

2026 UPDATE

EMERGING AND SUSTAINABILITY RISKS BOOKLET



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FOREWORD

Managing risks to support societal resilience is our core business. For this reason, understanding future risks is of strategic importance for insurers.

Generali has a long-term experience in analysing and not last reporting on these risks to strengthen risk awareness. In 2018 Generali introduced an internal Emerging Risks Booklet as a dedicated instrument to consolidate insights, monitor evolving trends and support a forward-looking perspective on the risk landscape. Since 2021, we have shared this work externally, making available a structured corporate view of the emerging developments coupled with sustainability-related considerations and strategic implications for the business. Each new edition reflects our commitment to continuously refreshing our outlook in response to new information, changing market dynamics and evolving risk perceptions, always bearing its main role to support strategy and business with risk analyses.

The decision to renew this Booklet every year stems from the increasing pace of change affecting our operating environment. New technologies, regulatory developments, societal expectations and global events constantly reshape the risk landscape, while previously identified risks may evolve in unexpected ways. Maintaining an up-to-date view therefore requires continuously challenging assumptions, incorporating new evidence and exploring alternative perspectives in order to capture developments that could materially affect our business and the communities we serve.

In an environment characterised by increasing uncertainty, strengthening our capacity to anticipate change is essential not only for business performance, but also for fulfilling our societal role.

This publication is the outcome of a truly collective effort across the Group. While coordinated by Group Risk Management, it draws upon contributions from a wide range of functions and areas of expertise, from underwriting, to investments and IT and with a fundamental role of Group Strategy and Group Sustainability, with their overarching views. Also, integrating local perspectives allows us to capture different dimensions of risk and strengthen risk awareness throughout the organisation. In this context, the assessment plays a central role in facilitating an informed dialogue across the Group, connecting diverse viewpoints and helping translate risk insights into business-relevant considerations that can effectively support strategic discussions.

Bringing Emerging Risks and Sustainability Risks together within a single framework reflects the reality that their drivers and impacts are increasingly interconnected. An integrated approach enables a more comprehensive understanding of how long-term trends develop, interact and influence both business and society.

Our analyses are supported by market studies, academic research and specialist expertise from across the organisation, providing a balanced perspective that combines external knowledge with practical business experience.

Over recent years, we have observed a growing acceleration of change, accompanied by an increasing degree of interdependence between risks. Geopolitical developments, technological innovation, climate-related challenges, demographic shifts and societal transformations no longer evolve in isolation; rather, they influence and reinforce one another, often generating complex chains of consequences. As a result, risk management must continuously adapt its scenarios and analytical approaches, maintaining both the agility to respond to emerging developments and the depth required to assess their specific implications for our businesses. Past experience remains valuable, but it can no longer be relied upon as the sole guide to understanding future risk dynamics.

The past year has been marked by growing geoeconomic fragmentation, military escalations in several regions, continued concerns around energy security and the rapid expansion of Artificial Intelligence capabilities. Together, these developments have contributed to a more uncertain and volatile environment, while simultaneously creating new opportunities and vulnerabilities. Their interconnected nature further highlights the importance of adopting a holistic perspective when assessing future risks and strategic choices.

This Booklet has been developed utilising internal expertise, external research, market studies and academic contributions. As part of this process, we have also increasingly explored the use of Artificial Intelligence tools, with a careful content review, as sound judgement, critical thinking and professional expertise remain at the centre of our risk assessment process.

I hope that this Booklet will continue to provide valuable insight into the trends shaping our future, encouraging a proactive and informed conversation on emerging and sustainability risks across our organisation and beyond. By fostering a deeper understanding of an increasingly interconnected risk landscape, it aims to support more resilient decisions, strengthen strategic preparedness and contribute to the long-term value we create for our business, our customers and the wider communities we serve.



Carlo Ferraresi
Generali Group Chief Risk Officer

A COMPLEX AND RAPIDLY EVOLVING RISK LANDSCAPE

As in prior editions, the **Generali Emerging and Sustainability Risks Booklet** aims to provide a forward-looking view of the evolving risk landscape, highlighting those trends and uncertainties that have the potential to shape the future of society, the economy and the insurance sector. While distinguishing what is truly “emerging” from what is already materialising has become increasingly challenging, this only reinforces the need to continuously reassess our understanding of risks and strengthen our ability to respond with agility and foresight.

This year's update retains the same overall structure as previous years, while introducing a simplified representation of the key risks and a stronger business-oriented perspective. Particular attention has been given to the potential implications of emerging and sustainability risks across investments, underwriting and operations, providing a more integrated view of how external trends may affect Generali's activities and long-term resilience.

The global environment remains characterised by elevated uncertainty and volatility. **Geopolitical instability** continues to be on top of all corporate agendas with ongoing conflicts, increasing geoeconomic fragmentation, trade tensions, pressure on global supply chains and growing challenges to international cooperation. These developments are creating profound macroeconomic consequences, affecting economic sectors and inflationary trends, posing energy security implications, hence testing the resilience of institutions, businesses and communities worldwide.

Climate change and natural catastrophes likewise remain among the most critical long-term threats. Rising global temperatures with projected increasing frequency and severity of extreme weather events, and the growing economic and social costs associated with

natural disasters continue to highlight the urgency of adaptation in addition to mitigation efforts, requiring strong societal responses also through public-private partnerships. At the same time, environmental challenges are extending beyond climate alone. Biodiversity loss, pressure on ecosystems, water scarcity and other nature-related issues are becoming increasingly relevant due to their potential implications for economic activities, supply chains, human wellbeing and long-term societal stability.

Technological innovations transform economies and business models at an unprecedented pace. In this year's review, the previous topics of Digitalisation and Artificial Intelligence (AI) have been streamlined into a single risk area, recognising the increasing convergence between digital technologies, data ecosystems and AI-enabled capabilities. Artificial Intelligence remains one of the most significant emerging risks, creating substantial opportunities for productivity, innovation and customer experience, while also raising concerns related to cyber security, data governance, ethical use, concentration risks, misinformation and the responsible deployment of increasingly autonomous systems. For the financial and insurance sectors, developing the necessary capabilities, skills and governance frameworks remains essential to harness benefits while managing associated risks.

Demographic changes are also on top of the agendas since many years. Ageing populations, declining birth rates in several regions, changing workforce dynamics and evolving patterns of migration are affecting economic growth prospects, labour availability, healthcare systems and social protection mechanisms. At the same time, social factors such as mental health challenges, changing expectations regarding wellbeing and increasing perceptions of uncertainty and social isolation continue to require attention given their potential impact on individuals, communities and productivity.

INTRODUCTION

While climate change, geopolitical instability, Artificial Intelligence and demographic changes remain the most prominent risk themes, it is equally important not to overlook risks that may currently attract less attention but continue to evolve significantly. Topics such as healthcare transformation, mental health and biodiversity loss remain highly relevant due to their growing societal importance and their strong interconnections with broader economic, environmental and demographic trends.

In this rapidly evolving environment, awareness and preparedness are essential, particularly for insurers. As long-term institutional investors and providers of protection solutions, insurers play a dual role: managing investment portfolios exposed to global risk developments while supporting individuals, businesses and communities in building resilience against future uncertainties.

For this reason, insurers must continue to look beyond current events, scanning the external environment to anticipate those risks that may not yet be fully visible today but could significantly influence tomorrow.

When considering emerging and sustainability risks, the following key elements should always be taken into account:

- the long-term horizon, as these risks develop over time and may materialise through gradual evolution, tipping points or sudden accelerations;
- their interconnected and systemic nature, as they influence and are influenced by multiple other trends and risk drivers;
- a twofold perspective, considering both the impact of external risks on business activities and the impact of business activities on society and the environment. The analyses and results presented in this Booklet provide a risk-based contribution to the Group's double materiality assessment, supporting the identification and prioritisation of sustainability matters.

As sustainability and emerging risks continue to gain prominence and become subject to increasingly mature assessments, insurers must further embed them into their culture, strategy and decision-making processes to generate positive outcomes for clients, shareholders and society at large.

Compared with the previous edition, this year's Booklet includes:

1. a simplified and streamlined representation of the risk landscape, including the consolidation of "Digitalisation" and "Artificial Intelligence & Automation" into a single risk and the removal of "Business Structure Development" as a standalone risk;
2. an enhanced business perspective, highlighting potential risk impacts across investments, underwriting and operations;
3. updated risk descriptions reflecting the latest analyses conducted within Group risk management processes and the continuously evolving external environment.

A summary of all identified risks is provided on the following page. Each risk is subsequently described in detail within a dedicated section.

GROUP EMERGING RISKS YE2025

Level of concern	Risk	PESTLE dimensions	Risk	PESTLE dimensions
HIGH	 Climate change and natural disasters Earth's trip to tomorrow	  	 Geopolitical instability A vulnerable world	  
	 Artificial Intelligence & Other technologies Digital transformation	 	 Demographics and social changes Young at heart in an ageing world	 
ACTIVE	 Pandemics & Antimicrobial resistance When microbes fight back	 	 Autonomous machines and new mobility Are humans still in the driver's seat?	  
	 Lifestyle developments & medical advances Healthier, stressed or addicted	 	 Change in healthcare To be well or not to be well	 
	 Mental health The invisible enemy	 	 Critical infrastructures and supply chain failures No supply, no business	 
INITIAL	 Biodiversity loss SOS from life forms	 	 New market players from other markets Guess who's coming to play?	 

HIGH

ACTIVE

INITIAL

The level of concern for Generali Group is based on expert judgement, collecting inputs from risk professionals and Group main Business Functions as well as relying on external sources

PESTLE dimensions



Political



Economic



Social



Technological



Legal



Environmental

HOW TO READ THE BOOKLET

Description of each risk and related details are presented in dedicated pages through the dimensions explained hereafter

Data sources are provided in [Bibliography](#)

**Link with
double materiality
assessment**

- Related material sustainability matters identified through the double materiality assessment on which to focus our strategies and actions to protect the Group's ability to create lasting value
- Related sustainability factor as of Del. Reg. (EU) 2021/1256 (environmental matters, social matters, employee matters, respect for human rights matters, anti-corruption and anti-bribery matters)

Assessment

The level of concern of the risk for Generali Group, based on the perceived (i) vulnerability and (ii) timeframe, are distinguished in:

HIGH CONCERN

ACTIVE CONCERN

INITIAL CONCERN

It is based on expert judgement, relying on risk professionals within the Group, main Business Functions and a set of external references including the Global Risks Report of the World Economic Forum and the ERI Risk Radar of the European CRO Forum.

