GREEN, SOCIAL AND SUSTAINABILITY INSURANCE-LINKED SECURITIES FRAMEWORK

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GENERALI

CONTENTS

1. INTRODUCTION 3
1.1 BACKGROUND 3
1.2 GENERAL'S SUSTAINABILITY AND ENVIRONMENTAL OBJECTIVES 3
1.2.1 GENERALI'S AMBITION FOR SUSTAINABILITY 3
1.2.2 OUR RESPONSIBLE ROLES AND SUSTAINABILITY STRATEGY 4
1.3 GENERALI'S INSURANCE-LINKED SECURITIES 6
1.4 RATIONALE FOR SUSTAINABLE FINANCE & FRAMEWORK UPDATE 7

2. GENERALI GREEN, SOCIAL AND SUSTAINABILITY ILS FRAMEWORK 8
2.1 GENERALI'S FREED-UP CAPITAL FUNDS 8
2.1.1 USE OF THE FREED-UP CAPITAL FUNDS 9
2.1.2 PROCESS FOR PROJECT EVALUATION AND SELECTION 20
2.1.3 MANAGEMENT OF FUNDS EQUIVALENT TO THE FREED-UP CAPITAL 21
2.1.4 REPORTING 21
2.2 SPV'S GUIDELINES 23
2.2.1 SELECTION OF SERVICE PROVIDERS 23
2.2.2 USE OF ILS PROCEEDS 23
2.2.3 PROCESS FOR INVESTMENT EVALUATION AND SELECTION 24
2.2.4 MANAGEMENT OF PROCEEDS 24
2.2.5 REPORTING 24

3. EXTERNAL REVIEW 25

APPENDIX 26

1. INTRODUCTION

The Generali Green, Social and Sustainability Insurance-linked Securities Framework is intended to be strictly aligned with the Generali Green, Social and Sustainability Bond Framework. Simultaneously, it will be treated as a separate document to acknowledge its distinctiveness.

1.1 BACKGROUND

Assicurazioni Generali (thereafter 'Generali', 'the Sponsor' or 'We') is one of the largest global insurance and asset management providers. Established in 1831, it is present in over 50 countries, with 82 thousand employees, serving 70 million insurance customers, and € 656 bn in Assets Under Management (AUM)[1].

Since the very beginning, Generali's strong international vocation has set it apart and is one of its greatest strengths. Generali's geographical diversification is balanced between mature countries such as Italy, Germany and France, markets with high growth prospects (Eastern Europe), and emerging countries in Asia and Latin America. Generali is the leading insurer in Italy, one of the leading primary insurance groups in the German market, while in France we are eighth in the life insurance segment, eighth in the P&C segment, and fifth in A&H.

The Group boasts a presence in the central-eastern European area for nearly 200 years and after the re-opening of the markets in 1989, it has strengthened its position over the years, becoming one of the largest insurance companies in this area. The Group has an increasingly significant presence also in Asia and South America, areas where it is seeking to continue its growth.

Generali offers simple, integrated, customized and competitive Life and Property & Casualty insurance solutions for its customers: the offer ranges from savings, individual and family protection policies, unit-linked policies, as well as motor third party liability (MTPL), home, accidents, and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies. We expand our offering to asset management solutions addressed to institutional[2] and retail third-party customers. We rely on innovation as a key driver for future growth to allow for tailored solutions and quicker product development.

Generali's strategy sets out a clear vision for the Group in 2024 and this is framed around 3 key pillars: **Drive sustainable growth, enhance earnings profile, and lead innovation.**

1.2 GENERAL'S SUSTAINABILITY AND ENVIRONMENTAL OBJECTIVES

1.2.1 GENERALI'S AMBITION FOR SUSTAINABILITY

Generali acknowledges its responsibility to contribute towards a healthy, resilient, and sustainable society where people can develop and flourish. In line with this overarching objective, in 2017 the Board of Directors of Assicurazioni Generali approved that 'Charter of Sustainability Commitments'[3], renewing its commitment to all its stakeholders.

More recently, 2022 represented the first year since Generali launched its three-year strategic plan: 'Lifetime Partner 24: Driving Growth'. One of the key components of this strategic plan was to **champion sustainability to be the originator of our strategy**, with the ambition of creating long-term value by promoting financial performance while considering people and the planet. Generali acts as a sustainable player because we believe that it is the right thing to do. In addition, a growing number of stakeholders, is paying increasingly more attention to sustainability factors. Therefore, our sustainable approach allows us to strengthen our relationship with customers, suppliers, jobseekers, investors. Our sustainable ambition is reflected in Generali's commitment to increase premiums by +5-7% from insurance solutions with ESG components[4] by 2024 and facilitate € 8.5-9.5 billion new green and sustainable investment between 2021-2025.

1 FY2023.
2 Pension funds and foundations.
3 Charter of Sustainability Commitments - Generali Group.
4 5-7% Insurance Solutions with ESG Components Gross Direct Written Premiums CAGR 2021-2024.

Generali has established an integrated governance structure to underpin and oversee the implementation of its sustainability strategy. The Board of Directors are responsible for overseeing the sustainability strategy and 54% of members have relevant ESG experience. The '**Innovation Social and Environmental Sustainability Committee**' is comprised of four non-executive and independent members all with specific sustainability and innovation competencies. The Committee performs an advisory, recommendatory, and preparatory role for the Board on the issues of technological innovation and social and environmental sustainability.

In accordance with our Remuneration Policy and to reinforce management's commitment to our sustainability initiatives, **since 2018 we have progressively linked remuneration to key sustainability metrics**, starting with Top Management short-term incentives (STI), including ESG metrics in the long-term incentives (LTI) since 2021, and most recently integrating sustainability into the employee share plan.

Generali also strives to maintain transparency and adhere to sustainability reporting practices. Sustainability information is provided through a 'core' and 'more' approach. We have been publishing an Annual Integrated Report since 2004.

In addition to annual reporting, we have also engaged in several international strategic partnerships to further drive progress towards a sustainable economy. Lastly, thanks to our commitments, policies, and results, we are positively recognized by key ESG ratings and are included in the most reputable sustainability indices.

OUR STRATEGIC PARTNERSHIPS

United Nations Global Compact
Climate Action 100+
NET-ZERO INSURANCE ALLIANCE
THE NET-ZERO ASSET OWNER ALLIANCE
IIGCC The Institutional Investors Group on Climate Change
The Paris Pledge for Action
PRI Principles for Responsible Investment
UNEP FINANCE INITIATIVE

1.2.2 OUR RESPONSIBLE ROLES AND SUSTAINABILITY STRATEGY

The Board of Directors ensures that the Group organisation and management system is complete, functional, and effective in monitoring climate change-related impacts. In 2018, it approved the **Group Strategy on Climate Change**, which was further developed and yearly updated, outlining a plan for investment, underwriting and stakeholder engagement activities to mitigate climate risks and facilitate the just transition to a low-carbon economy. At Generali, everything is based on the notion that true economic prosperity can be achieved only if it is built on socially just and environmentally sound foundations. That's why sustainability is the originator of Generali's strategy: it means fostering financial performance while considering people and planet, acting for the common good to build a more resilient and just society. In short, it is about living Generali's purpose: "to enable people to shape a safer and more sustainable future by caring for their lives and dreams". Sustainability wants to shape the way all the Group's decisions are made, positioning it as a transformative, generative, and impact-driven company. In order to create long-term sustainable value, Generali identify four responsible roles to play as investor, insurer, employer, and citizen".

Responsible Investor

Targets:

- Full ESG integration by 2024[5].
- Net-zero GHG emissions investment portfolios by 2050 consistent with a maximum temperature rise of 1.5°above pre-industrial levels, trough definition of mid-term science-based intermediate targets:
  - 25% carbon footprint reduction by 2024[6] against a 2019 baseline[7] for the Corporate Portfolio, including the commitment of engaging 20 carbon-intensive investees by 2025 to drive their transition towards net-zero decarbonisation.
  - Aligning at least 30% of the real estate portfolio to standards in line with the 1.5 °C trajectory[8] by 2024.

