

Italian insurers and ESG financial communication

Ria Grant Thornton group analysis and comparison with the
German market benchmark

In collaboration with Zielke Consult



Index

Sezione	Pagina
Introduction	03
Environmental results	05
Social results	08
Governance results	10
Ranking Italian companies	13
CSR Label Award	14
Methodology	16
Environment	17
Social	22
Governance	28
Comparison with the german benchmark and the investor's perspective	32
Zielke Research Consult and Grant Thornton, strategic partnership in ESG assessment	34
Legend	35

Introduction

What are the ESG impacts on the insurance sector? How are Italian insurance companies organizing themselves to face new regulatory changes? How do Italian insurance companies stand in the European context? Is there a delay in the Italian insurance sector compared to European competitors?

These are some of the questions that insurance sector experts have been asking in recent months, to which it is difficult to give an objective answer.

In order to search for answers to these questions, it has been identified a methodological approach focused on the financial analysts view and a possible benchmark thanks to an exclusive partnership with a German company specialized in the analysis of ESG financial communication in the insurance sector, **Zielke Research Consult GmbH**. The Italian insurance companies considered in this analysis include Intesa Sanpaolo Vita, UnipolSai, Generali Group, Reale Mutua, SACE, Mediolanum, Vittoria Assicurazioni, Credem Vita, and Poste Vita.

Building on the methodology adopted by Zielke Research Consult GmbH, has been conducted a comprehensive evaluation of the strategies adopted by Italian insurance companies in addressing climate change, their investments in sustainable technologies, and their adherence to international sustainability standards, based on the analysis of the Report, the Group report or the integrated report. There have also been analysed social initiatives, such as community engagement, employee welfare programs, and policies promoting diversity and inclusion. Furthermore, the analysis delves into governance structures, examining how these companies incorporate ethical practices and transparency in their operations. This comparative analysis not only benchmarks the Italian insurance sector against its German counterparts but also identifies key areas where Italian insurers can enhance their sustainability footprint. By doing so, it is aimed to foster a deeper understanding of the sector's progress and encourage a more sustainable future in the insurance industry

The report provides a detailed analysis of Italian insurance companies. It highlights how these companies are performing in various aspects of social responsibility and allows for a comparison among them.



Risultati relativi ai criteri ambientali

In the following table are presented the results of the Environment part of the Insurers for the year 2022.

Tabella 1: Punteggi relativi ai criteri ambientali per l'anno 2022

Rank	Insurer	2022
1	Intesa Sanpaolo Vita	4,04
2	UnipolSai	3,84
3	Generali Group	3,78
4	Reale Mutua	2,80
5	SACE	2,19
6	Mediolanum	1,25
7	Vittoria Assicurazioni	0,80
8	Credem Vita	0,66
9	Poste Vita	-0,24

The Environmental analysis is focused on the following 4 main areas:

1. Actions to reduce the CO2 emissions
2. Co2 emissions
3. ESG in the investment policy
4. ESG in the non-life insurance products

Actions to reduce the CO2 emissions

This section explores **the measures and strategies implemented by insurance companies to lower their carbon emissions**. It examines the specific approaches and tools adopted by insurers, including the utilization of renewable energy for electricity, cutting down on energy usage, reducing water consumption, and implementing digital sustainability initiatives. Additionally, the section aims to determine whether these measures are actively being practiced by the insurers or if they are merely making attractive disclosures without actual implementation of these strategies.

Taking into account the Insurers analyzed in the Italian sample, companies like UnipolSai, Intesa Sanpaolo Vita, Mediolanum, SACE disclosed detailed information about the concrete actions to reduce CO2 emissions as well as having consumed a high percentage of green electricity.

For instance, UnipolSai has constructed renewable energy facilities like photovoltaic panels, in addition, it has disclosed a precise number of the reduction of CO2 emissions, in addition in the year 2022, 55,3% of the energy used by UnipolSai came from renewable sources. In addition, when it comes to the consumption of green energy, Reale Mutua stood out, consuming 98% of electricity from renewable energy sources.

The CO2 emissions

This section is examined whether insurers have reported their **carbon emissions in alignment with the Greenhouse Gas Protocol (GHGP)**, which mandates companies to categorize their greenhouse gas emissions into three distinct scopes. Reporting Scope 1 and Scope 2 emissions is obligatory, while Scope 3 is optional and often more challenging to track.

Scope 1 emissions refer to direct emissions that occur from resources owned or controlled by a company. Simply put, these are emissions released directly into the atmosphere as a result of the company's own activities. The study of insurers, reported Scope 1 emissions primarily stemmed from their vehicle fleets and onsite heating.

Scope 2 emissions are those indirect emissions resulting from the consumption of energy purchased from a utility provider.

Scope 3 emissions, distinct from Scope 2, are also indirect emissions. They occur along a company's value chain and are related to the company's operations. These emissions are produced by sources not owned or controlled by the company and include activities such as business travel, leased assets, and bank lending exposures. The GHG Protocol categorizes Scope 3 emissions into 15 different groups, encompassing both upstream and downstream activities (like suppliers and distributors). Some of the Scope 3 emissions disclosed by Insurers include water consumption, paper consumption, business travel, employee travel, and waste generation.

When it comes to the Italian insurers analysis 9 out of 9 disclosed information regarding the scope 1 and 2 emissions and scored the maximum points in this part. However, regarding scope 3 emissions, Vittoria Assicurazioni, different from all the other Insurers, didn't show any information receiving a negative score.

Moreover, concerning the verification of the scope calculations, all of the Italian insurer's calculations follow the GHG Protocol, and in addition, were not found any verification made by an external body like an auditor hence why none of them received only 0,25 points in this part and not 0,5.

ESG considerations in the investment policy

In this area are treated the different ESG considerations insurers use in their investment policies. These are:

- **Best-in-Class:** an approach of sustainable investment where an insurer finds companies that are leaders in their sectors in terms of meeting environmental, social, and governance criteria and investing in them.
- **Sustainable or Thematic Investment:** investing in companies whose main activities contribute to solving social problems as well as investing in thematic funds that cater to a particular sector through the issuance of green bonds.
- **ESG Integration:** assessing for ESG criteria in the due diligence process before deciding on an investment.
- **Engagement & Voting:** influencing the implementation of ESG strategies of investee companies by engaging with them and participating in their meetings.
- **Exclusion:** excluding companies in the insurer's investment portfolio that are known to damage the environment and violate internationally recognised standards or conventions.
- **Impact Investing:** investing in companies that aim to generate a positive and measurable social and environmental impact with a financial return.

