

Second-Party Opinion

# Generali Green Insurance-Linked Securities Framework

## Evaluation Summary

Sustainalytics is of the opinion that Generali’s Green Insurance-Linked Securities Framework is credible and impactful and will deliver overall positive environmental impacts. Sustainalytics is further of the opinion that the principles of impact and transparency that underlie the green and responsible investment industry, as well as many of its norms and standards, are applicable to green insurance-linked securities, and that insurance-linked security (ILS) issuances under this Framework align with those principles. This assessment is based on the following:



**IMPACT** Sustainalytics views the primary impact of the green ILS to be the holding of green assets (notes), as these are tied to the financing of projects that deliver overall positive environmental impacts. A secondary impact mechanism described in the ILS is related to the use of the freed-up capital from the transaction to invest in green projects and support insurance products linked to green activities. The eligible categories for the investment of collateral and the use of freed-up capital – green buildings, renewable energy, energy efficiency, clean transportation, sustainable water management, recycling, re-use & waste management – outlined in Generali’s Insurance-Linked Securities Framework are in line with thematic categories prevalent in the sustainable finance market. Investing the ILS collateral in notes which in turn finance projects in these areas, as well as the use of freed-up capital to finance eligible assets and supporting insurance products in these areas, is anticipated to deliver net positive environmental outcomes and advance various UN Sustainable Development Goals.



**TRANSPARENCY** Generali’s internal process of evaluating and selecting projects, procedure for management of funds and proceeds, and approach to reporting on allocation are aligned with market practice. It has set up the Green ILS Committee to oversee the selection and monitoring of the pool of Eligible Projects. Generali will monitor and track funds through its internal accounting and risk management procedures and will aim to reach full allocation within one year. Unallocated capital will be temporarily allocated and/or invested in cash, deposits or money market instruments. The Group plans to prepare an annual report until full allocation and will prepare impact reporting for the six eligible categories. Impact reporting includes relevant quantitative KPIs, including GHG emissions avoided.

---

**Evaluation date** November 29, 2019

---

**Location** Trieste, Italy

---

### Report Sections

Introduction.....	2
Sustainalytics’ Opinion .....	3

---

### For inquiries, contact the Sustainable Finance Solutions project team:

**Zach Margolis (Toronto)**  
 Project Manager  
 zach.margolis@sustainalytics.com  
 (+1) 647 695 4341

---

**Winnie Toppo (Toronto)**  
 Project Support  
 winnie.toppo@sustainalytics.com  
 (+1) 647 317 3648

---

**Jean-Claude Berthelot (Amsterdam)**  
 Client Relations  
 susfinance.emea@sustainalytics.com  
 (+44) 20 3880 0193

---

## Introduction

Assicurazioni Generali SpA (“Generali” or the “Group”) is a global insurance and financial services company based in Italy. Founded in 1831, Generali now operates in over 60 countries with approximately 71,000 employees and is one of the world’s largest insurance providers by revenue.

Generali has developed the Generali Green Insurance-Linked Securities Framework (“Green ILS Framework” or the “Framework”) under which it intends to fund green initiatives using the freed-up capital benefit achieved through the ILS transaction, as well invest the collateral of the ILS in green investments (e.g. notes financing green projects), in the following sectors:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Sustainable Water Management
6. Recycling, re-use & waste management

Generali engaged Sustainalytics to review the Framework, dated October, 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the principles of impact and transparency, which Sustainalytics considers to be key principles of sustainable finance. Sustainalytics notes that these principles are reflected in a variety of industry standards and initiatives, including the Green Bond Principles 2018 (GBP 2018),<sup>1</sup> the Green Loan Principles,<sup>2</sup> the Climate Bonds Initiative (CBI),<sup>3</sup> the Global Impact Investing Network’s (GIIN) Core Characteristics,<sup>4</sup> and the EU’s proposed regulation on the establishment of a framework to facilitate sustainable investment.<sup>5</sup> The Green ILS Framework has been published in a separate document.<sup>6</sup>

As part of this engagement, Sustainalytics held conversations with various members of Generali’s management team to understand the sustainability impact and planned use of funds, as well as management and reporting aspects, of the Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Generali Green Insurance-Linked Securities Framework and should be read in conjunction with the Framework.

---

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>. The GBP have defined market norms surrounding eligible projects, project selection, management of funds, and reporting transparency.

