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Non-financial disclosure in the insurance sector. Investigation into the materiality of qualitative and quantitative sustainability KPI

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ABSTRACT

The availability of ESG information plays an increasingly important role for stakeholders (See D'Anselmi, De Girolamo, 2017; Garizadeh-Beiragh et al. 2020; Kraft, 2022). Directive 2014/95/EU testifies to the consolidation of CSR in corporate reporting processes, as a moment of change not only organizational, but above all, cultural. To date, companies have a fair degree of discretion in the way they communicate non-financial information and in the choice of performance indicators; hence the need to investigate the existence of specificities attributable to the sector to which they belong, in order to increase the significance of sustainability *reports* for all *stakeholders*. The empirical research concerned the sustainability reports in the period 2019-2022 of companies in the insurance sector belonging to the Euro Stoxx Large Europe ESG. The survey mapped the type and number of performance indicators used in the sustainability reports of the sample, according to the perspectives of the GRI Standards. Not all companies have prepared their reports in accordance with the GRI; therefore, some aspects – such as the economic value generated and distributed; materiality analysis; stakeholder engagement policies – are not treated by all insurance companies in the same way and with the same level of detail. In general, the dimensions of interest of the information are: community, personnel, customers, suppliers, environment and stakeholders. From the results of the research, it is possible to deduce the incidence of qualitative and quantitative indicators on the total. The distribution of indicators by area of interest shows in the same year, in line with previous years, a prevalence of indicators relating to the personal sphere (220 in number), with an incidence on the total of 30.51%. The comparison with previous years is interesting, from which emerges, in general, an increase in the three-year period of the mapped indicators, from 583 in 2019 to 721 in 2021.

La disponibilità di informazioni ESG riveste un ruolo sempre più importante per gli stakeholders (Cfr. D'Anselmi, De Girolamo, 2017; Garizadeh-Beiragh et al. 2020; Kraft, 2022). La Direttiva 2014/95/UE testimonia il consolidamento della CSR nei processi di rendicontazione d'impresa, come momento di cambiamento non solamente organizzativo, ma soprattutto, culturale. Ad oggi, le aziende dispongono di un discreto grado di discrezionalità nella modalità di comunicazione delle informazioni non finanziarie e nella scelta degli indicatori di *performance*; da qui l'esigenza di indagare l'esistenza di specificità riconducibili al settore di appartenenza, al fine di accrescere la significatività dei *report* di sostenibilità a favore di tutti gli *stakeholders*. La ricerca empirica ha riguardato i report di sostenibilità nel periodo 2019-2022 delle imprese del settore assicurativo appartenenti all'Euro Stoxx Large Europe ESG. L'indagine ha mappato la tipologia e la numerosità degli indicatori di performance utilizzati nei report di sostenibilità del campione, secondo le prospettive dei GRI Standards. Non tutte le società hanno redatto i propri report in conformità ai GRI; pertanto, alcuni aspetti – quali il valore economico generato e distribuito; l'analisi di materialità; le politiche di stakeholder engagement – non vengono trattati da tutte le compagnie assicurative con la stessa modalità e con il medesimo livello di approfondimento. In generale, le dimensioni di interesse dell'informativa sono: comunità, personale, clienti, fornitori, ambiente e stakeholders. Dai risultati della ricerca si può evincere l'incidenza degli indicatori qualitativi e quantitativi sul totale. La distribuzione degli indicatori per ambito di interesse fa emergere nello stesso anno, in coerenza con gli esercizi precedenti, una prevalenza degli indicatori relativi all'ambito personale (in numero pari a 220), con un'incidenza sul totale del 30,51%. Interessante risulta il confronto con gli esercizi precedenti, da cui emerge, in generale, un incremento nel triennio degli indicatori mappati, passati da 583 nel 2019 a 721 nel 2021.

Keywords: Non-financial disclosure; Insurance sector, Materiality, KPI

1 – Introduction

Directive 2014/95/EU plays a fundamental role in the EU context, as it witnesses the consolidation of Corporate Social Responsibility in corporate reporting processes. In Italy, the above-mentioned Directive was transposed through Legislative Decree No. 254 of 30 December 2016, which provided for the obligation for public interest entities with more than 500 employees to report, in their annual financial statements (or in a stand-alone document), information of a non-financial activities relating to the diversity policies adopted. Legislative Decree No. 254/2016 therefore places an explicit constraint on corporate disclosure in relation to issues such as the use of natural resources, polluting emissions, corruption, equal gender opportunities and human rights; such reported information must be measured through quantitative and qualitative indicators.

The guiding principle governing this reporting obligation is based on the concept of *comply* or *explain*: the companies that do not comply are required to provide a full explanation of those reasons. The non-financial variables are summarised by the acronym ESG (*i.e.* Environmental, Social, Governance), which refers to a series of criteria used (not only in the financial sector) to analyse the sustainability of investments made by companies with a view to an overall assessment of a company's performance that does not only considers economic results. Emphasis is placed on other strategic variables, such as the company's duty to comply with laws and regulations; the rights of workers to public health; ethics, understood as a way of conducting business that implies morality and through greater attention to relations with customers and suppliers; philanthropic responsibility, in other words Corporate Social Responsibility, *i.e.* the commitment to return to society the value derived from business through voluntary and non-mandatory actions (Carrol, 1977).

