

**VALUE
REPORTING
FOUNDATION**
INTEGRATED
THINKING
PRINCIPLES



Integrated thinking in action

A spotlight on Generali

Case study



Case studies from the Value Reporting Foundation

The Integrated Thinking & Strategy Group (a special interest group of the Value Reporting Foundation's Business Network) brings together some of the world's most innovative companies so that they can collaborate, learn from each other, challenge each other's thinking and share leading practices between themselves and those who follow them.

Integrated thinking is engrained in the discipline of making a deliberate and coordinated effort to connect the organization's strategy, governance, performance and prospects. It is the active consideration by an organization of the relationships between its various operating and functional units and stores of value – which the Value Reporting Foundation refers to as 'capitals' in the International <IR> Framework – that the organization uses or effects to create value over the short, medium and long term.

It is used by businesses to improve decision-making, accountability and communication. It is therefore essential to the development of strategy and provides a valuable connection to the board.

The project aims to assess how integrated thinking is embedded within organizations through a series of interviews to understand:

- What led the organization to embed integrated thinking
- How they used integrated thinking to shape their strategy
- How integrated thinking has helped them deploy their strategy
- What the benefits have been.





INTEGRATED THINKING PRINCIPLES

Overview

30-second snapshot into integrated thinking at Generali

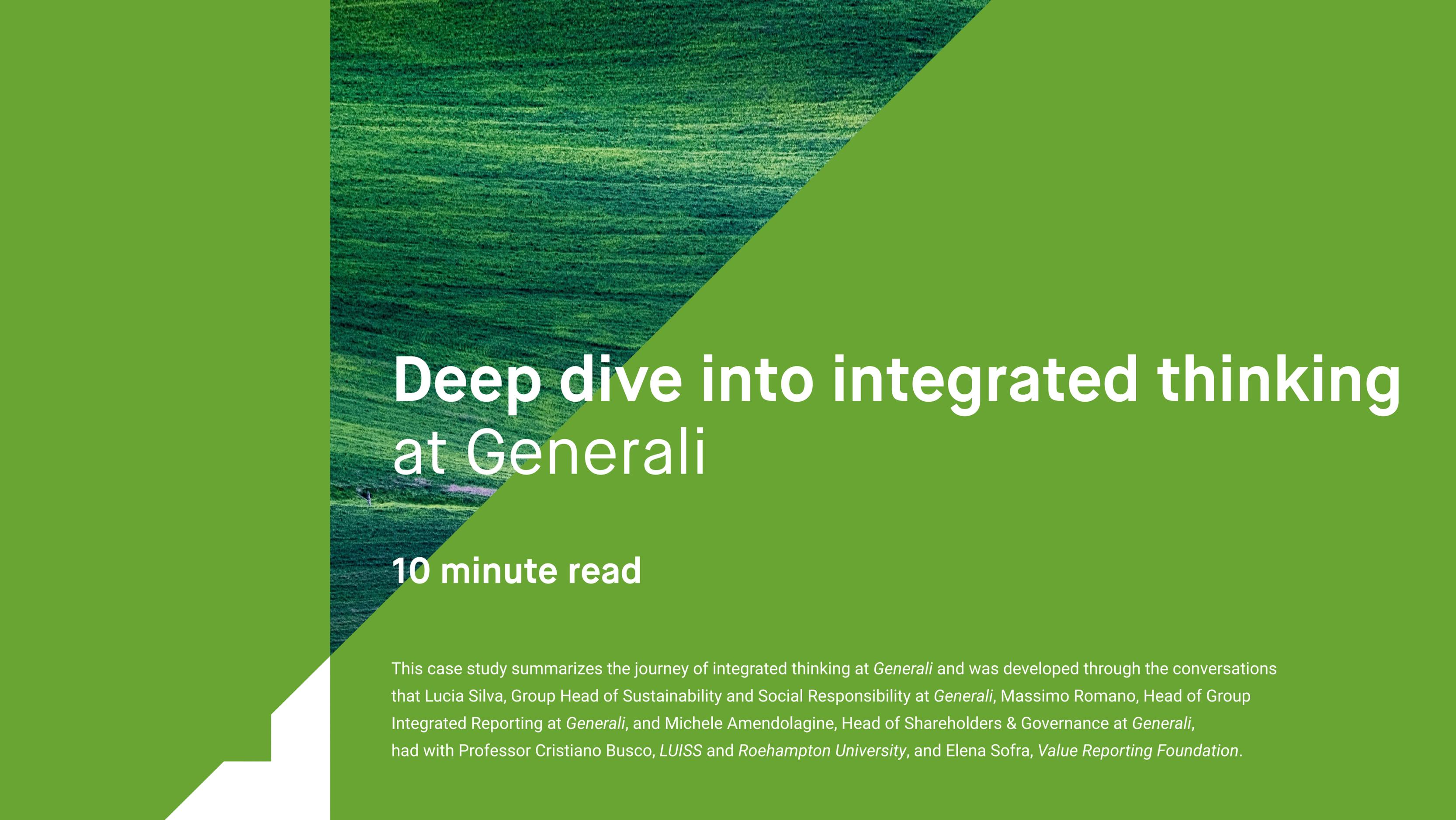
The Generali Group is one of the largest global insurance providers, spanning life and health insurance and property and casualty solutions, as well as offering asset management solutions for institutional and retail third-party customers.