<sup>2</sup> The Green Loan Principles, administered by the Loan Market Association, define four core components that align with those of the Green Bond Principles, see: [https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf).

<sup>3</sup> The Climate Bond Initiative operates a labelling scheme for bonds and debt investments that are consistent with a low-carbon trajectory, and are available at <https://www.climatebonds.net/standard>. The CBI’s standard define eligibility across various project types, as well as defining best practices for transparency.

<sup>4</sup> The Global Impact Investing Network has provided a definition of impact investing, as well as providing its four core characteristics, and are available at <https://thegiin.org/characteristics>. Based in the GIIN’s approach, impact investments must be made with the intention of generating positive environmental or social impacts, and these impacts must be measurable.

<sup>5</sup> The European Union has proposed a package of measures which aims to standardize the sustainable finance industry and channel investment to environmental sustainable economic activity, see: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en).

<sup>6</sup> Generali’s Green Insurance-Linked Securities Framework will be published at <https://www.generali.com/>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Generali Green Insurance-Linked Securities Framework

#### Summary

Sustainalytics is of the opinion that the Generali's Green ILS Framework is credible and impactful and will deliver overall positive environmental benefits. Sustainalytics further notes the alignment of the Framework with the two of the key principles underpinning the sustainable finance market, namely those of impact and transparency.

#### Impact

Generali has identified two mechanisms by which its Green ILS Framework will deliver positive environmental impacts. Sustainalytics considers the primary mechanism to be the investment of the collateral in a portfolio of green investments, in this case investments in short-term securities issued by government or supranational entities with green characteristics. By holding an amount of green assets that is linked to the value of the outstanding ILS, the ILS can itself be considered green. An additional impact is recognized from the use of freed-up capital, which will be used by Generali to both invest in eligible green assets as well as to support insurance products related to activities with environmental benefits.

1. Investing the collateral of the ILS, held by the SPV, in a portfolio of green investments: The SPV that will undertake this transaction will be established pursuant to the regulations of EU Directive 2009/138/EC<sup>7</sup> and will capitalize itself by issuing notes to investors. The proceeds of its issued ILS notes will be held in a collateral account for the time the ILS bond is outstanding and will be fully invested in high quality Eligible Investments; at all times the SPV assets must meet or exceed the aggregate maximum risk exposure of the SPV. The Framework establishes criteria for the investment, including issuer credit rating, that they be issued by a government or supranational organization, that they redeem at par 100%, and that they are selected for security rather than yield. Additionally, the notes must be used solely to finance projects in the eligible project areas as defined in the Framework: green buildings, renewable, energy efficiency, clean transportation, sustainable water management, recycling, re-use & waste management. The entity issuing the notes will ensure that allocation is in line with the categories defined in the Framework, and that adequate reporting is provided, also in line with the commitments of the Framework.

While acknowledging that by investing the proceeds of a green ILS transaction in green notes could lead to the "double-counting" of green impacts, Sustainalytics considers that by purchasing and holding as collateral notes which finance environmentally beneficial projects, that the underlying nature of the assets, which are themselves environmentally beneficial, has not changed, and that the purchase of the notes themselves is impactful.

2. Using Generali's freed-up capital to invest in eligible green projects: The ILS Structure enables Generali to enter into a risk transfer contract with the SPV specially established for the transaction. Since the ILS is a risk mitigation technique, this structure can enable Generali to free up its 'required risk capital' and use it to invest in projects that meet the eligibility criteria as per the Green ILS Framework. An amount equivalent to the capital relief benefit achieved through Green ILS transaction will be used exclusively to allocate capital to or (re)finance, in whole or in part, Eligible Assets and to support or underwrite Eligible Products as follows. Refer to Section 3 for further discussion of the impact of these investments.
  - Eligible Assets: Generali defines Eligible Assets as project bonds or equity investments for which the freed-up capital can be allocated for financing new assets, as well as for refinancing existing eligible assets which have a look-back period of no more than two years prior to the issuance of the ILS. Assets financed will be chosen based on criteria for six categories (green buildings, renewable energy, energy efficiency, clean transportation, sustainable water management, recycling, re-use & waste management) and will have to satisfy the exclusionary criteria contained in the Framework.
  - Eligible Products: These are insurance contracts of Property and Casualty (P&C) business for both retail and corporate clients and may include renewals for which the underwriting period is

<sup>7</sup> Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:335:0001:0155:EN:PDF>

less than or equal to two calendar years prior to the issuance of the ILS. The contracts will involve activities/technologies that meet the eligibility criteria in the Framework, including the exclusionary criteria. Sustainalytics believes that some of these contracts have the potential to facilitate and/or incentivize green activities and the use of green technologies.