In the analysis conducted, it was noticed that the Generali group received the highest point in this part, followed by Intesa Sanpaolo Vita, UnipolSai, and Reale Mutua. However none of any of the above-mentioned information for Poste Vita, hence the reason why it got minus one points in this subcategory. It was noticed, that 8 out of 9 companies have taken significant measures regarding the exclusion of investments in carbon intensive industries, for instance UnipolSai is following this policy for new investments from the companies that obtain 30% or more of their earnings from coal mining activities or the generation of electricity from thermal coal or from the companies that obtain 30% or more of their earnings from activities connected to tar sands, shale oil and arctic drilling. Another example would be engagement and voting in which Generali disclosed an active ownership as it integrates sustainability considerations in the voting exercise.

ESG integration in the Non life insurance products

This section it is analysed whether the Insurers had integrated the ESG criteria in their non life insurance products. 7 out of 9 insurers obtained the maximum scores, except Mediolanum and Credem Vita which hadn't disclosed any information regarding this matter, indicating a non integration. However, the rest of the companies analysed had taken satisfactory steps forward.

For instance, Generali has policies for electric and hybrid vehicles covering specific environmental issues, anti-pollution policies covering urgent intervention costs, and policies supporting energy-optimized buildings with advisory services. Other companies, UnipolSai has an offer of insurance products and services to support customers in climate change mitigation and adaptation. About mitigation, these are, for example, products aimed at renewable energy production ("UnipolSai Energia" product); offers to facilitate renovation works, largely aimed at improving the energy efficiency of homes. Another example would be Vittoria Assicurazioni which provides renewable energy solutions that offer coverage for photovoltaic plants and solar plants (primarily used for heating water). The coverage includes damages caused by a variety of environmental disasters, indicating a clear understanding and incorporation of environmental factors into their product offerings. This section stands as a strong point of the Italian ESG analysis, as 7 out of 9 companies analysed have integrated the ESG criteria in their non-life insurance products.

Social Results

In the following table are shown the results of the Social part of the Insurers for the year 2022.

Table 2: Social scores for the year 2022

Rank	Insurer	2022
1	Poste Vita	4,75
2	Intesa Sanpaolo Vita	4
3	UnipolSai	3,75
4	Reale Mutua	3,75
5	Credem Vita	2,5
6	Mediolanum	2
7	Vittoria Assicurazioni	1,75
8	SACE	1,75
9	Generali Group	0,67

The social dimension is analysed with the following six criteria:

1. Proportion of women in management positions
2. Inclusion
3. Customer satisfaction survey with willingness to recommend (Net Promoter Score)
4. Childcare and Family Benefits
5. Health Management
6. Social initiatives

These criteria, which assess insurers on both internal and external fronts, are essential in establishing a positive reputation in the market. The issue of women empowerment, a central theme in many socio-economic discussions, has been embraced by the business community, emphasizing the importance of women in leadership roles. Furthermore, the broader concept of inclusion, particularly addressing the needs of physically handicapped individuals, is gaining increasing recognition. It's important to note that when selecting candidates for roles not requiring physical abilities, mental capability should be the primary focus, not physical attributes.

This is also a critical point that was noticed in the analysis as the proportion of women in management position still needed to be addressed more carefully as 7 out of 9 insurers analyzed lacked transparency in the disclosure of the information regarding the proportion of women in the 3rd and 4th level of management. In addition, UnipolSai, Reale Mutua, Intesa Sanpaolo, Poste Vita disclosed information about the percentage of the disabled employee's quota. Another point, to be kept more in focus regards the Social Initiatives as some Insurers like Intesa Sanpaolo Vita and Mediolanum received neutral points due to them not showing any information about the split of donations.

Employee well-being is crucial for a company's success. Aspects like childcare and family support play a significant role in determining employees' happiness, motivation, and job satisfaction. These factors ensure that employees feel valued and integral to the company. Additionally, the provision of health management is another key area taken into consideration.

Governance Results

In the following table, are illustrated the results of the governance criteria of Italian insurers sample for the year 2022.

Table 3: Governance scores for the year 2022

Rank	Insurer	2022
1	Generali Group	5
2	Mediolanum	5
3	Intesa Sanpaolo Vita	5
4	Reale Mutua	4
5	SACE	4
6	UnipolSai	4
7	Credem Vita	4
8	Vittoria Assicurazioni	2
9	Poste Vita	2

The analysis in the Governance part is focused on four main areas:

1. Anchoring the sustainability strategy
2. Availability of the sustainability report
3. Formulation of the sustainability strategy
4. SFCR Report valuation

All 9 of the Italian Insurers analyzed scored the maximum points of 1 in the availability of the sustainability report as it was easily found on the homepage of the company. When it comes to the formulation of the sustainability strategy, 6 out of 9 of the Insurers got the maximum points as they had precisely formulated the strategy with regard to different areas in the company such as risk management, investment, business strategy and others. In a different light, Poste Vita of the companies hadn't disclosed any information, and two of them, Vittoria Assicurazioni, and Reale Mutua got a neutral score as their strategy lacked transparency in some areas.

CSR Reporting Obligation

All listed companies and financial institutions with more than 500 employees are required to submit a report describing the company's commitment in the area of corporate social responsibility in accordance with the European CSR (NFRD) Directive since 2018. This includes reporting on environmental, employee, and social issues, respect for human rights and the fight against corruption.



Ranking Italian Companies

In the table below, is shown the ranking based on the overall points.

Table 4: Italian Insurers Ranking for the year 2022

Rank	Insurer	2022
1	Intesa Sanpaolo Vita	4,36
2	UnipolSai	3,87
3	Reale Mutua	3,52
4	Generali	3,15
5	Mediolanum	2,75
6	SACE	2,65
7	Poste Vita	2,17
8	Credem Vita	2,05
9	Vittoria Assicurazioni	1,52

Among the Insurers analyzed, Intesa Sanpaolo Vita stood out, achieving the highest overall scores having mainly integrated quite well the ESG criteria in their investment policy as well as in the non-life insurance products, but also achieving satisfactory results in the health management, inclusion, childcare, and family allowance and others and also having formulated the sustainability strategy on the details requested by the methodology and in addition, having defined the structure to whom the sustainability strategy falls upon precisely. Followed by UnipolSai, Reale Mutua, Generali and Mediolanum, who have achieved good results as well. For the rest of the insurers, it was noticed that sustainability matters are gaining an increasing importance.