In order to measure the impact of companies' investments, real ESG ratings have been established, *i.e.* a summary judgement with reference to the soundness of an issuer from the point of view of environmental, social and governance commitment. These sustainability ratings are drawn up by agencies specialised in the collection and analysis of data on sustainability aspects inherent in companies' activities mapped from various sources, both internal and external: public information, company documents, and data from supervisory authorities, trade associations, trade unions, NGOs, company visits and meetings with management.

Companies have a reasonable degree of independence with regard to the way in which non-financial information is communicated: it can be an autonomous part of the financial statement document, or included in the various sections of the so called *Relazione sulla gestione*, or in external documents, provided that they are in the public domain and are referred to within the financial statements (*e.g.* the website); the choice must in any case be functional to communicative clarity.

Even the reference accounting standards and the methods of calculating performance indicators are characterised by a reasonable degree of flexibility, since it is permitted to use existing standards (*e.g.* the Global Reporting Initiative Standards, GRI) or standards customised by companies in relation to their own peculiarities, to obtain a more customised and less standardised method of evaluation. The following empirical investigation therefore mapped the type and number of performance indicators used in the sustainability reports of the insurance companies of our sample, according to the perspectives mapped by the GRI Standards, which represent the main global reference standards for reporting an organisation's sustainability performance, known as sustainability reporting. These standards allow organisations of all types to identify, measure and report to their stakeholders the impact of their activities measured in environmental, social and economic terms, in order to be more transparent in relation to the risks and opportunities that their actions generate (Garizadeh-Beiragh et al. 2020; Kraft, 2022).

The research has investigated also the principal common characteristics of the sector, such as the digitalization that is impacting on the insurance processes and on the reporting system. This situation is closely related to the evolution of lifestyle and consumption habits, in particular, digitalization, but also social media and books access to unverified information, which affects the distribution chain, but also on communication methods and the distribution model itself specificity.

The innovation process of the issuing and managing of the insurance contracts has impacted on the KPIs, such as those related to the customer satisfaction and to the customer retention rate. The application of the standards is considered a best practice, as it allows to the harmonisation of sustainability reporting.

Moreover, the dissemination of common parameters for assessing, measuring and reporting on performance and impacts is particularly significant when placed in the context of the 2030 Agenda for Sustainable Development, an action programme for people, planet and prosperity signed in 2015 by the governments of the 193 UN member countries, which set a series of goals to be pursued by 2030.

Companies that are not subject to the disclosure obligation are, however, allowed to voluntarily submit to the relevant regulations, which are supervised by Italian Committee named Consob.

2 – Background

D'Anselmi and De Girolamo (2017) focus on how the availability of environmental, social and governance information plays an increasingly important role for stakeholders, because it allows them to more adequately and rationally assess the ability of companies to generate long-term value; for this reason, investors who refer to sustainability criteria in their investment choices are increasingly numerous.

There are some quantitative studies that analyze ESG implementation in different insurance companies, e.g. Garizadeh-Beiragh et al. (2020) has driven a quantitative and qualitative research in 14 insurance companies and Thomae et al. (2021) conducted a survey with Swiss pension funds and insurance companies to analyze the ESG criteria implementation. There is a paper that explores the interrelations between a set of financial ratios and environmental social governance scores of 107 large, listed US insurance companies for the period 2010-2018 (Brogi et al. 2022). However, there is limited literature about empirical results in how insurance companies are implementing the ESG criteria (for instance actions, measure, and so on) and what would be the correlations between ESG factors and performance. Moreover, there are some topics related to the social and governance dimensions, such as launch of products and initiatives related to gender's equality and to the most vulnerable groups (*e.g.* aging people) that are treated more and more in the practitioner world (Capgemini Institute research, 2022), but are scarcely reflected in the academic area (Marti, Bastida-Vialcanet & Marimon, 2024).

The following are the main references in the literature on which this research is based, to define the research method.

Bohnert et al. (2019) give evidence of a positive relationship between the expression of a digital agenda in annual reports and the business performance; the research stressed 41 publicly-traded European insurance companies for the time period from 2007 to 2017. Their findings stated that the relationship is particularly strong in cases where companies take a comprehensive approach by addressing digital technology, both in the context of internal activities within their own organisation and external activities in connection with customers and business partners.

Agostini, M., Costa, E., & Korca, B. (2022) showed that the Directive 2014/95/EU affected the quantity of non-financial disclosure, but not the quality, and that a transfer of information occurred from the different reporting mediums considered. Overall, non-financial disclosure quality is significant and positively associated with the corporate financial performance when measured by ROA and ROE, however, the mandatory of non-financial disclosure quality following the Directive does not show a significant relationship with the corporate financial performance.