Sustainalytics considers that the intended allocation of freed-up capital to the (re)financing of eligible assets and supporting eligible products to be aligned with well-accepted use of funds categories, and anticipates that they will deliver environmental benefits.

### **Transparency**

Transparency is recognized as a key principle with regards to sustainable finance, as it provides assurance that investments are directed to eligible projects and are delivering positive impact. Sustainalytics highlights the following elements of the Framework that facilitate transparency:

- Disclosures regarding project evaluation and selection:
  - Generali will ensure that Eligible Projects comply with national and international environmental and social standards and local laws as well as its internal ESG policies and guidelines such as its Code of Conduct, Charter of Sustainability Commitments, Group Policy for the Environment and Climate etc.
  - Generali will set up a Green ILS Committee, comprised of representatives from various relevant departments, who will meet on a semi-annual basis to oversee the selection and monitoring of the pool of Eligible Projects as well as oversee the general compliance of the Green ILS with market practices. The responsibilities of the Green ILS Committee will be to review and validate the existing pool of Eligible Projects as well as evaluate and approve new underwriting and investments/financing to be included in the pool of Eligible Projects. The Committee will also manage any future updates of the Green ILS Framework.
  - Based on Generali’s commitment that Eligible Projects will comply with various environmental and social standards, and its establishment of a formal committee with cross-departmental representation, Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- Disclosures regarding management of funds:
  - Generali will monitor and track the freed-up capital through its internal accounting and risk management procedures and will aim to reach full allocation within one year following the placement of the Green ILS. The amount of freed-up capital can include both tangible and intangible relief, calculated using accepted standard principles in line with solvency capital requirements.
  - Any unallocated capital will be temporarily allocated and/or invested in cash, deposits or money market instruments.
  - Generali will aim to ensure that the balance of the portfolio of Eligible Projects is always equal to or exceeds the total balance of Green ILS freed-up capital. It will also strive to replace any projects in the portfolio that no longer fulfils the Eligibility Criteria mentioned in the Green ILS Framework with ones that comply with the Eligibility Criteria as soon as reasonably possible.
  - The Framework states that the SPV’s “Eligible Investments will be selected using objective and transparent criteria.” The SPV also commits to carefully selecting its main service provider to ensure that the service provider incorporates Environmental, Social and Corporate Governance (ESG) criteria in order to reduce the risks as well as to having a sustainable framework in place to perform their activities.
  - Based on the disclosures of management approaches from both freed-up capital and the proceeds of the ILS notes, Sustainalytics views this as a suitable approach to disclosing the management process that is well aligned with market practice.
- Reporting:
  - The SPV will also aim to report annually until full allocation of Eligible Investments. This reporting information will include all allocation and impact reporting received from the issuer of the underlying notes, in line with the same reporting criteria specified above.
  - Generali plans to produce annual reporting until full allocation, providing details on any material changes that would affect the portfolio of Eligible Projects. This report will include details such

as the amount of Green ILS freed-up capital; ratio of Green ILS freed up capital to ILS issuance size, balance of unallocated freed-up capital at reporting end-period (if any), breakdown of total amount of Eligible Projects per category and Assets/Products as well as breakdown by relevant geographic area, as well as relevant impact metrics for the six categories.

- KPIs include: Annual energy savings (MWh), estimated annual GHG emissions reduced/avoided (in tons of CO<sub>2</sub> equivalent), amount of wastewater treated, reused or avoided before and after the project, waste that is prevented, minimized, reused or recycled before and after the project, volume of water saved, volume of wastewater treated for reuse etc.
- Sustainalytics views this as a suitable approach to transparent reporting that is well aligned with market practice.

