

# Letter replying to Larry Fink's "Purpose & Profit" letter



February 2019

Dear Larry,

Thank you for this year's letter to CEOs and Chairmen, which is a true inspiration for business leaders to pursue long-term, sustainable ambitions and a reminder of how important it is for decision-makers to use their influence for the good of their community.

Today, sustainability is not just a 'nice-to-have'. Sustainability is a necessary strategic way to approach business. By embedding environmental, social and governance factors in their strategies, companies commit to considering their impact on the well-being of all stakeholders and their role in the society, consequently developing a purpose, a vision and long-term sustainability.

**Generali's purpose is to enable people to shape a safer future by caring for their lives and dreams.** Such purpose will guide our organization and actions, motivate management and define our culture well beyond the current strategic cycle. The concept of purpose is indeed fundamental to serve all our stakeholders on top of the basic objective of making profit.

We would like to take this opportunity to recognize the long-standing relationship BlackRock and Generali have built, your positive role as one of Generali's largest shareholders and our appreciation for your Investment Stewardship initiative.

All of BlackRock's engagement priorities for 2019 represent lynchpins of Generali's corporate policies as well as of our Charter of Commitments, introduced in 2017 and substantiated by concrete initiatives under the framework of "Generali 2021", the Group's new strategic plan presented in November 2018.

Generali 2021 is inspired by our ambition to be a life-time partner to our customers, offering innovative, personalized solutions thanks to our unmatched distribution network, as well as to lead the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high-potential markets.

Generali 2021 was built on three pillars – profitable growth; capital management and financial optimization; innovation and digital transformation – and three enablers – empowered people, strong brand and sustainability commitment. By leveraging our three pillars, we will achieve ambitious financial results driving a significant acceleration compared to the previous strategic cycle. However, it is only by activating our enablers that we will foster the mindset that is key to Generali's success over the next three years, and beyond. Let us give you some examples.

Under the new plan, we will provide at least half of our colleagues with training focused on digital skills to lead the transformation and we will simplify our organization to further promote empowerment. Generali employees' engagement will rank among the highest in the industry.

Furthermore, a diverse workforce is a key value for Generali as it mirrors our heritage as an international and multi-disciplinary organization and our wealth in terms of talent and global perspective. Our governance will ensure a diverse, inclusive, meritocratic and customer-centric culture.

Let us highlight that this focus on diversity is reflected by the composition of our Board of Directors, whose members contribute a wide range of experiences, competences and viewpoints. With five women and eight men, our Board is a benchmark in terms of gender diversity.

Generali 2021's inherent long-term approach is certified by the new remuneration system applying to the company's most senior managers,

recently approved by our Board of Directors. As a result, long-term metrics account for an even more significant portion of the variable compensation.

Also, we commit to increasing the portion of premiums deriving from 'responsible' insurance solutions, such as those relating to preventive medicine, assistance to disabled people and the reduction of the environmental impact of vehicles. We will also allocate €4.5 billion by 2021 to investments with the explicit purpose of contributing positively to the UN Sustainable Development Goals.

We have launched two new flagship initiatives: EnterPrize, an award for the most sustainable small-medium enterprises, and a dedicated set of solutions for responsible consumers who want to generate positive impact on the environment and society. Such initiatives complement The Human Safety Net, our global community support program aiming to unlock the potential of disadvantaged people so that they can transform the lives of their families and communities. THSN is active in 18 countries with 30 local partners including non-governmental organizations and social enterprises and will be expanded over the next three years through corporate volunteering.

Let us reinforce the message that, at Generali, sustainability underpins every strategic choice, as certified by Generali's inclusion, in September 2018, in the Dow Jones World Sustainability Index, one of the most prestigious global indexes for corporate social responsibility.

We look forward to realizing our ambition and purpose and to continuing our conversation around these topics.

With our kindest regards,



**Philippe Donnet**  
Group CEO



**Gabriele Galateri**  
Chairman

A stylized handwritten signature of Philippe Donnet in black ink.

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