



INTESA SANPAOLO
VITA

Sustainability Policy of the Intesa Sanpaolo Vita Insurance Group

POL030A/2023



MASTER RECORDS

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DOCUMENT HISTORY

Date	Written by	Version
15/12/2020	Personnel Change management and Sustainability	Initial draft
22/06/2022	Sustainability	Update to include new regulatory references, incorporate organisational changes occurred during the period and describe ESG specifications, sustainable investments and dissemination of insurance culture within the section dedicated to Sustainability Pillars
15/06/2023	Sustainability	Update to include new regulatory references, incorporate organisational changes occurred during the period and describe the framework of corporate policies and processes in the sustainability area.

Scope

This Policy is addressed to all companies of the Intesa Sanpaolo Vita Insurance Group (hereinafter also referred to as the "Insurance Group" or "Group" or "Insurance Division").

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OBJECTIVES

The purpose of the Sustainability Policy (hereinafter also referred to as the 'Policy') is to define sustainability guidelines in order to ensure the incorporation of Environmental, Social and Governance (ESG) factors into business processes; the Policy identifies strategies for the pursuit of sustainable development objectives by contextualising and summarising the regulatory drivers and the international standards of reference.

In detail, the Policy defines the principles and guidelines that help achieve a sound, effective and comprehensive management of the Group's sustainability model and outlines the overall governance, management, control and disclosure framework on sustainability.

In line with the Intesa Sanpaolo Group's commitments, the Intesa Sanpaolo Vita Insurance Group defines its own guidelines to promote a responsible and sustainable business model.

The Policy, therefore, pursues the following general objectives:

- to support the strategic choices of the Insurance Group, with the aim of concretely incorporating ESG principles within its organisation and in all business areas;
- to support the identification of opportunities and the implementation of concrete actions with the aim of creating sustainable value in both the short and medium to long term;
- to support the governance of risks, opportunities and impacts related to climate and nature, which is operationally implemented within the Policies for specific risk management and other policies governing the Group's main areas of operation;
- to increase the level of knowledge and awareness on rules of conduct and expected results on 'material' issues;
- to communicate its sustainability vision to all stakeholders, including staff, companies, the financial community and institutions;
- to disseminate the culture of sustainability.

Approval and Revision

This Policy is revised and amended as necessary by the functions and units in charge, for regulatory updates, interventions by the Supervisory Authority, business strategies or context changes (significant changes to company processes, significant structural reorganisations, significant changes to IT platforms used).

This Policy is submitted for approval to the Board of Directors of Intesa Sanpaolo Vita in its capacity for the Insurance Group, including as the Italian Ultimate Parent Company (hereinafter also USCI). The Policy is implemented by the Boards of Directors of all Insurance Group Companies.

LEGAL FRAMEWORK

- Regulation (EU) 2019/2088 (SFDR) introducing new transparency provisions for financial market participants regarding the integration of sustainability risks and the consideration of adverse sustainability effects in investment decision-making processes and investment or insurance advice
- Delegated Regulation (EU) 2022/1288 (Del. Reg. SFDR) supplementing Regulation (EU) 2019/2088 (SFDR) on sustainability reporting in the financial services sector
- Delegated Regulation (EU) 2023/363 amending and correcting the regulatory technical standards set out in Delegated Regulation (EU) 2022/1288 with regard to the content and presentation of the disclosures in pre-contractual documents and periodic reports for financial products investing in green assets
- Regulation (EU) 2020/852 (Green Taxonomy) and the related Delegated Regulations (Climate Delegated Act 2021/2139 and Disclosure Delegated Act 2021/2178) governing the criteria for alignment to the Taxonomy of an economic activity and the contents of disclosure to the market
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 (Climate Delegated Act) with regard to economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 (Disclosure Delegated Act) with regard to public disclosure of specific information relating to those economic activities
- Commission Delegated Regulation (EU) 2021/1256 of 21 April 2021 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings
- Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products
- IVASS Regulation No. 24/2016, laying down provisions on investments and assets hedging technical provisions
- IVASS Regulation No. 40/2018, laying down provisions on insurance and reinsurance distribution
- IVASS Regulation No. 41/2018 laying down provisions on the disclosure, advertising and development of insurance products (with specific reference to Article 36)
- IVASS Regulation No. 45/2020, laying down provisions on governance and control requirements for insurance products
- COVIP Circular No. 5910/22 on "Compliance with Regulation (EU) 2019/2088 and Delegated Regulation (EU) 2022/1288 on sustainability reporting in the financial services sector".

In addition, consideration was given to IVASS Regulation No. 38 of 3 July 2018, with specific reference to safeguards relating to the corporate governance system for environmental and social risks, whether generated or incurred, and to the provisions on the assessment of current and prospective solvency (ORSA).

Finally, this Policy takes into account all other Policies, Guidelines and processes relevant to the Insurance Group.

The contents of this Policy are also in line with the Intesa Sanpaolo Group's Human Rights Principles and Code of Ethics, as well as with the Intesa Sanpaolo Group's sustainability commitments. These principles are inspired by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organisation's Declaration on Fundamental



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Principles and Rights at Work and the International Bill of Human Rights.