The trend in respect to previous year assessment is also provided

**Potential
risk
impacts**

Selected non exhaustive potential risk impacts for the insurance market

**Relevant
Strategic
Priorities
and
Foundations**



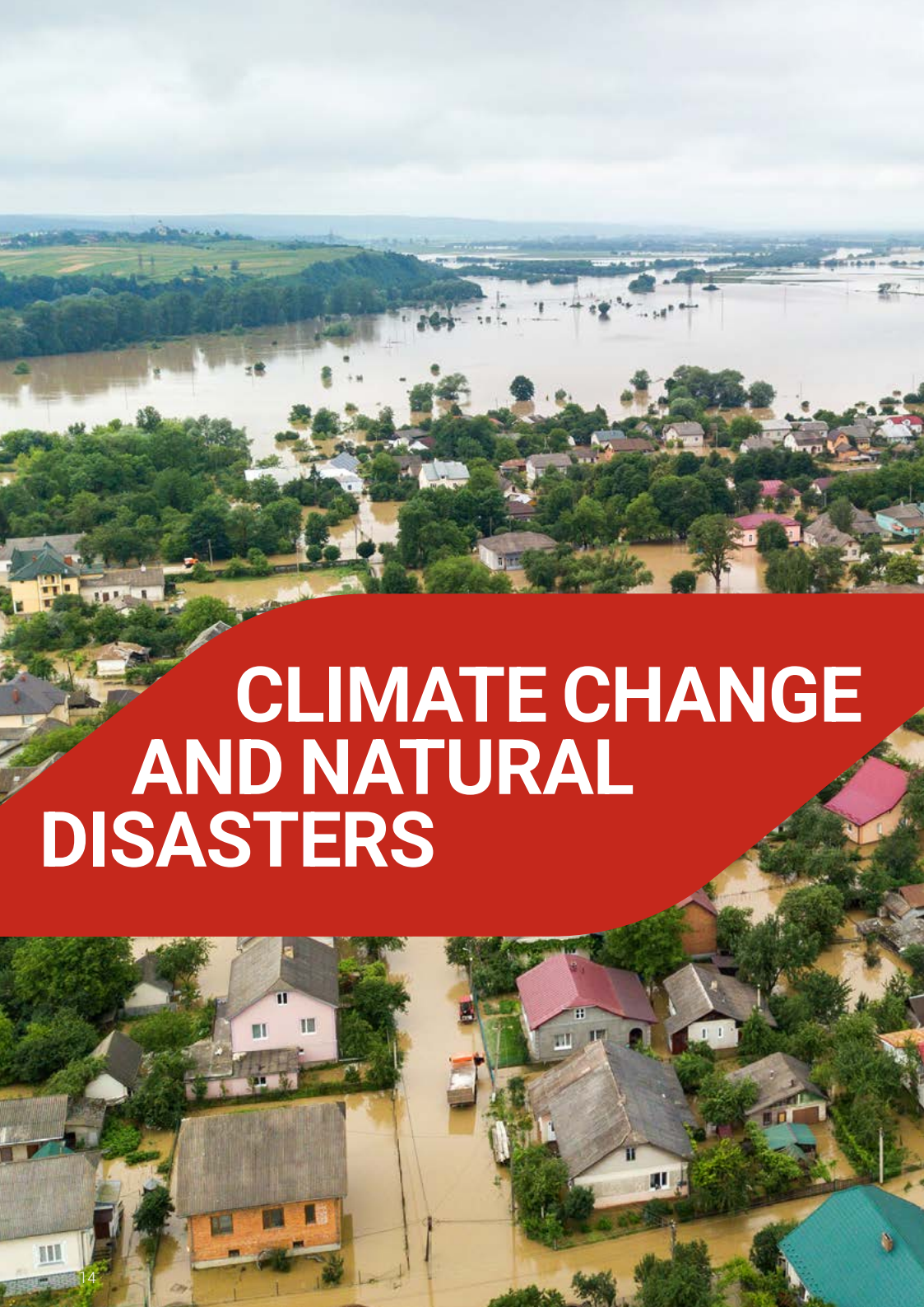
- Strategic Priorities and Foundations and related Levers based on Generali "Lifetime Partner 27: Driving Excellence" Group Strategy
- Strategic Priorities and Foundations in bold and listed Levers represent the ones related to the specific risk analysed

**Main
strategic
actions**



Actions, part of the Generali "Lifetime Partner 27: Driving Excellence" Group Strategy, that could be put in place to manage the risk

EARTH'S TRIP TO TOMORROW



CLIMATE CHANGE AND NATURAL DISASTERS

Climate change refers to the long-term increase in global temperatures and the alteration of climate systems. Scientific consensus and specifically UN Intergovernmental Panel on Climate Change (IPCC) assessments specifically focus on human activity as a driver of observed warming since the mid-20th century, given the rise of industrial emissions. The World Meteorological Organization (WMO) declared 2015-2025 as the hottest 11 years on record¹, with global average temperature in 2025 increased by 1.47°C compared to pre-industrial levels (1850-1900)², and in 2024 even exceeding 1.5°C³.

Climate change gives rise to increasingly frequent and severe natural events, known as **physical risks**, as well as **transition risks** associated with the shift to a low-carbon economy. In addition, legal disputes related to liabilities for emissions and potential misrepresentation in climate disclosures represent a source of litigation risk.

Recent evidence highlights the accelerating scale and complexity of climate-related impacts. According to the European State of the Climate 2025 report, jointly published by the Copernicus Climate Change Service and the WMO, at least 95% of Europe experienced above-average temperatures, with prolonged heatwaves extending from the Mediterranean to the Arctic and record ocean temperatures observed across European seas⁴. It also documents widespread drought conditions, with around 70% of rivers recording below-average flows, alongside record-breaking wildfire activity and glacier mass loss across all European regions⁴. In parallel, sea level rises, driven by ocean warming and ice melt, with increasing coastal risk exposure. WMO also warns from recent El Niño phase as a short-term climatic amplifier, contributing to record global temperatures and intensifying extreme weather patterns, with current forecasts indicating a high likelihood of further widespread and potentially significant impacts globally in the year ahead⁵, in addition they mention La Niña, the opposite phase of El Niño, characterized by cooler-than-average Pacific Ocean temperatures^{1,6}.

The **economic burden** of natural disasters continues to rise globally. UN Disaster Loss Data reports an increase of global economic losses from disasters over recent decades, rising from an average of \$70-80 billion per year between 1970 and 2000 to \$180-200 billion annually between 2001 and 2026. 2025 wildfires in California, as an example, triggered more than \$50 billion in economic losses, of which roughly \$40 billion were insured⁷. In Europe, insured losses are still low, based on European Environment Agency datasets (1980-2023) as less than 20% of total losses are insured⁸. This results in a significant protection gap⁹ for the society.

Beyond single events, more complex interconnected events are intensifying. Ocean heat content has reached record levels in recent years, reflecting the accumulation of excess heat in the climate system and its absorption by the oceans¹⁰. As oceans absorb most of this excess heat, warming oceans act as a key driver of more intense storms, heavier precipitation, and greater variability in weather patterns, amplifying climate-related risks and loss volatility.

CLIMATE CHANGE AND NATURAL DISASTERS

Climate change also impacts people lives and health. World Economic Forum (WEF) estimates additional 14.5 million deaths by 2050¹¹ due to climate change. **Health impacts** are due to heatwaves and the spread of vector-borne diseases, but also due to second order impacts on food and water systems, people well-being and not last mental health. It is also a key socio-economic stress, driving migration flows.

Climate change is hence a **systemic societal risk**, as it threatens people lives and health conditions, economic and financial systems.

Ensuring broad access to affordable risk protection is therefore a key societal objective, particularly for vulnerable and underserved populations. At European level, for example, a set of initiatives to manage Natural Catastrophes, combining public-private partnerships, reinsurance mechanisms, and public disaster financing tools has been introduced. These initiatives aim to increase insurance penetration, enable broader risk diversification, and mitigate adverse selection. National schemes such as the French, Spanish or Italian ones are examples of such initiatives.

Global mitigation efforts, that started with the Paris Agreement and subsequent COP negotiations, resulted in latest COP28 and COP29 with a focus on fossil fuels phase out and an annual trillion investment target to support developing countries.

Their implementation of such policies remains however uneven, as the global landscape is in fact increasingly fragmented¹² driven by geopolitical and local strategic considerations. In the existing geopolitical context, energy security has re-emerged as a priority. Recent geopolitical tensions, supply chain disruptions, and energy price shocks have led to increased investments in domestic energy systems and, in some cases, renewed reliance on fossil fuels, potentially slowing the pace of the climate transition.

At the same time, structural progress in the energy transition is leading to **more efficient and secure energy systems**. Renewable energy (solar and wind generation) has expanded rapidly, reaching around 34% of global electricity generation in 2025 and overtaking coal as the largest energy source, marking a turning point in the global energy system¹³.

Despite these developments, the IPCC Sixth Assessment Synthesis Report reminds that the window to limit global warming and avoid the most severe impacts is rapidly narrowing. Climate change is already causing widespread and, in some cases, irreversible impacts on natural and human systems, pushing ecosystems toward critical thresholds. However, the report also underscores that deep, rapid, and sustained emission reductions can still secure a liveable and sustainable future if implemented within this decade¹⁴.

In this evolving landscape, insurers play a critical role as financial players addressing financial flows versus sustainable solutions and by supporting the societal resilience by providing risk coverage solutions, supporting **prevention** and **adaptation** measures. Expanding the availability of climate-related insurance products and supporting policyholders in understanding, managing and mitigating risks is essential to enhancing societal resilience. Advanced climate data, risk assessment methodologies, and modelling capabilities relying on most advanced AI and Big Data analytics, increasingly enable real-time risk detection and early warning indicators, and are therefore becoming key strategic enablers for the insurance sector in addressing emerging climate risks.

- a) Target refers to motor portfolio and is defined as year-end 2030 vs. year-end 2021 reduction, measured by carbon intensity weighted on GWP, includes motor underwriting private portfolios of Italy, Germany, France, Switzerland, Austria, Czech Republic, Hungary, Slovenia, Poland, Spain, and Portugal. GC&C portfolio target is -40% by year-end 2030 vs. year-end 2021, for corporate clients with public emissions. Subject to market environment and constraints
- b) Target for investments includes listed equity, corporate bonds, and real estate within the general account portfolio and it is defined as year-end 2029 vs. 2019. For listed equity and corporate bonds, the reduction is measured by carbon intensity weighted on € million invested, for real estate by carbon intensity per square meter. Subject to market environment and constraints
- c) Target includes scope 1, 2, and 3 emissions, defined as year-end 2030 vs. 2019, it is calculated in absolute GHG emissions. Net-zero target for own operations is anticipated to 2035. Subject to market environment and constraints
- d) Target covers a broad range of asset classes, both direct investments and funds, and includes bonds, corporate, government infrastructure debt-equity, and real estate. Subject to market environment and constraints. It is measured as 2025-2027 cumulated net new investments

Link with double materiality assessment

- Climate change: Climate change mitigation
- Climate change: Climate change adaptation



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

HIGH CONCERN

Confirmed from last year, perception increased

Potential risk impacts

Investment

- Negative impacts on highly emitting sectors and geographies highly exposed to physical damages (e.g., properties, plants and equipment vulnerable to climate damages)

Underwriting

- Rising physical damages to insured assets, with more frequent, severe and multi-hazard events
- Increased health risks and mortality across regions exposed to heatwaves and vector borne diseases
- Increased cost and reduced risk mitigation capacity for climate risks
- Strategic risks related to products offering in high-risk areas, generating affordability issues

Operations

- Litigation and reputational risks (i.e., climate disclosure, greenwashing)
- Risks to own people affected by climatic events as well as properties and operations (e.g., in case of business interruptions)

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations (and Levers):

- People Powered Excellence
- AI & Data Driven Excellence
- **Sustainability Rooted Excellence** (Green and just transition)

Main strategic actions



- Increase resilience to Nat-Cat via Group Climate Hub
- Grow SME business with comprehensive offering, including loss prevention platform
- Leverage AI to sophisticate underwriting capabilities, including Geospatial Intelligence developed jointly with MIT Laboratory for Information and Decision Systems
- Confirm commitment towards net-zero greenhouse gas emissions by 2050, with interim goals by 2030 of 30% carbon footprint reduction for insurance^a and 60% for investments^b and own operations^c
- Accelerate the development of innovative climate transition solutions and commit over €12 billion to climate-focused investments^d
- Support addressing Health and Pension gaps, also leveraging The Human Safety Net expertise to assist most vulnerable communities



GEOPOLITICAL INSTABILITY

GEOPOLITICAL INSTABILITY

A VULNERABLE WORLD

Geopolitical instability refers to the uncertainty and unpredictability in international relations and governance, driven by weakening global alliances, economic fragmentation, political polarization, and an increasing number of military conflicts. The global landscape appears **more fragmented** and **multipolar**, with traditional alliances being tested and multilateral cooperation under increasing pressure. Rising geopolitical tensions, geoeconomic fragmentation and state-based armed conflicts are increasingly interconnected with potentially significant implications for international trade, investment flows, and macroeconomic stability.

