We run our business in compliance with the law, internal regulations and codes, and professional ethics. We are continuously monitoring the developments of the national and international regulatory system, also by talking with legislators and the institutions, in order to assess both new business opportunities and our exposure to the risk of non-compliance and to take prompt measures to adequately manage it. We have a governance, management and reporting system that guarantees compliance with the principles of sustainability and their actual integration in everyday decisions, in line with the goal of promoting sustainable development of the business and of generating long-lasting value.

Our sustainability model is based on the **Charter of Sustainability Commitments**, approved by the Board of Directors of Assicurazioni Generali, which is broken down into three pillars:

1. do business in a sustainable manner, focusing on excellence in the corporate processes;
2. experience the community by playing an active role where the Group operates and going beyond everyday activities;
3. adopt governance and rules that are appropriate for running business with integrity.

A Sustainability Committee was established at top management level, together with work groups integrated with the Head Office business functions and the Group's business units.



We have a collection of **Group public policies and guidelines** which support our operations in a sustainable and responsible manner, such as:

- **Group Sustainability Policy** that, approved by the Board of Directors in March 2019, outlines the system for identifying, assessing and managing the risks connected with environmental, social and corporate governance (ESG) factors). It particularly defines the rules for:
 - identifying, assessing and managing ESG factors that might present risks and opportunities for achieving corporate objectives;
 - identifying, assessing and managing the positive and negative impacts that the decisions and corporate activities might have on the outside environment and on the legitimate interests of the stakeholders;
- **Code of Conduct** that defines the basic behavioural principles which all the personnel of the Group are required to comply with: these principles are outlined in specific guidelines that refer, for example, to the promotion of diversity and inclusion as well as the management of conflicts of interest, personal data protection and corruption prevention;
- **Group Policy for the Environment and Climate** that contains the guiding principles for the strategies and objectives of environmental management;
- **Responsible Investment Guideline** that codifies the responsible investment activities at Group level;
- **Responsible Underwriting Group Guideline** that outlines principles and rules aimed at assessing environmental, social and governance features of customers and prospects in the P&C underwriting process;
- **Ethical Code for suppliers** that highlights the general principles for the correct and profitable management of relations with contractual partners.



www.generali.com/info/download-center/policies

Together, these Group policies and guidelines contribute to ensuring respect for human rights. For example, the Responsible Investment Guideline filter allows us each year to identify and exclude from our investments those companies that have committed serious human rights violations.

In order to reinforce, where necessary, the controls already in place on this topic, in-depth analysis has been started, in line with the most important international principles and tools, including the United Nations Universal

Declaration of Human Rights, the core international standards of the International Labour Organisation and the UN Guiding Principles on Business and Human Rights. The analysis assessed the potential impact on human rights by taking into consideration both the risk tied to the businesses directly carried on by the Group companies and the country risk of those countries where said companies operate. For this purpose, we have identified a list of the key human rights potentially impacted by the Group's operations in the various businesses and, for each, the tools already implemented to mitigate risks, assessing their level of control, considering it in line with their positioning and practices common to the sector.

The Group will keep up its ongoing monitoring action to guarantee a more and more virtuous and responsible behaviour in all of its businesses.

We have a structured **internal Group regulatory system**, regulated by the Generali Internal Regulation System (GIRS) Policy that aims to promote a solid, efficient governance and coherent implementation of the internal Group regulations at local level.

The Group regulations cover the governance system, the internal control system, the risk management system that is particularly linked to monitoring solvency (Solvency II), and the other primary areas of risk.



Corporate Governance and Share Ownership Report 2019, p. 34

The main non-compliance risks are monitored through specific programmes spread throughout the Group. We regularly monitor - by means of specific risk assessment activities - our exposure to these risks with the aim of minimizing potential reputational and economic damages deriving from the violation of regulatory provisions, including those which aim to prevent money laundering, financing terrorism and corruption.

We are firmly committed to preventing the use of our products and services for **money laundering and financing terrorism** purposes and to being in compliance with the provisions concerning international sanctions. We have adopted both Group policies and high standards in line with the European and international regulations, as well as the most appropriate risk mitigation measures.

We condemn and combat all forms of **corruption**. Our employees, suppliers and customers can use, also anonymously, several communication channels, including the Group Compliance Helpline, always reachable with direct access from the Group Portal and the website, which has been simplified in its navigation and enriched with a video tutorial in order to better guide the whistleblower. These channels, active 24/7, ensure an objective and independent management of reports of behaviour or actions which might violate law, the Code of Conduct, its internal rules or other corporate rules, in accordance with the **process on managing reported concerns** and the **whistleblowing policy** which we have been applying for years. We have also adopted a rigorous **policy against retaliations**.



www.generali.com/our-responsibilities/responsible-business/code-of-conduct for further information on the Code of Conduct, communication channels and the process on managing reported concerns



www.youtube.com/watch?v=ZeFiFJLmf7E

+9.6%

149 managed reports

1 Compliance Week

A path of Trust. Step by step we can shape a safer future was the motto of the last edition of Compliance Week. The campaign was associated with the Generali 2021 strategy topics, in which trust and the human touch are essential elements for becoming the Life-time Partner. Group Compliance was made available to Group colleagues to raise their awareness and to answer their questions on the Code of Conduct and ethical behaviour.

We are committing to rendering our HR training system increasingly effective. We continue to work in activities for creating awareness and training on the different themes of the Code. The implementation of specific training programmes - both online as well as in the classroom - combined with a global communication programme aims to create full awareness within all employees of the importance of the Code and their responsibility to report each violation that one becomes aware of. Everybody is encouraged to voice their concerns or request clarifications on any topic handled by the Code.

-2.6%

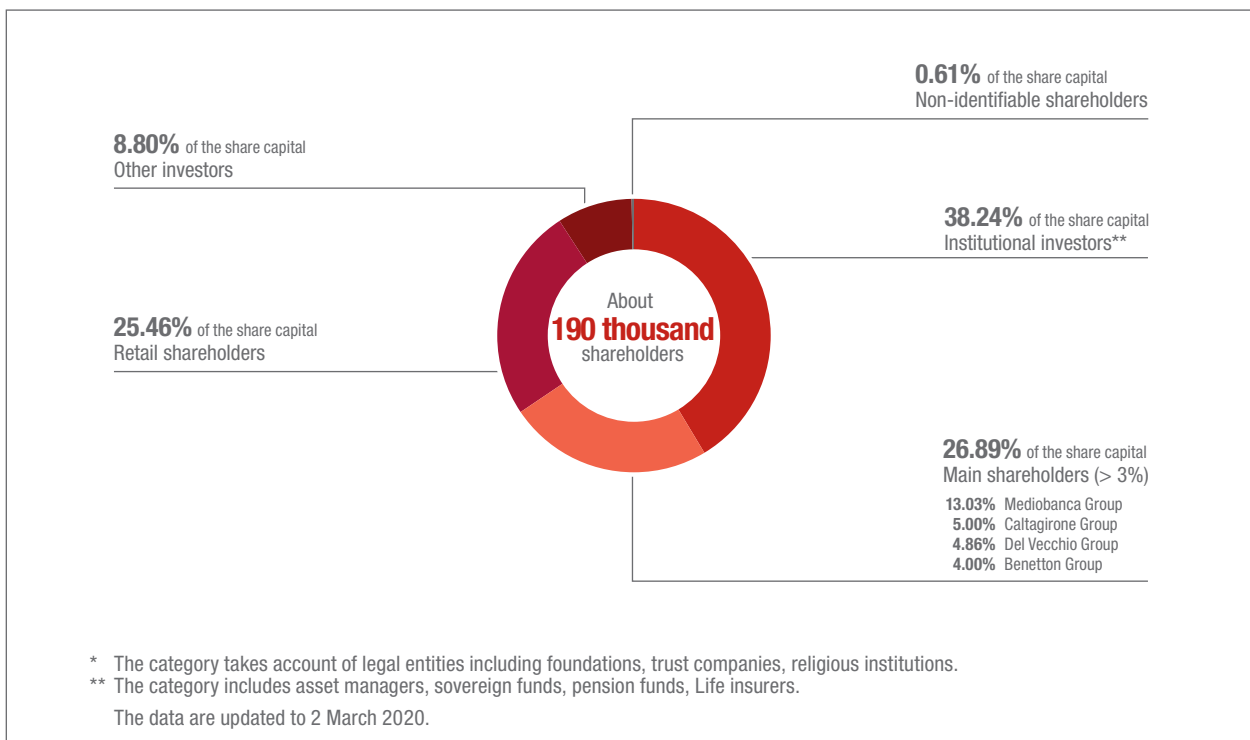
52,197 employees³⁰ have completed the training course on the Code of Conduct

³⁰ The trained employees represent 72.6% of the total.

Our governance and remuneration policy

Our governance

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best international practices - is adequate for effectively pursuing our strategy of creating value for all stakeholders in the medium-long term.



Share performance, p. 64 for further information on the share

NFS

As of today, there is no employee shareholding system according to the provisions of the Testo Unico delle disposizioni in materia di Intermediazione Finanziaria (TUIF), also if it is reported that the three-year share plan for Group employees, approved by the Shareholders' Meeting held in May 2019, will have the effect of assigning them a stake of shares in November 2022. This plan, promoted as part of the Generali 2021 strategy, is aimed at achieving the strategic objectives in the perspective of a culture of ownership and empowerment, and the participation of employees in the creation of sustainable value within the Group.

We also facilitate participation in shareholders' meetings for beneficiaries of long term incentive (LTI) plans - which are based on Generali shares - by providing them with a designated representative.



www.generali.com/governance/remuneration/share-plan-for-the-generali-group-employees for further information on the share plan for the Group employees



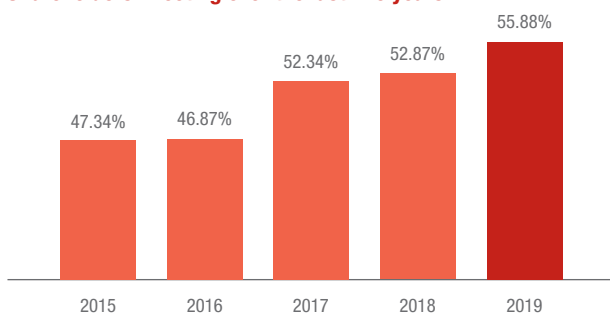
Our people, p. 29

We maintain **continuing relations with all external stakeholders**: institutional investors, proxy advisors, financial analysts and retail shareholders. Our intense relationship activities consist of various types of interaction with individual stakeholders or groups, as part of roadshows and sector conferences, as well as ad hoc occasions for the discussion of specific topics, ranging from business, financial and performance matters to corporate governance, remuneration and sustainability topics relevant to the various financial community representatives. Some of the main recurring occasions for interaction with the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Day) and the main presentation of the financial results.

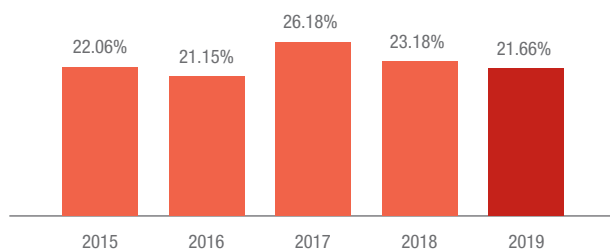


Notes to the Report, p. 98 for further information on stakeholder relations

Percentage of share capital represented in the Shareholders' Meeting over the last five years



Percentage of share capital represented by institutional investors in the Shareholders' Meeting over the last five years

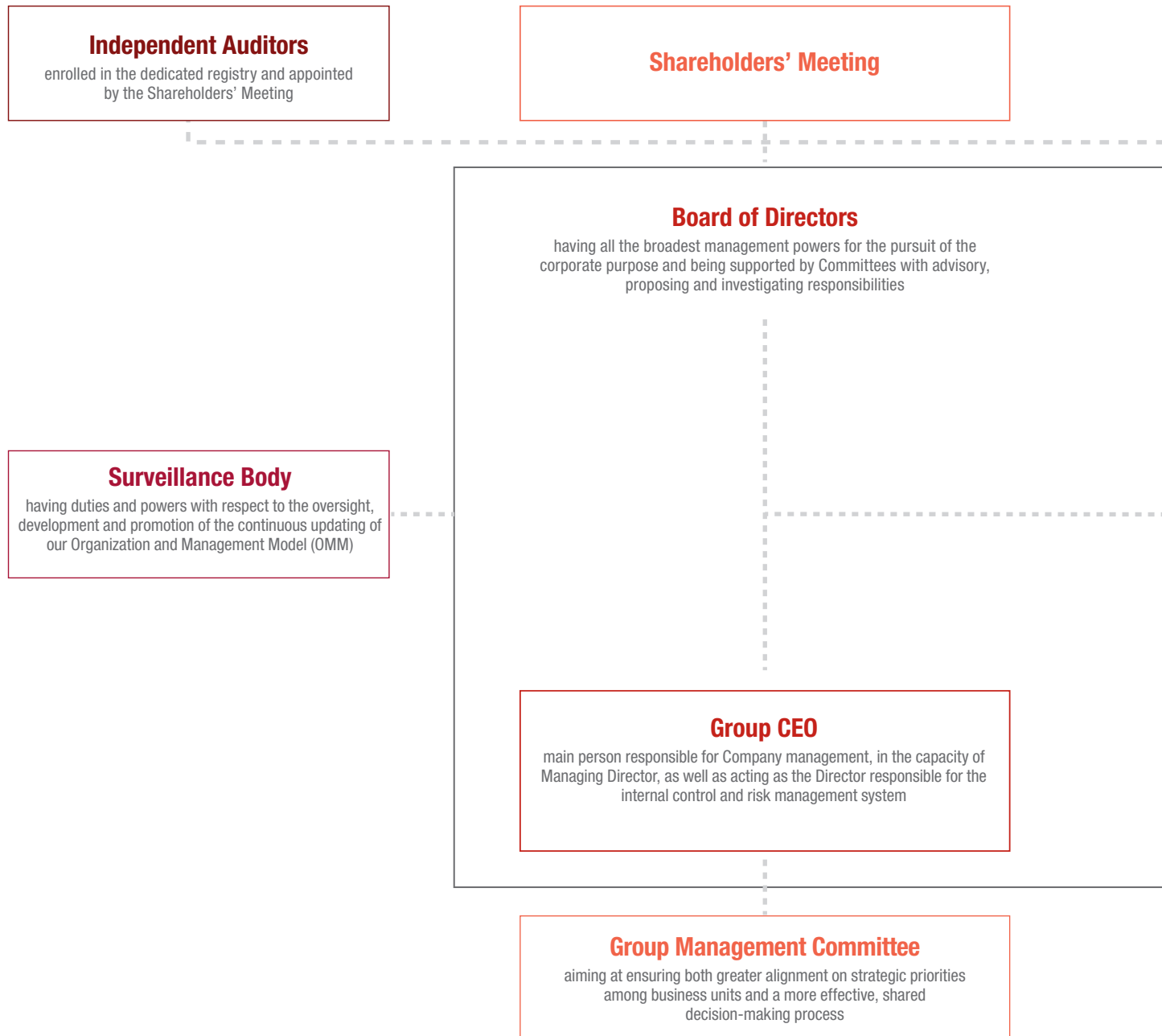


In 2019, we reached the fourth edition of the **Shareholders' Meeting Extended Inclusion (SMEI)** programme, which has the purpose of facilitating participation in Shareholders' Meetings and of facilitating use of the Shareholders' Meeting venues and interaction of shareholders who have motor, auditory and visual difficulties. We have provided and extended sever dedicated services helpful to overcome any physical, communication and sensory barriers, like simultaneous translation into many languages, sign language and captioning in Italian - services available starting from the last Shareholders' Meeting also for the streaming of the opening remarks of the Chairman, the Group CEO and the Group CFO - and reception and check-in, as well as professional medical assistance. Moreover, reporting on the SMEI services was added to with the publication of a new page on the Group website and with the distribution of a specific booklet to those participating in the Shareholders' Meeting. One of the driving forces characterising the programme ever since the beginning is the participation of dozens of Group employees who each year embrace the initiative in the guise of volunteers, working in synergy with the specialised professional operators.

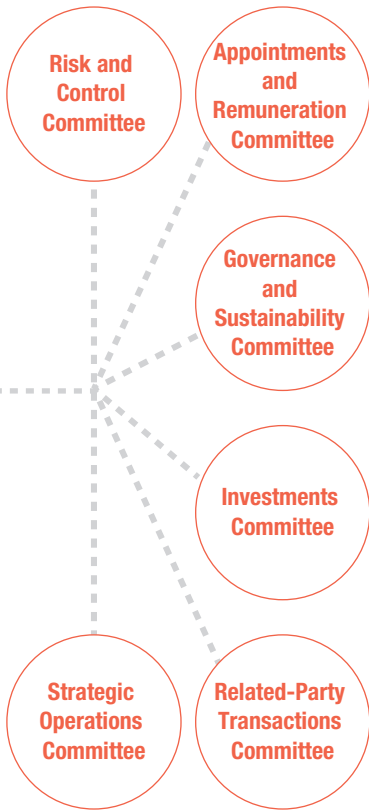


www.generali.com/governance/annual-general-meeting for further details on the SMEI programme

The Board of Directors has structured its own organization - even through the establishment of special Board Committees - in a manner that meets the need to define strategic planning in line with the Group's purpose, values and culture and, at the same time, monitors the pursuit of this strategy with a view to the sustainable value creation over the medium to long term. Our **integrated governance** also leverages the varied and in-depth professional skills present in the Board and ensures effective oversight of management's activities.



Board of Statutory Auditors
 ensuring compliance with the applicable laws, regulations, and the Articles of Association as well as management control



Governance monitoring climate change management

The Group governance is structured in such a way as to favour effective management of the risks and opportunities tied to climate change, which is considered one of the ESG factors most material for the Group and for its stakeholders.

Specifically, the **Board of Directors** ensures that the Group organisation and management system is complete, functional and effective in monitoring climate change-related impacts. It therefore adopted the Climate Change Strategy in 2018 and is informed through the **Governance and Sustainability Committee** on the measures taken by the management to implement that strategy and on the results achieved. These elements were analysed during four Committee meetings in 2019. The **Sustainability Committee at top management level** guides and assists the decisions necessary so that the assessment and consistent management of the climate change impacts can be integrated in the main corporate processes. The decisions taken by the Committee are implemented by the competent management, each one for their own area of responsibility.













This interdepartmental approach is also reflected in the **Climate Strategy Task Force**, which pools together the Group Investment, Asset & Wealth Management, Group P&C Retail, Group P&C Corporate & Commercial, Group Life & Health, Group Integrated Reporting and Group Risk Management functions, coordinated by Group Sustainability & Social Responsibility. The goal of the work group is to guarantee the management of the risks and opportunities tied to climate change in compliance with the strategy defined by the Board and to ensure the reporting on these aspects both to the competent in-house bodies and to the outside stakeholders, in line with the TCFD recommendations. Furthermore, a **project led by the Risk Management function** involving the main interested corporate functions was launched in 2019 more specifically to define a reference framework for managing risks tied to climate change in a forecasting prospective. It is broken down into the four main risk management steps, i.e. identification, measurement, management and reporting of risks.



www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate for further information on the climate change strategy

Focus on the Board of Directors

in office until the 2022 annual Shareholders' Meeting

						
	Gabriele Galateri di Genola Chairman	Francesco Gaetano Caltagirone Deputy Vice-Chairman	Clemente Rebecchini Vice-Chairman	Philippe Donnet Group CEO	Romolo Bardin Director	Paolo Di Benedetto Director
Age	72	76	55	59	41	72
Nationality	Italian	Italian	Italian	French	Italian	Italian
Professional background	manager	entrepreneur	manager	manager	manager	lawyer
In office since	8 April 2011	28 April 2007, Vice-Chairman since 30 April 2010	11 May 2012, Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	28 April 2016
Board Committee						
Independent ³¹					✓	✓
Executive				✓		

■ Risk and Control Committee

■ Appointments and Remuneration Committee

■ Governance and Sustainability Committee

■ Investments Committee

■ Related-Party Transactions Committee

□ Strategic Operations Committee

▲ Director responsible for the internal control and risk management system

P Committee Chairman

60.4
average age

38%
female directors

61.5%
independence level

1
executive director

95%
average attendance at meetings

14
meetings

In 2019, induction sessions were held on the impacts of the future application of IFRS 9 and IFRS 17, on IT impacts on the insurance sector (Insurtech) and on financial, risk and governance matters.

Skills and experiences

69%
international experience

77%
managerial experience

15%
entrepreneurial skills

23%
academic experience















85%
knowledge of legal context and regulatory requirements

85%
financial and accounting skills

85%
industrial (insurance) experience






31%
experience in large cap companies

 Corporate Governance and Share Ownership Report 2019, p. 57 for further information on the diversity of administration, management and control bodies

						
Alberta Figari	Ines Mazzilli	Antonella Mei-Pochtler	Diva Moriani	Lorenzo Pelliccioli	Roberto Perotti	Sabrina Pucci
Director	Director	Director	Director	Director	Director	Director
55	57	61	51	68	58	52
Italian	Italian	Italian	Italian	Italian	Italian	Italian
lawyer	manager	manager	manager	manager	professor	professor
30 April 2013	7 May 2019 elected from the minority slate	7 May 2019	28 April 2016	28 April 2007	28 April 2016 elected from the minority slate	30 April 2013
						
✓	✓	✓	✓		✓	✓

Focus on the Board of Statutory Auditors

in office until 2020 annual Shareholders' Meeting

					
	Carolyn Dittmeier Chairwoman	Antonia Di Bella Permanent Statutory Auditor	Lorenzo Pozza Permanent Statutory Auditor	Francesco Di Carlo Alternate Auditor	Silvia Olivetto Alternate Auditor
Age	63	54	53	50	69
Nationality	Italian and American	Italian	Italian	Italian	Italian
In office since	30 April 2014	30 April 2014	30 April 2014	30 April 2014	30 April 2014

58
average age

60%
female auditors

93%
average attendance at Board meetings

100%
average attendance at meetings

25
meetings

The Board of Statutory Auditors attended the same induction sessions held for the Board.

Our remuneration policy

Our remuneration policy is designed to attract, motivate and retain the people who - due to their technical and managerial skills and their different profiles in terms of origin, gender and experience - are key to the success of the Group, as reflected in our values. Our remuneration policy reflects and supports both our strategy and values: to be a global insurance Group aiming at creating value and sustainable results, while valuing our people and maintaining commitments to all stakeholders.