5 General account – Direct investments (corporate bond and equity, sovereign bond).
6 General account – Equity and corporate bonds portfolios. Carbon footprint in terms of GHG intensity per invested amount. Baseline: 2019.
7 The carbon intensity (EVIC) decreased by 46.2% between year-end 2019 and year-end 2023, moving from 182 tCO_2e/€ mln invested to 98 tCO_2e/€ mln invested.
8 At the end of 2023, 71.7% of the portfolio is in line with the CRREM (Carbon Risk Real Estate) decarbonisation pathway, allowing us to be well positioned in relation to the achievement of the target. Notice that this percentage is partly based on estimates that may vary over time depending on increasing availability of actual data received at various times throughout the year.

- Facilitate € 8.5-9.5 billion New Green & Sustainable Investments across 2021-2025, focusing on Green, Social, Sustainability, Sustainability-Linked Bond instruments.
- € 3.5 billion Investment by 2025 to support the EU Recovery in countries most affected by COVID 19, investing in infrastructure, innovation and digitalization, SMEs, green housing, healthcare, and education facilities[9], also promoting some Social and Environmental objectives, including the UN Sustainable Development Goals (SDGs).

As an institutional investor and Asset Owner, Generali plays a fundamental role in contributing to and achieving sustainable development goals (SDGs) while avoiding financing economic activities that have a negative impact on the environmental and wider society. In recognition of the role Generali can play in promoting a sustainable economy, the Group has joined several initiatives such as the United Nations Global Compact (UNGC) in 2007 and the Principles for Responsible Investment (PRI) in 2011. In addition to this, we joined the **Net-Zero Asset Owner Alliance (NZAOA)** which involves a commitment to transitioning investment portfolios to net-zero GHG emissions by 2050, with the goal to limit global warming to 1.5 °C above pre-industrial levels.

In this context, the integration of sustainability factors in the investment process has a dual role: on the one hand, it allows to positively contribute to the development of a more sustainable economy, with a positive impact on the environment and society; on the other, it allows a better management of sustainability risk to which its investments are exposed.

To achieve group objectives and targets the Group incorporate ESG factors across asset classes and portfolios according to different strategies:
- **Negative screening**: to exclude those issuers, sectors or activities with poor ESG practices or not aligned with the Group climate strategy: e.g., we do not perform new investments and we gradually divest from coal-related companies identified with progressively more restrictive criteria; exclusion of new investments and progressive divestment from companies active in the exploration and production of unconventional fossil fuels: tar sands, oil and gas extracted through fracking and upstream operations in the Arctic; phase-out of investments in the coal sector by 2030 for OECD countries and by 2040 for the rest of the world. Pursuant to the objective of enabling a positive change in the real economy, we have also set the target of engaging 20 carbon-intensive investees by 2025 to drive their transition towards net-zero decarbonisation. In this process, we support the principles of 'Just Transition' which focuses on the social dimension of transformation to minimise the impact on affected workers and their communities through the adoption of protective measures, to make sure no one is 'left behind'
- **Positive screening**: aiming at influencing investment choices based on ESG factors.
- **Investment with Sustainability features**: The Group promotes, for the various asset classes, specific investment strategies aimed at supporting investments with sustainability characteristics capable of creating long-term value not only for investors but also for the society.
- **Active Ownership**: we commit to promoting sustainability, corporate social responsibility and good governance in our investee companies through voting at shareholders' meetings and dialogue.

In addition, we have been developing impact investing solutions. This investment strategy aims to generate positive social effects in addition to financial gains – mobilising existing investment capital to make a much larger impact. As it is complementary to the grant making of The Human Safety Net, it is a strategy which looks at unlocking human potential on a far greater scale.

Responsible Insurer

Targets:
- Net-zero insurance portfolio by 2050.
- +5-7% CAGR 2021-2024 of Insurance Solutions with ESG Components Gross Direct Written Premiums.

Insurance products intrinsically have social and environmental value as they concretely respond to customers' protection needs and to the growing requirements of society, contributing to make it more resilient in relation to changes and adversities. Contributing to facing climate change, respecting ecosystem, are just some of the topics the Group wants to answer to. To highlight those existing insurance solutions that, more than others, have ESG components and contribute to shared value with stakeholders, in 2018 Generali developed an **internal dedicated framework**. Whenever possible, the Group favors risk prevention and reduction rather than focuses solely on the compensation. Generali recognizes the impact its insurance business can play, with € 81.5bn gross written premiums.

In this context, we have signed a multi-year partnership with the United Nations Development Programme (UNDP) committing technical and financial resources to the UNDP's Insurance and Risk Finance Facility (IRFF) to increase the socioeconomic well-being of some of the world's most vulnerable people.

9 Via the launch of Fenice 190.

Generali is also committed to transition its **insurance portfolio** to **net-zero GHG emissions by 2050**, in line with PCAF methodology. To this extent we have introduced the exclusion of new underwriting cover and gradual discontinuation of the existing cover for clients insured for activities strictly related to the coal industry, identified with progressively more restrictive criteria; forging ahead with the commitment to no longer insure clients operating in upstream oil and gas, both conventional and unconventional; phase-out of underwriting exposure to the coal sector by 2030 for OECD countries and by 2038 for the rest of the world.

In addition to the investment and underwriting decarbonisation strategies, Generali will engage for the 'Just Transition' with issuers, customers, and other stakeholders to facilitate the energy transition and establish an open dialogue with environmental NGOs.

Responsible Employer

Targets:
- Decarbonization target strengthened and approved by the Board of Directors in March 2023: -35% greenhouse gas (GHG) emissions by 2025 compared to 2019 baseline[10].
- 100% renewable electricity by 2025 (87% in 2023).
- Net-zero GHG emissions by 2040.
- 40% of women to be in strategic positions[11] by 2024.
- Zero equal pay gap by 2024.

Generali recognises the value of sustainability within all people processes, enabled by a People Strategy, that defines priorities and key initiatives in the timeframe 2022-2024, '**GPeople24 - Ready for the Next**', focused on culture, diversity, competence upskilling and new way of working. Some examples of the programs implemented in 2022 to promote diversity and equality include the 'Lioness Acceleration Program' and managers 'Elevate' which both target senior women managers.

From a climate standpoint, we recognise the environmental impact of our own operations, and in 2023 Generali updated its GHG emission reduction target in line with climate science to reduce GHG emissions by 35% by 2025 (against a 2019 baseline) to ensure that it is continuously reviewing and updating its strategy to maximize impact. The key levers to realise this decarbonisation target will be the purchase of renewable electricity; energy efficiency measures; space optimization; electrification of the car fleet and incentives to reduce business travel; and the digitalisation and paperless renovation.

Responsible Citizen

Generali recognises its ability to unlock the potential of people living in vulnerable circumstances so that they can transform the lives of their families and communities. The '**Human Safety Net**' is Generali's initiative for the community and is 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. The initiative aims to bring together the strengths of non-profit organisations and the private sector, in Europe, Asia and South America. As an open net, the Foundation welcomes working with other companies and organisations. As of 2023, The Human Safety Net had 26 active countries and 77 active partners.

1.3 GENERALI'S INSURANCE-LINKED SECURITIES

Insurance-linked Securities, or ILS, are Alternative Risk Transfer and financial instruments which are sold to investors and whose value is affected by insured loss events.

Generally, ILS have limited correlation with the wider financial markets as their value is mainly linked to non-financial risks e.g. natural disasters, motor third-party liability risk, longevity risk or life insurance mortality.

Partly due to its technical underwriting quality, Generali has been able to position itself as one of the main European Sponsors in the ILS market, sponsoring several catastrophe risk bonds and one motor third-party liability risk bond in the last years.

10 Includes Scope 1, 2 and Scope 3 emissions.
11 Group Management Committee, Generali Leadership Group and their first reporting line.