The Peace Research Institute Oslo (PRIO)¹⁵ ranked 2025 among the most violent years since the end of the Cold War, with 65 state-based conflicts recorded across 35 countries - the highest level since 1946 - and over 250,000 fatalities. The **spread of military conflicts** raises concerns on global escalations, involving major powers and with spreading terrorism, which in turn further deteriorates commercial relationships and international trade. A recent example is the conflict in the Middle East and the risk of broader regional escalation, with spillover effects at the European level. These include renewed oil price volatility, disruptions to maritime logistics linked to strategic chokepoints such as the Strait of Hormuz, and heightened terrorism risks.

In response to these escalating threats, global defence postures are rapidly adapting. NATO has reinforced its defence measures in Europe, while European Union (EU) Member States are reprioritizing their security strategies. Recent European strategic initiatives, aligned with long-term competitiveness and security goals, aim to mobilize up to €800 billion¹⁶ to enhance defence capabilities, secure critical supply chains, and strengthen long-term industrial resilience.

GEOPOLITICAL INSTABILITY

Goeconomic fragmentation, with global trade tensions threatening cross-border supply chains and technological divides, is becoming more pronounced among major economic powers. According to WEF estimates, it is already imposing an annual cost of between \$213 billion and \$307 billion on the global economy, reflecting its growing impact on trade, finance, and investment systems¹⁷. Beyond traditional trade disputes, geo-economic competition is increasingly evolving into a **systemic rivalry** centered on technological supremacy and control over critical resources. To secure these strategic assets, governments are progressively leveraging economic policies - such as through tariffs, sanctions, and export controls - for geopolitical purposes. As a result, global supply chains are undergoing a structural reorganization. Rather than prioritizing pure economic efficiency, trade and production networks are progressively realigning along political alignments. This shift toward regionalization carries profound implications, driving up operational costs and weighing heavily on long-term global growth.

In parallel, the geopolitical environment is increasingly characterized by **hybrid**¹⁸ threats, which may involve the use or combination of different instruments, such as information manipulation, cyberattacks and economic coercion, to undermine a strategic target (e.g., states or institutions). These activities typically take place in the so-called "grey zone"¹⁹ between peace and armed conflict.

Overall, geopolitical instability is generating broad and interconnected impacts, including **heightened market volatility, disruptions to global supply chains, and increased pressure on energy security**. These trends are contributing to rising **socio-economic tensions**. Persistent inflation, elevated cost of living, and labour market disruptions threaten to exacerbate inequality and lower consumer spending capacity, thereby fuelling social polarization and unrest. In addition, this environment generates profound **second-order effects**, including growing migration pressures and a structural re-allocation of public resources. The need for governments to increase public spending on defence and national security is placing added strain on public finances, with the risk of crowding out investment in long-term priorities, potentially limiting progress on the climate transition and other sustainable development goals.

For the insurance sector, geopolitical instability represents, according to the global consensus, a complex and evolving source of risk. Its implications vary significantly depending on geographic footprint and business lines, directly affecting underwriting conditions and claims patterns, as well as specialized coverages, including trade credit, supply chain, and cyber insurance. **Financial risks** are particularly relevant given the rise in growth uncertainty and persistent market volatility coupled with inflationary pressures. Impacts on assets in sectors heavily exposed to goeconomic fragmentation elevate credit and liquidity risks across insurers' investment portfolios.

Link with double materiality assessment



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

HIGH CONCERN

Confirmed from last year, perception increased

Potential risk impacts

Investment

- Increased goeconomic fragmentation and deterioration of global trade flows with adverse impacts on economic growth
- Increased market turmoil and financial market volatility
- Inflationary pressures stemming from market disruptions and supply chain constraints
- Increased credit risks for sectors/geographies affected by conflicts/trade restrictions

Underwriting

- Increased claims frequency and severity in regions affected by conflicts, terrorism, and civil unrest
- Reduced demand for products linked to mobility, e.g., in transportation business
- Widening insurance protection gaps due to social instability and reduced affordability due to inflation
- Insufficient adaptation of underwriting and policy terms to riskier geopolitical environment
- Increased cyber underwriting risks

Operations

- Employees and operations at risk in conflict-affected regions
- Elevated risks of financial crime/international sanctions
- Increased exposure to cyber and ICT-related disruptions
- Business interruptions resulting from supply chain bottlenecks

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations:

- People Powered Excellence
- AI & Data Driven Excellence
- Sustainability Rooted Excellence

Main strategic actions



- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Drive cyber insurance growth, focusing on evolved value propositions and advanced technical approach
- Integrated and comprehensive value proposition, including expanding offering for "red label" Unit Linked funds and leveraging on enhanced Asset Management capabilities
- Set up of Protection Underwriting Hub, Demographic Hub and Central Reinsurance Hub
- Continuous focus on optimizing Life portfolio with strengthened cooperation with Asset Management
- Consolidate Global Investment team to optimize strategic asset allocation leveraging on extended Asset Management capabilities



ARTIFICIAL INTELLIGENCE & OTHER TECHNOLOGIES

ARTIFICIAL INTELLIGENCE & OTHER TECHNOLOGIES

DIGITAL TRANSFORMATION

Artificial Intelligence & Other technologies has integrated Digitalisation and Artificial Intelligence (AI) & Automation risks, representing all emerging innovations across the technological landscape

Artificial Intelligence (AI) & Other technologies risks arise from the rapid development, adoption and potential misuse of advanced digital capabilities, including Generative AI models, agentic AI systems, and frontier technologies, such as quantum computing and the Internet of Things (IoT). While these technologies enable significant benefits – such as automating manual processes, accelerating content creation, and enhancing data-driven decision-making – their increasing complexity and the pace of their advancement and adoption introduce new and evolving vulnerabilities, including risks related to data quality, cybersecurity, and governance.

The widespread adoption of digital and advanced technologies is creating an increasingly interconnected risk landscape. As highlighted by the WEF²⁰, **AI-related risks** include large-scale misinformation and disinformation, increasingly enabled by Generative AI, more frequent and sophisticated cyber threats, changes in labour markets, and growing geopolitical and security risks linked to the use of AI in military applications. This evolving environment is further compounded by the rapid development of agentic AI, which extends beyond content generation capabilities of Generative AI to enable systems to autonomously plan, execute complex workflows, and make decisions with limited human intervention, thereby introducing additional layers of operational and governance complexity. This is also evident in the insurance industry, where agentic AI supports the improvement of pricing and underwriting models, the assessment of individual risks, and the optimisation of claims review processes and fraud detection. The primary drivers supporting the adoption of these systems encompass the enhancement of internal process efficiency, cost optimisation, and improved customer experience. At the same time, AI systems may amplify existing risks by increasing their scale, speed and complexity.

Beyond AI, the development of **other advanced technologies** such as quantum computing is expected to introduce significant systemic vulnerabilities. In particular, advances in quantum capabilities may undermine current cryptographic standards, potentially weakening the security of global digital infrastructures. This exposure is further compounded by the rapid expansion of IoT networks, which continues to enlarge the overall digital attack surface and to increase the interconnection of critical systems, with IoT devices expected to more than double from 19.8 billion in 2025 to more than 40.6 billion by 2034²¹. Taken together, these technological developments act

ARTIFICIAL INTELLIGENCE & OTHER TECHNOLOGIES

as key enablers of increasingly frequent and sophisticated **cyber threats**. These trends are placing increasing pressure on digital trust. Strengthening trust in the security, resilience and governance of digital ecosystems - across consumers, businesses and institutions - will therefore be critical to preserving systemic stability and supporting sustainable digital transformation.

From a **regulatory standpoint**, the swift evolution and adoption of technological solutions pose significant challenges, as governments must carefully balance the mitigation of emerging harms with the need to foster technological advancement and market competitiveness. To this end, comprehensive EU frameworks such as the AI Act establish robust governance for AI, while directives like the Digital Operational Resilience Act (DORA) mandate strict cybersecurity and operational continuity standards.

Operational resilience is increasingly challenged by the growing dependence on a limited number of cloud, AI and data providers, including a small number of large technology platforms, with outages or supply-chain vulnerabilities potentially disrupting critical operations and hindering service continuity. Furthermore, this concentration amplifies risks tied to **digital sovereignty**, as over-reliance on a few infrastructures challenges strategic autonomy and complicates the secure and localized control of critical data.

Addressing these challenges, as well as those more broadly associated with rapid technological advancement, requires sustained **upskilling** and **reskilling** efforts across sectors, including insurance. Furthermore, the **societal implications** of AI adoption must be carefully managed. These include risks of algorithmic bias leading to discriminatory outcomes, as well as the amplification of social polarization and the formation of information bubbles driven by AI-curated content and increasingly personalized digital ecosystems.

Alongside these human and societal impacts, the increasing use of digital technologies in everyday life and work raises significant **environmental concerns**, requiring continuous monitoring of associated risks. This ecological footprint is primarily driven by the resource consumption of large-scale computing infrastructures. In particular, the rapid development of generative AI - with its complex algorithms and high computational demands - exacerbates carbon emissions, water usage for data centre²² cooling, and the broader impacts linked to the expansion and maintenance of energy infrastructure²³.

Looking ahead, AI may contribute to changes in customer behaviours and expectations, which could, over time, influence how customers interact with insurers and distribution channels. At this stage, market signals remain limited and it is too early to draw firm conclusions on the extent of these impacts. Ongoing monitoring is key to evaluate whether these developments may become material over time.