GLOSSARY

<u>ESG</u>	Acronym used to indicate environmental, social and governance aspects.
<u>Paris Agreement</u>	First universal and legally binding agreement on climate change, adopted at the Paris Climate Conference (COP21) in December 2015. It establishes a global framework to avoid dangerous climate change by limiting global warming well below 2°C and continuing efforts to limit it to 1.5°C. The agreement came into force on 4 November 2016, after being ratified by 55 countries, responsible for at least 55% of global greenhouse gas emissions. All EU countries have ratified the agreement.
<u>UN Global Compact</u>	United Nations initiative with the aim of promoting a culture of corporate social responsibility through the sharing, implementation and dissemination of common principles and values. This resulted in the definition of 10 universal principles broken down into four areas: Human Rights, Labour, Environment, Fight against Corruption. The Global Compact encourages companies around the world to create an economic, social and environmental framework that promotes a healthy and sustainable global economy where everyone has the opportunity to enjoy its benefits.
<u>Equator Principles</u>	The Equator Principles (EP), a set of voluntary international guidelines and standards for the financial sector to identify, assess and manage the environmental and social risk of projects. The guidelines were developed by a group of international banks based on the IFC (International Finance Corporation), - a subsidiary of the World Bank - criteria. Launched in 2003 and initially adopted by ten financial institutions, the Principles are based on the World Bank's International Finance Corporation (IFC) Performance Standards (PS) and its Environment, Health and Safety guidelines (EHS Guidelines). Now adopted by more than 100 institutions globally, the PS are recognised as one of the most authoritative reference standards for the financial sector in the management of social and environmental risk arising from financing activities.
<u>UNEP FI</u>	The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership established between the United Nations Environment Programme (UNEP) and the financial sector (i.e. banks, insurance companies and investors) to accelerate sustainable development. UNEP FI spurs action by the financial system to steer economic activities towards sustainable development.
<u>Sustainable Development Goals (SDGs)</u>	The Sustainable Development Goals (SDGs) are included in the UN's '2030 Agenda for Sustainable Development', signed by all member states in 2015. They comprise 17 global objectives and 169 associated sub-objectives.
<u>Principles for Sustainable Insurance (PSI)</u>	The Principles for Sustainable Insurance (PSI) defined in 2012 by UNEP FI for the insurance sector address risks and opportunities related to environmental, social and governance issues.
<u>Principles for Responsible Banking</u>	The Principles for Responsible Banking (PRB), launched in 2019, outline a unique framework that ensures the alignment of signatory banks' strategy and practice with the Sustainable Development Goals and the objectives of the Paris Climate Agreement.
<u>Sustainable and Responsible Investments</u>	Sustainable and Responsible Investments (SRI) aims to create value for the investor and for society as a whole through a medium- to long-term investment strategy that integrates financial, environmental, social and good governance analysis when assessing companies and institutions.



<u>Net Zero Insurance Alliance (NZIA)</u>	Network of insurers committed to aligning their insurance and reinsurance portfolios to zero emissions by 2050, setting an initial interim target to be reached by 2030.
<u>Net Zero Asset Owner Alliance (NZAOA)</u>	Network of institutional investors committed to ensuring that their investment portfolios are carbon neutral by 2050, setting an initial interim target to be reached by 2030.
<u>Sustainable investment</u>	An investment in an economic activity contributing to an environmental objective, which is measured, for example, by key resource efficiency indicators relating to energy consumption, use of renewable energy, raw materials, water resources and land, waste generation, greenhouse gas emissions as well as impact on biodiversity and the circular economy, or an investment in an economic activity contributing to a social objective, in particular an investment contributing to the fight against inequality or which promotes social cohesion, social inclusion and industrial relations, or an investment in human capital or in economically or socially disadvantaged communities provided that such investment does not significantly harm any of these objectives and that the undertakings benefiting from such investment comply with good governance practices, especially sound management structures, employee relations, staff remuneration and compliance with tax obligations.
<u>Environmentally-sustainable investment</u>	Investment in one or more economic activities considered environmentally sustainable under this regulation.
<u>Principal Adverse Impact (PAI)</u>	Main adverse impact of investment decisions on sustainability factors related to environmental, social, or employee relations issues, respect for human rights and the fight against active and passive corruption.

PRINCIPLES AND VALUES OF THE COMPANY

Sustainability is to all intents and purposes a new development and value creation driver for a variety of stakeholders. In today's fast-changing environment, the issue of sustainability has therefore become a key element of strategic positioning and business development, as well as a way to reflect the set of values of an undertaking. This is even more true in the insurance sector, where sustainability - understood as the ability to meet the needs of the present generation without compromising the needs of future generations, while at the same time contributing to the development of people's well-being and social inclusion - is increasingly becoming an essential element of companies' strategies and action plans.

The concept of sustainability, compared to its original version, has evolved profoundly over time from a vision focused mainly on environmental aspects to a broader view that also considers the social dimension and good governance issues. This concept is therefore linked to the attention that companies and institutions (national and international) as well as citizens and consumers pay to the issue of sustainability in all areas of society, which has led to the definition and adoption of the ESG (Environmental, Social, Governance) acronym to summarise the set of initiatives, projects and strategies implemented by companies to achieve a sustainable impact on:

- environment (E), in respect of the responsible use of natural resources and the effects on ecosystems and environmental protection issues such as Climate Change, CO₂ Emissions, Energy, Waste.
- society (S), which includes aspects related to People (such as Human Rights, Labour Standards, Gender and Inclusion Policies) and Community Relations (Community, Social, Customer Relations)
- governance (G), which refers, finally, to Business Ethics (anti-bribery, privacy and anti-money laundering safeguards), Corporate Governance (manager remuneration policies, control procedures), Supply Chain (supplier working conditions, environmental impact of procurement processes), in order to generate income and work in compliance with ethical principles and best governance practices.

