



The Evolving Role of Company Secretary on ESG issues

ECLA 40th Anniversary Conference
Frankfurt a/M, September 19, 2023

Sustainability in the current context

Investors' portfolios increasingly allocated to sustainable investments over time

What percentage of your portfolio is currently invested in companies or investment funds that seek to make a positive social or environmental impact?



Fonte: Piani energetici nazionali

Climate regulation around the world



- The debate on Sustainability is polarizing: ESG issues are becoming topics of conflict among supporters and detractors. Recent debates show how ESG integration cannot be taken for granted.
- While in some countries Sustainability is subject to politics, the EU has taken the lead and it has been launching regulations such as the Sustainable Finance Disclosure Regulation, the Taxonomy Regulation, the Corporate Sustainability Reporting Directive. They represent a huge normative effort that will accelerate the Sustainable Transformation.
- From our perspective, embedding Sustainability into business is not limited to the compliance to new legislation and regulations. It also means to strengthen our Company, making it more resilient, efficient, competitive, responsible and attractive for our stakeholders, such as investors, clients and talents.

Key EU Regulations that are shaping Sustainability going ahead

Taxonomy
Reg. (EU) 2020/852

**Taxonomy for
sustainable activities**

A green standard to guide investments transparently and avoid green-washing

Climate change
Water
Circular Economy
Pollution
Biodiversity

SFDR
Reg. (EU) 2019/2088

**Sustainable Finance
Disclosure Regulation**

New sustainability-related obligations and disclosure requirements for the financial services sector

Art. 8 - Products that promote, among the others, ESG characteristics
Art. 9 - Sustainable investments

CSRD
Dir. (EU)
2022/2464

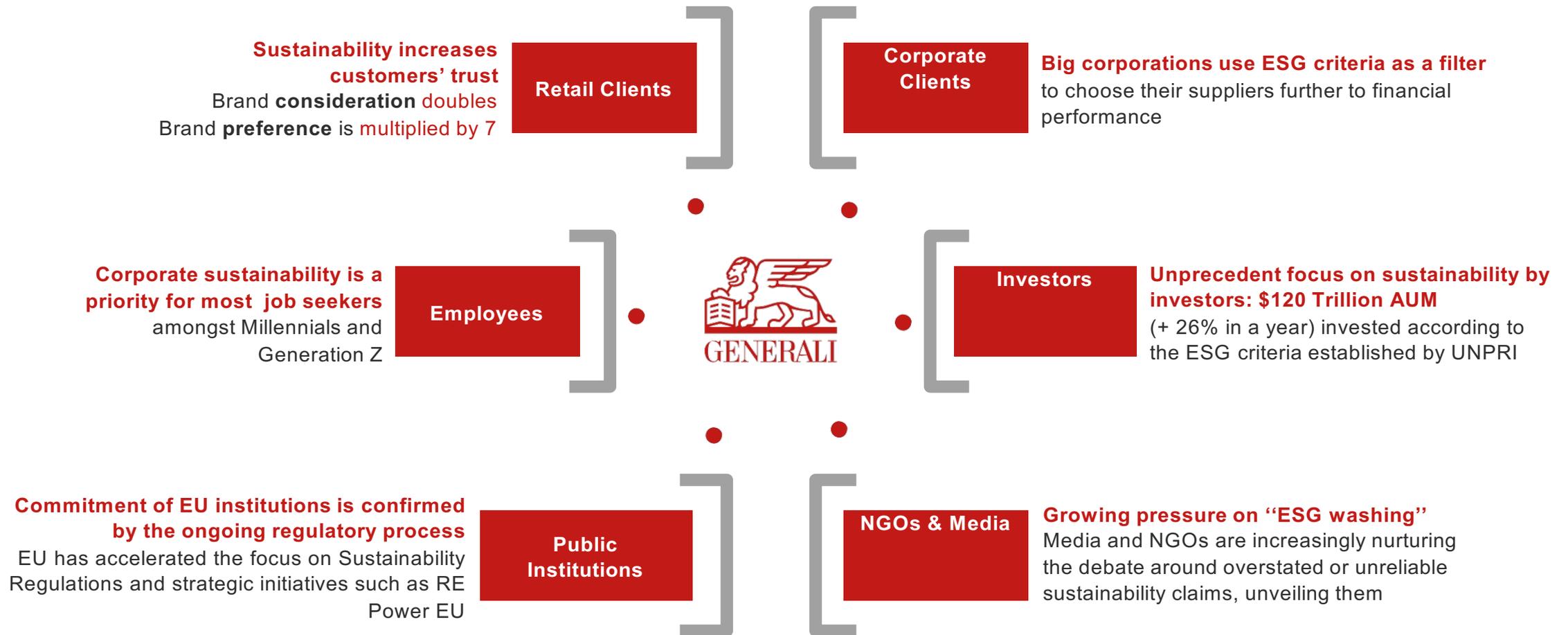
**Corporate Sustainability
Reporting Directive**