For insurers, a range of **operational, legal, and reputational risks** may arise, along with **strategic risks** stemming from the insufficient leverage of big data opportunities in pricing, underwriting, and reserving. Additional risks relate to data quality, algorithmic bias, and an evolving wave of digital fraud. This includes multimodal fraud, such as audio deepfakes for social engineering and synthetic visual evidence used to exploit straight-through claims processing. Furthermore, the proliferation of synthetic identities is placing significant pressure on client identification processes (e.g., KYC - Know Your Customer). Other threats include model risk, cybersecurity breaches compromising sensitive policyholder information, and challenges linked to the integration of telematics and IoT devices. Finally, insurers must ensure compliance with evolving regulatory requirements while maintaining customer trust. From an investment perspective, these technological shifts could significantly impact insurers' asset portfolios, introducing a dual risk of market bubbles and technological obsolescence. Additionally, the environmental footprint of AI requires stringent ESG screening for alignment with sustainability targets. Integrating companies' cyber resilience and regulatory compliance into valuation models is also increasingly essential, while capturing emerging opportunities in green computing and sustainable energy.

Link with double materiality assessment

- Own workforce: Working conditions - Equal treatment and opportunities for all



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

HIGH CONCERN

Confirmed from last year

Potential risk impacts

Investment

- AI-driven market trends (e.g., obsolescent technologies, bubbles, emerging trends opportunities)

Underwriting

- Claims for cyberattacks and business interruption events
- Strategic risk of not developing new insurance solutions for emerging technologies and not adequately modelling related risks
- AI modelling complexities in underwriting (e.g., risks of AI algorithmic bias, digital frauds, deepfakes)

Operations

- High upskilling and reskilling needs to address the digital skills gap
- Increased operational disruptions driven by malicious attacks, IT system failures, connectivity issues, and loss of sensitive data
- Heightened dependency on third-party providers, with market concentration increasing
- Regulatory and compliance risks related to the use of data, AI-generated outputs and evolving regulations
- Reputational risks linked to AI adoption in workforce management, costs from energy-intensive technologies
- Strategic risk related to limited adoption of new technologies and misalignment with evolving underwriting practices
- Strategic risk related to timely integration of AI within business processes
- Increased lock-in risk due to the limited number of Cloud Service Providers, reinforcing the need for EU Data Sovereignty

Relevant Strategic Priorities and Foundations



Main strategic actions



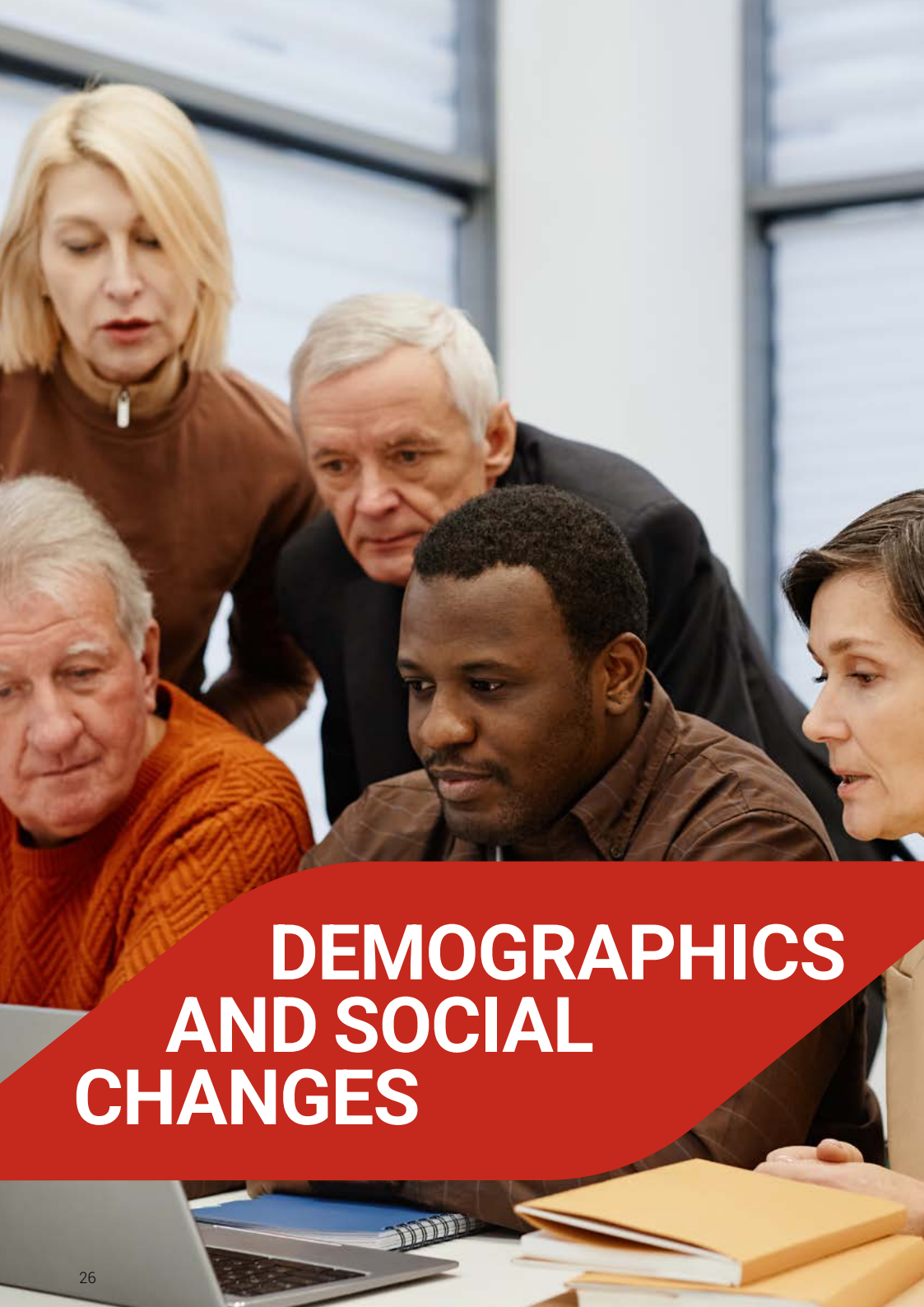
Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Seamless customer experience; Advisory driven network productivity)
- **Excellence in Core Capabilities** (Augmented technical proficiency; Accelerated business growth)
- **Excellence in Group Operating Model** (Distinctive Group capabilities; Group scalable services)

Strategic Foundations (and Levers):

- **People Powered Excellence** (Employer of choice thanks to a culture of excellence; Scale application across processes and businesses)
- **AI & Data Driven Excellence** (Scale application across processes and businesses)
- Sustainability Rooted Excellence

- Consistent customer experience across digital and physical channels
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Increase agent effectiveness and upskilling
- Enhance digital agency model to maximize client-facing time and commercial productivity
- Improve fraud detection leveraging AI capabilities
- Boost sales performance within current customer base and towards prospects
- Data-driven technical pricing & active portfolio management
- Group platforms for common IT solutions to support and manage technology evolution
- Apply AI to large data set anticipate trends in protection gaps
- Deploy Group AI & Data capabilities for fast and accurate processing
- Expand automation to ensure first-class claims management
- Common data platform and streamlined processes leveraging technology/AI
- Be a future-ready organization further embracing innovation and advanced technologies
- Strengthen Group governance to foster ethical and trustworthy use of AI & Data and digital technologies
- Develop new applications of emerging technologies, including (Gen)AI also through partnerships
- Enhance Group skills and spread AI & Data culture across the organization



DEMOGRAPHICS AND SOCIAL CHANGES

DEMOGRAPHICS AND SOCIAL CHANGES

YOUNG AT HEART IN AN AGEING WORLD

Demography, as a traditional actuarial science, examines changes in population volume and distribution. Dynamics as births, deaths, mobility and migration are recently evolving within an increasingly complex socio-economic and environmental context, giving rise to structural risks.

One of the most pressing structural shifts is **population ageing**, where “super-ageing” societies, defined as those where more than 20% of the population is aged 65 and above, are becoming predominant in many regions. As an example, more than one-fifth of the European Union population falls within this age group, with Italy remaining the oldest country, at approximately 24.7% in 2025^{24,25}. This trend reflects not only rising life expectancy but also persistently low fertility rates.

The emergence of ageing societies triggers many implications. On the one hand the so-called “silver economy” is expanding, driven by the consumption patterns of older individuals, who increasingly prioritize health, well-being and financial security. At the same time, demographic ageing exerts growing pressure on public finances, pension systems and healthcare services. Rising old-age dependency ratios imply a shrinking share of the working-age population, potentially constraining economic growth and productivity. In addition, the increasing prevalence of chronic non-communicable diseases among older populations is expected to drive higher **long-term care needs**, requiring structural adaptation of health and social systems²⁶. As people live longer, improving longevity literacy is becoming increasingly important, in terms of gaining a better understanding of the financial, health and care implications of extended lifespans.

Demographic change is also reshaping labour markets and social structures. Ageing populations contribute to **labour shortages**, particularly in care-related sectors, while

DEMOGRAPHICS AND SOCIAL CHANGES

younger generations demonstrate different behavioural patterns, characterised by greater digital adoption and a preference for flexible and sustainability-oriented solutions. These evolving expectations are transforming demand across industries, including insurance, and require tailored responses across age cohorts.

Beyond ageing, **migration dynamics** continue to play a critical role in shaping demographic profiles. According to the UN Refugee Agency, by the end of 2024 an estimated 123.2 million people worldwide were forcibly displaced due to persecution, conflict, violence, human rights violations and events seriously disturbing public order²⁷. Recent crises, including the conflicts in Ukraine, Sudan and the Middle East, have further intensified displacement flows, with significant implications for both origin and destination countries. In Europe, migration remains a key factor mitigating labour shortages while also posing integration and social cohesion challenges.

Climate change is increasingly recognised as a **structural driver** of demographic change and migration. Extreme weather events, environmental degradation and loss of livelihoods are contributing to both internal displacement and cross-border migration flows. In particular, climate-vulnerable regions characterised by environmental stress, economic fragility and political instability (e.g., Sub-Saharan Africa, parts of South Asia and Middle East) are experiencing growing climate-related mobility, often interacting with existing socio-political fragilities^{28, 29}. At the same time, climate-related risks, such as heatwaves, disproportionately affect older populations, increasing mortality and healthcare demand in ageing societies³⁰.

Periods of geopolitical instability and rapid societal change can exacerbate **social and political fragmentation**, posing risks to societal cohesion. These dynamics are further amplified by the spread of misinformation and disinformation, being respectively the unintentional and intentional diffusion of false information, which can influence public opinion, erode trust in institutions and hinder effective policy responses, particularly in areas such as public health and climate transition³¹. Societal polarisation may also be driven by widening inequalities, as well as unequal access to essential services such as healthcare, education and digital infrastructure.

For insurers, these interconnected trends translate into a complex and evolving risk landscape. Longevity drives the rising demand for **health and long-term care coverage**, challenging the financial sustainability of public protection systems. At the same time, insurers are increasingly required to develop **inclusive solutions** for vulnerable and underserved groups, including ageing populations and migrants. In this context, insurers might drive through innovative solutions that combine multiple coverages, with different purposes, and adapt over time to policyholders' evolving needs as they age, ensuring flexibility and accessibility over time³². Furthermore, the growing importance of digitalisation and sustainability is reshaping customer expectations, particularly among younger cohorts, requiring more flexible, technology-enabled and prevention-oriented insurance offerings.