Bini, L., Giunta, F., Miccini, R. & Simoni, L. (2023) examined the relationship between governance quality (*i.e.* the role of the board of directors) and non-financial key performance indicators consistency; they assume that the corporate governance could play a key role in affecting disclosure practices, as non-financial key performance indicators disclosure is mainly based on managers' discretional choices regarding which indicators to disclose and how. The research analysed a sample of UK listed companies from different industries and it reveals that most companies consistently report non-financial key performance indicators and that disclosure practices are influenced by the quality of the board of directors. They argued that the more leveraged and less profitable firms seem to pay more attention to disclosure consistency, supporting the argument that they are subject to more severe scrutiny.

Bellucci, M., Simoni, L., Acuti, D., & Manetti, G. (2019) argued that the companies often commit themselves to two-way dialogue with their stakeholders, but fully developed frameworks for dialogic accounting are rare. The dialogic accounting is a form of critical accounting that creates opportunities for stakeholders to express their opinions, and the influence of dialogic interactions on the content of sustainability reports. However, signs of dialogic accounting emerged in the analysis, thus confirming that sustainability reporting can become a platform for dialogic accounting systems if stakeholder engagement is effective. Institutions and policymakers, as stakeholders, set up regulations and frameworks in order to promote the implementation of ESG criteria and the disclosure of non-financial information (Kraft, 2022). For instance, clients, through their behaviours, increasingly demand sustainable products and the application of ESG criteria; and investors, with their analysis and decision processes, increasingly consider ESG criteria when deciding which companies to invest in (Garizadeh-Beiragh et al. 2020).

The research of García-Sánchez, I. M., Hussain, N., Aibar-Guzmán, C., & Aibar-Guzmán, B. (2022) draws on legitimacy theory and addresses the issue of symbolic versus substantive use of assurance, and compliance with GRI reporting standards, by analysing their effect on CSR decoupling using an international sample of 1,939 companies from 2002 to 2017. Previously, another recent research shows the existence of a selective corporate social responsibility (CSR) disclosure strategy that creates a gap between CSR disclosure and actual performance. The above-mentioned Authors showed that the application of GRI guidelines and the specific characteristics of the assurance provider—accountant, experience and specialisation—reduce CSR decoupling practices.

Finally, Leoni, G., Lai, A., Stacchezzini, R., Steccolini, I., Brammer, S., Linnenluecke, M., & Demirag, I. (2022) identified different accounting and accountability practices across different geographical and organisational contexts; they identified two macro-themes, the first deals with the changes and dangers of accounting and accountability practices during the pandemic; the second considers accountability practices in a broader sense, including reporting, disclosure and rhetorical practices in the management of Covid-19.

Starting from these references, this research is based also on the regulatory references, both at the EU and national level, namely Directive 2014/95/UE (ex DNF Directive and the corresponding Italian Decree 254/2016), as well as the more recent Directive CSRD, initially proposed on April 21st 2021 (COM/2021/189 final and for which the member States had 18 months to transpose the CSRD Directive by the November 28th 2022) with the double materiality and the mandatory European Sustainability Reporting Standards (ESRS) by the European Financial Reporting Advisory Group (EFRAG).

In our opinion there is a gap in the legislation and, therefore, in the literature related to the contextualisation of the ESG reporting system in the specific sectors in which companies operate.

Taking into consideration the new paradigms of insurance companies and the fact that companies have a fair degree of discretion in the way they report non-financial information and in the choice of performance indicators, the empirical research question was whether insurance companies use non-financial Key Performance Indicators specific to their sector. For these reasons, the research hypothesis aims to reply the following considerations:

Hp. 1: *Do insurance companies use sector-specific non-financial reporting KPIs?*

Hp. 2: *What are the current information gaps and what are the benefits for the decision-making process of top management in companies in this sector?*

In this study, we therefore contribute to the literature by analysing the role played in the specific insurance sector by non-financial indicators in order to understand if there are typical KPI of sustainability. For this purpose, we have mapped and classified the indicators included in the Sustainability Report of the companies of the sample according to ESG perspectives, giving a common classification logic, that overcomes any eventual terminological differences related to the discretion mentioned above, working on a substantial level.

The Italian setting is important as Italy is characterized by one of the most important insurance market within the EU Member States. Furthermore, it offers greater incentives for an impairment in comparison to Anglo-American countries. In fact, to this end, also driven by the recent Directive 2022/2464, the Italian insurance companies, surveyed by ANIA, 2023 – *Associazione Nazionale fra le Imprese Assicuratrici* "La sostenibilità nel settore assicurativo italiano"; have highlighted as priority lines related to ESG factors contained in the 2023 strategic guidelines the reduction of climate-changing emissions linked to investments; the lowering of Scope 1 and Scope 2 emission levels; and initiatives aimed at a broad promotion and dissemination of environmental, social and/or good governance values. Beyond the specific focus on climate risk, there are also articles that address risk management from a global ESG perspective where the risk management analyses is conducted through the role of insurance industry in the society and the ESG implementation from a more strategic perspective (Kraft, 2022). The Kraft's research analyses the work that the different policymakers and EU are doing in regulation to boost the development of ESG criteria in the insurance companies. Moreover, Dropulic and Cular (2019) make an analysis about the level of CSR reporting for insurance and re-insurance companies in Croatia and its impact on reporting quality Global ESG. Moreover, most of the top insurance companies have signed the PSI developed by UNEP FI and they are moving forward with the green products; there are also some studies in the practitioner world linked to sustainable insurance products (Capgemini Institute research, 2022). So, it seems that product development evolution linked to ESG criteria is going further in the practitioner world than in the academic one. Therefore, the study highlights a gap in the academic research stream of what products the companies are launching within the ESG concept and what it is the weight in their portfolios.

