

Italian insurers and ESG financial communication

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

In collaboration with Zielke Consult



Introduction

What are the ESG impacts on the insurance sector? How are Italian insurance companies organizing to face regulatory changes? How do Italian insurance companies present themselves in the European context? Is the Italian insurance sector falling behind its European competitors?

These are some of the questions that insurance sector experts have been asking in recent months, and to which it is difficult to provide an objective answer. Our insurance team of RIA Grant Thornton Italy shares this curiosity, and to find an answer to these questions, we have identified a methodological approach and a possible benchmark through an exclusive partnership with a German company specialized in the analysis of ESG financial communication in the insurance sector, **Zielke Consult**.

Given Zielke Consult's years of experience in analyzing and measuring **ESG KPIs** in the **insurance sector**, we decided to apply the same methodology to Italian insurance groups, allowing us to evaluate and classify the ESG performance of a sample of Italian insurance companies.

The analyzed sample includes the following Italian insurance groups/companies: UnipolSai, Generali, Vittoria Assicurazioni, SACE, Reale Mutua, Intesa Sanpaolo Vita, Poste Vita, Mediolanum, and Credem Vita. To conduct a thorough analysis, both sustainability reports and SFCR reports of each of these entities were taken as the subject of analysis.



Methodology

The first part concerns the environmental score, for which companies are evaluated based on their concrete actions aimed at reducing emissions, the proportion of green electricity used, and their total CO2 emissions, divided into Scope 1, Scope 2, and Scope 3. The integration of ESG considerations within investment policies is observed next, and finally, the integration of ESG principles into non-life insurance products is taken into consideration as well.

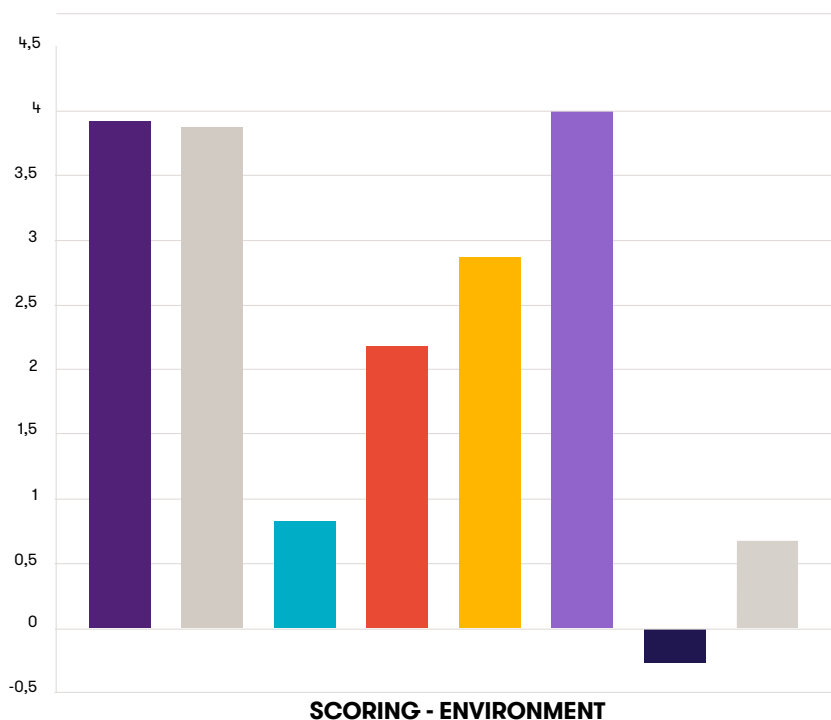
Results

Environmental dimension score

It has been found that, as far as **initiatives to reduce CO2 emissions** are concerned, most of the companies in the sample considered have demonstrated the use of energy from renewable sources in a percentage consistently above 50%, although there is room for improvement, especially regarding the share of investments dedicated to the construction of photovoltaic plants.

In the context of **ESG Integration in Investment Policy**, the examined companies did not provide a clear description, particularly for areas such as best in class, engagement, and voting (sub-components of the investment policy related to investments in high ESG rating companies), which require more attention.