The Insurance Group has stated its commitment with specific reference to ESG factors and, in line with the principles outlined in the Insurance Group's Code of Ethics, it pursues a growth strategy that aims to create solid and sustainable value in economic and financial, social and environmental terms, that rests on the trust of all stakeholders and is based on shared values.

Thus, in line with the above, this Policy aims to strengthen the integration of Sustainability principles within the insurance strategy, by further and tangibly contributing to the achievement of the aforementioned objectives and values. In particular, the Insurance Group is committed to ensuring that its strategic choices and their implementation adopt:

- an integrated approach, aimed at generating value for the shareholders, for all those who contribute to the achievement of the Intesa Sanpaolo Group's objectives and for all the other stakeholders of the Insurance Group, including the staff, customers, distributors, contractual partners, the financial community and society at large, as well as the environment;
- a long-term perspective that creates the conditions for generating value in the future while creating value in the present;
- an innovation-driven continuous improvement to pursue excellence and sustain the economic, environmental and social performance and reputation of the Insurance Group.

SUPPORT TO THE 2030 INTERNATIONAL AGENDA AND STANDARDS

To facilitate and promote the integration of sustainability principles on a large scale, the United Nations has defined 17 Sustainable Development Goals. The Sustainable Development Goals (SDGs) were set by the United Nations 2030 Agenda and were signed by the 193 UN member states, including Italy, at the end of 2015. There are 17 Goals with 169 targets, which follow up on the Millennium Development Goals (MDGs) launched in 2005. The Insurance Group is committed to contributing to sustainable development, as defined by the United Nations Sustainable Development Goals, and this commitment is an integral part of the company's business model, with a view to creating value that is shared with all the Group's stakeholders.

As described above, the Insurance Group has expressed its commitment to environmental, social and governance factors. These three factors are managed considering the Sustainable Development Goals (SDGs) and the Principles for Sustainable Insurance (PSI), endorsed by the Insurance Group in 2019, as well as the UN Global Compact, UNEP FI, Equator Principles, Principles for Responsible Banking, which the Intesa Sanpaolo Group supports. In addition, at the end of 2021, the Insurance Group joined the two Net Zero alliances through the Ultimate Italian Parent Company - (USCI) Intesa Sanpaolo Vita: Net Zero Asset Owner Alliance (NZAOA) and Net Zero Insurance Alliance (NZIA). By endorsing these alliances, the Group companies set themselves the goal of eliminating greenhouse gas emissions from their investment, insurance and reinsurance portfolios by 2050, helping to keep the global temperature increase within 1.5°C of pre-industrial levels.

SUSTAINABILITY PILLARS



ESG factors are environmental, social or corporate governance aspects that may have an impact on the achievement of the Insurance Group's strategic objectives and its governance system, or on which the Insurance Group may exert an influence through its activities.

E: ENVIRONMENTAL - COMBATING CLIMATE CHANGE

In the environmental field, the Insurance Group is committed to promoting and raising its staff awareness towards a business model that counteracts climate change through risk management, responsible business conduct and reduction of its environmental impact.



In particular, the Insurance Group's commitment takes shape through the following actions:

- reduction of CO₂ emissions and energy consumption by optimising and making consumption more efficient and spreading the culture of environmental sustainability also among employees, an effort which begins with daily gestures and dedicated initiatives;
- promoting the use of energy from renewable sources by encouraging the transition towards a low-carbon economy, in line with the commitments and policies defined by the Intesa Sanpaolo Group;
- managing waste with the aim of reducing its production and promoting a circular economy model, in line with the commitments and policies defined by the Intesa Sanpaolo Group, favouring recycling and reuse;
- development of initiatives and partnerships with players inside and outside the Insurance Group on environmental issues and stakeholder training and awareness;
- development of initiatives to support the green transition through tangible contributions to Italian companies engaged in innovative projects with significant and demonstrable impact in order to accelerate the transition towards a greener and more sustainable world.

The Insurance Group is also committed to promoting responsible capital management through its underwriting activities, the investment of technical provisions and its own assets, and an adequate product offering, as further detailed in the paragraphs 'Net-Zero Alliances' and 'ESG Products'. The Group is also committed to an overall respect for environmental issues as better described in the section 'Protection of Biodiversity'.

S: SOCIAL - COMMITMENT TO PEOPLE

In the social sphere, the Insurance Group is committed to looking after and enhancing the value of its people, through actions that promote their well-being, equal opportunities, diversity and inclusion, and occupational health and safety.



In particular, the Insurance Group's commitment is reflected in the following actions:

- enhancing the value of, and ensuring the development of its people, through dedicated growth initiatives and talent development programmes;
- promotion and dissemination of an inclusive and gender-equal culture;
- labour and employment protection, through the promotion of well-being and work-life balance initiatives and attention to the work environment;
- protection of health and safety in the workplace.

The Insurance Group's attention to social issues is also reflected in the investment of its technical provisions and its own assets, in the expansion of its range of insurance products, in the dissemination of the insurance culture and in the promotion of social impact initiatives, as better explained in the sections on "Sustainable Investments", "ESG Products", "Dissemination of the insurance culture and social and environmental impact", "Skill development", "Equity, merit and equal opportunities".

G: GOVERNANCE - ETHICS, GOOD GOVERNANCE PRACTICES

In the governance area, the Insurance Group is committed to adopting ethical behaviour and best practices, with a view to business integrity and transparency, including through awareness-raising and the promotion of ESG within the organisation.