New standards and reporting requirements for corporate sustainability to improve data quality

European Sustainability Reporting Standards (ESRS) by EFRAG on cross cutting topics, and deep dive on ESG factors

- Triggered and driven by the 2018 EU Action Plan on financing sustainable growth, several regulations have been launched and introduced
- Most requirements will only take effect over time, i.e., while some of the relevant regulations are already in force, many are still under development or subject to a phased approach
- In addition to these regulatory requirements, we are also subject to certain reporting obligations arising from voluntary commitments, e.g. related to the Net-Zero Asset Owner Alliance (NZAOA) and Net-Zero Insurance Alliance (NZIA)

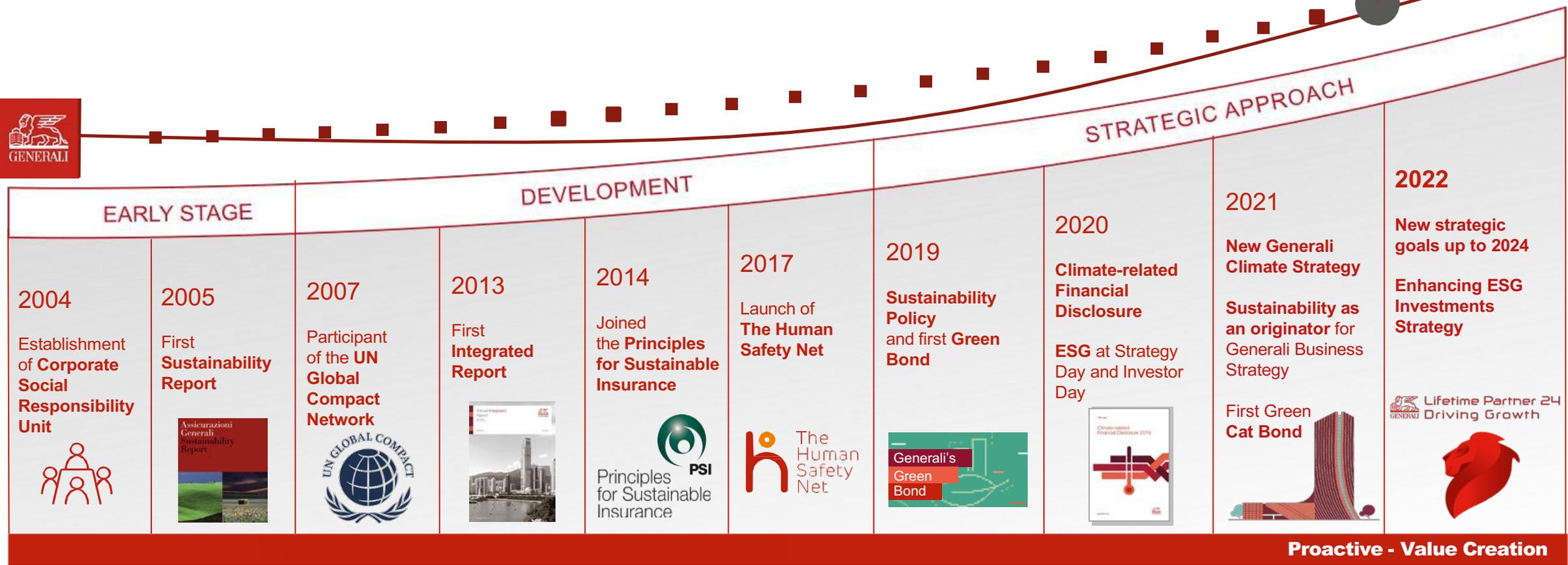
What internal and external stakeholders expect from us