These hedging instruments allow Generali to fund the insurance risks covered by ILS with capital from the capital market operators. Generali transfers risks to a special purpose vehicle established in a member state of the European Union pursuant to EU Directive 2009/138/EC and authorised to carry on activity by the applicable regulatory authority of such EU member state. Such an entity fully funds its exposure with the issuance of notes. The proceeds of these ILS notes – at-risk, variable rate notes – are deposited in a collateral account. In the case an insured loss event occurs, Generali can receive loss reimbursement from the collateral.

1.4 RATIONALE FOR SUSTAINABLE FINANCE & FRAMEWORK UPDATE

Generali recognises the crucial role the financial industry must play in the transition to a low carbon economy and strives to have an active role in the further development of a sustainable financial market. To enhance its power to address environmental and sustainability issues where Generali can affect positive change, we have established this Green, Social and Sustainability ILS Framework (hereinafter referred to as the ‘Framework’), under which we can issue sustainable ILS instruments (‘Sustainable ILS Instruments’).

To date[12], Generali has already made significant progress against its investment and funding sustainability strategy:
- 98 tCO_2e/€mln carbon footprint of investment portfolio (EVIC[13]) as of 2023 (-46.2% vs. 2019 baseline).
- € 9,126 mln new green and sustainable investments (2021-2023).
- € 20,815 mln premiums from insurance solutions with ESG components as of 2023[14].
- € 18,228 mln premiums from insurance solutions with ESG components - social sphere in 2023.
- € 2,587 mln premiums from insurance solutions with ESG components - environmental sphere in 2023.

Since then, there have been several regulatory developments including, but not limited to, the Sustainable Finance Disclosure Regulation (‘SFDR’) and the EU Taxonomy regulation. This Green, Social and Sustainability ILS Framework represents Generali’s latest efforts to align its program with best practice, promote SRI principles, and enhance its ability to support stakeholders in realising their green and social objectives. We see the issuance of Green, Social and Sustainability (hereinafter referred to as ‘GSS’) labelled ILS as an effective tool to make a positive contribution to the climate and/or the society, while achieving the Sustainable Development Goals of the United Nations (‘UN SDGs’). Through GSS ILS, we aim to further diversify our investor base, focusing on socially responsible and highly dedicated sustainable investors and by strengthening the relationship with the existing investor base.

Generali has set up its green ILS strategy, via the publication of its inaugural Framework, back in 2019, aimed at issuing green ILS to (re)finance green assets. Since the first publication of the Framework in November 2019, Generali has taken important steps to enhance its green strategy and expand it further, therefore we have established this Green, Social and Sustainability ILS Framework also in coherence with the Green, Social and Sustainability Bond Framework issued in December 2023.

The Green, Social and Sustainability ILS Framework will facilitate Generali’s sponsorship in the following ILS formats:
- **Green ILS**, to finance and/or refinance Eligible Green Assets.
- **Social ILS**, to finance and/or refinance Eligible Social Assets.
- **Sustainability ILS**, to finance and/or refinance a mix of Eligible Green Assets and Eligible Social Assets.

Generali’s Green, Social and Sustainability ILS can be structured under this Framework by Assicurazioni Generali S.p.A. Further details will be provided in the applicable announcements and transaction documentation.

The Framework will apply to any Green, Social, Sustainability ILS sponsored by Generali from the moment of the publication of this Framework and is intended to apply if any of such instrument is outstanding.

12 Generali’s progress towards its investments and funding sustainable strategy will evolve on a yearly basis.
13 The indicator refers to the carbon footprint of direct general account investment portfolio of the Group’s insurance companies in listed equities and corporate bonds, in terms of carbon intensity (EVIC).
14 *Insurance solutions with ESG components* is a definition used for internal identification purposes.

2. GENERALI GREEN, SOCIAL AND SUSTAINABILITY ILS FRAMEWORK

This Framework is structured in accordance with the following Principles and Standards:

- **The International Capital Markets Association's (ICMA) Green**[15] **(2021, with June 2022 Appendix), Social**[16] **(2023) and Sustainability (2021) Bond Principles and Guidelines**[17]: set out voluntary guidelines that recommend transparency and disclosures to promote the integrity and development of the GSS[18] bond market.
- **The EU Taxonomy**: We have conducted a mapping exercise between the Green Eligible Categories included in our Framework and the EU Taxonomy activities[19]. This exercise showcases to investors and stakeholders our green projects have been selected considering the EU Taxonomy Technical Screening Criteria ('TSC'), including Do No Significant Harm Assessment ('DSNH'), and Minimum Social Safeguards ('MSS'), on a best effort basis.

In the context of Generali's broader sustainability strategy and Green, Social and Sustainability Bond Framework[20], Assicurazioni Generali intends to further contribute to the development of a sustainable financial market by also sponsoring the issuance of Green, Social and Sustainability ILS and commits to Eligible Green and Social Projects evaluated and selected under this Framework in accordance with its sustainable strategy aiming for positive environmental and social impact.

In order to maximize the contribution to the sustainable financial market, we designed this Framework to reflect the structure of an ILS transaction, which allows the allocation funds to Green, Social and Sustainability initiatives following two different approaches:

1. Using the freed-up capital benefit achieved in terms of funds through the ILS transaction for our Green and Social Projects.
2. Investing the ILS proceeds segregated in the SPV in a portfolio of Green and Social investments.

For each one of the approaches defined above, Generali's Green, Social and Sustainability ILS Framework aligns with the ICMA Principles four 'core' components:

1. Use of Funds/Proceeds
2. Process for Project Evaluation and Selection
3. Management of Funds/Proceeds
4. Reporting

The Framework also follows the recommendations of the ICMA Principles regarding External Review, both pre- and post-issuance.

2.1 GENERALI'S FREED-UP CAPITAL FUNDS

The European Directive 2009/138 has introduced the calculation of capital for insurance and reinsurance undertakings with an approach risk based and forward-looking. The greater the risk in terms of exposure held, the greater the required risk capital that a company must hold.

In this context, Risk Mitigation Techniques, such as Insurance-linked Securities, can allow to free up a part of the risk capital when they effectively reduce the risk held by (re)insurance companies. For the Generali Group, the calculation of the risk capital is performed for the majority of exposures with its own internal model approved by the College of Supervisors, with residual exposures being measured according to the Solvency II Standard Formula.

15 ICMA Green Bond Principles June 2021 (with June 2022 Appendix) available here.
16 ICMA Social Bond Principles June 2023 available here.
17 ICMA Sustainability Bond Guidelines June 2021 available here.
18 Green, Social and Sustainability.
19 EU Taxonomy Delegated Acts, including both EU Taxonomy Climate Delegated acts and Environmental Delegated Acts, available here.
20 GSS Bond Framework December 2023 available here.

2.1.1 USE OF THE FREED-UP CAPITAL FUNDS

An amount of funds equivalent to the capital relief achieved through Green, Social and Sustainability ILS transactions will be exclusively used to allocate capital to or (re)finance, in whole or in part, **Eligible Projects** meeting Eligibility Criteria defined as per the below options:

- **Eligible Assets** in the form of bonds, real estate assets or equity investments for which the freed-up capital can be allocated for financing or re-financing purposes.
- **Eligible Products**, in line with the Technical Screening Criteria (TSC) Delegated Regulation 2021/2139 of the EU Commission, are those insurance contracts of P&C business providing coverages of climate related perils - both retail and corporate - belonging to the eligible line of business as identified by Generali (1. Other motor insurance, 2. Marine, aviation and transport and 3. Fire and other damage to property), including renewals, for which the initial underwriting period is no more than 2 calendar years prior to issuance of the Green, Social and Sustainability ILS. Alternatively, Products can be considered for inclusion when underwriting periods start after the sponsoring of the Green, Social and Sustainability ILS. The insurance contracts eligible in this context are intended to have a positive impact on the environment and/or to reduce environmental impact.