Generali distributes its products and services through a multi-channel strategy that utilizes new technologies. The organization operates through a global proprietary sales agent network, including financial advisors, bancassurance and direct channels (internet and telephone). Generali aims to be a lifetime partner to its customers and lead the European insurance market, as well as serve individuals, professionals and SMEs through a focused, global asset management platform.

Generali is committed to high value-added offerings that embrace social and environmental issues. Integrated thinking lies at the heart of this commitment, which is widely accepted at Generali as a tool to integrate ESG challenges into the processes and practices of the Group. This integration has revealed to Generali the impact of mega trends on its business activities and how to buffer sustainability risks.

The success of integrated thinking at Generali is fuelled by involving as many stakeholders as possible in decisions used to create corporate strategy. Generali also involves as many business units as possible to develop and execute its plans.





Deep dive into integrated thinking at Generali

10 minute read

This case study summarizes the journey of integrated thinking at *Generali* and was developed through the conversations that Lucia Silva, Group Head of Sustainability and Social Responsibility at *Generali*, Massimo Romano, Head of Group Integrated Reporting at *Generali*, and Michele Amendolagine, Head of Shareholders & Governance at *Generali*, had with Professor Cristiano Busco, *LUISS* and *Roehampton University*, and Elena Sofra, *Value Reporting Foundation*.



Deep dive

What led Generali to embed integrated thinking?



We started off with integrated reporting. Working on our reporting model enabled us, as the finance department, to become the sources of insight for the Group rather than only reporters. Indeed, information collected became increasingly important for us to understand our value creation model. This information was then integrated in the processes and practices of the business."

Massimo Romano / Head of Group Integrated Reporting, Generali

Generali began by using integrated reporting, which served as a catalyst for the business's leadership to craft a sustainable strategy.

Integrated thinking was essential to Generali's reporting model as it allowed the Group to glean financial and pre/non-financial insights. These insights play a central role in holistically approaching value creation and enabled the organization to become a wellspring of insights, rather than simply financial reporters.

This form of thinking also drove the integration of ESG factors into the Group's processes and practices. Embedding it became a necessary next step in creating the "Generali mindset": the integration of People, Planet and Profit.





Integrated thinking is the integration of People, Planet and Profit within our mindset, within our corporate processes and practices. This journey has enabled us to share different competencies and visions across and among departments. What was once perceived as an opportunity has now been consolidated within our business."

Lucia Silva / Group Head of Sustainability and Social Responsibility, Generali



How did Generali approach integrated thinking?

Generali took several steps to create a model of shared value creation and integrated thinking has been a critical tool in this journey.