Our policy is based on the following principles that steer remuneration programmes and related actions:



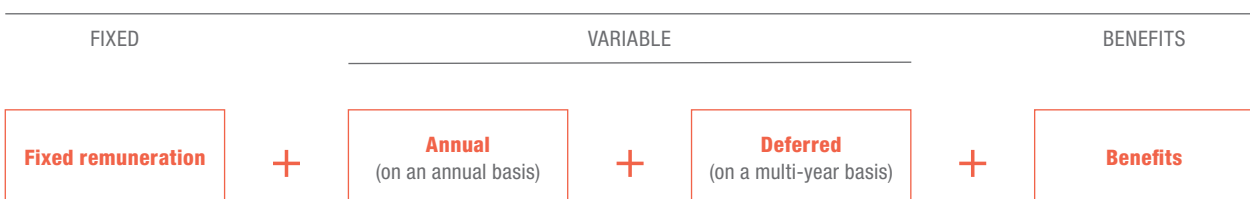
The **remuneration policy** for **non-executive directors** establishes that remuneration consists of an annual fixed component as well as an attendance fee for each Board of Directors' meeting in which they participate, in addition to the reimbursement of expenses incurred for participation in such meetings. Directors who are also members of the Board Committees are paid remuneration in addition to the amounts already received as members of the Board of Directors (except for those who are also executives of the Generali Group), in accordance with the powers conferred to those Committees and the commitment required in terms of number of meetings and preparation activities involved. This remuneration is established by the Board of Directors. In line with the best international market practices, there is no variable remuneration.

The **Managing Director/Group CEO**, who is the unique executive director, and the **relevant personnel not belonging to key functions** receive a remuneration package consisting of a fixed component, a variable component with no-claims bonus and claw back mechanisms, and benefits.



Glossary available at the end of this document

Total target remuneration³²



³² It represents the remuneration package for all those described, except for the key functions to whom specific remuneration policy and rules are applied.

The fixed component remunerates the role held and responsibilities assigned, also considering the experience and skills required, as well as the quality of the contribution made in terms of achieving business results.

The annual variable remuneration is based on an incentive system, whereby a cash bonus ranging from 0% to 200% of the individual target baseline can be accrued depending on:

- the Group funding, connected with results achieved in terms of Group operating result and adjusted net profit as well as the achievement of a minimum threshold of Regulatory Solvency Ratio;
- the achievement of the objectives defined in the individual balanced scorecards, which establish up to 8 objectives at Group, business unit, region, country, function and individual level - as appropriate - based on the following perspectives:

2019 PERSPECTIVES

Economic & Financial Risk Adjusted Performance

50+%

Core business KPIs

- focus on net profit and total expenses;
- total remittance in mature markets or ROCE in developing markets;
- RORC as mandatory risk adjusted KPI.

2019 - 2021 Strategic Projects/KPIs

30 - 40%

- KPI linked to the implementation of Group strategic projects at global level for all leaders/sponsors of the projects;
- KPI linked to the implementation of local strategic plans, including sustainability initiatives/KPIs (e.g. % social and green products, % green and sustainable investments, quality of non-financial information & reporting);
- customer/brand KPI based on specific KPIs evidence (e.g. % customer retention, brand preference).

People Value

10 - 15%

- managerial assessment based on specific KPIs evidence, with focus on Engagement Survey and other selected objectives (e.g. % talent pool retention, % reskilling plan execution, D&I index, local HR initiatives).

NFS

In line with Generali 2021, focused on profitable growth, value creation, innovation and digital transformation, two KPIs linked to the implementation of Group and local strategic projects - including **sustainability** initiatives - are provided in all individual balanced scorecard for the achievement of the plan objectives.

A focus remains on the customer & brand goals, based on results linked to the managerial assessment of specific projects and performance indicators (e.g. customer retention ratio and brand preference).

The deferred variable remuneration is built on a multi-year plan based on Assicurazioni Generali shares (subject to Shareholders' Meeting approval). The maximum potential bonus to be disbursed in shares amounts to 200% of the fixed remuneration for the members of the Group Management Committee (GMC) and to 175% for other relevant personnel. Here the features of the plan are:

- it is based on an overall three-year performance period linked to specific Group performance goals (average net Return on Equity, earning per share growth and relative total shareholder return³³) and is subject to the verification of the achievement of a minimum threshold of the Regulatory Solvency Ratio;
- it is based on deferral periods differentiated on the basis of the beneficiary population cluster and additional lock-up periods on granted shares (i.e. minimum holding) of up to two years.

Benefits consist of, for example, a supplementary pension and healthcare assistance for employees and their families, in addition to a company car and further benefits, including some linked to domestic or international travel (e.g. accommodation expenses, travel and education for children), in line with market practices.



www.generali.com/governance/remuneration for further information on remuneration policy and the Report on Remuneration Policy and payments, also including information about remuneration



Additional information in the Notes of the Annual Integrated Report and Consolidated Financial Statements 2019 for further information on pension benefits of the Group employees

³³ It is calculated as a change in the shares' market price, including distributions or dividends reinvested in the shares, as compared to a selected list of peers.

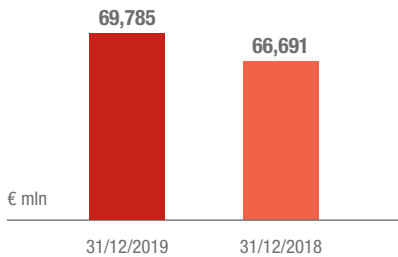


Our performance

49	Group's performance
55	Group's financial position
64	Share performance
65	Our main markets: positioning and performance

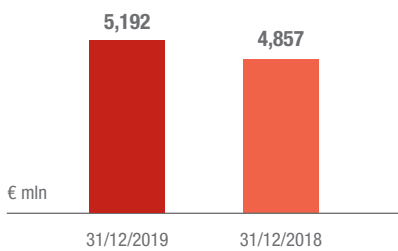
Group's highlights¹

Gross written premiums



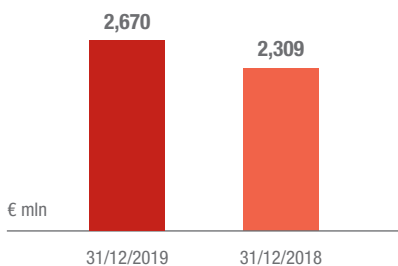
Total gross written premiums were up by 4.3% due to the positive performance in both segments. Excellent net inflows, at over € 13.6 billion (+19.6%). Life technical provisions increased by 7.6%.

Group's operating result



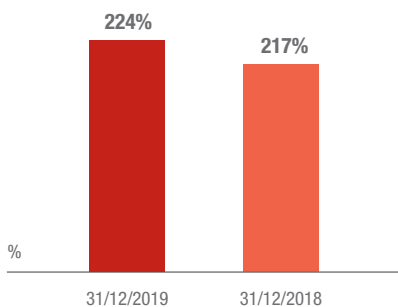
Following the increased performance of all Group segments, the operating result rose to over € 5 billion (+6.9%).

Group's result of the period



Result of the period up 15.7%, reflecting, in addition to the growth of operating performance, also the positive contribution of disposals. Adjusted net profit² without one-off liability management up by 6.6%.

Regulatory Solvency Ratio



Solid Group's capital position confirmed with Solvency Ratio increased to 224%.

¹ All changes in this Report are calculated on 2018, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. The operating result, Assets Under Management and Life technical provisions do not comprise the entities under disposal or disposed of in the period.

² Adjusted for impact of gains and losses from disposals. Please refer to the comment in the paragraph on Group result of the period.

Group's performance

Premiums development

The **gross written premiums** of the Group amounted to € 69,785 million, showing an increase of 4.3% as a result of growth in both segments.

The **Life gross written premiums**³, which amounted to € 48,260 million, posted a 4.5% increase, particularly due to the performance recorded in the second half of the year.

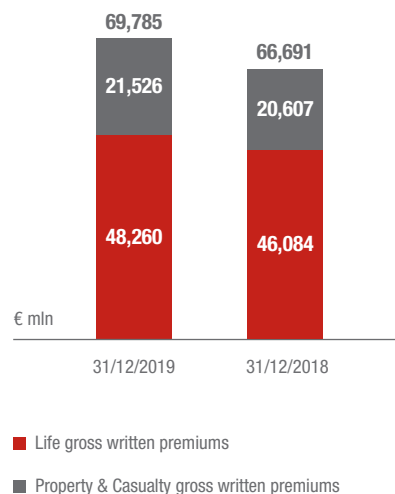
With reference to the lines of business, growth in protection premiums (+7.6%) was confirmed throughout the countries where the Group operates. Savings policies went up by 5.5%, reflecting the performance observed in Italy, France and Germany. Premiums from unit-linked products dropped by 2.8%, although they recovered during the second half of the year that was distinguished by positive performance in several areas of operation of the Group.

Life net inflows was confirmed at very good levels, totaling € 13.6 billion. The 19.6% growth was mainly driven by Italy, France and Asia.

The **new business (in terms of present value of new business premiums - PVNBP)** amounted to € 45,664 million, showing an increase of 10.1%.

Specifically, protection products performed well (+17.3%), showing growth in all the countries where the Group operates. Also, savings and pension products went up too (+15.2%), especially in Germany and Italy (above all due to the increase in capital-light products), more than offsetting the drop in Spain and China. The unit-linked business decreased (-3.7%) owing to the unfavourable performance in Italy that was partially offset by good performance in Germany and France.

The **profitability of new business (margin on PVNBP)** fell by 0.49 pps, to 3.89% (4.35% at 31 December 2018), mainly because of the unfavourable economic context. The decrease was partially mitigated by the additional reduction of financial guarantees and by the improved business mix.



The total **new business value (NBV)** decreased by 2.2% and stood at € 1,777 million (€ 1,877 million at 31 December 2018).

The **Property & Casualty gross written premiums** reached € 21,526 million, growing by 3.9%, thanks to both business lines, which confirmed the positive performance recorded in the previous quarters.

The motor line increased by 2.4%, mainly driven by the growth in premiums in ACEER (+6.1%), France (+4.1%), and the Americas and Southern Europe (+13.5%, driven by Argentina due to the inflation phenomena in the country). Motor premiums in Italy were down by 1.3%, following the contraction of the motor third-party liability portfolio.

The non-motor segment grew (+3.8%), with positive trends broadly extended across the Group's various areas of operations. Premiums increased in the ACEER region (+6.1% with diversified growth in the territory), France (+3.2%), Italy (+2.9%) and in the International cluster (+5.8%), driven by Spain.

³ Including premiums from investment contracts for € 1,558 million (+6.9%).

Total gross written premiums by country (*)


(€ million)	31/12/2019	31/12/2018
Italy	24,166	23,781
France	13,274	12,264
Germany	14,294	13,577
Austria, CEE & Russia	7,041	6,429
International	8,484	8,395
Spain	2,414	2,378
Switzerland	1,747	1,696
Americas and Southern Europe	1,301	1,427
Asia	3,022	2,894
Group holdings and other companies	2,527	2,246
of which Europ Assistance	873	834
Total	69,785	66,691

(*) Total gross written premiums for Global Business Lines (GBL), taking into consideration the business underwritten in the various countries, amounted to € 3,817 million (+9.1%) and broken down as follows:

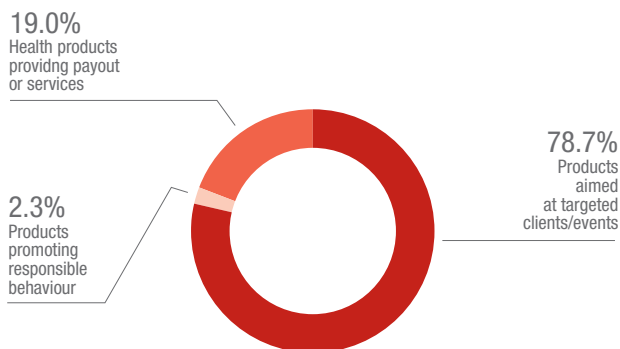
- Global Corporate&Commercial € 2,116 million;
- Generali Employee Benefits and Generali Global Health € 1,701 million.

The details by geographical area highlighted in this document reflected the Group's managerial structure in place in 2019, made up of the three main markets - Italy, France and Germany - and the regional structures (ACEER, International, Investments, Asset & Wealth Management, and Group holdings and other companies)⁴.

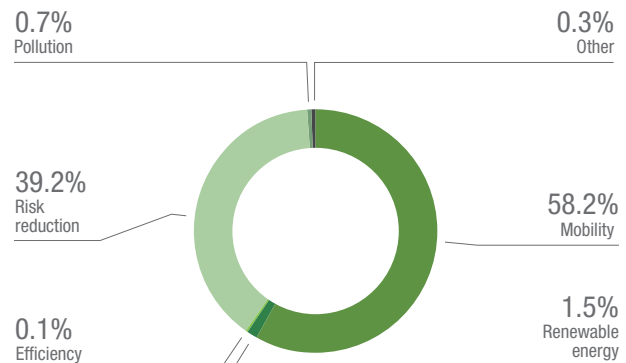
NFS

 Glossary available at the end of this document

+21.4%
€ 13,864.7 mln premiums from social products*



+5.5%
€ 1,359.5 mln premiums from environmental products*



* The definitions of social and environmental products were reviewed in 2019 in order to meet the different stakeholders' requests and reflect the market evolution in terms of sustainability. Therefore, the change in premiums from social and environmental products is calculated on 2018 data restated. Premiums from social and environmental products refer to a higher number of consolidated companies compared to 2018 that represents 98.5% of the total gross direct written premiums. As for premiums from environmental products, the premium from multi-risk policies covering NATCAT events only refers to the NATCAT guarantee. If the premium cannot be split into green-related component and other components, only the premium from the policies which are predominantly providing a green coverage or service is reported

⁴ Group holdings and other companies comprises the Parent Company's management and coordination activities, including Group reinsurance, Europ Assistance, Other companies (including Generali Global Health and Generali Employee Benefits) as well as other financial holding companies and suppliers of international services not included in the other geographical areas. Please refer to the Notes to the Management Report for a detailed description of the geographical areas.

Insurance products, by their very nature, have a high social and environmental value given that they constitute a concrete response to pension and protection needs of customers and the growing needs of society. We constantly monitor risks that may have impact on the society and the environment as to identify opportunities and continue to create value.

As part of its offering, the Generali Group is committed to promote several high value-added solutions from a social and environmental perspective. Developing this type of coverage means providing a service that creates value over time, responding to new requirements related to emerging risks, fostering eco-sustainable conduct, and

bridging gaps in the pension and public health services sectors. Embracing technology and innovation, we address habits and behaviour towards healthier and more informed lifestyles, aiming at risk prevention rather than claims settlement. In order to encourage eco-sustainable conduct and support green activities, consistent with our climate change strategy, we develop and distribute products and services with particular attention to environmental protection.



Challenges and opportunities in the market context, p. 20

NFS

Operating result

The Group's **operating result** amounted to € 5,192 million, a 6.9% increase (€ 4,857 million at 31 December 2018), following the positive trend of all segments.

Total operating result by segment

(€ million)	31/12/2019	31/12/2018	Change
Total operating result	5,192	4,857	6.9%
Life	3,129	3,067	2.0%
Property&Casualty	2,057	1,992	3.3%
Asset Management	425	335	26.9%
Holding and other businesses	8	-70	n.m.
Consolidation adjustments	-427	-467	-8.5%

With reference to the different segments, Life recorded an operating result up by 2.0% to € 3,129 million, due to both the trend of the technical performance and growth in investment result.

The P&C operating result also increased and totalled € 2,057 million (+3.3%), reflecting the contribution of the technical result thanks to the improvement of the combined ratio that was confirmed at technical excellence levels (92.6%; -0.4 pps).

The operating result of the Asset Management segment rose from € 335 million to € 425 million due to the good

market trend as a whole and to the consolidation of the revenues of the new multi-boutiques.

The operating result of the Holding and other businesses segment also showed improvement as it reflected the positive result of Banca Generali and of the other private equity businesses. It was only partially offset by the increased holding expenses, mainly because of the higher expenses linked to the Group's strategic projects.

Finally, the change in the consolidation adjustments was mainly due to fewer intragroup transactions following finalisation of the disposals.

Operating result by country

(€ million)	31/12/2019	31/12/2018
Italy	1,772	1,789
France	805	703
Germany	832	821
Austria, CEE & Russia	862	776
International	677	753
Spain	293	294
Switzerland	151	273
Americas and Southern Europe	155	116
Asia	85	79
Investments, Asset & Wealth Management (*)	687	527
Group holdings, other companies and consolidation adjustments	-443	-512
Total	5,192	4,857

(*) Investments, Asset & Wealth Management area includes the main Group entities operating in investment advisory, asset management and financial planning; it includes, among others, Banca Generali. Adding the operating result of AM of the Central and Eastern European countries to that of Investments, Asset & Wealth Management reported in the table, the total operating amounts to € 711 million (€ 542 million at 31 December 2018).

Non-operating result

The **non-operating result** of the Group came to € -1,581 million (€ -1,361 million at 31 December 2018). In particular:

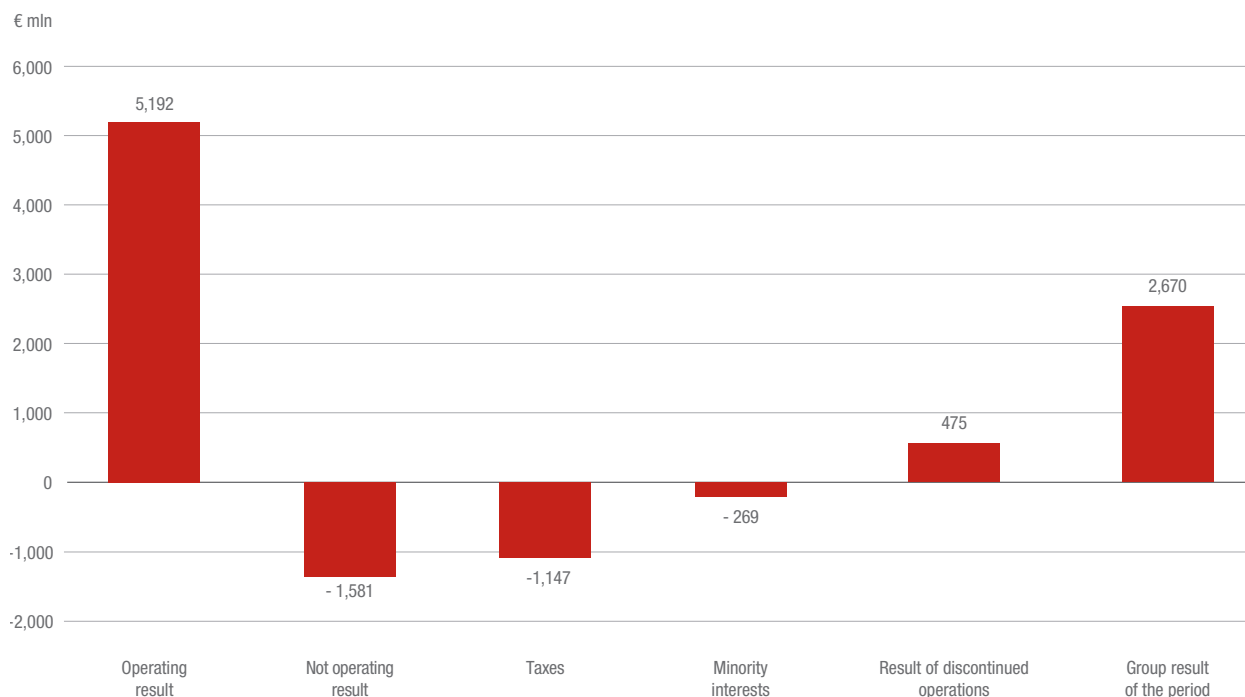
- **net impairment losses** decreased to € -333 million (€ -431 million at 31 December 2018) mainly due to lower impairments on both equity and fixed income instruments;
- **net realized gains** totalled € 21 million (€ 265 million at 31 December 2018), mostly for € 245 million⁵ of expenses for the liability management transaction announced in September 2019, which involved the buyback of three series of subordinated notes with an aggregate nominal amount of around € 1 billion. Furthermore, the first half of 2018 had benefited from € 113 million in realized gains from the disposal of the investment in Italo - Nuovo Trasporto Viaggiatori;
- **net non-operating income** from financial instruments at fair value through profit or loss amounted to € -42 million (€ 11 million at 31 December 2018);
- **other net non-operating expenses** increased to € -520 million (€ -411 million at 31 December 2018). The item comprised € -137 million for the amortization of the

value of the acquired portfolios (€ -98 million at 31 December 2018; the increase came from the new acquisitions of Sycomore, Lumyna and Adriatic Slovenia), € -137 million for restructuring costs (€ -211 million at 31 December 2018; the decrease was due to minor costs mainly in Germany), and € -246 million in other net non-operating expenses (€ -102 million at 31 December 2018). The latter included the capital gain from the disposal of operations in Panama in 2018, while in 2019 there were higher costs tied to completion of the disposal of the German assets and to IT investments in the business units;

- **non-operating holding expenses** amounted to € -707 million (€ -795 million at 31 December 2018). The improvement is mainly attributable to the decrease in interest expense on financial debt that, in line with the strategy to reduce external debt, decreased from € -666 million to € -605 million. In 2018, the item comprised the restructuring costs for transfer of the Generali Employee Benefits headquarters and the closure of the branch in Japan, as well for the development of asset management activities.

⁵ This amount, after taxes, was € 188 million.

Group's result of the period



The **result of the period attributable to the Group** stood at € 2,670 million, showing an increase of 15.7% over the € 2,309 million posted at 31 December 2018. It reflected:

- the improvement in the aforementioned operating result;
- the result from discontinued operations of € 475 million, which included the € 352 million gain from the disposal of Generali Lebensversicherung and the € 128 million gain from the disposal of the business in Belgium;
- the decrease in the tax rate, down from 32.6% to 31.3%, mainly attributable to the higher deductible acquisition costs in China and to the income from taxes of previous years recorded in Italy and Germany;

- the result attributable to minority interests, equal to € 269 million, which corresponded to a minority rate of 9.2% (7.6% at 31 December 2018) and which increased compared to last year (€ 189 million), mainly reflecting the trend of Banca Generali and Asia.