Our Sustainability Journey towards a long-term value creation

“Enable people to shape a safer and more sustainable future by caring for their lives and dreams”

SHARED VALUE CREATION



Proactive - Value Creation



Deliver a positive ESG impact: our 2022-2024 strategic goals on Sustainability



**ACT AS A FORCE
FOR GOOD IN
BUILDING
A MORE RESILIENT
AND JUST SOCIETY**

RESPONSIBLE INVESTOR

- Full ESG integration¹ by 2024
- 2050 Carbon Neutral investment portfolio, with an interim goal of 25%² carbon footprint reduction, by 2024
- New Green & Sustainable Investments 2021-2025: + € 8.5-9.5 billion
- € 3.5 billion Investment plan by 2025 to support the EU Recovery

RESPONSIBLE INSURER

- Sustainable Solutions GWP CAGR 2022-24: +5%-7%
- 2050 Carbon Neutral insurance portfolio, with interim goals of carbon footprint reductions
- Foster sustainable transition for SMEs through EnterPRIZE project

RESPONSIBLE EMPLOYER

- Sustainability within all people processes, enabled by a People Strategy focused on culture, diversity, competence upskilling and new way of working
- Change management program on Sustainability, targeting Group Leadership and all employees
- Governance of Sustainability to mirror our ambition

RESPONSIBLE CITIZEN

- The Human Safety Net, a social innovation hub powered by Generali's skills, networks and solutions to create social impact, supporting the most vulnerable groups in unlocking their potential



1. General account – Direct investments (corporate bond and equity, sovereign bond)

2. General account – Equity and corporate bonds portfolios. Carbon footprint in terms of GHG intensity per invested amount. Baseline: 2019

The Italian corporate governance code (1/6)



On December 9, 2019, the **Italian Corporate Governance Committee** approved a new edition of the **Corporate Governance Code** for Listed Companies (the Corporate Governance Code or "Code"), which was then published on January 31, 2020, on the Committee's website. The new Code is applicable from the first financial year after December 31, 2020, informing the market in the corporate governance report to be published during 2022. The new Code maintains the principles of "**comply or explain**" and of substance over form in its application by issuers.

The structure of the Code

The new Code involves a deep and structural revision, aimed at significant simplification and consists of:

- **20 Principles** (general binding objectives)
- **37 Recommendations** (recommended behaviors to achieve the objectives stated in the principles)

The new Corporate Governance Code gives central importance to the concept of "**sustainable success**": "the objective that guides the action of the management body and that is substantiated by the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company" (Principle I).