In particular, the Insurance Group's commitment takes shape through the following actions:

- promotion of a business model that operates with integrity and in compliance with rules and regulations;
- strengthening the governance in the sustainability area by defining roles and responsibilities to identify and manage risks and opportunities related to ESG factors;
- raising awareness and promoting best practices among its Directors, top management, employees, collaborators and in general those who are engaged in relations with the Insurance Group on the importance of sustainability to foster the creation of value in the medium and long term, in financial, social and environmental terms, to the benefit of shareholders and taking into account the interests of other relevant stakeholders;
- incorporating environmental and social sustainability into the Group decision-making processes;
- promoting transparency in communication and business practices.



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The Insurance Group is also committed to promoting good governance practices through the investment of its technical provisions and assets as further described in the sections on 'Sustainable Investments', 'ESG Risk Management', 'Customer Protection' and 'Good Business Practices' and in the chapters on 'Internal and External Reporting' and 'Process, Roles and Responsibilities'.

INCORPORATING SUSTAINABILITY INTO STRATEGY AND PROCESSES

Sustainability management, aimed at the creation of lasting value for the stakeholders, involves a responsible and ongoing commitment to environmental, social and good governance issues, through the implementation of these principles in all business areas and the active engagement of all corporate functions.

The Insurance Group actively monitors its progress and sustainability profile through the annual development of a Benefit Impact Assessment (BIA)¹. This assessment delves into various business areas with special focus on the issues of: governance, mission and engagement, customers and responsible investment, environment, people, suppliers, people development, and community.

1. NET ZERO ALLIANCES

The Insurance Group joined the Net Zero Asset Owner Alliance (hereafter NZAOA) and the Net Zero Insurance Alliance (hereafter NZIA) in December 2021.

The **Net Zero Asset Owner Alliance**² is an international 'Asset Owner' agreement, launched in early 2019 by six members, whereby members commit to zero 'Greenhouse Gas' emissions from their investment portfolio by - or in any case not later than - 2050.

In October 2022, the Insurance Group reported its first 2030 interim targets to the market. These initial targets are a tangible step towards the ambitious 'Net Zero' goal to be achieved by 2050. Details of these are available on the USCI website, to which reference is made.

The Insurance Group monitors its progress towards the Net Zero target annually, with the ultimate aim of increasing transparency for both customers and external stakeholders.

The **Net Zero Insurance Alliance** is an international agreement formed by market-leading insurance and reinsurance undertakings. The Net Zero Insurance Alliance was launched at the G20 Climate Conference in Venice on 11 July 2021³.

The Alliance members have committed to converting their underwriting portfolios (insurance and/or reinsurance) to zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature increase of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the Paris Agreement on climate change.

The memorandum published in January 2023 requires members to disclose to the market at least one of the targets in the memorandum within six months of joining, and the other two within the next 12 months, consistent with the methodologies identified by PCAF⁴ for insurance-associated emissions.

The Insurance Group is aware of the extreme importance of limiting the rise in temperature in line with the Paris Agreement - also by reducing the emissions of the companies held in its portfolio - despite current data show that the economy as a whole is not yet on the correct path towards this goal. For this reason, the Insurance Group believes that engagement activities with the stakeholders should be intensified, as should cooperation with governments, associations and society at large with the ultimate goal of building a better future for the Planet.

The Insurance Group is aware that the decarbonisation issue is also linked to the "**Just transition**"⁵ and is committed to contributing to the energy transition in order to ensure access to efficient and

¹ Benefit Impact Assessment (BIA) Results 2022.

² Source: <https://www.unepfi.org/net-zero-alliance/about/>

³ Source: <https://www.unepfi.org/net-zero-insurance/media/>

⁴ [Partnership for Carbon Accounting Financials](#)

⁵ Source: Target-Setting Protocol January 2023, UN-convened Net-Zero Insurance Alliance

sustainable energy for the achievement of the zero net emissions goal by 2050 according to a principle of sharing social and economic benefits with workers, the value chain, communities and customers in an inclusive, transparent and socially equitable manner, minimising existing inequalities.

2. ESG PRODUCTS

The Insurance Group is committed to expanding its range of products, investment options and services for all lines of business in both Life and Non-Life insurance, in order to meet customers' increasingly sustainable-oriented needs. The Group is also committed to evolving its product development, management and governance processes in line with regulatory requirements.

With regard to Life products, the Insurance Group's commitment is reflected in the following actions:

- evolution of its product offering model, investment options and services with sustainability features, to be achieved through the placement of pension and insurance investment products and by supplementing customer documentation with detailed information;
- definition of policies for product supervision and governance and for insurance distribution.

With regard to Non-Life products, the Insurance Group's commitment is reflected in the following actions:

- expansion of the range of products and services offered to customers with products and services dedicated to vulnerable persons (i.e. persons or households in difficult financial, social or health situations), and activation of new health insurance solutions for older people and their caregivers;
- innovation of motor insurance products to increase the insurance of vehicles in the green categories;
- expansion of insurance solutions for the protection of customers' properties from earthquakes and/or floods;
- supplementing the catalogue of standard insurance solutions for companies with the activation of new covers that take into account social and environmental issues;
- evolution of underwriting policies to consider ESG factors and to incorporate screening criteria, consistent with the policies promoted by the Intesa Sanpaolo Group;
- evolution of sustainable claims management.

