192nd year

Climate-Related Financial Disclosure 2023

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Introduction

With the Climate-related Financial Disclosure we aim to provide investors and other stakeholders with relevant information toassess the adequacy of our approach to climate change and our ability to manage the risks and opportunities it brings.

Since 2017, we have welcomed the efforts of the Task Force on Climate-related Financial Disclosures - TCFD initiated by the Financial Stability Board and we have voluntarily committed to the disclosure of financially material information about the impacts of climate change on our activities. We also chose transparent and proactive communication on the actions we have taken in support of the Paris Agreement of "limiting global warming to well below 2°C and to pursue efforts to limit temperature increases to 1.5°C above pre-industrial levels". A tangible expression of this commitment is our joining the Net-Zero Asset Owner Alliance and our contribution to the creation of the Forum for Insurance Transition to Net Zero (FIT), a multistakeholder forum founded on the experience gained with the Net-Zero Insurance Alliance (NZIA), which first transformed net-zero insurance from theory to practice. The two coalitions, convened by United Nations, include many of the world's leading insurers and asset owners delivering on a bold commitment to reduce the greenhouse gas emissions related to their financial portfolios to net-zero by 2050.

The assessment of the climate-related impacts on the business is a complex activity and the methodologies for the effective reporting on these aspects are still evolving. This exercise is a starting point of a journey to the progressive refinement and sophistication of our analysis and disclosure.

The data and information included in this Disclosure are largely derived from the Generali Group's 2023 Annual Integrated Report and Consolidated Financial Statements and they are organized so as to illustrate how we are implementing the recommendations of the TCFD, whose structure is reflected: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance: The organization's governance around climate-related risks and opportunities

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Risk management: The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

This Disclosure is an integral part of our commitment to promote active leadership within the insurance industry in addressing climate challenges and fostering systemic responses for a just transition to a low-carbon society. In this spirit, we participate in a number of climate-related working groups, including: UNEP FI PSI and PRI, Net-Zero Asset Owner Alliance, Forum for Insurance Transition to Net Zero, Climate Action 100+, CRO Forum, CFO Forum, CDP and Geneva Association.

GOVERNANCE

The Group governance is structured in such a way as to favour effective management of the risks and opportunities tied to climate change, which is considered one of the ESG factors most material for the Group, our value chain and the stakeholders.

Board of Director's role

The Board of Directors ensures that the Group organization and management system is complete, functional and effective in monitoring climate change-related impacts. In 2018, it therefore approved the Strategy on Climate Change, updated and further developed yearly since 2020, until the latest version approved in July 2023, outlining a plan for investment, underwriting and stakeholder engagement activities to mitigate climate risks and facilitate the just transition to a low-carbon economy. The Board of Directors also monitors the implementation of this strategy and the results achieved through the Innovation, Social and Environmental Sustainability Committee. In 2023, these elements were analysed during 2 meetings of the Committee.

Management's role

Climate change may have pervasive impacts across the entire organization. For this reason, the decisions on how to integrate the assessment and effective management of climate change impacts into the different business processes are guided by the Group Management Committee. A component of the variable remuneration of the Group CEO and top management depends on the results achieved in the implementation of the Generali Group Strategy on Climate Change.

This cross-functional approach is also reflected in a work group that pools together the Chiefs of the functions of Group Investment, Group P&C Retail, Group P&C Corporate & Commercial, Group Life & Health Insurance, Group Integrated Reporting, Group Risk Management, and Group Sustainability. The goal of this work group is to guarantee the management of the risks and opportunities tied to climate change in compliance with the strategy defined by the Board and to ensure the reporting on these aspects both to internal competent bodies and to external stakeholders, in line with the TCFD recommendations.

STRATEGY

Climate change is a material mega trend with complex impacts in different geographies and different sectors. Climate change risks can be divided in:

- physical risks, arising from the worsening of catastrophic events such as storms, floods, heat waves and progressive manifestation of chronic events, such as temperature and sea-level rise;

- transition risks, arising from the economic developments generated by the transition to a greener economy, with lower or virtually zero levels of greenhouse gas emissions, in addition to legal and litigation risks.

Climate change also generates opportunities for companies that can develop solutions supporting the ecological transition of the economy and that increase its resilience through adaptation.