The company's strategic plan must be consistent with the goal of sustainable success, based on the analysis of issues relevant to the generation of long-term value. To this end, the **Board of Directors**

- guides the company by pursuing its sustainable success (Principle I);
- defines the nature and level of risk compatible with the company's strategic objectives, including in its assessments all elements that may be relevant to the company's sustainable success (Rec. 1)

Recommendation 12:

12. The chair of the board of directors, with the help of the board secretary, ensures that:
- a) the pre-meeting information and the complementary information provided during the meeting are suitable to allow directors to act in an informed manner;
 - b) the activity of the board committees with preliminary, propositional and consultative functions is coordinated with the activity of the board of directors;
 - c) in agreement with the chief executive officer, the managers of the company and those of the companies of the group it heads, who are competent on the issues concerned, participate in the relevant board meetings to provide appropriate insights on the items on the agenda, also upon request of one or more directors;
 - d) all the members of the board of directors and control body can take part, after the appointment and during the mandate, in initiatives aimed at providing them with adequate knowledge of the industry in which the company operates, the company dynamics and their evolution, also in relation to the company's sustainable success. Such initiatives also cover the risk management issues as well as any relevant part of the regulatory and self-regulatory framework;
 - e) to provide for the adequacy and transparency of the board review, with the support of the nomination committee.

The Italian corporate governance code (3/6)



Recommendation 18:

18. The board of directors, upon proposal of the chair, provides for the appointment and dismissal of the board secretary and defines his or her professional requirements and attributes in the board's internal rules. The board secretary supports the activities of the chair and provides impartial assistance and advice to the board of directors on all aspects relevant to the proper functioning of the corporate governance system.

Al Segretario spettano le seguenti attribuzioni:

- a) *supporta il Presidente nello svolgimento di tutti i compiti inerenti al suo ruolo...;*
- b) *supporta il presidente del Consiglio Generale e del Comitato Esecutivo, se istituiti, nello svolgimento dei compiti inerenti al loro ruolo;*
- c) *cura la preparazione delle adunanze del Consiglio, dei Comitati e dell'Assemblea, la redazione dei verbali e la tenuta dei relativi libri – a fronte del ruolo attribuitogli dall'art. 25.1 dello Statuto – del Consiglio e dei Comitati e, se istituiti, del Consiglio Generale e del Comitato Esecutivo – a fronte del ruolo attribuitogli dagli artt. 27.2 e 35.4 dello Statuto;*
- d) *certifica, anche con firma singola, la conformità all'originale delle copie e degli estratti di atti e documenti sociali che devono essere prodotti alle autorità giudiziarie, amministrative, finanziarie, o che siano richiesti a ogni altro effetto di legge;*
- e) *fornisce, con imparzialità di giudizio, assistenza e consulenza al Consiglio su ogni aspetto rilevante per il corretto funzionamento del sistema di governo societario;*
- f) *per lo svolgimento delle attività di cui sopra, ha la facoltà di accedere alle informazioni e consultare le funzioni aziendali necessarie per lo svolgimento dei propri compiti.*

The Italian corporate governance code (4/6)



Recommendation 1:

1. The board of directors:

- a) reviews and approves the business plan of the company and the group it heads, also on the basis of matters that are relevant for the long-term value generation. That analysis is carried out with the possible support of a committee whose composition and functions are defined by the board of directors; ...

Il Comitato per l'Innovazione e la Sostenibilità ha compiti consultivi, propositivi e istruttori nei confronti del Consiglio sui temi di innovazione tecnologica e sostenibilità sociale e ambientale.

In particolare, il CIS svolge i seguenti compiti: ...

- i) *supportare il Consiglio nell'integrazione della sostenibilità nella definizione delle strategie d'impresa, con particolare riguardo all'analisi dei temi rilevanti per la generazione di valore nel lungo termine della Società e del Gruppo nonché nella definizione della matrice di materialità;*
- j) *esaminare e valutare le politiche volte a perseguire il Successo Sostenibile della Società e del Gruppo;*
- k) *supervisionare questioni di sostenibilità connesse all'esercizio dell'attività della Società e del Gruppo e alle dinamiche di interazione con tutti gli stakeholder;*
- l) *esprimere un parere sulla metodologia di rendicontazione delle informazioni non finanziarie e sugli indicatori materiali di prestazione, di concerto con il CCR per quanto rilevante ai fini del Sistema di controllo interno e di gestione dei rischi;*
- m) *monitorare i principali indici ESG e promuovere il posizionamento del Gruppo rispetto ai benchmark internazionali;*
- n) *esprimere un parere sulle decisioni riguardanti la dichiarazione non finanziaria, la Carta degli Impegni di Sostenibilità, la Politica di Gruppo per l'Ambiente e il Clima, gli altri elementi del Sistema di Gestione Ambientale e le informative correlate alla sostenibilità;*
- o) *formulare pareri e proposte in merito alle altre decisioni da adottarsi nelle materie dell'innovazione, della tecnologia e della sostenibilità sociale e ambientale rientranti nella sfera di competenza del Consiglio.*