The Group started by establishing a corporate social responsibility (CSR) working group in 2004. At the time, the group was charged with producing the Group's sustainability report, which was first published in 2005.

The CSR group fostered sustainability awareness across the organization. Establishing a formal Sustainability Committee in 2010 furthered this awareness. As Generali incorporated social and environmental dimensions in its reporting, the process became more systematic. In conjunction with the analysis carried out by the finance department, the enterprise-wide effort led to Generali's first integrated report in 2013.

In 2015, Generali began transforming its value creation process by including sustainability into the mix and breaking down departmental silos. The new process began with the publication of the Charter of Sustainability Commitment, where the Group publicly declared its intention to involve the entire enterprise in sustainable value creation.

By 2017, Generali had adopted sustainability as a driver of value creation. To mark the culmination of the effort, the Group published its first report, which reflected the internal work the Group had done, including thorough interdepartmental collaboration between sustainability, finance and governance departments.





Figure 1

Sustainable business transformation: our journey to create value in the long term.

Source: [Generali ESG presentation](#)





Undoubtedly, two forces enabled the profusion of integrated thinking within our Group. Setting up a Sustainability Committee in 2010 enabled us to create greater awareness, as well as to take action and start to work on the integration of the social and environmental dimensions with the governance. The Sustainability Committee played an important role, as it supported integrated thinking with a top-down approach and enabled the social and environmental dimension to wire with the governance dimension."

Michele Amendolagine /
Head of Shareholders & Governance, Generali



"This was then further enhanced through the work carried out on the reporting approach by the finance department. We believed this to be an opportunity for our Group. This was the bottom-up approach that was the other fundamental fuel for Generali's integrated thinking journey, that Michele had previously mentioned. We really worked on letting an integrated thinking approach permeate within the Group."

Massimo Romano /
Head of Group Integrated Reporting, Generali



"Building on what Massimo said, yes, it was indeed a joint effort which involved breaking the silos within our Group and working across departments to build an integrated approach to our value creation model. We worked towards a common understanding of sustainability as an enabler rather than something to deal with separately. Once this became clear internally, we made it also clear in our external reporting model and decided to report our annual value creation through a single integrated report."

Lucia Silva /
Group Head of Sustainability and Social Responsibility, Generali



What is the link between integrated thinking and Generali's strategy?

Generali's purpose – *enable people to shape a safer future by caring for their lives and dreams* – is the core of the Group's 2021 strategy. Integrated thinking led to an organizational understanding of how the company's purpose is linked to the needs of all its stakeholders.

The company's strategy is anchored on three pillars that are supported by three enablers. All of it is based on one key assumption: engaging all stakeholders. At Generali, stakeholder engagement is an ongoing process. The firm uses a global survey and other tools, including a materiality analysis process. These all feed into the Group's materiality matrix.

During the materiality analysis process, AI and big data platforms detect trends and potential risks which could impact the Group. Generali then shares these trends and risks with a broad range of stakeholders, including both traditional groups and also out-of-the-box individuals and organizations. For example, Generali has consulted with the next generation of entrepreneurs from start-ups, who provide new perspectives. Once all the material sustainability challenges are identified, Generali uses them as the basis of its strategic plan.



What is the link between integrated thinking and Generali's strategy?

Ongoing consultation with stakeholders reflects the Group's holistic approach. The resulting business model is supported internally by a strong organizational culture which promotes values, such as:

- Proactive action and passion for excellent performance
- Partnering with others, displaying empathy and team spirit
- Making things simple by adapting quickly and making smart decisions
- Embracing different perspectives and backgrounds to fuel innovation.

The Group's top management are strong supporters of the firm's organizational culture and holistic approach to value. In addition, Generali has a Sustainability Task Force, focused on multi-dimensional goals and integrated business activities.