The adjusted net profit, which does not include the impact of gains and losses related to disposals, amounted to € 2,191 million.

Excluding the one-off expense of € 188 million for the above-mentioned liability management transaction relating to the buyback of subordinated notes, the adjusted net profit was € 2,379 million, up +6.6%.

From operating result to result of the period

(€ million)	31/12/2019	31/12/2018	Change
Consolidated operating result	5,192	4,857	6.9%
Net earned premiums	66,239	63,405	4.5%
Net insurance benefits and claims	-71,062	-52,032	36.6%
Acquisition and administration costs	-11,252	-10,393	8.3%
Net fee and commission income and net income from financial service activities	679	428	58.5%
Operating investment result	21,326	3,959	n.m.
Net operating income from financial instruments at fair value through profit or loss	10,279	-6,018	n.m.
Net operating income from other financial instruments	11,047	9,977	10.7%
Interest income and other income	10,895	10,560	3.2%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,586	1,215	30.6%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-333	-836	-60.2%
Interest expense on liabilities linked to operating activities	-401	-333	20.4%
Other expenses from other financial instruments and land and buildings (investment properties)	-700	-628	11.4%
Operating holding expenses	-529	-467	13.3%
Net other operating expenses (*)	-207	-44	n.m.
Consolidated non-operating result	-1,581	-1,361	16.2%
Non operating investment result	-354	-155	n.m.
Net non-operating income from financial instruments at fair value through profit or loss	-42	11	n.m.
Net non-operating income from other financial instruments (**)	-312	-166	88.5%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	21	265	-92.1%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-333	-431	-22.7%
Non-operating holding expenses	-707	-795	-11.0%
Interest expenses on financial debt	-605	-666	-9.2%
Other non-operating holding expenses	-102	-128	-20.4%
Net other non-operating expenses	-520	-411	26.3%
Earning before taxes	3,611	3,496	3.3%
Income taxes (*)	-1,147	-1,172	-2.1%
Earnings after taxes	2,465	2,324	6.0%
Profit or loss from discontinued operations	475	173	n.m.
Consolidated result of the period	2,939	2,497	17.7%
Result of the period attributable to the Group	2,670	2,309	15.7%
Result of the period attributable to minority interests	269	189	42.6%

(*) At 31 December 2019 the amount is net of operating taxes for € 52 million and non-recurring taxes shared with the policyholders in Germany for € -27 million (at 31 December 2018 for € 52 million and € -6 million, respectively).

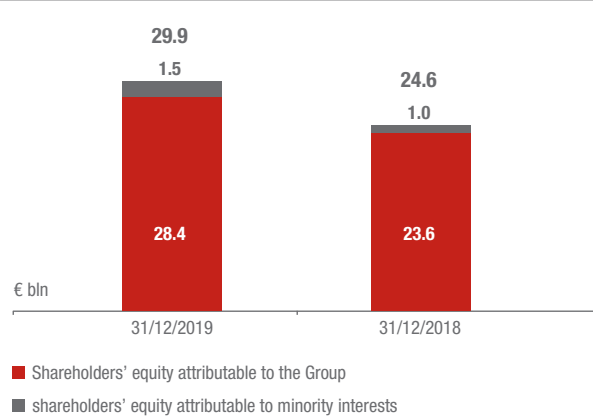
(**) The amount is gross of interest expenses on liabilities linked to financing activities.

Group's financial position

Group shareholders' equity and solvency

The **shareholders' equity attributable to the Group** amounted to € 28,360 million, an increase of 20.2% compared to € 23,601 million at 31 December 2018. The change was mainly attributable to:

- the result of the period attributable to the Group, which amounted to € 2,670 million at 31 December 2019;
- the dividend distribution of € 1,413 million, carried out in 2019;
- other comprehensive income (€ 3,598) due to both the increase in the reserve for unrealized gains or losses on available for sale financial assets of € 4,004 million, mainly arising from the performance of bonds, partially offset by both the reduction in the reserve attributable to disposal groups of € -250 million and the increase in unrealized gains or losses for defined benefit plans of € 391 million.



Rollforward of Shareholders' equity

(€ million)	31/12/2019	31/12/2018
Shareholders' equity attributable to the Group at the end of the previous period	23,601	25,079
Result of the period	2,670	2,309
Dividend distributed	-1,413	-1,330
Other comprehensive income	3,598	-2,517
Reserve for unrealized gains and losses on available for sale financial assets	4,004	-2,288
Foreign currency translation differences	119	-32
Net unrealized gains and losses on hedging derivatives	95	22
Net unrealized gains and losses on defined benefit plans	-391	81
Other net unrealized gains and losses	-228	-300
Other items	-96	59
Shareholders' equity attributable to the Group at the end of the period	28,360	23,601

The **Regulatory Solvency Ratio** - which represents the regulatory view of the Group's capital and is based on the use of the Internal Model, solely for companies that have obtained the relevant approval from IVASS, and on the Standard Formula for other companies - stood at 224% (217% at 31 December 2018; +8 pps). The positive nor-

malized generation of capital more than offset the negative market variances, mainly associated with the decrease in interest rates, and capital variances (including the foreseeable dividend allocation and the early redemption of part of the subordinated debt).

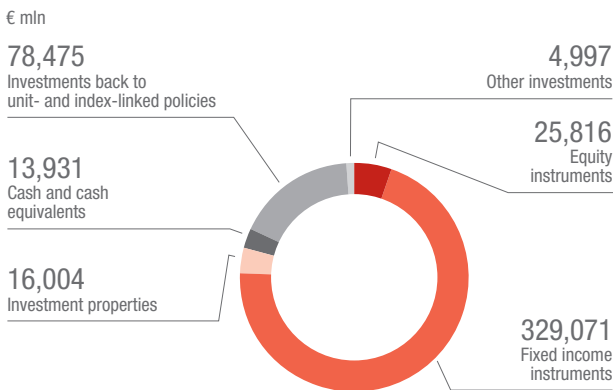


Risk Report, p. 101 of the Annual Integrated Report and Consolidated Financial Statements 2019 for further information on the Group's solvency

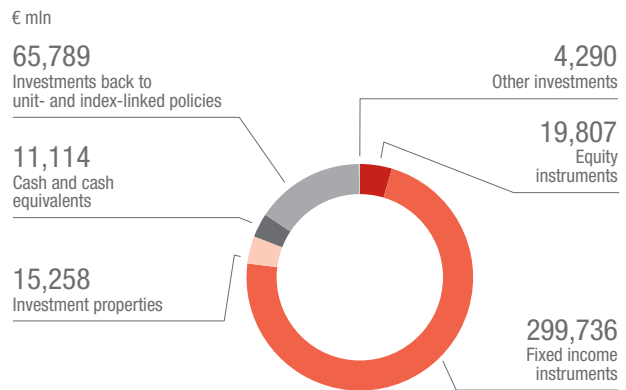
Investments

Asset allocation

Investments at 31 December 2019



Investments at 31 December 2018



At 31 December 2019, total **investments** amounted to € 468,293 million, up by 12.6% over the previous year. Both Group investments at € 389,819 million (+11.3%) and unit/index-linked investments at € 78,475 million (+19.3%) increased.

In terms of weight of the main investment categories, the relative exposure of the fixed income instruments was down to 84.4% (85.6% at 31 December 2018), while that of equity instruments increased, up to 6.6% (5.7% at 31

December 2018). The weight of investment properties decreased to 4.1% (4.4% at 31 December 2018), while that of other investments was basically stable at 1.3% (1.2% at 31 December 2018). Other investments mainly include receivables from banks and customers, investments in subsidiaries, associated companies and joint ventures, and derivatives. Finally, the weight of liquidity went from 3.2% to 3.6%.

Fixed income instruments

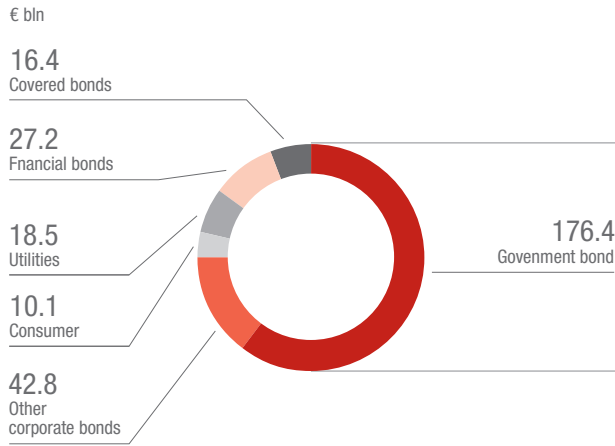
Fixed income instruments increased by 9.8% to € 329,071 million compared to € 299,736 million at 31 December 2018. In particular, the bond portfolio grew to € 291,388 million (+7.3%).

With reference to the composition of the bond portfolio, government bonds, which represented 53.6% (53.2% at 31 December 2018), were up, standing at € 176,355 million (€ 159,431 million at 31 December 2018). The change during the period was mostly due to the increase in value of the securities in portfolio. The exposure to individual government bonds was mainly allocated to the respec-

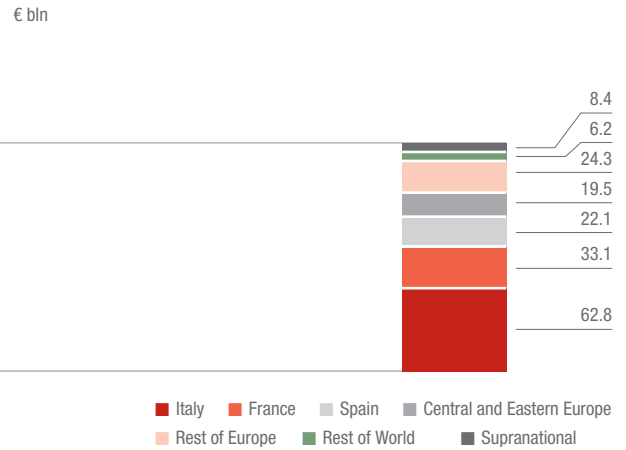
tive countries of operation, in line with the Group's ALM policy.

Supported by the current context of interest rates on the market value of this asset class, the corporate component increased in absolute terms to € 115,033 million (€ 112,017 million at 31 December 2018), equal to 35.0% of the bond portfolio (37.4% at 31 December 2018). The exposure due to aiming the reinvestment strategy at the sovereign bond component decreased in nominal terms. Taking into consideration, on the other hand, the current breakdown of the portfolio, the allocation is basically stable with a slight preference for the telecommunications sector.

Bond portfolio: detail by sector

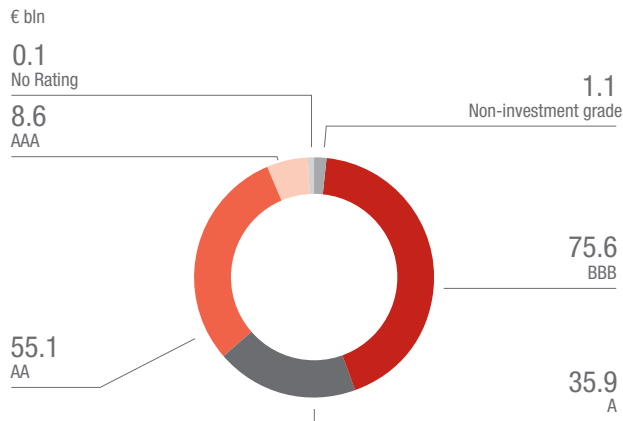


Government bonds: detail by country of risk

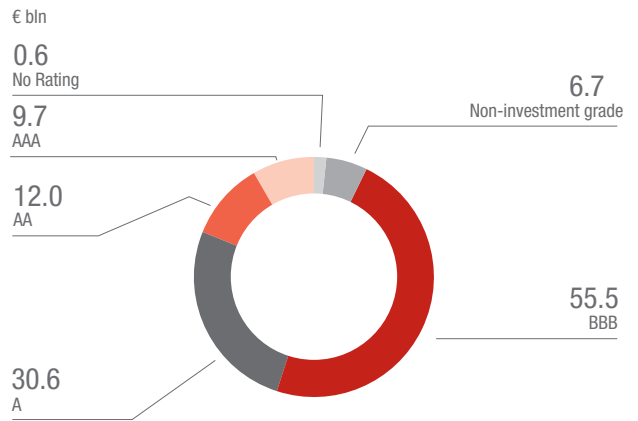


The Group's corporate portfolio confirmed its improvement in terms of creditworthiness, with over 94% of the securities classified as Investment Grade (93% at the end of the previous year). Non-investment grade securities declined by € 0.4 billion compared to 31 December 2018.

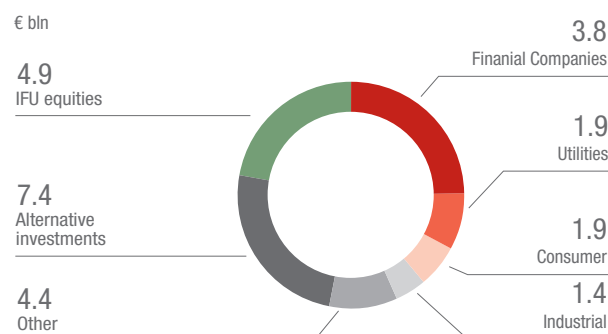
Bond portfolio: government bonds by rating



Bond portfolio: corporate bonds by rating



Equity instruments



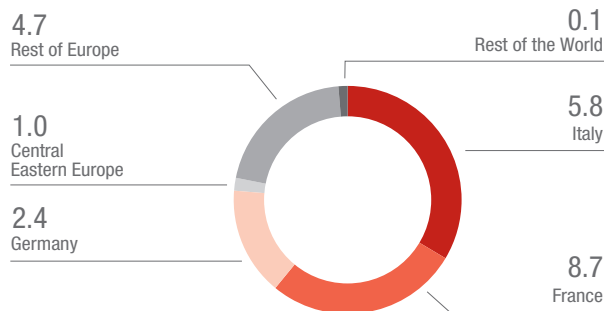
Equity instruments increased in absolute terms, standing at € 25,816 million (€ 19,807 million at 31 December 2018). The change was mostly due to the equity portfolio market effect together with purchases of both listed and alternative instruments.

Investment properties

Investment properties in terms of book value amounted to € 16,004 million (€ 15,258 million at 31 December 2018).

Direct investment properties at fair value

€ bln



Specifically, the Group's direct investment properties at fair value amounted to € 22,693 million (€ 20,631 million at 31 December 2018), and were almost all in Western Europe, mainly in Italy, France and Germany, and were held in the respective countries of operations.

NFS

Responsible investments

+7.7%

€ 311.7 mld direct investments of Group insurance companies to which the Responsible Investment Guideline is applied

In implementation of the **Responsible Investment Guideline** - the document which regulates the various responsible investment activities at Group level - we identify, evaluate and monitor issuing companies in the portfolio which are involved in controversial sectors (for example, non-conventional weapons) or in activities that involve serious or systematic violations of human rights, serious environmental damage or corruption.

Thanks to the creation of a proprietary ESG methodology - which considers environmental, social and corporate governance aspects - we evaluate the degree of responsibility and involvement of the issuing companies and promote specific actions with respect to them, ranging from a ban on making new investments to the settlement of current holdings or the retention of same until their expiration, or even direct dialogue to encourage them to act responsibly.

A cross-functional committee named Responsible Investment Committee retains the task of supporting the decisions of the Group Chief Investment Officer in relation to potential exclusions from the investable universe of the Group.

Climate strategy

In line with the principles of responsible investment which we have been applying for years, and in execution of the Group Policy for the Environment and Climate, we have defined our commitment, even through investment activities, to mitigate climate change and transition towards energy sources as alternatives to coal and fossil fuels..



The Generali 2021 strategy, p. 24



Our rules for running business with integrity, p. 36

Sustainable and responsible investment funds and mandates

+6.9%

€ 35.5 mld SRI*

Thanks to a methodology developed internally by a dedicated team - which integrates non-financial and traditional financial aspects - we select the best companies in relation to corporate social responsibility and sustainable development policies in order to establish dedicated SRI (Sustainable and Responsible Investments) funds and mandates.

* Sustainable and Responsible Investments (SRI) are assets managed according to Generali Insurance Asset Management's SRI proprietary methodology both on behalf of Group insurance companies and third-party clients (two funds and three mandates).

At 31 December 2019, the methodology was applied to:

- funds totalling € 0.9 billion in assets (+73.1%). Of these, 95.1% was subject to the SRI analysis and reported a compliance rate of 100% with the SRI principles of Generali Insurance Asset Management. The remaining 4.9% was the cash component of funds;
- mandates totalling € 34.6 billion in assets (+6.1%). Of these, 81.7% was subject to the SRI analysis and reported a compliance rate of more than 94% with the SRI principles of Generali Insurance Asset Management. The remaining 18.3% was not covered by the SRI analysis (mutual funds, issuers located in non-European regions and unlisted issuers).

Stewardship

+17.7%

**Participation in 1,414
shareholders' meetings**

+21.1%

**18,472 resolutions
voted**

0 pps

**13% votes
against**

As a responsible investor, we undertake to promote sustainability in our investees through proxy voting and engagement activities. To this end, we have a **Voting Guideline** and an **Engagement Guideline** which express the fundamental values of the Group, including with respect to sustainability.



www.generali.com/info/download-center/sustainability/bilanci
for more information on the results achieved with regard to
proxy voting and engagement activities

Investment result

Return on investments

	31/12/2019	31/12/2018
Economic components		
Current income from fixed income instruments	8,832	8,861
Current income from equity instruments	1,045	869
Current income from real estate investments (*)	838	738
Net realized gains	1,771	1,495
Net impairment losses	-612	-1,205
Net unrealized gains	260	-549
Average stock	376,308	351,577
Ratio		
Current return (*)	2.9%	3.0%
Harvesting rate	0.4%	-0.1%
P&L return	3.2%	2.8%

(*) Net of depreciation of the period.

The current return on investments fell slightly, reaching 2.9% (3.0% at 31 December 2018). The performance of this indicator is attributable, on the one hand, to the increase in average investments and, on the other, to growth less than proportionate in the absolute value of current income, which amounted to € 10,962 million (€ 10,668 million at 31 December 2018), due to the low interest rates obtainable as part of the reinvestment activity.

The contribution to the result of the period deriving from net realized gains, net impairment losses and net unrealized gains (harvesting rate)⁶ showed an increase to 0.4% (-0.1% at 31 December 2018), benefitting from both a lower impact of the impairments and a higher contribution of the net realized gains.

⁶ The contribution to investments backing unit-linked contracts was excluded. Please refer to the chapter Methodological notes on alternative performance measures for details on the calculation of the Return on investments.

Debt and liquidity

Debt

In accordance with the IAS/IFRS managerial model used by the Generali Group, consolidated liabilities were split into two categories:

- **liabilities linked to operating activities**, defined as all the consolidated financial liabilities related to specific balance sheet items from the consolidated financial statements. This category also includes liabilities stated by the insurance companies against investment contracts

and liabilities to banks and customers of banks belonging to the Group;

- **liabilities linked to financing activities**, including the other consolidated financial liabilities, among which subordinated liabilities, bonds issued, and other loans obtained. This category includes, for example, liabilities incurred in connection with a purchase of controlling interests.

Total liabilities were as follows:

Group debt

(€ million)	31/12/2019	31/12/2018
Liabilities linked to operating activities	28,891	27,009
Liabilities linked to financing activities	11,013	11,532
Subordinated liabilities	7,717	8,124
Senior bonds	2,988	2,983
Other non-subordinated liabilities linked to financing activities	308	425
Total	40,903	38,540

The decrease in the Group's liabilities linked to financing activities is mainly due to the combination of:

- redemption of three subordinated notes issued in 2009 for a nominal amount of € 750 million, funded with a new issue of € 500 million;
- completion of the liability management transaction, which involved the buyback of € 1 billion in subordinated liabilities with call date 2022, partially funded with a new issue of € 750 million in green liabilities;
- completion of the acquisition of Adriatic Slovenica, which entailed the consolidation of also the subordi-

nated liability issued by the Slovenian company for the amount of € 50 million.

The liabilities linked to operating activities posted an increase due mainly to the increase in the deposits of the Group banks.

The weighted average cost of liabilities linked to financing activities stood at 4.95%, down from 5.66% at 31 December 2018. The weighted average cost reflects the annualized cost of the liabilities, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Interest expenses on total liabilities were detailed below:

Interest expenses

(€ million)	31/12/2019	31/12/2018	Change
Interest expenses on liabilities linked to operating activities	401	333	20.4%
Interest expenses on liabilities linked to financing activities	605	666	-9.2%
Total (*)	1,006	1,000	0.7%

(*) Without taking into account the interest expenses on liabilities linked to operating activities of the real estate development companies, classified among the other expenses, as well as the interest on deposit under reinsurance business accepted, deducted from the related interest income.

Details on the liabilities linked to financing activities

Details on subordinated liabilities and senior bonds

(€ million)	31/12/2019				31/12/2018			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)
Subordinated liabilities	7,746	7,717	479	5.23%	8,162	8,124	541	6.18%
Senior bonds	3,000	2,988	125	4.19%	3,000	2,983	125	4.19%
Total	10,746	10,705	605		11,162	11,106	666	

(*) The weighted average cost reflects annualized cost of the liabilities, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Details of issues and redemptions of subordinated liabilities and senior bonds

(€ million)	31/12/2019			31/12/2018		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	1,250	1,750	-500	0	250	-250
Senior bonds	0	0	0	0	0	0
Total	1,250	1,750	-500	0	250	-250

In the first part of 2019, Generali drew up the **Group Green Bond Framework**, which represents as much an element of continuity with the green credit lines negotiated in 2018 as much as an element of consistency with the Generali 2021 strategy, of which sustainability is a fundamental premise.

Developed in compliance with the guidelines dictated by the Green Bond Principles, the Framework - the subject matter of a Second Party Opinion issued by Sustainalytics - defines the eligibility criteria for the use of proceeds, the evaluation and selection of projects, the governance of the green bonds, including the creation of a Green Bond Committee and the rules on reporting the green bond.