Link with double materiality assessment

- Consumers and end-users: Demographic changes



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

HIGH CONCERN

Confirmed from last year

Potential risk impacts

Investment

- Investment solutions proposition best addressing different clients needs

Underwriting

- Extended longevity coupled with augmenting healthcare gaps and rising socio-economic disparities
- Inflation in health and long-term care costs, with ageing populations and increasing prevalence of chronic diseases requiring expensive treatment
- Strategic risks in offering tailored solutions for younger customers, particularly in digital, flexible and sustainability-oriented solutions
- Shortages in healthcare and long-term care infrastructures leading to higher claim costs
- Regulatory changes regarding pensions, healthcare and long-term care

Operations

- Employees reskilling and upskilling needs, mostly on new technologies
- Multigenerational teams management

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience; Advisory driven network productivity)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations (and Levers):

- **People Powered Excellence** (Employer of choice thanks to a culture of excellence)
- AI & Data Driven Excellence
- **Sustainability Rooted Excellence** (Societal resilience)

Main strategic actions



- "Self service when you want, support when you need" model
- Consistent customer experience across digital and physical channels
- Increase agent effectiveness and upskilling
- Enhance digital agency model to maximize client-facing time and commercial productivity
- Boost sales performance within current customer base and towards prospects
- Develop customized solutions for different target segments (i.e., ageing population, women, younger generations)
- Integrated and comprehensive value proposition, including expanding offering for "red label" Unit Linked funds and leveraging on enhanced Asset Management capabilities
- Enhance Group skills and spread AI & Data culture across the organization
- Complement product offering with relevant assistance/healthcare services
- Protection Hub: ensure technical profitability through automation
- Demographic Hub: scale distinctive capabilities to address rising protection gaps
- Health Services Factory: establish clear value proposition
- Support addressing Health and Pension gaps, also leveraging The Human Safety Net expertise to assist most vulnerable communities



PANDEMICS & ANTIMICROBIAL RESISTANCE

PANDEMICS & ANTIMICROBIAL RESISTANCE

WHEN MICROBES FIGHT BACK

Pandemics, defined as infectious diseases spreading across countries and continents, remain an increasing and evolving threat in today's interconnected world. The rapid transmission of pathogens is driven by global mobility, trade and urbanisation, as well as environmental pressures such as land-use change, biodiversity loss and climate change, which disrupt ecosystems and increase interactions between humans, animals and vectors. In this context, the **One Health** approach, integrating human, animal and environmental health, has become central to the management of emerging infectious risks³³.

The primary concerns relate to **zoonotic and vector-borne diseases**. Zoonotic diseases account for up to 75% of emerging infectious diseases³⁴, while vector-borne diseases cause over 700,000 deaths annually and represent more than 17% of all infectious diseases globally³⁵. Their relevance is increasing in Europe, where climate change is enabling the expansion of vectors such as Aedes mosquitoes into previously unaffected regions. Recent events - including the global Mpox outbreak (since 2022), recurring Ebola outbreaks and the resurgence of vaccine-preventable diseases such as measles in parts of Europe - highlight the growing frequency and complexity of infectious disease threats.

Pandemics have wide-ranging consequences beyond public health, affecting economic stability and social systems. The COVID-19 crisis placed significant pressure on healthcare systems, disrupting essential services and preventive care, including screening and immunisation programmes. It also triggered the most severe global recession in decades, with global GDP contracting by around 3-3.2% in 2020 and led to a decline in the Human Development Index for two consecutive years, the first such reversal in over three decades^{36, 37}. While recovery has progressed in many advanced economies, it remains uneven globally, with persistent inequalities in access to healthcare, vaccines and treatments.

PANDEMICS & ANTIMICROBIAL RESISTANCE

In parallel, **antimicrobial resistance (AMR)** is an escalating health and economic risk. The overuse and misuse of antimicrobials are driving the emergence of drug-resistant pathogens, reducing treatment effectiveness and increasing the burden on healthcare systems. WHO evidence indicates that antimicrobial resistance was directly responsible for over one million deaths in 2019 and associated with several million more; projections suggest that by 2050 it could cause around 1.9 million deaths per year and be associated with up to 8 million deaths annually^{38, 39}.

Strengthening preparedness and resilience is therefore essential. In May 2025, World Health Organization (WHO) Member States adopted the **Pandemic Agreement**, aimed at improving prevention, surveillance, and response capacities, as well as ensuring more equitable access to medical countermeasures⁴⁰. 2026 WHO Polaris II exercise as an example was a multi-country pandemic simulation involving over 600 experts from 26 countries in order to test coordination and readiness in case of a new pandemics⁴¹.

In this context, insurers play a key role in supporting risk management and resilience through improved modelling, innovative solutions and public-private cooperation, contributing to mitigating the socio-economic impacts of future health crises.

Link with double materiality assessment

- Biodiversity and ecosystems: Direct impact drivers of biodiversity loss - Impacts and dependencies on ecosystem services
- Consumers and end-users: Demographic changes



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Investment

- Market tension and volatility within a pandemic context

Underwriting

- Increased claims costs and severity driven by higher incidence of infectious diseases and antimicrobial resistance
- Augmenting morbidity and mortality trends
- Increased regional exposure to vector-borne diseases

Operations

- Workforce productivity and business continuity impacts due to short- and long-term health effects and operational constraints
- Regulatory and reputational risks related to preparedness frameworks

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations (and Levers):

- People Powered Excellence
- AI & Data Driven Excellence
- **Sustainability Rooted Excellence** (Societal resilience)

Main strategic actions



- Develop customized solutions for different target segments (i.e., ageing population, women, younger generations)
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Integrate new technologies, while preserving human touch for Protection, Health & Accident
- Complement product offering with relevant assistance/healthcare services
- Protection Hub: ensure technical profitability through automation
- Demographic Hub: scale distinctive capabilities to address rising protection gaps
- Health Services Factory: establish clear value proposition
- Support addressing Health and Pension gaps, also leveraging The Human Safety Net expertise to assist most vulnerable communities



AUTONOMOUS MACHINES AND NEW MOBILITY

AUTONOMOUS MACHINES AND NEW MOBILITY

ARE HUMANS STILL IN THE DRIVER'S SEAT?

Autonomous machines include a variety of cyber-physical systems capable of performing tasks with different degrees of independence, leveraging Artificial Intelligence, advanced sensors, and connectivity. These encompass a wide range of applications, from industrial and service robotics to vehicles and drones increasingly equipped with assistance systems or fully autonomous capabilities.

Automation is driving a structural **shift in the allocation of tasks between humans and machines**, with an increasing share of activities being performed by automated systems. While automation has long been established in routine and repetitive operations - such as manufacturing, mining, and agriculture - recent advancements in Artificial Intelligence are expanding its scope into complex, non-routine tasks that require perception, reasoning, and decision-making capabilities. A notable emerging trend is the spread of **humanoid robots** designed to operate in environments originally built for humans. As these systems mature and expand beyond industrial applications into service-oriented contexts - such as personal assistance, healthcare and logistics - they become subject to increasing regulatory scrutiny, particularly with regard to safety, reliability and human-machine interaction. These technologies represent the evolution of traditional automation into intelligent systems⁴² that not only execute predefined tasks but can also perceive their environment, process data and make autonomous decisions, enabling increasing levels of autonomy and adaptability. At the same time, the regulatory landscape is evolving rapidly. Under recent frameworks, such as the EU AI Act⁴³ and the revised Machinery Regulation⁴⁴, certain applications of autonomous systems may be classified as high-risk AI systems and, in some cases, may even be prohibited. As a result, their deployment requires compliance with enhanced standards for safety, cybersecurity, human oversight and accountability, reflecting the growing liability implications associated with autonomous decision-making.

While these systems offer significant efficiency gains, their increasing autonomy also

AUTONOMOUS MACHINES AND NEW MOBILITY

introduces **new operational, legal and ethical risks**. In particular, the growing reliance on software-driven decision-making and the interconnected nature of digital and physical systems increase exposure to failures, malfunctions and cyber vulnerabilities. Moreover, the development and deployment of advanced autonomous systems often require substantial investments and complex validation processes, reflecting the growing cost and sophistication of higher levels of automation. Managing these risks requires a skilled workforce capable of overseeing complex automated systems and ensuring their safe and reliable operation²⁰.

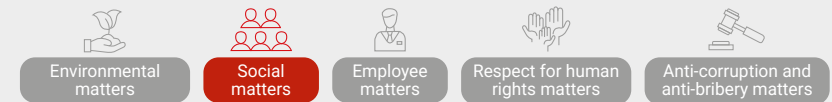
When looking more specifically at **automation in transportation**, the adoption of technology-enabled vehicles is accelerating with substantial value for drivers, the automotive industry and society, as well as road safety. Edge AI, the deployment of AI models directly on local devices, is widely recognized as a key enabler of autonomous mobility, as it allows vehicles to process safety-critical data instantly, enabling reliable operation even in low-connectivity environments. A notable example of this transformation is represented by robo-taxi services, i.e., fully autonomous vehicles operating without a human driver. According to McKinsey, more than 700,000 autonomous robo-taxi rides are delivered globally every week⁴⁵, indicating a transition from pilot projects to real-world deployment.

Simultaneously, the transition toward **electric vehicles** is reaching structural scale. According to the International Energy Agency, global electric car sales exceeded 20 million units in 2025 - accounting for around one-quarter of the market - and are projected to reach 23 million in 2026, representing nearly 30% of total sales⁴⁶. The European Union is a key driver of this trend, supported by increasingly stringent decarbonization policies, including tighter CO₂ emission standards for vehicles. However, this rapid expansion also exposes structural vulnerabilities in the global supply chain, particularly due to the high concentration of battery production and critical raw material processing in a limited number of countries. In response, major economies, including the European Union, are developing new trade frameworks and industrial policies aimed at securing critical raw materials and mitigating supply chain dependencies.

For insurers, the increasing adoption of autonomous machines and advanced automation technologies has two main implications. On the one hand, these systems are expected to contribute to a **gradual reduction in incident frequency**, particularly by mitigating risks associated with human error across a wide range of applications, including mobility and industrial operations. On the other hand, the main challenges relate to the **increase in average claims severity**, driven by the high replacement costs of embedded sensors and advanced electronic components, although wider market adoption may contribute to reducing some repair and replacement costs over time.

In parallel, as the primary causes of incidents could progressively shift from human error to technology- or algorithm-related failures, the insurance industry may face a structural transition from traditional risk models towards **more complex liability frameworks**, increasingly involving manufacturers, technology providers, and software developers. At the same time, the growing availability of real-time vehicle data and sensor diagnostics represents an opportunity. This information makes risk assessment and claims management more efficient, improves predictive capabilities, and enables more accurate reconstruction of events, supporting more rapid data-driven claims handling and underwriting.