The Italian corporate governance code (5/6)



Recommendation 3:

3. Upon proposal of the chair in agreement with the chief executive officer, the board of directors adopts and describes in the corporate governance report a policy for **managing dialogue with the generality of shareholders**, taking also into account the engagement policies adopted by institutional investors and asset managers. The chair ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders.

sono in ogni caso riservati alla competenza esclusiva del Consiglio i seguenti poteri e attribuzioni:

- 1) *esaminare e approvare il budget e i piani strategici, industriali e finanziari della Società e del Gruppo, proposti dal Group CEO, definiti in coerenza con l'obiettivo di perseguire il Successo Sostenibile, monitorandone trimestralmente l'attuazione, valutando il generale andamento della gestione, tenendo in considerazione in particolare le informazioni ricevute dagli organi delegati e gli esiti dell'analisi dei temi rilevanti per la generazione di valore a lungo termine condotta con il supporto del CIS per quanto attiene ai temi relativi alla sostenibilità, nonché confrontando periodicamente i risultati conseguiti con quelli programmati; ...*
- 3) *integrare il tema della sostenibilità come parte fondamentale nella definizione delle strategie d'impresa, definendo la matrice di materialità; ...*
- 5) *esaminare e **approvare**, su proposta del Group CEO, l'assetto organizzativo della Società nonché l'attribuzione di compiti e responsabilità alle unità operative e del Gruppo, curandone l'adeguatezza nel tempo;...*
- 8) *esaminare e approvare, previa istruttoria del CNG (che esprime un parere), una **politica in materia di diversità**, anche di genere, applicata in relazione alla composizione del Consiglio e del Collegio Sindacale;*
- 9) *adottare, previa istruttoria del CNG (che esprime un parere), misure atte **a promuovere la parità di trattamento e di opportunità tra i generi** all'interno dell'intera organizzazione aziendale, monitorandone la concreta attuazione;*
- 10) *adottare, su proposta del Presidente, formulata d'intesa con il Group CEO, e previa attività istruttoria del CNG (che esprime un parere), una **politica per la gestione del dialogo con la generalità degli azionisti**, anche tenendo conto delle politiche adottate sul tema dagli investitori istituzionali e dai gestori di attivi;*

Integrated Governance driving Sustainability at all organizational levels



The Italian corporate governance code (6/6)



Principles

XV. The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.

XVI. The remuneration policy is developed by the board of directors through a transparent procedure.

[sono in ogni caso riservati alla competenza esclusiva del Consiglio i seguenti poteri e attribuzioni]:

30) definire e rivedere periodicamente, secondo una procedura trasparente e sentito il parere del RemCoR, le politiche di remunerazione a favore dei componenti degli organi sociali e del Personale Rilevante, inclusi i piani di remunerazione basati su strumenti finanziari, in modo che siano funzionali al perseguimento del Successo Sostenibile e tengano conto della necessità di disporre, trattenere e motivare persone dotate della competenza e della professionalità richieste dal ruolo ricoperto nella società: il Consiglio ne monitora la concreta applicazione, per assicurare che la remunerazione effettivamente erogata sia coerente con i principi e i criteri definiti nella prima sezione della Relazione sulla politica in materia di remunerazione e sui compensi corrisposti