The Generali Green Bond Framework was designed following 3 key principles:

- **simplicity**: written clearly and unambiguously, it aims to be understood by both market professionals and the common reader of financial reports;
- **transparency**: based as much as possible on independent assessment criteria, it reduces the margin of subjective judgement of the Group regarding the selection and inclusion of the pool of eligible assets;
- **consistency**: in line with our investment strategy that contemplates expansion of the real estate and private

assets, and with our history as a large investor in the European real estate sector. Aware of the close tie between global CO₂ emissions and buildings and transportation, the pool of eligible assets for the Green Bond will be mostly represented by investments in green buildings and transportation.

In September 2019, Generali announced the Green Bond Framework to the market and also its **first issue of a Green Bond by the Group**, which also corresponds to the first issue by any European insurance company. The € 750 million Tier 2 green bond maturing in 2030 was warmly welcomed by investors with a demand that surpassed the issued amount by 3.6 times. Over half of the orders came in from green bond market investors or from institutional investors with the aim of implementing green investment plans. The Green Bond of Generali was included in the Bloomberg Barclays MSCI Green Bond index.

Within 12 months following the date of issue Generali will issue an audited allocation and impact report.



www.generali.com/investors/debt-ratings/green-bond-framework for further information

Details on main issues

Subordinated liabilities

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	411	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	243	GBP	285	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	302	EUR	301	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	984	EUR	983	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	992	02/05/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,244	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	842	08/06/2016	08/06/2028	08/06/2048
Assicurazioni Generali	3.88%	500	EUR	497	29/01/2019	n.a.	29/01/2029
Assicurazioni Generali	2.12%	750	EUR	747	01/10/2019	n.a.	01/10/2030
Adriatic Slovenica	EUR3M+7.8%	50	EUR	50	24/05/2016	24/05/2021	24/05/2026

(*) In currency million.

(**) In € million.

This category includes all subordinated liabilities issued by Assicurazioni Generali and other subsidiaries. The remaining subordinated liabilities are mainly issued by Austrian subsidiaries for approximately € 25 million at amortized cost.

Senior bonds

Main senior bonds issues

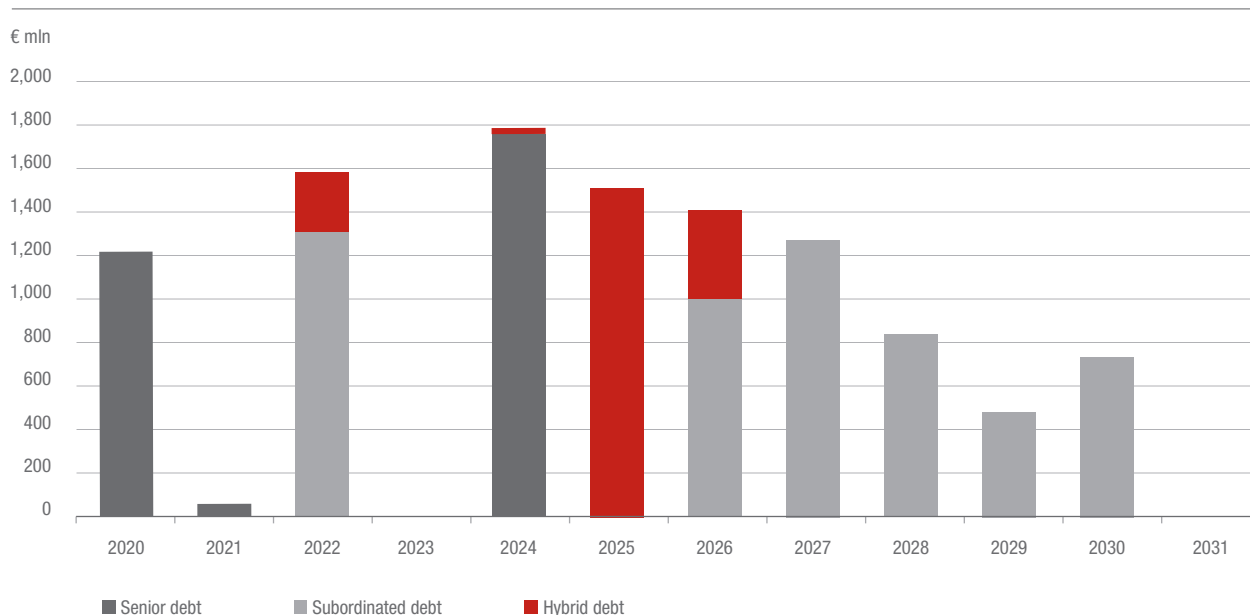
Emittente	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,731	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,250	14/01/2014	14/01/2020

(*) In currency million.

(**) In € million.

The senior debt of € 1,250 million issued in 2014 reached maturity in January 2020. Consistent with what was anticipated in May 2019 at the Exploring Generali event, this redemption was not refinanced as part of the plan to reduce debt according to the Generali 2021 strategy.

Detail on debt maturity



The average duration stood at 5.52 years at 31 December 2019 compared to 5.34 years at 31 December 2018.

Revolving credit facilities

Assicurazioni Generali has revolving credit facilities for a total amount of € 4 billion. They represent, in line with best market practice, an efficient tool to protect the Group's financial flexibility in case of adverse scenarios.

The two facilities, syndicated with a value of € 2 billion each, have a duration until 2021 and 2023.

The revolving credit facilities also present innovative features in terms of sustainability: their cost is linked to

both the targets on green investments and the progress made in sustainability. This transaction further strengthens Generali's commitment to sustainability and the environment, as set out in the Charter of Sustainability Commitments and in the climate change strategy. This will only impact the Group's liabilities linked to financing activities if the facilities are drawn down.

Liquidity

Cash and cash equivalent

(€ million)	31/12/2019	31/12/2018
Cash at bank and short-term securities	6,165	5,553
Cash and cash equivalents	172	115
Cash and balances with central banks	537	1,029
Money market investment funds unit	6,863	4,367
Other	194	50
Cash and cash equivalents	13,931	11,114

Liquidity rose from € 11,114 million of year-end 2018 to € 13,931 million at 31 December 2019; the increase in Group's cash and cash equivalents reflected the improved generation of cash of the underlying business and the focus on restating the net result in cash flows.

Share performance

KPIs per share

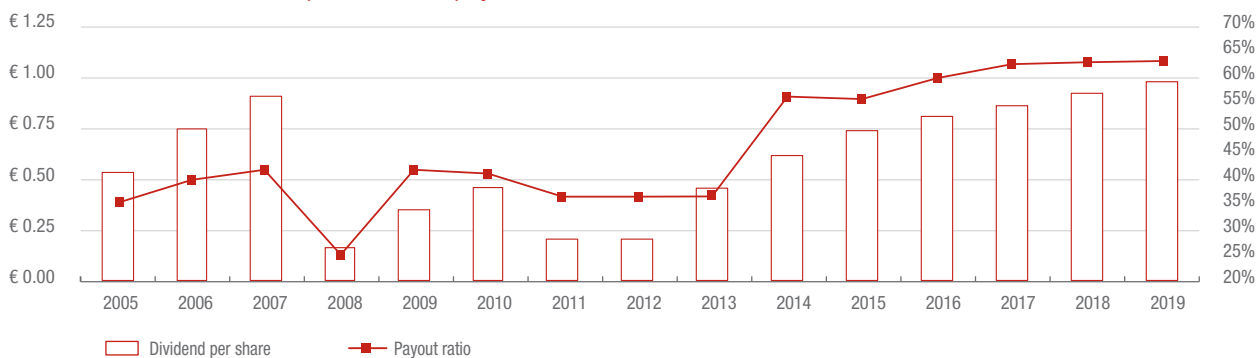
	31/12/2019	31/12/2018
Earnings per share (EPS)	1.70	1.48
Adjusted net EPS	1.40	1.43
Adjusted net EPS without one-off liability management	1.52	1.43
Dividend per share (DPS) (***)	0.96	0.90
Adjusted payout ratio without one-off liability management (*)	63.6%	63.3%
Total dividend (in € million)	1,513	1,413
Share price	18.40	14.60
Minimum share price	14.51	13.75
Maximum share price	19.50	17.06
Average share price	16.85	15.07
Weighted average number of ordinary shares outstanding	1,567,927,100	1,563,742,903
Market capitalization (in € million)	28,884	22,851
Average daily number of traded shares	4,863,683	5,778,912
Total shareholders' return (TSR) (**)	32.95%	1.39%

(*) The payout ratio at 31 December 2019 calculated on adjusted net profit including one-off liability management amounting to € 2,191 million was 69.1%. The 2018 data was restated based on adjusted profit in that year.

(**) The total shareholders' return (TSR) is the measure of performance which combines share price variation and dividends paid to show the total return to the shareholder expressed as an annualized percentage.

(***) It is the proposed DPS.

Performance of the dividend per share and payout ratio



2019 performance of the total shareholders' return



Our main markets: positioning⁷ and performance

Italy

Generali confirms its leadership position in the Italian insurance market with an overall share of 16.2% as it can rely on a complete range of insurance solutions for its clients in both the Life and P&C segments. At the distribution level, a multi-channel strategy strongly hinged on agents continues. It has a strong position in the direct Life and P&C channel, through Genertel and Genertellife, the first online insurance launched in Italy. Thanks to its partnership with Banca Generali, the Group is able to offer its customers a broad and complete variety of insurance, pension and savings products. Generali presents itself to the Italian market with three distinct brands marked by a clear strategic positioning - Generali (retail market and SME), Alleanza (households) and Genertel and Genertellife (alternative channels). During 2019, Generali Italia continued to implement its simplification programme with the goal to improve the customer experience by simplifying the relationship between customers and agents for the entire process by providing more and more accessible and innovative services. Furthermore, in 2019 Jeniot, a company launched by Generali Italia at year-end 2018 that develops innovative services in the Internet of Things and connected insurance area tied to mobility, home, health and work, continued to grow.

Gross written premiums

€ 24,166 mln
(+1.6%)

Total operating result

€ 1,772 mln
(-1.0%)

Life market share

17.3%

P&C market share

14.1%

Ranking

1st
(2nd Life and 2nd P&C)

Our people

13,150

NFS

Within The Human Safety Net, the Group's global initiative for the society, Generali Italia launched Ora di Futuro, an innovative project for educating children and families that involves teachers, primary schools and non-profit networks throughout Italy. The purpose is to help families and to sustain responsible growth of their children.

The Italian **insurance market**, down by 1.5%, suffered from the trend of Life premiums (-2%), which was conditioned by the trend of the unit-linked products (-18.3%). The new Life business continues to be even more oriented toward the traditional products, whose performance rose compared to 2018 (+12.4%), and the multi-business products (+17.3%), still mostly focused on the traditional component. The P&C insurance market, enjoying expected growth of 3.3%, still benefits from the development of the non-motor line (forecast to grow by 5.7%), supported by the protection business (+8.8% thanks to the increasing attention that clients pay to welfare) together with the property line (+4.3%). The motor business enjoyed moderate growth (+0.6%), driven by the other damages business (+4.8%) while the motor third-party liability line (-0.3%) continued to feel the effects of the competition between the different operators.

On the **financial markets**, the ten-year BTP yield dropped from 2.77% at year-end 2018 to 1.43% at year-end 2019. The BTP-Bund spread went down from 253 bps at year-end 2018 to 161 bps at year-end 2019.

The equity market was affected by the global monetary policies. The FTSE MIB posted positive performance during the year (+33.8%).

⁷ The indicated market shares and ranking, based on written premiums, refer to the most recent official data.

GENERASVILUPPO SOSTENIBILE

In 2019, the integrated new generation offer of Generali Italia was extended with GeneraSviluppo Sostenibile, the first insurance solution for investing in the UN 2030 for Sustainable Development Targets, which encourages responsible behaviour.

The client is given the possibility to choose from the following five thematic investment portfolios based on their values, and to afterwards measure the impact on communities and environment:

- Equal opportunity: companies that promote respect for equal opportunity, protection of minorities and equality of gender by encouraging impartial professional growth;
- Sustainable growth: companies that promote smart cities distinguished by technological development, respect for the environment and for the work force in order to improve the quality of life of their citizens;
- Health and well-being: companies operating in the field of health, natural foods, products and services that promote an active and healthy lifestyle;
- Responsible consumption: companies that implement a circular economy that respects natural resources in line with protection of the seas and land;
- Climate protection: energies that are renewable and in companies that implement environmental policies that protect natural resources.

In a context of a market distinguished by persistent low interest rates and high volatility, Generali Italia has concentrated on a full-scale offer that comprises development of the Pension, Savings, Investment and Protection products according to the pre-set goals of improving advice given to the client and strengthening of premium with low capital absorption. This strategy was pursued through value consultancy aimed at optimising the productivity of the current channels and integrated with the new digital tools introduced with the recent Simplification programme.

An agreement with Google focused on the transformation, innovation and personalisation of offers and services made possible by clouds, data & technology was also signed to support the digitalization pillar.

The growth of Generali's Life **premiums** therefore showed excellent performance of protection business (+14.8%) and traditional savings and pension products (+6.1%). The linked products fell (-16.3%) due to the volatility of the financial markets in the second half of 2018, which conditioned the risk appetite of customers in the first nine months of 2019.

The **new business** in terms of present value of new business premiums (PVNBP) stood at € 19,510 million, up 5.8% following the growth of single premiums (+16.4%), which amply offset the drop in the present value of future annual premiums (-6.3%).

With reference to the business lines, positive growth of both protection business (+30.8%) and savings and pension business (+16.1%) was recorded. Despite the satisfactory contribution of hybrid products, there was a reduction in the unit-linked business (-20.4%).

The new business margin (expressed as a percentage of PVNBP) decreased by 0.59 pps, from 5.30% in 2018 to 4.71% in 2019. The decrease is mainly led by the negative economic context, with negative repercussions also on the highly profitable hybrid products sold during the year, only partially offset by the increased production from new products with lower capital absorption.

Despite the higher volumes, the lower profitability caused by the economic context led to the new business value amounting to € 920 million (-6.0%).

Life premiums

€ 18,635 mln (+1.7%)

PVNBP

€ 19,510 mln (+5.8%)

NBV

€ 920 mln (-6.0%)

Life OR

€ 1,345 mln (+4.8%)

It is point out the growth in Property & Casualty **premiums** (+1.5%) arising from changes, each different from the other. In 2019, Generali concentrated on improving profitability and on defending the motor portfolio with interventions on the flexibility and development of smart-pricing models that enhance the value of the contribution offered by the new advanced analytics structure. The total decrease in motor (-1.3%) was then offset by a significant improvement in profitability in a market that is still strongly competitive. In the non-motor lines (+2.9%), the renewal of the product range through development of new associated services and products and the ever-increasing attention paid to improving the industrial processes and relevant levels of service led to a considerable increase in premiums (+2.9%), which benefitted from the good trend above all of the corporate and Employee Benefit lines.

The **combined ratio** rose slightly due to a lower contribution of the previous generations and to a higher impact of the natural catastrophe claims as compared to 2018, only partially offset by an improvement in current claims above all associated with the motor segment.

Germany

Generali has been active in Germany since 1837. The Group ranks second in terms of total premium income due to a 9.1% market share in the Life business (also including health business), in which it plays a leadership role in the unit-linked and protection lines, and to a 5.3% P&C share, distinguished by a sharply higher premium profitability than the market average.

In 2019, Generali successfully completed implementation of the strategic turnaround programme Simpler, Smarter for You to Lead in Germany. This programme, fully consistent with the Group's strategy, was aimed at:

- **maximisation of the distribution power** by: integrating the channel of exclusive Generali agents in the DVAG network, which with 37,000 agents is the largest distribution network in Germany, operating on an exclusive basis to sell Generali brand products; the strengthening of its leadership in the direct channel (CosmosDirekt), also through sizeable investments in the simplification of the processes and extension to new forms of digital intermediation; and the focusing of the broker channel (Dialog) on improvement of profitability and on the digitalisation process;
- **maximisation of operational efficiency and innovation** with creation of the “One company” model that led to concentrating employees in two main companies, creation of four product factories (Life, P&C, Health, Prevention and assistance) serving all distribution channels with considerable management synergies, and rationalisation of the brands portfolio, with significant strengthening of the Generali brand. To this regard, in October 2019 the merger of the P&C companies AachenMünchener Versicherung and Generali Versicherungen was finalised. It led to the creation of Generali Deutschland Versicherung, a company dedicated to the exclusive sale channel. The P&C company Dialog Versicherungen for the broker channel was set up. During the year, the Group retained its leading positioning on the market in the product innovation area and in customer services thanks to the Smart Insurance approach, focused on strengthening the Prevention and assistance offer, particularly thanks to the Generali Vitality programme and the products in telematics (Generali Mobility), domotics (Generali Domocity), and digital security through the CyberIdentity solutions;
- **mitigation of the interest rate risk and return on invested capital**: during 2019, Generali finalised the sale of 89.9% of Generali Lebensversicherung to Viridium Gruppe,

P&C premiums

€ 5,530 mln (+1.5%)

P&C OR

€ 495 mln (-15.2%)

CoR

91.9% (+1.0 pps)

Gross written premiums

€ 14,294 mln
(+5.3%)

Total operating result

€ 832 mln
(+1.4%)

Life market share

9.1%

P&C market share

5.3%

Ranking

2nd

Our people

9,613

with which it had come to an industrial partnership agreement for the profitable management of the traditional guaranteed Life portfolio that is particularly subject to the interest rate risk. The transaction, which entailed a comprehensive valuation of 100% of Generali Lebensversicherung totalling € 1 billion and repayment to the Group of € 882 million in subordinated instruments, will allow more efficient and remunerative resources for the Group to be allocated.

The initiatives carried out in 2019 fall within the Generali 2021 context, which also in Germany are aimed at fulfilling the Group's ambition to become a Life-time Partner of its customers and to be number one on the market in terms of profitable growth, return on capital and innovation.

NFS

Generali also successfully continued to execute many initiatives part of The Human Safety Net programme. The programme, which initially supported refugees and their start-ups, was also extended to families with children in underprivileged situations in 2019. During 2019, Generali's colleagues located in Germany were for the first time involved in the programme through corporate voluntary activities, and The Human Safety Net was hosted as part of the Bürgerfest initiative promoted by the President of the German Federal Republic.

In spite of the economic slowdown that commenced during the second half of the year, the performance of the **insurance sector** posted a positive trend. Thanks to expansion in the single premiums business, Life insurance grew beyond expectations (+11.3%). In confirming the trend seen in the previous years, Property & Casualty business grew with rates over 3%.

As regards the **financial markets**, the yield of the ten-year German Bund closed the year even lower, at -0.19% (0.25% in 2018). The DAX stock market earned 25.5%.

Life premiums grew by 7.2%, thanks to the contribution of all the business lines. Solid growth was seen in the unit-linked products (+7.4%) and protection products (+3.3%), in line with the Group's strategic initiatives. The savings premiums went up 11.6% in both the single premium component, following the trend of the entire market, and in the recurring premium component, where the market was instead stagnant.

The **new business** in terms of (PVNBP) increased significantly (+27.3%), affecting both the Life business (+25.6%) and the healthcare business (+47.8%) and the present value of future annual premiums (+27.2%) and single premiums (+27.7%). The business of all business lines is increasing; in particular, savings and pension products grew by 42.2%, protection products by 25.2% and unit-linked products by 16.6%.

The profitability of the new business (stated as a percentage of the PVNBP) came to 2.73%, stable on equivalent terms, due to the reduction of guarantees offered on the new products that offsets the unfavourable economic context of reference.

New business value grew by 27.4% and amounted to € 261 million.

The P&C segment **volumes** went up slightly (+0.4%), entirely driven by the non-motor business (+1.7%), which benefits from the positive trend mainly in the home and commercial lines, further supported by the Global Corporate & Commercial lines. The motor line went down (-1.5%), which reflects both the activities of existing portfolio pruning and the focusing on the profitability in acquiring new customers.

The **combined ratio** marks a considerable improvement (-3.1 pps), entirely attributable to the reduction in claims thanks to the positive trend of the current generations, the lower catastrophe impact (-0.6 pps) and the greater contribution of the result of the previous generations. The costs rate increased (+2.0 pps), driven by the greater commission charges following integration of the exclusive EVG network in DVAG in mid-2018.

Life premiums

€ 10,523 mIn (+7.2%)

PVNBP

€ 9,587 mIn (+27.3%)

NBV

€ 261 mIn (+27.4%)

Life OR

€ 406 mIn (-4.3%)

P&C premiums

€ 3,771 mIn (+0.4%)

P&C OR

€ 462 mIn (+4.0%)

CoR

89.6% (-3.1 pps)

France

Generali has been active in France since 1831 with one of the Group's first foreign branches. The operating structure was consolidated toward the mid-2000s, when the merger of the various brands forming the Group led to the creation of one of the country's largest insurance companies. Generali France operates with a multi-channel approach of agents, employed sales persons, brokers, financial advisors, banks, direct channels and affinity groups. The multiplicity of the distribution forms reflects the market segment served and the type of product sold, with focus always placed on the customer. Generali France boasts a leadership position in savings Life products distributed through internet and for the so-called affluent customers, just as holds true in the market of supplementary pensions for self-employed workers. The presence of professionals, SMEs and personal risks in the segments is also significant.

Like in the main geographical areas where the Group operates, in France as well initiatives aimed for the most part at consolidated the bond of trust in customer relations through their lifetimes were taken in the perspective of strengthening the brand and the image throughout the country.

Furthermore, in 2019 the Group initiated a number of strategic initiatives in France as part of a project called **Excellence2022** that envisages different streamlining and corporate business transformation actions over a three-year span. The main areas of intervention, also in terms of new investments, having - among other things - the purpose of increasing competitiveness in the country, are the Information Technology sector (Digital Transformation project), the claims management area and the costs sector, with rationalisation of the fixed structure costs. Considerable efforts are also put forth in the commercial area, with the objective of growing in the P&C market by diversifying the portfolio mix, and consolidation of the position in the savings sector by enriching the distribution of products with alternative and innovative formulas. This will be implemented on the one hand with actions to streamline the internal distribution network and, on the other, with development of external agency networks.

As regards the **insurance market**, although it slowed down compared to the previous year, 2019 was marked by a positive increase in Life insurance premiums (+3% compared to +4% of 2018) owing to the trend recorded in traditional products. While the volatility of the financial markets continues to slow down the demand for unit-linked products, the success of the hybrid solutions is growing, represented by the combination of traditional products together with unit-linked products.

The changes in the Property & Casualty business lines (+2.6%), basically stable compared to 2018, confirms strong growth in the health sector (+6.5%), led by the strong increase in health guarantees at both the individual and collective levels.