Link with double materiality assessment



Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Investment

- Technology-driven market trends (e.g., bubbles)
- Risk of not capturing emerging investment opportunities

Underwriting

- Strategic risks deriving from the shift from B2C to B2B or B2B2C liability insurance, e.g., with autonomous mobility
- Increase in claims severity and repair costs
- Cyber risks for fleets, including software vulnerabilities

Operations

- Need for updated insurance loss detection and claims management
- Upskilling and reskilling needs to limit digital skills gap
- Regulatory risks linked to evolving regulations
- Ethical decision-making challenges in autonomous mobility systems, raising accountability and liability concerns
- Risk of data inconsistencies, incompleteness and bias due to limited human oversight in autonomous mobility systems

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Seamless customer experience; Advisory driven network productivity)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Group scalable services)

Strategic Foundations (and Levers):

- **People Powered Excellence** (Employer of choice thanks to a culture of excellence)
- AI & Data Driven Excellence
- Sustainability Rooted Excellence

Main strategic actions



- "Self service when you want, support when you need" model
- Consistent customer experience across digital and physical channels
- Increase agent effectiveness and upskilling
- Enhance digital agency model to maximize client-facing time and commercial productivity
- Boost sales performance within current customer base and towards prospects
- Establish a coordinated approach to B2B2C leveraging Redion
- Enhance Group skills and spread AI & Data culture across the organization
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Integrate new technologies, while preserving human touch for Protection, Health & Accident
- Grow Lifetime Partner proposition for families & professionals
- Grow SME business with comprehensive offering
- Mobility Services: leverage established platform

LIFESTYLE DEVELOPMENTS & MEDICAL ADVANCES



LIFESTYLE DEVELOPMENTS & MEDICAL ADVANCES

HEALTHIER, STRESSED OR ADDICTED

Lifestyle developments can be observed across a number of peoples' behaviours. Unhealthy behaviours remain a major driver of morbidity and mortality, including poor diets, excessive digital use, substance abuse, and physical inactivity. Nutrition-related risks are particularly significant: both **obesity and malnutrition** persist, with rising consumption of processed, energy-dense foods contributing to non-communicable diseases (NCDs) such as cardiovascular diseases, diabetes, cancer, and respiratory conditions.

The World Health Organization (WHO) reports that obesity prevalence has more than doubled among adults since 1990, while childhood and adolescent obesity is increasing rapidly⁴⁷. In Europe, younger populations are increasingly affected, leading to earlier onset of chronic diseases and higher long-term healthcare costs. At the same time, body image concerns, often amplified by social media exposure, are driving the off-label and, in some cases, unsupervised use of medications originally developed for diabetes but also effective for weight loss.

Physical inactivity is another key risk factor. Around 31% of adults globally (~1.8 billion people) did not meet recommended activity levels in 2022⁴⁸. This significantly raises the risk of chronic diseases and premature mortality. Among young people, inactivity is compounded by high screen time and digital engagement⁴⁹. In the WHO European Region, 11% of adolescents show problematic social media use, associated with addictive behaviours, sleep disruption, poorer mental health outcomes, and exposure to additional risks⁵⁰. These trends highlight the growing link between digitalisation and health challenges.

Substance use also remains a major concern. The European drug market is evolving with the introduction of potent synthetic opioids such as fentanyl derivatives and nitazenes, increasing the risk of harm and drug-related deaths⁵¹. Globally, the prevalence of drug

LIFESTYLE DEVELOPMENTS & MEDICAL ADVANCES

use has increased from 5.2% in 2013 to 6.0% in 2023, with synthetic substances posing particular challenges⁵². Despite this, access to treatment is limited, with only one in eleven individuals receiving appropriate care.

At the same time, there is a growing focus on wellness and healthy ageing, especially in Europe's ageing societies. Advances in medical technology are supporting prevention, early diagnosis, and personalised care. AI-enabled wearable devices allow real-time monitoring and continuous risk assessment, while innovations such as robotics and nanotechnology are improving treatment precision and effectiveness. In parallel, AI tools are also being used by individuals to support autonomous medical decisions, relying on symptom checkers and virtual assistants, possibly leading to misdiagnosis and inappropriate treatment choices. Therefore, while contributing to a more proactive healthcare model, these developments have implications for insurance risk assessment and product design.

However, emerging health risks remain poorly understood. Environmental exposures, particularly microplastics, are attracting increasing attention. These particles are present in air, water, and food, leading to human exposure through ingestion and inhalation. According to the WHO, current data are insufficient to fully assess health risks, with significant gaps in research⁵³. Efforts to improve measurement, such as the European Commission Joint Research Centre's release of a reference material for microplastics in 2025, aim to enhance consistency and comparability in analysis⁵⁴.

In this evolving context, insurers face growing challenges. The rising prevalence of lifestyle-related risks, alongside demographic changes and emerging threats, will influence morbidity and longevity patterns. At the same time, insurers can play a proactive role in promoting healthier behaviours, for example by encouraging physical activity, balanced diets, and reduced substance use. Insurance products will need to adapt to medical advances, increased availability of health data, and the emergence of new, complex risk factors linked to lifestyle and environmental change.

Link with double materiality assessment

- Consumers and end-users: Demographic changes



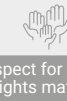
Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Underwriting

- Increasing healthcare and claims costs driven by rising chronic diseases, their earlier onset and multimorbidity
- Insufficient prevention-oriented insurance proposition promoting health, well-being and quality of life
- Inadequate adaptation of business models and product offering
- Inaccurate pricing due to evolving health and behavioural trends
- Increasing mental health-related claims linked to digital behaviours and lifestyle factors
- Emerging health exposures (e.g., microplastics and other pollutants)

Operations

- Work inability due to unhealthy conditions

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience; Advisory driven network productivity)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Group scalable services)

Strategic Foundations (and Levers):

- People Powered Excellence
- AI & Data Driven Excellence
- **Sustainability Rooted Excellence** (Societal resilience)

Main strategic actions



- "Self service when you want, support when you need" model
- Consistent customer experience across digital and physical channels
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Increase agent effectiveness and upskilling
- Enhance digital agency model to maximize client-facing time and commercial productivity
- Develop customized solutions for different target segments (i.e., ageing population, women, younger generations)
- Integrate new technologies, while preserving human touch for Protection, Health & Accident
- Region growth and expansion to reach and scale up its health services factory
- Complement product offering with relevant assistance/healthcare services
- Protection Hub: ensure technical profitability through automation
- Health Services Factory: establish clear value proposition
- Support addressing Health and Pension gaps, also leveraging The Human Safety Net expertise to assist most vulnerable communities



CHANGE IN HEALTHCARE

TO BE WELL OR NOT TO BE WELL

Changes in healthcare reflect the ongoing evolution of health systems, driven by medical advancements, digitalisation, new organisational models and policy developments, all adapting to shifting societal, demographic and environmental dynamics. Across Europe, systems are increasingly required to respond to interconnected structural pressures, e.g., population ageing, climate-related health risks and persistent workforce shortages.

A key challenge is the **combined impact of demographic ageing and climate change**. The population aged 65 and over in the European Union is projected to grow significantly, with the old-age dependency ratio, defined as the number of elderly individuals compared to the working-age population, expected to reach 59.1% by 2070, an increase of 23 percentage points compared to 2022, reflecting a shrinking of the latter⁶⁵. Concurrently, the share of people aged 80 and above (with the highest care needs) is increasing rapidly, with important implications for long-term care demand. Older populations are particularly vulnerable to extreme weather events, air pollution and infectious disease outbreaks, leading to more frequent and complex healthcare interventions.

Non-communicable diseases (NCDs), including cardiovascular diseases, cancer and diabetes, remain the **primary causes of mortality and morbidity** in Europe, accounting for most deaths and a substantial share of healthcare expenditure⁶⁶. Climate change further intensifies these pressures, contributing to a growing incidence of heat-related illnesses, respiratory conditions and vector-borne diseases. This trend is increasing demand for healthcare services while exacerbating strains on system capacity⁶⁷.

In particular, these dynamics are expected to drive significant increases in healthcare and long-term care costs, raising concerns about the financial sustainability of public systems. European Commission projections indicate that age-related public expenditure

CHANGE IN HEALTHCARE

CHANGE IN HEALTHCARE

in the EU, already a considerable share of GDP, will rise over the coming decades, largely due to healthcare and long-term care spending⁵⁵. Similarly, Organization for Economic Co-operation and Development (OECD) analyses highlight persistent cost pressures linked to population ageing, technological progress and rising service demand⁵⁸.

The delivery of adequate care is further constrained by structural workforce shortages. Europe faces a **persistent health workforce crisis** driven by ageing staff, challenging working conditions, with increasing cases of mental health issues, including burnout, and lack of skilled resources due to increasing cross-border mobility of professionals⁵⁸. In several EU countries, around one third of doctors are over 55, indicating significant replacement needs in the near future⁵⁸. These shortages are particularly pronounced in primary care and rural areas, contributing to widening access gaps.

Consequently, waiting times are increasing and access to essential services remains uneven. Eurostat data reveal persistent disparities in unmet medical needs due to unaffordable cost, distance and waiting times, highlighting inequalities in access to care⁵⁹. In countries such as Italy, shortages of family doctors and primary care services are associated with greater reliance on emergency services and private healthcare provision. This trend is linked to rising out-of-pocket expenditure and growing inequalities, particularly among vulnerable groups.

In this context, private sector involvement is becoming increasingly important in complementing public healthcare systems. Public-private partnerships (PPPs) are used to mobilise resources, modernise infrastructure and expand service delivery. While PPPs can address short-term investment gaps and improve efficiency, they also create long-term fiscal commitments and require robust governance to ensure cost-effectiveness and alignment with public health objectives⁵⁷.

Technological innovation, particularly Artificial Intelligence (AI) and digital health solutions, offers opportunities to alleviate system pressures. Across Europe, AI is applied in diagnostics, medical imaging, predictive modelling and administrative processes, improving efficiency and patient outcomes while reducing administrative burdens. However, adoption also raises challenges, including data privacy concerns, legal uncertainty and uneven digital maturity across countries.

Within this evolving landscape, insurers play a key role. Beyond providing coverage, they support prevention, improve access to care and contribute to integrated public-private solutions. Strengthening **health insurance penetration** is essential for effective risk pooling, particularly in ageing societies with a high prevalence of chronic diseases, helping to mitigate adverse selection and support long-term system sustainability.

Overall, addressing demographic change, workforce shortages and climate-related health risks will require coordinated policy action, sustained investment and innovation. The development of resilient, sustainable and inclusive systems will depend on effective governance, technological integration and stronger collaboration among stakeholders.

Link with double materiality assessment

- Consumers and end-users: Demographic changes



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Underwriting

- Increased costs, driven by ageing populations, rising chronic diseases and climate-related health impacts
- Inadequate adaptation of business models and product offerings
- Growing demand for private and complementary healthcare coverage
- Higher litigation exposure, e.g., related to medical malpractice, AI-assisted diagnostic errors, data privacy breaches, accountability in digital health solutions
- Widening health inequalities affecting portfolio risk profile and customer affordability

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations (and Levers):

- People Powered Excellence
- AI & Data Driven Excellence
- **Sustainability Rooted Excellence** (Societal resilience)

Main strategic actions



- "Self service when you want, support when you need" model
- Consistent customer experience across digital and physical channels
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Develop customized solutions for different target segments (i.e., ageing population, women, younger generations)
- Complement product offering with relevant assistance/healthcare services
- Protection Hub: ensure technical profitability through automation
- Health Services Factory: establish clear value proposition
- Support addressing Health and Pension gaps, also leveraging The Human Safety Net expertise to assist most vulnerable communities
- Redion growth and expansion to reach and scale up its health services factory



MENTAL HEALTH

MENTAL HEALTH

THE INVISIBLE ENEMY

Mental health is commonly defined as a state of well-being that enables individuals to cope with the stresses of life, realise their abilities, work productively and contribute to their communities. It is shaped by an interaction of biological, psychological and socio-environmental determinants, including living conditions, employment status and exposure to crises such as conflict or climate change⁶⁰.