Physical risk	Transition risk	Opportunities
As for the insurance industry, the worsening of climate-related weather phenomena - as part of physical risks - may impact on the P&C segment in terms of pricing, frequency and intensity of catastrophic events, impacting - conditions being equal - the number and cost of the claims and their management expenses, as well as reinsurance costs. The Life segment might also be impacted: the intensification of the heat waves, the increased frequency of floods and the expansion of the habitats suitable for hosting carriers of tropical diseases indeed might worsen the expected mortality and morbidity rates. The physical risks caused by climate change, which worsen the living conditions of the population and increase damages not covered by insurance, might also lead to a deterioration of socio-political stability and the macroeconomic and geopolitical conditions, with cascade effects on the financial system and on the overall economy.	The transition to a greener economy (transition risks) is driven by changes in national or international public policies, in technologies and in consumer preferences that might affect different sectors, especially those with a higher energy intensity, up to leading to the phenomenon of the so-called stranded assets, which is the loss of value for the so-called carbon intensive sectors. A good portion of the impact of these risks depends on the speed to come into line with stricter environmental standards and on the public support that will be guaranteed for reconversion. The transition risks are therefore influenced by factors marked by a high degree of uncertainty, such as political, social and market dynamics and technological changes. Even though the speed of transition and its risks are hard to determine today, they will probably have wide-ranging consequences, especially in several sectors such as energy. Financing or insuring companies operating in sectors characterized by high greenhouse gas emissions and do not have adequate decarbonization strategies might also expose to reputational risks. Climate change risk, and in particular the transition, can also expose to litigation risks, which include losses caused by legal cases due to climate matters.	Climate mitigation and adaptation strategies offer investment opportunities as well as opportunities for the development of the insurance market. As weather phenomena and extreme natural events evolve and intensify, a related increase in the demand for protection through specific insurance solutions and risk management is plausible. In particular, the "Legge di Bilancio" for 2024 (n. 213/2023), which came into force on 1 January 2024, introduced an obligation for all companies required to register in the Chamber of Commerce in Italy to take out insurance against catastrophic risks such as earthquakes, floods, landslides, inundations and rivers overflows. The new regulations and the public plans launched in Europe aimed at creating incentives for transition to a green economy, together with the changes in consumer preferences, are supporting the demand for insurance products tied to the sector of renewable energy, energy efficiency and sustainable mobility. They are increasing the retail demand for green insurance products and services linked to sustainable lifestyles and strengthening the demand for investment products linked to green finance. The decarbonization of the economy and, more specifically, the large-scale spread of systems producing energy from renewable sources require substantial investments that are only partly covered with public funds, in this way increasing investment opportunities for private parties.

RISK AND OPPORTUNITIES MANAGEMENT

We have defined processes and tools to mitigate climate risks and to seize the opportunities arising from the green transiton. These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanisms, periodical analysis of the investments, product and service innovation processes, dialogue with stakeholders and development of partnerships to share knowledge and identify effective solutions. Particularly noteworthy is our participation in the Net-Zero Asset Owner Alliance, in the Forum for Insurance Transition to Net Zero, the PRI (Principles for Responsible Investments) Climate Action 100+ network, the PRI and LSE (The London School of Economics and Political Science) Investing in a Just Transition.

Physical risk	Transition risks	Opportunities
We manage short-term physical risks by adopting a risk monitoring and careful selection aimed at optimizing the insurance strategy with the use of actuarial models that are periodically updated in order to estimate potential damage, including natural catastrophe damage, influenced by climate change. We turn to reinsurance contracts and alternative risk transfer instruments, such as the issue of insurance securities protecting against natural catastrophe risks, i.e. cat bonds, like Lion III Re. The Group encourages the adoption of adaptation measures and preventive actions by the insured, reflecting the reduction of climate risks at the level of policy terms and conditions. Preventive actions can be defined as structural measures and services implemented ex-ante by the insured in the event of a loss, which reduce the insured's physical exposure to climate risks by reducing the probability or severity of a climate-related loss. The use of adaptation measures is currently more widespread for corporate customers, leveraging risk assessment activities and insurance contracts that are typically customized compared to business towards private individuals and small and medium-sized enterprises, which is more standardized. In order to reduce exposure to physical risks of our corporate customers in the Property & Casualty segment, we provide consulting services to introduce technical-organisational improvements capable of increasing the protection of the insured assets even from extreme natural events, and we define claim prevention programs and periodically monitor them. We set up special procedures to speed up damage appraisal and claims settlement in the case of natural catastrophes and extreme events so as to strengthen the resilience of the territories struck and to facilitate the post-emergency assistance and return to normality phase in line with the Claims Management Group Guideline for Extremely Large Losses (ELLs).	As for the transition risk management, we are reducing the already limited exposure of the investment portfolio to issuers of the coal sector in order to reach zero exposure in OECD countries by 2030 and in the rest of the world by 2040. A gradual exclusion approach is also applied to the tar sands sector and to oil and gas extracted through fracking and in the Arctic. Furthermore, starting from July 2023, Generali introduces exclusion rules regarding unlisted investments in the infrastructure asset class through project financing (private debt). In particular, new investments (CAPEX) in projects dedicated to coal mining, coal transportation and coal-fired electricity production are excluded. With reference to the same asset class, new investments are also excluded for projects dedicated to upstream, midstream and downstream activities of unconventional oil and gas: oil sands; oil and gas extracted through fracking and from the Arctic Circle We also set the target of transitioning our investment portfolio to net-zero greenhouse gas emission by 2050, in line with the Paris Agreement's goal of limiting global warming to 1.5°C compared to pre- industrial levels. The exposure of our client portfolio to fossil fuel sector is low: we exclude underwriting risks associated with oil and gas exploration and extraction – both conventional and unconventional - and since 2018 we no longer offer insurance coverage for the construction of di new coal mines, new transport infrastructure and new coal-fired thermoelectric power plants. Also for underwriting, we set the goal of gradually reducing our current limited exposure to the thermal coal sector in order to reach zero exposure in OECD countries by 2030 and in the rest of the world by 2038.	In order to seize the investment and development opportunities arising from mitigation and adaptation to climate change, we offer: insurance solutions to protect customersfrom natural catastrophe damage, including damage influenced by climate change; coverage for industrial power generation plants from renewables; and insurance solutions to support customers in adopting sustainable lifestyles. We are also working to expand the offer of thematic investment products linked to green finance for the retail segment. We are increasing our direct investments in green and sustainable assets as stated in our Lifetime Partner 24: Driving Growth strategy and we continue to issue bonds with the aim of financing or refinancing also projects relating to green buildings, renewable energies, energy efficiency and clean transportation.