With reference to the **financial markets**, the ten-year French bond closed the year at 0.1%, down 0.7% compared to year-end 2018. The French stock market index, CAC 40, went up just like the other European indexes, to close the year with a 30.5% gain.

Life **premiums** (+9.5%) are supported by the traditional savings policies (+11.7%) that this year, in particular, represented one of the forms of investment most appreciated for coping with the volatility of the markets. Despite this, the Group strategy continues to focus on development of both the unit-linked and the protection insurance coverage, whose growth during the year were 6.9% and 4.7%, respectively.

With reference to the **new business**, good growth in PVNBP (+10.1%): both the present value of future annual premiums (+17.5%) and the single premiums (+9.1%) were up. The business of all business lines is increasing; in particular, savings and pension products grew by 14.0%, protection products by 8.5% and unit-linked products by 6.6%.

Gross written premiums

€ 13,274 mln
(+8.2%)

Total operating result

€ 805 mln
(+14.6%)

Life market share

5.1%

P&C market share

4.4%

Quota di mercato A&H

7.4%

Ranking

8th Vita, 8th Danni e 5th A&H

Our people

6,818

Life premiums

€ 10,463 mln (+9.5%)

PVNBP

€ 10,525 mln (+10.1%)

NBV

€ 188 mln (-14.3%)

Life OR

€ 610 mln (+4.3%)

The new business margin (expressed as a percentage of PVNBP) decreased by 0.51 pps, from 2.29% in 2018 to 1.78% in 2019. The decrease is explained mainly by the unfavourable economic context, which is partially absorbed by the positive effects of an improved product mix and the constant reduction in guarantees offered.

Despite the higher volumes, this lower profitability led to the new business value falling to € 188 million (-14.3%).

Property & Casualty **premiums** grew by 3.9%, driven by the motor business (+4.1%) where, in addition to the contribution of the new distribution partnerships started last year, several tariff adjustments aimed at coping with the evolution of claims were implemented. The non-motor business, as a whole up by 3.2%, received a sharp boost from the accident & health sector (+4.3%), which as well was favoured by the development of the new business collaborations.

The improved **combined ratio** is mostly attributable to the drop in current claims, from 73.1% to 69.7%. The impact of natural catastrophe claims during the year compared to that recorded in 2018 also slightly dropped. As a whole, the improvement in claims management fully absorbed the increased costs rate, which went up from 27.7% to 28.5%. This was mainly due to the development of commercial partnerships.

Austria, CEE & Russia

The ACEER regional structure is the fourth most important market for Generali, in which the Group has strengthened its presence up to becoming one of the top insurance companies of the entire area. The scope comprises 12 countries: Austria (At), Czech Republic (Cz), Poland (Pl), Hungary (Hu), Slovakia (Sk), Serbia, Montenegro, Romania, Slovenia, Bulgaria, Croatia and Russia (Regional Office).

The Group boasts its presence in the Eastern Europe territories since 1989. In 2008, a joint venture collaboration with PPF Holding started and ended in 2015, the year in which Generali acquired full control and powers over Generali CEE Holding.

The year 2018 was affected by several important events, such as the entry of Austria, where Generali has been present since 1832, the year after the company's foundation in Trieste, and Russia, where Generali is expanding. Also in 2018 Generali strengthened its presence in the CEE region with acquisitions in Slovenia (Adriatic Slovenica) and Poland (Concordia), in this way balancing and diversifying the portfolios, sales channels and presence in the area, and signed the collaboration agreement with Unicredit for the distribution of insurance solutions mainly concerning Credit Protection Insurance (CPI) in the entire region.

In 2019, the acquisition in Poland of Union Investment TFI S.A from the German group Union Asset Management Holding AG was completed and the agreement to acquire all Life, P&C and Mixed portfolios of three companies of ERGO International AG in Hungary and the Slovakia was concluded, in line with Group strategy. This operation will allow the cross-selling opportunities to be exploited through the customer base and to increase it.

The Group takes top rankings in the Czech Republic, Hungary, Serbia, Austria and Slovakia, and among the top ten in the other countries. In terms of volumes, main insurance markets are Austria, Czech Republic, Poland, Hungary, Slovakia and Slovenia. The contribution of the minor territories has improved during the last years, resulting in an increase of their gross written premiums on the total volume of the area. Lastly, Generali is leader in terms of technical profitability thanks to a medium-long term net combined ratio lower than 90%.

P&C premiums

€ 2,811 mln (+3.9%)

P&C OR

€ 205 mln (+69.7%)

CoR

96.8% (-3.0 pps)

Gross written premiums

€ 7,041 mln
(+3.2%)

Total operating result

€ 862 mln
(+11.1%)

Life market share

At: 14.8% Cz: 23.8%
Hu: 9.6% Sk: 8.2%
Pl: 4.3%

P&C market share

At: 15.5% Cz: 31.3%
Hu: 18.9% Sk: 11.9%
Pl: 3.6%

Ranking

At: 3rd Cz: 2nd
Hu: 2nd Sk: 3rd
Pl: 8th

Macroeconomic growth continued in 2019 in the Czech Republic, the most important Eastern European country, with particular reference to the labour market, as a result leading to increased inflation. The Czech National Bank again raised the reference interest rate from 1.75% to 2%.

In Austria, growth in GDP was lower than in 2018 and the yield of the Austrian bond dropped, just like the other core yields of the Eurozone, from 0.5% at the beginning of the year to -0.05% in early December.

The decrease in **Life** premiums is attributable to the fall in traditional savings and pension products (-4.6%, mostly recurring premium policies), followed by the reduction in unit-linked insurance coverage (-5.3%, first of all due to single premium policies), partly offset by the positive changes in the protection business (+8.4%).

This trend is explained by the decreased volumes mainly in Poland (-10.5%, downward trend of bancassurance and the unit-linked products), Croatia (-30.3%, fall recorded in the traditional lines) and the Czech Republic (-1.1%, linked to the continual fall of the new business of savings and pension products in the subsidiary Ceska Pojistovna), only partly counter-balanced by the premiums growth in Hungary (+5.2%, driven by the protection and unit-linked lines), Romania (+33.7%, as the result of the partnership with the Unicredit bank), Slovakia (+5.3%) and Slovenia (+5.6%, thanks to the protection products distributed through the banking channel). Austria is stable.

The **new business** in terms of present value of new business premiums (PVNBP) increased by 2.1% thanks to the growth of the present value of future regular premiums (+5.0%), which partially offset the drop in the single premiums (-4.6%).

Countries that provided the greatest contribution to the observed increase are Austria (+4.6%), Hungary (+14.5%) and Romania (+49.8%), which offset the decline recorded particularly in Poland (-9.9%) and Croatia (-32.5%).

New business profitability (expressed as a percentage of PVNBP) increased slightly to 6.97%, mainly because of the increased weight of the highly profitable protection products, which rose from 47.4% to 50.8% (specifically in Austria and the Czech Republic). New business value amounted to € 150 million (+4.8%).

P&C segment **volumes** grew supported by good performance of the main business lines. The motor business (+6.1%) is supported by the contributions provided by Hungary (+30.5% ascribable to an increase in vehicles), the Czech Republic (+4.8%, following the tariff adjustments on the inforce portfolio, followed by higher volumes recorded by the fleet and leasing segments resulting from cooperation with Volkswagen Financial Services), and Austria (+3.7% linked to the higher number of contracts).

The non-motor business recorded 6.1% growth owing to the higher volumes coming mostly from Poland (+21%, driven by the Global Corporate & Commercial lines), Hungary (+8.7% mainly thanks to the home and accident & health lines), Serbia (+22% thanks to the accident & health lines) and Croatia (+81.8%, fully ascribable to the underwritten business through bancassurance with Unicredit).

The **combined ratio** dropped by 0.9 pps compared to 2018. This improvement is entirely due to the lower expense ratio and, more specifically, to the reduced acquisition ratio (-1.5 pps) arising from a lower commission rate in Eastern Europe, above all in the non-motor business. Loss ratio is stable, in spite of the considerable impacts tied to natural catastrophe claims that impact by 1.6 pps.

Our people

17,563

Life premiums

€ 2,657 mln (-0.9%)

PVNBP

€ 2,146 mln (+2.1%)

NBV

€ 150 mln (+4.8%)

Life OR

€ 315 mln (+2.8%)

P&C premiums

€ 4,384 mln (+6.0%)

P&C OR

€ 551 mln (+14.3%)

CoR

87.2% (-0.9 pps)

International

Gross written premiums

€ 8,484 mln
(+3.2%)

Total operating result

€ 677 mln
(-10.2%)

Our people

13,133

Spain

Generali, in Spain since 1834, operates in the country through Generali España, a wholly-owned subsidiary, and two bancassurance agreements with Cajamar (Life and P&C), which guarantee the Group exposure to the major Life distribution channel and continuous expansion in P&C.

Generali is one of the main insurance groups in Spain, with a market share in 2018 of 3.0% in the Life segment and 4.4% in the P&C segment. The Generali España group offers a wide range of Life and P&C policies dedicated to private individuals and companies, using a multi-channel distribution strategy including not only bank offices, but also a network of agents and brokers which is among the most extensive in Spain. All in all, the Group ranks ninth in the Spanish insurance market in terms of total premiums (sixth place in the P&C market).

With reference to the **insurance market**, in 2019 the P&C segment continued its growth trend (+3.4%), although at a slower pace than 2018, primarily due to the performance of the motor business. The Life premiums, down by 5.1%, confirm the trend of the previous two-year period, driven by the drop recorded by the individual savings products; the unit-linked line grew (+19.4%).

The growth of GDP is stable, although it is slower than the previous year. The ten-year Bonos-Bund spread ended 2019 at 66 bps, below the level recorded at the beginning of 2019, while the Spanish stock market (IIBEX 35) closed the year with a 16.6% gain.

Life premiums fell by 1.4%, reflecting the decline in savings products (-13.8%) in line with the Group's strategy of reorienting the business mix towards products with lower capital absorption. Consequently, both pure risk and protection policies (+8.9%) and unit-linked products (+42%) increased.

New production in terms of PVNBP was slightly down (-1.6%) both in single premium products (-1.9%) and in annual premium products (-0.9%). In terms of business lines, the savings and pension products posted a 24.9% contraction due to the closing of non-profit making products (in line with Group strategy), which is almost entirely offset by a considerable increase in the unit-linked business (+124.9%, mainly due to the sale of two new index-linked products) and the positive trend of the protection business (+6.3%) representing 46.6% of the business.

Thanks to the excellent profitability of the protection business (26.99%), the new business margin (expressed as a percentage of PVNBP) is high and stable compared to the previous year, recorded at 12.96%.

New business value amounted to € 115 million, down (-2.4%).

In the **P&C** segment, premiums grew by 3% entirely thanks to the development of the non-motor business line, which posted positive trends in the corporate segment and funeral coverage.

The combined ratio took a turn for the worse at 93.1% (+0.9 pps), mainly because of natural catastrophe events and higher costs tied to strategic projects.

Switzerland

The Generali Group has been operating in Switzerland since 1987, where it has been able to consolidate its position through the acquisition and merger of several insurance companies. In line with the strategy defined by the Group, Generali focuses on the retail business and provides high quality and innovative services through various distribution channels: agents, brokers, financial promoters and direct channels.

Generali ranked as the number two insurance group on the market in terms of premium income in the individual Life segment with a 14.9% market share, and was eighth in the P&C segment with a 4.7% market share. Generali does not operate in the Collective Life segment.

In 2019, the **insurance market** recorded a substantial stagnation of the Life segment (+0.6%), partly caused by the continuing low interest rates. The P&C segment on the other hand continued with slow, though constant, growth.

The development of the Swiss economy was weakened by the slowdown of the world's economic situation and by the German economic situation particularly in the second half as it affected exports and investments. Uncertainty in the Eurozone supported the Swiss franc and slowed down the yields of government securities, making an impact particularly on the financial services sector. GDP grew 0.8%, especially thanks to the energy sector and to the export of the chemical-pharmaceutical industry.

Life premiums were down 2.0% following the slowdown in savings and pension products.

The new business in terms of PVNBP stood at € 546 million, up 36.0% driven by both the increase in the present value of future annual premiums (+36.0%) and the single premiums (+35.1%).

Growth over all the lines is seen at the business level. Specifically, it is very good for both the unit-linked products (+41.4%) and the protection products (+17.1%).

The profitability of new business (expressed as a percentage of the PVNBP) showed a good increase from 4.35% in 2018 to 5.47% in 2019 mainly due to the increase in the profitability of the unit-linked business.

The value of new business was € 30 million, up 72.9%.

P&C premiums went up 1.1% thanks to the positive trend of the motor business following the new tariffs implemented starting from the second half of 2018. Non-motor business is basically stable.

Combined ratio improved at 90.5% (-2.5 pps), mainly reflecting a positive prior years' development.

Americas and Southern Europe

Generali is ranked as the fifth operator in Argentina, which is the main South American market for the Group. It is marked by a historically high inflation rate and a volatile financial situation. Despite this tough scenario for the insurance business, the Group has implemented best practices in its Argentinian subsidiaries, enabling them to stand out in terms of service quality and innovation. The company Caja leads the market in Argentina, excluding the business lines in which it does not operate (Workers Compensation and Annuities).

The second most important country of the Region is Brazil that, following an extended period of economic crisis and political instability, continues to show signs of improvement, bolstered by infrastructure investments and optimistic forecasts of the macroeconomic indicators. Specifically, the insurance sector today is characterised by significant expansion potential and a hike in the penetration level.

The Generali Group also operates in Chile, Ecuador and the USA.

In Southern Europe, the Group operates in Greece, Turkey and Portugal, where it has reinforced its strategic positioning through the acquisition, completed in early January

2020, of 100% of Seguradoras Unidas and AdvanceCare, becoming the second largest insurance Group of the country in P&C, and the third most important of the entire market.

Life volumes showed a growth of 12.9% compared to 2018, thanks to the positive performance of Brazil and of all of Southern Europe.

New business in terms of PVNBP was up (+42.2%) with a profitability of new business (expressed as a percentage of PVNBP) that came to 2.33%.

The value of the new business amounted to € 6 million.

P&C premiums, which accounted for about 60% of motor products, grew by 14.2% thanks largely to Argentina (+23%) mainly due to the effect of tariff adjustments as a result of the high inflation. The combined ratio of the Region worsened (106.1%; +4.5 pps) compared to the previous year due to the inflationary effect on the cost of claims that increased more than proportionately compared to the tariff adjustment on the premiums.

Asia

Generali is one of the key European insurers in the Asian market, and currently operates in eight territories. The predominant segment is Life, with premium income mostly concentrated in the savings and protection lines and, to a lesser extent, in the unit-linked lines. Generali offers its products in the entire region adopting a distribution strategy that includes agents, brokers, digital channels and agreements with banking groups. Generali operates in China with Generali China Life, in partnership with China National Petroleum Corporation (CNPC), which is one of the largest Chinese state-owned companies as well as one of the major energy groups in the world. Generali has a joint venture agreement with CNPC for the P&C products offer as well. Owing to its prominent presence in the Chinese market, Generali China Life is the leading contributor to the turnover and operating result of the entire region.

Future Generali Insurance is a Life and P&C joint venture with Future Group, one of India's major retailers. Its purpose is to offer insurance solutions throughout India, also by leveraging the distribution network of Future Group through the digital channel. In December 2018, the Generali Group increased its share in the joint venture to 49% by investing up to € 120 million. Generali operates as Life insurer also in the emerging markets of the Philippines, Indonesia, Thailand and Vietnam, and as P&C insurer in Thailand and Malaysia, in the latter market with a 49% investment in MPI Generali. The companies China P&C, India Life, India P&C and in Malaysia are not fully consolidated since a non-controlling interest is held.

Generali has also been operating in the Hong Kong market since 1980, offering both Life and P&C products. Hong Kong is also the location of the regional office (Generali Asia Regional Office), which coordinates all activities in the region.

Lastly, it is pointed out that the P&C business in Japan is in liquidation, having transferred its portfolio to Mitsui Sumitomo in April 2019.

Life premiums rose slightly (+0.3%), particularly thanks to the growth posted in China and Vietnam in the protection policies.

New business in terms of PVNBP was down (-5.7%). The decrease mainly concerns the single premiums (-12.8%), while the current value of the future annual premiums is still stable (-0.7%). Offsetting the decrease in China (-7.5%), Thailand (-19.6%) and Hong Kong (-20.8%) is the good production in Vietnam (+29.9%), India (+41.5%) and the Philippines (+31.0%).

With reference to the business lines, there was an increase in protection products (+23.9%), while the savings business (-19.1%) and unit-linked products (-38.0%) fell.

The profitability of the new business (expressed as a percentage of the PVNBP) recorded a decrease from 6.02% in 2018 to 5.19% in 2019, conditioned by the

negative performance of China, where a savings business with reduced margins weighs compared to previous year; the development of profitability in Vietnam (+7.86%) was on the other hand very positive owing to the excellent business of Universal Life sold to replace the low-profitability savings and pension products.

The value of new business amounted to € 107 million, down by 14.3%.

In the P&C segment, inflow grew by 26.3%, thanks to the non-motor line. The negative impact of the A&H businesses in Thailand and the Hong Kong determined an increase in the combined ratio of the Region, which amounted to 108.4%.

Investments, Asset & Wealth Management

In continuity with the Group strategy announced in 2017, the Investments, Asset & Wealth Management business unit is the main managerial entity of the Group operating in the area of investments, asset management and financial planning consultancy. In a continuously evolving market in which specialisation, efficiency and innovation are crucial elements in order to compete, Generali aims at becoming a company of reference in the asset management market not only for the insurance companies of the Generali Group, but also for third-party clients.

This objective will continue to be followed for the entire duration of the three-year plan in order to:

- exploit the cross-selling opportunities - by promoting the growth of a capital-light business such as the LDI (Liability Driven Investments) Solutions services - that set out to offer institutional clients the expertise developed in investment management;
- expand the multi-boutique platform in order to increase the offer of products and services for all clients. The multi-boutiques are companies acquired on the market or created in partnership with operators having acknowledged investment skills in highly specialised asset classes.

Several acquisitions were concluded in 2019, including: Sycomore Factory SAS, a player of reference for the ESG/SRI investment solutions in France, KD Skladi in Slovenia, acquired through Adriatic Slovenica and Union Investments TFI S.A. in Poland (later renamed Union Generali TFI), the sixth largest asset management operator in Poland.

Axis Retail Partners was also launched in the early months of 2019. It is a new real estate boutique focusing on shopping centre investments that, in light of the current economic scenario, offer interesting investment opportunities.

The other boutiques operating in the Investments, Asset & Wealth Management business unit are:

- Generali Global Infrastructure (GGI), a platform that employs internal know-how and also creates partnerships to invest in infrastructure debt across a wide geographical and sectorial investment scope;
- Aperture Investors, an innovative asset management company based on a revenue model that is radically different from what is present on the market;
- Lumyhna, a leading company in developing alternative UCITS (Undertakings for the Collective Investment of Transferable Securities) strategies, with an important international clientele that positively contributes to increasing Generali's offer and distribution capacities to clients and distribution partners.

The business unit operates in the three areas depicted by its name:

- **Investment Management:** implementation of the Asset Liability Management (ALM) and Strategic Asset Allocation (SAA) models on behalf of the Group Insurance Companies;

Total operating result

€ 687 mln
(+30.4%)

Cost/Income ratio

48%
(+3 pps)

Our people

2,188

- **Asset Management:** asset management for the most part addressed to insurance clients, with its clients base expanded to comprise external clients, both institutional (such as pension funds and foundations) and retail.



www.generali.com/who-we-are/global-positioning/investments-asset-and-wealth-management for more information on the breakdown of the segment

- **Wealth Management:** financial planning and asset protection for customers through a network of consultants at the top of the sector in terms of skills and professionalism, mainly through Banca Generali, a leading private bank in Italy.

The operating result of the Investments, Asset & Wealth Management business unit, including also the AM result of CEE countries, grew by 31%, from € 542 million in 2018 to € 711 million in 2019.

In this context, the contribution in terms of operating result provided by Wealth Management was € 327 million, up by about € 95 million compared to 2018, mainly due to the performance commissions that increased to € 147.4 million.

Group holdings and other companies

This node includes the Parent Company's management and coordination activities, including Group reinsurance, other companies as other financial holding companies and suppliers of international services not included in the previous geographical areas.

The main entities of Other companies in this area are:

- Europ Assistance, falling within the scope of responsibility of the Country Manager France & Europ Assistance;
- Generali Global Business Lines (GBL) which, falling within the scope of responsibility of the Country Manager & CEO of Generali Country Italia and Global Business Lines, support companies of global reach with a complete insurance offer. The GBLs include two units: Generali Global Corporate & Commercial and Generali Employees Benefits, which offer medium to large companies flexible and smart insurance services and solution in the Life and P&C segments, health protection and pension plans for local and global employees of multinational companies.

GBL gross written premiums

€ 3,817 mln
(+9.1%)

Europ Assistance (EA)

Established in 1963, EA, which falls within the scope of responsibility of the Country Manager France, is one of the leading global brands in the field of private assistance. Today it is present in over 200 countries and territories, supported by its 41 assistance centres and its network of 750 partner suppliers. EA offers insurance coverage and assistance in the travel sector, the automotive area with road-side assistance, and personalised coverage for assisting the elderly, cyber-security, and medical and concierge services. In 2019, the EA Group's total turnover came to € 1.9 billion, up 10% compared to the previous year.

EA continues to pursue a growth strategy focused on strengthening its leadership position in the travel sector, at the same time expanding and diversifying its offer of motor and personal assistance products. The goal is to reach € 2.4 billion in revenues by 2022. One important step in this direction was taken in early 2019 with the acquisition of TripMate in the USA, a company operating in the travel insurance sector. Thanks to

this operation, Generali Global Assistance now is positioned as the third largest operator in the travel insurance market in the USA, and significantly contributes to the global reinforcement of the EA Group in this sector.