Exclusion Criteria

For the avoidance of doubt, financings related to the following activities are excluded from Eligible Projects:

- Entities which have direct exposure to the following controversies:
  - production of weapons that violate fundamental humanitarian principles through their normal use (cluster bombs, antipersonnel landmines, nuclear arms, etc.);
  - serious or systematic human rights violations;
  - severe environmental damages;
  - gross corruption.
- Specific to Assets, the following activities:
  - Fossil-Fuel energy;
  - Nuclear infrastructure;
  - Large Hydro (>20 MW) if demonstrably harms local biodiversity or infringes on the rights of local communities;
  - Gambling;
  - Tobacco;
  - Alcohol;
  - Weapons.
- Specific to Products, Entities performing activities for which they are exclusively or predominantly involved with the following sectors:
  - Defense;
  - Hydro-electric power construction;
  - Mining;
  - Health care (e.g. clinical trials, animal testing);
  - Pornography and prostitution;
  - Gambling;
  - IUU Fishing.
- Specific to Products, Entities being involved in:
  - Coal-related business;
  - Oil and gas exploration and production (upstream only) activities;
  - Tar sands and associated pipelines;
  - Nuclear infrastructure.

Additional Exclusions are in line with the Generali Group Guidelines, such as: the Integration of Sustainability into Investments and Active Ownership Group, Negative Screening Group Technical Measure, Responsible Underwriting Group Guidelines.

Green Eligibility Criteria

CATEGORY 1: GREEN AND RESILIENT BUILDINGS

Eligibility Criteria

Financing or refinancing of existing or new residential or commercial buildings, or refurbished buildings, meeting one of the following criteria:

- Buildings built before 31 December 2020 with EPC label > 'A'.
- Buildings built before 31 December 2020 belonging to the top 15% of the national, respectively residential, or commercial, building stock based on Primary Energy Demand ('PED').
- Buildings built after 31 December 2020 with energy performance, defined as Primary Energy Demand ('PED') at least 10% better than the threshold for Nearly Zero-Energy Buildings ("NZEB") in the local market[21].
- Building renovations if the renovation results in a relative reduction in primary energy demand (PED) of ≥ 30% in comparison to the performance of the building before the renovation[22] or meets the criteria for major renovations[23].
- Buildings[24] at material physical risk[25] in their lifetime for which physical and non-physical solutions ('adaptation solutions') have implemented to substantially reduce the most important physical climate risks.

Generali Group, will consider on a best effort basis, the following optional elements when selecting Eligible Green Buildings at the date of selection[26]:

- Eligible Green Buildings Assets being compliant with the CRREM (Carbon Risk Real Estate) decarbonisation pathway for the real estate portfolio
- Environmental Certifications such as: LEED ('Gold') or above, BREEAM ('Excellent') or above and/or any equivalent and recognized level of local certification

Objectives

- Increase the portfolio of energy efficient & new low carbon buildings.
- Support decarbonization & refurbishment of the existing building stock.

Environmental Benefits

Energy and carbon savings, Climate Resilience.

Contribution to UN SDG

11 (Sustainable cities & communities).

UN SDG Targets

- 11.A: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials.
- 11.5: Substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters.

EU Taxonomy Economic Activities

11.A: Substantial Contribution to 'Climate Change Mitigation' and 'Climate Change Adaptation' EU Economic Activities:

- 7.1. Construction of new buildings.
- 7.2. Renovation of existing buildings.
- 7.7. Acquisition and ownership of buildings.

21 In instances where the definition of Nearly Zero-Energy Buildings ('NZEB') is not available, Generali Group may engage a third-party consultant to provide a definition or proxies when deemed appropriate. In countries where there is no definition of 'NZEB' and there is no practical solution to implement 'NZEB', a top 15% and/or EPC 'A' approach can be adopted.
22 The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.
23 As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.
24 - Buildings built before 31 December 2020 with EPC label > 'C'.
- Buildings built before 31 December 2020 belonging to the top 30% of the national, respectively residential or commercial, building stock based on Primary Energy Demand (PED).
- Buildings built after 31 December 2020 with energy performance not exceeding the threshold for Nearly Zero-Energy Buildings ('NZEB') in the local market.
25 The physical climate risk analysis has been performed in accordance with Appendix A of EU Delegated Regulation 2021/2139.
26 For avoidance of doubt, the Eligibility Criteria to select Green Buildings under the Framework are criteria i. – v. only.

CATEGORY 2: RENEWABLE ENERGY (Electricity Production & Cogeneration of Heat/Cool & Power)

Eligibility Criteria

Financings related to the acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units & manufacture of relevant components, as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable energy sources include:

i. On- and offshore wind energy.

ii. Solar energy, PV and CSP technology.

iii. Hydropower where the generation facility complies with either of the following criteria:
- is run-of-river plant;
- or has a power density > 5 W/m^2;
- or life-cycle emissions intensity < 100 gCO_2e/kWh.

iv. Geothermal facilities with lifecycle GHG emissions < 100 gCO_2e/kWh.

v. Bioenergy facilities, where the agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7, of that Directive and, the GHG emission savings from the use of biomass are at least 80 % in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.

vi. Cogeneration of heat/cool and power where the agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 of that Directive and, the GHG emission savings from the use of biomass in cogeneration installations are at least 80 % in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.

Objectives

- Increase of renewable energy production.
- Support direct connection or expand directed connection between renewable energy production plants and the grid infrastructure.

Environmental Benefits

Carbon emissions reduction.

Contribution to UN SDG

7 (Affordable & Clean energy).

UN SDG Targets

- 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- 7.A: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

EU Taxonomy Economic Activities

Substantial Contribution to Climate Change Mitigation EU Economic Activities:

- 3.1. Manufacture of renewable energy technologies;
- 4.1. Electricity generation using solar photovoltaic (PV) technology;
- 4.2. Electricity generation using concentrated collar power (CSP) technology;
- 4.3. Electricity generation from wind power;
- 4.5. Electricity generation from hydropower;
- 4.6. Electricity generation from geothermal energy;
- 4.8. Electricity generation from bioenergy;
- 4.20. Cogeneration of heat/cool and power from bioenergy.

CATEGORY 3: ENERGY EFFICIENCY (Measures and Infrastructure)

7 AFFORDABLE AND CLEAN ENERGY

Eligibility Criteria

Financings related to the development, installation, maintenance, or repair of energy efficiency equipment, including:

i. Improvement of energy efficiency of buildings and infrastructures via individual measures (e.g. installation and replacement of LED lighting, buildings energy management systems (BEMS), lighting control systems and energy management systems, zoned and smart thermostats, thermal insulation of buildings, heating systems, ventilation and air-conditioning (HVAC) and water heating systems, replacements of existing windows and doors with new more energy efficient ones, etc.).
ii. Renewable energy individual measures installed on-site.
iii. Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.
iv. Energy storage.
v. Transmission and distribution infrastructure and equipment that is in an electricity system that complies with at least one the following criteria: a) the system is in the interconnected European system, b) more than 67 % of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period, c) the average system grid emissions factor below the threshold value of 100 gCO_2e/kWh measured on a life cycle basis[27].
vi. Specific investments in Smart Meters, meeting the EU requirements.

Objectives

- Fostering energy efficient infrastructure.
- Supporting the transition of buildings, via specific improvements.

Environmental Benefits

Energy and carbon savings.

Contribution to UN SDG

7 (Affordable & Clean energy).

UN SDG Targets

- 7.3: Double the global rate of improvement in energy efficiency by 2030.
- 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

EU Taxonomy Economic Activities

Substantial Contribution to 'Climate Change Mitigation' EU Economic Activities:

- 4.9. Transmission and distribution of electricity;
- 4.10. Storage of electricity;
- 7.3. Installation, maintenance, and repair of energy efficiency equipment;
- 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.5. Installation, maintenance and repair of instruments and devices for measuring regulation and controlling energy performance of buildings;
- 7.6. Installation, maintenance, and repair of renewable energy technologies.

27 Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/kWh measured on a life cycle basis is not compliant and therefore excluded.

CATEGORY 4: CLEAN TRANSPORTATION

Eligibility Criteria

Financings related to the purchase, financing, rental, leasing, development, operation, maintenance, and upgrades of low-energy and low-carbon transport assets, including[28]:

i. Passenger and freight rail transport with zero direct (tailpipe) CO_2 emissions[29].
ii. Transportation infrastructure for passenger and freight rail transport (e.g. expansion of train networks, projects in relation to capacity improvement, station upgrades).
iii. Electric passenger and freight vehicles with zero direct (tailpipe) CO_2 emissions.
iv. Infrastructure dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, hydrogen fuelling stations or electric road systems (ERS), e-bikes and e-scooters.