During the flood event in Emilia-Romagna and Marche, Generali, together with the companies of Country Italy, launched extraordinary measures to support customers and agents. In particular, for the speedy management of claims, the interventions envisaged by the *Qui per voi* catastrophe event management model were activated immediately. With reference to real estate investments, the Group adopted the internal Group Real Estate Valuation Policy, which follows tthe general principles and definitions from the RICS - Red Book published by the Royal Institution of Chartered Surveyors (RICS) – in particular with reference to the article 2.6 - and the European Valuation Standards - Blue Book issued by the European Group of Valuers' Associations. The valuation of each asset is carried out by an External Independent Valuer who, following the abovementioned global standards, considers the Sustainability, ESG, and Climate change aspects that could affect the property value, and that must be declared by the Asset Manager, such as: • the presence of hazardous materials, that could have harmful impacts to the building or physical persons; • the zone map, assessing the key physical risks (including flooding, wildfires, storms and others) for each asset location[1]; • the Insurance premiums paid for each building that also integrate the climate risk. Climate risk is therefore an integral part of our valuation process, that will be further strengthen as the global regulation and the local best practices on the topic will evolve. Generali Real Estate has launched a process of further integration of ESG topics also in the valuation area, which will lead to greater involvement of valuation companies, a strengthening of the Valuation Policy and in general the implementation of a shared framework.	In parallel with what we are doing for investments, we are also committed to ensuring that the emissions associated with our insurance portfolio enable the achievement of the objectives set out in the Paris Agreement, through a decarbonization strategy. Finally, Generali champions the principles of the Just Transition through its engagement activity with issuers and clients. This activity has historically been targeted at energy companies in countries heavily dependent on coal as a primary energy resource. The purpose is in fact to accelerate their energy transition, combining climate protection with the adoption of measures to protect communities and workers. To demonstrate consistency with the commitments required to our customers, issuers and business partners, we are reducing greenhouse gas emissions generated by our operations by optimizing spaces, purchasing green energy, pursuing digitalization and promoting the use of more sustainable means of transport.	

The Group Risk Management function has identified[2] climate change as one of the main emerging and sustainability risks that could impact Generali's business in the medium and long term. Emerging and sustainability risks arise from future risks, and are difficult to identify and quantify, mainly due to their long-term implications, interconnectedness with other risks and uncertain development over time. Therefore, appropriate identification and assessment of these risks are fundamental to evaluate their possible impacts on the business over time.

[1] Consolidated Balance Sheet 2023, Note 48: Information about climate change

[2] The identification of risks is performed on an annual basis as part of the Group Own Risk and Solvency Assessment process, and a periodical monitoring with at least a further update during the year is planned to capture any significant change in the identified risks.

The Group Risk Management function developed a process to identify, measure, monitor, and manage climate change risk impacts on the Group's portfolios.

This process covers the twofold perspective, including:

- the outside-in perspective, which refers to the financial impacts on the Group's portfolios (i.e. value of investments, insurance liabilities, etc.);
- the inside-out perspective, which refers to the impacts generated by the Group on both people and the planet.

In terms of governance, the Group Risk Management worked together with other functions such as Group Chief Investment Officer, Group Chief P&C & Reinsurance Officer, Group Actuarial Function, Group Chief Compliance Officer, Group Integrated Reporting, Asset & Wealth Management and Group Chief Sustainability Officer to further strengthen the integration of the activities related to climate change risk within the implementation of the *Lifetime Partner 24: Driving Growth* strategy and to ensure a cross-functional view of the different activities within the project.

The impact of climate change risk on the Group's portfolios is assessed using the Clim@risk methodology, which allows to capture, for each reference climate scenario, the impact on the Group's exposures through the application of different levels of climate stress[3].

The Group Clim@risk methodology covers the following risks and portfolios:

	TRANSITION losses caused by variation in costs and revenues deriving from the transition to a green economy	**PHYSICAL** losses caused by changes in frequency and severity of climate-related natural events	**LITIGATION** losses caused by legal cases and controversies due to climate matters
INVESTMENTS (*)			
General Account	✓	✓	✓
Unit-linked	✓	✓	✓(**)
P&C UNDERWRITING			
Motor, Property	✓	✓	
D&O			✓
LIFE UNDERWRITING	✓	✓	

(*) The perimeter of analysis excludes cash and other types of assets not relevant from a climate perspective.
(**) The inclusion of the unit-linked portfolio in the litigation risk analysis is planned during 2024.