Global Corporate and Commercial (GC&C)

GC&C offers medium to large companies and intermediaries in over 160 countries around the world, insurance solutions and P&C services. Backed by its solid global experience and knowledge of the local markets and of the corporate sector, integrated solutions that can be personalised in properties, casualty, engineering, marine, aviation, cyber and specialty risks are offered. Furthermore, GC&C guarantees companies the same level of assistance and protects everywhere in the world through its Multinational Programs, Claims and Loss Prevention experts. GC&C has collected a total premium volume of € 2 billion in 2019. The performances of the year were influenced by the occurrence of some large claims, which particularly affected the property. From a technical point of view, in 2019 GC&C continued to pursue a policy of rebalancing the portfolio through the development of Multinational Programs and Financial Lines, focusing globally on the medium-large companies segment, in a market characterized by strong competition especially in the property, casualty and engineering branches.

Generali Employee Benefits (GEB)

GEB is an integrated network that offers services for employees of multinational companies consisting of protection, life and health coverage, and pension plans for both local and expat employees. Located in over 100 countries and with more than 400 coordinated multinational programmes (of which about 40 captive), GEB today is the market leader for multinational companies with a premium volume of € 1.5 billion. GEB has been operating through the new branch in Luxembourg, entirely dedicated to the employee benefit business, since 2019. Furthermore, GEB includes Generali Global Health (GGH), a division of the Generali Group dedicated to the International Private Medical Insurance (IPMI) sector since September 2019. GGH achieved about € 0.2 billion in premium volume in 2019.



Outlook

World GDP is expected to grow by 2.4% in 2020. Eurozone internal demand will remain weak: its GDP and inflation are forecast to rise by approximately 0.4% and 1.2%, respectively. World and European GDP growth forecasts could be revised downwards.

In this context, the main central banks could strengthen their accommodative policies. The Fed cut the reference rate in early March and could cut again the cost of money during 2020. The ECB could retain quantitative easing. Both central banks could extend their policies to support credit and liquidity in the economic and financial system. With reference to the financial markets, concerns about the impact of Coronavirus on the real economy will keep risk-free yields low. The prospects for a further decline of the Eurozone core yields are however modest. The equity market, despite having suffered a significant fall in this first part of 2020 due to the uncertainty linked to the Coronavirus and fears of a negative impact on the economy, still remains attractive compared to bonds, albeit with an extremely prudent attitude in the short term by investors. In case the global contagion would be higher than the base scenario, Eurozone core government bond yields could record new lows and risky assets could be characterized by high volatility for a longer period.

In a context of greater uncertainty and volatility due to the further spread of Coronavirus - for which it is not currently possible to make a reasonable estimate of the medium-term impact - we continue to focus on the disciplined execution of the strategy. Generali has promptly implemented a series of initiatives to ensure business continuity and to protect the health of the people who work for the Group and its customers. Generali is a global insurance player that increasingly uses digital technology in its customer relations. It is recognized as one of the most solid operators in the industry thanks to its excellent Solvency level and efficient financial management.

As regards the insurance sector as a whole, no improvement in performance in the Life segment over 2019 is expected in 2020 given the negative trend in financial market observed in the first part of the year. Growth in the P&C segment will continue, in line with 2019, in major Eurozone countries despite the economic slowdown forecast, especially in the health business.

The strategy to rebalance the Group **Life** portfolio will continue in order to further strengthen its profitability, following a more efficient capital allocation approach. The Generali brand continues to be consolidated by simplifying and innovating the range of product solutions which will be marketed through the most suitable, efficient and modern distribution channels that are increasingly based

on digital processes. As a result, actions dedicated to Life portfolio enhancement continue:

- new business growth based on the selective development of sustainable business lines such as protection and health, and on capital-light savings and investment insurance solutions. The development of these lines will aim at offering a wide range of insurance solutions adapted to risk and investment profiles for the benefit of both the policyholders and the Group. In particular, for products in the protection and health line, we aim to offer modular solutions in which traditional risk coverage is combined with substantial service packages for an even more concrete management and resolution of the critical issues covered. Amongst the capital-light products, unit-linked target products are increasingly characterized by financial mechanisms that are capable of coping with potential market contractions (e.g. protected funds) and of mitigating risk (e.g. selection of volatility-controlled funds);
- with regard to in-force business, actions dedicated to strengthening relations with existing customers on the basis of an updated analysis of current insurance needs;
- actions on the Life portfolio in general, which will have a new important focus on senior customers, a market segment with substantial development potential.

The Group will follow up on the positive results of the rebalancing of the business mix while emphasizing the focus on market positioning in terms of premiums. Premium trends will continue to reflect a careful underwriting policy, in line with the common Group goals and driven by a focus on the central importance of customers' interest, as well as the value of the products and the risk appetite framework.

Our objective in the **Property & Casualty** segment is to maintain the upswing trend of premium income combined with outstanding profitability in the mature insurance markets in which the Generali Group is present, and at the same time strengthen ourselves in the high growth potential markets by expanding our presence and offer on the territory.

Additional profitability is expected to be recovered in the motor business, although in a strongly competitive and quickly evolving context. Indeed, there is a switch from vehicle insurance to insuring the person/household in the broad sense of mobility, in which customers are accompanied in their movements and protected in a sustainable and door-to-door integrated manner in their everyday lives. Climate change and a growing sensitivity to sustainable behaviour is influencing the electric vehicle market, which requires that we review and re-modulate our products and services. The digital transformation, with

the introduction of autonomous vehicles to the market, will make impacts on the business model, on insured risk and on claims. Generali's aim is to continue to develop innovative insurance solutions that guarantee a competitive edge and the business line's profitability.

In line with the strategic guidelines for profitable growth and above all for becoming the Life-time Partner of our customers, development of the non-motor line will concentrate on modular products designed to meet specific needs and any new customer needs, providing innovative services, prevention and assistance with the support of digital tools and platforms (for example, coverage of cyber, hyper-connectivity risks and risks of everything that revolves around the Internet of Things world). Growth in this segment will also be supported by taking advantage of the opportunities offered by demographic and social changes, new markets and moving forward with distribution channel and partnership initiatives.

To handle these changes, the Group has rolled out a number of initiatives to exploit the opportunities offered by new technologies, for claims settlement as well as for increasing market penetration. These initiatives will continue to work alongside a disciplined portfolio management approach - pricing, selection and profitability of risks - and careful assessments of the customer's new requirements, which are placed at the very centre of product development.

Management of the P&C segment - also considering the level of capital absorption of these products - will therefore continue to be a foundational principle for implementing the Group's strategy whose objective is to retain its leadership role in the European insurance market for private individuals, professionals and SMEs.

The **international reinsurance market** recorded a certain frequency of natural catastrophe claims in 2019, most of which were in the Pacific and Caribbean islands areas, in addition to devastating fires in California for the third year in a row that in some cases generated significant technical losses for reinsurers that were only partly compensated by adequate asset management. This trend of recent years has brought out the reinsurers' need to adopt greater discipline in providing reinsurance capacity. All of this has led to a reversal in the reinsurance cycle with stable costs or costs subject to even significant increases, at least for the cedant companies hit by claims. The growth trend is even more evident in the long-tail sectors, where very low interest rates that preclude the possibility to get satisfactory financial returns bear significant weight.

The Generali Group was able to benefit from favourable conditions due to its centralized reinsurance structure which allows for greater control over risk retention levels and good diversification in reinsurer portfolios. Minimal

increases were found only on treaties characterised by a higher claims frequency or on business classes more sensitive to the interest rate trends, or where the capacity offer is generally smaller.

With reference to the **Asset Management** segment, actions will continue during 2020 to identify investment opportunities and sources of income for all customers, while at the same time managing risks. Consistent with the Group's strategy, growth will be achieved through the expansion of the multi-boutique platform in order to increase the product catalogue in terms of real assets, high conviction and multi-asset strategies for customers and partners. This platform, which is at present mainly based in Europe, aims to become global with the increase in revenues and assets under management (AUM) that will result from third-party clients that do not fall within the scope of the Group's insurance policies.

With reference to the Group **investments policy**, an asset allocation strategy aimed at consolidating current returns and safeguarding consistency with liabilities to policyholders will continue.

The fixed-income investment strategy aims to diversify the portfolio, both within the sector of government bonds as well as in terms of corporate bonds, in order to guarantee adequate profitability to policyholders as well as a satisfactory return on capital while maintaining a controlled risk profile.

Alternative investments and investments in real assets continue to be considered appealing due to their contribution to portfolio diversification and profitability, particularly in the persistent context of low interest rates. The Group continues to develop a multi-boutique insurance asset manager platform to enhance the investment capacity in these market sectors and better monitor their management in terms of complexity as well as liquidity. New direct investments in the real estate sector will be primarily oriented towards the European market, while investments in the United States and Asia will be made selectively through funds.

During 2019, the major initiatives linked to the General 2021 strategic plan were started with the aim of consolidating its leadership in Europe and strengthen its position in high-potential markets, financial optimisation, and innovation and the digital transformation of the operating model. The implementation of these initiatives is continuing in a context influenced by a further lowering of interest rates in Europe and not only, which poses new challenges above all in the traditional Life segment and, as a result, creating the need to redesign the offer of these products. As regards financial optimisation, note that the reduction of debt has accelerated, and this will allow the mini-

imum threshold of objectives announced to the market in early 2020 to be reached. The Group is also continuing to follow its strategy of growth driven by the technical components, efficiency of the operating machine and the solidity of the Group's distribution network, growth that anticipates a positive contribution also from the recent expansion operations both in eastern Europe and asset management.

The Group's priority is to accompany growth with a strong commitment to **sustainability**, which is based on concrete and precise objectives relating to good corporate governance, the care of our people and the communities in which we operate. We will continue on our

path of full integration of sustainability into our key activities, with a focus to the environment, both as regards direct impacts and in relation to the insurance solutions offered and investment decisions. Our new materiality matrix identifies the most material mega trends on which the Group's common strategic initiatives will focus in the coming years.

By leveraging all of these initiatives and in light of the sound results achieved at the end of 2019, the Group confirms its targets announced for the next three years which forecast an increase in earnings per share of between 6% and 8%, an average RoE of more than 11.5% and a target dividend payout ratio between 55% and 65%.

The Report contains statements concerning events, estimates, forecasts and future expectations based on the current knowledge of the Group's management. Such statements are generally preceded by expressions such as "a decrease/increase is expected", "is forecast", "should grow", "we believe it may decline" or other similar wording. Please note that these forward-looking statements should not be considered forecasts of the Group's actual results or of factors outside the Group. Generali assumes no obligation to update or revise such forecasts, even after new information, future events or other elements come to light, unless required by law.



Consolidated Non-Financial Statement

pursuant to legislative decree of 30 December 2016,
no. 254 as amended

91 Independent Auditor's Report on the
Consolidated Non-Financial Statement

NFS

The Annual Integrated Report of the Generali Group includes non-financial information in compliance with the provisions of legislative decree of 30 December 2016, no. 254 (leg. decree 254/2016), in implementation of European directive 2014/95. In line with the approach adopted, this information is clearly identified through a specific infographic (NFS) created for the purposes of improving accessibility to the information itself.

Information relating to **environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters** - which is relevant to the activities and characteristics of the Group - is reported to the extent necessary for an understanding of the Group development, performance, position and impact of its activity. It comprises a description of the::

- **organization and management model**, including direct and indirect impact (p. 16-17). The main operating companies based in Italy have adopted models, pursuant to art. 6, paragraph 1, letter a), of legislative decree of 8 June 2001, no. 231. These models aim at mitigating risks connected to offences that are relevant also to leg. decree 254/2016;
- **policies applied** (p. 18-23; 36-37);
- non-financial key performance **indicators** (p. 10-11, 26-37 and in Our performance, where indicated through the infographic);
- **principal risks** related to the matters mentioned above, as reported in the table below, and their management.

 Corporate Governance and Share Ownership Report 2019, p. 113 for the organization and management model of the Parent Company

The Report complies with currently effective regulations and applies the **International <IR> Framework** issued by the International Integrated Reporting Council (IIRC)¹. The standard adopted for the disclosure of the material mega trends identified by the Group, including non-financial matters envisaged by leg. decree 254/2016, is the **Consolidated Set of GRI Sustainability Reporting Standards**, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

 Notes to the Report, p. 98 for the criteria of the International <IR> Framework and selected indicators

In 2019, we developed the **materiality analysis process** methodology by concentrating our efforts on the identification and assessment of the mega trends, i.e. the large social, environmental and governance transformations, which is expected to be able to change the world of enterprises, society and the natural environment significantly over a ten-year horizon, and this entails risks and opportunities for the Group, its value chain and its stakeholders.

Compared to the previous materiality analysis, this approach supports a strategic interpretation of the context in which we operate, in a forward-looking perspective. The focus is on the assessment of the changes in the scenario that the Group and its stakeholders consider as the most urgent. The Statement reflects this approach: it focuses on the most material megatrends identified and describes the management tools in place to mitigate risks and seize opportunities related to them.

The following activities were carried out to identify the material aspects:

- **identification of the** potentially material **mega trends** in connection with the Group's activities, strategy and countries which were identified based on public scenario analysis documents and sustainable development research drawn up by international non-government institutions and associations, think tanks, and trade associations and forums in the industry;
- **assessment of the mega trends**, aggregating² the viewpoint of the internal and external stakeholders, with which it was asked to order by priority the identified mega trends, considering both their potential impact on Generali and the possibility that they are influenced by us, also through our value chain, consistent with the perspective of the double materiality. This perspective, that considers both the financial materiality and the social and environmental materiality for each mega trend, was introduced by the non-binding Guidelines on reporting non-financial information adopted by the European Commission and afterwards picked up by ESMA. Over 120 top managers at the Group Head Office and business unit levels were involved internally through interviews and focus groups. To guarantee adequate consideration of the risk component of the identified mega trends, the internal assessment considered the results of the Group Own Risk and Solvency Assessment process.

 Risk Report, p. 101 of the Annual Integrated Report and Consolidated Financial Statements 2019

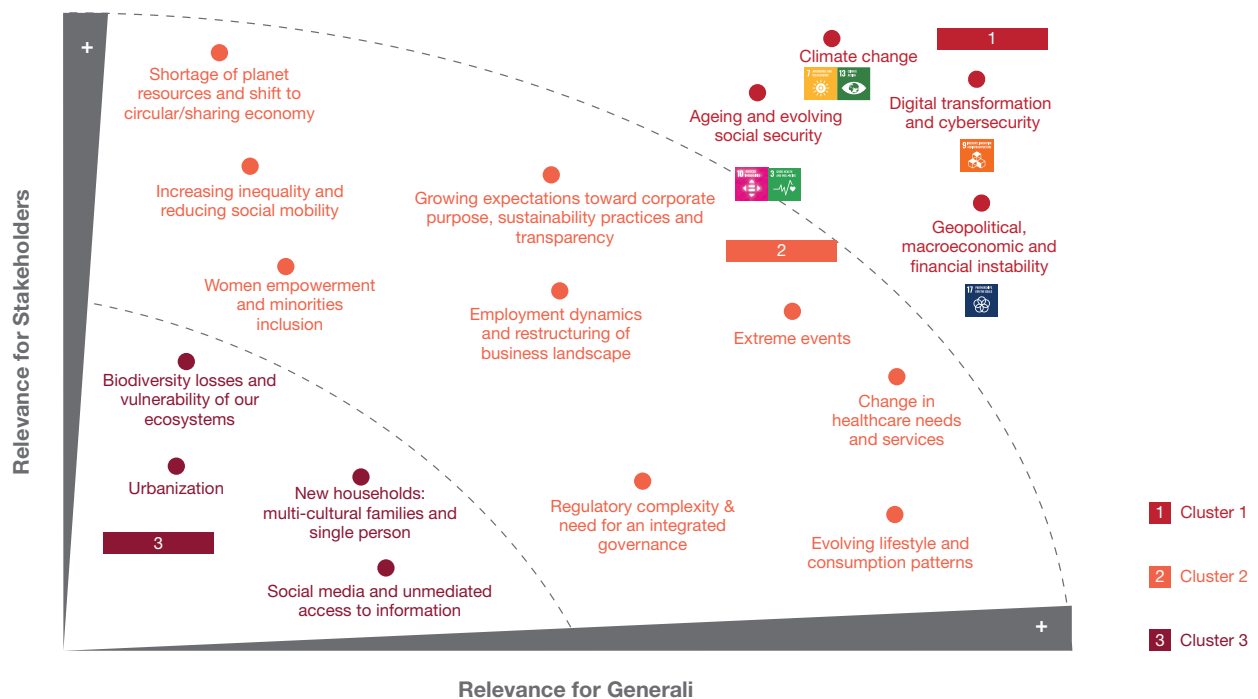
¹ The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.

² The assessment was made using an approach based on the consolidation of the results of multiple repetitive analysis cycles conducted with groups of experts (so-called Delphi method).

The assessment of the external stakeholders³ was supplemented by the analysis of the investment policies of 20 large SRI and traditional investors, the results of opinion polls conducted by Eurobarometer involving a sample of over 114,000 people in Europe, and the analysis of a survey conducted with the sustainability managers of roughly 190 multinational companies. Furthermore, about 1,700 company reports, 2,600 rules and bills of law, 4,000 articles published online and over 108 million tweets published between April and October 2019 were analysed using Artificial Intelligence technology and computational linguistics with the support of a specialised provider;

- **processing** of the **Group materiality matrix**, previously discussed by the Governance and Sustainability Committee and the Board of Statutory Auditors, and then approved by the Board of Directors on 6 November 2019. The Group's new materiality matrix identifies three materiality clusters:

1. **cluster 1**: it comprises mega trends found by Generali management and stakeholders to be the most material, on which the common Group strategic initiatives and their reporting will be focused;
2. **cluster 2**: it comprises the mega trends found alternatively by Generali management and stakeholders to be of considerable relevance, and that will be the basis for potential projects developed by specific business units or functions;
3. **cluster 3**: it comprises those mega trends that based on the opinion of General management and of the stakeholders are of minor relevance compared to the other factors analysed.



Glossary available at the end of this document

The material information pursuant to the decree⁴ was identified taking the mega trends belonging to the first 2 clusters into consideration. Confirming the approach adopted in the previous Statement, and in line with the priorities indicated by ESMA, the material mega trends specified above are reported in this Report using indicators announced through the new Generali 2021 strategic plan and monitored in the planning and control processes. The scope of reporting for these indicators is the consolidated one, unless otherwise specified. A comparison is offered with the previous period, where feasible.

³ The opinions of the external stakeholders - 50 opinion leaders representing the major stakeholder categories, such as customers, investors, employees, representatives of the Group's workers (European Works Council), regulatory institutions and authorities, enterprises and trade associations in the industry, universities and research centres, NGOs and future generations - were collected both through direct engagement activities and indirectly with the use of artificial intelligence technology and computational linguistics for the quantitative analysis of a large number of document sources .

⁴ The following matters envisaged by leg. decree 254/2016, art. 3, paragraph 2 are not material: water use, air pollutant emissions and impact on health and safety.

NFS

In order to monitor the processes for the non-financial information collection, we have implemented an internal **control system**. Specifically, we have drafted a manual that not only defines the indicators and relevant scope of reporting, but also includes a standard catalogue of control objectives applicable to the processes at both the Group Head Office and each contributing company level. The internal control model currently used is therefore based on a streamlined approach that allows the control activities implemented to be identified and assessed. This model leverages and is consistent with the control approach adopted for the financial reporting to the market.

MATTERS ex leg. decree. 254/2016	MATERIAL MEGA TRENDS ex 2019 materiality matrix	MAIN RISK CATEGORIES⁵
1) Environmental matters	Climate change	Emerging risks with foreseeable developments on underwriting, financial and operational risks
	Extreme events	
	Shortage of planet resources and shift to circular/sharing economy	
	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
2) Social matters	Digital transformation and cybersecurity	Operational risks
	Growing expectations toward corporate purpose, sustainability practices and transparency	
	Ageing and evolving social security	Emerging risks with foreseeable developments on strategic, underwriting and operational risks
	Change in healthcare needs and services	
	Evolving lifestyle and consumption patterns	
	Increasing inequality and reducing social mobility	
3) Employee-related matters	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
	Employment dynamics and restructuring of business landscape	
	Women empowerment and minorities inclusion	
4) Respect for human rights	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
5) Anti-corruption and bribery matters	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
	Regulatory complexity & need for an integrated governance	

⁵ They represent the categories in line with the provisions of the European directive 2009/138 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II). Please refer to the Risk Report chapter in the Annual Integrated Report and Consolidated Financial Statements 2019 for their specific management.

The following table connects the megatrends mentioned above to the five matters envisaged by leg. decree 254/2016, including the related main risk categories and pages of the Report in which they are reported. It also highlights our support for the Sustainable Development Goals of the United Nations.

	KEY PERFORMANCE INDICATORS	PAGES OF THE REPORT	SUSTAINABLE DEVELOPMENT GOALS
	Total emissions Purchased renewable energy Premiums from environmental products Insurance exposure to clients of the coal sector Engagement activities with companies of the coal sector New green and sustainable investments Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities	p. 10, 20-21, 33-34, 49 p. 20-21 p. 20-21, 34 p. 10, 58-59	   
	Investments in internal strategic initiatives Customers Distributors Relationship Net Promoter Score Premiums from social products Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities Countries and partners of The Human Safety Net	p. 19, 26 p. 10-11, 27-28, 32-33, 58-59 p. 10, 22-23, 49 p. 10, 22-23, 49 p. 10, 22-23, 49 p. 35	    
	Engagement and response to Generali Global Engament Survey Employees Female employees Trained employees Reskilled employees Per capita training Training investment Employees engaged in performance management process Organizational entities with smart working Diversity & Inclusion index	p. 11, 29-32 p. 11, 29, 32 p. 11, 29-30, 32	  
	Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities	p. 10, 36-37, 58-59	
	Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities Managed reports related to the Code of Conduct Employees trained in the Code of Conduct	p. 10, 37, 58-59 p. 36-37	 

Pursuant to art. 5 of the Consob Regulation 18 January 2018, no. 20267, the Generali Group has assigned the auditing firm EY S.p.A. - the current external auditor for the financial statements - with the task of performing the limited assurance activity on this Statement. The Report drafted by EY S.p.A. is attached to this document.

Independent
Auditor's Report on
the Consolidated
Non-Financial
Statement

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018

(Translation from the original Italian text)

To the Board of Directors of
Assicurazioni Generali S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Assicurazioni Generali S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2019 in accordance with article 4 of the Decree presented in the specific section of the Annual Integrated Report and Consolidated Financial Statements 2019 approved by the Board of Directors on 14 March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI - Global Reporting Initiative ("GRI Standards"), identified by them as a reporting standard, with reference to selected GRI Standards, as illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section "Note to the Management Report".