Objectives

Participating to the development of low carbon transport.

Environmental Benefits

GHG emission reduction, pollutant emission reduction.

Contribution to UN SDG

11 (Sustainable cities and communities).

UN SDG Targets

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.

EU Taxonomy Economic Activities

Substantial Contribution to Climate 'Change Mitigation' EU Economic Activities:

- 6.1. Passenger interurban rail transport;
- 6.2. Freight rail transport;
- 6.3. Urban and suburban transport, road passenger transport;
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles;
- 6.6. Freight transport services by road;
- 6.14. Infrastructure for rail transport;
- 6.15. Infrastructure enabling low-carbon road transport and public transport.

28 The infrastructure must not be dedicated to the transport or storage of fossil fuels.
29 The EUT specifies that trains and passenger coaches/ wagons that have zero direct tailpipe emissions when operated on a track with necessary infrastructure but use conventional engine where such infrastructure is not available (bimode) are also eligible.

CATEGORY 5: CLIMATE ADAPTATION MEASURES

Eligibility Criteria

Financings related to planning, construction, extension, and operations of large-scale nature-based flood or drought management and coastal, transitional, or inland aquatic ecosystem restoration measures contributing to preventing and protecting against flooding or droughts where:

i. The activity is a quantifiable and time bound measure to achieve the objectives for flood risk reduction in accordance with a flood risk management plan coordinated at river basin scale and developed under Directive 2007/60/EC of the European Parliament and of the Council[30].
ii. Environmental degradation risks related to preserving water quality and avoiding water stress and preventing deterioration of the status of the affected water bodies are identified and addressed to achieve good water status and good ecological potential.
iii. The activity includes nature restoration or conservation actions that demonstrate specific ecosystem co-benefits, which contribute to achieving good water status or potential in accordance with Directive 2000/60/EC, good environmental status in accordance with Directive 2008/56/EC, and the nature restoration and conservation targets specified in the Communication from the Commission of 20 May 2020 on 'EU Biodiversity Strategy for 2030'.
iv. A monitoring programme is in place.

Financings related to restoration of wetlands where:

i. The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to that activity.
ii. The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment.
iii. The climate projections and assessment of impacts are based on best practice and available guidance and consider the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports.
iv. The economic operator demonstrates, through an assessment of current and future climate risks, including uncertainty and based on robust data, that the activity provides a technology, product, service, information, or practice, promotes their uses with one of the following primary objectives i) increase the level of resilience to physical climate risks of others ii) contribute to adaption efforts of others.

Objectives

- Strengthen resilience and adaptive capacity to climate-related hazards.
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warnings.
- Contributing to the building of sustainable infrastructure.

Environmental Benefits

Safe drinking water, improving water resources management practices.

Contribution to UN SDG

11 (Sustainable cities and communities).
12 (Responsible consumption and production).
13 (Take urgent action to combat climate change and its impacts).

UN SDG Targets

- 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
- 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
- 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.a: Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.

EU Taxonomy Economic Activities

Substantial Contribution to 'Climate Change Adaption' EU Economic Activities:

- 2.1: Restoration of wetlands.

Substantial Contribution to 'Sustainable Use and Protection of Water and Marine Resources' EU Economic Activities:

- 3.1: Nature-based solutions for flood and drought risk prevention and protection.

30 The Eligibility Criteria under this Eligible Category are specifically developed for activities within the EU. In case, in the future there may be activities in third countries, the activity is identified as a flood risk reduction or a drought risk reduction measure either in a water use and protection management plan at river basin scale or in an integrated coastal zone management plan along a coast. For activities in third countries, Generali will have to demonstrate the presence of an equivalence process to ensure full compliance with the criteria.

CATEGORY 6: ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE (Sustainable Forestry & Landscapes)

Eligibility Criteria

Financings of afforestation aimed at transforming land use from non-forest to forest, in accordance with the Food and Agriculture Organisation of the United Nations ('FAO') definition of afforestation[31], if the area on which the activity takes place is covered by a comprehensive afforestation plan for a minimum period in accordance with national law, or if not available, in line with the FAO definition. Thought the life of the project and post afforestation plan, Generali will monitor that the afforestation plan is followed by a subsequent forest management plan[32] or an equivalent instrument.

Financings of afforestation and reforestation activities aimed at removing CO_2 from the atmosphere. These activities could include the rehabilitation, conservation, restoration of forests, and natural forest regeneration after an extreme event. These activities must be covered by a forest sustainability management plan or equivalent instrument.

Financings of forest management[32] as defined in national law and in case national law does not contain such a definition, forest management corresponds to any economic activity resulting from a system applicable to a forest that influences the ecological, economic or social functions of the forest. Forest management assumes no change in land use and occurs on land matching the definition of forest as set out in national law, or where not available, in accordance with the FAO definition of forest.

Financings of non-commercial landscape, including wetland, coastland, peatland, grassland (and savannahs), and desert landscapes.

Objectives

- Support afforestation, nature restoration, nature conservation.
- Support protection of landscapes including wetland, peatland, grassland (and savannahs), and desert landscapes.

Environmental Benefits

GHG emissions reduction and removal.

Contribution to UN SDG

15 (Life on land).

UN SDG Targets

- 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- 15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, to enhance their capacity to provide benefits that are essential for sustainable development.

EU Taxonomy Economic Activities

Substantial Contribution to 'Transition to a Circular Economy' EU Economic Activities:

- 1.1. Afforestation;
- 1.2. Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event;
- 1.3. Forest management;
- 1.4. Conservation forestry.

31 Establishment of forest through planting or deliberate seeding on land that, until then, was under a different land use, implies a transformation of land use form non-forest to forest, FAO Global Resources Assessment 2020. Terms and definitions (version of 4.6.2021: link).

32 Sustainable Forest Management Plan as defined in national law and/or certified by relevant expert bodies, such as FSC and/or PEFC or equivalent.

CATEGORY 7: TAXONOMY-ALIGNED SOLUTIONS

Eligibility Criteria
Provision of the following insurance solutions (other than life insurance) as related to the underwriting of climate related perils:
- other motor insurance;
- marine, aviation and transport insurance;
- fire and other damage to property insurance.

In compliance with the following criteria:
- leadership in modelling and pricing of climate risks;
- product design;
- innovative insurance coverage solutions;
- data sharing;
- high level of service in post-disaster situation;

Provided that the activity does not include insurance of the extraction, storage, transport or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes.

Objectives
Strengthen resilience and adaptive capacity to climate-related hazards.

Environmental Benefits
Narrowing of the Natural Catastrophe Insurance Protection Gap.

Contribution to UN SDG
11 (Sustainable cities and communities).
13 (Take urgent action to combat climate change and its impacts).

UN SDG Targets
- 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
- 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

EU Taxonomy Economic Activities
Substantial Contribution to ‘Climate Change Adaptation’ EU Economic Activities:
- 10.1. Non-life insurance: underwriting of climate-related perils.

Social Eligibility Criteria

CATEGORY 8: ACCESS TO ESSENTIAL SERVICES
(Education, Healthcare, Social Infrastructure)[33]

Eligibility Criteria
Financings related to activities that improve the capacity of countries to provide free and subsidized healthcare services:
i. Construction, development, maintenance or renovation of public and/or subsidized healthcare facilities (hospitals, clinics, etc.).
ii. Medical equipment and technologies for the benefit of public and subsidized health.
iii. Activities that develop and maintain essential infrastructure and support for the elderly population.
iv. Investments in Retirement homes (subsidized and public).
Financings related to investments in affordable educational infrastructure and services such as Schools, Vocational Training Centers, Re-skilling centers, training programs, financial literacy programs.
Financings related to social infrastructure in developing countries, on a case-by-case basis and only if meeting affordability and accessibility criteria.

Objectives
Support access to affordable and quality healthcare and education.

Target Population
General public, including underserved areas[34], or low-income population[35] or elderly population.