In particular, innovation in the insurance sector is strongly related to emerging technologies and concerns the entire value chain.

Faced with the new paradigms of insurance companies and the fact that companies have a fair degree of discretion in the way they report non-financial information and in the choice of performance indicators, the main research question was whether insurance companies use specific non-financial KPIs to their sector (as the recent version of GRI and EFRAG guidelines).

In fact, the Directive CSRD introduces a system of common European reporting standards. These standards, developed by the European Financial Reporting Advisory Group (EFRAG), aim to ensure that reported information is comparable, consistent and reliable. These standards include aspects related to environmental, social and governance (ESG) issues. In addition, the information provided by companies will need to be verified by an external auditor to ensure that it is accurate and meets the required standards. This is a significant step, as sustainability reporting was not previously subject to independent review.

Companies should indicate how their business model and strategy are aligned with sustainability and carbon reduction goals, particularly in relation to the climate goals of the Paris Agreement. This includes a description of strategies for managing sustainability-related risks and opportunities. Sustainability information will no longer be a separate document but must be integrated into corporate financial statements, facilitating stakeholder access to all relevant information in a transparent manner. The information will be prepared according to the format provided in annual financial statements and will have to follow the same financial reporting rules. In addition, companies will have to analyze and declare sustainability risks and how these affect their business, financial performance. CSRD also mandates an increased focus on sustainability throughout the supply chain, making companies responsible for the social and environmental impact of their suppliers as well. Finally, CSRD encourages the adoption of a standardized digital format, making it easier for stakeholders, including investors, to analyze and understand the information. The XBRL (eXtensible Business Reporting Language) format is one of the tools to be used.

3 – Data and Reasearch Methodology

The empirical research concerned the Sustainability Reports in the four-year period 2019-2022 of the listed companies in the insurance sector included in the Euro Stoxx Large Europe ESG index, therefore companies that more than others have distinguished themselves on the side of sustainability commitments, responding to innovative market drives. In particular, the qualitative survey mapped the type and number of performance indicators used in the Sustainability Reports of the sample, according to the perspectives of the GRI Standards.

Given the homogeneity of the companies in the sample analysed over the three-year period 2019-2022, it was possible to make comparisons of the sustainability reports of the same company over time and to build trends in the aggregated data.

Anyway, when reading the data, it must be considered that not all companies in the sample prepared their sustainability reports in accordance with the GRI Standards; therefore, some aspects - such as the economic value generated and distributed, materiality analysis, stakeholder engagement policies and the identification, assessment and control of risks - were not treated by all insurance companies in the same way and with the same level of detail.

Taking into account the lack of a rigid reference scheme in the choice of reporting indicators, the authors have defined a homogeneous methodological scheme, to which the mapping of the areas and KPIs can be traced back, although not without difficulty but with the intention of giving added value to research and professional practice.

The analysis of the sustainability reports was conducted using as a homogeneous logic the survey dimensions related to the main stakeholder categories considered by the GRI standards and traceable to the main actors in the various ESG -economic, environmental and social - areas: personnel, customers, suppliers, community, environment, governance bodies and stakeholders. Among the categories of actors, there are some that have been particularly impacted by the process of innovation and change in the new business paradigms, namely staff, customers and suppliers. The analysis divided the non-financial reporting indicators illustrated in the reports into two macro-categories: qualitative and quantitative KPIs.

In the first one, precise information relating to strategic and operational choices and processes implemented by the enterprises were considered. To the second category of indicators belong contents in which there are both data expressed through the use of absolute values, used to measure the different dimensions of the value chain, and through the use of indices, which provide information on the distribution, comparability, effectiveness and intensity of a data. Specific sub-categories of analysis were also investigated for each dimension of information.

The empirical research looked at the sustainability reports in the period 2019-2022 of insurance companies belonging to the Euro Stoxx Large Europe ESG. The survey mapped the type and number of performance indicators used in the sustainability reports of the sample, according to the perspectives of the GRI Standards. Not all companies have prepared their reports "in accordance" with the GRI Standards (but only "with reference"); therefore, some aspects - such as the economic value generated and distributed; materiality analysis; stakeholder engagement policies - are not treated by all insurance companies in the same way and with the same level of detail. In general, the dimensions of interest in reporting are: community, organizational staff, customers, suppliers, environment and stakeholders.

