

Letter replying to Larry Fink's *A Fundamental Reshaping of Finance* letter



March 2020

Dear Larry,

Thank you very much for your letter. Once more, it provides many valuable reflections that we, as leaders of prominent companies that can play their part towards a sustainable growth, should all take into account.

We agree when you say we are on the edge of a fundamental reshaping of finance.

The signs had been there for a while, at least since the 2008 Great Financial Crisis sparked a debate on the limits and perspectives of capitalism.

More recently, then, Governments and Institutions, both public and private ones, were called upon by the civil society in an unprecedented way to take immediate action against climate change and for a more sustainable world.

Much still needs to be done, but we believe the corporate sector is heading in the right direction. You see it in the way companies are pursuing sustainable growth and adapting their business models accordingly; you see it in the level of awareness and commitment to act that many executives are showing; you see it in the way 'stakeholder capitalism' seems to have become the dominant paradigm.

Financial institutions, insurers and asset managers are increasingly expected to be on the front line in this journey towards sustainable growth. As a consequence, we will be increasingly judged also upon the credibility of our sustainability-related vision and efforts.

At Generali, we see sustainability as the ability of businesses to create long-term economic value while preserving the environment and acting for the communities.

Our purpose, *“to enable people to shape a safer future by caring for their lives and dreams”*, inspires our Group strategy and guides our actions and decisions, and as we explain in our Charter of Sustainability Commitments, we aim to create shared value over time for all our stakeholders.

Our concrete commitment to long-term sustainability is set out along three elements: running a sustainable business, living the community and a sound governance system that underpins it all.

First, sustainability is at the core of our strategic plan, “Generali 2021”, which sets concrete goals such as a 7 to 9% increase of premiums deriving from ‘green’ and sustainable solutions by 2021; 4.5 billion euro of additional ‘green’ investments and the divestment from coal, under the approach of a “Just Transition”.

Second, we live the communities where we operate, going beyond our day-to-day activities to achieve a tangible impact. This is why we are broadening the reach of The Human Safety Net, our global initiative aimed at helping the most vulnerable people fully unlock their potential.

Third, we operate through a governance, management and reporting system that guarantees compliance with our sustainability principles and their tangible integration into daily decision-making. Our Board of Directors hosts a Governance and Sustainability Committee and an equivalent body has been set up for our Top Management, while a series of Sustainability working groups are incorporated into our Functions and Business Units. In addition to this, a set of Policies, such as the Remuneration Policy and the recent Group Sustainability Policy, drive our business.

We are committed to the most relevant international voluntary initiatives in terms of sustainability. We have signed and we apply the Principles for Responsible Investments, the Principles for Sustainable Insurance and the 10 Global Compact principles supported by the United Nations, as well as promoting their Sustainable Development Goals. Our Group is also one of the signatories of the Paris Pledge for Action, an agreement that was adopted at the Paris Climate Conference COP21 in 2015.

As we consistently report on our sustainability-related activities, we welcome your request to the companies BlackRock invests in for a full disclosure on both their actions and climate-related risks.

We do it not only as issuers, but also as responsible investors who aim to make informed investment decisions fully aligned with our principles.

Generali is a signatory of the Task Force on Climate-Related Financial Disclosure (TCFD) and member of a working group on TCFD coordinated by the UN Environment’s Principles for Sustainable Insurance Initiative. Climate risk plays an increasingly important role in our decisions and it is at the core of our activities as a responsible investor. We are committed to promoting sustainability in the companies we invest in through proxy voting and engagement. To this end, we have defined a Voting Guideline which expresses the fundamental values of the Group, also in relation to sustainability.

As we pursue a sustainable growth, we actively engage with coal-linked companies we invest in to help them shift towards more sustainable sources under the approach of a ‘Just Transition’.

Finally, we recently joined the Net Zero Asset Owner Alliance, an UN-convened international group of institutional investors committed to transitioning their investment portfolios to net-zero Greenhouse Gases emissions by 2050.

We report on these activities, and more, in our Group Annual Integrated Report. First published in 2013, it provides an integrated overview of our Group’s sustainable value creation process, reporting financial and non-financial information, both of which are externally audited.

The Report applies the International <IR> Framework and follows our materiality matrix, which identifies the most relevant megatrends for our Group and our stakeholders, both in terms of risks and opportunities and from a long-term perspective.

Over the years, Generali and BlackRock have developed a strong and fruitful relationship. We share the same long-term vision, the same view on the role that corporations can play in our society and the same sense of responsibility towards all our stakeholders.

As such, we are honoured to have BlackRock as one of our shareholders, and we look forward to continuing to engage in such a frank and productive discussion going forward.

Yours,



Philippe Donnet
Group CEO

A handwritten signature in black ink, appearing to be 'P. Donnet'.



Gabriele Galateri
Chairman

A handwritten signature in black ink, appearing to be 'G. Galateri'.