CSR Label Award

In this part of the analysis, the analysed companies are divided based on their overall scores, which are calculated as a weighted sum of each one of the ESG components, which weigh equally of 33,33%. The award of a CSR label is given by Zielke Research Consult GmbH methodology and is based on the overall score of the respective insurer. A gold label is awarded for more than 3.9 points and a silver label for points in the range of 2.75 – 3.89. Furthermore, it is also awarded a bronze label for insurers who have obtained points in the range of 1.6 – 2.74.

The following list illustrates the insurers with their respective CSR labels awarded by Zielke Research Consult GmbH based on their overall scores.

● Intesa Sanpaolo Vita



● UnipolSai

● Reale Mutua

● Generali

● Mediolanum



● SACE

● Poste Vita

● Credem Vita

● Vittoria Assicurazioni





Methodology

This study examines sustainability in **three dimensions**: *environment, social affairs, and governance*.

The first two dimensions, environmental and social affairs, are assessed based on specific criteria from the CSR (Corporate Social Responsibility) report. The governance dimension, on the other hand, is evaluated through the analysis of the SFCR (Solvency and Financial Condition Report) reports. The key question underpinning the analysis is whether insurance companies are genuinely committed to social responsibility, or if they use these reports merely as a formality.

In **the environmental dimension**, it is explored the extent of an insurer's efforts to minimize its ecological footprint. This includes measures to calculate and reduce direct CO2 emissions and the integration of environmental and social criteria into their investment policies.

The **social dimension** reveals how the insurer assumes responsibility towards its various internal and external stakeholders. This includes the company's commitment to its employees, customers, and the broader society. The governance aspect focuses on the insurer's solvency and transparency in this area, highlighting the importance of long-term environmental considerations in their operational strategies.

Alongside the three pivotal areas of environment, social affairs, and governance, the study also records the number of employees in each insurance company. This data point is essential for creating a basis for comparison between insurers of varying sizes. Thus, it enables the analysis of companies with a workforce as small as fewer than 500 employees alongside those with up to 150,000 employees in certain respects.

The level of transparency and detail with which a company discloses its key figures significantly influences how precisely these figures can be collected and evaluated. This thorough approach ensures a comprehensive and fair assessment of each insurer's sustainability performance.

The following criteria result for the categories environment, social issues, and governance, which are shown in the table below and will be defined in more detail in the course of the study:

Table 5: Criteria in areas of Environment, Social and Governance

Environment	Social	Governance
1. Actions to reduce CO2: 1.1. Concrete actions to reduce CO2 1.2. Share of green electricity	1. Proportion of women in management	1. Sustainability Responsibility
	2. Inclusion	
2. CO2 emissions 2.1. GHG Protocol & Split Scope 1 2.2. Scope 1 2.3. Scope 2 2.4. Scope 3	3. Childcare and Family Benefits	2. Solvency II Report
	4. Health Management	
	5. Net Promoter Score	
3. ESG Investment Policy	6. Social Initiative per Employee	3. Findability of the Report
4. ESG integration in the non life insurance		4. Anchoring of the sustainability strategy

Environment

In the area of environment, the following criteria apply to the actions for CO2 reductions, their ecological footprint and the respective investment policy.

Table 6: Scoring - Environment

	Min Points	Max Points
Environment	- 4	5.25
Actions to Reduce CO2:	- 1	1.25
Concrete actions to reduce CO2	- 1	1
Share of green electricity	- 1	1
CO2 Emissions:	- 1	1
Scope 1/Split Scope 1	- 1	1
Scope 2 (Market/Location Based Value)	- 1	1
Scope 3 (Value + Carbon Intensity)	- 1	1
Verification	0	1
ESG in Investment Policy	- 1	2
ESG Considerations into Insurance Products Non-Life	- 1	1

Actions to reduce CO2 Emissions:

This criterion is made up of 50% each of the concrete actions and the green electricity proportion. A maximum of 1.25 points can be achieved.

Concrete actions

This criterion refers to the efforts taken by an insurer in order to reduce their CO2 emissions . All actions of the evaluation year are considered, which are then compared with the previous year and the results of other insurers.

Table 7: Scoring Concrete Actions

Point	Characteristics
- 1	No Information
0	Not concrete, small-scale actions to be implemented quickly
1	Concrete, timely, quantified or successive actions
1.25	Detailed and transparent presentation of all actions that are sufficient/convincing in comparison + (naming use/construction of one renewable energy facility e.g., photovoltaics, combined heat and power plant in the company)
1.5	Detailed and transparent presentation of all measures that are sufficient/convincing in comparison + (use/construction of 2 or more renewable energy facilities, e.g., photovoltaics, combined heat and power plant in the company)

Share of green electricity

Here, the share of renewable energies in the company's total electricity consumption is used as a key figure. This amounts to a percentage between 0% and 100%, which is taken from the report. All of the company's locations and properties are included. The points are based on the respective share of green electricity procurement stated in the report. Here it is possible to achieve a maximum score of 1 point, 50% of which is included in the total score for the CO2 reduction measures.

- If the proportion of green electricity is not reported, -1 point is awarded.
- If it is stated in the report that green electricity is purchased without specifying the figures, the insurer received 0 points.
- If the report states the share of green electricity purchased as a percentage, the company receives points in the amount of the reference value. (E.g., 50% green electricity = 0.50 points; 100% green electricity = 1 point.

Table 8: Scoring Green Electricity

Point	Characteristics
- 1	Not specified
0	Green electricity is purchased, but not documented with figures
0.01 - 1	Green electricity share in % is shown

CO2 Emissions:

This criterion consists of the criteria Scope 1 (+split), Scope 2 and Scope 3 (Scope 3 value + transparent information on the carbon intensity of the portfolio). Scope 3 is formed from the value and the criterion "transparent information on the carbon intensity of the portfolio". In addition, the split of scope 1 and the verification of the calculation method of the scopes based on the GHG Protocol are included here as additional points. A maximum score of 1 point can be achieved in total in the area of CO2 emissions.

- Verification of the calculation of the scopes is based on international standards:

As one of the internationally recognised standards, the Greenhouse Gas Protocol (GHG Protocol) provides orientation and assistance in the composition and calculation of direct and indirect emissions of companies. If an insurance company follows this or a similar standard, and the calculations have been verified by an external service provider, such as an auditor or an inspection body in the field of expertise, the company receives 0.5 points in this category. If a company calculates its CO2 emissions using a recognised calculation method (based on the GHG Protocol) and this is named without verification, the company receives 0.25 points in this category.