Social Benefits
Widening the availability of education and healthcare.

Contribution to UN SDG
3 (Good health and well-being).
4 (Quality Education).
8 (Decent work and economic growth).

UN SDG Targets
- 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
- 4.3: Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.
- 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.
- 8.6: By 2020, substantially reduce the proportion of youth not in employment, education, or training.

33 The aspects of 'Affordability' and 'Accessibility' will be taken into consideration in the context of process for Asset Selection and Evaluation.
34 Italian Regions with a level of GDP lower than the national average (Source: Istat Annual Report).
35 As per the income criteria defined by the relevant state where assets are located (reference to national law). Generali intends to reference the national law and its threshold for 'low income' within the reporting phase, if Eligible Assets are selected under this Eligible Category.

CATEGORY 9: AFFORDABLE HOUSING

Eligibility Criteria
Financings related to:
i. Investments in / Financing of social housing real estate projects (including low-rent housing, affordable housing, cooperative housing).

Objectives
Increase investments in affordable housing projects and initiatives.

Target Population
Low-income population[36].

Social Benefits
Widening the availability of affordable basic infrastructure.

Contribution to UN SDG
1 (No poverty).
11 (Sustainable cities and communities).

UN SDG Targets
- 1.4: Ensure that all men and women, the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
- 11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

36 As per the income criteria defined by the relevant state where assets are located (reference to national law). Generali intends to reference the national law and its threshold for 'low income' within the reporting phase, if Eligible Assets are selected under this Eligible Category.

CATEGORY 10: EMPLOYMENT GENERATION AND PROGRAMMES DESIGNED TO PREVENT AND/OR ALLEVIATE UNEMPLOYMENT STEMMING FROM SOCIO-ECONOMIC CRISES[37], CLIMATE TRANSITION PROJECTS AND/OR OTHER CONSIDERATIONS FOR 'JUST TRANSITION' (including SME financing and micro-finance)

Eligibility Criteria

Financings related to the support of employment and socio-economic advancement through promotion and expansion of Small Medium Enterprises (SMEs)[38]:

i. Financing of SMEs and Start-Ups[39] if located in disadvantaged areas[40].
ii. Financing of venture investment & incubation, micro-finance[41].
ii. SMEs that are majority owned by women (>50%).
iii. SMEs that are majority owned by first generation immigrants (>50%).

Financings aimed at improving the economic growth and/or alleviating unemployment through the support of areas and populations affected by natural disasters, climate transition and/or other considerations for a 'just transition' and/or health crisis:

i. Funds for well-being of affected populations and recovery, restoration of affected areas.
ii. Supporting affected SMEs, Start-Ups, micro-finance.

Objectives

- Support the generation of employment opportunities in regions where Generali is active.
- Alleviation of unemployment in areas with lower GDP than national average.
- Support female entrepreneurs & first generation immigrants.
- Increased contribution to wellbeing of the target population and its protection during situations of crisis.

Target Population

- Populations of low income and disadvantageous groups in economically underperforming areas, as well women and first-generation immigrants.
- General population affected by health crisis, natural disasters and/or climate transition[42].

Social Benefits

Widening the availability of job opportunities and economic growth for the target population[43]. Improvement of crisis response with focus on primary necessities and economic recovery.

Contribution to UN SDG

3 (Good Health and well-being).
5 (Gender equality).
8 (Good jobs and economic growth).
10 (Reduce inequalities).

UN SDG Targets

- 3.D: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
- 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 10.2: Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

37 Alncluding 'natural disasters'.
38 eeting the EU definition of SME: fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
39 Defined as an independent, organisation, which is younger than five years and is aimed at creating, improving and expanding a scalable, innovative, technology-enabled product with high and rapid growth.
40 SME's and start-ups in economically disadvantaged areas (e.g. GDP is below the national average, or unemployment rate is above the national average).
41 Meeting the EU definition of micro-enterprise: fewer than 10 employees and an annual turnover (the amount of money taken in a particular period) or balance sheet (a statement of a company's assets and liabilities) below € 2 million.
42 According to law provisions and regulations applicable in this case.
43 Italian Regions with a level of GDP lower than the national average (Source: Istat Annual Report).

2.1.2 PROCESS FOR PROJECT EVALUATION AND SELECTION

Generali ensures that Eligible Projects comply with official national and international environmental and social standards and local laws and regulation on a best effort basis. Eligible Projects selection also complies with all Generali Group's internal sustainability-related policies and guidelines such as:
- Sustainability Group Policy;
- Risk Management Group Policy;
- Generali Group Code of Conduct;
- Integration of Sustainability into Investments and Active Ownership Group Guideline;
- Negative Screening Group Technical Measure;
- Generali Group Strategy on Climate Change - Technical Note;
- Responsible Underwriting Group Guideline;
- P&C Underwriting and Reserving Group Policy;
- P&C Underwriting Group Guideline - Retail;
- P&C Underwriting Group Guideline - Case Underwriting;
- P&C Underwriting Risk Group Guideline.

As an integral part of its governance for Green, Social and Sustainability ILS, Generali has set up a Sustainability ILS Committee, bringing together various departments within the Group to supervise the activities following the potential sponsorship of the Green, Social and Sustainability ILS, the selection and monitoring of the pool of the Eligible Projects and to ensure the compliance of the Green, Social and Sustainability ILS with best practices.

More specifically, the role of the Sustainability ILS Committee will be:
- To review and validate the existing pool of Eligible Projects;
- To review and validate the new underwriting and investments/financing to be included in the pool of Eligible Projects;
- To manage and validate any future updates of the Framework;
- To validate the Green, Social and Sustainability ILS Reports;
- To monitor any on-going evolution related to Green, Social and Sustainability ILS market practices in terms of disclosure/reporting, harmonization;
- To monitor, at least on a yearly basis, the outputs and impacts of the Eligible Project.

The Sustainability ILS Committee will meet on a semi-annual basis and will be chaired by the Head of Group Cash and Capital Management function.

Members of the Sustainability ILS Committee will include the following departments:
- **Group Cash and Capital Management**: in charge of coordinating the different teams involved in the process, taking the decision of new sponsorships, allocating the unallocated freed-up capital and responsible for ensuring the consistency and avoiding overlap of investments/financing by any Generali's Green, Social and Sustainability Bond as defined in the Generali Green, Social and Sustainability Bond Framework[44].
- **Group Chief Sustainability Officer function**: responsible for ensuring the consistency between the characteristics of the Eligible Projects and the broader Generali Group sustainability strategy.
- **Group Investment Governance**: responsible for ensuring that the eligible assets are consistent with the Group Responsible Investments guidelines and in charge of providing updates on the investment/financing activity performed in the sustainable investments.
- **Group Risk Management**: responsible for providing and monitor risk capital and freed-up capital on an on-going basis and for performing a second line of defense control role.
- **Generali Real Estate**: responsible for providing semi-annual updates on the investment/financing activity performed in the Green and Resilient Buildings and Affordable Housing categories.
- **Group Integrated Reporting**: to manage and coordinate the overall post issuance activity with the aim to prepare the Green, Social and Sustainability ILS reporting for investors and to review the appropriate external independent auditors' report and address any issues arising.
- **Group Investor & Rating Agency Relations**: responsible for liaising with external parties within the analysts and investors communities.
- **The Human Safety Net team**: responsible for sharing the social initiatives implemented across the Group.

44 GSS Bond Framework December 2023 available here.

On specific topics Group Reinsurance, Group P&C Retail Insurance and Technical Control and Group P&C Corporate, Commercial and ESG Insurance can be present upon request. They are in charge of providing updates on the underwriting activity performed in the sustainable category and, in particular, Group P&C Corporate, Commercial and ESG Insurance is responsible for defining and monitoring the implementation of the Responsible Underwriting Group Guideline.