Regarding the integration of **ESG into non-life insurance products**, the analyzed companies showed remarkable results, with seven of them achieving the maximum score. For example, an Italian insurance group offers various policies focused on sustainability, including policies for electric and hybrid vehicles, policies addressing specific environmental issues, coverage for risks related to renewable energy production, and anti-pollution policies.



Social dimension score

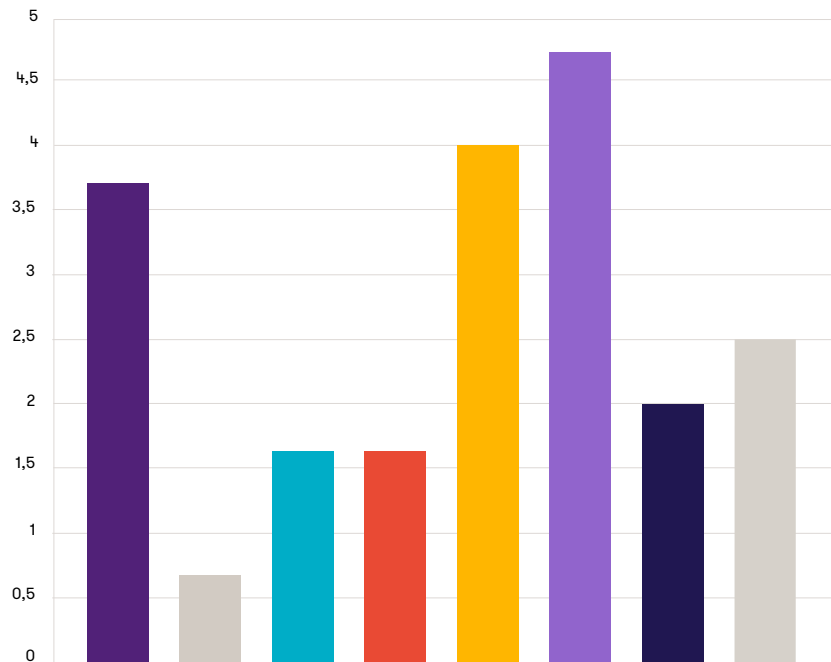
The score related to the **social dimension** is determined by analyzing various factors: the presence of women in leadership positions, the inclusion of employees with disabilities, benefits offered to the employees, the degree of customer satisfaction measured through the Net Promoter Score (related to customer satisfaction measurement), attention to employee health, and social initiatives.

This segment of the methodology investigates how insurance companies manage their relationships with their stakeholders and employees and their contribution to the collective well-being.

In most of the companies examined a lack of transparency was found concerning the presence of women in managerial roles, especially at the third and fourth levels of the corporate hierarchy.

The aspect of inclusion, particularly concerning data on employees with disabilities, deserves further attention. On the other hand, it was observed that companies have supported donation initiatives, although the specific distribution of funds and recipients need more clarity to ensure full-point attribution.

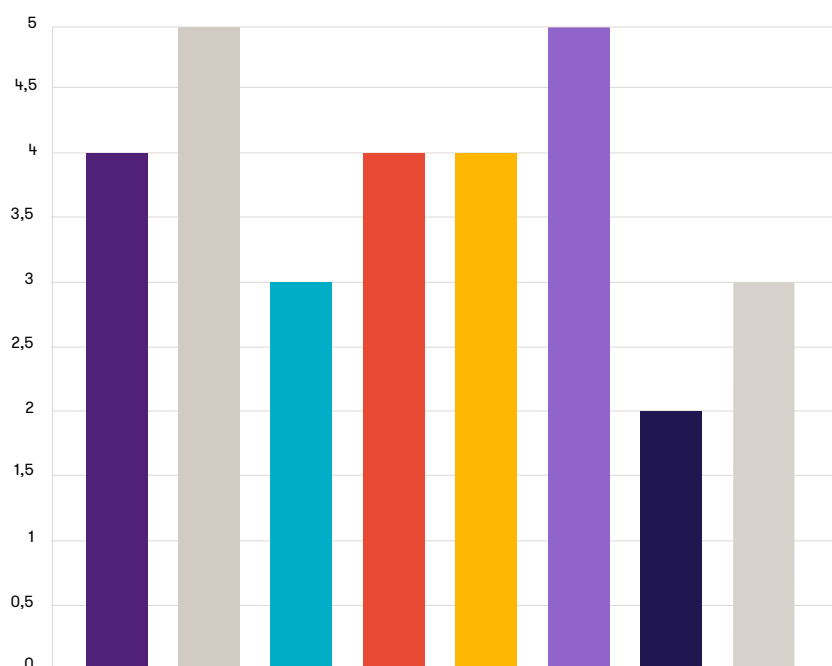
On a positive note, it emerges that the insurers analyzed have placed significant importance on family support services and health management, earning excellent ratings in these areas.