Financial insecurity, precarious employment, social isolation and exposure to violence or disasters are key drivers of psychological distress. Climate change is particularly relevant, as it exacerbates existing vulnerabilities while generating direct psychological impacts, including "climate anxiety", characterised by fear, uncertainty and perceived loss associated with environmental degradation⁶¹. In Europe, where temperatures have risen at around twice the global average rate over recent decades, extreme weather events and environmental stressors are expected to further increase impacts on population well-being⁶².

Generational differences are significant. Adolescents and young adults are especially exposed, reflecting both developmental vulnerability and heightened exposure to digital environments and global uncertainty. Recent WHO estimates indicate that around one in seven individuals aged 10-19, both globally and across the WHO European Region, lives with a mental health condition, with prevalence increasing over recent years^{63, 64}. Digitalisation further amplifies risks: while online platforms provide connectivity, excessive or unregulated use has been associated with anxiety, depression and behavioural disorders. Concerns are also emerging regarding the role of algorithm-driven content and Artificial Intelligence in enhancing engagement patterns that may contribute to psychological strain or misinformation exposure.

MENTAL HEALTH

At a societal level, mental disorders represent a major and **growing public health challenge**. The CRO Forum Paper identifies mental health as a “hidden crisis”, with systemic implications for workforce productivity, operational resilience and business performance⁶⁵. More than one billion people worldwide are estimated to live with a mental health condition, making these disorders a leading cause of disability globally⁶⁶. Recent crises, including the COVID-19 pandemic, geopolitical instability and economic uncertainty, have further exacerbated this burden, with marked increases in depression and anxiety⁶⁷. Despite rising needs, public investment remains limited: mental health continues to account for only around 2% of health budgets globally, while significant gaps persist in workforce capacity, service accessibility and infrastructure⁶⁸.

The workplace constitutes a critical interface between mental health and economic performance. **Adverse working conditions** such as excessive workloads, job insecurity, discrimination and weak organisational culture, are recognised psychosocial risk factors, while supportive environments can act as protective factors. According to the WHO, depression and anxiety result in around 12 billion lost working days annually at global level, corresponding to approximately \$1 trillion in lost productivity⁶⁹. These figures underline the material implications of mental health for labour markets and economic systems.

From an insurance perspective, the increasing prevalence and complexity of mental health conditions have direct implications. Health insurers face rising claims frequency and severity, driven by higher diagnosis rates and longer treatment pathways. The multifactorial and often less observable nature of mental disorders complicates underwriting and claims management, particularly regarding risk assessment and standardisation. In life and disability business lines, mental health conditions represent a growing share of claims, often associated with longer and less predictable recovery periods.

In addition, insurers are exposed to operational risks linked to employee well-being, including absenteeism, presenteeism (where employees are physically at work but are not fully productive because of health issues) and reduced productivity. As mental health becomes more closely intertwined with broader systemic risks such as climate change, technological transformation and socio-economic instability, it is expected to remain a critical cross-cutting issue for the insurance sector, requiring integrated risk management approaches and enhanced prevention strategies.

Link with double materiality assessment

- Own workforce: Working conditions - Equal treatment and opportunities for all



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Underwriting

- Increased healthcare costs, complexity of assessing mental health conditions
- Increased disability and mortality claims related to work inability or early life termination
- Increased claims duration and uncertainty in recovery outcomes
- Strategic risk of not adapting the business models to mental health proposition and prevention services

Operations

- Work inability, absenteeism, presenteeism and reduced productivity
- Reputational risk related to handling of mental health claims

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Advisory driven network productivity)
- **Excellence in Core Capabilities** (Accelerated business growth; Augmented technical proficiency)
- **Excellence in Group Operating Model** (Distinctive Group capabilities)

Strategic Foundations (and Levers):

- **People Powered Excellence** (Scale application across processes and businesses; Employer of choice thanks to a culture of excellence)
- AI & Data Driven Excellence
- Sustainability Rooted Excellence

Main strategic actions



- “Self service when you want, support when you need” model
- Consistent customer experience across digital and physical channels
- Best-in-class service level in managing claims and urgent requests leveraging data & AI
- Develop customized solutions for different target segments (i.e., ageing population, women, younger generations)
- Complement product offering with relevant assistance/healthcare services
- Protection Hub: ensure technical profitability through automation
- Health Services Factory: establish clear value proposition
- Redion growth and expansion to reach and scale up its health services factory
- Leverage our distinctive human touch values by fostering a sustainable and inclusive culture that enhances our people's well-being
- Nurturing our balanced hybrid way of working grounded in trust that empowers People to effectively collaborate and perform at their best



CRITICAL INFRASTRUCTURES AND SUPPLY CHAIN FAILURES

CRITICAL INFRASTRUCTURES AND SUPPLY CHAIN FAILURES

NO SUPPLY, NO BUSINESS

Critical infrastructures and supply chain failures refer to the potential breakdown of essential physical and digital systems, such as communication networks, public utilities, energy grids, and transport infrastructure. Given their increasing interconnection, digitalisation and automation, and growing reliance on a limited number of critical third-party providers, a localized failure can trigger rapid, cascading disruptions across multiple sectors, with significant implications for economic and financial stability, business continuity, and public safety.

Recent examples of **critical infrastructure breakdown** include the nationwide blackout in Brazil in October 2025⁷⁰, where a fire at a single high-capacity substation reportedly triggered a cascading failure that disrupted power supply to critical sites, from airports to hospitals. Similarly, the major grid instability in the Iberian Peninsula in April 2025⁷¹ resulted in a massive power outage across Spain and Portugal. These incidents highlight how power outages can have wide-ranging implications, severely affecting healthcare facilities, communication networks, and transportation systems.

Critical infrastructure failures can arise due to **deterioration** and **obsolescence** or be triggered by **errors** or **external shocks**. Especially in times of geopolitical instability, essential services frequently become primary targets of both digital and physical attacks during conflicts, aimed at inflicting significant harm and maximising societal disruption. Even unintentional errors should not be underestimated, as they can rapidly propagate across highly interconnected digital infrastructures at a global scale, as illustrated by several events including the CrowdStrike update in 2024, which triggered a global IT outage affecting more than 8.5 million devices and disrupting operations across transport, healthcare, finance, and other essential sectors⁷².

In parallel, **environmental threats** are rapidly escalating: as highlighted by the WEF²⁰, critical infrastructure is becoming increasingly vulnerable to both **chronic climate risks** (e.g., sea-level rise) and extreme weather events (e.g., floods, storms, heatwaves), leading to a steady rise in operational disruptions and economic losses. Water scarcity, for instance, forced a one-third reduction in vessel transits through the Panama Canal in 2023-2024 and severely disrupted European industrial

CRITICAL INFRASTRUCTURES AND SUPPLY CHAIN FAILURES

logistics along the Rhine and Danube rivers in 2018, 2022, and 2025. In addition, prolonged periods of extreme temperatures can place energy grids under stress, increasing the likelihood of service disruptions and cascading failures. Although upfront costs for a climate-adaptive design may be higher, they can be offset by long-term savings in maintenance and insurance, therefore reducing risks and economic losses, as well as limiting business disruption. Given the scale and complexity of these intertwined threats, the WEF also emphasizes that building systemic resilience can be supported by fostering public-private partnerships (PPPs)²⁰, enabling the development of resilient public infrastructure through close collaboration and information-sharing between the public and private infrastructure providers.

Among critical infrastructure, the breakdown or interruption of logistics and transportation networks remains a primary concern, as it directly triggers systemic **supply chain failures**. A major driver contributing to supply risk continues to be the geographical concentration of critical raw materials. In the case of rare earth elements, China's tightening of export controls in 2025, most notably the introduction of expanded licensing requirements with potential extraterritorial implications in October 2025⁷³, and their subsequent temporary suspension until November 2026⁷⁴, have contributed to heightened uncertainty for global industries. While the suspension has paused the implementation of these measures, the underlying regulatory framework remains in place, preserving a structurally elevated risk profile for sectors dependent on Chinese-origin rare earths. In parallel to initiatives such as the 2023 Chips Act, the European Union is now implementing the Critical Raw Materials Act (CRMA). This framework aims to ensure that by 2030, no more than 65%⁷⁵ of the EU's strategic raw materials come from a single third country, while actively fostering domestic processing and recycling capacities to build a more resilient and autonomous supply chain.

Beyond raw materials, **maritime transit chokepoints** remain a critical vulnerability for international trade. The Strait of Hormuz, which accounts for approximately 25% of the world's seaborne oil trade and 20% of the liquefied natural gas (LNG) trade⁷⁶, has experienced a disruption following the military escalation in the Middle East. By March 2026, the effective closure of the corridor caused oil prices to surge by 50%, peaking at \$119 per barrel, and natural gas by 70%, imposing an estimated €13 billion in additional energy import costs⁷⁷. Transitioning from an acute shock to a chronic driver of market volatility, these disruptions are driving a structural realignment of global trade. Alongside these traditional transit routes, subsea communication cables - which handle the vast majority of global internet and financial data traffic - are emerging as equally critical physical chokepoints. Their growing exposure to accidental severing or deliberate geopolitical sabotage adds a significant layer of vulnerability to global digital supply chains.

For insurers, the main threats relate to the increase in **claims for Business Interruption (BI)**, as well as **credit risk** related to specific businesses at risk. Furthermore, the deep interconnectedness of modern global supply chains and digitalised infrastructures exposes insurers to significant accumulation risks and cascading effects across multiple lines of business, particularly property, marine, and cyber. Supply chain bottlenecks and material scarcities can also drive severe claims inflation, increasing repair costs and prolonging settlement times. On a broader scale, inflationary pressures and heightened financial market volatility can also be expected.