The analysis of the sustainability reports was conducted using as a homogeneous logic the survey dimensions related to the main stakeholder categories considered by the GRI standards and traceable to the main actors in the various ESG areas: organizational staff, customers, suppliers, community, environment, governance and stakeholders. Among the stakeholder categories, there are some that have been particularly impacted by the process of innovation and change in the new business paradigms, namely organizational staff, customers and suppliers. The analysis divided the non-financial reporting indicators illustrated in the reports into two macro-categories: *qualitative* and *quantitative* KPIs.

Going into detail on the type of indicators mapped by area, according to the methodological scheme of the survey sub-categories illustrated above, the research allowed us to identify aspects of homogeneity of the instruments used in the reporting phase, described below.

The *organizational staff-related indicators* refer to the reporting of the following aspects:

1. *diversity and inclusion policies*: this category includes particularly differentiated information on services provided to employees in order to promote an inclusive and non-discriminatory corporate policy. At a *qualitative* level, reports present social and welfare activities and initiatives relating to company welfare and the promotion of equal opportunities, while *quantitative* indicators generally refer to the presence of female employees, the female/male remuneration ratio, the presence of employees belonging to protected categories, parental leave taken by employees, workforce diversity, the presence of part-time contracts and smart working;

2. organizational *staff composition*: these indicators show a wide differentiation in terms of the issues analysed, such as gender, contract type, professional category, age group, geographical area, educational qualification, seniority, nationality, type of employment. This category also includes indicators on staff turnover and new hirings and terminations during the

reporting period. Each insurance company also combines its quantitative indicators with qualitative descriptions of its human resource management and organisational policies;

3. *investment in* organizational *staff training, performance appraisal and reward measures*: quantitative indicators include training costs, number of employees trained, number of course participants, number of training courses, training hours, training days, percentage of training per topic. Among the qualitative indicators, insurance companies often provide information on the topics and subject areas of training courses, how courses are delivered and the purpose of training activities;

4. *worker health and safety management policies*: these indicators have particular importance in sustainability reports; among those the most commonly used are: number of accidents, absenteeism resulting from accidents, health and safety training, audits conducted and certifications obtained, investments and expenditure on health and safety and accident indices. Qualitative indicators that provide information on companies' occupational health and safety management practices and systems are also widely used;

5. *remuneration and benefits policies*: this includes information on the average remuneration paid to employees; the quantitative indicators most frequently used by companies include: the amount of bonuses and remuneration paid, the percentage of the variable part of total remuneration, any stock options paid to employees or managers. At a qualitative level, they consider companies report on the remuneration policies adopted and on bonus measures.

The *customer-related indicators* in the sustainability reports of the insurance companies surveyed relate to the areas of customer composition, customer satisfaction and the management approach to customer privacy and protection of personal data. In purely qualitative terms, they describe the principles governing the relations established with the various customers, the procedures and solutions implemented in relation to risk management and customer support activities, the set of initiatives aimed at offering the consumer a purchasing path that is as satisfactory as possible, and the management tools designed to apply the requirements of national data protection regulations.

Insurance companies choose to report on aspects of their business to customers in a more discursive manner rather than using numbers and information of a quantitative nature. This is why the latter type of indicator is rather limited and is limited to the *NPS,* Net Promoter Score, (a management tool that can be used, as an alternative to the traditional customer satisfaction questionnaire, to assess loyalty in a company-customer relationship), the number of complaints received from customers and the company's timeframe for intervention, management and settlement in the event of a claim.

The *indicators relating to suppliers* within the reports of the insurance companies examined are limited to providing information on the composition of suppliers. This information is generally present in a qualitative manner, through the description of the relations and dialogue methods established by the company with its suppliers, the supplier selection and evaluation processes, the training initiatives specifically addressed to suppliers, the monitoring activity carried out by the company towards its suppliers of compliance with sector regulations and any disputes with these subjects. The quantitative indicators, on the other hand, are significantly less present than the qualitative ones and provide information on procurement by category and by geographic area and on the ESG level of suppliers.

The sections of sustainability reports dealing with the issue of relations with reference communities are generally expressed in a discursive and descriptive manner, with rather limited recourse to quantitative indicators.

The *community-related indicators* reported by the companies in the sample cover the following aspects: prudential approach and risk identification policies; legal actions for anti-competitive behaviour, antitrust and monopolistic practices; policies for contributions to community welfare; and policies to fight corruption.

Indicators of a qualitative nature refer to the identification and management of potential events whose occurrence is capable of influencing the achievement of the company's main objectives, compliance with sector regulations on information and promotional communication, any reports identified, initiatives undertaken by insurance companies in favour and support of their communities of reference, and policies for the prevention of corruption adopted by the company.

The most frequently used quantitative indicators include the number of charitable initiatives undertaken, the number of volunteers and collaborators, and the number of volunteer hours spent in favour of the community and the corresponding monetary value of these initiatives and of further donations to the community.