The calculation carried out based on the Clim@risk methodology can be represented as follows:

[3] The Group is developing an internal tool (Aeolus) aimed at progressively enabling Group companies and business functions to access climate change analyses for activities related to reporting, business decisions (e.g. pricing but also real estate portfolio management) and assessment of individual counterparties for asset allocation choices within decarbonisation strategies.

Climate scenarios describe a change in the global temperature expected at the end of the century compared to the pre-industrial period, mainly deriving from the assumptions of higher or lower emissions of CO_2 and other greenhouse gases in the atmosphere and their effect on geophysical variables that regulate the Earth's climate.

The external climate scenarios selected are based on the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS) sources:

- IPCC for geo-physical variables used for physical risks[4];
- NGFS for energetic and macroeconomic variables used for transition and litigation risks[5].

To capture the most significant expected impacts, we focused on short, medium and long-term time horizons, respectively 2025, 2030, and 2050. The analyses were performed on the existing Group portfolios and no further management actions, changes in infrastructures or in external market conditions are considered in the assessment.

Overall, our analyses show high impacts deriving from physical risk, particularly in scenarios characterised by a higher increase in temperature, while the effects of transition risk remain significant in the short and medium term, especially in absence of orderly decarbonisation measures, emphasizing the importance of orderly transition policy measures. Litigation risk impacts is assessed as limited.

The results of climate scenarios depend on existing climate projections' data and related modelling methodologies that are still evolving and becoming more mature on the market. They might hence change over time as a result of data enhancements and methodologies' improvements.

Climate stress, exposures and the related impacts for each portfolio are described below.

Investment portfolio

The Clim@risk methodology for the investment portfolio is described below.

The climate stress is represented:

- for transition risk by a change in profitability of the underlying assets (i.e. depending on the economic sector and decarbonisation strategies of the investees);
- for physical risk by the costs due to change in frequency and severity of climate perils (i.e. impact of floods, storms for each investee);
- for litigation risk by the cost for legal cases and controversies of investees.

The exposures include equities, corporate bonds, government bonds and real estate assets of the general account and unit-linked portfolios[6].

To identify the most material exposures we analysed the economic sectors for the equities and corporate bonds portfolio, focusing on the ones most vulnerable to climate change, classified according to the Climate Policy Relevant Sectors (CPRS) literature and to the geographical distribution of the activities. In particular, finance and other sectors less impacted by climate change represent the main part of the Group investment portfolio. Investments in sectors that are more impacted, such as fossil fuel, remain limited.

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[4] For physical risks the Shared Socioeconomic Pathways (SSP) scenarios considered were SSP1-2.6, SSP2-4.5 and SSP5-8.5.

[5] In 2023, the scenarios defined by the NGFS Phase III, published in September 2022, and for the physical part, the IPCC Coupled Model Intercomparison Project, Phase 6 (CMIP6), were used. The NGFS Phase IV (Fragmented World and Low Demand) scenarios, published in November 2023, were included with a simplified approach.

[6] The exposures exclude assets that are not relevant from a climate perspective such as, for example, cash, which anyhow represent a limited part of the Group's portfolio. Investment funds are included in the assessment.

Government bonds were classified based on the reference country, mostly attributable to European countries, and assessed on the basis of the sectoral composition of the related economies.

The real estate portfolio has been analysed on the basis of the buildings' energy consumption characteristics, of the CO2 equivalent emissions, and of their geolocation. The Group's portfolio appears to be diversified across all energy classes, and properties are mostly located in the European countries in which the Group operates.

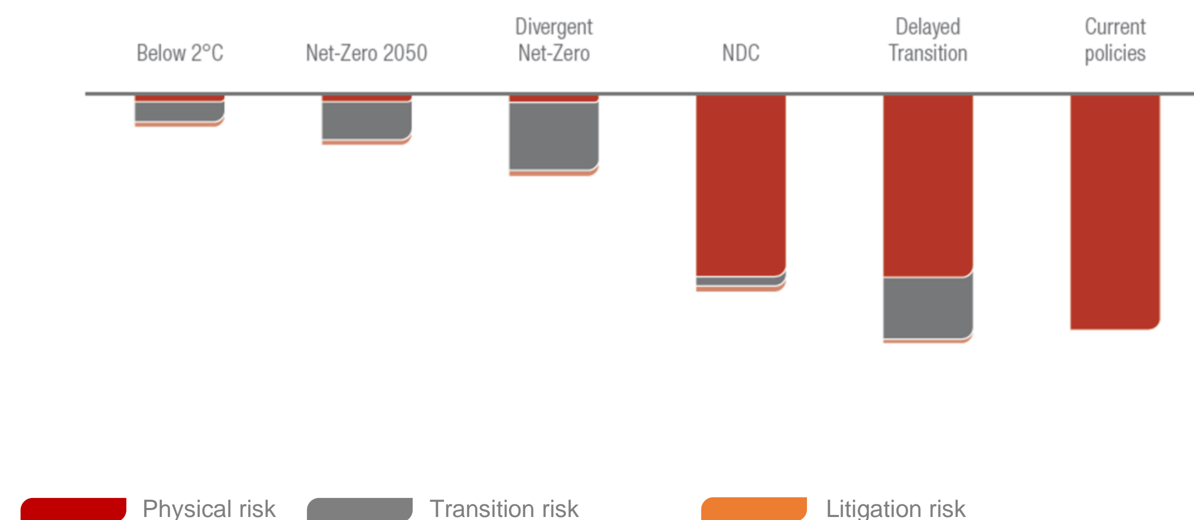
The impact is reported as the change in net assets value (NAV) determined through dividend discount models or based on bonds' and related counterparties' features to take into account the economic impacts on the investees arising from climate change stresses.