Table 9: Scoring Verification

Point	Characteristics
- 1	Not specified
0.25	Calculation method transparently presented based on the GHG Protocol
0.5	Verification by an auditor/certificate

Scope 1 + Split

This indicator refers to direct emissions (Scope 1) and calculates the absolute CO2 emissions of the company in tonnes. The calculation of Scope 1 is based on international standards, such as the Greenhouse Gas Protocol (GHG Protocol), and includes the following energy sources: natural gas, heating oil, diesel for emergency power, fuel for the company's own vehicle fleet and refrigerant losses.

Scope 1 is measured on a per-employee basis in tonnes. The insurance industry average per employee, on which the scoring is based, is taken from the previous year. With the help of this indicator, the CO2 emission value per employee is determined and the resulting average value is measured against the previous year's average value for the sector and weighted for the scoring.

It is also looked at whether the company is transparent about its direct CO2 emissions.

Split of Scope 1 is broken down into the following elements:

- Natural gas
- Heating oil
- Diesel for emergency generators
- Fuels for vehicle fleet (e.g., diesel, petrol, gas)
- Refrigerant losses

If the split takes place, the company receives an additional 0.5 points in this category.

The following table outlines the scoring for Scope 1 and the Split of the Scope 1:

Table 10: Assessment of Scope 1

Point	Characteristics
- 1	no scope 1 - value and no split scope 1
0	CO2 emissions Scope 1 per employee in tonnes is above average and no Split Scope 1
0.5	CO2 emissions Scope 1 per employee in tonnes is above average and Split scope 1
1	CO2 emissions Scope 1 per employee in tonnes is below average and no Split scope 1
1.5	CO2 emissions Scope 1 per employee in tonnes is below average and Split scope 1

Scope 2

This indicator refers to the indirect emissions of the company according to Scope 2. This includes the electricity and district heating purchased by the company. Also defined by international standards, this is specified in two reference values "market-based" and "location-based". If a company specifies one of the two methods including value, this is scored on the average (previous year's value). The preferred method is to report Scope 2 CO2 emissions according to the market-based method.

Table 11: Assessment of Scope 2

Point	Characteristics
- 1	Not specified
0	CO2 emissions scope 2 per employee in tonnes is above average
1	CO2 emissions scope 2 per employee in tonnes is below average

Scope 3 + Carbon Intensity

This indicator refers to the company's indirect emissions according to Scope 3. This includes emissions that occur outside the company (e.g., business travel (including rail, taxis, rental cars, aircraft), purchased services, paper, water, waste disposal, etc.)

A transparent presentation/statement of the carbon intensity of the portfolio in the sustainability report is awarded 0.5 points. If this information is not provided transparently and is too inaccurate, this is awarded 0.25 points. The disclosure of both criteria is assessed with a total of 1 point.

The following table illustrates the scoring for Scope 3 + Carbon Intensity

Table 12: Assessment of Scope 3 + carbon intensity

Point	Characteristics
- 1	Not specified
0.25	No Scope 3 value given and Carbon Intensity not sufficiently transparent
0.5	Scope 3 value specified / or carbon intensity precisely and transparently displayed
1	Scope 3 value given and carbon intensity shown precisely and transparently

ESG in Investment Policy

ESG in investment: In addition to the economic criteria, this indicator also refers to the integration of ecological and social criteria in the investment policy. In this area in particular, the further development and expansion of strategies are crucial. The more transparent and precise the investment policy and corresponding review processes is, the more points are awarded. Due to different weightings of the individual points, different maximum points are possible here. The following six criteria are assessed here:

- **Best in class:** Investments in the companies with the most sustainable performance.
- **Sustainability themed/Thematic investments:** Investments in companies whose activities contribute to solving social problems.
- **ESG integration:** Consideration of ESG indicators in asset analysis and for the assessment of investment decisions.
- **Engagement & Voting:** Direct participation in the ESG strategy of investee companies.
- **Exclusion:** Exclusion of companies that violate internationally recognised standards or conventions.
- **Impact Investing:** Investments made in companies to achieve measurable, beneficial social or environmental impacts.

Table 13: Assessment of ESG Investment Policy

	Min	Max
ESG Investment Policy	-1	$\frac{2}{\sum 6/3=2}$
Best in class	-1	0.5
Sustainability	-1	1
ESG Integration	-1	0.5
Exclusion	-1	0.5
Engagement & Voting	-1	0.5
Impact Investing	-1	2

ESG consideration into insurance non-life product

A transparent and precise description of the integration of sustainability in the non-life products receives the maximum score of 1 point.

The mere assertion that ESG is taken into account in product development or in products is awarded 0 points, and if no information on this can be found in the report, this is assessed with a -1 point.

Insurance companies that do not offer property insurance products receive 1 point in the evaluation to create a fair balance.

Tabella 14: Valutazione dell'integrazione ESG nei prodotti assicurativi danni

Point	Characteristics
- 1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Social

The social area can be measured by six criteria. These are assigned to various internal and external stakeholders. The company's own employees are expressed through the proportion of women in management positions, the topic of inclusion, work-life balance, and health management. Customers are considered through customer satisfaction analyses, while society is referred to through social initiatives.

Table 15: Assessment for Social

	Min	Max
Social	- 6	6.5
Proportion of women in management positions	- 1	1.5
Inclusion	- 1	1
Childcare and Family Benefits	- 1	1
Customer satisfaction survey with willingness to recommend (Net Promoter Score)	- 1	1
Health Management	- 1	1
Social Initiative	- 1	1

Proportion of women in management positions

This key figure relates to the issue of equality. The share of women in leading positions in the company is considered. Target quotas are not considered.

The focus is on the first four levels (executive board, supervisory board, 1st and 2nd management level). If three or four levels are indicated, the respective average of these is calculated. If only an overall quota of women in leading positions is given, this is not weighted against the average for the sector, but only given 0 points due to a lack of transparency. If this information is completely missing in the report, the company receives -1 points for its lack of transparency.