The pillars of the integrated thinking framework are governance, remuneration, ESG risk management and the integrated reporting model pursued to share the value creation process. Indeed, reporting is not the final step of a process, but it is our way to assess the level of maturity of integrated thinking and trace the future goals of our Group. Focusing on the governance at the board level of Generali, there is a Governance and Sustainability Committee which ensures a direct link with the Board of Directors. Then there is a Sustainability Committee which is built with managers and enables the profusion of integrated thinking and a holistic understanding of the value creation process. These figures ensure that silos within the Group are broken and they prevent them from occurring. Moreover, Generali's governance has a Sustainability Task Force, which is built upon representing the different functions to set goals and define business activities. At the centre of the Sustainability Task Force there is the Integrated Reporting Lab."

Michele Amendolagine /
Head of Shareholders & Governance, Generali



Our purpose is important for Generali, it is at the core of our goal to create a sustainable strategy that can lead us to a sustainable success. Integrated thinking supports the operationalization of our purpose by enabling the Group to behold a holistic understanding of its value creating process. Integrated thinking becomes a tool to foster decision making processes, which craft sustainable practices that lead us to what we define sustainable success. This success creates value for all our stakeholders; we are no longer operating in a context that creates value only for its shareholders."

Massimo Romano /
Head of Group Integrated Reporting, Generali





Our pre/non-financial and financial KPIs support us in monitoring and assessing the effectiveness of our integrated thinking approach. The pre/non-financial KPIs – we believe that these KPIs will be financially relevant over time – and the financial KPIs are extremely integrated. They support the collection of reliable and consistent data that is then reported to our stakeholders in our Annual Integrated Report. Indeed, we are working to identify a way to transpose and expand the integrated platform, used within the finance department, across other departments and business units. This reflects what integrated thinking is to us. At Generali, integrated thinking is based on involving as many stakeholders as possible within decision-making processes that support the definition of our strategic plan; and involving as many business units as possible in the processes and practices which lead to the execution of the strategy."

Massimo Romano / Head of Group Integrated Reporting, Generali

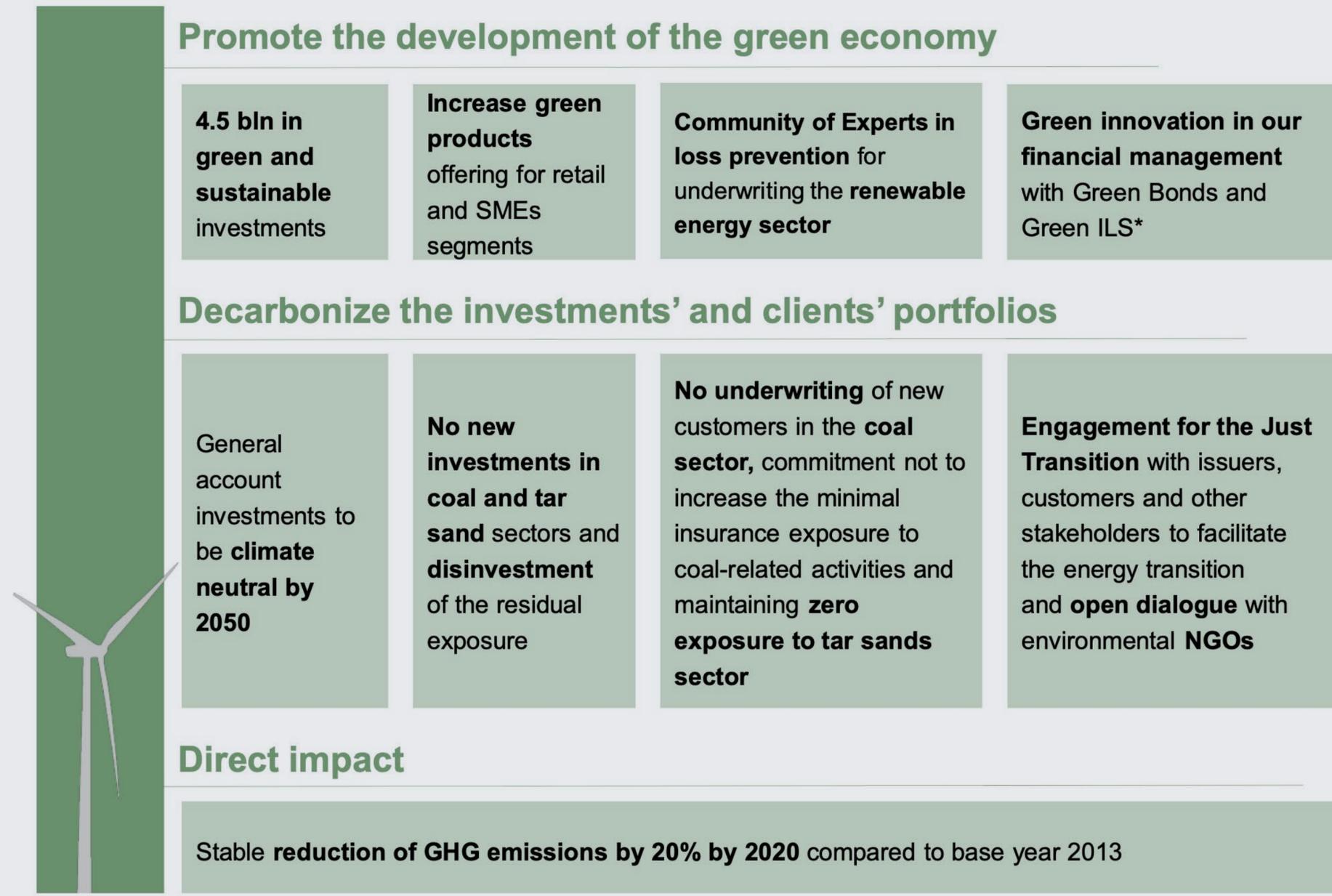
How has integrated thinking helped Generali deploy its strategy?