During 2023 the Clim@risk methodology was further expanded to include:

- the unit-linked portfolio;
- the litigation risk evaluation[7] on the equities and corporate bonds portfolio;
- an improved analysis of the issuers' revenue sectorial allocation and of their plants, property and equipment;
- the evaluation of the Group's portfolio issuers' decarbonisation strategies.

The following chart shows the impacts of transition, physical and litigation risks for the investment portfolio, in terms of change in NAV[8].

Change in asset values under climate scenarios assumptions (ref. year 2050) (*)



(*) The reported results are to be considered preliminary and will be updated in the Group ORSA Report.

It can be observed that:

- physical risk remains the most relevant risk in the medium and long term, with impacts in all climate scenarios and specifically ranging from 5% to 10% in the high-emitting scenarios;
- transition risk is confirmed to be severe in the scenario with disorderly implementation of decarbonisation measures (Divergent Net-Zero) and in the scenario with delayed implementation (Delayed Transition), in contrast with the Below 2°C and Net-Zero scenarios, which, in the presence of orderly and timely measures, assume a substantial balance of costs and opportunities, resulting from the high level of diversification of the Group's portfolio and from a limited exposure to particularly

[7] Litigation risk model has been developed based on the most up-to date market references (i.e. Geneva Association, Council on Federal Financial Relations - CFFR, and Columbia University database) and through a machine learning exercise applied to derive the most relevant litigation risk drivers.

[8] The table presents impacts on general account portfolio. The analyses conducted on the unit-linked portfolio provide similar results per underlying asset classes.

emissive sectors. However, compared to physical risk, the impacts of transition risk are more limited with estimated losses on the Group's portfolio around 3% of NAV in the worst scenario;
- the impacts of litigation risk remain limited with estimated losses on the Group's portfolio of less than 1% of NAV in the worst scenario. However, impacts are expected to increase, especially in scenarios with high transition, driven by the growing scrutiny from both public and private regarding corporate behaviours in relation to climate-related matters.

From asset classes perspective, we observed that:

- the impacts on equity and corporate bond portfolio confirm the trend already described above for the overall investment portfolio both for physical and transition risk. Regarding transition, as the Group has little exposure in highly emissive sectors, the impacts remain limited, partially offset by the opportunities in sectors where growth is expected, such as utilities. In the scenarios with low or no transition, the physical impacts become more material particularly in the second half of the century, due to the cumulated effect of past emissions;
- the government bond portfolio is only marginally impacted as compared to corporate bonds and equity portfolio. Specifically, impacts resulting from transition are minimal for all scenarios, due to the greater presence of exposures in European countries, which already show a higher level of preparedness regarding the implementation of transition policies with respect to other regions. Physical impacts follow the same trend described for equity and corporate bond portfolio;
- the real estate portolio shows impacts mainly related to the transition to the energy efficiency requirements by the alignment with the CRREM (Carbon Risk Real Estate Monitor) targets. Transition risk impacts on real estate portfolio benefit from the increasing availability of buildings' CO2 emission data, showing a higher share of real estate portfolio already aligned to the CRREM targets. It is worth noting that the physical risk impacts are less significant because properties are mainly used as offices, generally less vulnerable compared to other building types, across European countries that are and not exposed to events, such as tropical cyclones, which occur in other regions.

The NGFS Phase IV scenarios have been applied with a simplified top-down approach. In particular, results show a general worsening of impacts in the Fragmented World scenario, while impacts of physical risk are lower in the Low Demand scenario.

Moreover, starting from 2023, the impacts of physical and transition risk across all abovementioned climate scenarios are monitored also with respect to the Group Life insurance portfolios. In particular, the effect on future liability cash-flows due to potential changes in the market value of backing investments was measured.

Climate change risk is integrated into decision-making processes through the definition of a specific framework, including limits and remedial actions in case of breaches. Limits have been defined for the investment portfolio, complementing the already existing set of controls related to the application of the ESG principles in the investment processes. The aim is to maintain the Group's risk profile within the thresholds defined based on the Clim@ risk, at Group portfolio level and to monitor the achievement of emissions' reduction objectives by setting annual tolerance limits defined on the basis of intermediate targets as well as the adoption of mitigation measures or the review of the investment strategy.