Table 16: Assessment for proportion of women in management positions:

Punti	Caratteristiche
- 1	Not specified
0	Specification of one or two values, e.g.: - Proportion of women in all management/leadership positions total - Proportion of women in only one or two levels
0.5	Specification of three levels, value below \emptyset
1	Specification of three levels, value above \emptyset
	Specification of four levels, value below \emptyset
1.5	Specification of four levels, value above \emptyset

Inclusion

This criterion focuses on the actual proportion employees with disabilities, measures to promote and support the affected and future employed as well as the age structure of the employee workforce. The quota of employees with disabilities 5% is the target of this benchmark, which is why insurers with a percentage below this quota receive 0 points. Proportions above the legal prescribed quota and below average are rewarded with 0.5 points whereas proportions above the average are assigned with 1 point. The points achieved here account for 50% of the total number of points for the inclusion.

Table 17: Assessment for the disabled employee's quota

	Points	Characteristics
Disabled Employee Quota	- 1	Not specified
	0	Rate below 5%
	0.5	Rate below 5% and below average
	1	Rate above 5% and above average

In addition, it is looked at the measures taken by the company on the topic of inclusion, what initiatives does the company pursue on this topic, are there contact persons, individual solutions such as support services for employees with disabilities, how are employees integrated into the day-to-day work life. This criterion is awarded 0.5 points and 50% of this score is included in the overall score for the inclusion criterion.

The representation of the age structure of the employees is asked as follows:

- < 30 Number or % measured against total workforce
- 30 - 50 Number or % measured against total workforce
- > 50 Number or % of total workforce

If this information is provided, the company receives 0.5 points, 50% of which are included in the overall score for the inclusion criterion.

Hence, the measures as well as the age structure are assigned scores based on the insurer's transparency.

Table 18: Assessment of Inclusion

Points	Characteristics
- 1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Childcare and family benefits

This indicator focuses on the compatibility of work and family. In terms of content, it is evaluated measures that make it easier for employees to combine work and life such as:

- The offer of flexible working hours
- Childcare options ranging from measures for emergency care and assistance on the subject of care to family allowances.

A maximum of 1 point can be achieved for this criterion, including the areas mentioned. Target formulations are not taken into account. Each sub-criterion accounts for 25% of the total score pertaining to childcare and family allowance. Each sub-criterion is evaluated as follows:

Table 19: Assessment of Child Care and Family Allowance

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Health management

The focus of this key figure is the active support of the physical activity of the employees and provisions of preventive measures (e.g., medical check-ups) by the employer as well as other provisions about health management such as e.g., addiction advice, offers for stress management, online (sports) courses, Seminars on health and much more. Are evaluated three areas: sports facilities, medical care and other health-related offers.

The overall value for the category is made up of the proportion of criteria that are met, of which 25% are included in the overall rating for health management. Therefore, a maximum of 1 point can be achieved in health management. Target formulations are not considered.

Each sub-criterion is evaluated as follows:

Table 20: Assessment of Health Management

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Customer satisfaction with willingness to recommend (Net Promoter Score)

In the past, it was used the NPS to analyze customer satisfaction with willingness to recommend. If the company published a value that reflected customer satisfaction, in which the willingness to recommend was also asked, the company received 1 point. If customer surveys were conducted but no figures were published, the company received zero points. If there was no information on customer satisfaction in the report, the company received -1 points. This criterion was ambiguous in the past and therefore this criterion is evaluated a little more deeply:

Is the customer satisfaction level measured?

Yes = 1; point No/No information = 0 points

v Is this applicable to different divisions in the company, such as claims processing?

Yes = 1; point No/No Information = 0 points

v Is the willingness to recommend asked?

Yes = 1; point; No/No Information = 0 points

v Are the level scores given sensible? (We exclude the information on grading systems here)

Yes = 1; point; No/No Information = 0 points

The total number of points for this category is made up of the proportion of criteria that are fulfilled, of which 25% are included in the total points of the customer satisfaction analysis with willingness to recommend thus, a maximum of 1 point.

Table 21: Assessment of Customer Satisfaction

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Social initiative

By specifying the donation amounts for social initiatives, companies can quantify their social commitment to society. Due to the frequent indication of an overall value in the area of social commitment, which includes donations as well as sponsoring and other contributions, no further differentiation was made in the past. To ensure comparability, the amount was divided by the number of employees and compared with the previous year's average per employee. If no amounts were published, the company received -1 point, if the amount was below the previous year's average, the company received 0.5 points, and if this was above the previous year's average, the company received 1 point.

This criterion is expanded by two further sub-criteria. In addition to the company's published donation amount, it is also evaluated a detailed overview of the donation amounts, which sums were invested in which social projects (excluding foundations, sponsorship for football clubs, party donations → (the market equivalence value should also be shown here, if this is available this would then be added)). Anyone who does not publish a split of the donation amounts does not receive an additional point, as there is no correct assignment and comparability. If the amounts are split, the company receives an additional point. Furthermore, it is evaluated the transparency and detailed presentation of the activities. If no information is published here, no additional points can be achieved here; 1 point is awarded for transparent information.

The total score consists of:

- The donation amount in € measured against the average of the previous year per employee
- Split display of all donations amounts in €
- Description of the social commitment

Each of these account for 33.33% of the overall score for the social initiative.

Table 22: Assessment of Social Initiative

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information



Governance

Governance is evaluated by the following four criterion:

Table 23: Assessment of Governance

	Min	Max
Governance	- 4	4
Sustainability Responsibility	- 1	1
Solvency II Report	- 1	1
Findability of the Sustainability Report	- 1	1
Formulation of a Sustainability Strategy	- 1	1

Sustainability strategy

This criterion measures the extent to which the topic of sustainability is already anchored in the company, its structures, and strategies. Thus, the reference to the board of directors as the sole persons responsible for the topic as well as the mere naming of a sustainability officer without further explanations as to how they are anchored is rated with a zero. If they and/or an ESG board, a sustainability department or a responsible permanent team is responsible, and the processes, responsibilities and tasks are clearly described, the company receives 1 point.