Sustainability is integrated into remuneration



Short-Term Incentive

2022-24 Strategy ESG KPIs

30%

of cash bonuses for GCEO, Group Management Committee, key strategic positions

Metrics focusing on:

- 10%, Brand & Lifetime Partner
- 10%, Sustainability Commitment (Sustainable Solutions)
- 10%, People Value

Long-Term Incentive

New internal/weighted ESG metrics

20%

of bonuses in shares tied to internal, measurable ESG goals for GCEO, Group Management Committee, key strategic positions

Specific ESG metrics:

- 10%, New Green & Sustainable Bond Investments
- 10%, women in strategic positions

We SHARE

Emissions-tied employee share plan

+2 every 10

number of additional shares every 10 purchased by employees

The Human Safety Net gets a donation from Generali for each We SHARE participant

Climate Strategy metric:

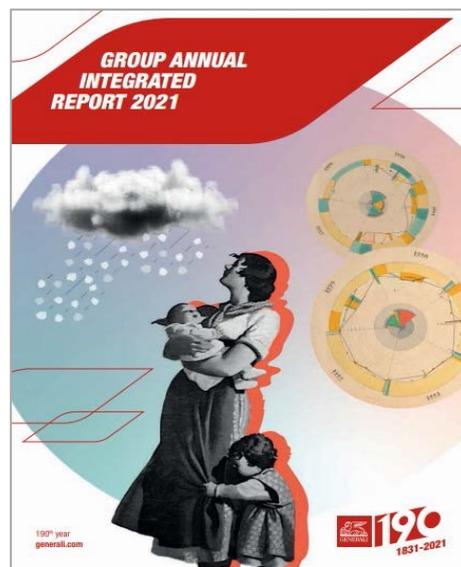
- Decarbonization of the Group's operating activities

Our focus in providing the market with clear information on Sustainability

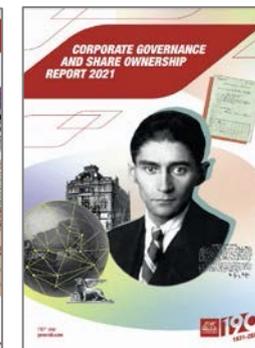
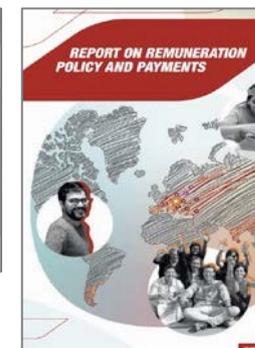
Our sustainable value creation is based on Integrated Thinking
 In 2013, the first integrated report was published, and the Core&More reporting approach was established

CORE Financial and ESG information included Group Annual Integrated Report...

...is gathered through a strong and verified data collection process...



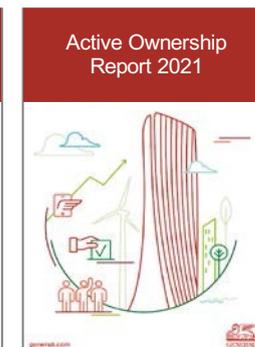
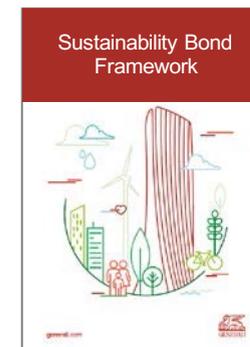
MORE Financial and ESG information is available on the Group website alongside other reports



Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018



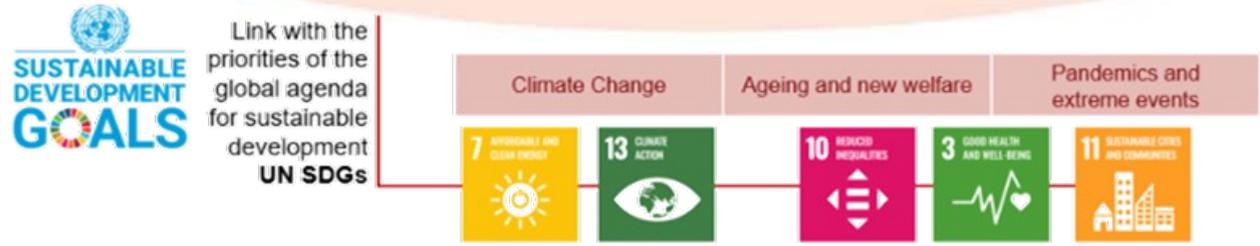
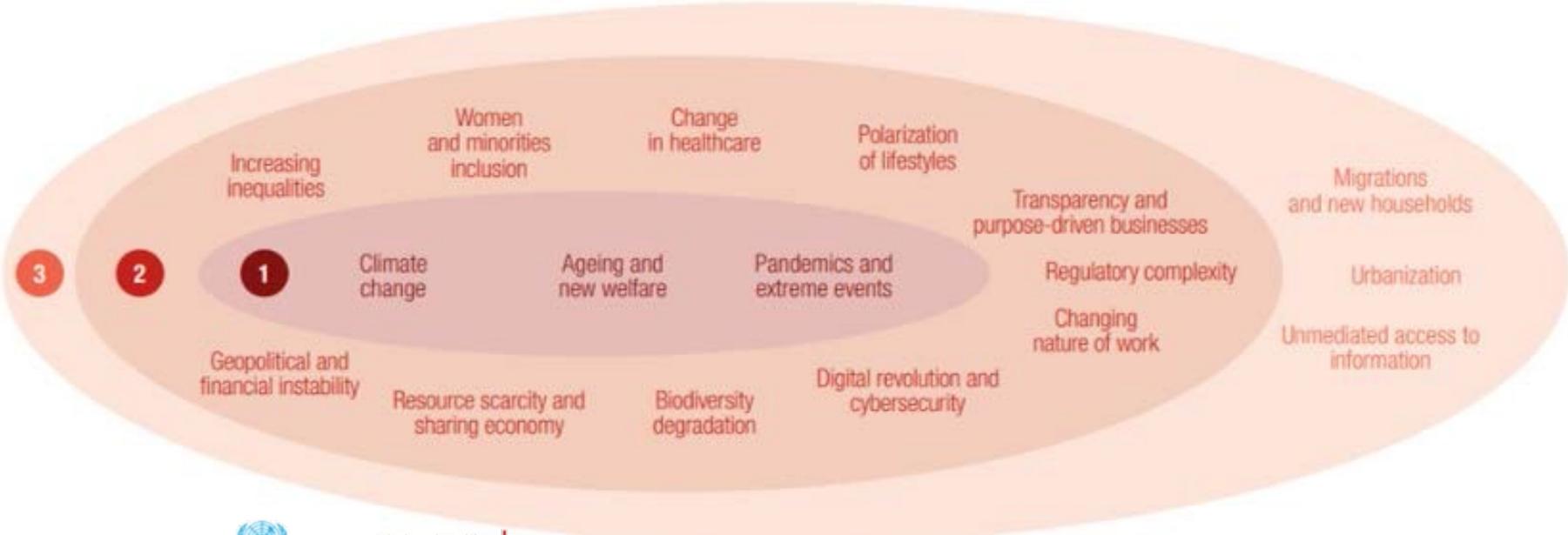
...and assured by independent external auditors





Materiality Assessment

The current Materiality Matrix was approved by the Board of Directors on November 2020. It identifies the ESG megatrends that are relevant for Generali according to its stakeholders.



- 1 Central cluster identifies the top material megatrends of considerable relevance
- 2 Intermediate cluster identifies megatrends of moderate relevance
- 3 External cluster identifies megatrends that are of minor relevance