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group. The Board of Statutory Auditors] is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the selected GRI Standards illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section "Note to the Management Report". Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 4. a) below.

4. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Assicurazioni Generali S.p.A. and with the personnel of the subsidiaries Generali Italia S.p.A., Generali Versicherung AG (Austria), Česká pojišť'ovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros, Generali Insurance Asset Management S.p.A., Generali Global Infrastructure S.A.S and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation,



processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- We have selected the following companies, Generali Italia S.p.A., Generali Versicherung AG (AT), Česká pojišť'ovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros, Generali Insurance Asset Management S.p.A., Generali Global Infrastructure S.A.S which we have selected based on their activity, relevance to the consolidated and respective countries performance indicators; we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that DNF of the Generali Group for the year ended 31 December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the selected GRI Standards illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section "Note to the Management Report".

Trieste, 31 March 2020

EY S.p.A.

Signed by: Mauro Agnolon, auditor

This report has been translated into the English language solely for the convenience of international readers.



Appendices to the Report

- 98 Notes to the Report
- 102 Methodological notes on alternative performance measures
- 106 Balance sheet
- 108 Income statement
- 109 Attestation to the Consolidated Financial Statements
pursuant to art. 154-*bis*, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-*ter* of Consob regulation of 14 May 1999, no. 11971 as amended

Notes to the Report

The Annual Integrated Report and Consolidated Financial Statements 2019 is drafted in compliance with currently effective regulations and it applies the IAS/IFRS international accounting standards as well as the International <IR> Framework.



Annual Integrated Report and Consolidated Financial Statements, p. 166 for further details on the basis of presentation and accounting principles

The Group used the option provided for under art. 70, paragraph 8, and art. 71, paragraph 1-bis of Issuers' Regulation to waive the obligation to publish the information documents provided for in relation to significant mergers, de-mergers or capital increases by contribution of assets, acquisitions and disposals.

The 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.

The details by geographical area highlighted in this document reflect the Group's managerial structure in place in 2019, made up of:

- Italy;
- France;
- Germany;
- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, and Asia;
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holdings and other companies, which consists of the Parent Company's management and coordination activities, including Group reinsurance, as well as Europ Assistance, Other companies (among which, Generali Global Health and Generali Employee Benefits) and other financial holding companies and suppliers of international services not included in the previous geographical areas.



Our main market: positioning and performance, p. 65

At 31 December 2019, the consolidation area increased from 455 to 463 companies, of which 423 were consolidated line-by-line and 40 measured with the equity method.

The Report is drafted in line with the **International <IR> Framework** issued by the International Integrated Reporting Council (IIRC): each chapter of the Report meets one or more **Content Elements** envisaged by the Framework.



Group Annual Integrated Report



Content Elements of the International <IR> Framework

We, Generali

Group's highlights	> Performance
2019 and 2020 key facts	> Organisational overview and external environment
The value creation process	> Organisational overview and external environment
Challenges and opportunities of the market context	> Risks and opportunities
The Generali 2021 strategy	Strategy > Performance Risks and opportunities
Our rules for running business with integrity	> Organisational overview and external environment Risks and opportunities
Our governance and remuneration policy	> Governance
Our performance	> Performance
Outlook	> Outlook

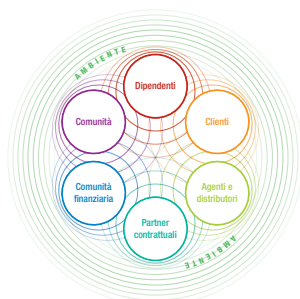
The Report is drafted also applying the **Guiding Principles** of the Framework.

The strategy together with our value creation process remain at the heart of our story. The strategic focus and future orientation principle is, in fact, applied in the whole document.

The materiality approach, that evolved in 2019, is presented in detail in the Consolidated Non-Financial Statement.

 [Consolidated Non-Financial Statement, p. 85](#)

The key forms of **connectivity of information** used by Generali include the connectivity between qualitative and quantitative information, financial and non-financial information, present and future information, that is coherent with the information included in other communication tools in accordance with the Core&More reporting approach. Other elements that improve the connectivity of information and the overall usefulness of the Report are the cross-referencing¹, the graphic component and a glossary at the end of this document to use in case of insurance sector's terminology.



Generali maintains **stakeholder relationships** in order to understand and meet their needs, especially their information and dialogue needs.

We regularly engage with investors, analysts and rating agencies. We meet them every quarter following our results' presentation and in specific occasions, thus sharing the reporting required. We organise roadshows and we participate in sector conferences. Some of the main annual recurring occasions for interaction between the financial community and the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Day) and the main presentation of the financial results. After the presentation of the current strategic plan in November 2018, we met analysts and investors at the event Exploring Generali in

May; we shared geographical and financial details on some strategic issues. During 2019 we came into contact with more than 500 people - individual meetings and small group meetings - in the main financial centres of Europe and North America.

We regularly interact with regulators and the European and international Institutions to maintain good relationships and share authoritative and updated information in order to properly interpret and apply new regulations. We are committed to transparency in our relations with European public authorities: 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. We also offer our skills and contribute to public consultations for the definition of new laws and regulations in the sector, by providing, in view of the Group's direct experience, concrete indications in order to safeguard the specificities of the Group and the insurance industry. To this purpose, we collaborate with several trade organizations and associations in the sector. Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.

We also engage customers, distributors and Group employees with a view to continuous improvement.

 [The Generali 2021 strategy, p. 24](#)

 www.generali.com/our-responsibilities/responsible-business/stakeholder-engagement-for-different-methods-of-dialogue-with-stakeholders

Lastly, for some years we interact with students attending university and master courses, providing them with specific sessions on the integrated reporting approach adopted by Generali and its developments at a national and international level, while collecting their feedback and suggestions on its implementation through a specific survey. As from 2016, we have extended this experience to Group employees as well.

¹ The Report includes links to web pages that might not exist in the future.

The **conciseness** principle is met through the issue of the Group Annual Integrated Report. The diagram below shows the shift from the Annual Integrated Report, drafted in accordance with the materiality principle, to the Annual Integrated Report and Consolidated Financial Statements, compliant with regulations.



Reliability and completeness are supported by a structured information system, built for the drafting of the Report and processing financial and non-financial information while ensuring their homogeneity and reliability. The performance indicators are those used in the business management in line with the strategic plan. They refer to the whole Group, unless otherwise indicated.

In accordance with the **consistency and comparability** principle, the Report includes information that is consistent with the previous year, unless otherwise indicated.

NFS

The standard adopted in this Report for the disclosure of the material mega trends identified by the Group, including non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global

Reporting Initiative (GRI-Referenced claims), with reference to selected **GRI Standards** - in accordance with the provision of GRI 101: Foundation, paragraph 3, in addition to GRI 103: Management Approach - **and indicators of the GRI G4 Financial Services Sector Disclosures**.

GRI STANDARD AND G4 FINANCIAL SERVICES SECTOR DISCLOSURES	MATERIAL MEGA TRENDS ex matrice di materialità 2019
GRI 102: General Disclosures 102-9 Supply chain (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 102: General Disclosures 102-43 Approach to stakeholder engagement (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 205: Anti-corruption 205-2 Communication and training about anti-corruption policies and procedures (e, aggregated data)	Regulatory complexity & need for an integrated governance Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 302: Energy 302-1 Energy consumption within the organization (b)	Shortage of planet resources and shift to circular/sharing economy
GRI 305: Emissions 305-1 Direct (Scope 1) GHG emissions (b,d,g) 305-2 Energy indirect (Scope 2) GHG emissions (c,d,g) 305-3 Other indirect (Scope 3) GHG emissions (b,e,g) 305-5 Reduction of GHG emissions	Climate change
GRI 404: Training and Education 404-1 Average hours of training per year per employees (a, aggregated data)	Growing expectations toward corporate purpose, sustainability practices and transparency

² The reduction of total emissions amounted to t 24,377 CO₂e compared to base year 2013. The latter was chosen since it is the baseline for the goal to reduce total emissions by 20% by 2020. The reduction was attributable to indirect emissions (Scope 2 and Scope 3). The gases included were: CO₂, CH₄ e N₂O. The methodology adopted is the WRI GHG Corporate Standard Protocol, location-based method.

GRI 404: Training and Education 404-2 Programs for upgrading employee skills and transition assistance programs (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 404: Training and Education 404-3 Percentage of employees receiving regular performance and career development reviews (a, aggregated data)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 413: Local communities Management approach disclosures	Increasing inequality and reducing social mobility
Product portfolio G4 FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Ageing and evolving social security Change in healthcare needs and services Evolving lifestyle and consumption patterns
Product portfolio G4 FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Climate change
Active ownership G4 FS10: percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Climate change Growing expectations toward corporate purpose, sustainability practices and transparency
Active ownership G4 FS11: Percentage of assets subject to positive and negative environmental or social screening	Growing expectations toward corporate purpose, sustainability practices and transparency

We use **key performance indicators in accordance with a proprietary disclosure methodology** for material mega trends. They are not envisaged by the standard adopted but they are representative of our business and, in line with our strategy, they are monitored in the planning and control processes. These indicators are: insurance exposure to clients of the coal sector, investments in internal strategic initiatives, customers, employees, female employees, trained employees, training investment, organizational entities with smart working, Diversity & Inclusion index and managed reports related to the Code of Conduct.



Glossary available at the end of this document

The reporting process and methodologies to calculate all indicators are included in a specific manual, shared at both the Group Head Office and each contributing company level.



Consolidated Non-Financial Statement, p. 85

Methodological notes on alternative performance measures

In order to help the assessment of the quality and sustainability of the net result of the Generali Group in the various business segments and territorial areas, the Management Report includes the following alternative performance measures.

Gross written premiums

Gross written premiums in the Management Report differ from gross earned premiums in the Income Statement, since they include premiums related to investment contracts as to better present the insurance turnover of the Group and they exclude changes in the provisions for unearned premiums.

Operating result

Under CESR Recommendations on alternative performance measures (CESR/05 - 178b), the operating result cannot replace earnings before taxes calculated in accordance with IAS/IFRS. In addition, it should be read with the financial information and related notes on the accounts which are included in the audited financial statements.

The operating result is drawn up by reclassifying items of earnings before taxes for each segment on the basis of the management characteristics of each segment and taking into consideration the recurring holding expenses. Specifically, the operating result represents earnings before taxes, gross of interest expense on financial debt, specific net income from investments and non-recurring income and expenses.

In the **Life** segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- net realized gains and net impairment losses that do not affect both the local technical reserves, but only the deferred liabilities towards policyholders for the amount not attributable to the policyholders, and the free assets;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In particular, the Life non-operating result in Germany and Austria is net of the entire estimated amount attributable to the policyholders in order to consider the specific

calculation method of the policyholders' profit sharing based on the net result of the period in these countries. Furthermore, where a new fiscal law or other non-recurring fiscal impacts materially affects the operating result of the countries where the policyholders' profit sharing is based on the net result of the period, the estimated amount of non-recurring effects mentioned above is accounted for in the operating result.

In the **Property & Casualty** segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- realized gains and losses, unrealized gains and losses, net impairment losses on investments, including gains and losses on foreign currencies;
- net other non-operating expenses that mainly include results of both real estate development activities and run-off activities, impairment losses on self-used properties, company restructuring costs and amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In the **Asset Management** segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- net other non-operating expenses that mainly include project costs, including consulting, and severances.

The **Holding and other businesses** segment includes activities in the banking and asset management sectors, expenses for management, coordination and financing activities, as well as all the other operations that the Group considers to be ancillary to the core insurance business. All profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:

- non-recurring realized gains and losses and net impairment losses;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of companies operating in the banking and asset management sectors (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

As for holding expenses, general expenses incurred for management and coordination by the Parent Company and territorial sub-holdings are considered as operating items. Non-operating holding expenses include:

- interest expenses on financial debt³;
- company restructuring costs and other non-recurring expenses incurred for management and coordination activities;
- costs arising from the assignment of stock options and stock grants by the Group.

The operating result and non-operating result of the Group are equivalent to the sum of the operating result and the non-operating result of the abovementioned segments and related consolidation adjustments.

In accordance with the approach described above, the operating result in the main countries where the Group operates is reported for the Life and Property & Casualty segments and the consolidated figures. In order to provide a management view of the operating result by geographical area, the disclosure by business segment and

geographical area allows measurement of the result of each geographical area from a country viewpoint instead of as a contribution to the Group's results.

Within the context of the Life and Property & Casualty operating result of each country, reinsurance operations between Group companies in different countries are considered as transactions concluded with external reinsurers. This representation of the Life and Property & Casualty operating result by geographical area makes this performance indicator more consistent with both the risk management policies implemented by each company and the other indicators measuring the technical profitability of the Group's companies.

The following table reconciles the operating and non-operating result with the corresponding items in the income statement:

Operating and non-operating result	Profit and loss account
Net earned premiums	1.1
Net insurance benefits and claims	2.1
Acquisition and administration costs	2.5.1 - 2.5.3
Net fee and commission income and net income from financial service activities	1.2 - 2.2
Net operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net operating income from other financial instruments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from investments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net other and holding operating expenses	1.6 - 2.6
Net other and holding non-operating expenses	1.6 - 2.6

³ Please refer to the paragraph Debt in the chapter Group's financial position for further details on the definition of financial debt.

The following reclassifications are made in the calculation of the operating result with respect to the corresponding items in the income statement:

- investment management expenses and investment property management expenses are reclassified from acquisition and administration costs to net operating income from other financial instruments, more specifically to other expenses from financial instruments and land and buildings (investment properties);
- income and expenses related to real estate development activities are classified under other non-operating income and expenses, in accordance with the management model adopted that provides for sale at completion;
- in the Life and Holding and other businesses segments, gains and losses on foreign currencies are reclassified from net operating income to net operating income from financial instruments at fair value through profit or loss. In the Property & Casualty segment, they are reclassified from net operating income to net non-operating income from financial instruments at fair value through profit or loss. The classification for each segment is consistent with the related classification of the derivative transaction drawn up in order to hedge the Group's equity exposure to the changes in the main currencies of operations. Net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- net other operating expenses are adjusted for operating taxes and for non-recurring taxes that significantly affect the operating result of the countries where the policyholders' profit sharing is determined by taking the taxes for the period into account. These adjustments are included in the calculation of the operating result and are excluded from the income taxes item;
- in net operating income from other financial instruments, interest expenses on deposits and current accounts under reinsurance business are not included among interest expenses related to liabilities linked to operating activities but are deducted from the related interest income. Moreover, the interest expenses related to the abovementioned real estate development activities are not included in interest expenses related to liabilities linked to operating activities, but are classified under other non-operating income and expenses in accordance with the management model adopted that provides for sale at completion.

Operating result by margins

The operating result of the various segments are reported also in accordance with a margin-based view which shows the operating trends of the changes occurred in each segment performance more clearly.

The **Life** operating result is made up of the technical margin excluding insurance expenses, the net investment result and the component that includes acquisition and administration costs related to the insurance business and other net operating expenses. Specifically, the technical margin includes loadings, technical result and other components, and unit- and index-linked fees. The net investment result comprises operating income from investments, net of the portion attributable to the policyholders. Finally, the insurance management and other net operating components are indicated separately.

The **Property & Casualty** operating result is made up of the technical result, the financial result and other operating items. Specifically, the technical result represents the insurance activity result, i.e. the difference between premiums and claims, acquisition and administration costs and other net technical income. The investment result comprises current income from investments and other operating net financial expenses, like expenses on investment management and interest expenses on operating debt. Finally, other operating items mainly include acquisition and administration costs related to the insurance business, depreciation of tangible assets and amortization of long-term costs, provisions for recurring risks and other taxes.

Adjusted net profit

The adjusted net profit is the profit adjusted for impact of gains and losses related to disposals.

Return on investments

The indicators for the return on investments are:

- **net current return** calculated as the ratio of:
 - interest and other income, including income from financial instruments at fair value through profit and loss (excluding income from financial instruments

related to linked contracts) net of depreciation on real estate investments; to

- average investments (calculated on book value);
- **harvesting rate** calculated as the ratio of:
 - net realized gains, net impairment losses and realized and unrealized gains and losses from financial instruments at fair value through profit and loss (excluding those from financial instruments related to linked contracts); to
 - average investments (calculated on book value).

The **profit and loss return** is the sum of the net current return and the harvesting rate net of investment management expenses as well as gains and losses on foreign currencies.

The average investments (calculated on book value) include: land and buildings (investment properties), investments in subsidiaries, associated companies and joint ventures, loans and receivables, cash and cash equivalents, available for sale financial assets, financial assets at fair value through profit or loss excluding those related to linked contracts. Total investments are adjusted for both derivative instruments classified as financial liabilities at fair value through profit of loss and REPOs classified as other financial liabilities. The average is calculated on the average investment base of each quarter of the reporting period.

The indicators for the return on investments described above are presented for the Group and for Life and Property & Casualty segments.

Consolidated investments

In order to provide a presentation of investments that is consistent with the calculation of the return on investments, the Group's investments in the Management Report differ from those reported in the balance sheet items since:

- Investment Fund Units (IFU) are split by nature in equity, bond and investment property instruments as well as cash equivalents;
- derivatives are presented on a net basis, thus including derivative liabilities. Moreover, hedging derivatives are classified in the respective asset class hedged;
- reverse REPOs (Repurchase Agreements) are reclassified from other fixed income instruments to cash and cash equivalents in accordance with their nature of short-term liquidity commitments; and
- REPOs classified as liabilities are presented in cash and cash equivalents.

Investments by segment are presented in accordance with the methods described in the chapter Segment reporting in the Notes.

Balance sheet

Assets

References:	(€ million)	31/12/2019	31/12/2018
	1 INTANGIBLE ASSETS	9,401	8,745
4	1.1 Goodwill	7,180	6,680
19	1.2 Other intangible assets	2,221	2,065
	2 TANGIBLE ASSETS	4,183	3,768
20	2.1 Land and buildings (self used)	2,888	2,505
20	2.2 Other tangible assets	1,295	1,263
14	3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	4,382	4,009
39, 40, 41, 42	4 INVESTMENTS	463,929	412,228
11	4.1 Land and buildings (investment properties)	14,168	13,650
3	4.2 Investments in subsidiaries, associated companies and joint ventures	1,365	1,320
7	4.3 Held to maturity investments	2,243	2,171
8	4.4 Loans and receivables	32,285	31,815
9	4.5 Available for sale financial assets	318,195	283,773
10	4.6 Financial assets at fair value through profit or loss	95,672	79,500
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	78,475	65,789
21	5 RECEIVABLES	11,954	11,127
	5.1 Receivables arising out of direct insurance operations	7,377	7,130
	5.2 Receivables arising out of reinsurance operations	1,653	1,481
	5.3 Other receivables	2,924	2,515
22	6 OTHER ASSETS	13,852	69,253
	6.1 Non-current assets or disposal groups classified as held for sale	0	55,914
15	6.2 Deferred acquisition costs	2,121	2,143
	6.3 Deferred tax assets	2,478	2,345
	6.4 Tax receivables	3,146	3,021
	6.5 Other assets	6,108	5,830
12	7 CASH AND CASH EQUIVALENTS	6,874	6,697
	TOTAL ASSETS	514,574	515,827

Equity and liabilities

References:	(€ million)	31/12/2019	31/12/2018
16	1 SHAREHOLDERS' EQUITY	29,851	24,643
	1.1 Shareholders' equity attributable to the Group	28,360	23,601
	1.1.1 Share capital	1,570	1,565
	1.1.2 Other equity instruments	0	0
	1.1.3 Capital reserves	7,107	7,107
	1.1.4 Revenue reserves and other reserves	10,831	10,035
	1.1.5 (Own shares)	-7	-7
	1.1.6 Reserve for currency translation differences	-28	-146
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	7,458	3,454
	1.1.8 Reserve for other unrealized gains and losses through equity	-1,240	-716
	1.1.9 Result of the period attributable to the Group	2,670	2,309
	1.2 Shareholders' equity attributable to minority interests	1,491	1,042
	1.2.1 Share capital and reserves	1,114	904
	1.2.2 Reserve for unrealized gains and losses through equity	108	-50
	1.2.3 Result of the period attributable to minority interests	269	189
23	2 OTHER PROVISIONS	1,736	1,744
13	3 INSURANCE PROVISIONS	419,213	377,828
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	75,407	63,149
	4 FINANCIAL LIABILITIES	40,904	38,540
17	4.1 Financial liabilities at fair value through profit or loss	4,983	4,159
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	3,532	2,754
18	4.2 Other financial liabilities	35,921	34,382
	of which subordinated liabilities	7,717	8,124
24	5 PAYABLES	11,178	9,287
	5.1 Payables arising out of direct insurance operations	4,240	3,424
	5.2 Payables arising out of reinsurance operations	697	658
	5.3 Other payables	6,241	5,205
25	6 OTHER LIABILITIES	11,693	63,785
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0	54,883
	6.2 Deferred tax liabilities	3,174	1,789
	6.3 Tax payables	2,012	1,800
	6.4 Other liabilities	6,508	5,313
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	514,574	515,827

Income statement

References:	(€ million)	31/12/2019	31/12/2018
26	1.1 Net earned premiums	66,239	63,405
	1.1.1 Gross earned premiums	68,137	65,192
	1.1.2 Earned premiums ceded	-1,898	-1,786
27	1.2 Fee and commission income and income from financial service activities	1,354	1,028
28	1.3 Net income from financial instruments at fair value through profit or loss	10,177	-6,008
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	9,748	-5,835
29	1.4 Income from subsidiaries, associated companies and joint ventures	148	166
30	1.5 Income from other financial instruments and land and buildings (investment properties)	13,566	12,712
	1.5.1 Interest income	8,149	8,158
	1.5.2 Other income	2,624	2,250
	1.5.3 Realized gains	2,672	2,146
	1.5.4 Unrealized gains and reversal of impairment losses	121	157
31	1.6 Other income	3,151	3,397
	1 TOTAL INCOME	94,635	74,699
32	2.1 Net insurance benefits and claims	-71,062	-52,032
	2.1.1 Claims paid and change in insurance provisions	-72,321	-53,239
	2.1.2 Reinsurers' share	1,259	1,207
33	2.2 Fee and commission expenses and expenses from financial service activities	-650	-576
34	2.3 Expenses from subsidiaries, associated companies and joint ventures	-60	-16
35	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,265	-3,467
	2.4.1 Interest expense	-1,024	-1,010
	2.4.2 Other expenses	-416	-355
	2.4.3 Realized losses	-1,083	-680
	2.4.4 Unrealized losses and impairment losses	-742	-1,423
36	2.5 Acquisition and administration costs	-11,551	-10,682
	2.5.1 Commissions and other acquisition costs	-8,587	-8,015
	2.5.2 Investment management expenses	-230	-228
	2.5.3 Other administration costs	-2,735	-2,438
37	2.6 Other expenses	-4,459	-4,477
	2 TOTAL EXPENSES	-91,048	-71,250
	EARNINGS BEFORE TAXES	3,587	3,450
38	3 Income taxes	-1,122	-1,126
	EARNINGS AFTER TAXES	2,465	2,324
	4 RESULT OF DISCONTINUED OPERATIONS	475	173
	CONSOLIDATED RESULT OF THE PERIOD	2,939	2,497
	Result of the period attributable to the Group	2,670	2,309
	Result of the period attributable to minority interests	269	189
16	EARNINGS PER SHARE:		
	Earnings per share (in €)	1.70	1.48
	From continuing operation	1.40	1.37
	Diluted earnings per share (in €)	1.68	1.45
	From continuing operation	1.38	1.34

Attestation to the Consolidated Financial Statements

Attestation of the Consolidated Financial Statements pursuant to art. 154-*bis*, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-*ter* of Consob regulation of 14 May 1999, no. 11971 as amended

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Cristiano Borean, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
 - the adequacy in relation to the characteristics of the Company and
 - the effective implementationof the administrative and accounting procedures for the preparation of the consolidated financial statements over the course of the period from 1 January to 31 December 2019.
2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2019 has been assessed through a process established by Assicurazioni Generali S.p.A. on the basis of the guidelines set out in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.
3. The undersigned further confirm that:
 - 3.1 the consolidated financial statements as at 31 December 2019:
 - a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of Legislative Decree No. 38 of 28 February 2005, of the Italian Civil Code, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);
 - b) correspond to the related books and accounting records;
 - c) provide a true and fair representation of the financial position of the issuer and the group of companies included in the scope of consolidation;
 - 3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situations to which they are exposed.