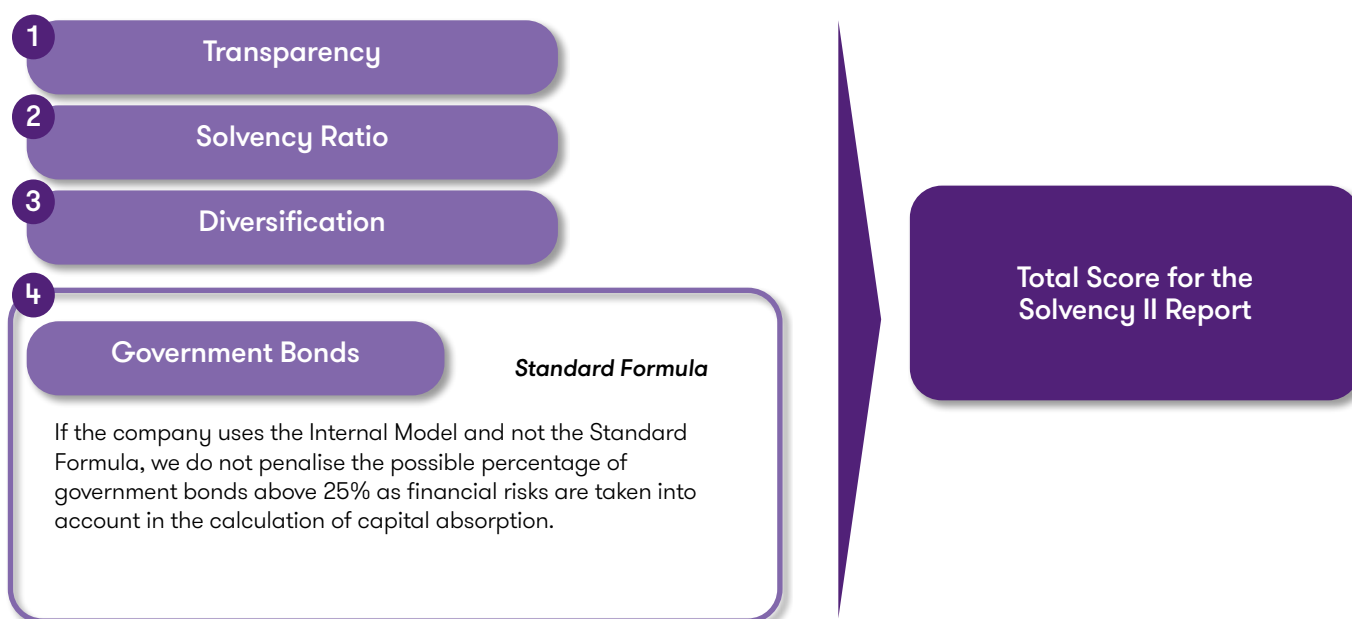
Table 24: Assessment of Sustainability Strategy

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Solvency II report:

Solvency II report: The economic indicator is determined by various aspects of the SFCR report. Transparency, the pure solvency ratio, the level of diversification and the government bond ratio are important here. The government bonds are taken into account whenever companies use the Standard formula, whenever they used the Internal Model, we gave them one point due to the fact that we do not penalise the possible percentage of government bonds above 25% as financial risks are taken into account in the calculation of capital absorption.

Figure 1: Components included in the calculation of the Solvency II Report score



This ensures a high degree of transparency, an optimal pure solvency ratio and a high diversification and a low government bond ratio. These four factors are included in the ratio as follows:

Table 25: Assessment for Solvency II Report

Punti	Caratteristiche
Transparency	-1: <3; 0: 3-6; +1:7-12; +2: >12
Solvency Ratio	+2:125% - 350%; +1:>350%; -2: <125%
Diversification	+1:<25%, otherwise 0
Government Bond Ratio	+1:<25%, otherwise 0

Findability of the sustainability report

Transparent reporting includes easy availability of the sustainability report. If an insurer's report is easy to find (direct reference on the homepage or simple search engine search), the insurer receives 1 point. If, on the other hand, the interested party must click through various pages and sections or search outside the insurance company's homepage, the report is considered difficult to find and the insurer receives -1 point.

Table 26: Assessment of Findability of Sustainability Report

Points	Characteristics
-1	Difficult to find
1	Easy to find

Formulation of a sustainability strategy

As a sustainability strategy, are included the methods and instruments for the strategic implementation of sustainable development in the following areas:

- Business-strategy
- Risk Management
- Investment
- Employees
- Customers
- Suppliers
- Social commitment

If the sustainability strategy is precisely formulated in the report and established in the different areas of the company, the company receives 1 point. If there is a lack of transparency and areas in the description, the company receives 0 points. If it is not possible to read any information on this in the report, it is given a score of -1.

Table 27: Assessment of Sustainability Strategy

Points	Characteristics
-1	Not specified
0	Information is not sufficiently transparent
1	Detailed and transparent information

Calculation of the overall score

The allocation of points in the individual categories has already been discussed in detail.

The total number of points awarded to each insurer, on which the ranking is based, ultimately consists of one third each from the fields of environment, social issues and governance. For the environment, the minimum score is -4 and the maximum +5,25 points, while the minimum score for social affairs is -6 and the maximum +6.5 points. Governance is rated with a minimum of -3 and a maximum of +5. The following section calculates how the minimum and maximum total score is achieved in each case:

Minimum:

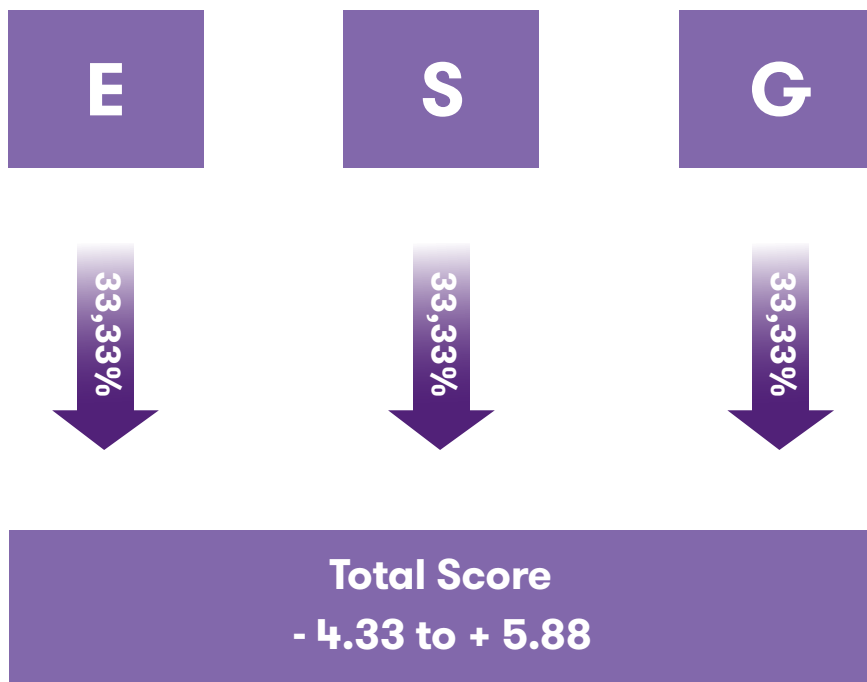
$$\begin{aligned} &(-4 \cdot 33.33\%) + (-6 \cdot 33.33\%) \\ &+ (-3 \cdot 33.33\%) = -4.33 \end{aligned}$$