3. SUSTAINABLE INVESTMENTS

The Insurance Group also incorporates environmental, social and governance aspects in its investment processes in financial instruments underlying the insurance products in its portfolio, with the aim of generating a positive impact while also encouraging the companies in which it invests to move along this direction.

In particular, the Insurance Group's commitment is reflected in the following actions:

- definition of a Policy for incorporating ESG factors and the principles of Sustainable and Responsible Investments (SRI) within the investment process, in compliance with the Intesa Sanpaolo Group's Guidelines and Rules, and with the rules set out in the Governance documents. This Policy provides for, inter alia:
 - exclusion from the investment portfolio or restricted investment in issuers engaged in sectors that are deemed not socially responsible and in critical issuers, as defined within the ESG Investment Policy;
 - investment selection based on sustainable investment criteria;
 - processes for the development of new products with investment options classified under Art. 8 and 9 SFDR;

- commitment to gradually reduce the carbon intensity of direct investment portfolios pertaining to segregated funds, internal funds and pension funds;
- joining the Net Zero Asset Owner Alliance,
- definition of a Principal Adverse Sustainability Impact (PAI) Policy that presents the management methods adopted by the Insurance Group to mitigate the risk of potentially adverse sustainability impact associated with its investments.

4. ESG RISK MANAGEMENT

The risk categories identified by the Insurance Group also include the environmental, social and governance risk category which refers to the risk that activities related to the insurance business may harm ESG principles or not contribute to their optimisation. This type of risk may have multiple effects and may also affect other risk categories.

The risk known as sustainability risk refers to environmental, social and corporate governance (ESG - Environmental, Social, Governance) risk factors. These include, but are not limited to:

- environmental factors ('E'): failure to control climate and environmental risks and/or environmental breaches, in addition to giving rise to company liability, may result in sanctions and/or significant costs to remedy the resulting environmental damage;
- social factors ('S'): failure to protect (or violations of) human and labour rights results in reputational damage that undermines the trustworthiness of the company vis à vis all stakeholders (including investors), exposing, at best, lack of awareness of the effects of the activities carried out and, at worst, the absence of fundamental ethical principles on the part of the Directors. Damaged reputation may lead to product boycotts, difficulties in raising capital, fines/penalties, reduced opportunities to enter into agreements with third parties (e.g. suppliers, business partners, etc.)
- corporate governance factors ('G'): violations related to corporate governance are intertwined with breaches associated with the previous factors. Good corporate governance safeguards can prevent/limit violations related to environmental and social factors and the associated ethical, legal and business risks with consequent impact on corporate performance. Corporate governance safeguards include those related to remuneration policies, mechanisms for the functioning of the governing body, dealings with minority shareholders and, more generally, all company policies that ensure compliance with current laws and regulations, risk management and internal control.

ESG risk factors, in addition to being relevant per se, may contribute to other risk categories (e.g. underwriting risk, reputational risk, operational risk, ...) to which they may be related.

In particular, the Insurance Group's commitment is reflected in the following actions:

- definition of policies constituting the Risk Management Framework (i.e. Risk Management System Policy, Risk Management Policy and additional Specific Risk Management Policies), in order to support the process of defining strategic sustainability choices, through the governance of risks and the identification of opportunities and impacts;
- incorporating the Risk Management Framework policies at the Insurance Group level with other policies specifically related to sustainability risks (e.g., Policy to incorporate ESG Sustainability Factors into the Investment Process, Underwriting Policy, with specific reference to Corporate Business Development);
- implementation of Delegated Regulation EU 2021/1256 in relation to the inclusion of sustainability risks within risk management (e.g. Opinion of the Actuarial Function on underwriting policy);
- overseeing the process of identifying and managing ESG risks to identify events or circumstances that are or may be relevant for organisational objectives and for an assessment in terms of likelihood, magnitude and impact, determining a response and

monitoring strategy;

- inclusion within the Risk Appetite Framework of metrics specifically related to ESG risk management, envisaging, in addition to qualitative statements, quantitative limits to facilitate monitoring of the progress in achieving the Insurance Group's sustainability objectives;
- strengthening of the ORSA Report by means of materiality assessment activities, through qualitative and quantitative analysis of sustainability risks concerning climate change risks and scenario analysis activities in order to quantify the impact of climate change risks on assets and liabilities (e.g., impact on Own Funds).

5. DISSEMINATION OF THE INSURANCE CULTURE AND SOCIAL AND ENVIRONMENTAL IMPACT

The Insurance Group promotes the dissemination of the insurance culture in its business model and at the same time constantly strives to promote and raise awareness of the importance of insurance protection in daily life; it does so by also leveraging on innovation and implementing projects and initiatives on the market dedicated to the Italian population, generating a positive social impact in the area in which it operates.

In particular, the Group's commitment takes shape through the following actions:

- promoting a culture of risk and insurance protection, highlighting the benefits that these can bring to everyday life through preventive risk and pension management;
- supporting the local communities through initiatives aimed at promoting entrepreneurship, scientific research, equal opportunities and support for the most vulnerable, also through dedicated projects;
- developing inclusion projects aimed at improving the living conditions of certain categories of people;
- promoting the insurance culture to encourage increasingly responsible and sustainable conduct, especially with a view to increasing individuals' awareness and a reasoned approach to the management of their own wellbeing as well as an understanding of the benefits of financial and insurance planning for both the individuals and their households;
- developing initiatives to encourage trust, awareness and recognition of the insurance industry in order to positively influence an increased propensity for protection;
- development of initiatives to support the green transition through tangible contributions to Italian companies engaged in innovative projects with significant and demonstrable impact in order to accelerate the transition towards a greener and more sustainable world.