## **Section 2: Sustainalytics' Assessment of Sustainability Strategy and Performance**

### **Sustainability performance of Generali Group**

Generali Group's sustainability vision is that of creating a healthy, resilient and sustainable society by running a sustainable business and playing an active role in the communities in which it operates.<sup>8</sup> Sustainability at the Group is being managed by the Governance and Sustainability Committee, which is headed by the Chairman of the Board of Directors.<sup>9</sup>

Within its Responsible Investment Guideline,<sup>10</sup> the Generali Group commits to incorporating ESG issues into its investment analysis and decision-making processes, to incorporate ESG issues into the company's ownership policies and practices, and to seek appropriate disclosure on ESG issues by the entities in which the company invests. The company's environmental policy reinforces its commitment to promoting environmental responsibility, through the reduction of its own business environmental impacts and integration of environmental and climate elements in investment strategies.<sup>11</sup> Its Board of Directors approved a strategy on climate change in February 2018. This strategy outlines actions in investments and underwriting and emphasizes on the need to have dialogue with its stakeholders in order to transition to a society with a low environmental impact.<sup>12</sup>

In terms of quantitative targets,<sup>13</sup> the Group has committed to increasing its investments in green sectors by EUR 3.5 billion by 2020, allocating EUR 4.5 billion for green and sustainable investments by the end of 2021, increasing premiums from social and green products by 7-9% by 2021, and progressing towards divestment from the coal sector by disposing of bond and equity investments while limiting any new business relationships. With regards to internal operations, the company also strives to reduce its GHG emissions by 20% until 2020 (compared to a 2013 baseline).<sup>14</sup> As part of its progress reports, Generali disclosed that in 2018 88% of its total energy purchases were renewable.<sup>15</sup> Furthermore, EUR 33.2 billion of the company's assets are being managed in accordance with ESG principles, while direct investment in equities and bonds in line with its Responsible Investment Guidelines reached EUR 298 billion.<sup>16</sup> In addition to these operational outcomes, the sale of environmentally friendly policies made up EUR 1,769.2 million of the Group's premiums

<sup>8</sup> Generali Group, "Charter of Sustainability Commitments", at: [https://www.generali.com/our-responsibilities/responsible-business/charter\\_sustainability\\_commitments-](https://www.generali.com/our-responsibilities/responsible-business/charter_sustainability_commitments-)

<sup>9</sup> Generali Group, "Annual Integrated Report and Consolidated Financial Statements 2018", at: <https://www.generali.com/investors/reports-and-presentations>

<sup>10</sup> Generali Group, "Responsible Investment Guideline", at: <https://www.generali.com/our-responsibilities/responsible-investments>.

<sup>11</sup> Generali Group, "Group Policy for the Environment and Climate", at: <https://www.generali.com/info/download-center/policies>.

<sup>12</sup> Generali Group, "Our Commitment to The Environment and Climate" at: <https://www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate>

<sup>13</sup> Generali Group, "Commitment to the Climate", at: <https://www.generali.com/our-responsibilities/responsible-investments/commitment-to-the-climate>.

Generali Group, "Annual Integrated Report and Consolidated Financial Statements 2018", at: <https://www.generali.com/investors/reports-and-presentations>.

<sup>14</sup> Generali Group, "Sustainability & Social Responsibility 2018", at: [https://www.generali.com/doc/jcr:e0186cbe-7751-4fcb-a29a-91889469cce8/lang:it/Generali\\_Sustainability\\_&\\_Social\\_Responsibility\\_2018](https://www.generali.com/doc/jcr:e0186cbe-7751-4fcb-a29a-91889469cce8/lang:it/Generali_Sustainability_&_Social_Responsibility_2018).

<sup>15</sup> Generali Group, "Annual Integrated Report and Consolidated Financial Statements 2018", at: <https://www.generali.com/investors/reports-and-presentations>.

<sup>16</sup> Generali Group, "Responsible Investments", at: <https://www.generali.com/our-responsibilities/responsible-investments>.

in 2018.<sup>17</sup> Moreover, Generali Real Estate, a subsidiary of the Group, has policies from green buildings and green leases, which aim to improve the environmental performance of the company's real estate assets, and have resulted in an increased number of certified green buildings

Additionally, the Generali Group is a signatory to the UN Global Compact and the Principles for Responsible Investments (PRI), which contain strong principles regarding environmental protection and responsible lending,<sup>18</sup> and worked on green finance together with international institutions and organizations, such as UNEP FI for Sustainable Insurance on the implementation of the Task Force on Climate-related Financial Disclosures Recommendations by insurers.<sup>19</sup>

Given the Group's sustainability strategy, commitments, targets and progress reporting, Sustainalytics is of the opinion that Generali is well positioned to issue green insurance-linked securities and that these securities will advance its commitment to the provision of sustainable insurance and financial services.