Any other teams deemed necessary to be represented may also be included. The process for evaluation and selection of Eligible Projects reflects the integration of sustainability criteria within the Group's processes:

1. **Analysis of eligibility**: the persons in charge of the accountable function are trained, within each selected area, to evaluate the compliance with the criteria for Eligible Projects.
2. **Confirmation of eligibility**: the identified projects are then subject to a second analysis with respect to their conformity to the criteria. This examination is carried out by the Sustainability ILS Committee.
3. **Allocation decision**: the Sustainability ILS Committee takes the final decision on the allocation of designated freed-up capital to projects. The Committee also examines twice a year the pool of projects already allocated to verify their continued compliance and absence of significant controversy. The occurrence of a potential controversy regardless of its nature can lead to a retraction, temporary or permanent, of a project from the list of Eligible Projects. One or more new assets would then be suggested as a substitute as necessary.

Generali acknowledges that the EU Taxonomy requires that Eligible Green Assets should not only contribute to at least one of the EU Environmental Objectives but should also not significantly harm ('DNSH') any other EU Environmental Objective and meet the so called 'Minimum Social Safeguards'. Generali has a thorough due-diligence processes that will help to ensure the mitigation of environmental and social risks associated with the Eligible Green as well as Social Assets.

2.1.3 MANAGEMENT OF FUNDS EQUIVALENT TO THE FREED-UP CAPITAL

In accordance with the evaluation and selection process presented above, funds of an amount equivalent to the freed-up capital arising from the Green, Social and Sustainability ILS will be allocated towards Eligible Projects and managed by Generali's Sustainability ILS Committee.

The Group will monitor and track the freed-up capital through its internal accounting and risk management processes. Generali endeavours to identify sufficient investments to ensure that the outstanding balance related to the portfolio of Eligible Projects is at least equal to the total balance of Green, Social and Sustainability ILS freed-up capital during the life of the instruments issued by the SPV.

Generali endeavours, on a best effort basis and consistently with its investment strategy, to reach full allocation of the freed-up capital amount within next year following Green, Social and Sustainability ILS sponsorship, and in any case prior to its maturity.

Pending full allocation, unallocated freed-up capital may temporarily be invested in cash, deposits or money market instruments or SRI instruments.

2.1.4 REPORTING

In accordance with market best practices such as the ICMA Principles recommendations and the 'Harmonized Framework for Impact reporting'[45] (June 2023), Generali will endeavour to produce a reporting annually until full allocation and to update it upon any material changes that would affect the pool of Eligible Projects.
The reporting will include allocation and impact reporting sections as follows.

Allocation reporting

Allocation reporting will include the following details:

- Amount of Green, Social and Sustainability ILS freed-up capital;
- Ratio of Green, Social and Sustainability 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 Eligible Category;
- Share of Eligible Project aligned with EU Taxonomy criteria;
- Breakdown of Eligible Projects by country – or any other relevant geographic area.

45 Available here.

Impact reporting

Generali commits, on a best effort basis, to report on relevant qualitative and quantitative output and impact metrics, which may include e.g.:

	Eligible categories	Potential Output and Impact Metrics (examples)
1.	**Green and Resilient Buildings**	• Type of Buildings. • Level of Energy Performance Certificate (EPC), 'A' or within the top 15% in the national context, respectively residential or commercial. • Energy Intensity (kWh/m²). • Estimated annual GHG emissions reduced/avoided (in tons of CO_2 equivalent). • Number of Buildings at material physical risks that have been subject to adaptation solutions. • Additional Environmental Certifications if any.
2.	**Renewable Energy** (Electricity Production & Cogeneration of Heat/Cool and Power)	• Breakdown of Renewable Energy loans by energy type. • Installed renewable energy capacity (MW) . • Expected annual renewable energy generation (MWh). • Estimated annual GHG emissions reduced/avoided (in tons of CO_2 equivalent). • Number of schools, hospitals and infrastructure having access to renewable energy, if relevant. • Expected annual heat/cool power generation (MWh).
3.	**Energy Efficiency** (Measures and Infrastructure)	• Type of assets/projects (infrastructure, individual initiatives). • Country. • Smart meters: number of installed points . • Estimated energy saved (MWh). • Estimated GHG emissions reduced (in tons of CO_2 equivalent).
4.	**Clean Transportation**	• Type of assets/projects (type of infrastructure, type of vehicles, etc.). • Length of rail construction. • Number of electric vehicles charging points installed. • Estimated annual GHG emissions avoided (in tons of CO_2 equivalent).
5.	**Climate Adaptation Measure**	• Type of adaptation projects. • Reduction in weather-related disruption (days p.a.) and/or risk frequency (%). • Wetland area restored (hectares).
6.	**Environmentally Sustainable Management of Living Natural Resources and Land Use** (Sustainable Forestry & Landscapes)	• New afforested area (hectares). • Area covered by sustainable land resources management practices (hectares). • Area restored (hectares). • Information on projects (location, status, etc.). • Estimated annual GHG emissions avoided and/or CO_2 removed.
7.	**Access to Essential Services** (Education, Healthcare, Social Infrastructure)	• Number of hospitals and other healthcare facilities covered. • Number of outpatient and inpatient in healthcare facilities. • Estimated number of patients served by healthcare facilities. • Number and location of the infrastructure built/refurbished/improved. • Number of pure-players in healthcare/education covered / Type and amount of medical products and/or services provided. • Number and type of educational facilities covered. • Estimated number of students benefitted from educational and vocational services. • Number and location of the infrastructure built/refurbished/improved. • Definition of 'low income' based on national legislation and project split per geography.
8.	**Affordable Housing**	• Number of residents benefiting from new/improved affordable housing and social housing schemes. • Number and location of the infrastructure built/refurbished/improved. • Definition of 'low income' based on national legislation and project split per geography.
9.	**Employment generation and programmes designed to prevent and/or alleviate unemployment stemming from socio-economic crises, climate transition projects and/or other considerations for a 'just transition'** (including SME financing and micro-finance)	• Number of SMEs/start-ups financed. • Number of employees of the SMEs/start-ups funded. • Amount and number of microfinance support provided. • Number of SMEs supported per target population/group indicated (Women led, First generation immigrants led, etc.). • Estimated number of jobs created and/or retained . • Amount of financial support provided to ordinary people and small and medium-sized businesses during pandemic(s). • Amount of financial support provided and number of institutions (public/private)/individuals supported.

2.2 SPV'S GUIDELINES

The special purpose vehicle (the "SPV") involved in an ILS transaction is established in an EU member state pursuant to the rules for SPVs set out in EU Directive 2009/138/EC and supplemental EU regulations which contain provisions relation to the authorisation, regulatory requirements and supervision of SPVs which assume risks from an insurance undertaking through reinsurance contracts or similar arrangements. In order to carry on such activities, the SPV must be authorised by the applicable regulatory authority of the EU member state of its establishment. The activities of the SPV are limited and details of the proposed activities must be disclosed to the applicable regulatory authority as part of the application for authorisation of the SPV.

The corporate affairs of each SPV are administered by a third-party insurance manager in the EU member state of its establishment. The holder of the shares in the SPV is typically a nominee company of such insurance manager which holds the shares on trust for charitable purposes. The board of directors of the SPV comprises persons who are employees of the insurance manager or external directors, the majority of whom have no connection with Generali. The shareholder and the directors of the SPV are required to satisfy fit and proper requirements set out in EU Directive 2009/138/EC and the regulatory authority in the EU member state in which the SPV is established will only authorise the SPV if satisfied that such fit and proper requirements are satisfied.

2.2.1 SELECTION OF SERVICE PROVIDERS

The choice of the main service providers of the SPV considers also their commitment to a sustainable framework in performing their activities. The selection process of the main service providers of the SPV incorporates Environmental, Social and Corporate Governance (ESG) criteria in order to reduce the risks, including potential reputational risks, deriving from the interaction with companies with poor ESG practices. The choice of the main service providers of the SPV considers also their commitment to a sustainable framework in performing their activities.

2.2.2 USE OF ILS PROCEEDS

The SPV invests the net proceeds from the issue of the ILS notes in accordance with provisions set out in the documents under which the SPV issues the ILS notes and as disclosed to the applicable regulatory authority as part of the application by the SPV for authorisation.