With regards to the above emissions' reduction targets (generated impacts) our analysis focused on the investment portfolio, including equities, corporate bonds and real estate, in line with the targets already announced as part of the Net-Zero Asset Owner Alliance (NZAOA) initiative.

In relation to the investment portfolio's carbon intensity decarbonisation target of 25% by 2024, the Group has defined a system of intermediate targets, with related tolerances, to be monitored on a regular basis throughout the year, in order to identify, monitor and manage any deviation from these and from the announced target. In particular, these targets have been defined taking into account the carbon intensity metric components, i.e. the active portfolio management lever and the levers not directly under Generali's control (individual counterparty emissions and their market value trend, expressed in terms of Enterprise Value Including Cash - EVIC). Possible remedial actions to be activated in case of deviation from the internal investment's portfolio carbon intensity decarbonisation targets have also been defined.

P&C underwriting portfolio

The Clim@risk methodology for the P&C underwriting portfolio is described below.

The climate stress is represented:

- for transition risk by a change in profitability (i.e. based on the change in premium volume of the different lines of business);
- for physical risk by the change in frequency and severity of climate perils driven claims (i.e. flood, convective storms etc.);
- for litigation risk by the cost of climate-related legal claims in D&O (e.g. greenwashing, etc.).

The exposures include premiums and claims of the Solvency II lines of business most relevant for the Group, namely Motor and Fire and other damage to property. D&O line of business is considered only with regards to litigation risk. For the analysis we considered the different geographies where the Group underwrites.

The financial impact is calculated in terms of:

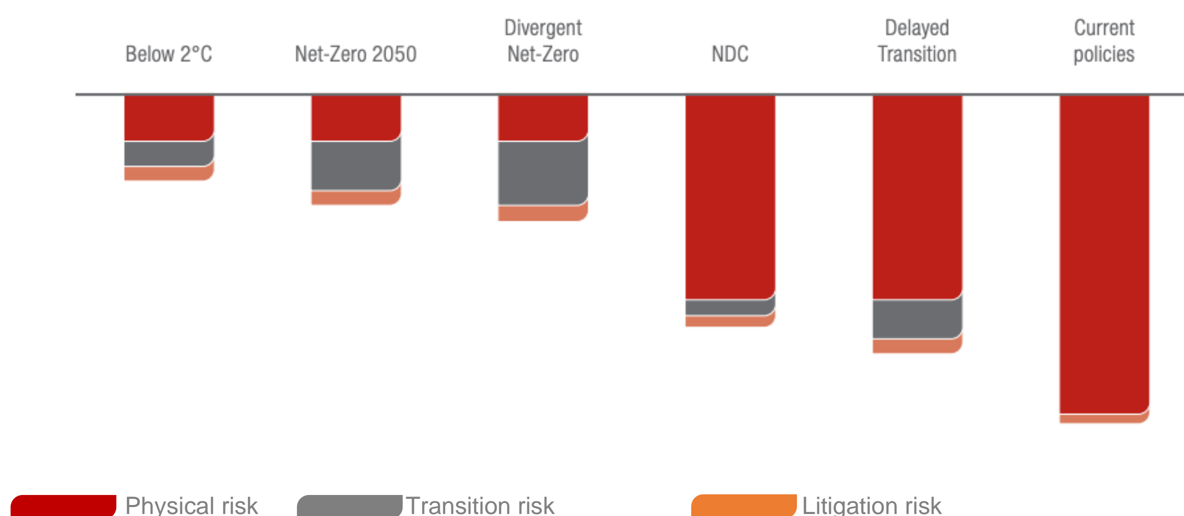
- higher claims resulting from the change in perils' frequency and severity, also considering the different vulnerabilities of each insured asset, and the increasing frequency of climate-related litigation cases;
- change in premiums as a result of higher/lower demand for insurance coverage in each economic sector.

The impact is presented in terms of change in operating result for each combination of line of business, sector and geography at a given future point in time.

During 2023 the Clim@risk methodology was integrated with the inclusion of the litigation risk impacts evaluation for D&O portfolio.

The following chart shows the impacts of transition, physical and litigation risks for the P&C underwriting portfolio, in terms of change in operating result [9]

Change in operating result under climate scenarios assumptions (ref. year 2050)



In analysing the P&C underwriting portfolio, we observed that:

[9] the analysis considers risk impacts under defined climate scenarios as of 2050, by assuming no changes in today's portfolio and in absence of management actions or reinsurance.