Maximum:

$$\begin{aligned} &(5.25 \cdot 33.33\%) + (6.5 \cdot 33.33\%) \\ &+ (5 \cdot 33.33\%) = +5.58 \end{aligned}$$

Insurers can therefore receive between -4.33 and +5.58 points in the overall assessment. The process leading to this overall rating is summarized in the following figure:

Figure 2: Overall points calculation



Comparison with the German benchmark and the investor's perspective

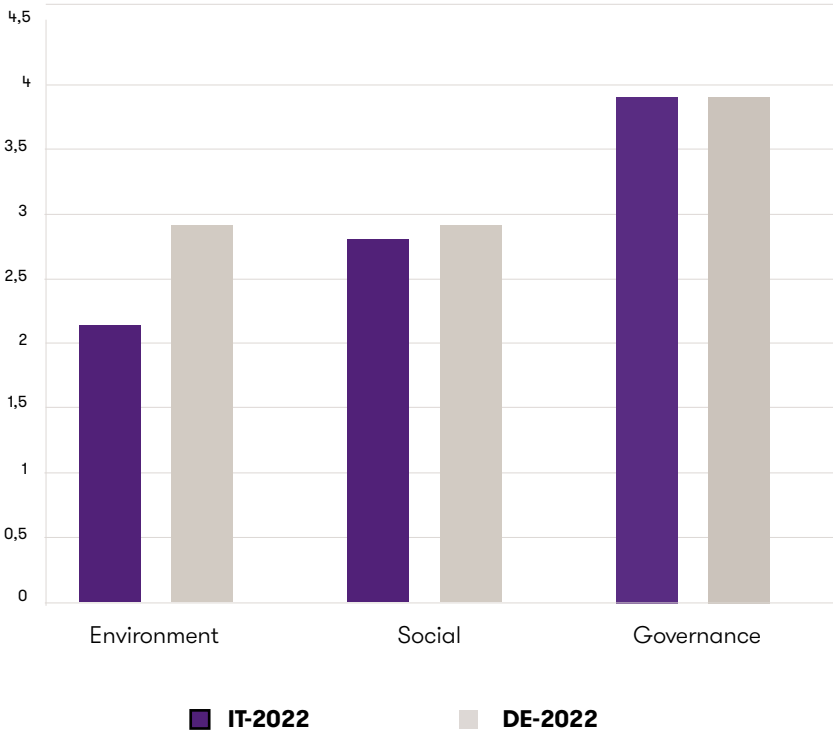
Following the application of the Zielke Consult methodology in the development of the Italian benchmark for the insurance sector, the average results for the examined sample were calculated as:

- a) 2.1 for the Environment,
- b) 2.8 for Social, and
- c) 3.8 for Governance.

These data were subsequently compared with the average scores of the German counterparts, consisting of a sample of 48 groups/companies evaluated by Zielke Consult using the same methodology, amounting to

- a) 2.8 for the Environment,
- b) 2.9 for Social, and
- c) 3.8 for Governance.