### **Well positioned to address common environmental and social risks associated with the projects**

Sustainalytics is of the opinion that investments made in green buildings, renewable energy, energy efficiency, clean transportation, sustainable water management, recycling, re-use & waste management have an overall positive environmental and social impact. However, it also recognized that as with any infrastructure development projects, it has potential social and environmental risks associated with it – some of which are biodiversity and ecological risks related to the construction, renovation and deconstruction of infrastructure projects, risks related to community relations, workers' health and safety etc.

To mitigate these investment risks, Generali has a Responsible Investment Guideline as well as a Socially Responsible Investing policy in place.<sup>20</sup> It is of the opinion that integrating ESG factors in its investing policy helps prevent systemic risks and delivers more sustainable performances over the long term. Therefore, the Group by using traditional techniques of analyzing financial risk and return along with analyses of ESG policies, performance and practices tries to ensure that it avoids investing in companies with poor ESG practices. Its responsible underwriting guideline further strengthens the Group's commitment to integrate ESG factors in its business decisions. This guideline lists stringent criteria and cautionary principles to be followed in order to responsibly manage the Group's insurance portfolio while interacting with coal related business, companies involved in controversies relating to weapons, human rights violations, environmental damages, or corruption and business operating in sensitive sectors such as defense, mining, health care, pornography/ prostitution, gambling, tar sands, and nuclear energy.<sup>21</sup>

Generali also thoroughly evaluates its emerging and reputational risks. The group recognizes that reputational risks arising from negative perception of the Group among its stakeholders as well as emerging risks particularly relating to the effects of climate change is of major concern but is difficult to perceive and quantify. It therefore actively engages its *Risk Management Function* who in turn work with specialists from various business function such as insurance, investment, finance, marketing, sustainability and social responsibility to evaluate and raise awareness of the implication of these risks.<sup>22</sup>

## **Section 3: Impact of Projects Financed**

Generali aims to meaningfully contribute towards the development of a sustainable financial market, and by issuing Green ILS it intends to further enhance its ability to finance green projects as well as engage its stakeholders around this objective. The holding of the collateral of an ILS transaction in green notes is viewed by Sustainalytics as a green activity. Generali's support for projects related to the categories of the Framework will generate additional positive environmental impacts, while supporting the underwriting of insurance products may also facilitate or incentivize environmentally positive activities.

<sup>17</sup> Generali Group, "Annual Integrated Report and Consolidated Financial Statements 2018", at: <https://www.generali.com/investors/reports-and-presentations/report-archive#2018>.

<sup>18</sup> Generali Group, "Responsible Investments", <https://www.generali.com/our-responsibilities/responsible-investments>.

<sup>19</sup> Generali Group, "Commitment to the Climate", at: <https://www.generali.com/our-responsibilities/responsible-investments/commitment-to-the-climate>.

<sup>20</sup> Download Generali's Responsible Investment Guideline at: <https://www.generali.com/our-responsibilities/responsible-investments>

<sup>21</sup> Download Generali's Responsible Underwriting Group Guidelines at: <https://www.generali.com/info/download-center/policies>

<sup>22</sup> Download Generali's "Annual Integrated Report and Consolidated Financial Statement 2018" at: <https://www.generali.com/governance>

### Eligible assets to be financed

As described above, Generali's Framework lays out criteria for a number of thematic areas; these same criteria apply to projects directly financed by Generali (using its freed-up capital) as well as those financed by the collateral investments. The eligible categories mentioned are all recognized as impactful and in line with the general norms, principles and standards pertaining to sustainable finance market:

- For the Green Buildings category Generali uses credible third-party building standards to determine the eligibility of projects. It will (re)finance acquisition of green commercial and residential buildings, which meet regionally, nationally or internationally recognized standards of certifications such as LEED (Gold or above), BREEAM (very good or above), HQE (Excellent or above), or any equivalent and recognized green building Assessment system. Building retrofitting will qualify only if it results in a minimum of 30% energy savings. The chosen building rating systems are widely recognized and commonly accepted building standards.
- Generali will (re)finance the acquisition, conception, construction, development and installation of infrastructures in renewable energy production units; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable sources considered include onshore and offshore wind energy, solar energy (photovoltaic and concentrated solar power), hydropower with a capacity of up to 20MW and with power density >5W/m<sup>2</sup> or emissions intensity <100gCO<sub>2</sub>e/kWh, as well as geothermal facilities with direct emissions less than or equal to 100gCO<sub>2</sub>/kWh. These renewable energy facilities are defined in a manner consistent with market practice.
- Generali will also finance the development, construction, acquisition, operation, maintenance, and upgrades of low-energy and low-carbon transport such as electric passenger & freight vehicles, charging stations, expansion of train/metro networks as well as projects relating to capacity improvement and station upgrade of mass transportation. By focusing on electric vehicles, Generali has employed a definition of low-carbon transport aligned with market practice.
- The group also intends to (re)finance the building of sustainable water infrastructure as well as waste management and pollution control infrastructure. For financing waste to energy plants, it considers a 25% minimum conversion rate and emissions intensity of ≤100gCO<sub>2</sub>e/kWh for electricity generation and of <18.8 gCO<sub>2</sub>e/MJ for heat generation.

### Eligible insurance products

The Framework also outlines capital allocation to support the underwriting of insurance contracts or solutions, which intend to bring about positive impacts by enabling environmentally beneficial activities, specifically those related to:

- Renewable energy: Insurance contracts or solutions related to insure risks for renewable energy production units as well as its connection to the grid and transportation through the network. These solutions also look to insure the loss of profits for renewable energy generation equipment, for example, covering income loss due variable resource availability.
- Clean Transport: Insurance contracts related to insuring low-energy and low-carbon transports such as electric and hybrid cars, electric bikes and scooters.

Sustainalytics considers that the provision of insurance products to these environmentally beneficial areas has the potential to facilitate and/or incentivize the uptake of these technologies and/or the expansion of these processes. For instance, by underwriting insurance for a renewable energy producer to protect against a loss of income during periods of low wind or less sunshine, an insurance product can support the development of wind or solar facilities. Additionally, insurance products that offer differential pricing for low-carbon technologies such as electric vehicles can help to incentivize their use.

### Exclusionary criteria

The Green ILS Framework explicitly includes exclusionary criteria to which Generali will adhere while allocating the freed-up capital and investing ILS proceeds to Eligible Projects. This provides an added safeguard to ensure that the proceeds are being allocated to projects that have positive environmental and social outcomes. Due in particular to the complex structure defined by the Framework, with numerous impact drivers and different organizations involved in project oversight, Sustainalytics views these criteria as being of particular importance in ensuring net-positive impacts.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The Green ILS advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters.
Renewable Energy Energy Efficiency	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Sustainable Water Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
Recycling, Re-use & Waste Management	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

### Conclusion

Assicurazioni Generali SpA has developed the Generali Green Insurance-Linked Security Framework, which describes the structure of Green ILS issuances which will be sponsored by Generali. The Framework describes two impact mechanisms: investing the proceeds of the ILS's SPV in a portfolio of green investments, and using freed-up capital for investments in green assets and supporting green insurance products. Sustainalytics is of the opinion that both of these mechanisms will deliver positive environmental benefits

The categories of eligible assets and products in the Green ILS Framework – namely green buildings, renewable energy, energy efficiency, clean transportation, sustainable water management, and recycling, re-use & waste management – are aligned with those recognized in the sustainable finance market. The ways in which Generali will select projects, manage proceeds, and report on allocation and impacts, as defined in the Framework, are also aligned with market practice. Furthermore, Sustainalytics believes the assets and products supported by the two impact mechanisms of the ILS are likely to advance several of the UN SDGs, in particular Goals 6, 7, 11, and 12.

Based on the above, Sustainalytics is confident that Generali is well-positioned to sponsor green insurance-linked securities, and that the Generali Green ILS Framework is in alignment with the principles of impact and transparency, which Sustainalytics considers to be key principles of sustainable finance.

---

## Disclaimer

© Sustainalytics 2019. All rights reserved.

The intellectual property rights to this Second-Party Opinion (the “Opinion”) are vested exclusively in Sustainalytics. Unless otherwise expressly agreed in writing by Sustainalytics, no part of this Opinion may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings, nor publicly released without the “Green Bond Framework” in conjunction with which this Opinion has been developed.

The Opinion was drawn up with the aim to provide objective information on why the analyzed bond is considered sustainable and responsible, and is intended for investors in general, and not for a specific investor in particular. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date, nor assumes any responsibility for errors or omissions. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, nothing contained in this Opinion shall be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [info@sustainalytics.com](mailto:info@sustainalytics.com)