- physical risk impacts are confirmed to be prevalent and increasing over time in scenarios with absence of stringent emissions policies. The most relevant physical impacts derive from floods and storms, whose increase in frequency and intensity is foreseen in all geographical areas where the Group operates. In particular, the stresses on flood risk can even more than double in specific European countries, with areas or regions in which they even increase by three times. The intensification of the phenomena of droughts and wildfires, as well as tropical cyclones, has also been assessed. Although, according to some studies, these are expected to increase by more than 250% in some Caribbean areas and in the United States, they do not present significant impacts given the Group's limited exposure. During the year, the Group launched an improvement of the physical risk modelling thanks to the latest available literature and more granular climate-related projections data, also including a broader set of so-called secondary perils, such as hail and subsidence[10];
- transition risk impacts remain limited in scenarios with stringent emissions reduction policies (Net-Zero), while the risk impacts are more significant, albeit limited in case of disorderly transition (Divergent Net-Zero). With reference to transition risk, the most vulnerable line of business is Motor, given the expected increase in the use of car sharing and public transport to support the reduction of emissions from private transport. On the other hand, the Fire and other property damage line of business benefits from the increase in the value of insured assets subject to renovation for energy efficiency;
- with regards to litigation risk for D&O line of business, climate-related litigation claims are increasing with the transition towards a low- carbon economy, and we measured higher impacts in scenarios where the decarbonisation targets are more stringent, such as Net- Zero, but the final impact on the P&C operating result remains nevertheless limited given the marginal exposure in our portfolio.

As already anticipated for investments, the NGFS Phase IV scenarios have been applied with a simplified top-down approach, and, as for investments, results show a general worsening of impacts in the Fragmented World scenario, while impacts of physical risk are lower in the Low Demand scenario.

During 2023 the Clim@risk methodology was integrated with the Life underwriting calculation module. To this end, we collaborated with the United Nations Development Programme (UNDP) and used the Climate Horizons available calculations in evaluating climate warming implications on people's lives in various regions.

Life underwriting portfolio

The Clim@risk methodology for the Life underwriting portfolio is described below.

In addition to the effects on future liability cash-flows due to potential changes in the market value of backing investments, we also measured the effects of changes in future mortality rates due to:

- for transition risk, changes in air pollution after the introduction of environmental policies;
- for physical risk, changes in temperatures across the different periods in the year.

In terms of exposures, coherently with the implemented framework, it should be noted that the stresses are applied to all Group Life portfolios. In particular, for mortality, this means that stresses are applied both to portfolios exposed to mortality risk (e.g. term contracts) and to portfolios exposed to longevity risk (e.g. annuities) leading to possible offsetting effects which are consistent with the Group product diversification.

The impact of climate scenarios on Life technical provisions is then measured by means of the underlying actuarial models.

Considering the predominant weight of products with asset dependent cashflows (both saving with profit participation and unit-linked) the climate change impact on the Group's Life portfolios is essentially driven by changes in the market value of backing assets (which resulted to be particularly severe in scenarios with high physical risk). On the other hand, the impact due to the potential changes in future mortality rates is overall limited thanks to both the Group geographical and business mix diversification.

[10] It should also be noted that the Group, through its Internal Model for calculating the capital requirement, already considers the increasing level of losses due to catastrophic events including floods and storms.

METRICS, TARGETS AND RESULTS AS OF 2023

We have defined objectives and metrics to monitor the implementation of our strategy to manage the impacts of climate change and support the just transition towards an economy with low greenhouse gas emissions.

Rischi fisici	Rischi di transizione	Opportunità
Maintenance of excellent technical results as regards operating result, combined ratio in the P&C segment and proportion of premiums connect to the coverage of climate-related events to the total of P&C premiums ▼ P&C segment operating result of € 2,902 mln (+15.8%) P&C combined ratio of 94.0% (-1.4 p.p) despite the increase in natural catastrophe claims. The undiscounted natural catastrophes impact on the Combined Ratio was equal to 3.7% (2.4% in at 31 December 2022), mainly due to floods and hailstorms in Italy, Germany and CEE. The impact from natural catastrophes claims amounted to € -1,127 million (€ -663 million at 31 December 2022). The contribution from prior year development stood at -3.0% (-1.8% at 31 December 2022).	Decarbonization of the general account investment portfolio to achieve net-zero emissions by 2050: 25% reduction in carbon footprint of listed equities and corporate bonds portfolios against 2019 as baseline by 2024; progressive alignment of the real estate portfolio with the global warming trajectory of 1.5°C ▼ Measurement of the carbon footprint Group's portfolio for shares and corporate bonds: • Absolute Emissions: 6.8 mln tCO2e (-55.8% vs 2019) • Carbon intensity (EVIC): 98 tCO2e per mln € invested (-46.2% vs 2019) • Carbon intensity (sales): 147 tCO2e per mln € in sales (-46.9% vs 2019) Alignment of the RE portfolio to the CRREM: • 71.4% of the value Exclusion of new investments and progressive divestment from companies active in the coal sector and in the exploration and production of unconventional fossil fuels: tar sands, oil and gas extracted through fracking and upstream operations in the Arctic. Gradual reduction in the exposure of the investment portfolio to the thermal coal sector, in order to reach zero exposure in OECD countries by 2030 and in the rest of the world by 2040. Exclusion of new unlisted investments in the infrastructure asset class through project financing (In particular, new investments (CAPEX) in projects dedicated to coal extraction, coal transport, the production of electricity from coal, activities upstream, midstream and downstream of unconventional oil and gas: oil and gas extracted through fracking and from the Arctic Circle ▼ We are not making new investments and we are constantly reducing our residual investments in the fossil fuel excluded sectors by applying restrictive thresholds to identify the most carbon intensive companies Reduction of greenhouse gas emissions associated with the insurance portfolio to net zero emissions by 2050 by establishing science-based interim reduction targets and supporting	8.5 - 9.5 billion euros of new green, social and sustainable investments (2021-2025) with reference to market standards, in particular the ICMA principles ▼ New green and sustainable investments (2021-2023) amounting to € 9,126 mln Sustainable finance ▼ Issuance of two green bonds, confirming the attention and innovation in terms of sustainability, as well as the commitment to achieving environmental and sustainability objectives Commitment to develop insurance solutions with ESG components, increasing premiums with a CAGR of 5-7% over the period 2022-2024 ▼ Premiums from insurance solutions with ESG components € 20,815 mln (+7.4%) Of which premiums from insurance solutions with ESG components - environmental sector € 2,587 mln (+11.9%) Non-life insurance economic activities aligned with the EU Taxonomy equal to 3.0% of total P&C gross premiums