Milan, 12 March 2020

Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.



Cristiano Borean
*Manager in charge of preparing
the Company's financial reports and Group CFO*

ASSICURAZIONI GENERALI S.p.A.



Glossary

Adjusted net profit: it is the result of the period adjusted for the impact of gains and losses from disposals.

Aging and evolving social security: the increased life expectation and the reduced birth rates will make sizeable impacts on the financial sustainability of the social protection systems and might lead to reduced public welfare services. The aging of the population will also influence the job market and consumption, with effects on productivity and the intergenerational balances, with increased welfare costs borne by the population of working age.

Asset owner: who owns investments and bears the related risks.

Average duration: it is defined as the average residual economic maturity (considering the first call option date) of the financial debt outstanding as at the reporting date, weighted for the nominal amount.

Biodiversity losses and vulnerability of our ecosystems: the expansion of the farming and urban areas to the detriment of the natural habitats, the increase in pollution levels and the climate change are leading to a rapid extinction of many animal and plant species, with a gradual impoverishment of biological diversity and the gene pool. The progressive collapse of the natural ecosystems forms a growing risk for man as it impairs the food chain, reduces resistance to pathogenic agents and threatens the development of communities and economic sectors that strongly depend on biodiversity, such as farming, fishing, silviculture and tourism. In the face of this threat, the activism of civil society, regulatory pressure and the supervision of the authorities are growing, which broaden the responsibility of companies not only as regards their actions, but also as regards those of the supply chain.

Capitals: stocks of value as inputs to the business model. They are increased, decreased or transformed through the organization's business activities and outputs. The capitals are categorized in the International <IR> Framework as:

- financial capital: the pool of funds that is available to an organization for use in the production of goods or the provision of services, obtained through financing, such as debt, equity or grants, or generated through operations or investments;
- manufactured capital: manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services;
- intellectual capital: organizational, knowledge-based intangibles;

- human capital: people's competencies, capabilities and experience, and their motivations to innovate;
- social and relationship capital: the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being;
- natural capital: all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization.

Cash and cash equivalents: it includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds, which are included in the Group liquidity management.

Cash remittance: dividends and dividend-equivalent permanent or long-term transactions from subsidiaries towards the Parent Company (e.g. capital reduction or permanent debt reimbursement) measured on a cash basis.

Change in healthcare needs and services: the treatment and healthcare systems are undergoing transformation due to demographic, technological and public policy evolution, leading to a higher demand for increasingly advanced healthcare services that are patient-focused, with growing healing and quality treatment expectations. That means that the level of sophistication and of healthcare service cost is growing, with an increasing integration of the public offer with private entrepreneurial initiative.

Climate change: global warming due to the introduction of greenhouse gases into the atmosphere coming from anthropic activities is intensifying extreme natural events such as floods, drought, storms, rise in sea level and heat waves, with repercussions on the natural ecosystems, human health and the availability of water resources. The policies and efforts required to limit global warming to below 1.5°C through the decarbonisation of the economy will lead to radical changes in the production and energy systems. As effective as these efforts may be, some changes will be inevitable, therefore making strategies to adapt and to reduce the vulnerability to the changing climate conditions necessary.

Companies of the coal sector (also identified as customers of the coal sector or issuers of the coal sector): category that includes companies for which over 30%

of revenue or over 30% of energy produced derive from coal, mining companies that produce over 20 million tons a year of coal or companies actively involved in building new coal capacity (coal plants) as identified by Urgewald in its Top 120 Coal Plant Developers' list.

Companies of the tar sand sector: companies whose revenues are at least 5% derived from tar sands' extraction or operators of controversial pipelines dedicated to tar sands' transportation.

CoR, combined ratio: it is a technical performance indicator of Property & Casualty segment, calculated as the ratio of net insurance benefits and claims as well as administration and acquisition costs to net earned premiums. In other words, it is the sum of loss ratio and expense ratio.

Cost/Income ratio: it is a performance indicator of the Asset Management segment calculated as the ratio of operating expenses to operating revenues.

Current year loss ratio: it is a further detail of combined ratio calculated as the ratio of:

- current year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Customer: either a physical person or a legal entity that holds at least one active insurance policy and pays a premium to Generali accordingly, a banking product or a pension fund product (the policy/the product is either with Generali, or other non-Generali local brand, or white labelled).

Digital transformation and cybersecurity: the technological innovations introduced by the fourth industrial revolution, including big data, artificial intelligence, the Internet of Things, automation and blockchain are transforming the economic-production systems and social habits with the spread of services featuring a high level of personalisation and accessibility, which demand new know-how and skills, with a resulting radical transformation of traditional jobs and the appearance of new players on the market. The growth in complexity, interdependence and speed of innovation of the new digital technologies are posing challenges associated with the security of the systems and the IT infrastructure.

Distributor: sales force within traditional distribution networks (exclusive agents, non-exclusive agents and employed sales force permanently involved in the activities of promoting and distributing Generali products).

Diversity & Inclusion index, D&I index: it measures the attainment of Diversity & Inclusion ambitions on gender, generations, cultures and inclusion through eight indicators (female managers, female talent, talent under the age of 35, new hired employees with average age less than 30 years, employees on roles needing new critical skills, talents with international experience, organizational entities with smart working and organizational entities with local action plans on disability).

Earnings per share: it is equal to the ratio of Group net result and to weighted average number of ordinary shares outstanding.

Employees: all the Group direct people at the end of the period, including managers, employees, sales attendant on payroll and auxiliary staff.

Employment dynamics and restructuring of business landscape: the new technologies, globalisation and the economy's expansion of the service industry are changing the labour market with the spread of a flatter and more fluid organisation of work, as the growth in agile and flexible work, rotation of tasks and smart working solutions show. Self-employed workers and freelance collaborations are also on the rise versus a stagnation of employment, which make the labour market less rigid but also more precarious, irregular and discontinuous. In terms of changes in the world of production and enterprises, the number of SMEs is increasing in Europe and we are witnessing a reduction and radical transformation of the traditional industrial sectors and the production processes are becoming global in scale with an increased complexity of the supply chains.

Environmental products:

- products designed to promote sustainable transport with reduced environmental impact, including policies that reward responsible driving;
- products that support the energy efficiency of buildings;
- products for covering the risks connected with the production of renewable energies;
- products specifically designed to cover catastrophe risks or specific environmental damage;
- products to companies with environmental certifications (e.g. ISO 14001, EMAS, LEED) or adopting safety measures to prevent environmental damages;
- anti-pollution products.

Equity investments: direct investments in quoted and unquoted equity instruments, as well as investment funds

that are mainly exposed to equity investments, including private equity and hedge funds.

Equivalent consolidation area: constant consolidation scope.

Equivalent terms: constant exchange rates and consolidation scope.

Evolving lifestyle and consumption patterns: the enhanced awareness of the connection between health, living habits and the environmental context is assisting the spread of healthy lifestyles imprinted by the prevention and proactive promotion of well-being, especially in the higher income and higher education social brackets. Examples of this are the growing attention to healthy eating and to physical activity. However, unhealthy lifestyles and behaviours at risk are continuing, if not actually increasing, amongst the more vulnerable social brackets, and are recording increased addiction (drugs, alcohol, tobacco, compulsive gambling, Internet and smartphone addiction), mental discomfort, sleep disorders, incorrect eating habits and sedentariness, with high social costs linked to healthcare expenditure, loss of production and early mortality.

Extreme events: the concentration of the population and of the production activities in urban contexts are increasing the risks associated with extreme events, such as earthquakes and tsunamis, catastrophes triggered by man such as technological, radiological incidents, serious health emergencies and terrorism, demanding the strengthening of system to prevent, prepare for and respond to extreme events in order to increase the resilience of the territories and communities.

Financial asset: any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another

financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Financial liability: any liability that is:

- a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Fixed income instruments: direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. This asset class also includes investments funds that are mainly exposed to investments or risks similar to direct investments presented within this asset class.

General account: investments reported in the financial statements (excluding financial assets categorized as unit- and index-linked or deriving from pension funds management) and cash and cash equivalents. They also include some liabilities, with features similar to investments, among which derivative liabilities referred to investment portfolio and REPOs.

Geopolitical, macroeconomic and financial instability: the weakening of multilateralism and of the traditional global governance mechanism are leading to increased tension between countries and to the resurgence of trade protectionism and populism. Associated with this altered geopolitical picture - with complex cause and effect relationships - is the worsening of macroeconomic conditions and a scenario of a continuing lowering of interest rates. The weakening of the initiative of the traditional political institutions is accompanying the success of coalitions and global coordination mechanisms promoted by the private sector and civilian society.

Green and sustainable investments: investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

Gross direct written premiums: gross written premiums of direct business.

Gross written premiums (GWP): gross written premiums of direct business and accepted by third parties.

Growing expectations toward corporate purpose, sustainability practices and transparency: the key stakeholders of companies, such as investors, consumers and employees - especially in Europe and with particular reference to the millennial generation - are ever more attentive and demanding regarding the purpose and the sustainability practices of companies. Also, the regulatory requirements for companies in terms of reporting and transparency are increasing, making it increasingly essential that a company demonstrate its ability to create value for all of its stakeholders, going beyond the classic obligations of remunerating the capital of investors and satisfying customers. The growing number of profit-making benefit companies, cooperatives and social companies stands as proof of this trend.

Increasing inequality and reducing social mobility: the growing gap in the distribution of wealth between social groups and - more in general - the polarisation in accessing self-determination opportunities is accompanying a decline in social mobility, with a trend towards a protracted permanence in the state of poverty and exclusion, mainly tied to the socio-economic conditions of the household of origin.

Integrated report: concise communication that illustrates how the strategy, governance and future prospects of an organization, in the external environment in which it operates, are used to create value in the short, medium and long term.

Investment contracts: contracts that have the legal form of insurance contracts but, as they do not substantially expose the insurer to significant insurance risk (e.g. the mortality risk or similar insurance risks), cannot be classified as insurance contracts. In accordance with the definitions of IFRS 4 and IAS 39 these contracts are recognized as financial liabilities.

Investments back to unit- and index-linked policies: various types of investments backing insurance liabilities related to unit and index-linked policies.

Investments in internal strategic initiatives: they are total investments (included in the general expenses, in cash view - capex) included within the expenses baseline as the sum of all strategic initiatives considered in the Generali 2021 strategy.

Investments properties: direct investments in properties held in order to receive rent or to achieve targets for capital appreciation, or for both reasons. This asset class also includes investments funds that are mainly exposed to real-estate investments.

Key functions: they are the Internal Audit, Compliance, Risk Management and Actuarial functions.

Lockup clause: it imposes the unavailability of the shares assigned with respect to some incentive plans (or a specific share) for a specific time horizon as defined by any individual plan. The clause provides for the commitment of the issuing Company and potentially of some shareholders not to pursue selected actions on the equity of the company itself in the period subsequent to a public offering.

London Benchmarking Group (LBG): it is an international standard for companies to report their activities in the community. It is internationally recognized and follows an Inputs-Outputs-Impact (IOI) logic, assessing community initiatives in terms of the resources committed (inputs) and the results achieved (outputs) and impacts.

Managed reports related to the Code of Conduct: they are the reports of potential breaches of the Group's Code of Conduct that are managed in accordance with the Group's Process on managing reported concerns. They do not include customer complaints.

Mathematical provisions: it is the amount that shall be set aside by the insurance company to meet its future obligations to policyholders.

NBM, new business margin: it is a performance indicator of the new business of the Life segment, equal to the ratio of NBV to PVNBP. The margin on PVNBP is intended as a prospective ratio between profits and premiums.

NBV, new business value: it is an indicator of value created by the new business of the Life segment. It is obtained by discounting at the date of new contracts the corresponding expected profits net of the cost of capital (net of the portion attributable to minority interests).

Net inflows: it is an indicator of cash flows generation of the Life segment. It is equal to the amount of premiums collected net of benefits paid.

New households: multi-culture families and single person: the migration phenomena and increased international mobility are enlarging the cultural diversity of the modern globalised societies and are transforming the preferences and market of the consumers, management of work contexts and political debate. Also the physiognomy of modern family is profoundly changing with a significant increase in households made up of only one person and in single-parent families due to greater emancipation of women, growth in separations, longer life expectation and urbanisation. As a result, consumption habits, the distribution of resources and the social risk mitigation mechanisms are changing, and the vulnerability of the single-member householders to situations of hardship - such as loss of employment or disease - is growing.

Operating result: it is the result of the period before taxes, before interest expense on liabilities linked to financing activities, certain net financial income as well as non-recurring income and expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Operating return on investments: it is an alternative performance measure of both the Life and Property & Casualty segments, calculated as the ratio of the operating result to the average investments at IAS/IFRS book value, as described in the chapter Methodological notes on alternative performance measures.

Organizational entities with smart working: organizational entities where smart working is applicable in accordance with local laws and regulations.

Other investments: it includes participations in non-consolidated companies, associated companies and joint ventures, derivative investments and receivables from banks and customers, the latter mainly related to banking activities by some Group companies.

Outcomes: the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

P&L return on investments: it is the sum of the current return on investments and the harvesting rate net of investment management expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Prior year loss ratio: it is a further detail of combined ratio calculated as the ratio of:

- previous year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Provision for outstanding claims: it comprises the estimated overall amounts which, from a prudent valuation based on objective elements, are required to meet the payment of the claims incurred during the current year or the previous ones, and not yet settled, as well as the related settlement expenses. The outstanding claims provisions shall be estimated as the total ultimate cost taking into account all future foreseeable charges, based on reliable historical and forecast data, as well as the specific features of the company.

Provision for unearned premiums: it comprises the unearned premium component, defined as the part of gross premiums written which is to be allocated to the following financial periods, and the provisions for unexpired risk on insurance contracts in force in excess of the related unearned premiums.

Provisions arising from policies where the investment risk is borne by the policyholders and from pension funds: they comprise the amounts to be allocated to the policyholders or to the beneficiaries relating to Life segment products where the risk arising from the underlying financial investments backing the technical liabilities is borne by the policyholders.

Provisions for sums to be paid: they are technical reserves constituted at the end of each financial year by companies operating in the Life segment in order to cover the overall amounts required to meet the payment of the capitals and annuities accrued, surrenders and claims outstanding.

PVNB, present value of new business premiums: it is the present value of the expected future new business premiums, allowing for lapses and other exits, discounted to point of sale using reference rates.

Regulatory complexity & need for an integrated governance: faced with increasingly interconnected financial systems and global expansion of corruptive and criminal economy phenomena, the production of laws and regulatory mechanisms is increasing, especially for the financial sector, in order to regulate this complexity and to share prevention and fight against illegal activities with the sector's professionals. Therefore, the costs for guaranteeing regulatory compliance and the need for greater integration and simplification of the governance systems are increasing.

Regulatory Solvency Ratio: it is the ratio of the Eligible Own Funds to the Group Solvency Capital requirement, both calculated according to the definitions of the SII regime. Own funds are determined net of proposed dividend. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Relationship Net Promoter Score, RNPS: it is an indicator calculated from customer research data. A pre-defined market representative sample is surveyed on a regular base. Specifically, customers are asked to assess their propensity to recommend - or not - Generali to their closest persons (family members, friends and colleagues) using a scale from 0 to 10. Thanks to this feedback, the company is able to identify detractors (rating from 0 to 6), passives (rating of 7 or 8) and promoters (rating of 9 or 10). In order to calculate the RNPS, the percentage of detractors is deducted from the percentage of promoters. The RNPS is not expressed as a percentage but as an absolute number.

At each wave, at least 200 Generali customers and as many customers of our European international peers (AXA, Allianz and Zurich) are surveyed per market to guarantee the robustness of the data surveyed.

Relevant personnel: it refers to general managers with strategic tasks, the Heads and the highest-level personnel of the key functions and the other categories of personnel whose activity can have a significant impact on the company risk profile in accordance to IVASS Regulation no. 38/2018, art. 2, paragraph 1, letter m).

Responsible Investment Guideline, RIG: document that codifies responsible investment activities at Group level.

RoE, Return on Equity: it is an indicator of return on capital in terms of the Group net result. It is calculated as the ratio of:

- Group net result; to
- average Group shareholders' equity at the beginning and end of the period, adjusted to exclude other gains and losses directly booked to equity, included in Other Comprehensive Income, such as gains and losses on available for sale financial assets, gains and losses on foreign currency translation differences, unrealized gains and losses on hedging derivatives and unrealized gains and losses on defined benefit plans.

Shortage of planet resources and shift to circular/sharing economy: the increase in world population and the excessive exploitation of natural resources such as soil,

land water, raw materials and food resources make the transition to circular and responsible consumption models necessary as they allow the resources use, scraps and produced waste to be reduced. Technological innovation and the spread of more sustainable lifestyles encourage the spread of new sharing-based consumption and production models, for example car sharing, co-housing, co-working and crowdfunding.

Social media and unmediated access to information: the new communication technologies, social media and web platforms are increasingly augmenting the speed, ease and amount of information exchanged between people, governments and companies. In this way, knowledge is increasingly accessible, multi-directional, intergenerational and on a global scale, and is transforming how people form opinions and mutually influence each other. The traditional sources of information, such as newspapers, schools, parties and religious institutions, are undergoing a resizing of their role in mediating knowledge, with consequences for control of the reliability of the information circulated and for manipulating public opinion, as evidenced by the fake news phenomenon.

Social products:

- products that respond to the needs of specific categories of customers or particularly unfortunate events in life, including products dedicated to the young, to the elderly, to the disabled, to immigrants, to the unemployed and to coverage for professional disabilities, or which in some way support and foster social inclusion;
- products that promote a more prosperous and stable society, with particular attention on small and medium-sized enterprises and people involved in voluntary work;
- products with high pension or microinsurance content;
- products that promote responsible and healthy lifestyles, leveraging on the opportunities provided by new technologies, on the importance of preventive healthcare or other virtuous behaviours of policyholders;
- products that supplement the public health service, designed to help manage the costs of treatment and assistance, as well as the reduction in earnings of customers in the event of serious illnesses or the loss of self-sufficiency.

Stock granting: free shares assignment.

Stock option: it represents the right of the holder to buy shares of the Company at a predefined price (so called strike). These options are assigned free of charge.

Stranded asset: invested assets that may lose their economic value in advance of the expected duration, due to

regulatory changes, market forces, technological innovation, environmental and social problems associated with the transition to a low-carbon economy. They are typically associated with the coal and fossil fuel sector, with an indirect impact on the utilities and transport sectors.

Sustainable and Responsible Investments, SRI: assets managed according to Generali Insurance Asset Management's SRI proprietary methodology both on behalf of Group insurance companies and third-party clients.

Sustainable Development Goal (SDG): 17 objectives contained in the 2030 Agenda for sustainable development, launched by the United Nations.

Trained employees: employees who attended stand-alone training activities designed for one target group, dealing with one topic and not embedded in daily work. They include those employees trained during the period who left the Group before the end of the period.

Training investment: they include all direct costs for formal learning, except for those for on-the-job training.

Urbanization: the urban areas host a growing percentage of the human population. Today over 70% of Europeans live in cities, and the amount should rise to above 80% by the year 2050. At the same time, over the years land con-

sumption to convert natural land into urbanised areas has accelerated. Together with their expansion, the cities find themselves having to take up increasingly urgent challenges, such as social inclusion in the outskirts and the lack of adequate housing, congestion and air pollution. Considerable investments will therefore be necessary for urban regeneration and to modernise infrastructure and mobility systems dictated by more sustainable planning.

Weighted average cost of debt: it is the annualized cost of financial debt considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Women empowerment and minorities inclusion: in the various areas of social life, from the labour world to that of political representation and public communication, we are witnessing growing demands for full inclusion and exploitation of the diversities linked to gender, age, origin, ethnic group, religious belief, sexual orientation and disability conditions. The topic of development of female talent and reducing the income and employment gap between genders has taken on particular emphasis. However, in the face of these trends we are noting an increase in forms of intolerance, social exclusion and violence against women, ethnic and religious minorities, immigrants and LGBTI+ people and those with mental-physical disabilities, especially in the lower income and lower education social brackets.

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