6. PROTECTION OF BIODIVERSITY

Commitment to the protection of biodiversity is at the core of the Insurance Group's strategy; this includes combating climate change, protecting the environment and the earth, marine and freshwater ecosystems. The Insurance Group is engaged in preventing and reducing environmental impacts, both direct and indirect, by taking into account the effects of ESG risk factors in terms of climate change and loss of biodiversity associated with its business.

The ever-increasing loss of biodiversity poses a huge threat to the world and to human beings; such loss is mainly due to

- changes in land and sea use, e.g. as a result of deforestation, economic growth and tourism;
- over-exploitation of organisms, e.g. as a result of fishing, poaching and hunting activities;
- climate change due to e.g. rising temperatures, rising sea levels and the destruction of natural habitats;

- pollution due to e.g. increased emissions, industrial waste and over-fertilisation;
- introduction of invasive alien species due to the disappearance of natural predators and sudden changes in temperatures.

In the field of biodiversity, the 'Kunming-Montreal Global Framework for Biodiversity'⁶, adopted by 196 parties to the Convention on Biological Diversity at COP15 in December 2022, is an important milestone in the international effort to halt and reverse the loss of biodiversity and help implement "nature-based" solutions. This Framework includes four long-term goals for 2050 linked to 23 targets to be achieved by 2030. In addition, the 'Kunming-Montreal Global Biodiversity Framework' calls on economic players, including public and private sector financial institutions, to work together to transform their way of engaging with nature. Efforts are underway to update the 'national biodiversity strategies and action plans' and translate objectives and targets into policy and regulatory changes.

The Insurance Group aims to protect biodiversity, among other aspects, through its membership in the Net Zero Alliances whose goals are to achieve zero global net CO₂ emissions by 2050 and limit the average global temperature increase to 1.5°C, as well as by incorporating ESG sustainability factors within its investment strategy and by updating the sustainability principles and standards for responsible investment management adopted by the Insurance Group.

7. SKILL DEVELOPMENT

In order to enable the effective implementation of sustainability strategies, the necessary professional skills must be developed within the Insurance Group through training initiatives for all the staff, including members of the Board of Directors. This training activity is aimed at increasing awareness of sustainability issues, including those of a regulatory nature, and the impacts they generate in the insurance industry.

8. CUSTOMER PROTECTION

The Insurance Group promotes and guarantees the interests and rights of consumers and is committed to a fair treatment of customer settlements, in a timely manner and according to high settlement standards. In addition, the Insurance Group places customers at the heart of its activity and engages with them on an ongoing basis, also through placement agents or branch managers/financial advisers authorised to offer their services off-premises, with a view to understand customers' expectations and maintain excellent relations.

In particular, the Group's commitment takes shape through the following actions:

- implementing fair commercial, advertising and marketing practices to ensure consumer protection and respect for consumers' interests;
- guaranteeing the quality and reliability of the services provided and giving non-misleading information that is accurate, verifiable and clear, such that consumers can make informed decisions and in a way that does not generate false impressions regarding the environmental impact of products and services and of the insurance undertaking;
- protecting consumers from green washing and enabling consumers to help accelerate the green transition by making informed purchasing decisions based on credible claims;
- dialogue as a fundamental starting point for accurately identifying needs and offering insurance investment and pension products consistent with customer needs;
- non-discrimination of customers on the basis of their nationality, religion or gender;
- adopting policies that include prudential criteria taking into account the characteristics of

⁶ Source: <https://www.unepfi.org/nature/gbf-finance-sector/>

the risks to be insured and the reference community;

- evolution of sustainable claims management;
- timely response to queries and complaints, aiming at a substantive and not a formal resolution of disputes.

9. CORRECT BUSINESS PRACTICES

The Insurance Group has adopted a Code of Ethics that spells out its values and aims to direct individual behaviour towards those values, being aware that consideration of social and environmental concerns helps minimise exposure to the various categories of current and prospective risks and strengthen the company's reputation.

Therefore, also in line with the principles of the UN-sponsored Global Compact, which is endorsed by the Intesa Sanpaolo parent company, the Insurance Group:

- undertakes to support the protection of human rights according to the principles stated in the Universal Declaration of 1948;
- recognises the principles laid down in the fundamental ILO (International Labour Organization) Conventions and in particular the right of association and collective bargaining, the prohibition of forced and child labour, and non-discrimination in employment;
- contributes to the fight against corruption through its 'zero tolerance' approach to corruption incidents;
- requires the utmost transparency in corporate behaviour and encourages disclosure of any information that may lead to conflict of interest situations, albeit just potential.

The Insurance Group has adopted an Organisation, Management and Control Model - MOG (pursuant to Legislative Decree No. 231 of 8 June 2001) and procedures designed to prevent the commission of offences and violations within the scope of its operations. Specifically, the MOG describes the types of environmental offences and the offences that may give rise to the administrative liability of Entities, with regard to criminal laws for the protection of the environment. Examples of environmental offences include the offence of environmental pollution, which punishes anyone who unlawfully causes a significant and measurable impairment or deterioration of water, air, soil or subsoil, of an ecosystem or biodiversity, and the offence of environmental disaster, which punishes anyone who unlawfully causes an environmental disaster, which consists in altering the balance of an ecosystem either irreversibly or such that its remediation is particularly onerous and exceptional, or in harming public safety, whether because of the seriousness, extent and effects of the offence or because of the number of people injured or exposed to danger.