SCORING - SOCIAL

Governance score

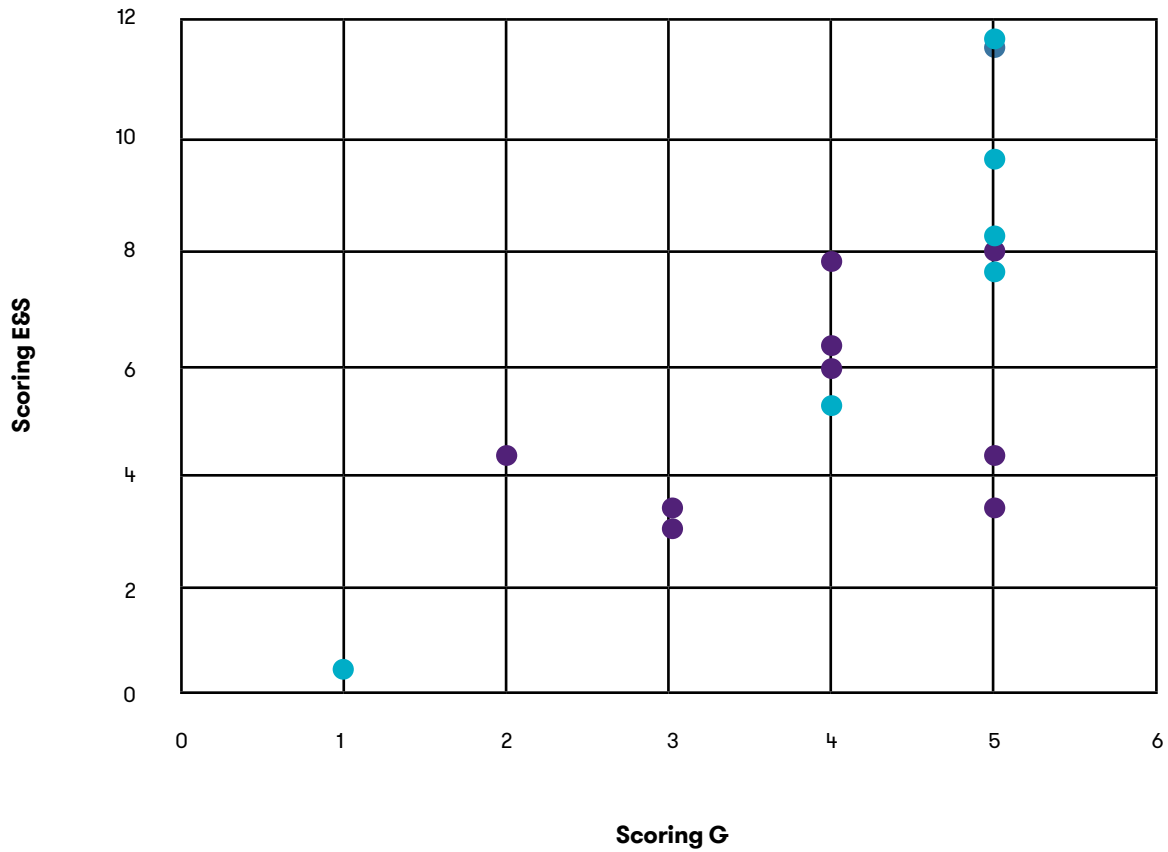
The **governance score** considers the responsibility towards sustainability, where we analyzed and calculated the proportion of government bonds for companies that adopt the standard formula and the share of corporate bonds for those that use the internal model, the Solvency Ratio that must be maintained within the limits between 125% and 350% to obtain the maximum score, the diversification ratio and also the transparency points that take into consideration 21 KPIs. Additionally, it was noted that, regarding the formulation of the sustainability strategy, most insurers obtained the maximum points as they had precisely formulated the strategy regarding various areas of the business, such as risk management, investments, and corporate strategy.