Figure 3: Average scores comparison

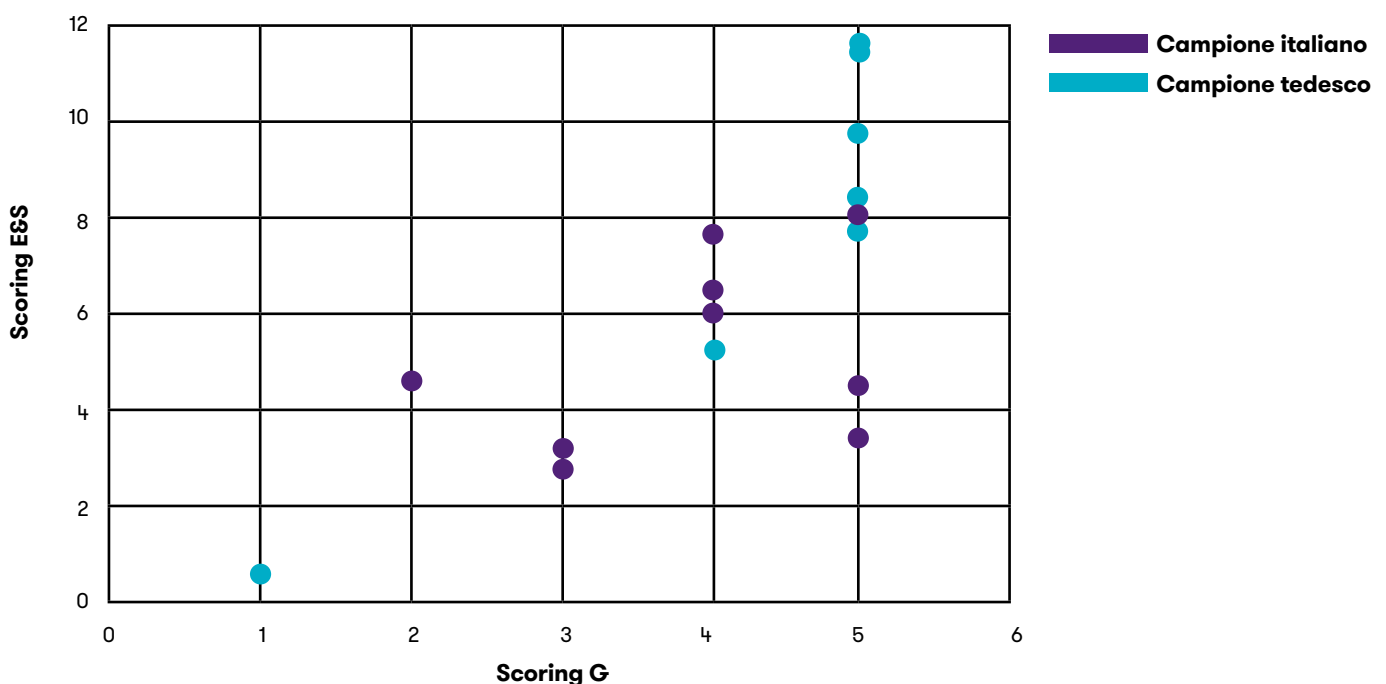


The companies taken into consideration from Zielke Consult are the following: AXA, Zurich Insurance Group, Gothaer, Baloise, Helvetia, HanseMerkur, Debeka, Prisma Life, Munich Re, Talanx Gruppe, Konzern Versicherungskammer, SIGNAL IDUNA, Die Bayerische, Swiss Life Gruppe, SV SparkassenVersicherung, Sparkassen Versicherung Sachsen, Wüstenrot & Württembergische (WW AG), Allianz Group, ALTE LEIPZIGER - Hallesche (LV), VOLKSWOHL BUND, Uniq Insurance Group, Vereinigte Postversicherung (VPV), Ergo (DE), LVM Versicherung, Barmenia, Vienna Insurance Group (VIG), Provinzial Holding AG, Condor, Versicherungsgruppe Hannover (VGH), Generali Group, DEVK, R+V Versicherung, uniVersa, Vereinigte Hannoversche Versicherung Gruppe (VHV), Mecklenburgische Versicherungsgruppe, INTER Versicherungsgruppe, Itzehoer Versicherung, ARAG, Öffentliche Versicherung Braunschweig, Stuttgarter Lebensversicherung, NÜRNBERGER, Concordia, Münchener Verein, Continentale Versicherungsbund, Süddeutsche Krankenversicherung Gruppe (SDK), WWK Versicherungsgruppe, HUK-COBURG, Versicherer im Raum der Kirchen (VRK), RheinLand Versicherung, Württembergische Gemeinde Versicherung Konzern (WGV).

Comparative results between the major groups in the two geographic areas reveal better outcomes for German companies, especially in the environmental sphere. This distinction is primarily due to German insurers' more substantial investment in sustainable solutions such as solar panels and photovoltaic systems. Moreover, it was found that the majority of the German counterparts provided detailed descriptions of the initiatives undertaken to reduce CO2 emissions, significantly contributing to the improvement of their total environmental scores. In the social sector, German insurers showed slightly better performance than their Italian counterparts. However, in both the Italian and German samples, the need to focus more on inclusion was highlighted, especially regarding the proportion of employees with disabilities and the proportion of women in leadership positions. Regarding Governance, both samples demonstrated solid Solvency II Ratios, reflecting good transparency and contributing to an increase in overall scores in the Solvency II report evaluation. In conclusion, the Italian insurance sector, while not reaching the excellence levels of the leading German insurance companies, shows that it has begun the process of attention and disclosure in ESG themes.

In addition, particular attention has been paid to the evaluation of Governance by investors, given that it considers the quality and reliability of the information provided by the management, and that it plays a fundamental role in the priorities of investment choices. A high standard of governance indeed contributes to increasing trust in the information disclosed by the company and in its ability to achieve its set objectives. Therefore, a company that demonstrates solid governance performance generally tends to receive more positive assessments also in areas related to environmental and social sustainability.

The German sample used for the construction of this graph includes: Allianz Group, Munich Re, Talanx Group, R+V Konzern, Debeka, Generali Group, AXA, Huk-Coburg, Zurich Insurance Group.



Zielke Research Consult and Grant Thornton strategic partnership in ESG assessment

Grant Thornton Financial Due Diligence S.R.L., a consultancy company based in Milan, Italy, and Zielke Research Consult GmbH, a research consultant company located in Aachen, Germany, have established a partnership agreement. This collaboration aims to leverage each company's strengths to enhance their service offerings in their respective home countries.

As Grant Thornton, with a team of more than 400 professionals, we are positioned to serve clients with a comprehensive understanding of their needs. The company is committed to delivering a high level of technical knowledge in its services. These services include Financial Due Diligence, GAAP Transition and Assistance, Vendor Assistance/Due Diligence, IFRS 17 / 9 and Insurance valuation, Insurance Risk Management, Solvency II, and Bancassurance advisory. Integrity, collaboration, and strong teamwork, especially from an international perspective, are core values that drive the company's success.

Zielke Research Consult, founded in 2013, specializes in ESG and financial analysis. The firm supports financial market participants such as insurance companies, banks, and asset management companies in navigating the changing regulatory environment in areas of CSR and financial reporting. Their team, knowledgeable in the latest developments in financial and sustainability accounting in Europe and worldwide, provides tailored and needs-based advice. Zielke Research Consult's expertise enables them to qualify the sustainability legitimacy of financial products according to the Sustainable Finance Disclosure Requirement (SFDR).

In this partnership, Grant Thornton will utilize Zielke Research Consult's methodology for producing ESG assessments on published Corporate Social Responsibility Reports (CSR) and sustainable finance products. This methodology, successfully applied to German and selected European insurers over the past six years, has achieved more than 50% market share in Germany. Grant Thornton plans to implement this approach in the Italian market, with support from Zielke Research Consult. This exchange of expertise and services between the two firms is expected to create new opportunities and expand their market presence in Italy and Germany.

Article worked by:

Luca D'Onofrio - Partner Insurance Grant Thornton FDD, gruppo Ria Grant Thornton, socio AIAF

Ariela Sulcaj - Consultant Grant Thornton FDD, gruppo Ria Grant Thornton

In collaboration with Zielke Consult - <https://www.zielke-rc.eu/>

Legend

CSR: Corporate Social Responsibility

ESG: Environmental, Social, and Governance

CSRD: Corporate Social Responsibility Directive

GHGP: Greenhouse Gas Protocol

NPS: Net Promoter Score

SFCR: Solvency and Financial Condition Report

NFRD: Non-Financial Reporting Directive

Contact

info@ria.it.gt.com



ria-grantthornton.it

©2024 Ria Grant Thornton SpA. All rights reserved.

Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. 'GTIL' refers to Grant Thornton International Ltd (GTIL).

Ria Grant Thornton SpA is a member firm of Grant Thornton International Ltd (GTIL). GTIL and each member firm of GTIL is a separate legal entity. GTIL is a non-practicing, international umbrella entity organised as a private company limited by guarantee incorporated in England and Wales. GTIL does not deliver services in its own name or at all. Services are delivered by the member firms.

GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. The name 'Grant Thornton', the Grant Thornton logo, including the Mobius symbol/device, and 'Instinct for Growth' are trademarks of GTIL. All copyright is owned by GTIL, including the copyright in the Grant Thornton logo; all rights are reserved.