10. EQUITY, MERIT AND EQUAL OPPORTUNITIES (including DEI)

The Insurance Group, which has adopted a Code of Ethics that sets out its values, undertakes, also in line with the Global Compact promoted by the UN which is endorsed by Intesa Sanpaolo Parent Company, to recognise the principles established by the fundamental ILO (International Labour Organisation) Conventions and in particular the right of association and collective bargaining, the prohibition of forced and child labour, and non-discrimination in employment.

Moreover, the remuneration and incentive policies of the Insurance Group are based on the principles of merit, equity, gender neutrality, compliance with regulatory requirements and, above all, sustainability, including financial sustainability in the short and long term, understood as the containment of charges arising from the application of the policy within levels that are compatible with available funds, and aim to constitute an integrated system for the management and

development of people.

Transparency characterises the remuneration and incentive systems aimed at all levels of the staff, with a view to fostering competitiveness and attracting and retaining the best skills and professionalism within the Group.

Special attention is also paid to the management of Diversity, Equity and Inclusion (DEI) issues, where the words:

- Diversity refers to the representation of people through qualities that define multiple aspects of human identities, both visible and invisible;
- Equity refers to the establishment of policies and practices that ensure the fair and equitable treatment of all stakeholders;
- Inclusion considers the benefits of diversity by ensuring that different perspectives are heard and taken into account during decision-making. It also refers to the creation of an environment in which every individual, regardless of their background, feels that they matter.

The Insurance Group believes that respect for the personality and dignity of each employee is the foundation for developing a working environment that is permeated by mutual trust and loyalty, and is enriched by the contribution of each individual. In particular, the Group's commitment takes shape through the following actions:

- adoption of fair and consistent conduct in the recruitment and management of employees, preventing favouritism, abuse and discrimination based on gender, ethnicity, religion, political and trade union affiliation, sexual orientation and identity, language, age or disability;
- guaranteeing equal opportunities for professional development and growth, access to training and refresher courses, and the assignment of roles, right from the selection of candidate applications;
- allowing all employees to express their individuality and creativity in their work, appreciating the diversity and specificities of each one, as a drive for innovation and an essential contribution to the Group's growth;
- incorporating ESG factors in the Remuneration Policies of the Insurance Group companies, with the inclusion of specific indicators (KPIs) for the Top Management related to the impact of initiatives on sustainability factors and on Diversity & Inclusion aspects;
- development of Diversity, Equity and Inclusion (DEI) initiatives, including by holding seminars on these issues;
- development of initiatives for psychophysical well-being;
- protection of safety in the workplace.

INTERNAL AND EXTERNAL REPORTING

The Insurance Group's commitment to the issues outlined in the Sustainability Policy is reported in its regulatory sustainability reporting, which consists of the annual drafting and publication of the Consolidated Non-Financial Report (DCNF). This is published directly by the Intesa Sanpaolo Parent Company, also on the basis of data provided by the functions of the Insurance Group involved in the contents published in the document (including the Sustainability Function, and the Planning and Management Control Function).

In preparing the information for the Consolidated Non-Financial Report, the Group:

- improves and strengthens communication with all the stakeholders;
- carries out an assessment of the overall Group's performance transparently and by balancing positive and negative aspects;
- manages sustainability issues from a strategic perspective.

The Insurance Group also contributes to the *Task Force on Climate-related Financial Disclosures* (TCFD) and Principles for Responsible Banking (PRB) reporting of its parent company Intesa Sanpaolo for the parts under its responsibility.

It also annually publishes on the PSI website its reporting on progress against commitments in the four PSI categories.

In addition, a dashboard has been developed to monitor management and strategic KPIs identified in the area of sustainability in order to track their trend and progress.

PROCESS, ROLES AND RESPONSIBILITIES

The Insurance Group reinforces the commitments stated in this Policy by defining processes and by identifying roles and responsibilities of the corporate bodies and units, which are designed to monitor and report on relevant ESG factors, opportunities and risks.

In particular, the process consists of the following steps:

1. identification and prioritisation of relevant ESG factors and key activities, projects and initiatives in line with sustainability commitments;
2. monitoring and managing the risks associated with the implementation of sustainability initiatives in the various business areas involved, in compliance with stated commitments and envisaging remedial actions where necessary;
3. reporting on risks and opportunities related to relevant ESG factors.

The Insurance Group has therefore defined roles and responsibilities as follows.

BOARD OF DIRECTORS OF THE USCI

The Board of Directors of Intesa Sanpaolo Vita S.p.A. as the Ultimate Italian Parent Company (USCI), in respect of its responsibilities for the Insurance Group:

- approves the sustainability guidelines set out in this Policy adopted by the Insurance Group Companies;
- approves, as part of the process of defining the RAF (Risk Appetite Framework), the risk tolerance also with regard to ESG factors, consistent with the strategic objectives of the Insurance Group, including in its assessments all elements that may be relevant with a view to sustainable success;
- assesses the adequacy of the internal control and risk management system, including in the ESG area, having regard to the characteristics of the Insurance Group and its defined risk appetite;
- approves this Policy and its subsequent amendments, taking into account the activities, risks and stakeholders of each Company within its scope of application.