One of the requirements for SPVs under EU Directive 2009/138/EC and supplemental EU regulations is that the SPV has at all times assets the value of which is equal to or greater than the aggregate maximum risk exposure of the SPV. As such, the investments of a SPV are assets which maintain a stable value rather than a fluctuating value, e.g. debt investments rather than equity investments, and which have a high level of creditworthiness.

The SPV may need to pay amounts to Generali from time to time pursuant to the reinsurance contract or similar arrangement entered into between the SPV and Generali. In order to ensure that the SPV is in a position to make such payments in a timely manner, the investments of the SPV must be capable of being liquidated into cash in a timely manner and without any discount or penalty being applied.

Article 327 of Commission Delegated Regulation 2015/35 sets out requirements which apply to the investments held by SPV. The applicable regulatory authority only authorises the SPV upon being satisfied that the arrangements for the investment of the net proceeds from the issue of the ILS notes comply with those requirements.

Eligible Investments

For any ILS transaction, the investments in which the net proceeds from the issue of the ILS notes are invested (the "Eligible Investments") are determined by Generali and are subject to the approval of the applicable regulatory authority that authorizes the SPV for the transaction. The Eligible Investments are disclosed to prospective investors in the ILS notes as part of the marketing process of the ILS notes. Prospective investors will only acquire the ILS notes if they are satisfied with the Eligible Investments.

Once the ILS notes are issued neither Generali, nor the directors of the SPV, nor any other person has any discretion regarding the Eligible Investments. However, the terms of the ILS transaction may provide for more than one type of Eligible Investment by specifying an initial Eligible Investment but also specifying one or more fall-back or alternative Eligible Investments in the event that the initial Eligible Investment is no longer available or becomes less creditworthy.

The market norm for ILS transactions is for the Eligible Investments to comprise redeemable notes issued by a highly rated multilateral institution (e.g. European Bank for Reconstruction and Development or International Bank for Reconstruction and Development) and/or shares in money market funds. These Eligible Investments have the following characteristics:

- Denominated in the currency in which the ILS notes are issued and the payments under the reinsurance contract are to be made, in order that there is no FX risk;
- Chosen for security not yield;
- In the case of redeemable notes, the issuer is rated of at least “AA-” (S&P), “Aa3” (Moody’s), “AA” (Fitch);
- In the case of money market funds, invests solely in short-term securities issued by governments or supranationals or repos of such securities;
- Pay without any withholding tax;
- Redeemable at par (100%).

The initial Eligible Investments for the Green, Social, Sustainability ILS transactions will be redeemable notes the proceeds of which are applied to finance Eligible Projects in one or more of the categories set out at paragraph 2.1.1 above.

Exclusion Criteria

For the avoidance of doubt, Eligible Investments will not include any redeemable notes the proceeds of which are applied to finance any of the following:

- Fossil-Fuel energy[46];
- Nuclear infrastructure;
- Large Hydro >20 MW if demonstrably harms local biodiversity or infringes on the rights of local communities;
- Gambling;
- Tobacco
- Alcohol;
- Weapons;
- Additional Exclusions are in line with the Generali Group Guidelines, such as: the Integration of Sustainability into Investments and Active Ownership Group, Negative Screening Group Technical Measure, Responsible Underwriting Group Guidelines.

As noted above, those money market funds that are Eligible Investments for ILS transactions are those which invest solely in short-term securities issued by governments or supranationals (or repos of such securities). The pool of such securities that also satisfy green and social criteria is extremely limited. Therefore, there is the possibility that there are not currently any money market funds which both invest solely in short-term securities issued by governments or supranationals (or repos of such securities) and also satisfy green and social criteria.

2.2.3 PROCESS FOR INVESTMENT EVALUATION AND SELECTION

The Eligible Investments comply with national and international environmental and social standards and local laws and regulation on a best effort basis.

2.2.4 MANAGEMENT OF PROCEEDS

The net proceeds from issuance of the ILS notes will be fully invested in redeemable notes which satisfy the Green, Social and Sustainability criteria, as described above. If all such Eligible Investments cease to be available then the net proceeds of the ILS notes will be invested in specified money market funds or, if such money market funds are not available or do not satisfy specified criteria, will be as a cash deposit with the bank that is acting as trustee for the ILS transaction. As noted above, neither Generali, nor the directors of the SPV, nor any other person has any ongoing discretion regarding the Eligible Investments in which the proceeds of the issuance of the ILS notes are invested, the arrangements for such investments being specified in the terms of the issuance of the ILS notes.

2.2.5 REPORTING

The SPV will provide to investors in the ILS notes all reporting in relation to the redeemable notes received from the issuer of the redeemable notes, including the information provided by the issuer of the redeemable notes regarding allocation and impact reporting, which is anticipated to be in line with metrics detailed in paragraph 2.1.4 above.

46 Unless specific improvements on infrastructure that are consistent with the EU Taxonomy and always in accordance with this Framework.

3. EXTERNAL REVIEW

Second-Party Opinion (Pre-issuance verification)

Prior to issuance, Generali has commissioned Sustainalytics to conduct an external review of its Green, Social and Sustainability ILS Framework and issue a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the ICMA Principles as well as its compliance with the recommendation of the EU Taxonomy. The Second Party Opinion will be made available on Generali's website (generali.com).

Verification of the reporting

Generali will request on an annual basis, starting one year after issuance and until full allocation, an assurance report of the amount and the allocation of the Freed-up Capital Funds achieved by the Green, Social and Sustainability ILS to Eligible Projects, provided by an external auditor.

APPENDIX

APPENDIX I - EU TAXONOMY ALIGNMENT

ICMA GBP Categories	Alignment, on a best effort basis	High-level commentary (for additional detail refer to the Use of Proceeds section above and the SPO)	References to key Environmental Objective and Economic Activities
Green and Resilient Buildings	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation & adaptation (for environmental activity 7.7) as outlined in the EU Taxonomy. Existing buildings built prior to 31st December 2020, have an EPC 'A' or belong to the Top 15% most efficient buildings in the relevant national building stock. Refurbishments are intended to showcase a 30% improvement in Primary Energy Demand (PED) of the building post refurbishment compared to pre-refurbishment. New buildings are intended to comply the relevant nZEB – 10% definition in terms of PED, if such definition is available in the local context. From an adaptation perspective, buildings at material physical risk in their lifetime for which physical and non-physical solutions are implemented to substantially reduce the most important physical climate risks. Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Mitigation and daptation: 7.1, 7.2, 7.7
Renewable Energy	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy. Wind and solar projects are automatically aligned with Substantial Contribution (SC) criteria. It will be relatively easy to showcase compliance for hydro and geothermal in terms of SC. Regarding DNSH criteria, Generali Group will refer to its stringent environmental risk management approaches and compliance with national and international legislation. Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Mitigation: 3.1, 4.1, 4.2, 4.3, 4.5, 4.6, 4.8, 4.20
Energy Efficiency	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution (SB) to climate change mitigation as outlined in the EU Taxonomy. Eligibility criteria for eligible infrastructure and individual measures have been defined based on EU Taxonomy. Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Mitigation: 4.9, 4.10, 7.3, 7.4, 7.5, 7.6
Clean Transportation	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution (SB) to climate change mitigation as outlined in the EU Taxonomy. Carbon emission free vehicles and electrified infrastructure represent the key category areas. Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Mitigation: 6.1, 6.2, 6.3, 6.5, 6.6, 6.13, 6.14, 6.15
Climate Adaptation Measures	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change adaptation as outlined in the EU Taxonomy. When relevant, assets related to flood avoidance are referenced to meet the criteria indicated under Sustainable Use and Protection of Water and Marine Resources (2023). Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Adaption: 2.1 Sustainable Use and Protection of Water and Marine Resources: 3.1
Environmentally Sustainable Management of Living Natural Resources and Land Use (Sustainable Forestry & Landscapes)	Aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change adaptation as outlined in the EU Taxonomy. To note Generali's intent to align with such criteria, as one of the first issuers in the market. Commitment, on a best effort basis, to assess compliance with DNSH and MSS.	Climate Change Mitigation: 1.1., 1.2, 1.3., 1.4

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