	customers and government policies for a socially just transition ▼ In order to pursue these ambitious goals, the Group Gruppo has joined al Forum for Insurance Transition to Net Zero (FIT) Gradual reduction in the exposure of the insurance portfolio to the thermal coal sector, in order to reach zero exposure in OECD countries by 2030 and in the rest of the world by 2038[11] ▼ The residual exposure with respect to these pre-existing clients is constantly decreasing: at the end of 2023 it amounted to less than 0.1% of premiums related to the P&C portfolio (-90% vs 2018) Commitment not to provide insurance coverage to its clients for risks associated with both conventional and unconventional oil and gas exploration and production activities, including their expansion[12] ▼ The exposure to this specific industrial sector represents the 0% of premiums related to the P&C portfolio Reduction of greenhouse gas emissions related to offices, data centers and mobility equal to 35% compared to 2019 as a reference base by 2025 ▼ Greenhouse gas emissions from Group operations equal to 90,366 tCO2e (-33.4% vs 2019)	

[11] The indicator refers to direct premiums deriving from property, engineering and marine coverage of coal activities relating to companies in the thermal coal sector.

[12] The indicator refers to direct premiums deriving from the underwriting of risks linked to the exploration/extraction (upstream chain) of oil and gas (conventional and unconventional) and to the midstream infrastructure of oil and gas extracted through fracking and/or from tar sands, if not marginal to the customer's main activity (less than 10% of the value of the assets covered).

Significant events after 31/12/2023

Generali placed two new Euro denominated senior bonds, due in January 2029 and in January 2034 respectively, both issued in green format in accordance with its Green, Social & Sustainability Bond Framework. They are the sixth and seventh green bonds issued, for a total amount equal to € 1,250 million. The transaction is in line with Generali's sustainability commitment: indeed, an amount corresponding to the net proceeds of the notes will be used to finance/refinance Eligible Green Projects. During the book building process, the notes attracted an order book in excess of € 2 billion from more than 80 highly diversified international institutional investors, including a significant representation of funds with Sustainable/SRI mandates.

Within the partnership established between Generali and the United Nations Development Programme (UNDP), an event to present concrete solutions on how to boost small and medium-sized enterprises (SMEs) resilience against climate change and other risks took place in Asia. The following were presented: Building MSME Resilience in Southeast Asia, a joint research report focusing on selected value chains in Thailand and Malaysia, which proposes an alternative approach to identifying the risks and needs of micro, small and medium-sized enterprises (MSMEs), developing risk management and insurance services, and delivering these solutions to the MSME community; SME Loss Prevention Framework, a digital tool leveraging the power of data to raise the readiness and awareness of SMEs to the risks facing vulnerable communities, starting in Malaysia with the flood risk.

Generali joined the Forum for Insurance Transition to Net Zero (FIT), a new UN-led and convened structured dialogue and multistakeholder forum to support the necessary acceleration and scaling up of voluntary climate action by the insurance industry and key stakeholders involving 19 global insurance and reinsurance groups and 16 insurance regulatory and supervisory authorities from all over the world, including Ivass and Eiopa.

Mapping of the Climate-related Financial Disclosure against the TCFD framework

In order to facilitate the use of this document, below is a prospectus of the Group's Climate-related Financial Information with respect to the Pillars, Recommendations and Recommended Disclosures of the TCFD.

Categories	Reccomendations	Recommended disclosures		Page
Governance	Disclose the organization's governance around climate-related risks and opportunities	a)	Describe the board's oversight of climate-related risks and opportunities.	3
		b)	Describe management's role in assessing and managing climate-related risks and opportunities.	3
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4
		b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4, 5-12
		c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	9-12
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	a)	Describe the organization's processes for identifying and assessing climate-related risks.	7-8
		b)	Describe the organization's processes for managing climate-related risks.	7-8
		c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	7-8
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	5-8
		b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	13-14
		c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	13-14