INTERNAL CONTROL AND RISKS COMMITTEE

The Internal Control and Risks Committee established in the USCI and responsible for the Insurance Group:

- supports the Board of Directors of the USCI in defining and assessing the sustainability guidelines and ESG factors relevant to the Insurance Group as set out in this Policy
- within the scope of its powers, it supports the Board of Directors of each Company in assessing the adequacy and effectiveness of the internal control and risk management system for the identification and assessment of risks and opportunities related to ESG factors having regard to the company's characteristics.

KEY FUNCTIONS OF THE USCI

Risk Management Function

With regard to the monitoring of ESG elements in risk management systems, this Function, both at the individual Company level and at the Insurance Group level, has the task of:

- identifying, analysing and assessing ESG risks, by also defining risk appetite and risk limits, helping to ensure the best control of the associated risks, also taking into account medium- to long-term objectives;
- as part of the ORSA process, assessing the exposure to ESG risks also prospectively by defining appropriate assessment and stress test methodologies;
- structuring and monitoring specific analyses with respect to ESG factors within products, also with regard to the POG (Product Oversight and Governance);
- defining specific metrics to determine products' ESG rating and carrying out their calculation;
- updating the PAI policy and monitoring it;
- monitoring the limits identified in the Policy for the incorporation of ESG sustainability factors into the investment process and in any internal and external regulations;
- reporting to the Board of Directors, the Internal Control and Risks Committee of the USCI and the Group Investment Committee-Investment Strategy Session on the results of ESG risk analyses;
- cooperating with the Finance, Sustainability and Compliance Functions in defining indicators and calculation methodologies for ESG metrics (e.g. CO₂ emissions, ratings, PAI, etc.).

Compliance Function

The Compliance Department of the Insurance Group and the insurance companies reports and ensures continuous sharing of sustainability regulations, supports the business units in defining the safeguards required by the regulations, and monitors compliance with this Policy.

Actuarial Function

The Actuarial Function of the Insurance Group and the Insurance Group Companies is responsible for assessing the potential effects of sustainability risks on underwriting and technical provisions. The results of the analyses and related considerations are reported in the Opinion on the global underwriting policy and in the Report on the reliability and adequacy of Solvency II technical provisions calculation.

SUSTAINABILITY UNIT

The Sustainability Organisational Unit, which reports to the Life Insurance Companies Coordination Area, is responsible for:

- defining and overseeing the evolution of the ESG framework in terms of governance and business and investment strategies;
- coordinating the ESG Programme and monitoring the ESG working groups of the Insurance Group by addressing any critical issues in compliance with the defined framework;
- coordinating sustainability disclosure activities both internally within the Insurance Group and with "net zero" alliances and other stakeholders, also through communication on the Companies' websites;
- promoting and managing projects and initiatives aimed at the development of insurance culture, sustainability and ecological transition as enablers of sustainable economic growth and net zero transition vis-à-vis customers and the market, with the cooperation of internal entities and the Intesa Sanpaolo Group;
- disseminating the culture of sustainability and social and environmental responsibility within the Insurance Group;
- acting as Sustainability manager by addressing requests and analyses submitted by Intesa Sanpaolo Group units, overseeing the implementation of activities aimed at strategic positioning in terms of sustainability (initiatives and events);
- acting as a contact point for NZAOA, NZIA, PSI and other external bodies by participating in ESG-related working groups;

- supporting the entities responsible for investment and product development in the application of ESG principles in their work;
- overseeing the regular updating of the sustainability policy and coordinating the collection of information for the Consolidated Non-Financial Report (DCNF) - qualitative part.

The unit is also responsible for promoting the topics of insurance culture and sustainability culture outside the Insurance Group through dedicated development and communication initiatives.

OTHER BUSINESS UNITS OF THE USCI

All corporate Organisational Units contribute to the identification of ESG factors that are relevant for the Insurance Group and are committed to implementing its guidelines; they report on risks and opportunities related to ESG factors for their area of responsibility, as well as on how they are managed and the results achieved, interacting with the Sustainability function. In particular, the main responsibilities assigned to the various Organisational Units are set out below:

Finance - in the area of sustainability, this Unit is responsible for:

- updating and reviewing the incorporation of ESG (Environmental, Social and Governance) factors into the Intesa Sanpaolo Vita Insurance Group's investment process to ensure alignment with the principles set out in this Sustainability Policy and share the guidelines with the Delegated Managers;
- defining and implementing sustainable investment strategies (e.g. due diligence of fund houses to verify compliance with ESG criteria - this is known as *Manager Selection Integration*);
- managing the activities of setting, monitoring and reporting on the targets to be achieved as members of the NZAOA alliance;
- defining metrics and algorithms for calculating ESG KPIs (carbon intensity, Investment, NZAOA);
- contributing to the updating of the PAI policy and in defining indicators to be considered at Company and Product level;
- defining the classification of investment options;
- participating in the Investment Committee to share quarterly investment reporting on critical issuers.

Business units (for Sales, Marketing and Products, Underwriting) - they are responsible for identifying customers' sustainability needs, developing products and services taking into account customers' needs, also from an ESG perspective, as well as defining underwriting guidelines in accordance with the Insurance Group's strategic sustainability guidelines and the principles set out in this Sustainability Policy.

Personnel and Organisation - the Unit has the task of making internal staff aware of the contents of this Policy, of adopting a resource management and development model in line with the principles set out in it, and of facilitating the dissemination of the values promoted in the Insurance Group's Code of Ethics and the culture of sustainability and social and environmental responsibility.