SCORING - GOVERNANCE

Particular attention was paid to the evaluation of Governance by investors, given that it considers the quality and reliability of the information provided by management, and 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 set goals. Therefore, **a company that demonstrates solid performance in terms of governance tends to generally receive more positive evaluations also in areas related to environmental and social sustainability.**

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



INVESTOR'S PERSPECTIVE

- Italian sample
- Deutsch sample

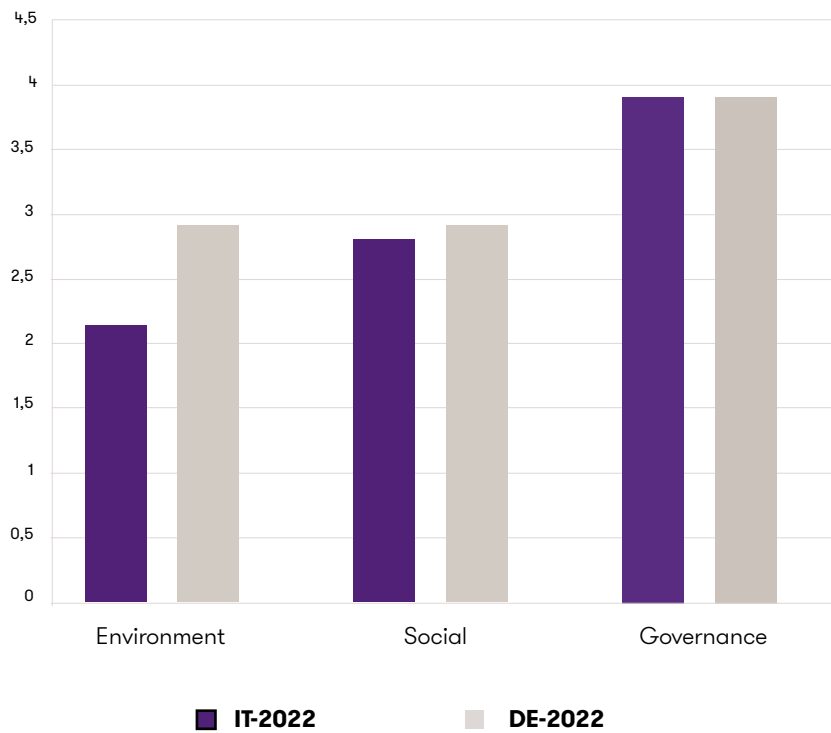
Following the application of the Zielke Consult methodology in the preparation of the Italian benchmark for the insurance sector, the average results for the examined sample were calculated as:

- a) 2.1 for the Environment,
- b) 2.8 for the 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 with the same methodology, amounting to

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

AVERAGE SCORES: COMPARISON



Conclusion

The comparative results between the main groups of the two geographical areas show better outcomes for German companies, especially in the environmental area. This distinction primarily lies in the more marked investment of German insurers in sustainable solutions such as solar panels and photovoltaic systems. Moreover, it emerged 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, both the Italian and German companies highlighted the need to focus more on inclusion, especially regarding the proportion of employees with disabilities and the proportion of women in leadership positions.

As for Governance, both samples demonstrated solid Solvency II Ratios, reflecting good transparency and contributing to an overall increase in scores in the Solvency II report evaluation. In conclusion, the Italian insurance sector, although not reaching the excellence levels of the major German insurance companies, shows that it has started the process of attention and disclosure on ESG themes.

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