Indicators relating to the environment are particularly described in sustainability reports, as they enable readers of these reports to fully understand the impacts of carrying out the core business. These indicators refer, in particular, to:

1. *environmental policies*: these refer to actions aimed at respecting and protecting the environment and at monitoring and managing the environmental impacts of the activity carried out;

2. *policies for energy consumption within the organisation*: among the most common indicators are total energy consumption, interventions aimed at energy saving, self-produced renewable energy, energy intensity, overall energy saving, distribution of energy sources, purchased and produced electrical energy;

3. *policies related to emissions*: indicators such as emission intensity, total carbon dioxide emissions, emissions of other substances into the atmosphere, interventions aimed at reducing direct emissions, emissions from company vehicles, noise emissions are recurrent;

4. *policies relating to paper consumption*: this category includes paper purchased, ecological paper purchased out of the total, interventions aimed at reducing paper consumption, the amount of paper consumed and recycled, paper consumption by type, total and per capita paper consumption;

5. *water consumption policies*: the most commonly used indicators in practice include interventions to reduce water consumption, total water withdrawals -eventually broken down by source-, the intensity of water withdrawals, water discharges, total water consumption, the percentage of water recycled and reused;

6. *waste management policies within the organisation*: the most common indicators include the amount of waste produced - hazardous and non-hazardous -, actions to strengthen separate waste collection, total waste produced and per capita, waste by disposal method.

Indicators of a qualitative nature therefore offer a series of descriptions of actions aimed at environmental protection, rational use of natural resources and sustainable development, initiatives to reduce energy consumption and encourage the use of renewable energy, policies to reduce and monitor harmful emissions, and policies to reduce water and paper consumption.

The quantitative indicators most frequently used in sustainability reports include total energy consumption (including energy from renewable sources), total scope1, scope2, scope3 emissions, water consumed by the organisation, total paper consumption, the amount of recycled paper out of the total, and waste produced broken down by disposal method.

The *stakeholder indicators* generally refer to the following areas:

1. *general information*: in most cases, information relating to this area is provided by means of qualitative indicators including the period, scope, standards and principles of reporting, the awards obtained by the company, a description of its activities and main locations;

2. *values, principles, standards and rules of conduct*: in this area too, qualitative indicators are more appropriate for adequate reporting; these include descriptions of the company's mission, vision, values and context in the various reports, and the company's strategic orientation towards sustainability;

3. *stakeholder engagement policies*: with reference to this issue in the sustainability reports, qualitative indicators have been identified; in particular those based on the map of company stakeholders describe their main categories, the listening and involvement tools implemented and the expectations and interests relating to each category described;

4. *materiality analysis for the identification of issues considered material*: companies identify at a qualitative level the issues they consider material, based on their own specific characteristics;

5. *identification, assessment and control of risks*: the main risks inherent to each material theme set out in the previous materiality analysis are identified and, again from a qualitative point of view, descriptions are provided on how to manage these risks so that the resulting negative impacts are minimised;

6. *governance structure*: in this area, qualitative indicators prevail in order to provide a complete description of the composition and function of each corporate governance body, identified on the basis of the administration and control system adopted by each company. The personal details and qualifications of the various members of the corporate governance bodies are, in most of the cases examined, to be found in the report on corporate governance and ownership structure drawn up in the relevant period;

7. *policies for respecting human rights*: in most of the reports analysed, qualitative indicators are identified that describe the actions implemented by management to foster an inclusive corporate culture that excludes any form of discrimination and favours the enhancement of diversity and personal characteristics. These indices also provide information on any incidents of human rights violations that occurred during the reporting period.

Analysing the average aggregated data for the period 2019-2022 for all the companies in the survey sample, as far as the distribution of indicators by area of interest is concerned, a prevalence of KPIs relating to the stakeholders dimension (179 in number) emerges, accounting for 29.14% of the total, followed by employee and environment dimensions (Figure 1).

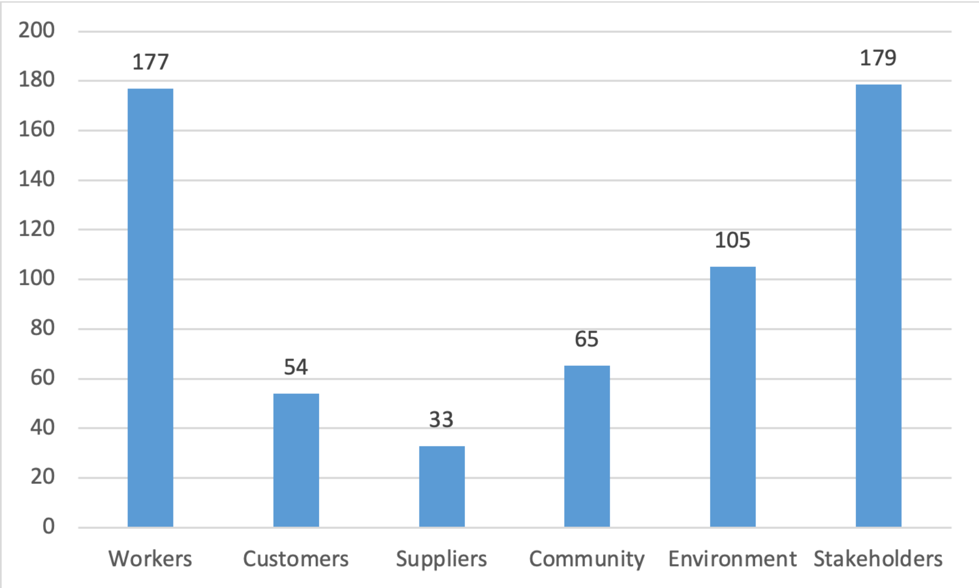

Fig. 1 – Sustainability Report of the sample for the period 2019-2022. KPI for dimension
(*Source*: Our elaboration)