Link with double materiality assessment



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

ACTIVE CONCERN

Confirmed from last year

Potential risk impacts

Investment

- Financial market volatility, driven by macroeconomic shocks and widespread supply chain disruptions

Underwriting

- Increased claims for damages to infrastructure driven by geopolitical and climatic impacts
- Business interruption claims driven by supply chain failures and logistics chokepoints
- Higher risks for physical and digital infrastructure failures in lines of business such as engineering, marine and cyber
- Claims inflation with higher repair costs driven by supply chain bottlenecks and critical raw material scarcities

Operations

- Risk of internal operational disruptions and business continuity failures triggered by infrastructure breakdowns
- Risk of critical infrastructure failures due to geopolitical instability, localized tensions, and armed conflicts, affecting own facilities or essential third-party service providers (e.g., IT and cloud vendors)

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience)
- **Excellence in Core Capabilities** (Accelerated business growth)
- Excellence in Group Operating Model

Strategic Foundations:

- People Powered Excellence
- AI & Data Driven Excellence
- Sustainability Rooted Excellence

Main strategic actions



- Best-in-class service level in managing claims and urgent requests
- Grow SME business with comprehensive offering
- Optimized risk-bearing capacity in Strategic Asset Allocation (SAA) leveraging on robust ALM and capital position



BIODIVERSITY LOSS

BIODIVERSITY LOSS

SOS FROM LIFE FORMS

Biodiversity loss refers to the decline or disappearance of biological diversity at the genetic, species and ecosystem levels within a specific area, encompassing species extinction, population decline, habitat degradation, and ecosystem disruption. It is primarily driven by **human activities** such as land-use change and deforestation, pollution - including hazardous waste and plastic pollution -, overexploitation of natural resources, climate change and invasive alien species, resulting in the deterioration of ecosystem integrity and nature-related services essential to environmental, social and economic resilience.

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) highlights biodiversity decline as a **critical systemic risk** threatening the economy, financial stability, human wellbeing, and human rights⁷⁸. According to PwC, approximately 55% of global GDP - equivalent to around US\$58 trillion - is moderately or highly dependent on nature and ecosystem services⁷⁹.

Consequences of ecosystem degradation are not limited to the environment but can also have broad **socio-economic implications**. Most concerning are **water quality deterioration** and **water scarcity**. According to the United Nations World Water Development Report 2025, approximately 4 billion people - around half of the global population - experience severe water scarcity for at least part of the year⁸⁰. Moreover, harmful pollutants such as PFAS (per- and polyfluoroalkyl substances) persist in water bodies and ecosystems, posing significant risks to **human health** and the **environment**. In this context, the European Chemicals Agency is currently reviewing a proposal to restrict the use of PFAS across the EU. The restriction aims to prevent further environmental contamination and reduce human and environmental exposure to these highly persistent substances. From an economic perspective, biodiversity loss and ecosystem degradation can adversely affect sectors that depend directly on natural capital and ecosystem services, threatening local economies and supply chains. For example, marine ecosystem degradation not only alters fish populations, but also puts fisheries, tourism and coastal livelihoods at risk.

BIODIVERSITY LOSS

Biodiversity is also closely interconnected with **climate change**. On the one hand, ecosystem degradation reduces nature's capacity to regulate greenhouse gas emissions and weakens natural barriers against extreme weather events. The loss of forests, wetlands and marine ecosystems also undermines natural carbon sinks, further exacerbating climate change. On the other hand, climate-related impacts on ecosystems can alter species diversity and habitats, accelerating biodiversity loss and increasing ecosystem vulnerability. For example, the increasing absorption of carbon dioxide by oceans contributes to acidification, while rising ocean temperatures further exacerbate adverse effects on marine ecosystems, coral reefs and fish stocks.

To avoid reaching nature-related tipping points, governments, institutions and businesses worldwide are increasingly promoting initiatives aimed at supporting a nature-positive transition. At the global level, the Nature Relationship Index (NRI), set by the United Nations Development Programme (UNDP), emphasizes three key dimensions of a positive relationship between people and nature: ensuring that nature is thriving and accessible, using nature responsibly, and safeguarding ecosystems through effective protection and restoration efforts⁸¹. At the European level, progress has been made through the implementation of the **EU Biodiversity Strategy for 2030**⁸² and the adoption of the Nature Restoration Regulation. In February 2026, the European Commission published the **EU's 7th National Report on Biodiversity**⁸³, assessing progress towards the targets of the Kunming-Montreal Global Biodiversity Framework. While the report acknowledges improvements across several biodiversity targets, it also highlights the need for faster implementation and stronger efforts to achieve the EU's 2030 objectives, to protect Europe's food, water, economy and nature.

With maturing awareness of nature-related risks, litigation concerning biodiversity loss and ecosystem degradation is increasing against both private and public entities. As highlighted by the Network for Greening the Financial System (NGFS), legal risks increasingly involve litigation related to corporate and financial responsibility for nature degradation, as well as claims associated with greenwashing⁸⁴. In parallel, European supervisory authorities, including EIOPA, are increasingly emphasising the need for insurers and financial institutions to integrate nature-related risks.

For insurers, despite the complexity and uncertainty of biodiversity-related risks, the main challenges arise from underwriting activities (e.g.,) higher nature-related claims and from investment exposures to sectors vulnerable and/or impacting ecosystem degradation. A key limitation remains the "data gap", as the lack of granular and location-specific metrics complicates the accurate assessment and modelling of these risks, along with the complexity of biodiversity-related models. Additional implications include **litigation risks**, **reputational impacts**, and **transition risks** linked to evolving regulation, supervisory expectations and market practices. Furthermore, for life and health insurers, ecosystem degradation and biodiversity loss may pose long-term threats to human health through deteriorating environmental conditions, pollution and the spread of infectious diseases as well as by negatively impacting food availability. Collectively, these factors can exacerbate affordability concerns about insurance coverage, potentially widening the protection gap in highly exposed areas.

Link with double materiality assessment

- Biodiversity and ecosystems: Direct impact drivers of biodiversity loss - Impacts and dependencies on ecosystem services



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

INITIAL CONCERN

Confirmed from last year, perception increased

Potential risk impacts

Investment

- Negative impacts on sectors highly dependent on natural ecosystems
- Transition and reputational risks for investment in sectors negatively impacting biodiversity

Underwriting

- Increase in nature-related claims and liability exposures
- Peoples lives and health condition worsening due to pollution, infectious diseases and second order effects (e.g., on food systems)
- Negative impacts on sectors highly dependent on natural ecosystems
- Transition and reputational risks for underwriting in sectors negatively impacting biodiversity

Operations

- Reputational risks for greenwashing practices or missing biodiversity considerations in investment and underwriting
- Increased regulatory and disclosure requirements

Relevant Strategic Priorities and Foundations



Strategic Priorities:

- Excellence in Customer Relationship
- Excellence in Core Capabilities
- Excellence in Group Operating Model

Strategic Foundations:

- People Powered Excellence
- AI & Data Driven Excellence
- Sustainability Rooted Excellence

Main strategic actions





NEW MARKET PLAYERS FROM OTHER MARKETS

NEW MARKET PLAYERS FROM OTHER MARKETS

GUESS WHO'S COMING TO PLAY?

New market players from other markets refer to non-traditional competitors seeking to capture new opportunities in the insurance market by evolving established business models within an increasingly digital and data-driven ecosystem, leveraging advanced technologies to deliver integrated services and a more targeted, customer-centric approach.

Given the nature of its business, the insurance sector relies on critical actuarial and underwriting expertise, as well as on strong trust-based customer relationships. In an increasingly digital and data-driven environment, these capabilities are being complemented by advanced technological and analytical capabilities. In this context, insurers are expanding their **collaboration with technology players**, moving beyond traditional partnership models towards more **integrated ecosystem-based approaches**. Insurance solutions are increasingly embedded within third-party platforms - such as travel, mobility and e-commerce ecosystems - where coverage is offered seamlessly at the point of need, reflecting the growing relevance of embedded insurance as an important distribution model. At the same time, insurers are co-developing digital platforms and ecosystems with technology firms, integrating insurance products within broader value propositions. According to the Geneva Association, over 80% of insurers are already collaborating with technology partners to build such platforms, highlighting the strategic importance of ecosystem participation⁸⁵. Moreover, these ecosystems enable a shift from product-centric to **customer-centric models**, offering personalised, real-time and data-driven services across multiple touchpoints.

Against this backdrop, a key threat for the traditional insurance industry stems from tech giants, which can leverage their extensive access to customer data and direct customer relationships to integrate insurance solutions within broader service offerings. Additionally, technology-driven players, such as FinTech and InsurTech companies, may further intensify

NEW MARKET PLAYERS FROM OTHER MARKETS

competitive pressure by introducing innovative, data-driven business models enabled by advanced analytics and Artificial Intelligence.

For insurers, **strategic** and **operational challenges** arise from the need to adopt and implement innovative solutions, preserve direct customer relationships, and ensure a seamless customer experience, while addressing growing requirements in data privacy and security. In addition, the increasing reliance on advanced technologies, including Artificial Intelligence, raises operational complexity and requires the development of new capabilities to effectively manage the associated risks.

Link with double materiality assessment



Environmental matters



Social matters



Employee matters



Respect for human rights matters



Anti-corruption and anti-bribery matters

Assessment

INITIAL CONCERN

Confirmed from last year

Potential risk impacts

Investment

- Market trends related to new players, e.g., opportunities

Underwriting

- Strategic risk due to pressure from new market players competition

Operations

- Operational risks from new partnerships and their technologies adoption
- Lock-in risk due to high reliance on an IT partner for service delivery
- Business continuity risk driven by potential unavailability of services provided by a technology partner
- Risk of data breach and other cybersecurity incidents driven by inadequate adoption of security measures
- Evolving customer access and distribution models

Relevant Strategic Priorities and Foundations



Strategic Priorities (and Levers):

- **Excellence in Customer Relationship** (Global need-based value propositions; Seamless customer experience)
- **Excellence in Core Capabilities** (Accelerated business growth)
- Excellence in Group Operating Model

Strategic Foundations (and Levers):

- People Powered Excellence
- **AI & Data Driven Excellence** (Scale application across processes and businesses)
- Sustainability Rooted Excellence

Main strategic actions



- Consistent customer experience across digital and physical channels
- Develop new applications of emerging technologies, including (Gen)AI
- Increase agent effectiveness and upskilling
- Enhance digital agency model to maximize client-facing time and commercial productivity

GENERALI'S APPROACH TO EMERGING AND SUSTAINABILITY RISKS



WHAT WE DO AND WHY WE DO IT

1. Scanning of the external environment to identify and assess:
 - **emerging risks** that could significantly impact the Group over a longer time period
 - **sustainability risks** the Group is most exposed to, considering them in terms of both outside-in and inside-out perspective
2. **Raising awareness** on the evolving risks context and **sharing know-how** to grant preparedness to take actions if they should materialise



WHO IS INVOLVED

Generali has structured an integrated **Group risk identification process**, steered by the Group Risk Management Function, involving:

- **all Group Business Units**
- **main Group Business Functions**



HOW WE DO IT

All inputs from Group Business Units and Group Business Functions are gathered through a qualitative approach.

For each emerging risk:

- **a level of concern** - high, active, initial - is assigned, based on perceived vulnerability, in terms of expected impacts, and timeframe, in terms of time horizon in which they are most likely to materialise
- **main related sustainability factor** as of Del. Reg. (EU) 2021/1256 and the topics identified as significant through the materiality assessment are pointed out with the support of **Group Chief Sustainability Officer**
- **related strategic actions**, part of the Generali Group Strategy "Lifetime Partner 27: Driving Excellence", are identified for the emerging risks' management, with the support of **Group Strategy**
- relevant market studies, such as the **World Economic Forum** publications and the discussions held within the **CRO Forum - Emerging Risk Initiative**, are taken into account

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