Generali's strategy has adopted sustainability across its business units, driven by integrated thinking within the Group. Generali has integrated several interrelated financial and pre/non-financial performance indicators in order to assess the effectiveness of its approach over the short, medium and long term.

They use an integrated platform that allows verification of data against specific performance indicators. This analytical process allows the Group to craft an integrated report and deliver consistent information to our stakeholders. Moreover, performance on pre/non-financial KPIs is part of top management compensation.

The Group's strategy for climate change is a prime example of Generali's integrated thinking across the enterprise. Approved in 2018 by the Board of Directors, the strategy calls for significant steps in investments and underwriting that support the transition towards a low-carbon future. The strategy's execution requires an interdepartmental effort among all business units.





Generali supports:

Sustainable Development Goals
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We've joined
The Paris Pledge for Action
WE MUST CARE WILL

Climate-related Financial Disclosure 2019

Disclosure on climate-related risks

Figure 2
Source: Generali ESG presentation



How has embedding integrated thinking benefited Generali?



Institutional bodies will gradually call for greater transparency and organizations will be evaluated on the basis of their pre/non-financial results. Within this context, the ability to balance the tradeoffs coming from the different interests of the stakeholders of a corporation is a challenge. Yet, to this aim, the adoption of a holistic approach to the value creation process of a corporation becomes fundamental, since it allows the organization to evaluate and integrate those tradeoffs preemptively."

Michele Amendolagine / Head of Shareholders & Governance, Generali

Integrated thinking fosters a holistic approach to value creation. This approach allows Generali to detect issues and implement specific processes and practices to address them, creating the conditions for sustainable success for all stakeholders. In addition, integrated thinking has made it possible for the organization to break down silos and drive interdepartmental collaboration. This is of the utmost importance in a world demanding greater awareness of the impact of how businesses create value.





VALUE REPORTING FOUNDATION INTEGRATED REPORTING FRAMEWORK

The Value Reporting Foundation is a global nonprofit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value — how it is created, preserved or eroded over time. The resources — including the Integrated Thinking Principles, the Integrated Reporting Framework and SASB Standards — can be used alone or in combination, depending on business needs. These tools, already adopted in over 70 countries, comprise the 21st century market infrastructure needed to develop, manage and communicate strategy that creates long-term value and drives improved performance.

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