The research results also show the incidence of qualitative and quantitative indicators on the total, respectively, in the sustainability reports for the period 2019-2022, the average values are 254 qualitative versus 459 quantitative indicators, for a total of 713 mapped indices, with an average of 21 (35,62%) qualitative versus 38 (64,38%) quantitative KPIs reported per sustainability report (Figure 2).

An interesting comparison of the trend of the period 2019-2022 shows a general increase in the number of mapped indicators over the three-year period, from 583 in 2019 to 721 in 2021, with a particularly significant growth trend for the reporting of the personnel and customer dimensions and a substantial maintenance in the 2022.

The trend from 2019 to 2022 of the number of indicators by size is shown in Figure 3.

The increase in the number of indicators illustrated in the reports analysed can also be attributed to one of the main functions of the indicators, which has taken on a key role in recent years: their communicative value, as one of the fundamental purposes underlying their construction is to facilitate the process of acquiring and exchanging information between the various parties inside and outside the organisation.

The simplicity of such a communicative process is a necessary condition in a policy making process based on KPIs capable of contributing to the formation of corporate strategy, identifying the crucial factors that may generate criticalities and pressures on the environment, of monitoring the effects of the policies applied and the evolution of the surrounding context, so as to be able to react in a timely manner.

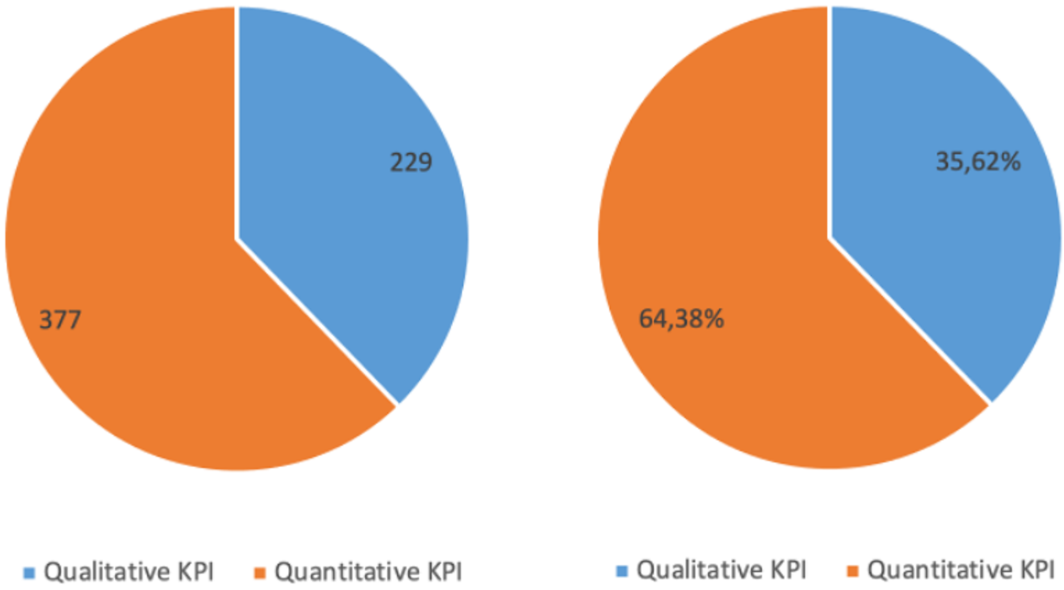

Fig. 2 – Sustainability report of the sample for the period 2019-2022: average number (%) and type of KPI (*Source*: Our elaboration)

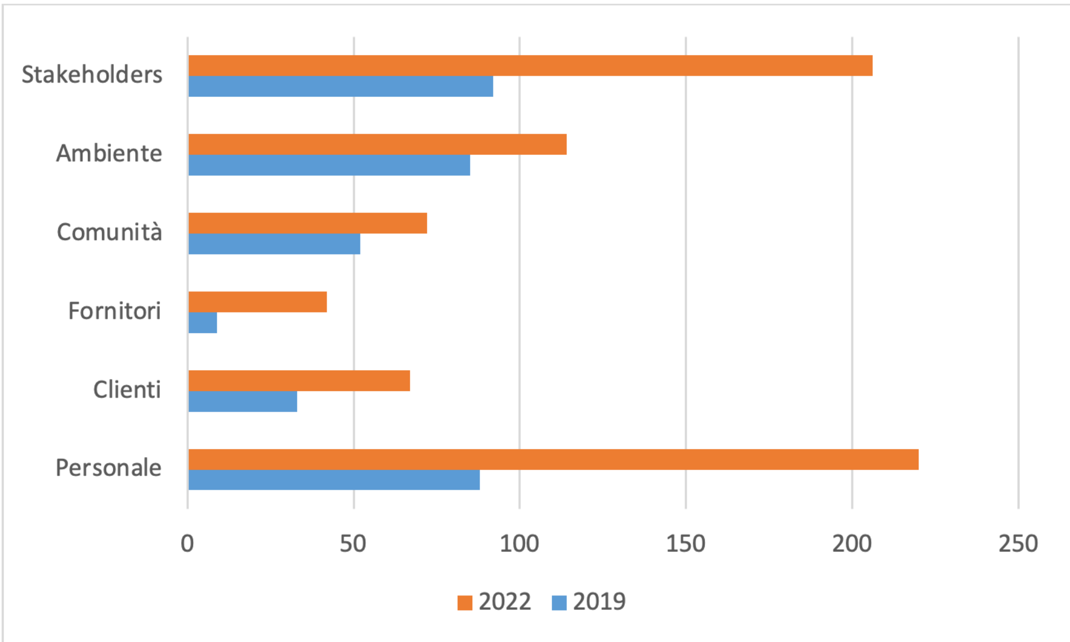

Fig. 3 – Trend in number of indicators by size (2019-2022) (*Source*: Our elaboration)

Non-financial performance reporting indicators, in particular, are able to raise awareness of sustainability issues, seeking to involve corporate stakeholders so that they make choices and adopt behaviours that actively contribute to the achievement of all the organisation's objectives, not just the profit ones.

4 – Conclusions and Future Lines of Research

Considering the quantitative results described above, it is possible to notice that most of the indicators mapped are common and transversal to the various economic sectors, even if, analysing the specificity of the insurance sector, it is possible to verify that there are some indicators that are related to the insurance context. In particular, customer satisfaction policies and some KPIs such as intervention times at the time of the accident; claim management times; claim settlement times.

In the indicator selection process, a fundamental role is played by the so-called materiality analysis. This analysis is aimed at identifying the issues that are most relevant both for the company and for the various stakeholders. The role that the concept of materiality plays is, therefore, to define the boundaries of sustainability reports by establishing what a company is required to include in its reporting. In order for a correct assessment to be made regarding this aspect, the organization must take into consideration a wide variety of internal and external factors such as its mission or strategy, the aspects that emerged from the engagement activity with its stakeholders, social expectations on the organization and the influence it exerts on its value chain.

The definition of materiality proposed by the GRI standards also makes explicit reference to significant indicators of economic, social and environmental performance and this means that this principle is not only applied to establish which aspects to communicate within the report, but also to select which Key Performance Indicators - KPIs - are most suitable for providing a complete overview of a company's performance (Global Reporting Initiative, GRI, 2015) in the sector in which operates.

This approach also allows you to evaluate whether the topics proposed within the report and presented as materials are adequately measured and reported by the company. In fact, where a topic is presented as material but there are no indicators present that allow even a quantitative evaluation of the actions and progress made by the company in relation to them, the reporting is partially weakened, as it is based exclusively on the transmission of qualitative information.

Concluding, developments in the field of research and practice are necessary for reporting more aimed at the sector to which it belongs as required by the recent Directive 2022/22464 Corporate Sustainability Reporting Directive (CSRD).

The insurance industry has an important weight in the global economy and also has a relevant role in the entire process of transition towards ESG. For instance, the stakeholders boot insurance companies to implement ESG criteria throughout their value chain, while policymakers develop specific regulations to implement ESG criteria at global level.

In this scenario, the article puts forward several implications in different dimensions. The main contributions for the Academic world are to improve the knowledge on the implementation of ESG criteria in the Italian insurance industry, and to stress gap analysis to identify areas of greater standardization in the sustainability reports.

The major contributions for policymakers could be sought to identify the ESG dimension less represented but with a key contribution in the insurance industry to allocate funds and develop research.

From managerial perspective and in general for the world of practice point of view, the contributions are to help the knowledge about ESG criteria as one of the new concepts for organizational structures and strategies in insurance companies, but with enormous implications in terms of risk management.

Finally, contributions for the community are undoubted from a conceptual perspective and the reason is because sustainability and ESG criteria are topics to help firms and individuals to better understand the key role of the insurance industry to minimize impacts in specific vulnerable areas. In other words, the research would aim to analyse the interrelation between the ESG pillar and the insurance traditional dimensions and identify the recent gaps.

This article has some limitations from several points; from the results perspective, the conclusions are demonstrated based on a survey sample that is too limited, due to lack of available data. But, at the same time, this gap presents a very enriching research opportunity that can open up many interesting studies that will expand academic research in the insurance field. Some specific suggestions for further research are, for instance, empirical analysis in how insurance companies are implementing the ESG criteria and what would be the correlation between ESG pillar and performance.

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